

CITY OF CLEVELAND, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2012

CITY OF CLEVELAND



Comprehensive Annual Financial Report

For the year ended December 31, 2012

Issued by the
Department of Finance

Sharon Dumas
Director

James E. Gentile, CPA
City Controller

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CITY OF CLEVELAND, OHIO

TABLE OF CONTENTS COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2012

	Page
Introductory Section	
Transmittal Letter.....	7-19
City Officials.....	21
City Council.....	22
Certificate of Achievement for Excellence in Financial Reporting.....	23
Administrative Organization Chart.....	24
Financial Highlights.....	25
Financial Section	
Independent Auditors' Report.....	29-31
Management's Discussion and Analysis.....	33-51
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	54-55
Statement of Activities.....	56-57
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	58
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	59
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities of Governmental Funds.....	60
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - General Fund.....	61
Statement of Net Position - Proprietary Funds.....	62-63
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	64
Statement of Cash Flows - Proprietary Funds.....	65-66
Statement of Fiduciary Assets and Liabilities.....	67
Notes to Financial Statements.....	69-116
Supplementary Information:	
Combining and Individual Fund Financial Statements and Schedules:	
General Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund-Legal Appropriation Level.....	118-125
Nonmajor Governmental Funds:	
Nonmajor Governmental Funds.....	127-129
Combining Balance Sheet - Nonmajor Governmental Funds.....	130-137
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	138-145
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) - Budgeted Special Revenue Funds - Legal Appropriation Level.....	146-149
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Budgeted Debt Service Funds - Legal Appropriation Level.....	150-153

	Page
Nonmajor Enterprise Funds:	
Nonmajor Enterprise Funds.....	155
Combining Statement of Net Position - Nonmajor Enterprise Funds.....	156-159
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds	160-161
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.....	162-165
Internal Service Funds:	
Internal Service Funds.....	167
Combining Statement of Net Position - All Internal Service Funds.....	168-171
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - All Internal Service Funds	172-173
Combining Statement of Cash Flows - All Internal Service Funds.....	174-175
Agency Funds:	
Agency Funds.....	177
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	178-179
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Type	182
Schedule by Function and Activity	183
Schedule of Changes by Function and Activity	184

Statistical Section

Table of Contents	S2
Net Position by Component - Last Ten Years	S3
Changes in Net Position – Last Ten Years	S4
Fund Balances, Governmental Funds – Last Ten Years.....	S5
Changes in Fund Balances, Governmental Funds – Last Ten Years.....	S6
Assessed Valuation and Estimated Actual Values of Taxable Property – Last Ten Years	S7
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years	S8
Property Tax Levies and Collections – Last Ten Years	S9
Principal Taxpayers – Real Estate Tax, 2012 and 2003	S10
Income Tax Revenue Base and Collections – Last Ten Years	S11
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita – Last Ten Years	S12
Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita – Last Ten Years	S13
Computation of Direct and Overlapping Governmental Activities Debt	S14
Legal Debt Margin – Last Ten Years	S15
Pledged Revenue Coverage, Airport Revenue Bonds – Last Ten Years	S16
Pledged Revenue Coverage, Power System Revenue Bonds – Last Ten Years.....	S17
Pledged Revenue Coverage, Water System Revenue Bonds – Last Ten Years	S18
Principal Employers, 2012 and 2003.....	S19
Demographic and Economic Statistics – Last Ten Years.....	S20
Full-Time Equivalent City Government Employees by Function/Program – Last Nine Years	S21
Operating Indicators by Function/Program – Last Ten Years	S22
Capital Assets Statistics by Function/Program – Last Ten Years	S23
Schedule of Statistics – General Fund.....	S24

INTRODUCTORY SECTION

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June 25, 2013

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, 2012. 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 2012 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, 2012, 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 unmodified opinion that the City's financial statements for the year ended December 31, 2012 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 the ten-year period from 2003 through 2012.

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 ninth largest water system. Interstate highways I-71, I-480, I-77 and I-90 serve as some of the City's major transportation arteries. The City is rich in educational and medical facilities, including Cleveland State University, Case Western Reserve University, the Cleveland Clinic and University Hospitals of Cleveland.

City Government

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

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

Legislative authority is currently vested in a 19-member Council. Council members serve four year terms and are elected from wards. The present terms of the Mayor and Council members expire on December 31, 2013. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal functions. The presiding officer is the President of Council, elected by the Council members. Martin J. Sweeney was re-elected as President of Council in November 2009. The Clerk of Council is appointed by Council. The Charter establishes certain administrative departments; the Council may establish divisions within departments or additional departments. The Mayor appoints all of the directors of the City's 12 departments.

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

Financial 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, boards and commissions that, by definition, comprise components within the primary government itself. For the City, these components include police and fire protection services, waste collection, parks and recreation, health, select social services and general administrative services. Primary enterprise activities owned and operated by the City include a water system, electric distribution system and two airports.

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

Internal Control

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

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

Accounting and Financial Reporting

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

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

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

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

In November of 2010, Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* was issued. This Statement is effective for fiscal periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. As required, the City has implemented GASB Statement No. 60 effective for the 2012 fiscal year.

In December of 2010, Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* was issued. This Statement is effective for fiscal periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations, (2) Accounting Principles Board Opinions and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. As required, the City has implemented GASB Statement No. 62 effective for the 2012 fiscal year.

In June of 2011, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* was issued. This Statement is effective for fiscal periods beginning after December 15, 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. As required, the City has implemented GASB Statement No. 63 effective for the 2012 fiscal year.

In June of 2011, Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision* was issued. This Statement is effective for fiscal periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. As required, the City has implemented GASB Statement No. 64 effective for the 2012 fiscal year.

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 61 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 118.

Factors Affecting Financial Condition

Local Economy

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 United 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 increased 5.3% in 2012.

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.

<u>Industry</u>	<u>Percent of Workforce</u>
Utilities	0.39 %
Administration and Support of Waste Management and Remediation Services	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
Accommodation and Food Services	9.47
Other Services	3.42
Total	<u><u>100.00 %</u></u>

Current Projects and 2012 Accomplishments

The 2012 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 2012 programmatic goals and projects without an income or property tax increase:

Department of Community Development

- Expended \$20,141,000 of Neighborhood Stabilization Program (NSP-1 and NSP-2), \$1,019,000 of Community Development Block Grant - American Recovery and Reinvestment Act (CDBG-ARRA) and \$716,000 of ARRA Home Weatherization Assistance Program (HWAP) funds to support demolition, land reutilization, housing renovation, home repair and energy efficiency improvements to strengthen the local housing stock.
- The City and the Cuyahoga County Office of Homeless Services successfully completed the \$9.8 million Homeless Prevention & Rapid Re-housing stimulus grant designed to help families avoid homelessness as well as helping homeless persons find permanent housing. Under this program:
 - 2,692 households avoided homelessness; and
 - 1,407 homeless households found housing.
- The City, through the Housing First Initiative, completed the Greenbridge Permanent Supportive Housing (PSH) project on the Health Line corridor. Two more PSH projects are under construction: the 65-unit Emerald Alliance VI in the Buckeye-Shaker neighborhood and the 40-unit Winton on Lorain apartments in the Cudell neighborhood.
- Completed the \$31 million stimulus funded HWAP by weatherizing 4,236 homes to be energy efficient during the term of the grant, with 1,312 homes completed in 2012. The Department also completed the installation of energy efficiency improvement plans for 103 moderate and middle income homes using low-cost loans from the new Energy Savors Pilot Program, which used stimulus funds from the U.S. Department of Energy.

- In anticipation of and to prepare for a rebound in the housing market, the City has assembled viable land tracts including:
 - Morgana Run, St. Luke's Point, Cliffview, Battery Park and Upper Chester.
 - Coordinated with the Cuyahoga County Land Reutilization Corp. to assemble 1,965 vacant parcels for redevelopment or interim uses.
- Successfully restructured our lead abatement services by completing the final 87 of the 130 units required under the Lead Hazard Control grant.
- Reinforced the City's position as a leader and innovator in urban agriculture by continuing to expand programs for the reuse of vacant land, particularly for urban gardens and agriculture programs, including:
 - Increased community gardening in the City through the Summer Sprout program from 169 to 180 gardens, representing over 40 acres, in all 19 wards of the City, with more than 3,630 gardeners participating.
 - Worked with the Office of Sustainability and the United States Department of Agriculture (USDA) to facilitate the utilization of Environmental Quality Incentives Program funds, through which the USDA made 26 grants, totaling over \$135,000, to urban agriculture entrepreneurs and community gardens for the purchase and installation of season extension high tunnels. With the use of these high tunnels, gardeners can nearly double their growing season.

Department of Building and Housing

- Demolished 758 condemned structures. Since January 2006, the Department has inspected, condemned and razed over 6,517 structures.
- Initiated 1,745 court cases against negligent property owners.
- Issued 7,745 violation notices.
- Issued 16,245 construction permits valued at \$1.033 billion in new construction.
- Boarded-up and secured 4,854 vacant structures.
- Deconstructed 13 structures to achieve a more sustainable demolition process.
- Issued 4,122 condemnation notices.

Department of Economic Development

- Provided a \$4,000,000 Housing & Urban Development (HUD) loan and a \$500,000 Economic Development Administration loan to Midtown Tech Park for the third phase of the project. The loans will be used to add 66,000 square feet of high quality office space to the heart of the Health Tech Corridor. Upon completion, the project will create 80 jobs in the City.
- Assisted with securing the new headquarters for Manitowoc/Cleveland Range. The Department coordinated the acquisition of land, street repair, demolition of vacant buildings and financial incentives to offer a more attractive package than competing cities. The company is expected to retain 260 employees and add 120 more.
- The City provided \$200,000 to the National Development Council's Grow America Fund (GAF). The GAF operates as a community development leader to support creation of jobs and the expansion of eligible small businesses in underserved areas, particularly minority and women-owned businesses.
- Supplied a \$180,000 forgivable loan to the historic Agora complex. The loan will be used to add 56,000 square feet of needed office space in the Health Tech Corridor. The renovation will retain 15 jobs and create at least 25 new ones.

- The City is providing \$200,000 to the Economic and Community Development Institute (ECDI) to structure microloans to small businesses that would not be eligible for traditional bank funding. A portion of the funding (\$50,000) is specifically geared toward immigrant and refugee businesses. The City's funding will leverage more than \$4 for every dollar the City has committed. The ECDI's lending efforts have resulted in \$516,500 in loans to Cleveland based businesses, the retention of 6 jobs and the creation of an anticipated 35 jobs in the City.
- Assisted North Coast Media LLC, a start-up business-to-business media company, with a \$50,000 grant. The company projects 30 new jobs with an estimated payroll of \$1.7 million will be created within the first year of operations.

Department of Health

- Performed 21,118 proactive nuisance inspections in 2012, exceeding the target by 4%.
- Environmental ticketing and summons increased by 26% and 28%, respectively, over 2011.
- Completed 7,674 food shop inspections, an increase from the 7,369 done in 2011. The increase depicts a growing food service industry in Cleveland during 2012.
- Administered 1,208 seasonal influenza vaccinations at the city's health centers and off-site events.
- Helped launch the second phase of the Healthy Cleveland Initiative designed to engage the community in improving the health of Clevelanders. The initiative includes, but is not limited to, the following tasks:
 - Remove all sugar-based drinks and trans-fats from vending machines in all city facilities and replace them with water, 100% juice and trans-fat free foods.
 - Encourage local restaurants to remove trans-fats from their menus.
 - Establish a task force to provide healthier food options within Cleveland Metropolitan School District.
 - Require all new school construction plans to include a full-service kitchen to prepare healthier food.
 - Reincorporate school gardens into every new school plan.
 - Ensure the existence of a community garden within walking distance of every Cleveland citizen by 2020.
- Continued to show considerable improvement in the infant mortality rate (IMR). In 2009, the IMR was 8.5%, declined to 2.6% in 2010 and dropped again to 1.3% in 2011. Rates are on pace to decline again when data is released for the 2012 year. Since MomsFirst participants are reflective of women at the highest risk for poor birth outcomes, the data supports the impact the program is having in reducing infant mortality in our community.
- Conducted 4,220 HIV tests at City health centers during 2012. Additionally, our contractual partners completed 8,031 tests in the community to exceed its target by 34%.
- Received additional Title X funding for the city's health centers to provide expanded medical care to support reproductive health services. This enabled the health centers to screen 40% more patients than in 2011.
- Collected \$166,853 in air permit fees and completed 474 Ohio EPA-mandated inspections.
- Distributed 117,470 birth and death certificates to Clevelanders and 34 Cuyahoga County suburbs.

- Conducted a comprehensive marketing campaign using channels 19 and 43, as well as Clear Channel Broadcasting to promote reproductive health and wellness programs. Additional marketing campaigns promoted lead poisoning prevention and the impact of HIV/AIDS on the community. Nearly 500 TV ads on channels 19 and 43 were shown throughout all hours of the day and over 500 radio commercials were heard promoting CDPH programs and services. Additionally, the Department utilized social media as a marketing tool by posting to its Facebook page and Twitter feed.

Department of Aging

- Provided core services to 5,620 clients including senior citizens and adults with disabilities.
- Secured approximately \$500,000 of external grants.
- The Annual Senior Day Program held in May 2012 attracted more than 2,000 senior citizens; the Annual Senior Walk attracted over 1,000 senior citizens.
- Provided the following services: 1,424 received Benefit Checkups, 135 units, in which a low income senior or adult with a disability own and reside, received a major home repair(s), 691 received grass cutting services, 717 received assistance with snow removal and 3,802 received other supportive services.

The Office of Equal Opportunity

- Assessed approximately \$52,000 in penalties from contractors for non-compliance with the Codified Ordinance 188.
- Under Codified Ordinance 123.08, OEO is assuming a leadership role in coordinating touch points for Prevailing Wage citywide.
- The OEO completed the Citywide Disparity Study (conducted by National Employment Rights Authority) in 2012. In 2013, OEO will review the recommendations and make appropriate legislative and administrative changes.
- Business to Government Now (B2GNow) & Labor Compliance Tracker, OEO's new real-time compliance software, went live in January 2013. OEO will continue internal and external technical assistance sessions in 2013.
- Monitored over 133 construction contracts exceeding \$100,000 to ensure compliance with the Cleveland Resident Employment Law (aka Fannie M. Lewis Law) requiring that at least 20% construction worker hours are City of Cleveland residents.

Department of Public Works

- The Division of Recreation served 88,102 summer lunches during 2012.
- The Division of Park Maintenance serviced 44,141 vacant properties in 2012.
- The Division of Motor Vehicle Maintenance purchased 256 new vehicles.
- The Division of Urban Forestry trimmed 3,905 trees.
- The Division of Waste Collection collected and disposed of 212,367 tons of debris and recycled 22,318 tons of materials. They expanded the automated waste collection and curbside recycling program to 30,000 additional households, bringing the citywide total to 70,000.
- The Division of Parking reassigned the City's four multi-space electronic parking meters to East 12th Street between Superior and St. Clair.
- The Division of Streets used over 7,276 tons of asphalt for street repairs in 2012. They also resurfaced over 32,356 square yards of roadway.

- The Division of Traffic Engineering painted over 661 miles of lane lines and replaced over 3,535 traffic light bulbs.

Department of Public Safety

- The Violence, Gun Reduction and Interdiction Program (V-GRIP) was expanded in 2012 to combat violent crimes and firearms. Initiatives were conducted in three distinct neighborhoods in 2012, and there were reductions in felonious assaults with firearms in each respective area. Statistics included: 54 firearms confiscated, 3,499 citations issued and 479 arrests.
- Conducted monthly Neighborhood Safety Initiatives. Every enforcement strategy is utilized with an emphasis on combating crime in those areas reflecting the greatest volume of violent crimes in the previous six month period. Results included 423 felony arrests, 329 misdemeanor arrests, 41 firearms confiscated and 5,673 traffic citations issued.
- Realized an overall reduction in the Part One crimes of 3.89%. Part One crimes include (defined by the Federal Bureau of Investigation Uniform Crime Reporting) homicide, rape, robbery, felonious assault, burglary, theft, auto theft and arson.
- The Division of Fire implemented the Community Risk Reduction program through a grant from the Vision 20/20 Federal Program. The Division installed over 2,200 smoke alarms and 200 carbon monoxide detectors. In addition, the grant provided specialized smoke detectors for the hearing impaired.
- Continued the integration of the Division of Fire and the Division of Emergency Medical Service to create a single division providing all fire, rescue and pre-hospital emergency medical care for the City of Cleveland.

Department of Public Utilities

- The Division of Water (CWD) reliably provides approximately 1.4 million customers throughout the City and more than 69 surrounding suburbs with high quality, safe water. In 2012, CWD pumped more than 82.1 billion gallons of water to customers and invested more than \$58.9 million in its infrastructure.
- The Division of Cleveland Public Power (CPP) provided 74,000 residential and business customers in the City with reliable and affordable power. In 2012, CPP continued work on its Capacity Expansion Program, which is designed to upgrade infrastructure, increase customer capacity and improve reliability.
- The Division of Water Pollution Control (WPC) maintains the local sanitary and storm collection system within the boundaries of the City. The system is comprised of 1,434 miles of sewer lines, 127,000 catch basins and 15 pump stations. In 2012, WPC completed the cleaning of 17,034 catch basins and 409,326 linear feet of sewers and the TV inspection of 227,449 linear feet of sewers.

Department of Port Control

- Broke ground on the new U.S. Department of Transportation and Federal Aviation Administration \$69 million Air Traffic Control Tower and Terminal Radar Approach Control Facility at Cleveland Hopkins Airport (CLE). The new tower will extend 324 feet to provide a better aerial view of aircraft coming in and out of the airport.
- Received five 2011 Airport Revenue Awards for exceptional designs and concessions program management at CLE for the AIRMALL, which improved the quality, customer service and brand offerings for patrons at the airport. Currently, there are 60 new restaurants, retail and service locations, resulting in more than 325 new jobs at CLE. We anticipate the number of new jobs will increase as new venues continue to open.
- Expanded the CLE Temporary Art Exhibition Program to include 3 dimensional art exhibits in order to increase airport ambiance and enhance travelers' experience. The program is in line with the Mayor's initiative to include *Art in Everything*, inviting travelers and visitors to the airport to take a closer look at the richness of artistic and cultural diversity in Cleveland.

Department of Law

- Drafted approximately 535 contracts and reviewed over 962 contracts for legal form and correctness.
- Prepared 565 pieces of legislation for introduction to City Council; including legislation to implement the Downtown Lakefront Plan.
- Obtained 3,107 search warrants for housing court enforcement actions and helped Building and Housing obtain legal authorization for more than 1,228 demolitions of unsafe structures in the City.
- Responded to 2,519 citizen requests for non-routine public records; provided legal advice as needed in response to almost 8,000 routine requests.
- Processed 726 general claims for property damage and other losses.
- Initiated 1,745 criminal prosecutions in Housing Court for health and safety code violations to ensure that property owners adequately maintain their properties. Successfully prosecuted civil nuisance abatement actions for numerous properties across the City.

2013 Budget

During 2012, the City continued to strengthen its financial position through increased efficiencies, streamlining of operations, improving accountability, refinancing debt and increasing revenue. The City is seeing moderate growth in income taxes due to heightened construction activity in the downtown and University Circle areas. The Budget Management Strategy for fiscal 2013 includes, but is not limited to, the following:

- A continuation of additional Public Safety and Public Works services required to support the influx of Horseshoe Casino visitors.
- A new unit of 25 police officers who will focus on violent crimes and guns.
- A 27th pay period at a cost of \$13 million for the General Fund.
- An increase in Cleveland Browns Stadium debt service payments by an amount of \$9.8 million.

The estimate of receipts and expenditures for all General Fund departments and divisions for the 2013 budget are:

- Revenues and other sources are projected to decrease from \$518.0 million in 2012 to \$491.8 million in 2013. This decline is primarily attributed to a reduction of \$14.2 million of transfers in and a \$6.1 million dollar decrease in the local government fund. The change in transfers in is related to the one-time sale of the Convention Center that was transferred in 2012, while the decrease in local government is from State of Ohio cuts.
- Expenditures and other uses are estimated to increase from \$486.5 million to \$538.9 million in 2013. This increase is primarily related to the previously noted 27th pay occurring in 2013 and an increase of \$13.3 million in subsidies to other funds.

Long-term financial planning:

The City has a long-term goal of increasing the Rainy Day Reserve Fund to 5% of General Fund expenditures (approximately \$25 million). As part of the goal, the City is scheduled to transfer \$5 million into the Rainy Day Reserve Fund in 2013, bringing the balance in the fund to approximately \$18.5 million. This will allow the City to obtain the lowest rates possible when issuing debt and also withstand economic downturns with minimum disruptions to City services.

The City manages its long-term financing of its capital needs through the annual updating of its Capital Improvement Plan (CIP). The CIP schedules capital improvements through the current and succeeding five years. The CIP does not include appropriations or authorizations to expend monies. Capital Projects are approved by City Council when funding sources have been determined. The City usually issues bonds to fund capital projects.

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

- Construction is near completion on the \$465 million Convention Center and Global Center for Health Innovation (previously Medical Mart) in downtown Cleveland. The project is on-time and under-budget and expected to be completed in June 2013.
- Phase one of the Flats East Bank project (\$272 million) continued construction in 2012. The development will initially include a state-of-the-art office tower with rooftop deck, a 150-room Aloft hotel by Starwood, restaurants, retail and 1,200-foot riverfront boardwalk.
- The \$6 million renovation of League Park that will make Cleveland the only city in the nation to achieve adaptive reuse of an original major league ballpark.
- The \$21 million second phase of the Uptown Development broke ground in early 2013. The development comprises residential, retail and cultural attractions on the eastern edge of University Circle.

Major Initiatives

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

- *Making Cleveland a City of Choice* – making Cleveland and its neighborhoods “communities of choice” is a principal goal of the administration. A community of choice is a place that residents and businesses and visitors choose because of the exceptional quality of life and amenities that it offers. The Departments of Economic and Community Development are taking the lead role in implementing the recommendations for development and revitalization.
- *Automated Waste Collection Program* – begun in 2009, the program provides automated waste collection and curbside recycling to City residents. The City provides each resident participating in the program with a 96 gallon cart for garbage and a 64 gallon cart for recyclable items. The carts are automatically emptied by vehicles equipped with mechanical arms and semi-automatically by vehicles with a tipper on the back to lift and tip the containers into the truck. This will result in reduced costs, reduced employee injuries, increased productivity, cleaner curbs and increased recycling participation.
- *Connecting Cleveland 2020 Citywide Plan* – a comprehensive plan for the future of Cleveland and its neighborhoods. It seeks to create great neighborhoods by creating “connections” between people and places and opportunities. The plan proposes not only to build houses, but build safe, vibrant neighborhoods. It is a plan that proposes not only to create shopping centers, but to create mixed-use “town centers” that can become the focus of community life. The plan not only seeks to create jobs, but to make job opportunities available to all Clevelanders.

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, 2012, represents the 32nd 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, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

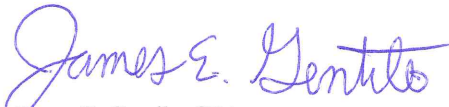
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such CAFRs must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 28 years (years ended 1984 – 2011). 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. McCallChief of Government Affairs
Chris Warren..... Chief of Regional Development
Monyka S. Price.....Chief of Education
Maureen R. Harper.....Chief of Communications
Jenita McGowan Chief of Sustainability
Natoya J. Walker Minor..... Chief of Public Affairs
Sharon Dumas..... Director, Department of Finance
Barbara A. Langhenry.....Director, Department of Law
Martin FlaskDirector, Department of Public Safety

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
Karen Butler..... Director, Department of Public Health
Natoya J. Walker Minor..... Interim Director, Office of Equal Opportunity
Michael E. Cox Director, Department of Public Works
Deborah SoutheringtonDirector, Personnel and Human Resources
Ricky D. Smith, Sr. Director, Department of Port Control
Jomarie Wasik.....Director, Mayor’s Office of Capital Projects
Paul Bender.....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 E. Cleveland	Ward 5
Mamie J. Mitchell.....	Ward 6
TJ Dow	Ward 7
Jeffrey D. Johnson	Ward 8
Kevin Conwell.....	Ward 9
Eugene R. Miller.....	Ward 10
Michael D. Polensek.....	Ward 11
Anthony Brancatelli.....	Ward 12
Kevin J. Kelley	Ward 13
Brian J. Cummins.	Ward 14
Matthew 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, 2011

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.



Christopher P. Mouill

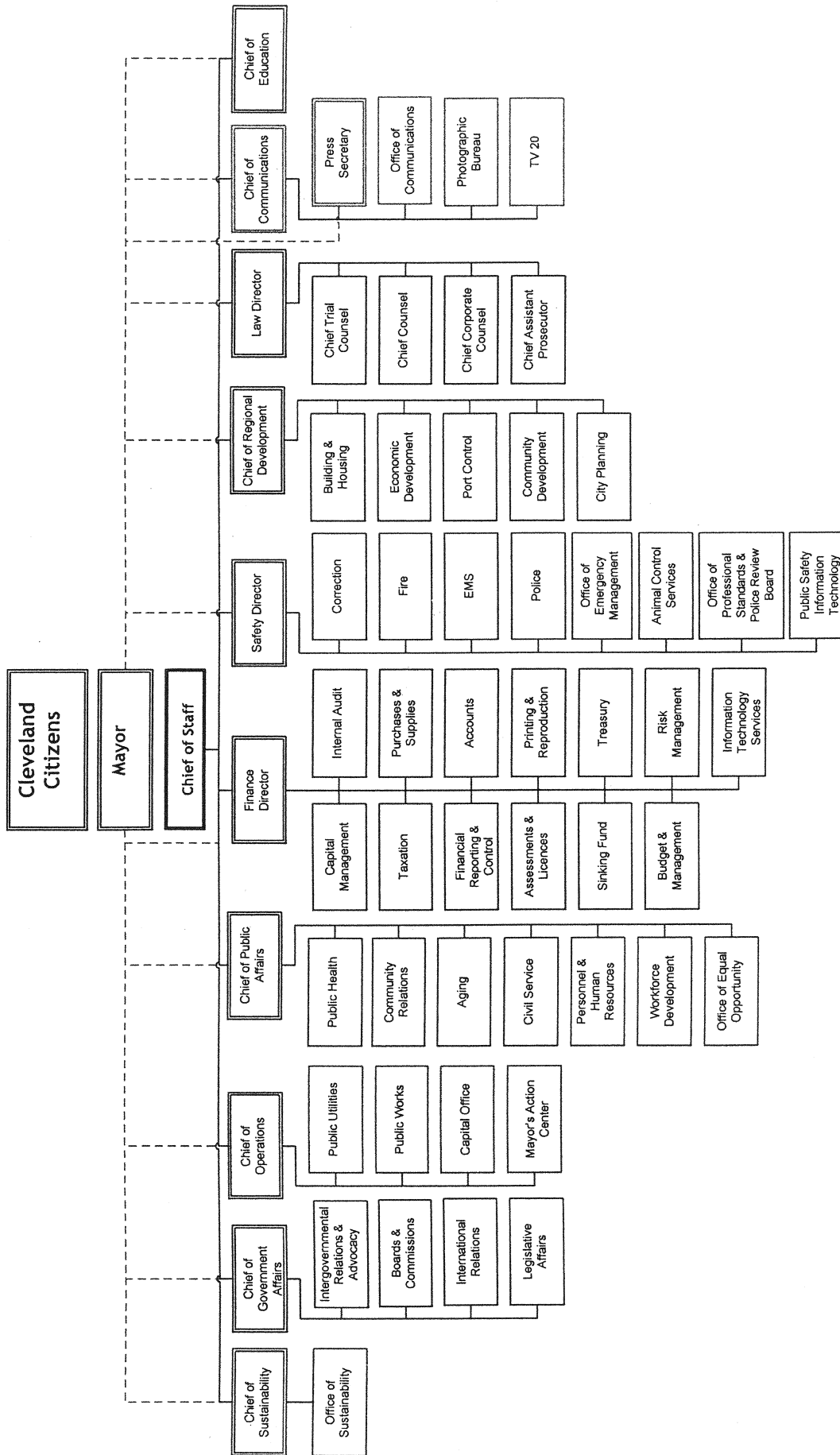
President

Jeffrey R. Emer

Executive Director

CITY OF CLEVELAND, OHIO

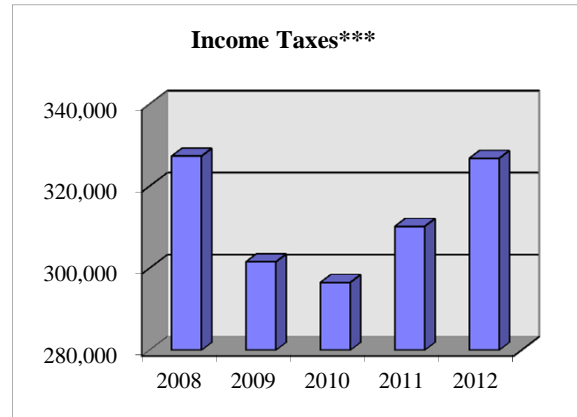
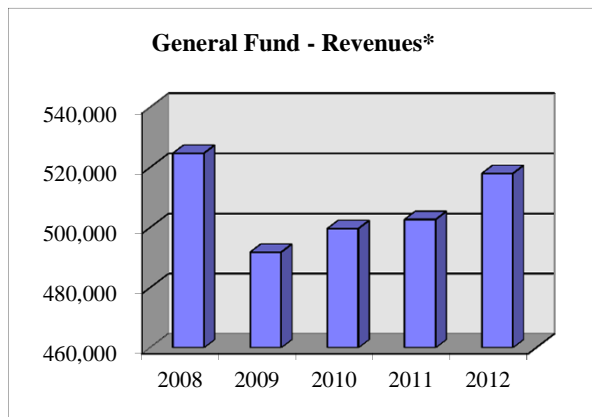
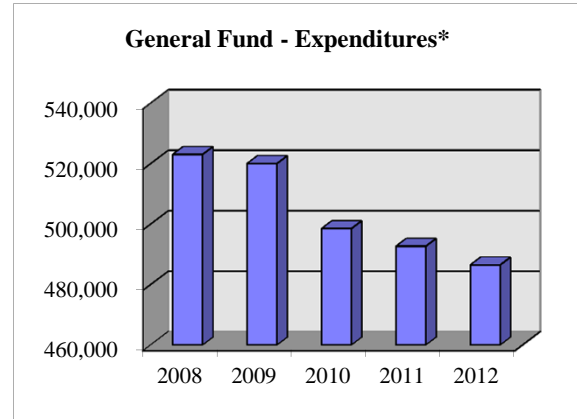
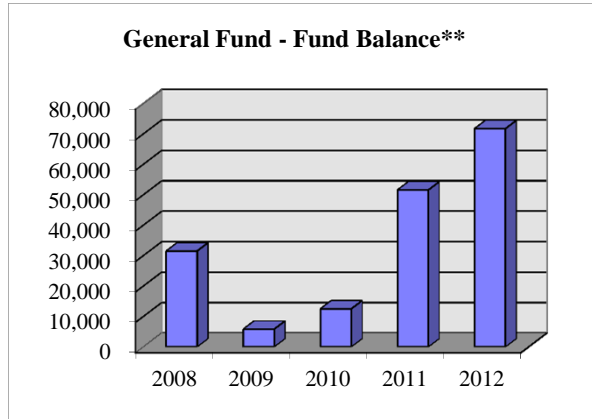
ADMINISTRATIVE ORGANIZATION CHART



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***
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
2011	51,594	502,703	492,672	310,197
2012	71,750	518,001	486,484	326,783

* *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:

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 2, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 33 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, capital assets schedules, introductory section, 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 and capital assets schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2013 on our consideration of the City of Cleveland'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cleveland's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 25, 2013

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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, 2012. Please read this information in conjunction with the City's financial statements and footnotes that begin on page 54.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at December 31, 2012 by approximately \$2.707 billion (net position). Of this amount, \$481 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- Of the approximately \$2.707 billion of net position, governmental activities accounted for approximately \$682 million of net position, while business-type activities net position accounted for approximately \$2.025 billion.
- The City's net position increased by \$97.3 million as compared to 2011. The governmental activities net position increased by \$40.9 million and the business-type activities net position increased by \$56.4 million.
- At the end of the current year, unassigned fund balance for the General Fund was \$61.9 million, which represents the amount available for spending at the City's discretion. The unassigned fund balance equals 12.9% of the total current General Fund expenditures and other financing uses.
- In 2012, the City's total long-term debt and other long-term debt-related obligations, excluding premiums, accreted interest, discounts and unamortized loss on debt refunding, increased by \$49.9 million. The increase indicates that the City's new debt issued exceeded debt service payments and debt refunded or defeased in 2012.

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 position presents financial information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent year. All changes in net position 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 Works; Public Safety; Community Development; Building and Housing; Public Health 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 54 - 57 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 presents 33 individual governmental funds on a modified accrual basis. 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 32 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 58 - 61 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, public auditorium, 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 62 - 66 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 67 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 69 - 116 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Summary Statements of Net Position as of December 31, 2012 and 2011

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2012	2011	(Amounts in 000's)		2012	2011
			2012	2011 (restated)		2011 (restated)
Assets:						
Current and other assets	\$ 764,488	\$ 728,561	\$ 1,222,723	\$ 1,174,729	\$ 1,987,211	\$ 1,903,290
Capital assets	<u>929,462</u>	<u>915,743</u>	<u>3,055,706</u>	<u>3,050,381</u>	<u>3,985,168</u>	<u>3,966,124</u>
Total assets	1,693,950	1,644,304	4,278,429	4,225,110	5,972,379	5,869,414
Deferred outflows of resources			27,699	27,955	27,699	27,955
Liabilities:						
Long-term obligations	774,706	763,056	2,065,917	2,043,248	2,840,623	2,806,304
Other liabilities	<u>236,687</u>	<u>239,352</u>	<u>187,605</u>	<u>213,124</u>	<u>424,292</u>	<u>452,476</u>
Total liabilities	1,011,393	1,002,408	2,253,522	2,256,372	3,264,915	3,258,780
Deferred inflows of resources	239	442	28,240	28,737	28,479	29,179
Net position:						
Net investment in capital assets	572,213	543,460	1,303,584	1,295,139	1,875,797	1,838,599
Restricted	122,488	117,765	227,826	234,050	350,314	351,815
Unrestricted	<u>(12,383)</u>	<u>(19,771)</u>	<u>492,956</u>	<u>438,767</u>	<u>480,573</u>	<u>418,996</u>
Total net position	<u>\$ 682,318</u>	<u>\$ 641,454</u>	<u>\$ 2,024,366</u>	<u>\$ 1,967,956</u>	<u>\$ 2,706,684</u>	<u>\$ 2,609,410</u>

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$2.707 billion at the close of the most recent fiscal year. This represents an increase of 3.7% in 2012. Of the City's net position, 25.2% represents its governmental net position and 74.8% represents its business-type net position.

Of the net position from governmental activities, \$572.2 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 position, \$122.5 million, represents resources that are subject to external restrictions on how they may be used. There was an increase in unrestricted net position of \$7.4 million.

In 2012, the total assets from governmental activities increased by \$49.6 million. This increase is primarily attributed to increases in cash and cash equivalents and investments of \$57.5 million and in loans receivable of \$6.2 million. The increase in cash and cash equivalents and investments is mainly due to a \$19.4 million increase in income taxes collected and a decrease of \$11.3 million in public works expenditures. The total increase was partially offset by a decrease of \$17.9 million in local government funds.

Also in 2012, the total liabilities from governmental activities increased by \$9.0 million. This increase is primarily due to increases of \$11.7 million in long-term obligations and \$5.3 million in due to other governments. The rise in long-term obligations is predominantly due to a net increase of \$11.9 million in Subordinate Lien Income Tax Bonds, while the due to other governments increase is chiefly due to a \$4.3 million increase in Economic Development's HUD liability. These increases were offset by a \$3.9 million decrease in deferred revenue, mainly caused by a \$5.2 million decrease in the City's property tax receivable.

In 2012, business-type total assets and deferred outflows of resources increased by \$53.1 million, primarily due to increases in cash and cash equivalents and investments of \$61.8 million. The rise is mostly due to a \$58.4 million increase in the Divisions' of Water and Water Pollution Control cash and cash equivalents due to increased water rates and customer account collections. The increase is partially offset by a decrease in net accounts receivable of \$37.9 million due to increased collection activity and account write-offs in the Department of Utilities.

Business-type total liabilities and deferred inflows of resources decreased by \$3.3 million primarily due to decreases in amounts due to other governments of \$15.6 million and accounts payable of \$8.4 million. The due to other governments balance decreased primarily because of increased account write-offs in the Division of Water Pollution Control resulting in a lower liability to the Northeast Regional Sewer District. These decreases were partially offset by an increase in long-term obligations of \$22.7 million.

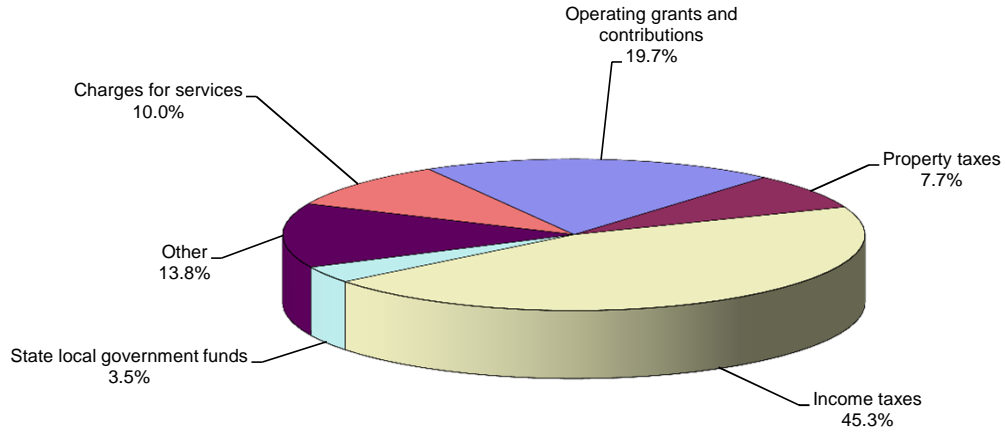
At the end of the current year, the City is able to report positive balances in total net position for both its governmental activities and its business-type activities. Information regarding government-wide changes in net position is provided below:

Changes in Net Position
For Fiscal Years Ended December 31, 2012 and 2011

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2012	2011 (restated)	(Amounts in 000's)		2012	2011 (restated)
Revenues:						
Program revenues:						
Charges for services	\$ 72,938	\$ 84,681	\$ 597,432	\$ 554,641	\$ 670,370	\$ 639,322
Operating grants and contributions	143,883	135,355	5,319	4,466	149,202	139,821
Capital grants and contributions	25,845	14,005	53,562	64,591	79,407	78,596
General revenues:						
Income taxes	330,863	311,492			330,863	311,492
Property taxes	56,086	63,839			56,086	63,839
Other taxes	28,680	27,312			28,680	27,312
Shared revenues	27,338	19,558			27,338	19,558
State local government funds	25,966	43,821			25,966	43,821
Unrestricted investment earnings	692	97		30	692	127
Other	18,141	19,086			18,141	19,086
Total revenues	<u>730,432</u>	<u>719,246</u>	<u>656,313</u>	<u>623,728</u>	<u>1,386,745</u>	<u>1,342,974</u>
Expenses:						
General Government	106,141	95,833			106,141	95,833
Public Works	128,276	139,577			128,276	139,577
Public Safety	310,745	308,051			310,745	308,051
Community Development	70,705	75,778			70,705	75,778
Building and Housing	14,729	14,098			14,729	14,098
Public Health	17,385	19,596			17,385	19,596
Economic Development	13,845	22,323			13,845	22,323
Interest on debt	26,153	27,686			26,153	27,686
Water			244,647	235,313	244,647	235,313
Electricity			163,547	167,799	163,547	167,799
Airport facilities			153,627	167,531	153,627	167,531
Nonmajor activities			39,671	46,302	39,671	46,302
Total expenses	<u>687,979</u>	<u>702,942</u>	<u>601,492</u>	<u>616,945</u>	<u>1,289,471</u>	<u>1,319,887</u>
Changes in net position before special items and transfers	42,453	16,304	54,821	6,783	97,274	23,087
Special items - gain on sale of capital assets				5,125	-	5,125
Transfers	(1,589)	(2,031)	1,589	2,031	-	-
Changes in net position	40,864	14,273	56,410	13,939	97,274	28,212
Net position at beginning of year (as restated)	<u>641,454</u>	<u>627,181</u>	<u>1,967,956</u>	<u>1,954,017</u>	<u>2,609,410</u>	<u>2,581,198</u>
Net position at end of year	<u>\$ 682,318</u>	<u>\$ 641,454</u>	<u>\$ 2,024,366</u>	<u>\$ 1,967,956</u>	<u>\$ 2,706,684</u>	<u>\$ 2,609,410</u>

Business-type net position increased \$56.4 million in 2012. Of the business-type net position, \$1.303 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. An additional \$228 million of net position is subject to external restrictions on their use. The remaining balance of \$493 million is unrestricted and may be used to meet the City's ongoing obligations to customers and creditors.

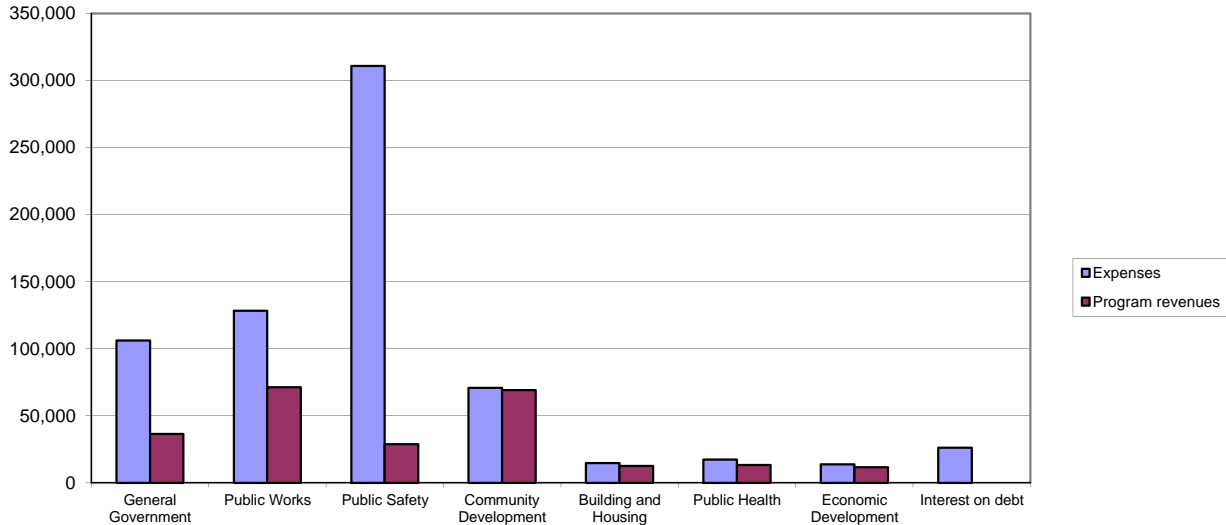
Revenues by Source - Governmental Activities



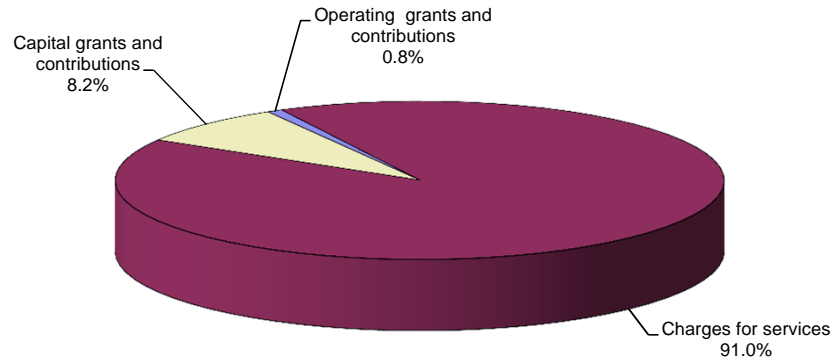
Other includes capital grants and contributions, other taxes, shared revenues, unrestricted investment earnings and other general revenues.

Expenses and Program Revenues - Governmental Activities

(Amounts in 000's)

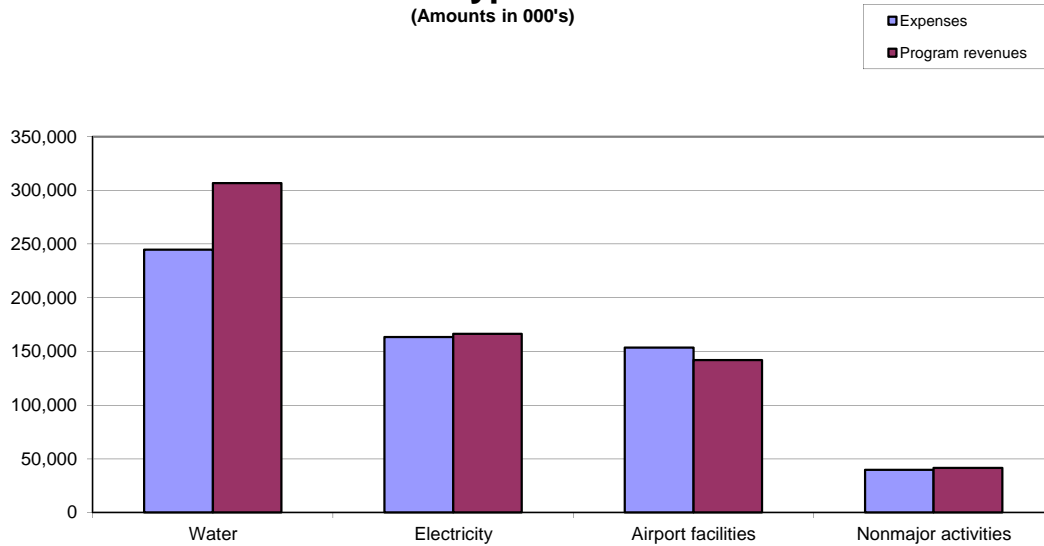


Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities

(Amounts in 000's)



Business-type activities are principally accounted for in the City's Enterprise Funds. The City operates three major 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 public auditorium, municipal parking lots and public market facilities. The City owns two golf courses whose management and operations are currently leased to outside entities. The operating results of the City's Major Enterprise Funds are discussed below.

Division of Water: The Division operates a major public water supply system, the ninth largest in the United States that serves not only the City, but also 69 suburban municipalities in Cuyahoga, Medina, Summit and Geauga counties. The Division is an emergency standby provider for systems in eight other communities. They provide water to approximately 417,069 city and suburban accounts in the Cleveland Metropolitan Area. Operating revenue in 2012 increased to \$280.3 million from \$236.6 million in 2011. The increase is mainly due to increased water rates and more timely billing of customer accounts. Operating expenses, exclusive of depreciation, increased approximately 2.0% to \$149.2 million compared to \$146.2 million in 2011.

Also, the Division of Water restated their capital assets balances for 2011. The Division entered into amended Water Service Agreements with 21 member communities prior to 2011. These agreements transferred ownership of the distribution mains from the member communities to the Division of Water. As a result of the restatement the Division increased their capital assets balance \$164,961,000 as of 12/31/2011. This is an increase of 11.0% compared to the reported capital assets balance prior to the restatement.

Division of Cleveland Public Power: The Division supplies electrical service to approximately 74,000 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 2012 operating revenue decreased 1.9% to \$165.2 million from \$168.4 million in 2011. Purchased power expense increased 5.9% to \$95.8 million in 2012 from \$90.5 million in 2011. Operating expenses, exclusive of depreciation and purchased power, decreased 16.6% to \$41.2 million compared to \$49.4 million in 2011. The decrease is mostly attributed to street light upgrades and higher raw material costs in 2011.

Department of Port Control: The City's Department of Port Control consists of the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport. Currently, 26 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 income increased \$3.4 million in 2012. The increase is generally attributed to minor increases in terminal and concourse rental revenue and a \$1.7 million decrease in operating expenses. Also, in 2012 there was a \$29.4 million reduction in capital contributions due to the completion of runway 10-28 in 2012, which was partially funded by Federal Aviation Authority grant proceeds.

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, unassigned 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 \$409.0 million, an increase of \$46.1 million and approximately 12.7% in comparison with the prior year. The components of the governmental fund balances include an unassigned balance of \$61.9 million, which indicates the amount available for spending at the City's discretion. An additional \$233.8 million of fund balance is available for expenditures that are legally restricted for a particular purpose. The nonspendable portion of fund balance has \$1.1 million of items that are not in a spendable form, such as inventory. An additional \$102.9 million is committed to fund specific purposes and cannot be reassigned without legislative approval. The remaining assigned balance of \$9.3 million represents funds that the City intends to use for a specific purpose.

The General Fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General Fund was \$61.9 million and the total fund balance was \$71.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 12.9% of total General Fund expenditures and other financing uses, while total fund balance represents approximately 14.9% 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
2012 and 2011
(Amounts in 000's)

	<u>2012</u>	<u>Restated</u> <u>2011</u>
Revenues:		
Income taxes	\$ 294,648	\$ 277,857
Property taxes	36,028	36,618
State local government funds	31,821	45,640
Other taxes and shared revenues	50,489	43,994
Licenses and permits	12,314	14,224
Charges for services	34,230	33,669
Fines, forfeits and settlements	21,451	23,473
Investment earnings	277	228
Grants	5,724	3,934
Miscellaneous	10,074	10,812
Total revenues	<u>497,056</u>	<u>490,449</u>
Expenditures:		
General Government	76,966	73,103
Public Works	63,622	66,612
Public Safety	294,955	292,594
Building and Housing	7,836	8,333
Public Health	5,326	4,451
Economic Development	1,407	1,400
Community Development	157	
Other	10,992	11,171
Capital outlay	2,302	2,350
Total expenditures	<u>463,563</u>	<u>460,014</u>
Excess (deficiency) of revenues over (under) expenditures	33,493	30,435
Other financing sources (uses):		
Transfers in	3,602	8,404
Transfers out	(16,941)	(18,789)
Sale of City assets	2	729
Net change in fund balance	20,156	20,779
Fund balance at beginning of year	<u>51,594</u>	<u>30,815</u>
Fund balance at end of year	<u>\$ 71,750</u>	<u>\$ 51,594</u>

Analysis of General Fund Revenues

General Fund revenues and other sources totaled \$500.7 million in 2012, an increase of approximately \$1.1 million from 2011. A discussion of each of the major types of General Fund revenues follows.

Municipal Income Taxes

Ohio law authorizes a municipal income tax both on 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 2012, approximately 89% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

Income tax revenue increased approximately \$16.8 million in 2012 from 2011, primarily due to increased construction activity in the University Circle and downtown areas.

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. Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

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

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

<u>Tax Collection Year</u>	<u>Real Property</u>	<u>Public Utility Tangible Personal (Amounts in 000's)</u>	<u>Total Assessed Valuation</u>
2012	\$ 5,385,180	\$ 246,081	\$ 5,631,261
2011	\$ 5,398,098	\$ 242,172	\$ 5,640,270

Property tax revenue fell by \$590,000 as a result of a decrease in both residential property valuations and lower collection rates.

State Local Government Funds and Other Taxes and Shared Revenues

State Local Government Funds and Other Taxes and 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 taxes and shared revenues include state income, sales, admission, motor vehicle, parking, hotel, commercial activity, corporate franchise, casino, homestead and rollback, public utility, estate and cigarette taxes as well as liquor fees. State Local Government Funds revenue decreased by \$13.8 million or 30.3% due to decreases in the distributions to local governments implemented as part of the State's budget balancing measures. Other Taxes and Shared Revenues increased \$6.5 million or 14.8% from 2011 levels primarily as a result of the City beginning to collect revenues from the opening of the new casino in May 2012.

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.

Analysis of General Fund Expenditures

General Fund expenditures and other financing uses totaled \$480.5 million in 2012, an increase of 0.4% from 2011. 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 2012</u>	<u>% of Total</u>	<u>Restated</u>		<u>Increase (Decrease)</u>	<u>% Change</u>
			<u>Actual 2011</u>	<u>% of Total</u>		
(Amounts in 000's)						
Current:						
General Government	\$ 76,966	16.02	\$ 73,103	15.27	\$ 3,863	5.28
Public Works	63,622	13.24	66,612	13.91	(2,990)	(4.49)
Public Safety	294,955	61.38	292,594	61.11	2,361	0.81
Building and Housing	7,836	1.63	8,333	1.74	(497)	(5.96)
Public Health	5,326	1.11	4,451	0.93	875	19.66
Economic Development	1,407	0.29	1,400	0.29	7	0.50
Community Development	157	0.03			157	N/A
Other	10,992	2.29	11,171	2.33	(179)	(1.60)
Capital Outlay	2,302	0.48	2,350	0.49	(48)	(2.04)
Transfers Out	<u>16,941</u>	3.53	<u>18,789</u>	3.93	<u>(1,848)</u>	(9.84)
Total Expenditures and Other Financing Uses	<u>\$ 480,504</u>		<u>\$ 478,803</u>		<u>\$ 1,701</u>	

The total expenditures and other financing uses increased by \$1.7 million. The growth was primarily caused by a \$3.9 million increase in General Government expenditures due to increased costs at Cleveland Municipal Court. This was primarily offset by a decrease of \$1.8 million in transfers out which was due to decreases in transfers to service debt and to fund street operations.

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 position of the Division of Water, Cleveland Public Power and the Department of Port Control Funds amounted to \$257.6 million, \$52.5 million and \$137.3 million, respectively, at December 31, 2012. The change in net position for each of the respective funds amounted to increases of \$61.7 million, \$2.6 million and a decrease of \$11.9 million during 2012. 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, 2012 and 2011, the City had approximately 7,126 and 7,398 full-time employees, respectively. Of the 7,126 full-time employees, approximately 5,359 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 – 1,219 members; Cleveland Police Patrolmen's Association – 1,238 members; the Association of Cleveland Firefighters – 768 members; Municipal Foreman and Laborers Union, Local 1099 – 411 members; and Local 244 – 222 members.

There have been no significant labor disputes or work stoppages in the City within the last 29 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)
2012	\$ 421,023
2011	\$ 424,311

In 2012, there was a minor decrease in salaries and wages payable due to a small reduction in employee levels.

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 348,235 actively contributing members and total net position of this pension system approximated \$81.4 billion as of December 31, 2012, 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 1965, represents sworn personnel, not civilians, employed in police and fire divisions of Ohio’s local governments. As of December 31, 2012, the latest information available, management of the fund indicates membership of 27,623 active members and net position of this pension fund approximated \$11.5 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>2012</u>	<u>2011</u>
	(Amounts in 000's)	
Paid by City to:		
OPERS	\$ 35,516	\$ 35,782
OP&F	<u>32,607</u>	<u>32,612</u>
Total paid by City	<u>68,123</u>	<u>68,394</u>
Paid by employees to:		
OPERS	25,380	25,529
OP&F	<u>15,060</u>	<u>15,171</u>
Total paid by employees	<u>40,440</u>	<u>40,700</u>
Total	<u>\$ 108,563</u>	<u>\$ 109,094</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 2012, the principal difference between the original and the final revenue and other sources budget (see page 61) was a \$1.0 million decrease in transfers out. The decline offset minor increases in appropriations to general government and public health.

The major differences between the final amended budget and the actual total revenues were increases of \$19.4 million in income taxes and \$6.5 million in other taxes and shared revenues. The increase in income taxes is primarily attributed to increased construction activity and an improving local economy, while the other taxes and shared revenue increase resulted from uncertainty regarding the opening date of the Cleveland Horseshoe Casino and associated revenue projections. There were minor decreases of all expenditure components due to increased operating efficiencies and reduced payroll costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City’s capital assets for its governmental and business-type activities as of December 31, 2012, amounts to \$4.0 billion (net of accumulated depreciation). This capital assets balance 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 capital assets for the current fiscal year was 0.5% (a 1.5% increase for governmental activities and a 0.2% increase for business-type activities). A summary of the City’s capital assets at December 31, 2012 is as follows:

	Capital Assets, Net of Accumulated Depreciation		
	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
	(Amounts in 000's)		
Land	\$ 66,188	\$ 191,898	\$ 258,086
Land improvements	56,209	51,431	107,640
Utility plant		1,534,664	1,534,664
Buildings, structures and improvements	329,817	316,913	646,730
Furniture, fixtures, equipment and vehicles	46,788	148,218	195,006
Infrastructure	315,080	519,489	834,569
Construction in progress	<u>115,380</u>	<u>293,093</u>	<u>408,473</u>
Total	<u>\$ 929,462</u>	<u>\$ 3,055,706</u>	<u>\$ 3,985,168</u>

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

- Cleveland Public Power incurred \$18.2 million of capital expenditures relating to the Holston Substation (4th interconnect), pole replacements, equipment and building betterments.
- The Division of Water had expenditures for capital improvements totaling \$71.5 million. Major expenses were for continuing renovations and enhancements at the Morgan, Baldwin and Nottingham Plants, security enhancements and the automated meter reading system.
- Port Control expenditures for capital improvements totaled approximately \$19.4 million. Major initiatives were the Power Distribution Enhancement Project, installation of a new terrazzo floor in the main concourse and the Regional Transportation Authority (RTA) Level Art Gallery, which replaces various interior infrastructure items to allow for the display of wall and floor artwork.
- Water Pollution Control had capital expenditures of \$4.4 million. Major components included citywide sewer replacement, Big Creek project and emergency repairs.
- 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, revenue 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 \$2.70 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, 2012 is summarized below (excluding unamortized discounts, premiums, accreted interest and losses on debt refundings).

	Balance January 1, 2012	Debt Issued	Debt Refunded or Defeased	Debt Retired	Balance December 31, 2012
	(Amounts in 000's)				
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 298,660	\$ 67,765	\$ (28,910)	\$ (28,815)	\$ 308,700
Urban Renewal Bonds	4,835			(565)	4,270
Subordinated Income Tax Bonds	52,975			(2,955)	50,020
Subordinate Lien Income Tax Bonds	80,505	15,180		(3,305)	92,380
Non-Tax Revenue Bonds	58,591			(2,697)	55,894
Annual Appropriation Bonds	11,000			(235)	10,765
Certificates of Participation	129,547			(5,942)	123,605
Capital Lease Obligations	12,908	6,507		(3,179)	16,236
Gateway Note Payable	<u>1,250</u>	<u> </u>	<u> </u>	<u>(250)</u>	<u>1,000</u>
Total Governmental Activities	<u>650,271</u>	<u>89,452</u>	<u>(28,910)</u>	<u>(47,943)</u>	<u>662,870</u>
<u>Business –Type Activities:</u>					
Revenue Bonds & Notes	1,930,163	421,595	(315,425)	(110,130)	1,926,203
Ohio Water Development Loans	115,523	963		(6,744)	109,742
Deferred Payment Obligation	<u>6,500</u>	<u> </u>	<u> </u>	<u>(2,990)</u>	<u>3,510</u>
Total Business –Type Activities	<u>2,052,186</u>	<u>422,558</u>	<u>(315,425)</u>	<u>(119,864)</u>	<u>2,039,455</u>
Total	<u>\$ 2,702,457</u>	<u>\$ 512,010</u>	<u>\$ (344,335)</u>	<u>\$ (167,807)</u>	<u>\$ 2,702,325</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 \$19.28 million in 2012 which represents approximately 44% 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 56% 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 works 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, 2012:

	Moody's Investors Service	Standard & Poor's	Fitch Ratings
General Obligation Bonds	A1	AA	A+
Subordinate Lien Income Tax Bonds	A1 *	AA	N/A
Waterworks Revenue Bonds	Aa1	AA	N/A
Second Lien Water Bonds	Aa2	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

* On November 8, 2012, Moody's Investors Service upgraded its rating on the City's Subordinate Lien Income Tax Bonds from A2 to A1 with a stable outlook.

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, 2012 was:

Net General Bonded Debt:	\$302,484,000
Ratio of Net Bonded Debt to Assessed Valuation:	5.37%
Net General Bonded Debt Per Capita:	\$762.28

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 \$591,282,445 and unvoted debt limit (5.50%) is \$309,719,376. At December 31, 2012, 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 1999. 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 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, 2012 and an investment loss or gain as appropriate based on the change in fair value. 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.

Other Impacting Factors

- On January 17, 2013, Moody's Investors Service lowered its rating on Assured Guaranty Municipal Corporation, the insurer of the Series 2006 Parking Facilities Refunding Revenue Bonds.
- On March 21, 2013, the City completed a conversion of its \$69,900,000 2010B Certificates of Participation (Cleveland Stadium Project) to a new index rate for a new index rate period.
- On April 16, 2013, the City entered into a novation agreement with UBS, AG and PNC Bank, National Association (PNC) under which the basis swap associated with the Parking Facilities Refunding Revenue Bonds, Series 2006, was transferred from UBS to PNC effective March 15, 2013.
- Effective April 24, 2013, the City issued \$58,000,000 Airport System Revenue Bonds, Series 2013A (Taxable).
- On May 13, 2013, City Council approved legislation authorizing the City to enter into a lease agreement for the purchase of vehicles for various City departments.
- Effective May 30, 2013 the City issued \$35,840,000 Subordinate Lien Income Tax Bonds, Series 2013A. The bonds were issued to provide funds for various public facilities, road and bridges, and parks and recreation improvements throughout the City.
- On June 20, 2013, the City entered into a lease agreement with Huntington Public Capital Corporation for the purchase of \$6,500,000 of vehicles and heavy equipment for various departments. The lease will be paid for over seven years out of the receipts for Restricted Income Tax.

See Note 21- Subsequent Events for additional information.

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 POSITION

DECEMBER 31, 2012

(Amounts in 000's)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 345,777	\$ 396,119	\$ 741,896
Investments	9,522		9,522
Receivables:			
Taxes	136,030		136,030
Accounts	28,330	179,758	208,088
Grants	12,458		12,458
Loans	190,860		190,860
Unbilled revenue		39,616	39,616
Accrued interest	4		4
Assessments	2,615		2,615
Less: Allowance for doubtful accounts	<u>(20,967)</u>	<u>(29,757)</u>	<u>(50,724)</u>
Receivables, net	<u>349,330</u>	<u>189,617</u>	<u>538,947</u>
Internal balances	1,576	(1,576)	-
Due from other governments	34,730	2,976	37,706
Inventory of supplies	2,348	16,384	18,732
Prepaid expenses and other assets		1,591	1,591
Restricted assets:			
Cash and cash equivalents		585,961	585,961
Investments		3,739	3,739
Accrued interest receivable		86	86
Accrued passenger facility charge		<u>2,244</u>	<u>2,244</u>
Total restricted assets	<u>-</u>	<u>592,030</u>	<u>592,030</u>
Unamortized bond issuance costs	21,205	25,582	46,787
Capital assets:			
Land and construction in progress	181,568	484,991	666,559
Other capital assets, net of accumulated depreciation	<u>747,894</u>	<u>2,570,715</u>	<u>3,318,609</u>
Total capital assets	<u>929,462</u>	<u>3,055,706</u>	<u>3,985,168</u>
Total assets	<u>1,693,950</u>	<u>4,278,429</u>	<u>5,972,379</u>
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments-interest rate swaps		<u>27,699</u>	<u>27,699</u>
Total deferred outflows of resources	<u>-</u>	<u>27,699</u>	<u>27,699</u>

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

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION

DECEMBER 31, 2012

(Amounts in 000's)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts payable	\$ 15,238	\$ 23,290	\$ 38,528
Accrued wages and benefits	44,597	13,476	58,073
Due to other governments	102,986	96,893	199,879
Accrued interest payable	6,855	32,844	39,699
Deferred revenue	55,896		55,896
Unearned revenue	8,725		8,725
Liabilities payable from restricted assets		21,102	21,102
Loans payable	2,390		2,390
Long-term obligations:			
Due within one year	78,016	80,578	158,594
Due in more than one year	696,690	1,985,339	2,682,029
Total liabilities	1,011,393	2,253,522	3,264,915
 DEFERRED INFLOWS OF RESOURCES			
Derivative instruments-interest rate swaps	239	28,064	28,303
Service concession agreements	_____	176	176
Total deferred inflows of resources	239	28,240	28,479
 NET POSITION			
Net investment in capital assets	572,213	1,303,584	1,875,797
Restricted for:			
Capital	18,018	1,586	19,604
Debt service	40,097	208,570	248,667
Loans	31,448		31,448
Other purposes	32,925	17,670	50,595
Unrestricted	(12,383)	492,956	480,573
Total net position	\$ 682,318	\$ 2,024,366	\$ 2,706,684

CITY OF CLEVELAND, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012
(Amounts in 000's)

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Functions/Programs:			
Governmental activities:			
General Government	\$ 106,141	\$ 30,696	\$ 4,345
Public Works	128,276	18,369	28,342
Public Safety	310,745	15,049	13,805
Community Development	70,705		69,004
Building and Housing	14,729	5,757	6,679
Public Health	17,385	2,967	10,321
Economic Development	13,845	100	11,387
Interest on debt	26,153		
Total governmental activities	<u>687,979</u>	<u>72,938</u>	<u>143,883</u>
Business-type activities:			
Water	244,647	280,323	4,567
Electricity	163,547	165,227	97
Airport facilities	153,627	116,694	177
Nonmajor activities:			
Sewer	25,231	22,894	59
Public Auditorium	2,435	1,226	
Westside Market	1,739	1,302	2
Eastside Market	92		
Municipal Parking Lots	7,381	7,735	417
Cemeteries	1,821	1,495	
Golf Courses	972	536	
Total business-type activities	<u>601,492</u>	<u>597,432</u>	<u>5,319</u>
Total	<u>\$ 1,289,471</u>	<u>\$ 670,370</u>	<u>\$ 149,202</u>

General revenues:
Income taxes
Property taxes
Other taxes
Shared revenues
State local government funds
Unrestricted investment earnings
Other
Transfers
 Total general revenues and transfers
Change in net position
Net position at beginning of year (as restated)
Net position at end of year

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

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Positon</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 1,330	\$ (69,770)	\$	\$ (69,770)
24,515	(57,050)		(57,050)
	(281,891)		(281,891)
	(1,701)		(1,701)
	(2,293)		(2,293)
	(4,097)		(4,097)
	(2,358)		(2,358)
	(26,153)		(26,153)
<u>25,845</u>	<u>(445,313)</u>	<u>-</u>	<u>(445,313)</u>
21,800		62,043	62,043
964		2,741	2,741
25,025		(11,731)	(11,731)
364		(1,914)	(1,914)
3,645		2,436	2,436
210		(225)	(225)
		(92)	(92)
496		1,267	1,267
992		666	666
66		(370)	(370)
<u>53,562</u>	<u>-</u>	<u>54,821</u>	<u>54,821</u>
<u>\$ 79,407</u>	<u>(445,313)</u>	<u>54,821</u>	<u>(390,492)</u>
	330,863		330,863
	56,086		56,086
	28,680		28,680
	27,338		27,338
	25,966		25,966
	692		692
	18,141		18,141
	(1,589)	1,589	-
	<u>486,177</u>	<u>1,589</u>	<u>487,766</u>
	40,864	56,410	97,274
	<u>641,454</u>	<u>1,967,956</u>	<u>2,609,410</u>
	<u>\$ 682,318</u>	<u>\$ 2,024,366</u>	<u>\$ 2,706,684</u>

CITY OF CLEVELAND, OHIO

**BALANCE SHEET-GOVERNMENTAL FUNDS
DECEMBER 31, 2012
(Amounts in 000's)**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 84,869	\$ 243,525	\$ 328,394
Investments		9,522	9,522
Receivables:			
Taxes	101,021	35,009	136,030
Accounts	28,330		28,330
Grants		12,458	12,458
Loans		190,860	190,860
Accrued interest		4	4
Assessments		2,615	2,615
Less: Allowance for doubtful accounts	<u>(20,967)</u>		<u>(20,967)</u>
Receivables, net	<u>108,384</u>	<u>240,946</u>	<u>349,330</u>
Due from other funds	1,393	12,472	13,865
Due from other governments	21,240	13,490	34,730
Inventory of supplies	<u>632</u>	<u>495</u>	<u>1,127</u>
TOTAL ASSETS	<u>\$ 216,518</u>	<u>\$ 520,450</u>	<u>\$ 736,968</u>
LIABILITIES			
Accounts payable	\$ 4,795	\$ 8,760	\$ 13,555
Accrued wages and benefits	40,426	3,140	43,566
Due to other governments	3,745	98,486	102,231
Deferred revenue	89,117	49,502	138,619
Unearned revenue	576	8,149	8,725
Due to other funds	<u>6,109</u>	<u>15,183</u>	<u>21,292</u>
Total liabilities	<u>144,768</u>	<u>183,220</u>	<u>327,988</u>
FUND BALANCES			
Nonspendable	632	495	1,127
Restricted		233,832	233,832
Committed		102,901	102,901
Assigned	9,239	2	9,241
Unassigned	<u>61,879</u>		<u>61,879</u>
Total fund balances	<u>71,750</u>	<u>337,230</u>	<u>408,980</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 216,518</u>	<u>\$ 520,450</u>	

Amounts reported for governmental activities in the statement of net position 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.	925,547
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	82,723
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.	(747,409)
The assets and liabilities of most of the internal service funds are included in the governmental activities in the statement of net position.	<u>12,477</u>
Net position of governmental activities	<u>\$ 682,318</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-GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2012

(Amounts in 000's)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Income taxes	\$ 294,648	\$ 36,470	\$ 331,118
Property taxes	36,028	19,284	55,312
State local government funds	31,821		31,821
Other taxes and shared revenues	50,489	35,595	86,084
Licenses and permits	12,314	2,756	15,070
Charges for services	34,230	7,206	41,436
Fines, forfeits and settlements	21,451	5,379	26,830
Investment earnings	277	191	468
Grants	5,724	124,000	129,724
Contributions		1,364	1,364
Miscellaneous	10,074	8,696	18,770
Total revenues	<u>497,056</u>	<u>240,941</u>	<u>737,997</u>
EXPENDITURES:			
Current:			
General Government	76,966	8,159	85,125
Public Works	63,622	22,131	85,753
Public Safety	294,955	8,812	303,767
Community Development	157	69,081	69,238
Building and Housing	7,836	6,706	14,542
Public Health	5,326	11,660	16,986
Economic Development	1,407	11,387	12,794
Other	10,992		10,992
Capital outlay	2,302	67,643	69,945
Inception of capital lease		5,648	5,648
Debt service:			
Principal retirement		48,115	48,115
Interest		33,741	33,741
General Government		1,264	1,264
Other		1,168	1,168
Total expenditures	<u>463,563</u>	<u>295,515</u>	<u>759,078</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>33,493</u>	<u>(54,574)</u>	<u>(21,081)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	3,602	56,228	59,830
Transfers out	(16,941)	(45,204)	(62,145)
Issuance of debt		82,945	82,945
Premium on bonds		8,770	8,770
Discount on bonds		(145)	(145)
Payment to refund bonds		(28,910)	(28,910)
Sale of City assets	2	322	324
Proceeds from capital lease		6,507	6,507
Total other financing sources (uses)	<u>(13,337)</u>	<u>80,513</u>	<u>67,176</u>
NET CHANGE IN FUND BALANCES	20,156	25,939	46,095
FUND BALANCES AT BEGINNING OF YEAR	<u>51,594</u>	<u>311,291</u>	<u>362,885</u>
FUND BALANCES AT END OF YEAR	<u>\$ 71,750</u>	<u>\$ 337,230</u>	<u>\$ 408,980</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, 2012

(Amounts in 000's)

Amounts reported for governmental activities in the statement of activities (pages 56 and 57) are different because:

Net change in fund balances - total governmental funds (page 59)	\$ 46,095
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.	15,654
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(9,512)
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 position. 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.	(17,982)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	3,219
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>3,390</u>
Change in net position of governmental activities (pages 56 and 57)	<u>\$ 40,864</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, 2012
(Amounts in 000's)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual*</u>	<u>Variance- Positive (Negative)</u>
REVENUES:				
Income taxes	\$ 271,105	\$ 271,105	\$ 290,474	\$ 19,369
Property taxes	36,903	36,903	36,028	(875)
State local government funds	34,673	34,673	34,673	-
Other taxes and shared revenues	40,472	40,472	46,929	6,457
Licenses and permits	11,785	11,785	12,372	587
Charges for services	29,994	29,994	33,837	3,843
Fines, forfeits and settlements	22,737	22,737	21,626	(1,111)
Investment earnings	130	130	250	120
Grants	5,943	5,943	5,464	(479)
Miscellaneous	<u>18,264</u>	<u>18,264</u>	<u>19,365</u>	<u>1,101</u>
Total revenues	472,006	472,006	501,018	29,012
EXPENDITURES:				
Current:				
General Government	83,655	83,820	78,496	5,324
Public Works	66,766	67,159	63,848	3,311
Public Safety	299,409	299,409	294,746	4,663
Community Development	271	271	148	123
Building and Housing	9,822	9,837	8,317	1,520
Public Health	5,299	5,653	5,346	307
Economic Development	1,525	1,525	1,413	112
Other	<u>19,436</u>	<u>19,541</u>	<u>16,229</u>	<u>3,312</u>
Total expenditures	486,183	487,215	468,543	18,672
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,177)	(15,209)	32,475	47,684
OTHER FINANCING SOURCES (USES):				
Transfers in	18,218	18,218	16,981	(1,237)
Transfers out	(20,873)	(19,841)	(17,941)	1,900
Sale of City assets	<u> </u>	<u> </u>	<u>2</u>	<u>2</u>
Total other financing sources (uses)	(2,655)	(1,623)	(958)	665
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(16,832)</u>	<u>(16,832)</u>	<u>31,517</u>	<u>48,349</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES	<u> </u>	<u> </u>	2,181	2,181
NET CHANGE IN FUND BALANCES	<u>(16,832)</u>	<u>(16,832)</u>	<u>33,698</u>	<u>50,530</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>16,861</u>	<u>16,861</u>	<u>16,861</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ 50,559</u>	<u>\$ 50,530</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

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2012
(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	Nonmajor Enterprise Funds		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 194,377	\$ 58,097	\$ 87,196	\$ 55,679	\$ 395,349	\$ 18,153
Restricted cash and cash equivalents	12,755	1,310	7,037		21,102	
Receivables:						
Accounts	64,167	16,310	9,732	89,549	179,758	
Unbilled revenue	31,540	1,931	3,314	2,831	39,616	
Less: Allowance for doubtful accounts	(15,299)	(9,407)	(2,000)	(3,051)	(29,757)	
Receivables, net	80,408	8,834	11,046	89,329	189,617	-
Due from other funds	14,662	3,313	34	546	18,555	9,201
Due from other governments			2,976		2,976	
Inventory of supplies	4,713	8,826	2,343	502	16,384	1,221
Prepaid expenses and other assets	1,178	90	323		1,591	
Total current assets	308,093	80,470	110,955	146,056	645,574	28,575
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	211,759	51,122	286,051	15,927	564,859	
Investments		3,739			3,739	
Accrued interest receivable	84	1	1		86	
Accrued passenger facility charges			2,244		2,244	
Total restricted assets	211,843	54,862	288,296	15,927	570,928	-
Unamortized bond issuance costs	5,151	2,646	16,497	1,288	25,582	
Capital assets:						
Land	5,463	5,249	167,457	13,729	191,898	663
Land improvements	16,549	305	74,153	6,728	97,735	146
Utility plant	1,497,878	495,234		137,728	2,130,840	
Buildings, structures and improvements	238,532	21,413	334,242	106,213	700,400	3,557
Furniture, fixtures, equipment and vehicles	586,549	81,036	43,819	18,903	730,307	9,513
Infrastructure			975,801		975,801	
Construction in progress	201,167	46,583	29,011	16,332	293,093	488
Less: Accumulated depreciation	(859,199)	(314,193)	(729,465)	(161,951)	(2,064,808)	(10,012)
Total capital assets, net	1,686,939	335,627	895,018	137,682	3,055,266	4,355
Total noncurrent assets	1,903,933	393,135	1,199,811	154,897	3,651,776	4,355
TOTAL ASSETS	2,212,026	473,605	1,310,766	300,953	4,297,350	32,930
DEFERRED OUTFLOWS OF RESOURCES						
Derivative instruments-interest rate swaps	27,699				27,699	
Total deferred outflows of resources	27,699	-	-	-	27,699	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2,239,725	\$ 473,605	\$ 1,310,766	\$ 300,953	\$ 4,325,049	\$ 32,930

(Continued)

CITY OF CLEVELAND, OHIO

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2012**

(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	Nonmajor Enterprise Funds		
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 6,721	\$ 10,350	\$ 3,546	\$ 2,870	\$ 23,487	\$ 2,246
Accrued wages and benefits	10,083	3,855	4,079	2,033	20,050	2,499
Due to other funds	2,630	4,499	1,412	11,584	20,125	204
Due to other governments			5,968	90,925	96,893	755
Accrued interest payable	13,521	1,221	17,632	470	32,844	
Current payable from restricted assets	12,755	1,310	7,037		21,102	
Current portion of long-term obligations	37,804	12,710	19,515	3,045	73,074	
Total current liabilities	<u>83,514</u>	<u>33,945</u>	<u>59,189</u>	<u>110,927</u>	<u>287,575</u>	<u>5,704</u>
Long-term liabilities:						
Accrued wages and benefits	1,365	499	595	206	2,665	14,409
Construction loans payable	100,700			1,813	102,513	
Deferred payment obligation			280		280	
Accreted interest payable		7,768			7,768	
Revenue bonds payable	766,975	220,202	856,702	28,103	1,871,982	
Total noncurrent liabilities	<u>869,040</u>	<u>228,469</u>	<u>857,577</u>	<u>30,122</u>	<u>1,985,208</u>	<u>14,409</u>
Total liabilities	<u>952,554</u>	<u>262,414</u>	<u>916,766</u>	<u>141,049</u>	<u>2,272,783</u>	<u>20,113</u>
DEFERRED INFLOWS OF RESOURCES						
Derivative instruments-interest rate swaps	27,699			365	28,064	
Service concession agreements				176	176	
Total deferred inflows of resources	<u>27,699</u>	<u>-</u>	<u>-</u>	<u>541</u>	<u>28,240</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	914,193	153,436	127,557	107,958	1,303,144	4,355
Restricted for capital projects	99	1,309		178	1,586	
Restricted for debt service	87,602	3,976	111,467	5,525	208,570	
Restricted for passenger facility charges			17,670		17,670	
Unrestricted	257,578	52,470	137,306	45,702	493,056	8,462
Total net position	<u>1,259,472</u>	<u>211,191</u>	<u>394,000</u>	<u>159,363</u>	<u>2,024,026</u>	<u>12,817</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,239,725</u>	<u>\$ 473,605</u>	<u>\$ 1,310,766</u>	<u>\$ 300,953</u>		<u>\$ 32,930</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					340	
NET POSITION OF BUSINESS-TYPE ACTIVITIES					<u>\$ 2,024,366</u>	

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 POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(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	Nonmajor Enterprise Funds		
OPERATING REVENUES:						
Charges for services	\$ 280,323	\$ 165,227	\$ 116,694	\$ 35,170	\$ 597,414	\$ 46,969
Total operating revenue	<u>280,323</u>	<u>165,227</u>	<u>116,694</u>	<u>35,170</u>	<u>597,414</u>	<u>46,969</u>
OPERATING EXPENSES:						
Operations	103,687	21,379	64,454	19,827	209,347	42,500
Maintenance	45,482	19,820	4,401	9,217	78,920	2,095
Purchased power		95,788			95,788	
Depreciation	67,455	16,971	50,541	7,684	142,651	649
Total operating expenses	<u>216,624</u>	<u>153,958</u>	<u>119,396</u>	<u>36,728</u>	<u>526,706</u>	<u>45,244</u>
OPERATING INCOME (LOSS):	<u>63,699</u>	<u>11,269</u>	<u>(2,702)</u>	<u>(1,558)</u>	<u>70,708</u>	<u>1,725</u>
NON-OPERATING REVENUES (EXPENSES):						
Investment income (loss)	1,965	80	272	484	2,801	21
Interest expense	(28,322)	(9,677)	(29,571)	(1,955)	(69,525)	
Passenger facility charges			15,781		15,781	
Sound insulation program			(577)		(577)	
Loss on disposal of capital assets	(15)		(59)	(8)	(82)	(68)
Other revenues (expenses)	4,284	(59)	(4,193)	(77)	(45)	
Total non-operating revenues (expenses)	<u>(22,088)</u>	<u>(9,656)</u>	<u>(18,347)</u>	<u>(1,556)</u>	<u>(51,647)</u>	<u>(47)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>41,611</u>	<u>1,613</u>	<u>(21,049)</u>	<u>(3,114)</u>	<u>19,061</u>	<u>1,678</u>
Capital contributions	20,118	981	9,149	5,616	35,864	882
Transfers in				1,589	1,589	726
Change in net position	<u>61,729</u>	<u>2,594</u>	<u>(11,900)</u>	<u>4,091</u>	<u>56,514</u>	<u>3,286</u>
NET POSITION AT BEGINNING OF YEAR (as restated)	<u>1,197,743</u>	<u>208,597</u>	<u>405,900</u>	<u>155,272</u>		<u>9,531</u>
NET POSITION AT END OF YEAR	<u>\$ 1,259,472</u>	<u>\$ 211,191</u>	<u>\$ 394,000</u>	<u>\$ 159,363</u>		<u>\$ 12,817</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds					<u>(104)</u>	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES					<u>\$ 56,410</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, 2012**

(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	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 264,534	\$ 168,740	\$ 122,327	\$ 35,426	\$ 591,027	\$ 45,578
Cash payments to suppliers for goods or services	(66,921)	(15,640)	(38,839)	(11,655)	(133,055)	(25,549)
Cash payments to employees for services	(76,526)	(22,056)	(28,850)	(14,256)	(141,688)	(17,733)
Cash payments for purchased power		(95,152)			(95,152)	
Agency activity on behalf of other sewer authorities				6,265	6,265	
Other	140	(4,813)			(4,673)	
Net cash provided by (used for) operating activities	121,227	31,079	54,638	15,780	222,724	2,296
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Cash payments for sound insulation of homes			(641)		(641)	
Cash received through transfers from other funds				1,589	1,589	726
Miscellaneous non-operating revenue (expense)		89	(3,827)	145	(3,593)	
Net cash provided by (used for) noncapital financing activities	-	89	(4,468)	1,734	(2,645)	726
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Cash receipts for passenger facility charges			15,816		15,816	
Proceeds from sale of revenue bonds, loans and notes	192,924	15,325	252,946		461,195	
Acquisition and construction of capital assets	(67,355)	(16,620)	(22,452)	(3,996)	(110,423)	(131)
Principal paid on long-term debt	(90,239)	(10,050)	(13,903)	(2,925)	(117,117)	
Interest paid on long-term debt	(34,236)	(9,746)	(32,871)	(1,807)	(78,660)	
Cash paid to escrow agent for refunding	(50,000)	(16,294)	(252,379)		(318,673)	
Capital grant proceeds			6,846	289	7,135	
Net cash provided by (used for) capital and related financing activities	(48,906)	(37,385)	(45,997)	(8,439)	(140,727)	(131)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of investment securities	(99,959)	(28,731)	(105,981)	6,022	(228,649)	
Proceeds from sale and maturity of investment securities	112,004	30,010	185,583	4,095	331,692	
Interest received on investments	2,158	120	449	111	2,838	21
Net cash provided by (used for) investing activities	14,203	1,399	80,051	10,228	105,881	21
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	86,524	(4,818)	84,224	19,303	185,233	2,912
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	332,367	115,347	296,060	52,303	796,077	15,241
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 418,891	\$ 110,529	\$ 380,284	\$ 71,606	\$ 981,310	\$ 18,153

(Continued)

CITY OF CLEVELAND, OHIO

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Division of <u>Water</u>	Cleveland Public <u>Power</u>	Department of Port <u>Control</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ 63,699	\$ 11,269	\$ (2,702)	\$ (1,558)	\$ 70,708	\$ 1,725
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	67,455	16,971	50,541	7,684	142,651	649
Write-off of bad debt expense				20,000	20,000	
Noncash rental income			(3,389)		(3,389)	
Changes in assets and liabilities:						
Receivables, net	992	3,304	10,469	3,180	17,945	
Due from other funds	(2,213)	(755)	(34)	(82)	(3,084)	1,072
Inventory of supplies	(991)	263	(225)	(40)	(993)	3
Prepaid expenses and other assets	(40)	3	7		(30)	
Accounts payable	81	135	(77)	(284)	(145)	(200)
Accrued wages and benefits	(95)	206	124	(46)	189	(1,392)
Due to other funds	(140)	(423)	443	2,023	1,903	1
Due to other governments				(15,097)	(15,097)	438
Accrued expenses and other liabilities	(7,521)	106	(519)		(7,934)	
Total adjustments	<u>57,528</u>	<u>19,810</u>	<u>57,340</u>	<u>17,338</u>	<u>152,016</u>	<u>571</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 121,227</u>	<u>\$ 31,079</u>	<u>\$ 54,638</u>	<u>\$ 15,780</u>	<u>\$ 222,724</u>	<u>\$ 2,296</u>
NONCASH OPERATING ACTIVITY:						
Rental income			\$ 3,389			
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:						
Contributions of capital assets	\$ 20,044			\$ 5,273		

(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, 2012

(Amounts in 000's)

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 23,114
Taxes receivable	19,699
Due from other governments	1,171
Total assets	<u>\$ 43,984</u>
LIABILITIES	
Due to other governments	26,492
Due to others	17,492
Total liabilities	<u>\$ 43,984</u>

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

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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, 2012 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 Mayor of the City of East Cleveland 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 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 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 position and a statement of activities. These statements report all of the assets, deferred outflows, liabilities, deferred inflows, 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 position. 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, Public Auditorium, 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, other taxes and shared revenues, charges for services, licenses, fees and fines.

General Fund expenditures represent costs of General Government; Public Works (including waste collection); Public Safety (including police and fire); Building and Housing; Public Health; Community Development; 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, deferred outflows, liabilities, deferred inflows, 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 should be used to account for and report all financial resources not accounted for and reported in another fund.
2. **Special Revenue Funds** – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures of specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.
3. **Debt Service Funds** – Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.
4. **Capital Project Funds** – Capital Project Funds are used to account for and report financial resources that are restricted or committed to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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. The City uses unrestricted resources that are committed first, assigned second and unassigned last.

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 four appropriation amendments during 2012 which reallocated appropriations and decreased 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 2012 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)	\$ 31,517
Adjustments:	
Revenue Accruals	(17,341)
Expenditure Accruals	(2,039)
Encumbrances and Pre-Encumbrances	8,019
Net Change in Fund Balance	<u>\$ 20,156</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 and Segregated Accounts, consists of obligations of the U.S. Treasury, agencies and instrumentalities; State Treasurer Asset Reserve Fund (STAROhio); commercial paper; U.S. Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; and repurchase transactions 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 Governmental 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 Revenue Bonds, Public Power Revenue Bonds and 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	5-100
Buildings, structures and improvements	5-60
Furniture, fixtures, equipment and vehicles	3-60
Infrastructure	3-50

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 vacation time from one year to the next. 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 position. 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 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 four swap agreements outstanding at December 31, 2012, one for its Subordinated Income Tax Variable Rate Refunding Bonds, one on the Parking Facilities Refunding Revenue Bonds and two associated with the 2008 Water Revenue Bonds Series Q and 2010 Water Revenue Bonds Series U and V.

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 restricted or committed fund balance in the fund financial statements as applicable 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.

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.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

F. **Accounting Pronouncements**

In November of 2010, Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* was issued. This Statement is effective for fiscal periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. As required, the City has implemented GASB Statement No. 60 effective for the 2012 fiscal year.

In December of 2010, Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* was issued. This Statement is effective for fiscal periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations, (2) Accounting Principles Board Opinions and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure. As required, the City has implemented GASB Statement No. 62 effective for the 2012 fiscal year.

In June of 2011, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* was issued. This Statement is effective for fiscal periods beginning after December 15, 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. As required, the City has implemented GASB Statement No. 63 effective for the 2012 fiscal year.

In June of 2011, Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision* was issued. This Statement is effective for fiscal periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective

hedging relationship continues and hedge accounting should continue to be applied. As required, the City has implemented GASB Statement No. 64 effective for the 2012 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 position.

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. 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 \$747.4 million difference are as follows:

	(Amounts in 000's)
Bonds payable	\$ (637,125)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	21,205
Interest rate swap	(239)
Unamortized bond premium	(20,725)
Accrued interest payable	(6,855)
Capital leases payable	(16,236)
Loans payable	(2,390)
Claims and adjustments	(3,234)
Compensated absences	<u>(81,810)</u>
Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (747,409)</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 position 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 \$15.7 million difference are as follows:

	(Amounts in 000's)
Capital outlay	\$ 68,176
Depreciation expense	(52,007)
Capital asset disposal	<u>(515)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 15,654</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	\$ (92,235)
Current year deferred revenues	<u>82,723</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (9,512)</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 position. 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 \$18.0 million which is detailed as follows:

	(Amounts in 000's)
Debt issued or incurred:	
Issuance of general obligation bonds and other obligations	\$ (98,077)
Accrued interest	5,119
Interest rate swap	203
Principal repayments:	
General obligation debt and other obligations	44,764
Payment on capital lease	3,179
Payment on loan	85
Refunding of general obligation bonds and other obligations	28,910
Amortization of debt issuance cost	<u>(2,165)</u>
Net adjustment to increase <i>net changes in fund balances - total</i> governmental funds to arrive at <i>changes in net position of</i> <i>governmental activities</i>	<u>\$ (17,982)</u>

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$3.2 million difference are as follows:

	(Amounts in 000's)
Compensated absences	\$ 4,653
Claims judgements	<u>(1,434)</u>
Net adjustment to increase <i>net changes in fund balances - total</i> <i>governmental funds</i> to arrive at <i>changes in net position of</i> <i>governmental activities</i>	<u>\$ 3,219</u>

NOTE 4 – POOLED AND SEGREGATED CASH AND INVESTMENTS

Monies for the Debt Service Funds, certain Capital Project Funds, certain Agency Funds, 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, Public Auditorium 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 and the respective funds that have made disbursements in excess of their individual equities in the PCA.

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

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

Monthly, the City determines that the collateral has a market value adequate to cover the deposits and that it has been segregated either physically or in book entry form. At year end, the carrying amount of the City's deposits including certificates of deposit was \$359,177,000 and the actual bank balance totaled \$367,398,000. 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*, \$367,398,000 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; State Treasurer Asset Reserve Fund (STAROhio); commercial paper; U.S. Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; 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. 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.

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, 2012 include U.S. Treasury Bills, U.S. Treasury Notes, STAROhio, commercial paper, money market mutual funds, guaranteed investment contracts and manuscript debt. The City maintains the highest ratings for its investments. The investments in U.S. Agencies carry a Moody's rating of Aaa. Investments in Dreyfus Government Cash Management, First American Government Obligations Fund, First American Treasury Obligations Fund, 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. Investments in U.S. Bank N.A. Open Commercial Paper carries a Standard & Poor's rating of A-1+. 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. Treasury Bills	\$ 12,215	\$ 12,214	\$ 12,215	\$	\$
U.S. Treasury Notes	3,246	3,251	3,246		
STAROhio	283,038	283,038	283,038		
Commercial Paper	141,635	141,635	141,635		
Investments in Mutual Funds	519,186	519,186	519,186		
Guaranteed Investment Contracts	36,850	36,850		36,850	
Manuscript Debt	6,364	6,364			6,364
Other	2,521	2,521	2,521		
Total Investments	1,005,055	1,005,059	961,841	36,850	6,364
Total Deposits	359,177	359,177	359,177		
Total Deposits and Investments	\$ 1,364,232	\$ 1,364,236	\$ 1,321,018	\$ 36,850	\$ 6,364

Investment type "Other" consist of deposits into collective cash escrow pools managed by either Huntington or US 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, 2012, the investments in U.S. Treasury Bills, U.S. Treasury Notes, STAROhio, commercial paper, mutual funds, guaranteed investment contracts, manuscript debt and other are approximately 1.2%, 0.3%, 28.2%, 14.1%, 51.7%, 3.7%, 0.6% and 0.2%, 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	\$ 741,896
Investments	9,522
Restricted:	
Cash and cash equivalents	585,961
Investments	<u>3,739</u>
Total	<u>\$ 1,341,118</u>

Fund Financial Statements

(Amounts in 000's)

Balance Sheet – Governmental Funds:

Unrestricted:

Cash and cash equivalents	\$	328,394
Investments		<u>9,522</u>
		337,916

Statement of Net Position – Proprietary Funds:

Enterprise Funds:

Unrestricted:

Cash and cash equivalents	395,349
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Restricted:

Cash and cash equivalents	585,961
Investments	3,739

Internal Service Funds:

Unrestricted:

Cash and cash equivalents	<u>18,153</u>
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Subtotal	1,003,202
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Statement of Fiduciary Assets and Liabilities:

Unrestricted:

Cash and cash equivalents	<u>23,114</u>
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Total	<u>\$ 1,364,232</u>
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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, 2012, are as follows:

	Balance January 1, 2012	Additions	(Reductions)	Balance December 31, 2012	Due Within One Year
	(Amounts in 000's)				
Governmental Activities					
General Obligation Bonds due through 2033	\$ 298,660	\$ 67,765	\$ (57,725)	\$ 308,700	\$ 26,150
<i>Other Obligations:</i>					
Urban Renewal Bonds due through 2018, 6.75%	4,835		(565)	4,270	600
Subordinated Income Tax Refunding					
Bonds due through 2024, 5.00% to 5.25%	52,975		(2,955)	50,020	3,105
Subordinate Lien Income Tax Bonds					
due through 2031, 2.00% to 6.34%	80,505	15,180	(3,305)	92,380	3,730
<i>Non-Tax Revenue Bonds:</i>					
Stadium due through 2020, 3.50% to 5.13%	11,665		(1,090)	10,575	1,130
Taxable Economic and Community Dev. (Core City Bonds)					
due through 2033, 0.15% to 5.40%	40,395		(1,440)	38,955	1,505
Lower Euclid Ave. TIF 2003A due through 2032,					
1.00% to 4.00%	6,531		(167)	6,364	151
Annual Appropriation Bonds - Flats East Bank due through					
2035, 2.60% to 6.00%	11,000		(235)	10,765	240
Certificates of Participation-Stadium due through 2028,					
1.41% to 5.70%	129,547		(5,942)	123,605	5,936
Capital Lease Obligations, due through 2019, 1.41% to 3.22%	12,908	6,507	(3,179)	16,236	2,899
Gateway Note Payable, due through 2016	1,250		(250)	1,000	250
Accrued wages and benefits	51,069	16,526	(19,396)	48,199	27,850
Police and fire overtime	48,912	1,774	(4,962)	45,724	610
Fire deferred vacation	2,999	637	(711)	2,925	349
Estimated claims payable	2,528	3,534	(2,290)	3,772	3,511
	755,779	111,923	(104,212)	763,490	78,016
Unamortized loss on debt refunding	(8,325)	(2,387)	1,203	(9,509)	
Unamortized (discount)/premium - net	15,602	8,625	(3,502)	20,725	
Total Governmental Activities, Net	<u>\$ 763,056</u>	<u>\$ 118,161</u>	<u>\$ (106,511)</u>	<u>\$ 774,706</u>	<u>\$ 78,016</u>

(Continued)

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>(Reductions)</u>	Balance December 31, <u>2012</u>	Due Within One <u>Year</u>
	(Amounts in 000's)				
Business-Type Activities (Enterprise Funds)					
Airport System Revenue Bonds:					
Series 2000 due through 2031, 4.00% to 5.00%	\$ 398,445	\$	\$ (249,445)	\$ 149,000	\$
Series 2006 due through 2024, 5.00% to 5.25%	116,270		(1,245)	115,025	1,310
Series 2007B due through 2027, 4.00% to 5.00%	10,175		(530)	9,645	550
Series 2008D&F due through 2033, Variable Rate	64,925		(950)	63,975	
Series 2009A-B due through 2027, Variable Rate	37,075		(1,215)	35,860	1,255
Series 2009C-D due through 2027, 0.11% to 5.00%	190,610		(9,720)	180,890	10,290
Series 2011A due through 2024, 3.00% to 5.00%	74,385			74,385	2,880
Series 2012A due through 2031, 5.00%	<u> </u>	<u>235,150</u>	<u> </u>	<u>235,150</u>	<u> </u>
	891,885	235,150	(263,105)	863,930	16,285
Public Power System Revenue Bonds:					
Series 1994 due through 2013, Zero Coupon	14,650		(7,325)	7,325	7,325
Series 2001 refunded in 2012	15,980		(15,980)	-	
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		(910)	92,803	940
Series 2008 Accreted Interest Payable	5,948	1,820		7,768	
Series 2010 due through 2017, 3.00% to 5.00%	23,915			23,915	445
Series 2012 due through 2016, 2.00%	<u> </u>	<u>15,325</u>	<u>(1,815)</u>	<u>13,510</u>	<u>4,000</u>
	261,766	17,145	(26,030)	252,881	12,710
Waterworks Improvement Revenue Bonds:					
Series G 1993 due through 2021, 5.50%	81,225		(14,365)	66,860	310
Series N 2005 due through 2023, 3.50% to 5.00%	33,045		(5,030)	28,015	5,280
Series O 2007 due through 2037, 4.25% to 5.00%	133,315		(2,705)	130,610	
Series P 2007 due through 2028, 4.00% to 5.00%	119,095		(5,815)	113,280	
Series Q 2008 due through 2033, Variable Rate	90,800			90,800	
Series T 2009 due through 2021, 2.00% to 5.00%	77,415		(6,085)	71,330	6,180
Series U 2010 due through 2033, Variable Rate	54,935			54,935	
Series V 2010 due through 2033, Variable Rate	26,495			26,495	
Series W 2011 due through 2026, 2.00% to 5.00%	82,090			82,090	19,330
Series X 2012 due through 2042, 3.63% to 5.00%		44,410		44,410	
Second Lien Series A 2012 due through 2027, 4.00% to 5.00%	<u> </u>	<u>76,710</u>	<u> </u>	<u>76,710</u>	<u> </u>
	698,415	121,120	(34,000)	785,535	31,100
Ohio Water Development Authority and Public Works					
Commission Loans due through 2032, 0.00% to 4.18%	115,523	963	(6,744)	109,742	7,229
Parking Facilities Refunding Revenue Bonds:					
Series 2006 due through 2022, 4.00% to 5.25%	34,045		(2,420)	31,625	2,520
Deferred Payment Obligation	6,500		(2,990)	3,510	3,230
Accrued wages and benefits	10,400	1,112	(1,434)	10,078	7,283
Estimated claims payable	<u> </u>	<u>1,180</u>	<u>(959)</u>	<u>221</u>	<u>221</u>
	2,018,534	376,670	(337,682)	2,057,522	80,578
Unamortized loss on debt refunding	(68,046)	(8,793)	7,710	(69,129)	
Unamortized (discount)/premium - net	<u>42,760</u>	<u>39,446</u>	<u>(4,682)</u>	<u>77,524</u>	<u> </u>
Total Business-Type Activities, Net	<u>\$ 1,993,248</u>	<u>\$ 407,323</u>	<u>\$ (334,654)</u>	<u>\$ 2,065,917</u>	<u>\$ 80,578</u>
Total Debt and Other Long-Term Obligations	<u>\$ 2,756,304</u>	<u>\$ 525,484</u>	<u>\$ (441,165)</u>	<u>\$ 2,840,623</u>	<u>\$ 158,594</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 position. At December 31, 2012, \$1,121,460 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, 2012, \$470,515 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 principal due for General Obligation Bonds and business-type activities debt by purpose is as follows for 2012:

	Original Issue Amount	Balance January 1, 2012	Additions	(Reductions)	Balance December 31, 2012
			(Amounts in 000's)		
Governmental Activities Obligations:					
General Obligation Bonds					
Public Facilities	\$ 101,670	\$ 47,560	\$ 14,235	\$ (9,770)	\$ 52,025
Convention Center	1,010	970		(40)	930
Residential Redevelopment	25,760	13,805		(4,330)	9,475
Bridges and Roadways	161,005	74,260	20,025	(22,905)	71,380
Parks & Recreation	63,725	30,905	4,480	(7,535)	27,850
Refunding Bonds	201,045	114,335	29,025	(12,575)	130,785
Revitalization	6,020	5,440		(160)	5,280
Judgments/Settlements	18,515	11,385		(410)	10,975
	<u>578,750</u>	<u>298,660</u>	<u>67,765</u>	<u>(57,725)</u>	<u>308,700</u>
Total Governmental Activities	\$ 578,750	\$ 298,660	\$ 67,765	\$ (57,725)	\$ 308,700
Business-Type Activities Obligations:					
Revenue Bonds / Notes					
Airports	\$ 1,274,410	\$ 891,885	\$ 235,150	\$ (263,105)	\$ 863,930
Public Power	501,543	255,818	15,325	(26,030)	245,113
Waterworks	1,131,695	748,415	171,120	(134,000)	785,535
Parking Facilities	57,520	34,045		(2,420)	31,625
Loans					
Waterworks	151,625	112,680	963	(6,239)	107,404
Water Pollution Control	8,378	2,843		(505)	2,338
	<u>3,125,171</u>	<u>2,045,686</u>	<u>422,558</u>	<u>(432,299)</u>	<u>2,035,945</u>
Total Business-Type Activities	\$ 3,125,171	\$ 2,045,686	\$ 422,558	\$ (432,299)	\$ 2,035,945

The following is a summary of the City's future debt service requirements as of December 31, 2012:

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)					
2013	\$ 26,150	\$ 14,465	\$ 600	\$ 268	\$ 6,835	\$ 6,513
2014	24,985	13,378	640	226	7,165	6,334
2015	24,820	12,378	685	181	7,435	6,055
2016	24,355	11,261	730	134	7,740	5,761
2017	24,170	10,058	780	83	8,060	5,426
2018-2022	97,740	34,334	835	28	45,105	21,035
2023-2027	61,090	14,481			37,855	10,059
2028-2032	24,695	2,805			18,060	2,666
2033-2037	695	36			4,145	439
	<u>\$ 308,700</u>	<u>\$ 113,196</u>	<u>\$ 4,270</u>	<u>\$ 920</u>	<u>\$ 142,400</u>	<u>\$ 64,288</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)				
2013	\$ 2,786	\$ 2,388	\$ 240	\$ 633	\$ 5,936	\$ 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	3,206	2,013	275	597	6,495	3,793
2017	3,373	1,877	290	582	6,800	3,487
2018-2022	16,302	7,003	1,730	2,635	38,710	12,409
2023-2027	10,410	3,807	2,305	2,057	45,240	5,404
2028-2032	10,858	1,936	3,085	1,277	8,349	251
2033-2037	3,110	126	2,335	286		
	<u>\$ 55,894</u>	<u>\$ 23,574</u>	<u>\$ 10,765</u>	<u>\$ 9,305</u>	<u>\$ 123,605</u>	<u>\$ 41,292</u>

Year Ending December 31	Capital Lease Obligations		Gateway Note Payable		Governmental Activities Total	
	Principal	Interest	Principal	Interest	Principal	Interest
		(Amounts in 000's)				
2013	\$ 2,899	\$ 324	\$ 250	\$ -	\$ 45,696	\$ 32,039
2014	2,967	256	250	-	45,037	27,492
2015	3,036	186	250	-	45,625	25,664
2016	3,108	114	250	-	46,159	23,673
2017	2,100	56			45,573	21,569
2018-2022	2,126	22			202,548	77,466
2023-2027					156,900	35,808
2028-2032					65,047	8,935
2033-2037					10,285	887
	<u>\$ 16,236</u>	<u>\$ 958</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 662,870</u>	<u>\$ 253,533</u>

Business-Type Activities				
Year Ending December 31	Revenue Bonds / Notes		Construction Loans	
	Principal	Interest	Principal	Interest
	(Amounts in 000's)			
2013	\$ 62,615	\$ 86,909	\$ 7,229	\$ 3,710
2014	87,870	86,058	7,465	3,475
2015	90,230	82,163	7,656	3,230
2016	92,290	77,952	7,853	2,981
2017	100,920	73,216	7,787	2,725
2018-2022	532,825	290,368	40,993	9,761
2023-2027	484,487	177,702	34,823	3,245
2028-2032	365,619	85,701	6,745	272
2033-2037	90,574	39,564		
2038-2042	18,773	7,578		
	<u>\$ 1,926,203</u>	<u>\$ 1,007,211</u>	<u>\$ 120,551</u>	<u>\$ 29,399</u>

Year Ending December 31	Deferred Payment Obligations (Note 6)		Business-Type Activities Total	
	Principal	Interest	Principal	Interest
	(Amounts in 000's)			
2013	\$ 3,230	\$ 159	\$ 73,074	\$ 90,778
2014	280	2	95,615	89,535
2015			97,886	85,393
2016			100,143	80,933
2017			108,707	75,941
2018-2022			573,818	300,129
2023-2027			519,310	180,947
2028-2032			372,364	85,973
2033-2037			90,574	39,564
2038-2042			18,773	7,578
	<u>\$ 3,510</u>	<u>\$ 161</u>	<u>\$ 2,050,264</u>	<u>\$ 1,036,771</u>

The schedule of minimum principal and interest payments for construction loans includes the amortization on fifteen 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, 2012, the amount financed on these OWDA loan projects, which is 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 \$10,809,000.

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 \$309,719,376 of additional unvoted debt at December 31, 2012.

Effective May 22, 2012, the City issued \$50,245,000 Various Purpose and Refunding General Obligation Bonds, Series 2012. From the proceeds of the bonds, \$38,337,650 will be used to pay costs of various public improvements to roads and bridges, public facilities, cemeteries and parks and recreation facilities. In addition, \$11,505,000 of the proceeds were used to refund \$11,610,000 outstanding Series 2002, Series 2003 and Series 2004 Various Purpose General Obligation Bonds. Proceeds in the amount of \$12,570,041 were placed in an irrevocable escrow account to be used to pay the principal and interest 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 \$704,000 and to obtain an economic gain (the difference between the present values of the old and new debt service) of \$728,000 or 6.27%.

On November 20, 2012, the City issued \$17,520,000 Refunding General Obligation Bonds, Series 2012A to refund \$17,300,000 of outstanding Series 2003 and Series 2005A General Obligation Bonds. Proceeds in the amount of \$19,360,215 were placed in an irrevocable escrow account to be used to pay the debt service on the refunded bonds. Therefore, the refunded bonds are considered to be defeased and the liability for these bonds has been removed from long-term debt. The City refunded these bonds in order to achieve debt service savings which totaled \$824,000 and net present value savings of \$885,000 or 5.11%.

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 Ohio Police and Fire Pension Fund (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 is now 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 \$47,700,000 at December 31, 2012, 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, 2012 as reported by JPM was \$239,000 which would be payable by the City.

Subordinate Lien Income Tax Bonds: Effective November 29, 2012, the City issued \$15,180,000 of Subordinate Lien Income Tax Bonds, Series 2012. These bonds were issued to provide funds for the construction of a new police station and city-wide communications center. 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 continue paying 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. Currently, only the Series 2003A Bonds remain outstanding.

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. 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. Upon the expiration of the letter of credit in 2011, the City obtained a new letter of credit for the Series 2008 Bonds from PNC. 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.

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. A 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 for a period of three years, 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) of approximately \$3,461,000 or 3.19%.

Capital Lease Arrangements: The City has entered into various 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 July 2005, the City entered into an equipment lease agreement with Chase Equipment Leasing, Inc. which allowed the City to purchase approximately \$8,425,000 of heavy duty vehicles and apparatus. The City entered into another equipment lease agreement in February 2010. 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. On June 30, 2011, the City entered into an equipment lease agreement with PNC Equipment Finance LLC. This enabled the City to purchase approximately \$6,585,000 of vehicles and equipment for various departments, including police cars, a fire truck, waste collection equipment and ambulances. On June 5, 2012, the City entered into a \$6,507,400 vehicle lease agreement with PNC Equipment Finance LLC. The funds will be used to purchase a variety of vehicles including police cars, EMS ambulances and waste collection equipment. Payments on all of these equipment leases are made over a period of seven years from issuance from the Restricted Income Tax Fund. The final payment on the 2005 lease was made in August 2012.

The assets recorded by the City under Capital Leases were as follows as of December 31, 2012:

	Governmental Activities (Amounts in 000's)
Furniture, fixtures and equipment	\$ 35,325
Less – accumulated depreciation	<u>(14,363)</u>
Net book value	<u>\$ 20,962</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, 2012, 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	1,249	\$ 39,240		\$
Fire	<u>200</u>	<u>6,484</u>	<u>91</u>	<u>2,925</u>
Total	<u>1,449</u>	<u>\$ 45,724</u>	<u>91</u>	<u>\$ 2,925</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 February 23, 2012, the City issued \$235,150,000 Airport System Revenue Bonds, Series 2012A. Proceeds of the bonds were used to refund the outstanding \$249,445,000 Airport System Revenue Bonds, Series 2000A and to pay the costs of issuing the bonds. Net proceeds of the Series 2012A Bonds, amounts on hand in the Series 2000 interest account and an amount released from the debt service reserve fund totaling \$252,378,809 were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds on March 26, 2012. As a result, the refunded bonds were defeased and the liability for the 2000A Bonds has been removed from long-term debt. The City completed the refunding in order to achieve debt service savings of approximately \$25.1 million or an economic gain (the difference between the present values of the old and new debt service) of approximately \$15.12 million or 6.06%.

In June 2011, the Airport System, under its rights to optional redemption, elected to deposit cash on hand into the Series 2008G Bond Fund and into the Series 2008H Bond Fund sufficient to redeem, prior to maturity, all of the outstanding Series 2008G and Series 2008H Bonds. After taking into account the funds on hand in the respective bond funds, other available Airport funds were placed into the accounts to pay on June 22, 2011 principal in the amount of \$7,425,000 on the Series 2008G Bonds and \$430,000 on the Series 2008H Bonds, plus accrued interest to the redemption date. As a result, these bonds have been defeased and the liability for the bonds has been removed from long-term debt.

Effective November 16, 2011, the City issued \$74,385,000 Airport System Revenue Bonds, Series 2011A (Non-AMT). Of this amount, \$64,515,000 of the proceeds was issued to pay a portion of the costs of improvements to the Airport System, to fund deposits to the bond reserve fund and the Renewal and Replacement Fund and to pay issuance costs. The remaining \$9,870,000 was used to refund a portion of the outstanding Airport System Revenue Bonds, Series 2008D in the aggregate principal amount of \$9,200,000 on November 28, 2011 and to pay costs of issuing the bonds. As a result, the refunded bonds were defeased and the liability for these bonds removed from long-term debt. The City obtained an economic gain (the difference between the present values of the old and new debt service) of approximately \$1.67 million as a result of the refunding.

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

Effective February 24, 2012, the City issued \$15,325,000 Public Power System Revenue Refunding Bonds, Series 2012, to refund all of the outstanding \$15,980,000 Public Power System Refunding Revenue Bonds, Series 2001. Net proceeds of the Series 2012 Bonds and amounts on deposit in the Series 2001 Bond Fund together totaling \$16,293,627 were placed in an irrevocable trust account to pay the principal and interest on the refunded Series 2001 Bonds on March 26, 2012. 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 \$1,169,000 or an economic gain (the difference between the present values of the old and new debt service) of approximately \$1,148,000 or 7.18%. These bonds were sold through a private sale to Wells Fargo Bank, National Association.

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 October 24, 2012, the City issued \$44,410,000 of Senior Lien Water Revenue Bonds, Series X, 2012, and \$76,710,000 of Water Revenue Bonds, Second Lien Series A, 2012. Proceeds of the Series X Bonds will be used to pay costs of improvements to the Waterworks System and to pay costs of issuing the bonds. From the proceeds of the Series A Bonds, \$42,000,000 will be used to fund the final phase of the automated meter reading project while the remainder was used to refund all of the outstanding \$50,000,000 Water Revenue Subordinated Notes, Series 2012, and to pay issuance costs.

In conjunction with the issuance of the Water Revenue Bonds, Second Lien Series A, the City established a Subordinate Bonds indenture for the Division of Water. Bonds issued under this indenture are special obligations of the City payable solely from and secured solely by a pledge of and lien on the Subordinate Pledged Revenues and the Subordinate Pledged funds. The Subordinate Pledged Revenues generally consist of the net revenues of the Division which remain after the payment of all operating expenses and the deposit of all funds required to be made on behalf of the Senior Lien bonds. Bonds issued under this indenture are subordinate to those issued as senior lien bonds under the Division of Water's Amended and Restated Indenture.

Effective October 6, 2011, the City issued \$82,090,000 Water Revenue Bonds, Series W, 2011. Proceeds of these bonds were used to refund (1) the outstanding \$1,940,000 Waterworks Improvement and Refunding First Mortgage Revenue Bonds, Series H, 1996, (2) the outstanding \$42,865,000 Waterworks Refunding Revenue Bonds, Series J, 2001, (3) the outstanding \$48,095,000 Water Revenue Bonds, Series K, 2002 and to pay issuance costs. Net proceeds of the Series W Bonds, amounts then on deposit in the Series H, J and K bond funds and an amount released from the debt service reserve fund totaling \$95,349,171 were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds on January 1, 2012. As a result, the refunded bonds were defeased and the liability for these bonds removed from long-term debt. The City completed the refunding in order to achieve debt service savings of approximately \$9,527,000 or an economic gain (the difference between the present values of the old and new debt service) of approximately \$8,955,000 or 9.64%.

Interest Rate Swap Transactions:

Series U and Series V Bonds (previously Series Q, Series R and Series S Bonds):

When the Water Series R and Series S Bonds were refunded in 2010, the swap associated with these bonds 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 was 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) was 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 were 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 periods of time. 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.

Fair Value: The fair value of the swaps (including accrued amounts) at December 31, 2012 as reported by JPM and Morgan Stanley totaled \$27,699,000, which would be payable by the City.

Short-term Obligation: On July 24, 2012, the City issued \$50,000,000 Subordinate Lien Water Revenue Notes, Series 2012. Proceeds of the notes were used to retire the \$50,000,000 Subordinate Lien Water Revenue Notes issued in 2011. The Series 2012 Notes were subsequently redeemed on November 1, 2012 from the proceeds of the Second Lien Series A, 2012, Bonds. The original notes, which were issued in 2010, provided a portion of the funds needed for a new automated meter reading system for the Division of Water. At the end of 2012, the Division of Water no longer had any notes outstanding.

	Balance January 1, <u>2012</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2012</u>
		(In thousands)		
Water Revenue Notes:				
Subordinate Lien Revenue Notes, Series 2011	\$ 50,000	\$	\$ (50,000)	\$ -
Subordinate Lien Revenue Notes, Series 2012	<u> </u>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Total revenue notes	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ (100,000)</u>	<u>\$ -</u>

Ohio Water Development Authority and Ohio Public Works Commission Loans: These loans are payable from net revenues derived from the Water and Water Pollution Control Systems. These obligations do not have a lien on revenues of the Divisions. In 2012, Water expended an additional \$817,479 out of \$8,304,000 for the Baldwin Residuals and Fairmount Reservoir and \$145,916 out of an anticipated \$10,954,516 for the Crown Waterworks Chemical Project.

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 October 6, 2011, the City completed the sale of the City-owned Gateway North Parking Garage to Rock Ohio Caesars Gateway LLC. The garage is being used by the purchaser in conjunction with a new casino constructed in the Higbee Building adjacent to the garage. The net proceeds of the sale of the garage received by the City totaled \$20,915,504. Of this amount, \$19,578,288 was placed into an irrevocable escrow fund, along with \$1,967,425 released from the debt service reserve fund as a result of the transaction, to be used to pay the principal and interest as it comes due on \$16,145,000 Parking Facilities Refunding Revenue Bonds, Series 2006. As a result, these bonds are considered to be defeased and the liability for the bonds has been removed from long-term debt. In addition, \$480,000 of the sale proceeds was used to terminate the portion of an existing basis swap which was associated with the bonds being defeased. Sale proceeds were also utilized to pay costs of the transaction. As a result of this transaction, the City expects to save approximately \$600,000 annually through 2022.

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. 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 15, 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 for various periods of time 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 (now Assured Guaranty Municipal Corp.) up to a maximum amount of \$8,000,000.

Fair Value: The fair value of the swap at December 31, 2012 as reported by UBS totaled \$365,000, 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, 2012 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 O, 2007	\$ 2,825	Series 2003	\$ 36,445
Series P, 2007	6,075	Series 2004	9,235
		Series 2005A	13,275

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 \$863,930,000 in various Airport System Revenue Bonds issued in various years since 2001. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport net revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 61% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is \$1,320,472,000. Principal and interest paid for the current year and total net revenues (including other available funds) were \$50,051,000 and \$83,175,000, respectively.

The City has pledged future power system revenues, net of specified operating expenses, to repay \$245,113,000 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 70% of net revenues. The total principal and interest remaining to be paid on the various Power System Revenue Bonds is \$405,846,000. Principal and interest paid for the current year and total net revenues were \$19,796,000 and \$28,320,000, respectively.

The City has pledged future Water System revenues, net of specified operating expenses, to repay \$785,535,000 in various Senior Lien Water Revenue Bonds and Subordinate Lien Bonds issued in various years since 1993. Proceeds from the bonds provided financing for Water System improvements. The bonds are payable from Water System net revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require less than 46% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is \$1,165,786,000. Principal and interest paid for the current year and total net revenues were \$60,856,000 and \$133,119,000, respectively.

The City has pledged future revenues from certain parking facilities, net of specified operating expenses, and other operating revenues to repay \$31,625,000 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 \$41,310,000. Principal and interest paid for the current year (including net swap payments) and total net revenues were \$4,125,000 and \$4,148,000 respectively.

In 2012, 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, 2012, 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 1999. 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, 2012, classified by type, and the changes in fair value of these derivatives during fiscal year 2012 as reported in the 2012 financial statements. The fair values of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2012 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, 2012</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Investment Derivatives:					
Governmental Activities:					
Fixed to floating interest rate swap					
2003 Subordinated Income Tax Swaption	Investment Revenue	\$ 203 (a)	Investment	\$ (239)	\$ 47,700
Business-Type Activities:					
Floating to floating interest rate swap					
2006 Parking Basis Swap	Investment Revenue	417 (a)	Investment	(365)	31,625
Hedging Derivatives:					
Floating to fixed interest rate swaps					
2008 Q Water Swap	Deferred inflow	592	Debt	(9,569)	76,375
2010 U Water Swap	Deferred outflow	(192)	Debt	(12,096)	54,735
2010 V Water Swap	Deferred outflow	(144)	Debt	(6,034)	26,295

(a) These were reclassified from hedging derivatives to investment derivatives in 2011 due to the City's determination that the derivatives were not effectively hedged. Therefore the revenue recognized in 2012 was \$203,000 for governmental activities and \$417,000 for business-type activities.

The table below presents the objective and significant terms of the City's derivative instruments at December 31, 2012, 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	\$ 47,700,000	2/7/2003	5/15/2024	If option is exercised, Receive 4.88%, pay SIFMA	Aa3/A+/A+
Water Series Q	Pay Fixed Interest Rate Swap	Hedge of changes in cash flow on the Series Q Water System Bonds	\$ 50,190,000	8/10/2004	1/1/2021	Pay 3.553%, receive 61.25% of LIBOR + 28 bps	Aa3/A+/A+
Water Series Q	Pay Fixed Interest Rate Swap	Hedge of changes in cash flow on the Series Q Water System Bonds	\$ 26,185,000	8/10/2004	1/1/2021	Pay 3.5975%, receive 61.25% of LIBOR + 28 bps	Baa1/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	Aa3/A+/A+
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	Baa1/A-/A
2006 Parking Bonds	Basis Swap - Pay Floating/Receive Floating	Exchange floating rate payments on Series 2006 Parking System Bonds	\$ 31,625,000	8/15/2006	9/15/2022	Pay SIFMA, receive 67% of LIBOR	A2/A/A

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, 2012. These amounts assume that the interest rates on variable rate bonds and the reference rates in existence as of December 31, 2012 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	Hedging				
December 31	Principal	Interest	Derivatives, Net	Total	
(Amounts in 000's)					
2013	\$	\$	800	\$ 4,786	\$ 5,586
2014			800	4,522	5,322
2015			799	4,244	5,043
2016			801	4,186	4,987
2017			800	4,147	4,947
2018-2022	17,000	3,850		14,804	35,654
2023-2027	81,415	1,491		3,712	86,618
2028-2032	61,730	274		257	62,261
2033	12,085	2		1	12,088
Total	<u>\$ 172,230</u>	<u>\$ 9,617</u>		<u>\$ 40,659</u>	<u>\$ 222,506</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 statement of net position.

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 2012. Of this amount \$399,000 was offset against interest expense and \$2,990,000 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 position. 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, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
	(Amounts in 000's)	
Estimated claims payable, January 1	\$ 2,528	\$ 4,000
Current year claims (including IBNRs) and changes in estimates	4,713	986
Claim payments	<u>(3,248)</u>	<u>(2,458)</u>
Estimated claims payable, December 31	<u>\$ 3,993</u>	<u>\$ 2,528</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 modified accrual financial statements and are reclassified to long-term obligations as due with one year or due in more than one year on the Statement of Net Position.

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 2012. There was no significant decrease in any insurance coverage in 2012. 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, 2012 was \$21,786,771. Of this amount, \$7,869,615 was recorded as a fund liability within each respective fund. The remaining \$13,917,156 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, 2012, the City had \$6,500,000 in 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 (AMP) 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. AMP has instituted litigation against the EPC contractor to recover costs incurred as a result of the project’s cancellation.

The City and the other members participated in the project through “take or pay” contracts with AMP and are obligated to pay for the project’s sunk costs based on each member’s allocation. The City’s share of the incurred project costs is \$13,556,845 plus interest of \$79,704. 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 AMP 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 new natural gas generating station that AMP purchased in July 2011. AMP has provided the Division a Development Cost Credit of \$6,281,771. These credits cut the Division’s risk of loss in half. None of these credits have been recorded in the City’s financial statements through December 31, 2012.

Cleveland City Council passed legislation in 2011 allowing the City to pass through 50% of any costs that are determined to be the responsibility of the customers in their monthly electricity bills over time. Through this legislation, the Division will purchase power from the Fremont project, pay about half of its allocable share in AMP costs as power costs purchased from Fremont and include the costs in bills to customers over time. The legislation directs the City to pay its remaining share of the costs due to AMP, estimated at \$3,677,390, from operating funds over a period of time yet to be determined.

The City has not paid any monies to AMP towards the project’s sunk costs. Furthermore, the City has not reported the stranded costs in the financial statements as the City’s communication received from AMP to date is that the actual amount of incurred costs that are not recoverable from the vendor is undeterminable.

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 Federal Aviation Administration 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.

HUD Office of the Inspector General has issued three findings against the City regarding the Afford-A-Home program. The City has contested and appealed two of the findings and is in the process of reviewing the third.

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, 2012, 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	\$ 16,941	\$	\$ 14,626	\$ 14,626	\$ 1,589	\$ 726
Other Governmental	<u>45,204</u>	<u>3,602</u>	<u>41,602</u>	<u>45,204</u>	<u> </u>	<u> </u>
Total Governmental Funds	<u>62,145</u>	<u>3,602</u>	<u>56,228</u>	<u>59,830</u>	<u>1,589</u>	<u>726</u>
Total	<u>\$ 62,145</u>	<u>\$ 3,602</u>	<u>\$ 56,228</u>	<u>\$ 59,830</u>	<u>\$ 1,589</u>	<u>\$ 726</u>

Interfund Balances: Interfund balances at December 31, 2012 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, 2012 are as follows:

<u>Due To</u>	<u>Total</u>	<u>Due From</u>								
		<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Division of Water Fund</u>	<u>Cleveland Public Power Fund</u>	<u>Department of Port Control Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
Governmental Funds:										
General	\$ 6,109	\$	\$	\$ -	\$ 9	\$ 1,317	\$ 34	\$ 32	\$ 1,392	\$ 4,717
Other Governmental	<u>15,183</u>	1,013	12,451	13,464	153	894		69	1,116	603
Total Governmental	<u>\$ 21,292</u>									
Enterprise Funds:										
Division of Water	\$ 2,630	11	18	29		1,008		205	1,213	1,388
Cleveland Public Power	4,499	5		5	3,856			8	3,864	630
Department of Port Control	1,412	269		269		17		227	244	899
Other Enterprise	<u>11,584</u>	92	3	95	10,644	71		1	10,716	773
Total Enterprise	<u>\$ 20,125</u>									
Internal Service Funds	<u>204</u>	<u>3</u>		<u>3</u>		<u>6</u>		<u>4</u>	<u>10</u>	<u>191</u>
Total Due To/Due From	<u>\$ 41,621</u>	<u>\$ 1,393</u>	<u>\$ 12,472</u>	<u>\$ 13,865</u>	<u>\$ 14,662</u>	<u>\$ 3,313</u>	<u>\$ 34</u>	<u>\$ 546</u>	<u>\$ 18,555</u>	<u>\$ 9,201</u>

NOTE 10 – INCOME TAXES

During 2012, 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 and public utility property located in the City. The 2012 levy was based upon an assessed valuation of approximately \$5.631 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 reappraisal was completed in 2012. 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 24 and July 10 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

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

As of December 31, 2012, 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	\$ 15,503	\$	\$ 15,503
Property taxes receivable	56,525		56,525
Local government receivable	8,241		8,241
Estate tax receivable	307		307
Homestead rollback	3,413		3,413
Emergency medical service receivable	146		146
Special assessments receivable	3,246		3,246
Other taxes receivable	<u>1,736</u>	<u>576</u>	<u>2,312</u>
Total General Fund	<u>89,117</u>	<u>576</u>	<u>89,693</u>
<u>Other Governmental Funds:</u>			
Income taxes receivable	1,938		1,938
Special assessments receivable	6,817		6,817
Property taxes receivable	29,447		29,447
Advances received under grants		8,147	8,147
Motor vehicle taxes receivable	1,327		1,327
Municipal gas tax receivable	1,015		1,015
State gasoline tax receivable	1,996		1,996
Homestead rollback	1,778		1,778
Grant receivable	119	2	121
Other taxes receivable	298		298
Due from other governments	<u>4,767</u>		<u>4,767</u>
Total Other Governmental Funds	<u>49,502</u>	<u>8,149</u>	<u>57,651</u>
Total Deferred and Unearned Revenue	<u>\$ 138,619</u>	<u>\$ 8,725</u>	<u>\$ 147,344</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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. Member contribution rates were 10.00% in 2012, 2011 and 2010. The employer contribution rates were 14.00% of covered payroll in 2012, 2011 and 2010.

The City's required employer contributions to OPERS for the pension portion of all the plans for the years ending December 31, 2012, 2011 and 2010 were \$25,369,016, \$25,558,982 and \$25,698,844 each year, respectively. The required payments due in 2012, 2011 and 2010 have been made.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard replaces GASB Statement No. 27, and it is effective for employer fiscal years beginning after June 15, 2014.

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, 2012, 2011 and 2010 were \$22,183,185, \$22,213,372 and \$22,678,219, respectively. The required payments due in 2012, 2011 and 2010 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 No. 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

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 2012, 2011 and 2010. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll. Active members do not make contributions to the OPEB Plan. OPERS' Postemployment Health Care plan was established under and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. Employer contribution rates used to fund postemployment benefits were 4.00% for members of the Traditional Plan in 2012 and 2011, 6.05% for members of the Combined Plan in 2012 and 2011 and 5.50% from January 1, 2010 through February 28, 2010 and 5.00% from March 1, 2010 through December 31, 2010 for both plans. Effective January 1, 2013, the portion of employer contributions allocated to health care was lowered to 1.00% for both plans, as recommended by the OPERS Actuary. 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 \$10,146,896 in 2012, \$10,222,877 in 2011 and \$14,648,933 in 2010. The required payments due in 2012, 2011 and 2010 have been made.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

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. That report is also available on OP&F's website at www.op-f.org.

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, 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 \$10,424,190 for the year ending December 31, 2012, \$10,399,050 for 2011 and \$10,615,539 for 2010. The required payments due in 2012, 2011 and 2010 have been made.

NOTE 15 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
		(Amount in 000's)		
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 66,188	\$	\$	\$ 66,188
Construction in progress	88,129	52,542	(25,291)	115,380
Total capital assets, not being depreciated	<u>154,317</u>	<u>52,542</u>	<u>(25,291)</u>	<u>181,568</u>
Capital assets, being depreciated:				
Land improvements	147,772	9,779		157,551
Buildings, structures and improvements	618,625	4,157		622,782
Furniture, fixtures, equipment and vehicles	186,519	12,031	(7,321)	191,229
Infrastructure	543,908	16,690	(1,134)	559,464
Total capital assets, being depreciated	<u>1,496,824</u>	<u>42,657</u>	<u>(8,455)</u>	<u>1,531,026</u>
Less accumulated depreciation for:				
Land improvements	(95,850)	(5,492)		(101,342)
Buildings, structures and improvements	(278,670)	(14,295)		(292,965)
Furniture, fixtures, equipment and vehicles	(136,106)	(13,709)	5,374	(144,441)
Infrastructure	(224,772)	(20,692)	1,080	(244,384)
Total accumulated depreciation	<u>(735,398)</u>	<u>(54,188)</u>	<u>6,454</u>	<u>(783,132)</u>
Total capital assets being depreciated, net	<u>761,426</u>	<u>(11,531)</u>	<u>(2,001)</u>	<u>747,894</u>
Governmental activities capital assets, net	<u>\$ 915,743</u>	<u>\$ 41,011</u>	<u>\$ (27,292)</u>	<u>\$ 929,462</u>

	Balance January 1, 2012	Restatement	Additions	Reductions	Balance December 31, 2012
			(Amount in 000's)		
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 191,512	\$	\$ 386	\$	\$ 191,898
Construction in progress	378,741		118,749	(204,397)	293,093
Total capital assets, not being depreciated	<u>570,253</u>	-	<u>119,135</u>	<u>(204,397)</u>	<u>484,991</u>
Capital assets, being depreciated:					
Land improvements	97,735				97,735
Utility plant	1,720,170	239,074	173,085	(1,489)	2,130,840
Buildings, structures and improvements	676,849		23,972	(421)	700,400
Furniture, fixtures, equipment and vehicles	704,604		32,308	(5,419)	731,493
Infrastructure	956,696		19,105		975,801
Total capital assets, being depreciated	<u>4,156,054</u>	<u>239,074</u>	<u>248,470</u>	<u>(7,329)</u>	<u>4,636,269</u>
Less accumulated depreciation for:					
Land improvements	(44,493)		(1,811)		(46,304)
Utility plant	(459,914)	(74,113)	(63,638)	1,489	(596,176)
Buildings, structures and improvements	(369,589)		(14,319)	421	(383,487)
Furniture, fixtures, equipment and vehicles	(551,638)		(36,956)	5,319	(583,275)
Infrastructure	(415,253)		(41,059)		(456,312)
Total accumulated depreciation	<u>(1,840,887)</u>	<u>(74,113)</u>	<u>(157,783)</u>	<u>7,229</u>	<u>(2,065,554)</u>
Total capital assets being depreciated, net	<u>2,315,167</u>	<u>164,961</u>	<u>90,687</u>	<u>(100)</u>	<u>2,570,715</u>
Business-Type activities capital assets, net	<u>\$ 2,885,420</u>	<u>\$ 164,961</u>	<u>\$ 209,822</u>	<u>\$ (204,497)</u>	<u>\$ 3,055,706</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	\$	30,077
Public Works		10,893
Public Safety		9,121
Building and Housing		144
Community Development		1,287
Public Health		366
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		452
Total depreciation expense charged to governmental activities	\$	52,459
 Business-Type Activities:		
Water	\$	67,455
Electricity		16,971
Airport Facilities		50,541
Nonmajor activities		7,684
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		197
Total depreciation expense charged to business-type activities	\$	142,848

Capital Commitments: Significant commitments of the City as of December 31, 2012 are composed of the following:

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
	<u>(Amounts in 000's)</u>	
Governmental Activities:		
3rd District Police Station Design & Construction	\$ 225	\$ 15,981
800 MHz Interoperability System	1,485	6,515
League Park Renovations	19	6,404
East Side Station	125	6,301
Fleet Avenue		6,000
Madison Avenue/W 65	263	5,339
Cedar Avenue (E55 to E89)		5,281
Woodland East 55 to Buckeye	270	4,582
Fire Station #36 Design	14	3,925
Cedar Avenue E 89 to MLK	268	3,856
New Financial Management System	7,272	3,542
Superior Avenue Rehab	7,391	3,475
Shoreway West		3,000

<u>Project Description</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
	(Amounts in 000's)	
Business-Type Activities:		
Lake Road Substation	\$ 8,426	\$ 24,023
Meter Automation & Replace Prg	30,861	20,588
Parking Redevelopment Program Phase 1		15,078
Suburban Water Main Renewal Program		12,000
Crown Water Plant	12,668	11,912
Harvard Substation	386	7,719
Watermain Renewal 2013		7,000
13.8 kV Distribution Feeders	152	6,423
Transmission Main Renewal Program	1,753	6,247
MS1/MS2 Tie-In		6,000
IT Converged Communications	2,650	5,762
Taxiway L Reconstruction	1,009	5,691
Denison Avenue		5,422

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, 2012, the State funded \$168,862,000 of road and bridge improvement projects and \$6,974,000 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 2012, interest expense incurred for the Enterprise Funds was \$86,441,000 of which \$16,708,000 was capitalized net of \$208,000 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 – SERVICE CONCESSION ARRANGEMENTS

In 2010 the City entered into an agreement with Cleveland Metropolitan Park District (Cleveland Metroparks) under which Cleveland Metroparks will operate and collect user fees from Seneca Golf Course for the next 99 years. Cleveland Metroparks has paid the City \$99 for this agreement. They have agreed to complete at least \$4,000,000 of capital improvements before December 31, 2015. As completed, all capital improvements performed by Cleveland Metroparks will become an asset of Seneca Golf Course and the City. Upon expiration of the agreement, all improvements will be vest in the City. Cleveland Metroparks is required to operate and maintain the golf course in accordance with the City Contract.

In 2012 the City entered into an agreement with Mark A Nance Golf Ohio, LLC (MAN) under which MAN will operate and collect user fees from the Highland Park Golf Course for the next 10 years. MAN will pay the City installment payments over the course of the arrangement; the present value of these installment payments is \$180,000. MAN will also pay 5% of revenues greater than \$800,000 in years 2012 through 2017. In years 2018 and beyond, MAN will pay 5% on gross revenues up to \$800,000; \$10% of gross revenues \$801,000 through

\$1,000,000; and 15% of gross revenues greater than \$1,000,000. In addition to receiving a portion of gross revenues, MAN will also make necessary capital improvements to the golf course. As completed, all capital improvements performed by MAN will become an asset of Highland Park Golf Course and the City. MAN is required to operate and maintain the golf course in accordance with the City Contract. The City reports a receivable and deferred inflow of resources in the amount of \$175,500 at year-end pursuant to the service concession arrangement.

The City reports the golf courses and related equipment as a capital asset with a carrying amount of \$3,454,013 at year end.

NOTE 17 – 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:

<u>Condensed Statement of Net Position Information</u>	<u>Municipal Parking Lots</u> (Amounts in 000's)
Assets:	
Current assets	\$ 5,657
Restricted assets	8,762
Other noncurrent assets	1,288
Capital assets, net	36,658
Total assets	<u>\$ 52,365</u>
Liabilities:	
Current liabilities	\$ 3,692
Long-term liabilities	28,129
Total liabilities	<u>31,821</u>
Deferred inflows of resources:	
Derivative instruments-interest rate swaps	365
Total liabilities	<u>365</u>
Net position:	
Net investment in capital assets	9,272
Restricted for debt service	5,525
Unrestricted	5,382
Total net position	<u>20,179</u>
Total liabilities, deferred inflows and net position	<u>\$ 52,365</u>

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

	Municipal Parking Lots (Amounts in 000's)
Charges for services	\$ 7,735
Depreciation (expense)	(1,405)
Other operating (expenses)	<u>(3,896)</u>
Operating income (loss)	2,434
Nonoperating revenues (expenses):	
Investment income	423
Interest expense	(1,853)
Other revenue (expenses)	(227)
Capital Contributions	<u>490</u>
Change in net position	1,267
Net position at beginning of year	<u>18,912</u>
Net position at end of year	<u>\$ 20,179</u>

Condensed Statement of Cash Flows Information

	Municipal Parking Lots (Amounts in 000's)
Net cash provided by (used for):	
Operating activities	\$ 3,374
Capital and related financing activities	(4,125)
Investing activities	<u>4,107</u>
Net increase (decrease) in cash and cash equivalents	3,356
Beginning cash and cash equivalents	<u>10,855</u>
Ending cash and cash equivalents	<u>\$ 14,211</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	\$ 136,912	\$ 52,195	\$ 110,949	\$ 3,237	\$	\$ 508
Debt retirement	87,602	3,976	111,467	5,525		
Accrued passenger facility charges			17,670			
Other	<u>84</u>	<u>1</u>	<u>55,247</u>	<u></u>	<u>6,579</u>	<u>78</u>
Total	<u>\$ 224,598</u>	<u>\$ 56,172</u>	<u>\$ 295,333</u>	<u>\$ 8,762</u>	<u>\$ 6,579</u>	<u>\$ 586</u>

NOTE 18 – RESTATEMENT

The Division of Water entered into amended Water Service Agreements with 21 member communities prior to 2012. As part of the agreements, ownership of distribution mains were transferred to the Division of Water. The City also gained tax sharing agreements with each suburb related to commercial entities relocating in or out of the City. The financial impact of the addition of these assets was not included in the financial statements in the year the agreements were finalized and ownership was officially transferred. As a result, the following restatement is necessary:

	<u>Water Enterprise Fund</u>	<u>Government-Wide Business - Type</u>
	(Amounts in 000's)	
Net Position, January 1, 2012	\$ 1,032,782	\$ 1,802,995
Restatement	<u>164,961</u>	<u>164,961</u>
Restated Net Position, January 1, 2012	<u><u>\$ 1,197,743</u></u>	<u><u>\$ 1,967,956</u></u>

In 2012 a departmental reorganization occurred that merged the departments of Public Service with Parks, Recreation and Properties becoming the Department of Public Works. The Office of Capital Projects was created from the Divisions of Architecture, Engineering and Construction and Research, Planning and Development and is reported under General Government. In addition, the Division of Consumer Affairs was merged with Community Development and was moved from General Government. As a result, the following restatements to the special revenue funds are necessary:

	<u>General Government</u>	<u>Community Development</u>	<u>Public Service</u>	<u>Parks Recreation and Properties</u>	<u>Public Works</u>	<u>Total</u>
	(Amounts in 000's)					
Fund balance, January 1, 2012	\$ 12,403	\$ 6,505	\$ 1,839	\$ 2,833	\$	\$ 23,580
Restatement	<u>1,831</u>	<u>8</u>	<u>(1,839)</u>	<u>(2,833)</u>	<u>2,833</u>	<u>-</u>
Restated Fund balance, January 1, 2012	<u><u>\$ 14,234</u></u>	<u><u>\$ 6,513</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,833</u></u>	<u><u>\$ 23,580</u></u>

NOTE 19 – FUND BALANCES / NET POSITION

Fund Balance Classifications: Fund balance is classified in five categories (1) Nonspendable, (2) Restricted, (3) Committed, (4) Assigned and (5) Unassigned. Nonspendable fund balances include amounts that are not in spendable form or are legally required to remain intact. Restricted fund balances include amounts that have external restrictions by either grantors, debt covenants, laws or other governments. Committed fund balances include amounts that are committed to a specific purpose by council ordinance. Assigned fund balances include amounts that have an intended use by the Mayor and/or the Director of Finance to be used for a specific purpose. Unassigned fund balances include amounts that have not been assigned to any purpose. Fund expenditures and encumbrances are from restricted resources to the extent of the restricted fund reserve and followed by committed then assigned and unassigned resources.

Below are the fund balance classifications for the governmental funds at December 31, 2012:

	<u>General Fund</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
	(Amounts in 000's)		
Fund Balances			
Nonspendable			
Inventory	\$ 632	\$ 495	\$ 1,127
Nonspendable Total	632	495	1,127
Restricted			
General Government		20,607	20,607
Public Works		20,123	20,123
Public Safety		6,482	6,482
Community Development		5,847	5,847
Public Health		375	375
Building and Housing		206	206
Economic Development		35,830	35,830
Debt Service		18,059	18,059
Capital Projects		126,303	126,303
Restricted Total	-	233,832	233,832
Committed			
General Government		7,594	7,594
Public Safety		204	204
Public Works		2,232	2,232
Community Development		1,358	1,358
Public Health		41	41
Economic Development		91,462	91,462
Capital Projects		10	10
Committed Total	-	102,901	102,901
Assigned			
General Government	4,119		4,119
Public Works	2,547		2,547
Public Safety	1,599		1,599
Public Health	339		339
Building and Housing	424		424
Other	211		211
Debt Service		2	2
Assigned Total	9,239	2	9,241
Unassigned	61,879		61,879
Total Fund Balances	<u>\$ 71,750</u>	<u>\$ 337,230</u>	<u>\$ 408,980</u>

Net Position: Net position represent the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets 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 position is 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 position are available. Net position 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.

Rainy Day Reserve Fund: The City, in accordance with Section 5705.13(A), Revised Code, has established by ordinance the Rainy Day Reserve Fund (Rainy Day). Rainy Day should accumulate to at least a level equal to two percent of the General Fund expenditures and cannot exceed five percent of the General Fund expenditures. The City funds the Rainy Day through transfers from the General Fund, when funds become available. In order to use the Rainy Day, the City must pass an ordinance. The amount of the Rainy Day is reported within the unassigned fund balance classification in the City's General Fund.

NOTE 20 – 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. In October 2011, the City sold one of the Gateway garages and defeased the applicable bonds. Going forward the amounts required to be reimbursed will be calculated based upon the net revenues of the remaining garage and remaining applicable bonds outstanding.

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 2012, net revenues generated by the one remaining Gateway garage was less than the debt service payments attributed to that garage by \$1,883,000. Cumulative debt service payments funded by the City that are due from Gateway totaled \$45,239,000 at December 31, 2012. 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 issued by the County for the construction of facilities at Gateway, 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, 2012, the City pledged \$2,057,811.

NOTE 21 – SUBSEQUENT EVENTS

On January 17, 2013, Moody's Investors Service lowered its rating on Assured Guaranty Municipal Corporation, the insurer of the Series 2006 Parking Facilities Refunding Revenue Bonds. The rating was lowered to A2 from Aa3. The Division's bonds only carry the insured rating and have no rating on its bonds based solely on its own credit.

On March 21, 2013, the City completed a conversion of its \$69,900,000 2010B Certificates of Participation (Cleveland Stadium Project) to a new index rate for a new index rate period. The 2010B COPS were purchased for a period of five years by Wells Fargo Municipal Capital Strategies, LLC as floating rate obligations with the interest reset weekly at a rate 50 basis points lower than the previous index rate.

On April 16, 2013, the City entered into a novation agreement with UBS, AG and PNC Bank, National Association (PNC) under which the basis swap associated with the Parking Facilities Refunding Revenue Bonds, Series 2006, was transferred from UBS to PNC effective March 15, 2013. All of the terms of the original basis swap remain the same.

Effective April 24, 2013, the City issued \$58,000,000 Airport System Revenue Bonds, Series 2013A (Taxable). These bonds refunded all of the outstanding \$58,000,000 Airport System Revenue Bonds, Series 2008F in anticipation of the expiration of the existing letter of credit. The bonds were purchased by U.S. Bank National Association with the City paying an amount equal to one month LIBOR plus a spread of 105 basis points. As a result of this refunding, the City will realize aggregate net present value savings of \$3.4 million or 5.87%.

On May 13, 2013, City Council approved legislation authorizing the City to enter into a lease agreement for the purchase of vehicles for various City departments. The City intends to purchase \$6.5 million of various police vehicles, heavy duty trucks and other apparatus. Lease payments will be made from the Restricted Income Tax Fund for a period of seven years.

Effective May 30, 2013 the City issued \$35,840,000 Subordinate Lien Income Tax Bonds, Series 2013A. The bonds were issued to provide funds for various public facilities, road and bridges, and parks and recreation improvements throughout the City.

Effective May 30, 2013 the City issued \$25,360,000 of Taxable Economic and Community Development Refunding Revenue Bonds, Series 2013 (Core City) to refund all of the outstanding \$25,360,000 Taxable Economic and Community Development Refunding Revenue Bonds, Series 2008 (Core City). The bonds were purchased by Key Bank for a period of five years.

On June 20, 2013, the City entered into a lease agreement with Huntington Public Capital Corporation for the purchase of \$6,500,000 of vehicles and heavy equipment for various departments. The lease will be paid for over seven years out of the receipts for Restricted Income Tax.

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, 2012

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:				
Income taxes	\$ 271,105	\$ 271,105	\$ 290,474	\$ 19,369
Property taxes	36,903	36,903	36,028	(875)
State local government funds	34,673	34,673	34,673	-
Other taxes and shared revenues	40,472	40,472	46,929	6,457
Licenses and permits	11,785	11,785	12,372	587
Charges for services	29,994	29,994	33,837	3,843
Fines, forfeits and settlements	22,737	22,737	21,626	(1,111)
Investment earnings	130	130	250	120
Grants	5,943	5,943	5,464	(479)
Miscellaneous	18,264	18,264	19,365	1,101
TOTAL REVENUES	<u>472,006</u>	<u>472,006</u>	<u>501,018</u>	<u>29,012</u>
EXPENDITURES:				
Current:				
General Government:				
Council and clerk of council:				
Personnel	4,862	4,862	4,789	73
Other	<u>1,665</u>	<u>1,665</u>	<u>1,529</u>	<u>136</u>
Total council and clerk of council	<u>6,527</u>	<u>6,527</u>	<u>6,318</u>	<u>209</u>
Municipal court-judicial division:				
Personnel	18,191	18,191	17,372	819
Other	<u>2,743</u>	<u>2,568</u>	<u>2,554</u>	<u>14</u>
Total municipal court-judicial division	<u>20,934</u>	<u>20,759</u>	<u>19,926</u>	<u>833</u>
Municipal court-clerks division:				
Personnel	8,704	8,604	8,449	155
Other	<u>5,349</u>	<u>5,449</u>	<u>5,364</u>	<u>85</u>
Total municipal court-clerks division	<u>14,053</u>	<u>14,053</u>	<u>13,813</u>	<u>240</u>
Municipal court-housing division:				
Personnel	3,019	3,019	2,831	188
Other	<u>140</u>	<u>140</u>	<u>140</u>	<u>-</u>
Total municipal court-housing division	<u>3,159</u>	<u>3,159</u>	<u>2,971</u>	<u>188</u>
Office of the mayor:				
Personnel	2,305	2,305	2,139	166
Other	<u>134</u>	<u>134</u>	<u>99</u>	<u>35</u>
Total office of the mayor	<u>2,439</u>	<u>2,439</u>	<u>2,238</u>	<u>201</u>
Office of capital projects:				
Personnel	3,745	3,752	3,709	43
Other	<u>541</u>	<u>534</u>	<u>405</u>	<u>129</u>
Total office of capital projects	<u>4,286</u>	<u>4,286</u>	<u>4,114</u>	<u>172</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, 2012**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Landmarks commission:				
Personnel	\$ 179	\$ 179	\$ 176	\$ 3
Other	55	55	54	1
Total landmarks commission	<u>234</u>	<u>234</u>	<u>230</u>	<u>4</u>
Board of building standards and appeals:				
Personnel	113	113	108	5
Other	13	13	9	4
Total board of building standards and appeals	<u>126</u>	<u>126</u>	<u>117</u>	<u>9</u>
Board of zoning appeals:				
Personnel	194	194	189	5
Other	15	15	13	2
Total board of zoning appeals	<u>209</u>	<u>209</u>	<u>202</u>	<u>7</u>
Civil service commission:				
Personnel	571	571	557	14
Other	391	391	307	84
Total civil service commission	<u>962</u>	<u>962</u>	<u>864</u>	<u>98</u>
Community relations board:				
Personnel	1,127	1,127	1,101	26
Other	63	73	55	18
Total community relations board	<u>1,190</u>	<u>1,200</u>	<u>1,156</u>	<u>44</u>
City planning commission:				
Personnel	1,425	1,425	1,331	94
Other	99	99	92	7
Total city planning commission	<u>1,524</u>	<u>1,524</u>	<u>1,423</u>	<u>101</u>
Boxing and wrestling commission:				
Personnel	8	8	6	2
Total boxing and wrestling commission	<u>8</u>	<u>8</u>	<u>6</u>	<u>2</u>
Office of equal opportunity:				
Personnel	446	473	467	6
Other	22	22	19	3
Total office of equal opportunity	<u>468</u>	<u>495</u>	<u>486</u>	<u>9</u>
Office of budget and management:				
Personnel	879	879	650	229
Other	16	29	19	10
Total office of budget and management	<u>895</u>	<u>908</u>	<u>669</u>	<u>239</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, 2012**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Department of aging:				
Personnel	\$ 746	\$ 746	\$ 630	\$ 116
Other	<u>149</u>	<u>149</u>	<u>139</u>	<u>10</u>
Total department of aging	<u>895</u>	<u>895</u>	<u>769</u>	<u>126</u>
Office of personnel:				
Personnel	1,281	1,281	1,234	47
Other	<u>695</u>	<u>695</u>	<u>667</u>	<u>28</u>
Total department of personnel	<u>1,976</u>	<u>1,976</u>	<u>1,901</u>	<u>75</u>
Department of law:				
Personnel	6,335	5,835	5,741	94
Other	<u>2,878</u>	<u>3,578</u>	<u>3,302</u>	<u>276</u>
Total department of law	<u>9,213</u>	<u>9,413</u>	<u>9,043</u>	<u>370</u>
Finance administration:				
Personnel	818	818	791	27
Other	<u>37</u>	<u>37</u>	<u>29</u>	<u>8</u>
Total finance administration	<u>855</u>	<u>855</u>	<u>820</u>	<u>35</u>
Division of accounts:				
Personnel	1,255	1,255	1,211	44
Other	<u>662</u>	<u>662</u>	<u>612</u>	<u>50</u>
Total division of accounts	<u>1,917</u>	<u>1,917</u>	<u>1,823</u>	<u>94</u>
Division of assessments and licenses:				
Personnel	2,241	2,241	1,986	255
Other	<u>2,291</u>	<u>2,381</u>	<u>1,844</u>	<u>537</u>
Total division of assessments and licenses	<u>4,532</u>	<u>4,622</u>	<u>3,830</u>	<u>792</u>
Division of treasury:				
Personnel	468	468	463	5
Other	<u>93</u>	<u>93</u>	<u>89</u>	<u>4</u>
Total division of treasury	<u>561</u>	<u>561</u>	<u>552</u>	<u>9</u>
Division of purchases and supplies:				
Personnel	563	563	521	42
Other	<u>39</u>	<u>39</u>	<u>33</u>	<u>6</u>
Total division of purchases and supplies	<u>602</u>	<u>602</u>	<u>554</u>	<u>48</u>
Bureau of internal audit:				
Personnel	547	547	395	152
Other	<u>438</u>	<u>438</u>	<u>211</u>	<u>227</u>
Total bureau of internal audit	<u>985</u>	<u>985</u>	<u>606</u>	<u>379</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, 2012**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Division of financial reporting and control:				
Personnel	\$ 1,213	\$ 1,213	\$ 1,055	\$ 158
Other	<u>27</u>	<u>27</u>	<u>17</u>	<u>10</u>
Total division of financial reporting and control	<u>1,240</u>	<u>1,240</u>	<u>1,072</u>	<u>168</u>
Division of information system services:				
Personnel	1,779	1,779	1,387	392
Other	<u>1,811</u>	<u>1,811</u>	<u>1,414</u>	<u>397</u>
Total division of information system services	<u>3,590</u>	<u>3,590</u>	<u>2,801</u>	<u>789</u>
Office of IT planning:				
Personnel	164	164	163	1
Other	<u>6</u>	<u>6</u>	<u>3</u>	<u>3</u>
Total office of IT planning	<u>170</u>	<u>170</u>	<u>166</u>	<u>4</u>
Division of harbors:				
Personnel	<u>105</u>	<u>105</u>	<u>26</u>	<u>79</u>
Total division of harbors	<u>105</u>	<u>105</u>	<u>26</u>	<u>79</u>
TOTAL GENERAL GOVERNMENT	<u>83,655</u>	<u>83,820</u>	<u>78,496</u>	<u>5,324</u>
Public Health:				
Public health administration:				
Personnel	582	607	576	31
Other	<u>314</u>	<u>314</u>	<u>311</u>	<u>3</u>
Total public health administration	<u>896</u>	<u>921</u>	<u>887</u>	<u>34</u>
Division of health:				
Personnel	1,805	1,830	1,721	109
Other	<u>1,257</u>	<u>1,557</u>	<u>1,452</u>	<u>105</u>
Total division of health	<u>3,062</u>	<u>3,387</u>	<u>3,173</u>	<u>214</u>
Division of environment:				
Personnel	805	805	753	52
Other	<u>147</u>	<u>150</u>	<u>147</u>	<u>3</u>
Total division of environment	<u>952</u>	<u>955</u>	<u>900</u>	<u>55</u>
Division of air quality:				
Personnel	108	109	109	-
Other	<u>281</u>	<u>281</u>	<u>277</u>	<u>4</u>
Total division of air quality	<u>389</u>	<u>390</u>	<u>386</u>	<u>4</u>
TOTAL PUBLIC HEALTH	<u>5,299</u>	<u>5,653</u>	<u>5,346</u>	<u>307</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, 2012

(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	\$ 2,720	\$ 2,720	\$ 2,279	\$ 441
Other	<u>1,160</u>	<u>1,335</u>	<u>1,275</u>	<u>60</u>
Total public safety administration	<u>3,880</u>	<u>4,055</u>	<u>3,554</u>	<u>501</u>
Division of police:				
Personnel	161,968	163,218	162,462	756
Other	<u>10,065</u>	<u>10,065</u>	<u>9,513</u>	<u>552</u>
Total division of police	<u>172,033</u>	<u>173,283</u>	<u>171,975</u>	<u>1,308</u>
Division of fire:				
Personnel	82,307	81,307	81,069	238
Other	<u>3,357</u>	<u>3,357</u>	<u>3,220</u>	<u>137</u>
Total division of fire	<u>85,664</u>	<u>84,664</u>	<u>84,289</u>	<u>375</u>
Division of emergency medical services:				
Personnel	19,321	18,773	18,086	687
Other	<u>2,604</u>	<u>2,727</u>	<u>2,584</u>	<u>143</u>
Total division of emergency medical services	<u>21,925</u>	<u>21,500</u>	<u>20,670</u>	<u>830</u>
Division of animal control services:				
Personnel	891	891	885	6
Other	<u>369</u>	<u>369</u>	<u>291</u>	<u>78</u>
Total division of animal control services	<u>1,260</u>	<u>1,260</u>	<u>1,176</u>	<u>84</u>
Division of correction:				
Personnel	10,589	10,589	10,024	565
Other	<u>4,058</u>	<u>4,058</u>	<u>3,058</u>	<u>1,000</u>
Total division correction	<u>14,647</u>	<u>14,647</u>	<u>13,082</u>	<u>1,565</u>
 TOTAL PUBLIC SAFETY	 <u>299,409</u>	 <u>299,409</u>	 <u>294,746</u>	 <u>4,663</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, 2012**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Public Works:				
Division of public works administration:				
Personnel	\$ 2,667	\$ 2,612	\$ 2,458	\$ 154
Other	<u>151</u>	<u>206</u>	<u>200</u>	<u>6</u>
Total division of public works administration	<u>2,818</u>	<u>2,818</u>	<u>2,658</u>	<u>160</u>
Division of recreation:				
Personnel	8,426	8,426	7,995	431
Other	<u>3,887</u>	<u>4,112</u>	<u>3,846</u>	<u>266</u>
Total division of recreation	<u>12,313</u>	<u>12,538</u>	<u>11,841</u>	<u>697</u>
Division of parking facilities:				
Personnel	1,197	1,197	1,097	100
Other	<u>54</u>	<u>127</u>	<u>79</u>	<u>48</u>
Total division of parking facilities	<u>1,251</u>	<u>1,324</u>	<u>1,176</u>	<u>148</u>
Division of property management:				
Personnel	5,482	5,482	5,049	433
Other	<u>3,112</u>	<u>3,112</u>	<u>2,889</u>	<u>223</u>
Total division of property management	<u>8,594</u>	<u>8,594</u>	<u>7,938</u>	<u>656</u>
Division of park maintenance and properties:				
Personnel	8,063	8,063	7,761	302
Other	<u>4,859</u>	<u>4,954</u>	<u>4,861</u>	<u>93</u>
Total division of park maintenance and properties	<u>12,922</u>	<u>13,017</u>	<u>12,622</u>	<u>395</u>
Division of waste collection and disposal:				
Personnel	13,892	13,892	12,894	998
Other	<u>11,412</u>	<u>11,412</u>	<u>11,348</u>	<u>64</u>
Total division of waste collection and disposal	<u>25,304</u>	<u>25,304</u>	<u>24,242</u>	<u>1,062</u>
Division of traffic engineering:				
Personnel	2,742	2,742	2,639	103
Other	<u>822</u>	<u>822</u>	<u>732</u>	<u>90</u>
Total division of traffic engineering	<u>3,564</u>	<u>3,564</u>	<u>3,371</u>	<u>193</u>
 TOTAL PUBLIC WORKS	 <u>66,766</u>	 <u>67,159</u>	 <u>63,848</u>	 <u>3,311</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, 2012**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Community Development:				
Director's office:				
Personnel	\$ 252	\$ 252	\$ 139	\$ 113
Other	<u>19</u>	<u>19</u>	<u>9</u>	<u>10</u>
Total director's office	<u>271</u>	<u>271</u>	<u>148</u>	<u>123</u>
 TOTAL COMMUNITY DEVELOPMENT	 <u>271</u>	 <u>271</u>	 <u>148</u>	 <u>123</u>
 Building and Housing:				
Director's office:				
Personnel	1,514	1,514	1,492	22
Other	<u>480</u>	<u>495</u>	<u>483</u>	<u>12</u>
Total director's office	<u>1,994</u>	<u>2,009</u>	<u>1,975</u>	<u>34</u>
 Division of code enforcement:				
Personnel	5,747	5,747	4,539	1,208
Other	<u>594</u>	<u>594</u>	<u>593</u>	<u>1</u>
Total division of code enforcement	<u>6,341</u>	<u>6,341</u>	<u>5,132</u>	<u>1,209</u>
 Division of construction permitting:				
Personnel	1,471	1,471	1,194	277
Other	<u>16</u>	<u>16</u>	<u>16</u>	<u>-</u>
Total division of construction permitting	<u>1,487</u>	<u>1,487</u>	<u>1,210</u>	<u>277</u>
 TOTAL BUILDING AND HOUSING	 <u>9,822</u>	 <u>9,837</u>	 <u>8,317</u>	 <u>1,520</u>
 Economic Development:				
Economic development administration:				
Personnel	1,504	1,504	1,396	108
Other	<u>21</u>	<u>21</u>	<u>17</u>	<u>4</u>
Total economic development administration	<u>1,525</u>	<u>1,525</u>	<u>1,413</u>	<u>112</u>
 TOTAL ECONOMIC DEVELOPMENT	 <u>1,525</u>	 <u>1,525</u>	 <u>1,413</u>	 <u>112</u>
 Non-Departmental Expenditures:				
Other	<u>19,436</u>	<u>19,541</u>	<u>16,229</u>	<u>3,312</u>
TOTAL NON-DEPARTMENTAL EXPENDITURES	<u>19,436</u>	<u>19,541</u>	<u>16,229</u>	<u>3,312</u>
 TOTAL EXPENDITURES	 <u>486,183</u>	 <u>487,215</u>	 <u>468,543</u>	 <u>18,672</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, 2012**

(Amounts in 000's)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,177)	(15,209)	32,475	47,684
OTHER FINANCING SOURCES (USES):				
Transfers in	18,218	18,218	16,981	(1,237)
Transfers out	(20,873)	(19,841)	(17,941)	1,900
Sale of City assets	<u> </u>	<u> </u>	<u> 2</u>	<u> 2</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,655)</u>	<u>(1,623)</u>	<u>(958)</u>	<u>665</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES	<u> </u>	<u> </u>	<u>2,181</u>	<u>2,181</u>
NET CHANGE IN FUND BALANCES	(16,832)	(16,832)	33,698	50,530
FUND BALANCES AT BEGINNING OF YEAR	<u>16,861</u>	<u>16,861</u>	<u>16,861</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ 50,559</u>	<u>\$ 50,530</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 or committed by the City 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.
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 Grants (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.
Public Works Funds	To account for revenue earmarked for the public works activity.
Public Safety Funds	To account for revenue earmarked for public safety activities.

SPECIAL REVENUE FUNDS (Continued)

Public Health Funds	To account for revenue earmarked for the improvement of public health.
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.

SPECIAL REVENUE FUNDS (for budgetary purposes only)

These funds are rolled into the General Fund for Modified Accrual Financial Statements.

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.

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.

DEBT SERVICE FUNDS (Continued)

Lower Euclid Avenue TIF	To account for the accumulation of resources for the payment of Economic Development Bonds payable from tax increment financing revenues and a pledge of the non-tax revenue of the City.
Core City Bonds	To account for the accumulation of resources for the payment of taxable Economic and Community Development Bonds payable from non-tax and net project revenues.
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, 2012

(Amounts in 000's)

	Special Revenue Funds - Budgeted			
	Division of Streets	Restricted Income Tax	Cleveland Stadium Operations	Total Budgeted Funds
ASSETS				
Cash and cash equivalents	\$ 1,384	\$ 213	\$ 4,792	\$ 6,389
Receivables:				
Taxes		5,562		5,562
Grants				-
Loans				-
Accrued interest				-
Assessments				-
Receivables, net	-	5,562	-	5,562
Due from other funds	21	8,901		8,922
Due from other governments	6,314			6,314
Inventory of supplies	495			495
TOTAL ASSETS	\$ 8,214	\$ 14,676	\$ 4,792	\$ 27,682
LIABILITIES				
Accounts payable	\$ 202	\$ 179	\$	\$ 381
Accrued wages and benefits	1,716			1,716
Due to other governments			323	323
Deferred revenue	4,338	1,938		6,276
Unearned revenue				-
Due to other funds	599	80		679
Total liabilities	6,855	2,197	323	9,375
FUND BALANCES				
Reserves for:				
Nonspendable	495			495
Restricted	864	12,479	4,469	17,812
Committed				-
Assigned				-
Total fund balances	1,359	12,479	4,469	18,307
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,214	\$ 14,676	\$ 4,792	\$ 27,682

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
\$	\$ 1,098	\$	\$ 16,955	\$ 22,728	\$ 3	\$	\$ 16,800
564	83	779		2,067	2	211	143
8,057	9,445		45,051	43,273			
466	1,441	680					28
9,087	10,969	1,459	45,051	45,340	2	211	171
475		2,881		4,230			114
							770
<u>\$ 9,562</u>	<u>\$ 12,067</u>	<u>\$ 4,340</u>	<u>\$ 62,006</u>	<u>\$ 72,298</u>	<u>\$ 5</u>	<u>\$ 211</u>	<u>\$ 17,855</u>
\$ 22	\$ 69	\$ 502	\$ 102	\$ 73	\$	\$ 21	\$ 587
447	63					62	140
134	1,772		24	49,089			430
5,386	1,431	680		4,069			316
	1,527			847	5		534
3,573		2,952	3			128	126
9,562	4,862	4,134	129	54,078	5	211	2,133
	5,847	206		10,229			8,128
	1,358		61,877	7,991			7,594
-	7,205	206	61,877	18,220	-	-	15,722
<u>\$ 9,562</u>	<u>\$ 12,067</u>	<u>\$ 4,340</u>	<u>\$ 62,006</u>	<u>\$ 72,298</u>	<u>\$ 5</u>	<u>\$ 211</u>	<u>\$ 17,855</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2012

(Amounts in 000's)

	Special Revenue Funds - Non-Budgeted			
	Public Works Funds	Public Safety Funds	Public Health Funds	Cleveland Stadium Debt Service Fund
ASSETS				
Cash and cash equivalents	\$ 3,544	\$ 8,461	\$ 2,460	\$ 14,101
Receivables:				
Taxes				
Grants	66	2,492	215	
Loans	45			
Accrued interest				1
Assessments				
Receivables, net	111	2,492	215	1
Due from other funds	4		76	
Due from other governments				
Inventory of supplies				
TOTAL ASSETS	\$ 3,659	\$ 10,953	\$ 2,751	\$ 14,102
LIABILITIES				
Accounts payable	\$ 43	\$ 674	\$ 55	\$
Accrued wages and benefits		275	437	
Due to other governments	277		27	
Deferred revenue				
Unearned revenue	419	2,124	1,804	
Due to other funds		1,194	12	
Total liabilities	739	4,267	2,335	-
FUND BALANCE				
Reserves for:				
Nonspendable				
Restricted	688	6,482	375	14,102
Committed	2,232	204	41	
Assigned				
Total fund balances	2,920	6,686	416	14,102
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,659	\$ 10,953	\$ 2,751	\$ 14,102

Special Revenue Funds - Non-Budgeted

Gateway Shared Income Tax Funds	Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non-Budgeted Funds	Total Special Revenue Funds
\$ 1,229	\$ 4,586	\$ 2,045	\$ 1,509	\$ 95,519	\$ 101,908
				-	5,562
				6,622	6,622
	17,008	23,556	44,425	190,860	190,860
				1	1
				2,615	2,615
<u>-</u>	<u>17,008</u>	<u>23,556</u>	<u>44,425</u>	<u>200,098</u>	<u>205,660</u>
				3,550	12,472
398				5,398	11,712
				-	495
<u>\$ 1,627</u>	<u>\$ 21,594</u>	<u>\$ 25,601</u>	<u>\$ 45,934</u>	<u>\$ 304,565</u>	<u>\$ 332,247</u>
\$	\$	\$	\$	\$ 2,148	\$ 2,529
				1,424	3,140
813			45,047	97,613	97,936
				11,882	18,158
			887	8,147	8,147
814				8,802	9,481
<u>1,627</u>	<u>-</u>	<u>-</u>	<u>45,934</u>	<u>130,016</u>	<u>139,391</u>
				-	495
		25,601		71,658	89,470
	21,594			102,891	102,891
				-	-
<u>-</u>	<u>21,594</u>	<u>25,601</u>	<u>-</u>	<u>174,549</u>	<u>192,856</u>
<u>\$ 1,627</u>	<u>\$ 21,594</u>	<u>\$ 25,601</u>	<u>\$ 45,934</u>	<u>\$ 304,565</u>	<u>\$ 332,247</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2012

(Amounts in 000's)

	Debt Service Funds - Budgeted			
	Unvoted Tax Supported Obligations <u>Fund</u>	Stadium Bond <u>Fund</u>	Subordinated Income Tax <u>Fund</u>	Lower Euclid Avenue <u>TIF</u>
ASSETS				
Cash and cash equivalents	\$ 2,555	\$ 2	\$ 2,511	\$ 361
Investments	3,661			
Receivables:				
Taxes	29,447			
Grants				
Loans				
Accrued interest				
Assessments				
Receivables, net	29,447	-	-	-
Due from other funds				
Due from other governments	1,778			
Inventory of supplies				
TOTAL ASSETS	\$ 37,441	\$ 2	\$ 2,511	\$ 361
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Accrued wages and benefits				
Due to other governments				
Deferred revenue	31,225			
Unearned revenue				
Due to other funds				
Total liabilities	31,225	-	-	-
FUND BALANCE				
Reserves for:				
Nonspendable				
Restricted	6,216		2,511	361
Committed				
Assigned		2		
Total fund balances	6,216	2	2,511	361
TOTAL LIABILITIES AND FUND BALANCES	\$ 37,441	\$ 2	\$ 2,511	\$ 361

Debt Service Funds						
Non-Budgeted						
Core City Bonds	Subordinate Lien Income Tax Fund	Total Budgeted Funds	Urban Renewal Fund	Urban Renewal Reserve Fund	Total Non- Budgeted Funds	Total Debt Service Funds
\$ 3,713	\$ 2,296	\$ 11,438	\$ 424	\$ 2	\$ 426	\$ 11,864
		3,661	416	2,199	2,615	6,276
		29,447			-	29,447
		-			-	-
		-			-	-
		-		1	1	1
		-			-	-
-	-	29,447	-	1	1	29,448
		-			-	-
		1,778			-	1,778
		-			-	-
<u>\$ 3,713</u>	<u>\$ 2,296</u>	<u>\$ 46,324</u>	<u>\$ 840</u>	<u>\$ 2,202</u>	<u>\$ 3,042</u>	<u>\$ 49,366</u>
\$ 80	\$	\$ 80	\$	\$	\$ -	\$ 80
		-			-	-
		-			-	-
		31,225			-	31,225
		-			-	-
		-			-	-
80	-	31,305	-	-	-	31,305
		-			-	-
3,633	2,296	15,017	840	2,202	3,042	18,059
		-			-	-
		2			-	2
<u>3,633</u>	<u>2,296</u>	<u>15,019</u>	<u>840</u>	<u>2,202</u>	<u>3,042</u>	<u>18,061</u>
<u>\$ 3,713</u>	<u>\$ 2,296</u>	<u>\$ 46,324</u>	<u>\$ 840</u>	<u>\$ 2,202</u>	<u>\$ 3,042</u>	<u>\$ 49,366</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2012

(Amounts in 000's)

	Capital Projects Funds Non-Budgeted		
	Capital/ Urban Renewal Bond <u>Construction</u>	Grant <u>Improvement</u>	Capital <u>Improvement</u>
ASSETS			
Cash and cash equivalents	\$ 115,825	\$	\$ 7,111
Investments			
Receivables:			
Taxes			
Grants		5,836	
Loans			
Accrued interest	2		
Assessments			
Receivables, net	<u>2</u>	<u>5,836</u>	<u>-</u>
Due from other funds			
Due from other governments			
Inventory of supplies			
TOTAL ASSETS	<u>\$ 115,827</u>	<u>\$ 5,836</u>	<u>\$ 7,111</u>
LIABILITIES			
Accounts payable	\$ 1,814	\$ 15	\$ 4,184
Accrued wages and benefits			
Due to other governments	550		
Deferred revenue		119	
Unearned revenue			2
Due to other funds		5,702	
Total liabilities	<u>2,364</u>	<u>5,836</u>	<u>4,186</u>
FUND BALANCE			
Reserve for:			
Nonspendable			
Restricted	113,463		2,915
Committed			10
Assigned			
Total fund balances	<u>113,463</u>	<u>-</u>	<u>2,925</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 115,827</u>	<u>\$ 5,836</u>	<u>\$ 7,111</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>
\$ 3,135	\$ 3,682	\$ 129,753	\$ 243,525
3,246		3,246	9,522
		-	35,009
		5,836	12,458
		-	190,860
		2	4
		-	2,615
<u>-</u>	<u>-</u>	<u>5,838</u>	<u>240,946</u>
		-	12,472
		-	13,490
		-	495
<u>\$ 6,381</u>	<u>\$ 3,682</u>	<u>\$ 138,837</u>	<u>\$ 520,450</u>
\$ 138	\$	\$ 6,151	\$ 8,760
		-	3,140
		550	98,486
		119	49,502
		2	8,149
		5,702	15,183
<u>138</u>	<u>-</u>	<u>12,524</u>	<u>183,220</u>
		-	495
6,243	3,682	126,303	233,832
		10	102,901
		-	2
<u>6,243</u>	<u>3,682</u>	<u>126,313</u>	<u>337,230</u>
<u>\$ 6,381</u>	<u>\$ 3,682</u>	<u>\$ 138,837</u>	<u>\$ 520,450</u>

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012**

(Amounts in 000's)

	<u>Special Revenue Funds - Budgeted</u>			
	<u>Division of Streets</u>	<u>Restricted Income Tax</u>	<u>Cleveland Stadium Operations</u>	<u>Total Budgeted Funds</u>
REVENUES:				
Income taxes	\$	\$	36,470	\$ 36,470
Property taxes				-
Other taxes and shared revenues	12,970		13,571	26,541
Licenses and permits	1,263			1,263
Charges for services	22		250	272
Fines, forfeits and settlements				-
Investment earnings	1	16	6	23
Grants				-
Contributions				-
Miscellaneous				-
Total revenues	<u>14,256</u>	<u>36,486</u>	<u>13,827</u>	<u>64,569</u>
EXPENDITURES:				
Current:				
General Government				-
Public Works	19,910		448	20,358
Public Safety				-
Community Development				-
Building and Housing				-
Public Health				-
Economic Development				-
Capital outlay		4,000		4,000
Debt service:				
Principal retirement		3,729		3,729
Interest		1,077		1,077
General Government				-
Other		1,150		1,150
Total expenditures	<u>19,910</u>	<u>9,956</u>	<u>448</u>	<u>30,314</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,654)</u>	<u>26,530</u>	<u>13,379</u>	<u>34,255</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,327			5,327
Transfers out		(25,926)	(8,814)	(34,740)
Issuance of debt				-
Premium on bonds				-
Discount on bonds				-
Payment to refund bonds				-
Sale of City assets				-
Proceeds from capital lease				-
Total other financing sources (uses)	<u>5,327</u>	<u>(25,926)</u>	<u>(8,814)</u>	<u>(29,413)</u>
NET CHANGE IN FUND BALANCES	(327)	604	4,565	4,842
FUND BALANCES AT BEGINNING OF YEAR (as restated)	<u>1,686</u>	<u>11,875</u>	<u>(96)</u>	<u>13,465</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,359</u>	<u>\$ 12,479</u>	<u>\$ 4,469</u>	<u>\$ 18,307</u>

Special Revenue Funds - Non-Budgeted

<u>Community Development Block Grants</u>	<u>Community Development Funds</u>	<u>Building and Housing Funds</u>	<u>Urban Development Action Funds</u>	<u>Economic Development Funds</u>	<u>Home Weatherization Grants</u>	<u>WIA Grants</u>	<u>General Government Funds</u>
\$	\$	\$	\$	\$	\$	\$	\$
				3,082			901
4,775	517						1,642
							3,247
	1			10			21
22,798	33,748	6,706		5,811	6,890	1,952	1,424
1,044		206	147	172			19
<u>28,617</u>	<u>34,266</u>	<u>6,912</u>	<u>147</u>	<u>9,075</u>	<u>6,890</u>	<u>1,952</u>	<u>7,254</u>
						1,952	6,108
28,617	33,574	6,706			6,890		
			1,570	8,833			
			26	952			25
<u>28,617</u>	<u>33,574</u>	<u>6,706</u>	<u>1,596</u>	<u>9,785</u>	<u>6,890</u>	<u>1,952</u>	<u>6,133</u>
-	692	206	(1,449)	(710)	-	-	1,121
							367
			(1,276)	(2,718)			
				85			
-	-	-	(1,276)	(2,633)	-	-	367
-	692	206	(2,725)	(3,343)	-	-	1,488
	6,513		64,602	21,563			14,234
<u>\$ -</u>	<u>\$ 7,205</u>	<u>\$ 206</u>	<u>\$ 61,877</u>	<u>\$ 18,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,722</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012**

(Amounts in 000's)

	<u>Special Revenue Funds - Non-Budgeted</u>			
	<u>Public Works Funds</u>	<u>Public Safety Funds</u>	<u>Public Health Funds</u>	<u>Cleveland Stadium Debt Service Fund</u>
REVENUES:				
Income taxes	\$	\$	\$	\$
Property taxes				
Other taxes and shared revenues				
Licenses and permits	73		1,420	
Charges for services				
Fines, forfeits and settlements		2,132		
Investment earnings	3	13	1	22
Grants	1,721	8,069	10,321	
Contributions		15		
Miscellaneous	63	20	5	
Total revenues	<u>1,860</u>	<u>10,249</u>	<u>11,747</u>	<u>22</u>
EXPENDITURES:				
Current:				
General Government				
Public Works	1,773			
Public Safety		8,812		
Community Development				
Building and Housing				
Public Health			11,660	
Economic Development				
Capital outlay				
Debt service:				
Principal retirement				5,942
Interest				6,410
General Government				
Other				
Total expenditures	<u>1,773</u>	<u>8,812</u>	<u>11,660</u>	<u>12,352</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>87</u>	<u>1,437</u>	<u>87</u>	<u>(12,330)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				3,814
Transfers out				
Issuance of debt				
Premium on bonds				
Discount on bonds				
Payment to refund bonds				
Sale of City assets				
Proceeds from capital lease				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,814</u>
NET CHANGE IN FUND BALANCES	87	1,437	87	(8,516)
FUND BALANCES AT BEGINNING OF YEAR (as restated)	<u>2,833</u>	<u>5,249</u>	<u>329</u>	<u>22,618</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,920</u>	<u>\$ 6,686</u>	<u>\$ 416</u>	<u>\$ 14,102</u>

Special Revenue Funds - Non-Budgeted					
Gateway Shared Income Tax Funds	Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non-Budgeted Funds	Total Special Revenue Funds
\$	\$	\$	\$	\$ -	\$ 36,470
				-	-
86				4,069	30,610
				1,493	2,756
				6,934	7,206
				5,379	5,379
	7	3		81	104
			45	99,485	99,485
				34	34
	797	4,330		6,784	6,784
<u>86</u>	<u>804</u>	<u>4,333</u>	<u>45</u>	<u>124,259</u>	<u>188,828</u>
86				8,146	8,146
				1,773	22,131
				8,812	8,812
				69,081	69,081
				6,706	6,706
				11,660	11,660
	751	188	45	11,387	11,387
				1,003	5,003
				5,942	9,671
				6,410	7,487
				-	-
				-	1,150
<u>86</u>	<u>751</u>	<u>188</u>	<u>45</u>	<u>130,920</u>	<u>161,234</u>
-	53	4,145	-	(6,661)	27,594
				4,181	9,508
		(1,554)		(5,548)	(40,288)
				-	-
				-	-
				-	-
		237		322	322
				-	-
<u>-</u>	<u>-</u>	<u>(1,317)</u>	<u>-</u>	<u>(1,045)</u>	<u>(30,458)</u>
-	53	2,828	-	(7,706)	(2,864)
	21,541	22,773		182,255	195,720
<u>\$ -</u>	<u>\$ 21,594</u>	<u>\$ 25,601</u>	<u>\$ -</u>	<u>\$ 174,549</u>	<u>\$ 192,856</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012**

(Amounts in 000's)

	Debt Service Funds - Budgeted				
	Unvoted Tax Supported Obligations <u>Fund</u>	Stadium Bond <u>Fund</u>	Subordinated Income Tax <u>Fund</u>	Lower Euclid Avenue TIF	Core City Bonds
REVENUES:					
Income taxes	\$	\$	\$	\$	\$
Property taxes	19,284				
Other taxes and shared revenues	4,985				
Licenses and permits					
Charges for services					
Fines, forfeits and settlements					
Investment earnings	13	1	3		1
Grants					
Contributions					
Miscellaneous					
Total revenues	<u>24,282</u>	<u>1</u>	<u>3</u>	<u>-</u>	<u>1</u>
EXPENDITURES:					
Current:					
General Government					
Public Works					
Public Safety					
Community Development					
Building and Housing					
Public Health					
Economic Development					
Capital outlay					
Debt service:					
Principal retirement	28,815	1,090	2,955	167	1,440
Interest	15,155	541	2,647	118	790
General Government					360
Other					
Total expenditures	<u>43,970</u>	<u>1,631</u>	<u>5,602</u>	<u>285</u>	<u>2,590</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,688)</u>	<u>(1,630)</u>	<u>(5,599)</u>	<u>(285)</u>	<u>(2,589)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	24,416	1,631	5,677	391	2,329
Transfers out					
Issuance of debt					
Premium on bonds					
Discount on bonds					
Payment to refund bonds					
Sale of City assets					
Proceeds from capital lease					
Total other financing sources (uses)	<u>24,416</u>	<u>1,631</u>	<u>5,677</u>	<u>391</u>	<u>2,329</u>
NET CHANGE IN FUND BALANCES	4,728	1	78	106	(260)
FUND BALANCES AT BEGINNING OF YEAR (as restated)	<u>1,488</u>	<u>1</u>	<u>2,433</u>	<u>255</u>	<u>3,893</u>
FUND BALANCES AT END OF YEAR	<u>\$ 6,216</u>	<u>\$ 2</u>	<u>\$ 2,511</u>	<u>\$ 361</u>	<u>\$ 3,633</u>

Debt Service Funds					
Non-Budgeted					
Subordinate Lien Income Tax <u>Fund</u>	Total Budgeted <u>Funds</u>	Urban Renewal <u>Fund</u>	Urban Renewal Reserve <u>Fund</u>	Non- Budgeted <u>Funds</u>	Total Debt Service <u>Funds</u>
\$	\$ -	\$	\$	\$ -	\$ -
	19,284			-	19,284
	4,985			-	4,985
	-			-	-
	-			-	-
	-			-	-
3	21	1	2	3	24
	-			-	-
	-			-	-
546	546	983		983	1,529
549	24,836	984	2	986	25,822
	-			-	-
	-			-	-
	-			-	-
	-			-	-
	-			-	-
	-			-	-
	-			-	-
3,305	37,772	565		565	38,337
3,676	22,927	307		307	23,234
	360	85		85	445
	-			-	-
6,981	61,059	957	-	957	62,016
(6,432)	(36,223)	27	2	29	(36,194)
6,426	40,870			-	40,870
	-			-	-
	-			-	-
	-			-	-
	-			-	-
	-			-	-
	-			-	-
6,426	40,870	-	-	-	40,870
(6)	4,647	27	2	29	4,676
2,302	10,372	813	2,200	3,013	13,385
\$ 2,296	\$ 15,019	\$ 840	\$ 2,202	\$ 3,042	\$ 18,061

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012**

(Amounts in 000's)

	Capital Projects Funds		
	Non-Budgeted		
	Capital/ Urban Renewal Bond <u>Construction</u>	Grant <u>Improvement</u>	Capital <u>Improvement</u>
REVENUES:			
Income taxes	\$	\$	\$
Property taxes			
Other taxes and shared revenues			
Licenses and permits			
Charges for services			
Fines, forfeits and settlements			
Investment earnings	46		4
Grants		24,515	
Contributions			1,330
Miscellaneous			383
Total revenues	<u>46</u>	<u>24,515</u>	<u>1,717</u>
EXPENDITURES:			
Current:			
General Government	13		
Public Works			
Public Safety			
Community Development			
Building and Housing			
Public Health			
Economic Development			
Capital outlay	30,604	24,515	1,070
Inception of capital lease			
Debt service:			
Principal retirement			
Interest	3,020		
General Government	819		
Other			
Total expenditures	<u>34,456</u>	<u>24,515</u>	<u>1,070</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(34,410)</u>	<u>-</u>	<u>647</u>
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	(4,916)		
Issuance of debt	82,945		
Premium on bonds	8,770		
Discount on bonds	(145)		
Payment to refund bonds	(28,910)		
Sale of City assets			
Proceeds from capital lease			
Total other financing sources (uses)	<u>57,744</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	23,334	-	647
FUND BALANCES AT BEGINNING OF YEAR (as restated)	<u>90,129</u>		<u>2,278</u>
FUND BALANCES AT END OF YEAR	<u>\$ 113,463</u>	<u>\$ -</u>	<u>\$ 2,925</u>

Certificates of Participation/ Capital Leases	Cleveland Stadium Construction	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$	\$	\$	\$
		-	36,470
		-	19,284
		-	35,595
		-	2,756
		-	7,206
		-	5,379
5	8	63	191
		24,515	124,000
		1,330	1,364
		383	8,696
<u>5</u>	<u>8</u>	<u>26,291</u>	<u>240,941</u>
		13	8,159
		-	22,131
		-	8,812
		-	69,081
		-	6,706
		-	11,660
		-	11,387
130	6,321	62,640	67,643
5,648		5,648	5,648
107		107	48,115
		3,020	33,741
		819	1,264
<u>18</u>		<u>18</u>	<u>1,168</u>
<u>5,903</u>	<u>6,321</u>	<u>72,265</u>	<u>295,515</u>
(5,898)	(6,313)	(45,974)	(54,574)
	5,850	5,850	56,228
		(4,916)	(45,204)
		82,945	82,945
		8,770	8,770
		(145)	(145)
		(28,910)	(28,910)
		-	322
<u>6,507</u>		<u>6,507</u>	<u>6,507</u>
<u>6,507</u>	<u>5,850</u>	<u>70,101</u>	<u>80,513</u>
609	(463)	24,127	25,939
<u>5,634</u>	<u>4,145</u>	<u>102,186</u>	<u>311,291</u>
\$ 6,243	\$ 3,682	\$ 126,313	\$ 337,230

(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, 2012**

(Amounts in 000's)

	<u>Division of Streets</u>			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:				
Income taxes	\$	\$	\$	\$ -
Other taxes and shared revenues	12,845	12,845	13,043	198
Licenses and permits	1,398	1,398	1,242	(156)
Charges for services	5,816	5,816	4,100	(1,716)
Investment earnings			1	1
Miscellaneous			4	4
Total revenues	<u>20,059</u>	<u>20,059</u>	<u>18,390</u>	<u>(1,669)</u>
EXPENDITURES:				
Public Works:				
Personnel	15,207	15,207	14,014	1,193
Other	12,110	12,110	9,127	2,983
Capital outlay				-
Principal retirement				-
Interest				-
Total expenditures	<u>27,317</u>	<u>27,317</u>	<u>23,141</u>	<u>4,176</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,258)</u>	<u>(7,258)</u>	<u>(4,751)</u>	<u>2,507</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	7,140	5,908	5,327	(581)
Transfers out				-
Total other financing sources (uses)	<u>7,140</u>	<u>5,908</u>	<u>5,327</u>	<u>(581)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(118)	(1,350)	576	1,926
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			133	133
FUND BALANCES AT BEGINNING OF YEAR	<u>118</u>	<u>118</u>	<u>118</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>\$ (1,232)</u>	<u>\$ 827</u>	<u>\$ 2,059</u>

Restricted Income Tax				Rainy Day Reserve Fund			
Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
\$ 33,888	\$ 33,888	\$ 36,309	\$ 2,421	\$ -	\$ -	\$ -	\$ -
			-				-
			-				-
15	15	16	1			25	25
			-				-
<u>33,903</u>	<u>33,903</u>	<u>36,325</u>	<u>2,422</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>25</u>
			-				-
			-				-
3,797	3,797	3,908	(111)				-
4,799	4,799	4,799	-				-
1,077	1,077	1,077	-				-
<u>9,673</u>	<u>9,673</u>	<u>9,784</u>	<u>(111)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			-				-
24,230	24,230	26,541	2,311	-	-	25	25
			-				-
(25,926)	(25,926)	(25,926)	-				-
<u>(25,926)</u>	<u>(25,926)</u>	<u>(25,926)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			-				-
(1,696)	(1,696)	615	2,311			25	25
			-				-
		45	45				-
<u>1,696</u>	<u>1,696</u>	<u>1,696</u>	<u>-</u>	<u>13,551</u>	<u>13,551</u>	<u>13,551</u>	<u>-</u>
\$ -	\$ -	\$ 2,356	\$ 2,356	\$ 13,551	\$ 13,551	\$ 13,576	\$ 25

(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, 2012**

(Amounts in 000's)

	<u>Schools Recreation and Cultural Activities</u>			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:				
Income taxes	\$	\$	\$	\$ -
Other taxes and shared revenues				-
Licenses and permits				-
Charges for services				-
Investment earnings				-
Miscellaneous				-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Public Works:				
Personnel				-
Other	1,000	1,000	1,000	-
Capital outlay				-
Principal retirement				-
Interest				-
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,000	1,000	1,000	-
Transfers out				-
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				-
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES				-
FUND BALANCES AT BEGINNING OF YEAR				<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Cleveland Stadium Operations				Totals			
<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance-Positive (Negative)</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance-Positive (Negative)</u>
\$ 13,500	\$ 13,500	\$ 13,570	\$ - 70	\$ 33,888	\$ 33,888	\$ 36,309	\$ 2,421
250	250	250	-	26,345	26,345	26,613	268
		6	6	1,398	1,398	1,242	(156)
				6,066	6,066	4,350	(1,716)
				15	15	48	33
						4	4
<u>13,750</u>	<u>13,750</u>	<u>13,826</u>	<u>76</u>	<u>67,712</u>	<u>67,712</u>	<u>68,566</u>	<u>854</u>
				15,207	15,207	14,014	1,193
602	602	577	25	13,712	13,712	10,704	3,008
				3,797	3,797	3,908	(111)
				4,799	4,799	4,799	-
				1,077	1,077	1,077	-
<u>602</u>	<u>602</u>	<u>577</u>	<u>25</u>	<u>38,592</u>	<u>38,592</u>	<u>34,502</u>	<u>4,090</u>
<u>13,148</u>	<u>13,148</u>	<u>13,249</u>	<u>101</u>	<u>29,120</u>	<u>29,120</u>	<u>34,064</u>	<u>4,944</u>
85	85		(85)	8,225	6,993	6,327	(666)
<u>(13,500)</u>	<u>(13,500)</u>	<u>(8,814)</u>	<u>4,686</u>	<u>(39,426)</u>	<u>(39,426)</u>	<u>(34,740)</u>	<u>4,686</u>
<u>(13,415)</u>	<u>(13,415)</u>	<u>(8,814)</u>	<u>4,601</u>	<u>(31,201)</u>	<u>(32,433)</u>	<u>(28,413)</u>	<u>4,020</u>
(267)	(267)	4,435	4,702	(2,081)	(3,313)	5,651	8,964
						178	178
<u>267</u>	<u>267</u>	<u>267</u>	<u>-</u>	<u>15,632</u>	<u>15,632</u>	<u>15,632</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,702</u>	<u>\$ 4,702</u>	<u>\$ 13,551</u>	<u>\$ 12,319</u>	<u>\$ 21,461</u>	<u>\$ 9,142</u>

(Concluded)

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, 2012**

(Amounts in 000's)

	Unvoted Tax Supported Obligations Fund			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 19,700	\$ 19,700	\$ 19,284	\$ (416)
Other taxes and shared revenues	5,009	5,009	4,985	(24)
Investment earnings	12	12	13	1
Miscellaneous				-
Total revenues	<u>24,721</u>	<u>24,721</u>	<u>24,282</u>	<u>(439)</u>
EXPENDITURES:				
Principal retirement	28,680	28,680	28,815	(135)
Interest	15,303	15,303	15,155	148
General Government				-
Total expenditures	<u>43,983</u>	<u>43,983</u>	<u>43,970</u>	<u>13</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,262)</u>	<u>(19,262)</u>	<u>(19,688)</u>	<u>(426)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in:				
From other subfunds			4,916	4,916
Restricted income tax fund	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>-</u>
Total other financing sources (uses)	<u>19,500</u>	<u>19,500</u>	<u>24,416</u>	<u>4,916</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	238	238	4,728	4,490
FUND BALANCES AT BEGINNING OF YEAR	<u>1,488</u>	<u>1,488</u>	<u>1,488</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,726</u>	<u>\$ 1,726</u>	<u>\$ 6,216</u>	<u>\$ 4,490</u>

Stadium Bond Fund				Subordinated Income Tax Fund			
Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
\$	\$	\$	\$ -	\$	\$	\$	\$ -
1	1	1	-	3	3	3	-
<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
1,090	1,090	1,090	-	2,955	2,955	2,955	-
541	541	541	-	2,647	2,647	2,647	-
<u>1,631</u>	<u>1,631</u>	<u>1,631</u>	<u>-</u>	<u>5,602</u>	<u>5,602</u>	<u>5,602</u>	<u>-</u>
(1,630)	(1,630)	(1,630)	-	(5,599)	(5,599)	(5,599)	-
1,631	1,631	1,631	-	5,677	5,677	5,677	-
<u>1,631</u>	<u>1,631</u>	<u>1,631</u>	<u>-</u>	<u>5,677</u>	<u>5,677</u>	<u>5,677</u>	<u>-</u>
1	1	1	-	78	78	78	-
<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>2,433</u>	<u>2,433</u>	<u>2,433</u>	<u>-</u>
<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2,511</u>	<u>\$ 2,511</u>	<u>\$ 2,511</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 DEBT SERVICE FUNDS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Amounts in 000's)

	Lower Euclid Avenue TIF				Core City Bonds			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Property taxes	\$	\$	\$	\$ -	\$	\$	\$	\$ -
Other taxes and shared revenues				-				-
Investment earnings				-	2	2	1	(1)
Miscellaneous				-				-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>(1)</u>
EXPENDITURES:								
Principal retirement	167	167	167	-	1,440	1,440	1,440	-
Interest	118	118	118	-	1,001	1,001	790	211
General Government				-	368	368	362	6
Total expenditures	<u>285</u>	<u>285</u>	<u>285</u>	<u>-</u>	<u>2,809</u>	<u>2,809</u>	<u>2,592</u>	<u>217</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(285)</u>	<u>(285)</u>	<u>(285)</u>	<u>-</u>	<u>(2,807)</u>	<u>(2,807)</u>	<u>(2,591)</u>	<u>216</u>
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds	295	295	391	96	1,859	1,859	2,329	470
Restricted income tax fund				-				-
Total other financing sources (uses)	<u>295</u>	<u>295</u>	<u>391</u>	<u>96</u>	<u>1,859</u>	<u>1,859</u>	<u>2,329</u>	<u>470</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>10</u>	<u>10</u>	<u>106</u>	<u>96</u>	<u>(948)</u>	<u>(948)</u>	<u>(262)</u>	<u>686</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>255</u>	<u>255</u>	<u>255</u>	<u>-</u>	<u>3,975</u>	<u>3,975</u>	<u>3,975</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 265</u>	<u>\$ 265</u>	<u>\$ 361</u>	<u>\$ 96</u>	<u>\$ 3,027</u>	<u>\$ 3,027</u>	<u>\$ 3,713</u>	<u>\$ 686</u>

Subordinate Lien Income Tax Bonds				Totals			
Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
\$	\$	\$	\$ -	\$ 19,700	\$ 19,700	\$ 19,284	\$ (416)
			-	5,009	5,009	4,985	(24)
5	5	3	(2)	23	23	21	(2)
546	546	546	-	546	546	546	-
551	551	549	(2)	25,278	25,278	24,836	(442)
3,305	3,305	3,305	-	37,637	37,637	37,772	(135)
3,676	3,676	3,676	-	23,286	23,286	22,927	359
			-	368	368	362	6
6,981	6,981	6,981	-	61,291	61,291	61,061	230
(6,430)	(6,430)	(6,432)	(2)	(36,013)	(36,013)	(36,225)	(212)
			-	9,462	9,462	14,944	5,482
6,426	6,426	6,426	-	25,926	25,926	25,926	-
6,426	6,426	6,426	-	35,388	35,388	40,870	5,482
(4)	(4)	(6)	(2)	(625)	(625)	4,645	5,270
2,302	2,302	2,302	-	10,454	10,454	10,454	-
\$ 2,298	\$ 2,298	\$ 2,296	\$ (2)	\$ 9,829	\$ 9,829	\$ 15,099	\$ 5,270

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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.

Public Auditorium

The Public Auditorium is a multi-purpose performing arts, entertainment and conference center. It was constructed in the grand opera tradition and features a spacious 21,780 square foot registration lobby, a 10,000 seat auditorium, the 3,000 seat Cleveland Music Hall and 600 seat Little Theater.

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. Currently, both City golf courses are being leased out. Seneca is being leased by Cleveland Metroparks and Highland is leased by Mark A Nance Golf Ohio.

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS

DECEMBER 31, 2012

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Public Auditorium</u>	<u>West Side Market</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 48,630	\$ 86	\$ 1,232
Receivables:			
Accounts	89,141	210	
Unbilled revenue	2,831		
Less: Allowance for doubtful accounts	<u>(3,007)</u>	<u>(44)</u>	
Receivables, net	<u>88,965</u>	<u>166</u>	<u>-</u>
Due from other funds	495		
Inventory of supplies	<u>362</u>		
Total current assets	<u>138,452</u>	<u>252</u>	<u>1,232</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>586</u>		
Total restricted assets	<u>586</u>	<u>-</u>	<u>-</u>
Unamortized bond issuance costs			
Capital assets:			
Land	297	4,261	198
Land improvements			
Utility plant	137,728		
Buildings, structures and improvements	8,963	20,166	13,002
Furniture, fixtures, equipment and vehicles	13,046	1,112	1,707
Construction in progress	6,143	5,040	174
Less: Accumulated depreciation	<u>(97,468)</u>	<u>(21,208)</u>	<u>(7,193)</u>
Total capital assets, net	<u>68,709</u>	<u>9,371</u>	<u>7,888</u>
Total noncurrent assets	<u>69,295</u>	<u>9,371</u>	<u>7,888</u>
TOTAL ASSETS	<u>\$ 207,747</u>	<u>\$ 9,623</u>	<u>\$ 9,120</u>

<u>East Side Market</u>	<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 68	\$ 5,449	\$ 107	\$ 107	\$ 55,679
	18		180	89,549
				2,831
				(3,051)
<u>-</u>	<u>18</u>	<u>-</u>	<u>180</u>	<u>89,329</u>
	51			546
	139	1		502
<u>68</u>	<u>5,657</u>	<u>108</u>	<u>287</u>	<u>146,056</u>
	8,762	6,579		15,927
<u>-</u>	<u>8,762</u>	<u>6,579</u>	<u>-</u>	<u>15,927</u>
	1,288			1,288
414	5,478	1,259	1,822	13,729
484	1,256	955	4,033	6,728
				137,728
2,400	53,719	6,148	1,815	106,213
450	1,290	799	499	18,903
	440	4,535		16,332
<u>(2,404)</u>	<u>(25,525)</u>	<u>(3,438)</u>	<u>(4,715)</u>	<u>(161,951)</u>
<u>1,344</u>	<u>36,658</u>	<u>10,258</u>	<u>3,454</u>	<u>137,682</u>
<u>1,344</u>	<u>46,708</u>	<u>16,837</u>	<u>3,454</u>	<u>154,897</u>
<u>\$ 1,412</u>	<u>\$ 52,365</u>	<u>\$ 16,945</u>	<u>\$ 3,741</u>	<u>\$ 300,953</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS

DECEMBER 31, 2012

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Public Auditorium</u>	<u>West Side Market</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,409	\$ 88	\$ 151
Accrued wages and benefits	1,557	111	39
Due to other funds	11,399	35	17
Due to other governments	90,704		
Accrued interest payable			
Current portion of long-term obligations	<u>525</u>		
Total current liabilities	<u>106,594</u>	<u>234</u>	<u>207</u>
Long-term liabilities:			
Accrued wages and benefits	136	17	4
Construction loans payable	1,813		
Revenue bonds payable			
Total liabilities	<u>108,543</u>	<u>251</u>	<u>211</u>
DEFERRED INFLOWS OF RESOURCES			
Derivative instruments-interest rate swaps			
Service concession agreements			
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	66,371	9,371	7,888
Restricted for capital projects	178		
Restricted for debt service			
Unrestricted	<u>32,655</u>	<u>1</u>	<u>1,021</u>
Total net position	<u>99,204</u>	<u>9,372</u>	<u>8,909</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 207,747</u>	<u>\$ 9,623</u>	<u>\$ 9,120</u>

<u>East Side Market</u>	<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$	\$	\$	\$	\$
	214	8		2,870
	150	147	29	2,033
	117	10	6	11,584
	221			90,925
	470			470
	<u>2,520</u>			<u>3,045</u>
<u>-</u>	<u>3,692</u>	<u>165</u>	<u>35</u>	<u>110,927</u>
	26	23		206
				1,813
	<u>28,103</u>			<u>28,103</u>
<u>-</u>	<u>31,821</u>	<u>188</u>	<u>35</u>	<u>141,049</u>
	365			365
			176	176
<u>-</u>	<u>365</u>	<u>-</u>	<u>176</u>	<u>541</u>
1,344	9,272	10,258	3,454	107,958
	5,525			178
68	<u>5,382</u>	<u>6,499</u>	<u>76</u>	<u>5,525</u>
<u>1,412</u>	<u>20,179</u>	<u>16,757</u>	<u>3,530</u>	<u>45,702</u>
<u>1,412</u>	<u>52,365</u>	<u>16,945</u>	<u>3,741</u>	<u>300,953</u>

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION-NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Public Auditorium</u>	<u>West Side Market</u>
OPERATING REVENUES:			
Charges for services	\$ 22,876	\$ 1,226	\$ 1,302
Total operating revenue	<u>22,876</u>	<u>1,226</u>	<u>1,302</u>
OPERATING EXPENSES:			
Operations	10,194	2,408	1,040
Maintenance	9,075	13	13
Depreciation	5,108	14	685
Total operating expenses	<u>24,377</u>	<u>2,435</u>	<u>1,738</u>
OPERATING INCOME (LOSS)	<u>(1,501)</u>	<u>(1,209)</u>	<u>(436)</u>
NON-OPERATING REVENUE (EXPENSES):			
Investment income	59		2
Interest expense	(102)		
Loss on disposal of capital assets			
Other revenues (expenses)	21		(1)
Total non-operating revenues (expenses)	<u>(22)</u>	<u>-</u>	<u>1</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(1,523)</u>	<u>(1,209)</u>	<u>(435)</u>
Capital contributions	343	3,645	210
Transfers in		1,297	
CHANGE IN NET POSITION	<u>(1,180)</u>	<u>3,733</u>	<u>(225)</u>
NET POSITION AT BEGINNING OF YEAR	<u>100,384</u>	<u>5,639</u>	<u>9,134</u>
NET POSITION AT END OF YEAR	<u>\$ 99,204</u>	<u>\$ 9,372</u>	<u>\$ 8,909</u>

<u>East Side Market</u>	<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$	\$	\$	\$	\$
	7,735	1,495	536	35,170
-	7,735	1,495	536	35,170
32	3,797	1,567	789	19,827
	99	1	16	9,217
60	1,405	253	159	7,684
92	5,301	1,821	964	36,728
(92)	2,434	(326)	(428)	(1,558)
	423			484
	(1,853)			(1,955)
	(227)	64	(8)	(8)
			66	(77)
-	(1,657)	64	58	(1,556)
(92)	777	(262)	(370)	(3,114)
	490	928		5,616
		60	232	1,589
(92)	1,267	726	(138)	4,091
1,504	18,912	16,031	3,668	155,272
\$ 1,412	\$ 20,179	\$ 16,757	\$ 3,530	\$ 159,363

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Public Auditorium</u>	<u>West Side Market</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 22,996	\$ 1,146	\$ 1,302
Cash payments to suppliers for goods or services	(5,484)	(1,186)	(632)
Cash payments to employees for services	(9,947)	(1,258)	(391)
Agency activity on behalf of other sewer authorities	6,265		
Net cash provided by (used for) operating activities	<u>13,830</u>	<u>(1,298)</u>	<u>279</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received through transfers from other funds		1,297	
Miscellaneous non-operating revenue (expense)			
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>1,297</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(3,996)		
Principal paid on long-term debt	(505)		
Interest paid on long-term debt	(102)		
Capital grant proceeds	289		
Net cash provided by (used for) capital and related financing activities	<u>(4,314)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investment securities			
Proceeds from sale and maturity of investment securities			
Interest received on investments	59		2
Net cash provided by (used for) investing activities	<u>59</u>	<u>-</u>	<u>2</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,575	(1)	281
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>39,641</u>	<u>87</u>	<u>951</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 49,216</u>	<u>\$ 86</u>	<u>\$ 1,232</u>

<u>East Side Market</u>	<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$	\$	\$	\$	\$
	7,939	1,511	532	35,426
(41)	(3,474)	(422)	(416)	(11,655)
	(1,091)	(1,150)	(419)	(14,256)
				6,265
<u>(41)</u>	<u>3,374</u>	<u>(61)</u>	<u>(303)</u>	<u>15,780</u>
		60	232	1,589
		75	70	145
<u>-</u>	<u>-</u>	<u>135</u>	<u>302</u>	<u>1,734</u>
				(3,996)
	(2,420)			(2,925)
	(1,705)			(1,807)
				289
<u>-</u>	<u>(4,125)</u>	<u>-</u>	<u>-</u>	<u>(8,439)</u>
		6,022		6,022
	4,095			4,095
	12	38		111
<u>-</u>	<u>4,107</u>	<u>6,060</u>	<u>-</u>	<u>10,228</u>
(41)	3,356	6,134	(1)	19,303
<u>109</u>	<u>10,855</u>	<u>552</u>	<u>108</u>	<u>52,303</u>
<u>\$ 68</u>	<u>\$ 14,211</u>	<u>\$ 6,686</u>	<u>\$ 107</u>	<u>\$ 71,606</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Amounts in 000's)

	<u>Water Pollution Control</u>	<u>Public Auditorium</u>	<u>West Side Market</u>
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED FOR)			
OPERATING ACTIVITIES:			
Operating income (loss)	\$ (1,501)	\$ (1,209)	\$ (436)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	5,108	14	685
Write-off of bad debt expense	20,000		
Changes in assets and liabilities:			
Receivables, net	3,259	(80)	
Due from other funds	(79)		
Inventory of supplies	(43)		
Accounts payable	253	(11)	19
Accrued wages and benefits	(13)	(4)	
Due to other funds	1,979	(8)	11
Due to other governments	(15,133)		
Total adjustments	<u>15,331</u>	<u>(89)</u>	<u>715</u>
NET CASH PROVIDED BY (USED FOR)			
OPERATING ACTIVITIES	<u>\$ 13,830</u>	<u>\$ (1,298)</u>	<u>\$ 279</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED			
FINANCING ACTIVITIES:			
Contributions of capital assets		\$ 3,645	\$ 210

<u>East Side Market</u>	<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ (92)	\$ 2,434	\$ (326)	\$ (428)	\$ (1,558)
60	1,405	253	159	7,684
	(11)	16	(4)	3,180
	(3)			(82)
	(3)		6	(40)
(9)	(539)	4	(1)	(284)
	5	6	(40)	(46)
	50	(14)	5	2,023
	36			(15,097)
<u>51</u>	<u>940</u>	<u>265</u>	<u>125</u>	<u>17,338</u>
<u>\$ (41)</u>	<u>\$ 3,374</u>	<u>\$ (61)</u>	<u>\$ (303)</u>	<u>\$ 15,780</u>

\$ 490 \$ 928 \$ 5,273

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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 STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS

DECEMBER 31, 2012

(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	\$ 4,756	\$ 598	\$ 44	\$ 770
Due from other funds	1,690	244	37	
Inventory of supplies	<u>1,079</u>	<u>142</u>		
Total current assets	<u>7,525</u>	<u>984</u>	<u>81</u>	<u>770</u>
Capital assets:				
Land	663			
Land improvements	146			
Buildings, structures and improvements	2,673	884		
Furniture, fixtures, equipment and vehicles	6,967	1,153		1,186
Construction in progress	488			
Less: Accumulated depreciation	<u>(8,004)</u>	<u>(1,113)</u>		<u>(746)</u>
Total capital assets, net	<u>2,933</u>	<u>924</u>	<u>-</u>	<u>440</u>
Total noncurrent assets	<u>2,933</u>	<u>924</u>	<u>-</u>	<u>440</u>
TOTAL ASSETS	<u>\$ 10,458</u>	<u>\$ 1,908</u>	<u>\$ 81</u>	<u>\$ 1,210</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>
\$ 43	\$ 1,783	\$ 542	\$ 1,747	\$ 7,870	\$ 18,153
150		871	162	6,047	9,201
					1,221
<u>193</u>	<u>1,783</u>	<u>1,413</u>	<u>1,909</u>	<u>13,917</u>	<u>28,575</u>
					663
					146
					3,557
	65	117	25		9,513
					488
	(14)	(117)	(18)		(10,012)
<u>-</u>	<u>51</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>4,355</u>
<u>-</u>	<u>51</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>4,355</u>
<u>\$ 193</u>	<u>\$ 1,834</u>	<u>\$ 1,413</u>	<u>\$ 1,916</u>	<u>\$ 13,917</u>	<u>\$ 32,930</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2012
(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	\$ 867	\$ 187	\$ 1	\$ 24
Accrued wages and benefits	732	101	37	710
Due to other funds	57	26		6
Due to other governments				
Total current liabilities	<u>1,656</u>	<u>314</u>	<u>38</u>	<u>740</u>
Long-term liabilities:				
Accrued wages and benefits	<u>170</u>	<u>20</u>	<u>2</u>	<u>130</u>
Total liabilities	<u>1,826</u>	<u>334</u>	<u>40</u>	<u>870</u>
NET POSITION				
Net investment in capital assets	2,933	924		440
Unrestricted	<u>5,699</u>	<u>650</u>	<u>41</u>	<u>(100)</u>
Total net position	<u>8,632</u>	<u>1,574</u>	<u>41</u>	<u>340</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 10,458</u>	<u>\$ 1,908</u>	<u>\$ 81</u>	<u>\$ 1,210</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>
\$ 17	\$ 162	\$ 651	\$ 337	\$	\$ 2,246
19	718	132	50		2,499
	113		2		204
	736		19		755
<u>36</u>	<u>1,729</u>	<u>783</u>	<u>408</u>	<u>-</u>	<u>5,704</u>
<u>7</u>	<u>105</u>	<u>36</u>	<u>22</u>	<u>13,917</u>	<u>14,409</u>
<u>43</u>	<u>1,834</u>	<u>819</u>	<u>430</u>	<u>13,917</u>	<u>20,113</u>
	51		7		4,355
<u>150</u>	<u>(51)</u>	<u>594</u>	<u>1,479</u>		<u>8,462</u>
<u>150</u>	<u>-</u>	<u>594</u>	<u>1,486</u>	<u>-</u>	<u>12,817</u>
<u>\$ 193</u>	<u>\$ 1,834</u>	<u>\$ 1,413</u>	<u>\$ 1,916</u>	<u>\$ 13,917</u>	<u>\$ 32,930</u>

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Amounts in 000's)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
OPERATING REVENUES:				
Charges for services	\$ 19,779	\$ 2,102	\$ 501	\$ 5,880
Total operating revenue	<u>19,779</u>	<u>2,102</u>	<u>501</u>	<u>5,880</u>
OPERATING EXPENSES:				
Operations	17,680	2,035	555	5,692
Maintenance	952	76		96
Depreciation	311	127		197
Total operating expenses	<u>18,943</u>	<u>2,238</u>	<u>555</u>	<u>5,985</u>
OPERATING INCOME (LOSS)	<u>836</u>	<u>(136)</u>	<u>(54)</u>	<u>(105)</u>
NON-OPERATING REVENUES (EXPENSES):				
Investment income	8	1		1
Loss on disposal of capital assets	<u>(68)</u>			
Total non-operating revenues (expenses)	<u>(60)</u>	<u>1</u>	<u>-</u>	<u>1</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	776	(135)	(54)	(104)
Capital contributions	882			
Transfers in				
CHANGE IN NET POSITION	1,658	(135)	(54)	(104)
NET POSITION AT BEGINNING OF YEAR	<u>6,974</u>	<u>1,709</u>	<u>95</u>	<u>444</u>
NET POSITION AT END OF YEAR	<u>\$ 8,632</u>	<u>\$ 1,574</u>	<u>\$ 41</u>	<u>\$ 340</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>
\$ 216	\$ 8,184	\$ 6,361	\$ 2,505	\$ 1,441	\$ 46,969
<u>216</u>	<u>8,184</u>	<u>6,361</u>	<u>2,505</u>	<u>1,441</u>	<u>46,969</u>
823	8,083	5,262	929	1,441	42,500
	97	70	804		2,095
	11		3		649
<u>823</u>	<u>8,191</u>	<u>5,332</u>	<u>1,736</u>	<u>1,441</u>	<u>45,244</u>
<u>(607)</u>	<u>(7)</u>	<u>1,029</u>	<u>769</u>	<u>-</u>	<u>1,725</u>
	7	1	3		21
					<u>(68)</u>
<u>-</u>	<u>7</u>	<u>1</u>	<u>3</u>	<u>-</u>	<u>(47)</u>
(607)	-	1,030	772	-	1,678
					882
<u>726</u>					<u>726</u>
119	-	1,030	772	-	3,286
<u>31</u>		<u>(436)</u>	<u>714</u>		<u>9,531</u>
<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 594</u>	<u>\$ 1,486</u>	<u>\$ -</u>	<u>\$ 12,817</u>

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(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	\$ 19,795	\$ 2,188	\$ 494
Cash payments to suppliers for goods or services	(13,440)	(1,196)	(504)
Cash payments to employees for services	<u>(5,066)</u>	<u>(805)</u>	<u>(57)</u>
Net cash provided by (used for) operating activities	<u>1,289</u>	<u>187</u>	<u>(67)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received through transfers from 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 CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	<u>-</u>	<u>(91)</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(91)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	<u>8</u>	<u>1</u>	<u>-</u>
Net cash provided by investing activities	<u>8</u>	<u>1</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,297	97	(67)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,459</u>	<u>501</u>	<u>111</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,756</u>	<u>\$ 598</u>	<u>\$ 44</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 836	\$ (136)	\$ (54)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	311	127	
Change in assets and liabilities:			
Due from other funds	15	86	(6)
Inventory of supplies		3	
Accounts payable	57	108	(2)
Accrued wages and benefits	32	(3)	24
Due to other funds	38	2	(29)
Due to other governments			
Total adjustments	<u>453</u>	<u>323</u>	<u>(13)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 1,289</u>	<u>\$ 187</u>	<u>\$ (67)</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>
\$ 5,880	\$ 158	\$ 8,604	\$ 5,865	\$ 2,594	\$	\$ 45,578
(906)	(661)	(2,932)	(4,499)	(1,411)		(25,549)
(4,872)	(183)	(5,168)	(1,141)	(441)		(17,733)
<u>102</u>	<u>(686)</u>	<u>504</u>	<u>225</u>	<u>742</u>	<u>-</u>	<u>2,296</u>
	<u>726</u>					<u>726</u>
<u>-</u>	<u>726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>726</u>
<u>(40)</u>						<u>(131)</u>
<u>(40)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131)</u>
<u>1</u>		<u>7</u>	<u>1</u>	<u>3</u>		<u>21</u>
<u>1</u>	<u>-</u>	<u>7</u>	<u>1</u>	<u>3</u>	<u>-</u>	<u>21</u>
63	40	511	226	745	-	2,912
<u>707</u>	<u>3</u>	<u>1,272</u>	<u>316</u>	<u>1,002</u>	<u>7,870</u>	<u>15,241</u>
<u>\$ 770</u>	<u>\$ 43</u>	<u>\$ 1,783</u>	<u>\$ 542</u>	<u>\$ 1,747</u>	<u>\$ 7,870</u>	<u>\$ 18,153</u>
\$ (105)	\$ (607)	\$ (7)	\$ 1,029	\$ 769	\$	\$ 1,725
197		11		3		649
	(58)		(495)	89	1,441	1,072
(1)	12	22	(271)	(125)		3
10	(33)	70	(38)	(13)	(1,441)	(200)
1		(11)				(1,392)
		419		19		1
<u>207</u>	<u>(79)</u>	<u>511</u>	<u>(804)</u>	<u>(27)</u>	<u>-</u>	<u>438</u>
<u>\$ 102</u>	<u>\$ (686)</u>	<u>\$ 504</u>	<u>\$ 225</u>	<u>\$ 742</u>	<u>\$ -</u>	<u>\$ 2,296</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, 2012**

(Amounts in 000's)

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year
MUNICIPAL COURTS				
ASSETS				
Cash and cash equivalents	\$ 4,784	\$ 17,984	\$ 19,046	\$ 3,722
Total assets	<u>\$ 4,784</u>	<u>\$ 17,984</u>	<u>\$ 19,046</u>	<u>\$ 3,722</u>
LIABILITIES				
Due to others	\$ 4,784	\$ 15,213	\$ 16,275	\$ 3,722
Total liabilities	<u>\$ 4,784</u>	<u>\$ 15,213</u>	<u>\$ 16,275</u>	<u>\$ 3,722</u>
 CENTRAL COLLECTION AGENCY				
ASSETS				
Cash and cash equivalents	\$ 6,371	\$ 5,622	\$ 6,371	\$ 5,622
Taxes receivable	19,361	19,699	19,361	19,699
Due from other governments	<u>721</u>	<u>1,171</u>	<u>721</u>	<u>1,171</u>
Total assets	<u>\$ 26,453</u>	<u>\$ 26,492</u>	<u>\$ 26,453</u>	<u>\$ 26,492</u>
LIABILITIES				
Due to other governments	\$ 26,453	\$ 26,492	\$ 26,453	\$ 26,492
Total liabilities	<u>\$ 26,453</u>	<u>\$ 26,492</u>	<u>\$ 26,453</u>	<u>\$ 26,492</u>

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Amounts in 000's)**

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
OTHER AGENCIES				
ASSETS				
Cash and cash equivalents	\$ 19,541	\$ 311,924	\$ 317,695	\$ 13,770
Total assets	<u>\$ 19,541</u>	<u>\$ 311,924</u>	<u>\$ 317,695</u>	<u>\$ 13,770</u>
LIABILITIES				
Due to others	\$ 19,541	\$ 311,924	\$ 317,695	\$ 13,770
Total liabilities	<u>\$ 19,541</u>	<u>\$ 311,924</u>	<u>\$ 317,695</u>	<u>\$ 13,770</u>
 TOTALS-ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 30,696	\$ 335,530	\$ 343,112	\$ 23,114
Taxes receivable	19,361	19,699	19,361	19,699
Due from other governments	<u>721</u>	<u>1,171</u>	<u>721</u>	<u>1,171</u>
Total assets	<u>\$ 50,778</u>	<u>\$ 356,400</u>	<u>\$ 363,194</u>	<u>\$ 43,984</u>
LIABILITIES				
Due to other governments	\$ 26,453	\$ 26,492	\$ 26,453	\$ 26,492
Due to others	<u>24,325</u>	<u>327,137</u>	<u>333,970</u>	<u>17,492</u>
Total liabilities	<u>\$ 50,778</u>	<u>\$ 353,629</u>	<u>\$ 360,423</u>	<u>\$ 43,984</u>

(Concluded)

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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 TYPE*

DECEMBER 31, 2012

(Amounts in 000's)

Governmental Funds Capital Assets:

Land	\$ 65,525
Land improvements	157,405
Buildings, structures and improvements	619,225
Furniture, fixtures, equipment and vehicles	182,902
Infrastructure	559,464
Construction in progress	<u>114,892</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 1,699,413</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, 2012**

(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	\$ 340,178	\$ 208	\$ 1,484	\$ 305,566	\$ 24,654	\$ 3,890	\$ 4,376
City Hall	27,360	877		22,510			3,973
Engineering and construction	506,442		26,647		1,849	426,818	51,128
Justice Center	29,768			28,922	846		
Research, planning and development	49,025	903	39,786	3,815	62	2,997	1,462
Charles V. Carr Municipal Center	647		15	632			
Total general government	<u>953,420</u>	<u>1,988</u>	<u>67,932</u>	<u>361,445</u>	<u>27,411</u>	<u>433,705</u>	<u>60,939</u>
Public Works:							
Waste collection	30,734	499		8,269	20,004	1,460	502
Streets	149,001	1,540	11,602	14,393	19,444	96,229	5,793
Traffic engineering	5,208			813	2,178	2,200	17
Park maintenance and properties	98,606	36,852	23,388	18,679	16,470	271	2,946
Recreation	121,656	976	46,051	65,068	2,440		7,121
Other	49,732	2,669		32,631	929		13,503
Total public works	<u>454,937</u>	<u>42,536</u>	<u>81,041</u>	<u>139,853</u>	<u>61,465</u>	<u>100,160</u>	<u>29,882</u>
Public Safety:							
Police	125,086	4,805	573	59,187	47,958	162	12,401
Fire	65,118	1,663		29,240	32,737		1,478
Emergency medical service	15,678			1,090	8,930	5,614	44
Correction	7,588	264		6,570	731		23
Dog pound	1,136			868	265		3
Total public safety	<u>214,606</u>	<u>6,732</u>	<u>573</u>	<u>96,955</u>	<u>90,621</u>	<u>5,776</u>	<u>13,949</u>
Public Health:							
Health and environment	13,530	1,112	208	10,528	1,585	56	41
Total public health	<u>13,530</u>	<u>1,112</u>	<u>208</u>	<u>10,528</u>	<u>1,585</u>	<u>56</u>	<u>41</u>
Community Development:							
Community development	45,841	7,130	7,376	9,384	1,382	15,807	4,762
Total community development	<u>45,841</u>	<u>7,130</u>	<u>7,376</u>	<u>9,384</u>	<u>1,382</u>	<u>15,807</u>	<u>4,762</u>
Economic Development:							
Economic development	12,740	6,027	275	740		379	5,319
Total economic development	<u>12,740</u>	<u>6,027</u>	<u>275</u>	<u>740</u>	<u>-</u>	<u>379</u>	<u>5,319</u>
Building and Housing:							
Building and housing	4,339			320	438	3,581	
Total building and housing	<u>4,339</u>	<u>-</u>	<u>-</u>	<u>320</u>	<u>438</u>	<u>3,581</u>	<u>-</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 1,699,413</u>	<u>\$ 65,525</u>	<u>\$ 157,405</u>	<u>\$ 619,225</u>	<u>\$ 182,902</u>	<u>\$ 559,464</u>	<u>\$ 114,892</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, 2012

(Amounts in 000's)

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	Balance December 31, <u>2012</u>
General Government:					
General government	\$ 339,976	\$ 219	\$ (41)	\$ 24	\$ 340,178
City Hall	26,058	1,302			27,360
Engineering and construction	474,048	27,553	(16)	4,857	506,442
Justice Center	29,768				29,768
Research, planning and development	53,606	2,010	(11)	(6,580)	49,025
Charles V. Carr Municipal Center	647				647
Total general government	<u>924,103</u>	<u>31,084</u>	<u>(68)</u>	<u>(1,699)</u>	<u>953,420</u>
Public Works:					
Waste collection	28,747	3,348	(1,143)	(218)	30,734
Streets	139,293	10,271	(1,619)	1,056	149,001
Traffic engineering	5,267			(59)	5,208
Park maintenance and properties	97,339	1,825	(285)	(273)	98,606
Recreation	111,286	9,518		852	121,656
Other	49,705	47	(20)		49,732
Total public works	<u>431,637</u>	<u>25,009</u>	<u>(3,067)</u>	<u>1,358</u>	<u>454,937</u>
Public Safety:					
Police	121,981	4,407	(904)	(398)	125,086
Fire	62,891	2,303		(76)	65,118
Emergency medical service	15,703	519	(585)	41	15,678
Correction	7,613	19	(28)	(16)	7,588
Dog pound	1,154			(18)	1,136
Total public safety	<u>209,342</u>	<u>7,248</u>	<u>(1,517)</u>	<u>(467)</u>	<u>214,606</u>
Public Health:					
Health and environment	13,277	209	(18)	62	13,530
Total public health	<u>13,277</u>	<u>209</u>	<u>(18)</u>	<u>62</u>	<u>13,530</u>
Community Development:					
Community development	45,785	65	(9)		45,841
Total community development	<u>45,785</u>	<u>65</u>	<u>(9)</u>	<u>-</u>	<u>45,841</u>
Economic Development:					
Economic development	10,590	2,150			12,740
Total economic development	<u>10,590</u>	<u>2,150</u>	<u>-</u>	<u>-</u>	<u>12,740</u>
Building and Housing:					
Building and housing	4,339				4,339
Total building and housing	<u>4,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,339</u>
TOTAL GOVERNMENTAL FUNDS					
CAPITAL ASSETS	<u>\$ 1,639,073</u>	<u>\$ 65,765</u>	<u>\$ (4,679)</u>	<u>\$ (746)</u>	<u>\$ 1,699,413</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

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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.

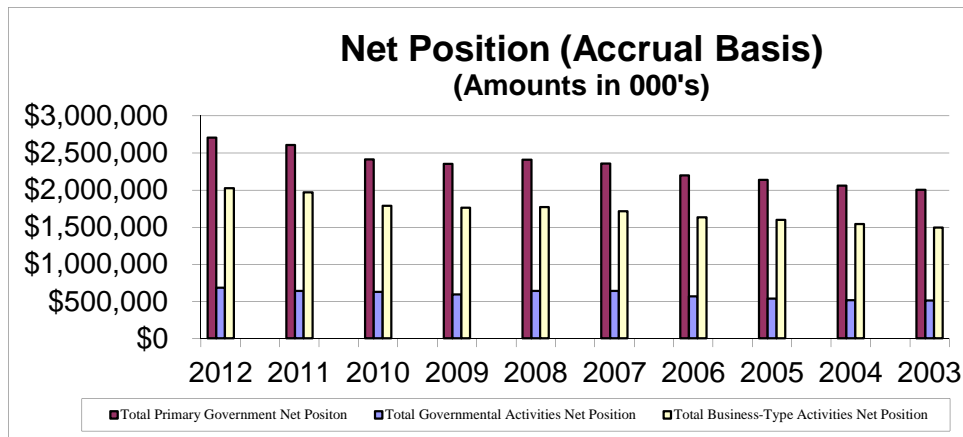
<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	S3-S6
Revenue Capacity	
These schedules contain information to help the reader assess the City’s most significant 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.

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

	<u>2012</u>	<u>2011</u> (Restated)	<u>2010</u>	<u>2009</u>
Governmental Activities				
Net investment in capital assets	\$572,213	\$543,460	\$557,804	\$561,586
Restricted	122,488	117,765	159,942	166,280
Unrestricted	<u>(12,383)</u>	<u>(19,771)</u>	<u>(90,565)</u>	<u>(134,033)</u>
<i>Total Governmental Activities Net Position</i>	<u>\$682,318</u>	<u>\$641,454</u>	<u>\$627,181</u>	<u>\$593,833</u>
Business-Type Activities				
Net investment in capital assets	\$1,303,584	\$1,295,139	\$1,080,332	\$1,016,182
Restricted	227,826	234,050	243,511	275,907
Unrestricted	<u>492,956</u>	<u>438,767</u>	<u>462,397</u>	<u>469,010</u>
<i>Total Business-Type Activities Net Position</i>	<u>\$2,024,366</u>	<u>\$1,967,956</u>	<u>\$1,786,240</u>	<u>\$1,761,099</u>
Primary Government				
Net investment in capital assets	\$1,875,797	\$1,838,599	\$1,638,136	\$1,577,768
Restricted	350,314	351,815	403,453	442,187
Unrestricted	<u>480,573</u>	<u>418,996</u>	<u>371,832</u>	<u>334,977</u>
<i>Total Primary Government Net Position</i>	<u>\$2,706,684</u>	<u>\$2,609,410</u>	<u>\$2,413,421</u>	<u>\$2,354,932</u>

2008	2007	2006	2005	2004	2003
\$555,076	\$484,758	\$412,430	\$395,600	\$371,601	\$365,946
179,318	214,811	211,361	193,529	199,038	193,872
(95,968)	(59,630)	(56,318)	(52,676)	(53,281)	(50,673)
<u>\$638,426</u>	<u>\$639,939</u>	<u>\$567,473</u>	<u>\$536,453</u>	<u>\$517,358</u>	<u>\$509,145</u>
\$985,556	\$957,587	\$886,978	\$838,164	\$780,436	\$706,207
272,613	252,514	247,802	287,039	285,256	298,663
512,876	506,745	496,624	474,875	478,229	489,211
<u>\$1,771,045</u>	<u>\$1,716,846</u>	<u>\$1,631,404</u>	<u>\$1,600,078</u>	<u>\$1,543,921</u>	<u>\$1,494,081</u>
\$1,540,632	\$1,442,345	\$1,299,408	\$1,233,764	\$1,152,037	\$1,072,153
451,931	467,325	459,163	480,568	484,294	492,535
416,908	447,115	440,306	422,199	424,948	438,538
<u>\$2,409,471</u>	<u>\$2,356,785</u>	<u>\$2,198,877</u>	<u>\$2,136,531</u>	<u>\$2,061,279</u>	<u>\$2,003,226</u>



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

	2012	2011	2010	2009
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government (1)	\$30,696	\$32,336	\$31,570	\$34,937
Public Works (1)	18,369	16,271		5,517
Public Service (1)			12,024	
Public Safety	15,049	15,034	13,839	18,296
Community Development (1)				
Building and Housing	5,757	18,072	7,327	13,402
Public Health	2,967	2,931	3,033	3,187
Parks, Recreation and Properties (1)			8,047	1,129
Economic Development	100	37	1,469	759
Subtotal - Charges for Services	<u>72,938</u>	<u>84,681</u>	<u>77,309</u>	<u>77,227</u>
Operating Grants and Contributions:				
General Government (1)	4,345	3,673	1,348	1,121
Public Works (1)	28,342	27,364		
Public Service (1)			13,821	13,469
Public Safety	13,805	12,497	8,647	13,192
Community Development	69,004	68,887	73,563	41,490
Building and Housing	6,679	5,698	9,064	11,857
Public Health	10,321	13,228	12,693	15,048
Parks, Recreation and Properties (1)			13,830	14,404
Economic Development	11,387	4,008	8,156	23,984
Subtotal - Operating Grants and Contributions	<u>143,883</u>	<u>135,355</u>	<u>141,122</u>	<u>134,565</u>
Capital Grants and Contributions:				
General Government	1,330	23	41	
Public Works (1)	24,515	13,982		
Public Service (1)			11,179	11,680
Public Safety				
Community Development				
Parks, Recreation and Properties (1)				
Subtotal - Capital Grants and Contributions	<u>25,845</u>	<u>14,005</u>	<u>11,220</u>	<u>11,680</u>
<i>Total Governmental Activities Program Revenues</i>	<u>242,666</u>	<u>234,041</u>	<u>229,651</u>	<u>223,472</u>
Business-Type Activities:				
Charges for Services:				
Water	280,323	236,626	237,270	228,235
Electricity	165,227	168,448	166,665	155,865
Airport facilities	116,694	114,967	106,696	98,143
Nonmajor activities	35,188	34,600	39,358	43,110
Subtotal - Charges for Services	<u>597,432</u>	<u>554,641</u>	<u>549,989</u>	<u>525,353</u>
Operating Grants and Contributions:				
Water	4,567	3,305	3,553	4,917
Electricity	97	883	566	169
Airport facilities	177		619	1,232
Nonmajor activities	478	278	4,051	3,857
Subtotal - Operating Grants and Contributions	<u>5,319</u>	<u>4,466</u>	<u>8,789</u>	<u>10,175</u>
Capital Grants and Contributions:				
Water	21,800	2,284	7,645	1,677
Electricity	964	206	1,035	
Airport facilities	25,025	56,385	57,089	44,219
Nonmajor activities	5,773	5,716	19,765	5,429
Subtotal - Capital Grants and Contributions	<u>53,562</u>	<u>64,591</u>	<u>85,534</u>	<u>51,325</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>656,313</u>	<u>623,698</u>	<u>644,312</u>	<u>586,853</u>
<i>Total Primary Government Program Revenues</i>	<u>\$898,979</u>	<u>\$857,739</u>	<u>\$873,963</u>	<u>\$810,325</u>

2008	2007	2006	2005	2004	2003
\$36,824	\$30,470	\$32,311	\$22,174	\$22,143	\$32,878
5,517	4,490	5,158	6,208	5,030	4,802
21,709	21,087	12,773	15,953	16,046	18,822
5,440	1,203	2			
12,323	10,528	10,701	10,871	11,948	9,673
2,893	2,979	2,898	2,918	2,262	2,861
1,351	1,160	746	913	692	1,228
1,057	471	4,496	46	118	2,269
<u>87,114</u>	<u>72,388</u>	<u>69,085</u>	<u>59,083</u>	<u>58,239</u>	<u>72,533</u>
1,789	1,994	1,508	1,876	1,865	2,588
14,317	14,459	14,230	14,234	13,798	12,873
7,448	5,789	9,364	9,153	7,561	9,677
42,129	50,344	56,882	51,848	59,734	63,295
1,106	3,353	3,407			
12,786	14,079	13,838	10,963	8,778	7,357
16,417	16,123	16,232	354	2,427	343
33,121	21,077	40,397	42,164	30,704	30,551
<u>129,113</u>	<u>127,218</u>	<u>155,858</u>	<u>130,592</u>	<u>124,867</u>	<u>126,684</u>
3,057	5,380	23,839	26,899	14,745	13,203
13,094	75,871				
	1,315				
			89	125	66
<u>16,151</u>	<u>82,566</u>	<u>23,839</u>	<u>26,988</u>	<u>14,870</u>	<u>13,269</u>
<u>232,378</u>	<u>282,172</u>	<u>248,782</u>	<u>216,663</u>	<u>197,976</u>	<u>212,486</u>
242,872	242,014	209,694	222,635	209,622	203,748
158,237	155,559	146,293	150,263	141,143	139,660
111,402	105,887	105,711	111,087	110,882	89,958
41,950	40,614	33,821	33,843	35,079	33,628
<u>554,461</u>	<u>544,074</u>	<u>495,519</u>	<u>517,828</u>	<u>496,726</u>	<u>466,994</u>
8,384	11,033	8,242			
2,118	2,589	1,796			
3,809	3,718	2,944	7,726		
5,557	6,399	1,616	100	48	790
<u>19,868</u>	<u>23,739</u>	<u>14,598</u>	<u>7,826</u>	<u>48</u>	<u>790</u>
3,460	7,906	6,817	12,408	5,448	6,687
2,803	1,485	1,135	2,285	1,079	1,585
54,646	73,358	53,280	40,975	50,377	51,211
3,155	2,591	6,201	5,505	4,698	7,317
<u>64,064</u>	<u>85,340</u>	<u>67,433</u>	<u>61,173</u>	<u>61,602</u>	<u>66,800</u>
<u>638,393</u>	<u>653,153</u>	<u>577,550</u>	<u>586,827</u>	<u>558,376</u>	<u>534,584</u>
<u>\$870,771</u>	<u>\$935,325</u>	<u>\$826,332</u>	<u>\$803,490</u>	<u>\$756,352</u>	<u>\$747,070</u>

(Continued)

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

	2012	2011	2010	2009
Expenses				
Governmental Activities:				
General Government (1)	\$106,141	\$95,833	\$81,898	\$90,311
Public Works (1)	128,276	139,577		
Public Service (1)			93,425	85,947
Public Safety	310,745	308,051	315,900	329,765
Human Resources				
Community Development (1)	70,705	75,778	70,589	59,204
Building and Housing	14,729	14,098	17,445	20,925
Public Health	17,385	19,596	19,740	22,999
Parks, Recreation and Properties (1)			46,963	58,799
Economic Development	13,845	22,323	24,729	38,083
Interest on debt	26,153	27,686	47,531	30,448
<i>Total Governmental Activities Expenses</i>	<u>687,979</u>	<u>702,942</u>	<u>718,220</u>	<u>736,481</u>
Business-Type Activities				
Water	244,647	232,497	232,862	224,269
Electricity	163,547	167,799	165,330	158,100
Airport facilities	153,627	167,531	158,262	168,734
Nonmajor activities	39,671	46,302	43,443	46,546
<i>Total Business-Type Activities Expenses</i>	<u>601,492</u>	<u>614,129</u>	<u>599,897</u>	<u>597,649</u>
<i>Total Primary Government Program Expenses</i>	<u>1,289,471</u>	<u>1,317,071</u>	<u>1,318,117</u>	<u>1,334,130</u>
Net (Expense)/Revenue				
Governmental Activities	(445,313)	(468,901)	(488,569)	(513,009)
Business-Type Activities	54,821	9,569	44,415	(10,796)
<i>Total Primary Government Net Expense</i>	<u>(390,492)</u>	<u>(459,332)</u>	<u>(444,154)</u>	<u>(523,805)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Income taxes	330,863	311,492	298,209	296,507
Property taxes	56,086	63,839	88,087	63,573
Other taxes	28,680	27,312	28,450	25,053
Shared revenues	27,338	19,558	23,869	28,741
Grants and contributions not restricted to specific programs				
State and local government funds	25,966	43,821	49,266	43,420
Unrestricted investment earnings	692	97	654	1,740
Other	18,141	19,086	14,104	10,207
Transfers	(1,589)	(2,031)	19,278	(825)
<i>Total Governmental Activities</i>	<u>486,177</u>	<u>483,174</u>	<u>521,917</u>	<u>468,416</u>
Business-Type Activities				
Unrestricted investment earnings		30	4	25
Other				
Special items - gain on sale of capital assets		5,125		
Transfers	1,589	2,031	(19,278)	825
<i>Total Business-Type Activities Expenses</i>	<u>1,589</u>	<u>7,186</u>	<u>(19,274)</u>	<u>850</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>487,766</u>	<u>490,360</u>	<u>502,643</u>	<u>469,266</u>
Change in Net Position				
Governmental Activities	40,864	14,273	33,348	(44,593)
Business-Type Activities	56,410	16,755	25,141	(9,946)
<i>Total Primary Government Change in Net Position</i>	<u>\$97,274</u>	<u>\$31,028</u>	<u>\$58,489</u>	<u>(\$54,539)</u>

Note:

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, Public Auditorium, West Side Market, East Side Market, Municipal Parking Lots, Cemeteries and Golf Courses.

(1) In 2012 a departmental reorganization occurred that merged the departments of Public Service with Parks, Recreation and Properties becoming the Department of Public Works. The Office of Capital Projects was created from the Divisions of Architecture, Engineering and Construction and Research, Planning and Development and is reported under General Government. In addition, the Division of Consumer Affairs was merged with Community Development and was moved from General Government.

2008	2007	2006	2005	2004	2003
\$101,878	\$99,311	\$99,187	\$97,544	\$88,587	\$96,757
87,154	86,435	81,248	80,888	78,634	80,698
329,922	322,840	301,208	293,242	281,140	315,811
44,550	54,425	62,701	56,413	65,603	62,543
15,831	13,999	13,832	10,650	10,703	12,932
20,351	21,412	27,674	24,950	22,537	22,750
61,628	54,332	45,546	44,840	42,734	47,725
53,944	39,168	44,739	41,030	49,372	38,850
32,896	27,763	32,162	27,557	30,815	29,065
748,154	719,685	708,297	677,114	670,125	707,131
213,335	205,470	204,994	192,187	188,118	173,179
154,426	148,832	141,546	153,676	136,927	134,120
172,274	167,967	157,976	146,807	145,749	143,147
44,507	45,762	42,112	41,526	41,333	42,606
584,542	568,031	546,628	534,196	512,127	493,052
1,332,696	1,287,716	1,254,925	1,211,310	1,182,252	1,200,183
(515,776)	(437,513)	(459,515)	(460,451)	(472,149)	(494,645)
53,851	85,122	30,922	52,631	46,249	41,532
(461,925)	(352,391)	(428,593)	(407,820)	(425,900)	(453,113)
329,316	317,268	302,084	288,191	293,387	277,086
65,398	69,313	66,762	64,390	69,483	63,498
25,918	28,567	26,492	25,051	22,011	23,266
28,587	23,805	16,949	22,468	20,470	20,799
52,450	51,164	55,905	55,696	57,072	56,792
3,344	5,670	4,273	2,989	1,273	1,443
9,556	14,482	18,460	21,135	18,855	8,855
(306)	(290)	(390)	(375)	(2,283)	3,733
514,263	509,979	490,535	479,546	480,362	455,573
42	30	14	2,205	1,215	717
			946	93	4,212
306	290	390	375	2,283	(3,733)
348	320	404	3,526	3,591	1,196
514,611	510,299	490,939	483,072	483,953	456,769
(1,513)	72,466	31,020	19,095	8,213	(39,072)
54,199	85,442	31,326	56,157	49,840	42,728
\$52,686	\$157,908	\$62,346	\$75,252	\$58,053	\$3,656

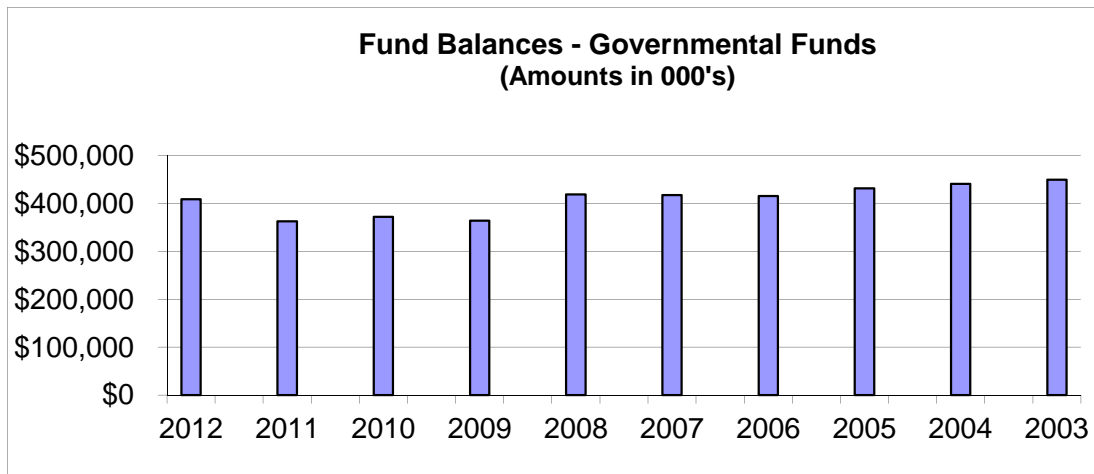
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City of Cleveland, Ohio
Fund Balances, Governmental Funds
Last Ten Years (1)
(Modified Accrual Basis of Accounting)
(Amounts in 000's)

	2012	2011	2010	2009
General Fund				
Reserved	\$	\$	\$15,070	\$15,513
Unreserved			(2,529)	(9,648)
Nonspendable	632	576		
Assigned	9,239	12,027		
Unassigned	61,879	38,991		
Total General Fund	71,750	51,594	12,541	5,865
All Other Governmental Funds				
Reserved			257,696	263,059
Unreserved reported in:				
Special Revenue funds			64,432	45,781
Capital Projects funds			37,753	49,556
Nonspendable	495	1,172		
Restricted	233,832	204,590		
Committed	102,901	105,624		
Assigned	2	1		
Unassigned		(96)		
Total All Other Governmental Funds	337,230	311,291	359,881	358,396
Total Governmental Funds	\$408,980	\$362,885	\$372,422	\$364,261

(1) Fund balance classifications changed in 2011 with the implementation of GASB No.54.

2008	2007	2006	2005	2004	2003
\$14,689	\$14,455	\$13,029	\$11,520	\$13,258	\$9,719
16,856	17,399	22,502	24,693	21,376	14,932
31,545	31,854	35,531	36,213	34,634	24,651
272,039	277,669	278,984	280,042	272,122	276,518
72,421	77,223	77,287	65,786	89,325	88,251
43,438	31,136	24,458	49,750	45,522	60,462
387,898	386,028	380,729	395,578	406,969	425,231
<u>\$419,443</u>	<u>\$417,882</u>	<u>\$416,260</u>	<u>\$431,791</u>	<u>\$441,603</u>	<u>\$449,882</u>



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

	2012	2011	2010	2009
Revenues				
Income taxes	\$331,118	\$312,508	\$300,427	\$298,546
Property taxes	55,312	55,949	58,660	63,754
State and local government funds	31,821	45,640	47,972	45,590
Other taxes and shared revenues	86,084	77,636	79,620	81,440
Licenses and permits	15,070	16,877	13,529	17,061
Charges for services	41,436	39,433	33,779	22,136
Fines, forfeits and settlements	26,830	28,376	28,643	32,321
Investment earnings	468	518	621	2,691
Grants	129,724	120,119	116,920	112,024
Contributions	1,364	52	72	659
Miscellaneous	18,770	15,356	16,490	25,811
<i>Total Revenues</i>	<u>737,997</u>	<u>712,464</u>	<u>696,733</u>	<u>702,033</u>
Expenditures				
Current:				
General Government (1)	85,125	77,792	80,865	90,074
Public Works (1)	85,753	91,926		
Public Service (1)			53,567	58,229
Public Safety	303,767	302,009	308,321	319,334
Community Development (1)	69,238	73,682	70,437	58,101
Building and Housing	14,542	14,031	17,401	20,841
Public Health	16,986	19,160	19,229	22,460
Parks, Recreation and Properties (1)			37,822	39,598
Economic Development	12,794	19,348	24,635	36,849
Other	10,992	11,171	11,490	10,446
Capital outlay	69,945	66,575	56,227	66,720
Inception of capital lease	5,648	4,566	3,201	
Debt issuance cost				
Interest expense				
Debt service:				
Principal retirement	48,115	47,481	48,223	53,048
Interest	33,741	30,628	28,682	32,942
General Government	1,264	438	18,722	477
Other	1,168	315	795	475
<i>Total Expenditures</i>	<u>759,078</u>	<u>759,122</u>	<u>779,617</u>	<u>809,594</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(21,081)</u>	<u>(46,658)</u>	<u>(82,884)</u>	<u>(107,561)</u>
Other Financing Sources (Uses)				
Transfers in	59,830	68,643	106,617	53,414
Transfers out	(62,145)	(71,514)	(88,152)	(54,525)
Issuance of debt	82,945	31,260	171,505	44,580
Issuance of refunding bonds				13,820
Proceeds from sale of debt				
Premium on bonds and notes	8,770	1,105	1,885	2,289
Discount on bonds and notes	(145)	(217)	(237)	
Payment to refund bonds and notes	(28,910)		(108,390)	(13,767)
Proceeds from sale of general obligation bonds and notes				
Sale of development bonds				
Loan proceeds				
Sale of City assets	324	1,229	1,127	6,568
Proceeds from capital lease	6,507	6,615	6,690	
Inception of capital lease				
Premium on interest rate swap agreement				
<i>Total Other Financing Sources (Uses)</i>	<u>67,176</u>	<u>37,121</u>	<u>91,045</u>	<u>52,379</u>
<i>Net Change in Fund Balances</i>	<u>\$46,095</u>	<u>(\$9,537)</u>	<u>\$8,161</u>	<u>(\$55,182)</u>
Debt Service as a Percentage of Noncapital Expenditures	11.8%	11.1%	10.4%	11.5%

(1) In 2012 a departmental reorganization occurred that merged the departments of Public Service with Parks, Recreation and Properties becoming the Department of Public Works. The Office of Capital Projects was created from the Divisions of Architecture, Engineering and Construction and Research, Planning and Development and is reported under General Government. In addition, the Division of Consumer Affairs was merged with Community Development and was moved from General Government. Data for years prior to 2011 are unavailable.

2008	2007	2006	2005	2004	2003
\$326,464	\$311,784	\$303,446	\$292,193	\$294,200	\$278,719
65,258	69,254	66,787	66,055	67,999	63,353
52,269	53,506	55,908	55,899	55,808	55,462
81,200	80,789	73,810	59,576	57,213	55,030
15,047	13,802	14,520	14,806	16,033	13,727
26,000	24,388	20,973	23,182	18,707	21,345
34,763	31,246	27,877	19,985	19,611	25,689
8,871	16,875	13,809	8,774	3,758	3,634
94,769	167,125	137,278	126,139	118,228	120,379
549	549	3,113	3,650	6,131	101
27,649	18,581	18,683	14,394	21,462	17,013
<u>732,839</u>	<u>787,899</u>	<u>736,204</u>	<u>684,653</u>	<u>679,150</u>	<u>654,452</u>
91,664	84,578	74,905	71,107	71,291	74,128
60,105	60,700	58,739	60,049	56,044	56,761
318,339	311,606	293,093	282,684	272,752	302,707
43,677	53,668	62,031	55,688	65,034	61,227
15,691	13,892	13,668	10,472	10,497	11,935
19,724	21,014	26,903	24,121	21,862	21,870
42,593	40,494	37,817	35,503	32,934	37,829
51,921	33,787	44,632	40,446	46,966	33,728
10,627	9,206	9,256	11,212	11,510	14,197
60,513	120,680	65,216	84,438	82,780	64,738
	3,933	3,302	4,130	9,271	818
					228
51,566	44,258	37,648	39,384	40,865	32,949
34,318	30,075	31,462	29,822	32,002	27,400
5,394					
1,868	2,438	662	2,338	1,778	719
<u>808,000</u>	<u>830,329</u>	<u>759,334</u>	<u>751,394</u>	<u>755,586</u>	<u>741,234</u>
<u>(75,161)</u>	<u>(42,430)</u>	<u>(23,130)</u>	<u>(66,741)</u>	<u>(76,436)</u>	<u>(86,782)</u>
57,550	61,064	41,853	43,245	47,256	59,368
(58,243)	(61,894)	(42,665)	(43,697)	(50,271)	(59,773)
266,160			121,395	35,115	
4,042	3,730		13,306	1,504	7,585
(386)	(18)		(54)	(200)	3,156
(192,675)	(140,457)		(94,145)		
	181,420			16,760	64,100
				11,365	32,315
274	207	8,411	8,454	6,628	6,254
			8,425		(419)
					5,100
<u>76,722</u>	<u>44,052</u>	<u>7,599</u>	<u>56,929</u>	<u>68,157</u>	<u>117,686</u>
<u>\$1,561</u>	<u>\$1,622</u>	<u>(\$15,531)</u>	<u>(\$9,812)</u>	<u>(\$8,279)</u>	<u>\$30,904</u>
11.3%	10.3%	9.8%	10.3%	10.7%	8.7%

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
2012	\$2,641,867	\$2,743,313	\$15,386,229	\$246,081	\$279,638
2011	2,675,681	2,722,417	15,423,137	242,172	275,195
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

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 and remains at 0% in 2012.

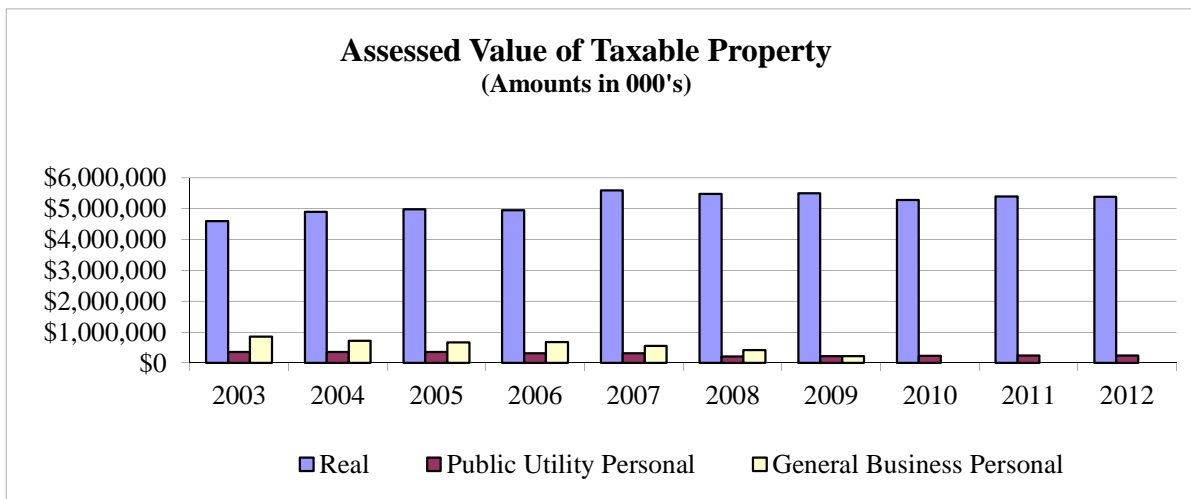
Electric deregulation took place January 1, 2001. Under prior law, an electric company's taxable production equipment was assessed at 100% of true value, while all of its other taxable property was assessed at 88% of true value. Effective in 2002, the valuation on electric utility production equipment 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.

The total direct rate is shown per \$1,000 of assessed value.

Source: Cuyahoga County Auditor's Office.

Tangible Personal Property

General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Ratio
\$0	\$0	\$5,631,261	\$15,665,867	121.86	35.9 %
0	0	5,640,270	15,698,332	121.80	35.9
0	0	5,513,219	15,349,618	121.42	35.9
219,920	3,518,720	5,937,459	19,474,563	120.70	30.5
422,770	6,764,320	6,114,332	22,662,893	121.15	27.0
551,296	4,410,368	6,457,248	20,739,204	119.58	31.1
677,333	3,612,443	5,939,704	18,106,802	115.00	32.8
671,795	2,920,848	6,007,614	17,562,585	115.05	34.2
722,499	3,141,300	5,977,141	17,542,156	115.18	34.1
853,282	3,709,922	5,804,047	17,238,680	115.67	33.7



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

	2012	2011	2010	2009
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	52.116544	31.674164	31.506887	31.460074
Commercial/Industrial and Public Utility Real	60.128798	44.235815	44.362102	44.661412
General Business and Public Utility Personal	79.800000	64.800000	64.800000	64.800000
County				
Residential/Agricultural Real	13.220000	13.118223	13.186617	13.178886
Commercial/Industrial and Public Utility Real	12.996761	12.784540	12.841251	12.845700
General Business and Public Utility Personal	13.220000	13.220000	13.320000	13.320000
Special Taxing Districts (1)				
Residential/Agricultural Real	11.391842	11.225159	11.207637	10.723710
Commercial/Industrial and Public Utility Real	11.418198	11.232744	11.236434	10.859248
General Business and Public Utility Personal	11.880000	11.880000	11.880000	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.

2008	2007	2006	2005	2004	2003
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
29.076676	29.050497	29.002818	31.588821	31.586780	31.559197
44.661009	44.592555	44.858685	48.826505	48.636211	48.764909
64.800000	64.800000	64.800000	64.800000	64.800000	64.800000
12.660733	11.868868	11.865485	11.722742	10.975355	10.989859
12.815297	12.453559	12.494099	12.588063	11.984633	12.043316
13.320000	13.420000	13.420000	13.520000	13.520000	13.520000
10.330071	9.059500	9.045800	9.853500	9.851200	9.168300
10.838537	10.191700	10.252900	11.084900	11.011300	10.525300
11.580000	11.580000	11.580000	11.580000	11.580000	11.280000

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

Year	Current Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections To Current Tax Levy	Delinquent Tax Collections	Total Tax Collections
2012	\$76,327,893	\$58,664,824	76.86 %	\$6,972,134	\$65,636,958
2011	74,312,975	59,301,577	79.80	5,104,558	\$64,406,135
2010	73,818,689	59,078,863	80.03	5,259,959	\$64,338,822
2009	76,071,934	63,707,028	83.75	5,351,909	\$69,058,937
2008	77,142,266	66,210,703	85.83	6,416,603	\$72,627,306
2007	79,578,480	68,823,516	86.49	5,675,616	\$74,499,132
2006	74,560,517	65,617,123	88.01	5,523,803	\$71,140,926
2005	77,325,122	67,759,024	87.63	5,428,007	\$73,187,031
2004	76,856,612	67,571,431	87.92	7,055,068	\$74,626,499
2003	73,483,514	65,058,362	88.53	5,052,595	\$70,110,957

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.

Total Tax Levy	Percent of Total Tax Collections To Total Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
\$122,143,372	53.74 %	\$47,654,232	39.01 %
109,926,575	58.59	44,679,192	40.64
107,119,066	60.06	39,704,298	37.07
107,873,764	64.02	36,999,445	34.30
107,071,494	67.83	31,984,896	29.87
108,161,761	68.88	22,770,570	21.05
100,452,563	70.82	21,063,311	20.97
100,842,631	72.58	26,330,702	26.11
102,396,067	72.88	24,928,208	24.34
95,920,068	73.09	25,151,032	26.22

City of Cleveland, Ohio
Principal Taxpayers - Real Estate Tax
 2012 and 2003

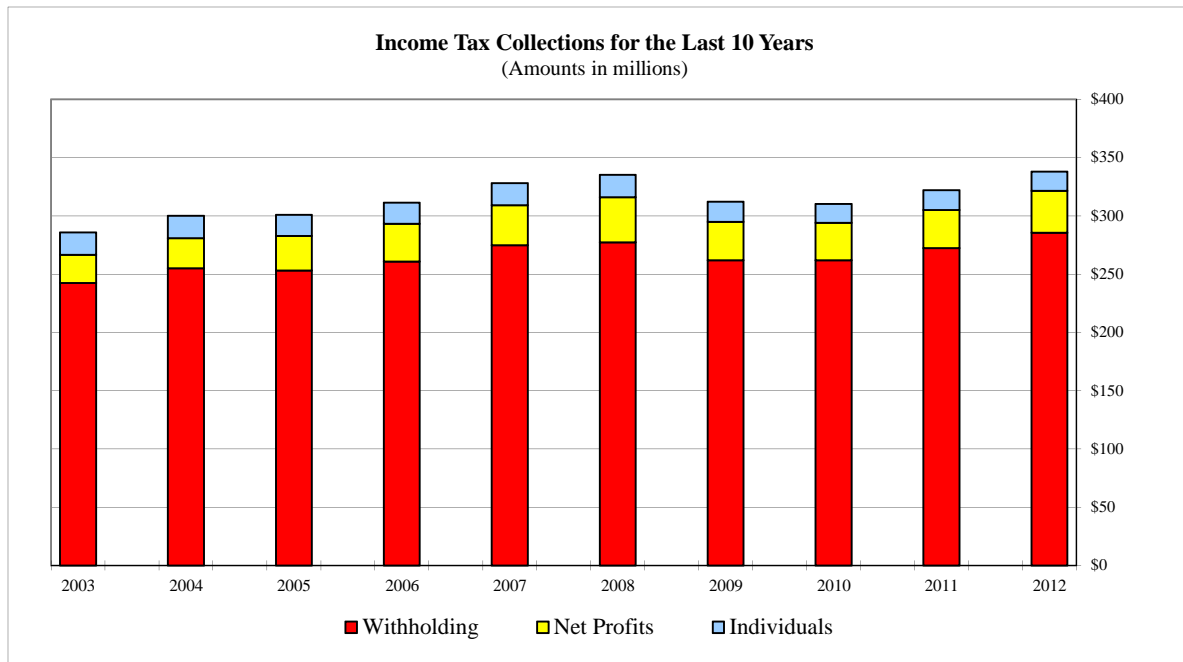
<u>2012</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
Cleveland Clinic Foundation	\$198,799,720	3.69 %
Cleveland Electric Illuminating Co.	188,580,610	3.50
City of Cleveland, Ohio	86,018,410	1.60
Key Center Properties LLC	80,559,150	1.50
East Ohio Gas Co.	55,008,190	1.02
Cleveland Financial Associates, LLC	51,485,990	0.96
City of Cleveland Executive	35,139,800	0.65
Hub North Point Properties LLC	35,123,770	0.65
National City Bank	34,413,150	0.64
Optima 1375, LLC	23,054,650	0.43
Total	\$788,183,440	14.64 %
Total Real Property Assessed Valuation	\$5,385,180,000	
<u>2003</u>		
<u>Taxpayer</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Percentage of Real Assessed Valuation</u>
City of Cleveland, Ohio	\$138,004,710	3.00 %
ZML-Cleve Public Sq LLC	47,232,500	1.03
NPW LTD Partnership	35,560,000	0.77
ISG Cleveland Inc.	34,267,430	0.75
Cleveland Clinic Foundation	29,700,590	0.65
Ohio Bell Telephone	28,464,420	0.62
National City Center LLC	28,000,000	0.61
Bishop James Hickey	22,366,800	0.49
600 Superior Place Partnership	16,275,000	0.35
CG Erieview	10,500,010	0.23
Total	\$390,371,460	8.50 %
Total Real Property Assessed Valuation	\$4,592,622,990	

(1) The amounts presented represent the assessed values upon which 2012 and 2003 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
2012	2.00%	\$338,046,790	\$285,450,129	84.44%	\$35,946,656	10.63%	\$16,650,005	4.93%
2011	2.00	322,072,689	272,209,650	84.52	32,693,730	10.15	17,169,309	5.33
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



Note:

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

(1) Gross collections.

Source: Central Collection Agency.

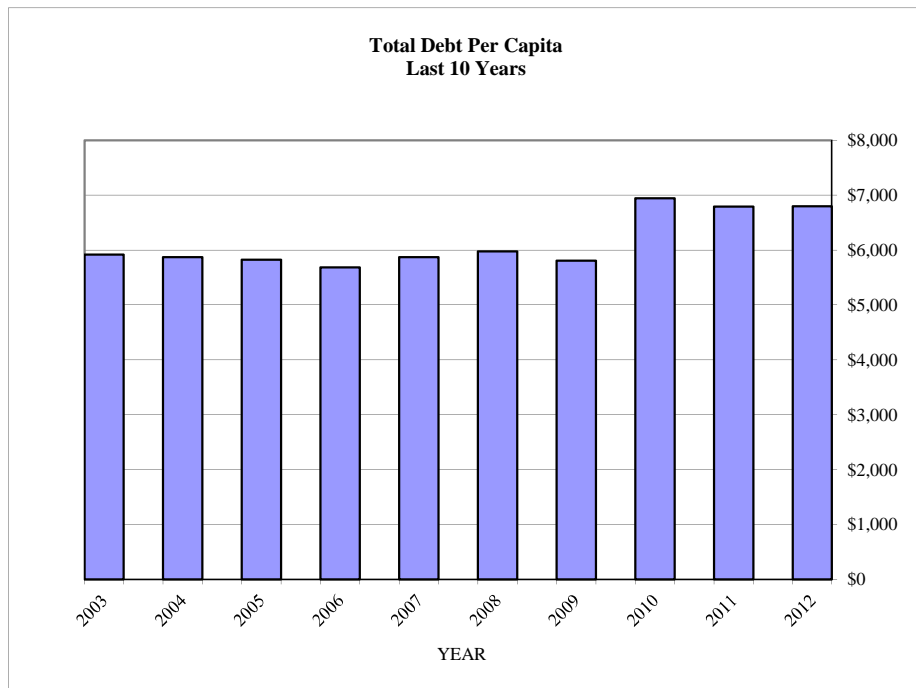
City of Cleveland, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

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
2012	\$308,700,000	\$4,270,000	\$55,894,000	\$16,236,000	\$50,020,000	\$123,605,000	\$92,380,000
2011	298,660,000	4,835,000	58,591,000	12,908,000	52,975,000	129,547,000	80,505,000
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	

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
\$10,765,000	\$1,926,203,000	\$109,742,000	\$2,697,815,000	41.70%	\$6,799
11,000,000	1,930,163,000	115,523,000	2,694,707,000	41.66	6,791
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



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

<u>Year</u>	<u>Population (1)</u>	<u>Estimated Actual Value of Taxable Property (2) (Amount in 000's)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
2012	396,815 (a)	\$5,631,261	\$302,484,000	5.37 %	\$762.28
2011	396,815 (a)	5,640,270	297,172,000	5.27	748.89
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

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, 2012

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Cleveland			
General Obligation Bonds	\$308,700,000	100.00 %	\$308,700,000
Capital Leases	16,236,000	100.00	16,236,000
Urban Renewal Bonds	4,270,000	100.00	4,270,000
Subordinated Income Tax Refunding Bonds	50,020,000	100.00	50,020,000
Subordinate Lien Income Tax Bonds	92,380,000	100.00	92,380,000
Non-tax Revenue Bonds	55,894,000	100.00	55,894,000
Annual Appropriation Bonds	<u>10,765,000</u>	100.00	<u>10,765,000</u>
<i>Total Direct Debt</i>	<u>538,265,000</u>		<u>538,265,000</u>
Overlapping			
Cleveland Municipal School District			
General Obligation Bonds (1)	159,744,118	97.00	154,951,794
Cuyahoga County			
General Obligation Bonds (1)	341,075,645	18.90	64,463,297
Regional			
Transit Authority (1)	<u>129,495,000</u>	18.90	<u>24,474,555</u>
<i>Total Overlapping Debt</i>	<u>630,314,763</u>		<u>243,889,646</u>
Total	<u><u>\$1,168,579,763</u></u>		<u><u>\$782,154,646</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

	2012	2011	2010	2009
Total Assessed Property Value	\$5,631,261,380	\$5,640,270,380	\$5,513,219,400	\$5,937,458,591
Overall Legal Debt Limit (10½% of Assessed Valuation)	591,282,445	592,228,390	578,888,037	623,433,152
Debt Outstanding:				
General Obligation Bonds	308,700,000	298,660,000	297,115,000	326,230,000
Revenue Notes/Bonds	1,926,203,000	1,930,163,000	1,974,828,000	2,032,178,000
Urban Renewal Bonds/Notes	4,270,000	4,835,000	5,365,000	5,860,000
Subordinated Income Tax Refunding Bonds	50,020,000	52,975,000	55,785,000	58,460,000
Subordinate Lien Income Tax Bonds	92,380,000	80,505,000	83,025,000	57,630,000
OWDA/OPWC Loans	109,742,000	115,523,000	121,335,000	107,654,000
Non-tax Revenue Bonds	55,894,000	58,591,000	61,795,000	64,956,000
Annual Appropriation Bonds	10,765,000	11,000,000	11,000,000	
Total Gross Indebtedness	2,557,974,000	2,552,252,000	2,610,248,000	2,652,968,000
Less:				
General Obligation Bonds	308,700,000	298,660,000	297,115,000	326,230,000
Revenue Notes/Bonds	1,926,203,000	1,930,163,000	1,974,828,000	2,032,178,000
Urban Renewal Bonds/Notes	4,270,000	4,835,000	5,365,000	5,860,000
Subordinated Income Tax Refunding Bonds	50,020,000	52,975,000	55,785,000	58,460,000
Subordinate Lien Income Tax Bonds	92,380,000	80,505,000	83,025,000	57,630,000
OWDA/OPWC Loans	109,742,000	115,523,000	121,335,000	107,654,000
Non-tax Revenue Bonds	55,894,000	58,591,000	61,795,000	64,950,000
Annual Appropriation Bonds	10,765,000	11,000,000	11,000,000	
General Obligation Bond Retirement Fund Balance	6,216,000	1,488,000	2,192,000	2,599,000
Total Net Debt Applicable to Debt Limit*	-	-	-	-
Legal Debt Margin Within 10½% Limitations	\$591,282,445	\$592,228,390	\$578,888,037	\$623,433,152
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)	\$309,719,376	\$310,214,871	\$303,227,067	\$326,560,223
Total Gross Indebtedness	2,557,974,000	2,552,252,000	2,610,248,000	2,652,968,000
Less:				
General Obligation Bonds	308,700,000	298,660,000	297,115,000	326,230,000
Revenue Notes/Bonds	1,926,203,000	1,930,163,000	1,974,828,000	2,032,178,000
Urban Renewal Bonds/Notes	4,270,000	4,835,000	5,365,000	5,860,000
Subordinated Income Tax Refunding Bonds	50,020,000	52,975,000	55,785,000	58,460,000
Subordinate Lien Income Tax Bonds	92,380,000	80,505,000	83,025,000	57,630,000
OWDA/OPWC Loans	109,742,000	115,523,000	121,335,000	107,654,000
Non-tax Revenue Bonds	55,894,000	58,591,000	61,795,000	64,950,000
Annual Appropriation Bonds	10,765,000	11,000,000	11,000,000	
General Obligation Bond Retirement Fund Balance	6,216,000	1,488,000	2,192,000	2,599,000
Net Debt Within 5½% Limitations*	-	-	-	-
Unvoted Legal Debt Margin Within 5½% Limitations	\$309,719,376	\$310,214,871	\$303,227,067	\$326,560,223
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.

2008	2007	2006	2005	2004	2003
<u>\$6,114,332,281</u>	<u>\$6,457,247,750</u>	<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>642,004,890</u>	<u>678,011,014</u>	<u>623,669,011</u>	<u>630,799,713</u>	<u>627,599,936</u>	<u>609,425,119</u>
313,630,000	336,990,000	323,795,000	353,325,000	346,700,000	356,900,000
2,100,768,000	2,075,755,000	1,995,045,000	2,049,820,000	2,102,986,000	2,160,842,000
6,325,000	6,760,000	7,170,000	7,555,000	12,215,000	12,555,000
59,960,000	58,900,000	60,700,000	62,400,000	64,000,000	65,500,000
59,560,000					
112,275,000	110,070,000	103,415,000	78,498,000	52,616,000	33,045,000
67,617,000	68,091,000	69,353,000	70,085,000	70,715,000	45,600,000
<u>2,720,135,000</u>	<u>2,656,566,000</u>	<u>2,559,478,000</u>	<u>2,621,683,000</u>	<u>2,649,232,000</u>	<u>2,674,442,000</u>
313,630,000	336,990,000	323,795,000	353,325,000	346,700,000	356,900,000
2,100,768,000	2,075,755,000	1,995,045,000	2,049,820,000	2,102,986,000	2,160,842,000
6,325,000	6,760,000	7,170,000	7,555,000	12,215,000	12,555,000
59,960,000	58,900,000	60,700,000	62,400,000	64,000,000	65,500,000
59,560,000					
112,275,000	110,070,000	103,415,000	78,498,000	52,616,000	33,045,000
67,617,000	68,091,000	69,353,000	70,085,000	70,715,000	45,600,000
<u>2,496,000</u>	<u>3,167,000</u>	<u>3,530,000</u>	<u>5,321,000</u>	<u>7,491,000</u>	<u>4,331,000</u>
-	-	-	-	-	-
<u>\$642,004,890</u>	<u>\$678,011,014</u>	<u>\$623,669,011</u>	<u>\$630,799,713</u>	<u>\$627,599,936</u>	<u>\$609,425,119</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>\$336,288,276</u>	<u>\$355,148,626</u>	<u>\$326,683,768</u>	<u>\$330,418,898</u>	<u>\$328,742,823</u>	<u>\$319,222,681</u>
2,720,135,000	2,656,566,000	2,559,478,000	2,621,683,000	2,649,232,000	2,674,442,000
313,630,000	336,990,000	323,795,000	353,325,000	346,700,000	356,900,000
2,100,768,000	2,075,755,000	1,995,045,000	2,049,820,000	2,102,986,000	2,160,842,000
6,325,000	6,760,000	7,170,000	7,555,000	12,215,000	12,555,000
59,960,000	58,900,000	60,700,000	62,400,000	64,000,000	65,500,000
59,560,000					
112,275,000	110,070,000	103,415,000	78,498,000	52,616,000	33,045,000
67,617,000	68,091,000	69,353,000	70,085,000	70,715,000	45,600,000
<u>2,496,000</u>	<u>3,167,000</u>	<u>3,530,000</u>	<u>5,321,000</u>	<u>7,491,000</u>	<u>4,331,000</u>
-	-	-	-	-	-
<u>\$336,288,276</u>	<u>\$355,148,626</u>	<u>\$326,683,768</u>	<u>\$330,418,898</u>	<u>\$328,742,823</u>	<u>\$319,222,681</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2012	\$152,030,000	\$68,855,000	\$83,175,000	\$16,285,000	\$33,765,871	1.66
2011	150,112,000	73,310,000	76,802,000	13,660,000	34,940,285	1.58
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

(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	
2012	\$165,307,000	\$136,987,000	\$28,320,000	\$10,050,000	\$9,746,181 (3)	1.43
2011	168,599,000	139,952,000	28,647,000	10,495,000	9,987,500 (3)	1.40
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

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

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

(3) Net of capitalized interest per indenture.

City of Cleveland, Ohio
Pledged Revenue Coverage
Water 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 (3)	
2012	\$282,288,000	\$149,169,000	\$133,119,000	\$31,100,000	\$26,639,529	2.31
2011	238,975,000	146,232,000	92,743,000	34,000,000	30,275,641	1.44
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

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

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

(3) Per indenture, interest expense is reduced by amount released from reserve fund at the start of year.

City of Cleveland, Ohio

*Principal Employers
2012 and 2003*

2012

Employer	Employees	Percentage of Total City Employment
Cleveland Clinic	33,000	22.40%
University Hospitals of Cleveland	15,123	10.27
Cuyahoga County	7,709	5.23
United States Postal Service	7,565	5.14
City of Cleveland	7,061	4.79
Cleveland Metropolitan School District	6,246	4.24
KeyCorp	5,983	4.06
The MetroHealth System	5,238	3.56
Case Western Reserve University	4,636	3.15
UPS	3,168	2.15
Total	95,729	64.99%
Total Employment within the City	147,300	

2003

Employer	Employees	Percentage of Total City Employment
Cleveland Clinic Health Systems	23,567	13.10%
University Hospitals Health System	14,270	7.93
Cleveland City School District	10,510	5.84
Cuyahoga County	9,376	5.21
City of Cleveland	8,658	4.81
KeyCorp	7,381	4.10
United States Postal Service	5,548	3.09
The MetroHealth System	5,411	3.01
National City Corp.	5,400	3.00
Case Western Reserve University	5,249	2.92
Total	95,370	53.01%
Total Employment within the City	179,900	

Note:

Largest employers headquartered in the City ranked by FTE employees.

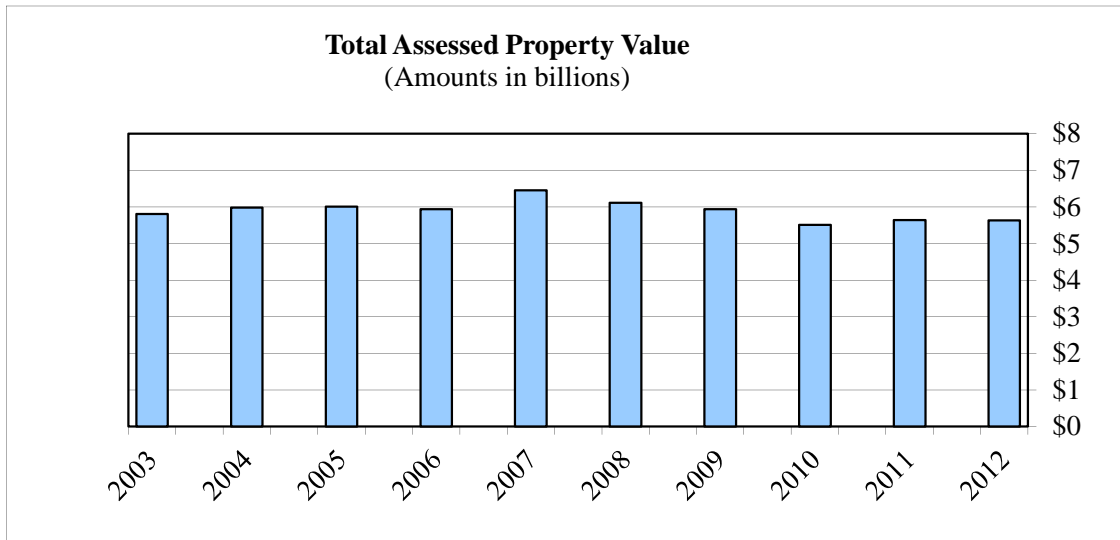
Source: Number of employees from Crain's Cleveland:

Book of Lists 2013, Largest Northeast Ohio Employers; FTEs as of 6/30/2012

Book of Lists 2004, Largest Cuyahoga County Employers; FTEs as of 01/01/2003

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

Year	Population	Total Personal Income (6)	Personal Income Per Capita	Median Household Income	Median Age
2012	396,815 (1)	6,468,878,130	\$16,302 (1)	\$27,349 (1)	35.7 (1)
2011	396,815 (1)	6,468,878,130	16,302 (1)	27,349 (1)	35.7 (1)
2010	396,815 (1)	6,468,878,130	16,302 (1)	27,349 (1)	35.7 (1)
2009	478,403 (2)	6,836,857,273	14,291 (2)	25,928 (2)	33 (2)
2008	478,403 (2)	6,836,857,273	14,291 (2)	25,928 (2)	33 (2)
2007	478,403 (2)	6,836,857,273	14,291 (2)	25,928 (2)	33 (2)
2006	478,403 (2)	6,836,857,273	14,291 (2)	25,928 (2)	33 (2)
2005	478,403 (2)	6,836,857,273	14,291 (2)	25,928 (2)	33 (2)
2004	478,403 (2)	6,836,857,273	14,291 (2)	25,928 (2)	33 (2)
2003	478,403 (2)	6,836,857,273	14,291 (2)	25,928 (2)	33 (2)



- (1) Source: U. S. Census Bureau. 2010 Census
- (2) Source: U. S. Census Bureau. 2000 Census
- (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		School Enrollment (3)	City Unemployment Rate (4)	Average Sales Price of Residential Property (5)	Total Assessed Property Value (5) (Amount in 000's)
13.1%	(1)	42,883	8.5%	\$55,774	\$5,631,261
13.1	(1)	45,060	10.0	54,638	5,640,270
13.1	(1)	47,615	11.5	60,398	5,513,219
11.4	(2)	74,615	10.6	57,075	5,937,459
11.4	(2)	50,078	8.8	50,515	6,114,332
11.4	(2)	52,769	7.6	57,230	6,457,248
11.4	(2)	59,586	7.1	83,237	5,939,704
11.4	(2)	65,079	7.7	86,142	6,007,614
11.4	(2)	69,655	8.3	81,185	5,977,141
11.4	(2)	71,616	8.3	83,216	5,804,047



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

Function/Program	2012	2011	2010
General Government			
Council	61.50	63.00	62.00
Mayor's Office	25.50	24.50	25.50
Office of Capital Projects	46.00 (4)		
Landmarks Commission	5.00	5.00	5.50
Building Standards and Appeals	6.00	6.00	5.50
Board of Zoning Appeals	4.50	4.50	4.00
Civil Service Commission	10.00	9.50	11.00
Community Relations Board	24.00	28.00	30.50
City Planning Commission	20.50	21.50	24.00
Equal Employment Opportunity	8.00	8.00	10.00
Court	461.00	479.50	531.00
Office of Budget Administration	7.00	7.00	7.00
Aging	22.00	25.00	24.50
Personnel and Human Resources	18.00	16.00	16.50
Consumer Affairs	0.00 (4)	4.00	3.00
Law	72.50	76.00	87.00
Finance	232.00	234.00	241.50
Security of Persons and Property			
Administration	36.50	36.50	40.00
Police	1,873.00	1,869.50	1,983.50
Fire	729.00	803.00	875.00
EMS	232.00	214.00	218.00
Dog Pound	14.50	15.00	16.00
House of Corrections	133.00	153.00	170.00
	125.50	140.50	159.50
Public Health Services			
Leisure Time Activities			
Parks, Recreation and Property Administration	0.00 (4)	8.00	7.00
Research, Planning and Development	0.00 (4)	5.00	6.00
Recreation	190.50	189.00	230.00
Convention Center, Westside Market and Cleveland Stadium	42.50	29.50	27.50
Parking Facilities	39.50	42.50	42.50
Property Management	70.50	73.50	81.50
Parks Maintenance	119.00	126.00	140.00
	78.50	76.50	87.00
Community Development			
Building and Housing	113.00	120.00	134.50
Economic Development	26.00	28.00	34.00
Public Works			
Public Works Administration	34.00	5.50	4.50
Architecture	0.00 (4)	5.00	6.00
Waste Collection and Disposal	206.50	212.50	238.50
Engineering and Construction	0.00 (4)	31.50	59.50
Motor Vehicle Maintenance	68.00	75.00	81.00
Streets	260.00	285.00	257.50
Traffic Engineering	29.00	36.00	38.00
Port Control	404.50	418.00	446.50
Basic Utility Services			
Water	1,093.00	1,157.00	1,164.50
Cleveland Public Power	335.00	358.00	345.00
Water Pollution Control	136.00	148.50	158.00
Totals:	7,412.50	7,673.00	8,139.50

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.

(4) In 2012 a departmental reorganization occurred that merged the departments of Public Service with Parks, Recreation and Properties becoming the Department of Public Works. The Office of Capital Projects was created from the Divisions of Architecture, Engineering and Construction and Research, Planning and Development and is reported under General Government. In addition, the Division of Consumer Affairs was merged with Community Development and was moved from General Government.

N/A - Information not available.

Source: City Payroll Department.

2009	2008	2007	2006	2005	2004
65.50	64.50	62.50	63.50	65.00	66.00
25.50	27.50	26.00	25.00	29.50	27.00
5.50	5.50	5.50	5.00	4.50	4.50
5.50	5.50	5.50	5.00	6.00	6.00
4.50	4.50	4.50	4.50	5.50	5.50
10.50	10.00	11.50	10.00	10.50	12.50
29.00	27.50	27.00	28.50	23.50	24.50
24.00	23.00	26.00	23.00	26.00	27.00
10.00	11.00	13.00	13.00	14.00	12.00
542.50	541.50	551.00	544.00	541.50	534.50
5.50	7.00	8.00	7.00	7.00	8.00
21.50	21.00	22.50	20.50	18.00	18.00
15.00	17.00	20.00	19.00	18.00	91.50
5.00	6.00	5.00	5.00	3.00	4.00
88.50	86.50	89.50	88.50	89.00	93.00
248.50	250.50	255.00	255.00	255.50	245.50
39.00	39.00	42.50	39.50	39.00	41.50
2,079.00	2,095.50	2,105.00	2,176.50	2,179.00	2,145.50
894.00	883.00	902.00	915.00	916.00	913.00
236.00	252.00	288.00	292.00	297.00	298.00
15.00	14.50	14.50	14.50	13.00	13.00
188.00	176.50	183.50 (3)	N/A	N/A	N/A
168.50	169.50	168.50 (3)	260.00	253.00	261.50
7.00	7.00	8.00	8.00	7.00	9.00
8.00	9.00	9.00	9.00	10.00	10.00
238.00	233.50	238.00	165.00	170.50	176.00
31.00	54.50	59.50	49.50	54.00	49.50
41.00	44.50	49.00	46.50	47.50	56.00
84.50	87.50	89.50	93.00	100.00	99.50
141.00	151.00	164.00	161.00	170.00	167.00
86.00	77.50	78.50	81.00	87.50 (2)	271.50
142.00	147.00	161.00	165.00	170.00 (2)	0.00
68.00	73.00	88.00	94.00	98.00	29.00
4.50	5.00	5.00	5.00	5.00	6.00
6.00	7.00	8.00	9.00	9.00	9.00
253.50	225.50	252.50	244.50	225.50	223.50
61.50	60.50	65.50	65.50	69.50	70.00
85.00	86.00	95.00	102.00	100.00	102.00
271.50	283.50	306.00	288.50	303.00	287.00
39.00	40.00	41.00	44.00	44.00	3.00
447.50	406.50	386.00	369.50	377.50	402.00
1,179.50	1,215.50	1,194.00	1,207.00	1,216.00	1,263.50
343.00	340.00	341.00	337.00	341.00	347.00
157.00	150.00	157.00	144.00	147.00	147.00
<u>8,420.50</u>	<u>8,442.50</u>	<u>8,632.00</u>	<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 Ten Years

Function/Program	2012	2011	2010	2009
General Government				
<i>Council and Clerk</i>				
Number of ordinances passed	631	723	621	772
Number of resolutions passed	739	647	747	776
Number of planning commission docket items (4)	359	262	298	309
Zoning board of appeals docket items	237	241	274	267
<i>Finance Department</i>				
Number of payments issued	38,010	38,501	37,944	44,289
Total amount of payments	\$1,236,189,641	\$1,311,830,974	\$1,276,014,604	\$1,307,460,874
Interest earnings for fiscal year (cash basis)	\$3,283,638	\$4,061,090	\$7,507,827	\$13,219,445
Number of receiving warrants (8)	32,087	30,433	31,497	16,369
Number of journal entries issued (8)	190,554	179,546	192,281	41,238
Number of budget adjustments issued	4	6	2	2
Agency ratings - Standard & Poor's (1)	AA	AA	AA	AA
Agency ratings - Moody's Financial Services (1)	A1	A1	A1	A2
Health insurance costs vs. General Fund expenditures %	15%	18%	17%	15%
General Fund receipts (cash basis in thousands)	\$501,018	\$496,086	\$480,724	\$487,678
General Fund expenditures (cash basis in thousands)	\$468,543	\$472,883	\$482,227	\$501,758
General Fund cash balances (in thousands)	\$84,869	\$54,888	\$16,400	\$12,327
<i>Income Tax Department</i>				
Number of individual returns	192,362	196,457	202,232	211,241
Number of business returns	25,140	26,240	26,881	26,326
Number of business withholding accounts	14,414	14,338	13,835	14,542
Amount of penalties and interest collected	\$1,771,088	\$2,059,203	\$1,754,501	\$1,884,453
Annual number of corporate withholding forms processed	147,175	149,537	149,584	144,493
Annual number of balance due statements forms processed	37,642	38,152	36,188	38,610
Annual number of estimated payment forms processed	41,813	41,636	42,767	47,841
Annual number of reconciliations of withholdings processed	11,416	11,376	11,357	12,213
<i>Engineer Contracted Services</i>				
Dollar amount of construction overseen by engineer (2)	\$25,400,000	\$30,760,000	\$34,000,000	\$32,000,000
<i>Municipal Court</i>				
Number of civil cases (10)	9,451	11,513	19,280	16,375
Number of criminal cases (10)	110,754	107,711	167,563	120,131
<i>Vital Statistics</i>				
<i>Certificates filed (3)</i>				
Number of births	17,264	16,616	15,528	16,403
Number of deaths	13,016	12,958	12,296	12,101
Number of fetal deaths	384	459	454	401
<i>Certificates issued (3)</i>				
Number of births	57,297	57,542	62,507	69,785
Number of deaths	60,173	61,147	59,689	60,465
<i>Civil Service</i>				
Number of police entry tests administered	0	0	0	1
Number of fire entry tests administered	0	0	1	0
Number of police promotional tests administered	0	1	0	0
Number of fire promotional tests administered	0	1	0	0
Number of hires of police officers from certified lists	50	42	0	56
Number of hires of fire/medics from certified lists	0	0	0	22
Number of promotions from police certified lists	33	0	0	20
Number of promotions from fire certified lists	42	0	0	0

2008	2007	2006	2005	2004	2003
771	784	846	899	891	1,028
304	363	361	306	292	349
444	441	768	725	669	538
242	263	265	394	337	349
47,670	47,985	49,533	50,541	48,808	51,922
\$1,251,719,916	\$1,287,268,015	\$1,284,108,296	\$1,266,586,217	\$1,211,743,500	\$1,211,440,564
\$45,366,880	\$63,335,510	\$53,988,258	\$42,035,213	\$38,154,383	\$39,688,080
16,141	15,300	14,799	14,485	14,344	58,967
41,217	43,619	43,186	39,839	41,543	54,095
5	2	3	5	4	4
AA	A	A	A	A	A
A2	A2	A2	A2	A2	A2
14%	14%	14%	14%	12%	12%
\$517,796	\$509,616	\$490,927	\$471,755	\$455,775	\$459,365
\$501,124	\$485,410	\$465,162	\$451,323	\$484,856	\$437,964
\$40,685	\$41,885	\$30,957	\$29,738	\$24,058	\$17,676
232,210	238,319	248,108	267,712	287,904	299,081
29,014	28,335	30,567	25,763	30,584	29,825
14,653	14,469	16,200	14,942	15,503	15,520
\$2,357,490	\$1,912,554	\$1,999,859	\$1,990,879	\$2,471,464	\$2,233,996
151,256	152,334	169,933	136,931	148,779	147,478
44,637	39,767	45,909	47,252	53,458	58,689
51,527	57,092	56,163	55,036	62,115	64,780
12,198	12,488	18,929	9,075	14,723	13,000
\$159,540,000	\$251,305,000	\$141,733,000	\$52,741,000	\$78,562,000	\$49,716,000
19,890	18,569	22,909	21,567	22,418	23,133
120,077	113,661	121,676	121,791	113,822	151,395
16,942	17,235	17,645	17,638	18,191	18,542
12,354	12,086	11,992	12,343	12,296	11,825
447	399	312	361	294	477
77,967	102,140	98,545	101,284	58,452	N/A
65,149	64,436	84,615	66,268	38,684	N/A
0	1	0	0	0	0
0	0	0	0	0	0
3	0	0	0	0	0
0	0	0	0	0	0
106	73	0	0	0	0
0	0	0	0	0	0
40	0	0	39	19	23
10	49	0	0	0	0

(Continued)

City of Cleveland, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2012	2011	2010	2009
Building Department Indicators				
Construction permits issued	16,245	15,082	6,829	8,334
Estimated value of construction	\$1,033,330,550	\$1,556,000,000	\$729,883,689	\$919,923,776
Number of other permits issued	4,854	4,164	8,629	8,290
Amount of revenue generated from permits	\$7,867,168	\$8,306,423	\$6,078,922	\$7,332,522
Number of contract registrations issued	2,802	2,822	2,895	2,847
Annual apartment/rooming house license fees	\$1,305,182	\$1,343,457	\$1,571,317	\$1,281,530
Security of Persons and Property				
<i>Police</i>				
Number of traffic citations issued	121,474	119,371	75,362	77,037
Number of parking citations issued	42,404	42,763	48,691	59,598
Number of criminal arrests	35,730	37,531	39,657	38,613
Number of accident reports completed	14,549	15,444	14,761	14,804
Part 1 offenses (major offenses)	39,028	40,554	38,003	38,586
DUI arrests	790	679	729	738
Prisoners	35,251	37,235	39,156	37,864
Motor vehicle accidents	14,549	15,412	14,761	14,804
Fatalities from motor vehicle accidents	31	29	49	38
Community diversion program youths	152	188	196	139
<i>Fire</i>				
Fire calls - incoming for services (6)	65,040	65,132	60,076	60,306
Fires	2,846	2,714	2,869	2,794
Fires with loss	1,372	1,398	1,266	843
Fires with losses exceeding \$10K	259	256	219	237
Fire losses \$	\$13,128,848	\$14,747,291	\$12,035,650	\$12,312,407
Fire safety inspections	13,380	10,898	13,631	13,982
Number of times mutual aid given to fire	30	21	29	17
<i>EMS</i>				
EMS calls - incoming for service	96,359	94,307	92,230	89,632
Ambulance billing collections (net)	\$12,051,964	\$11,594,178	\$10,832,204	\$9,649,887
Public Health and Welfare				
Number of health inspections				
Barber shops	333	400	238	219
Food	7,674	7,369	7,624	8,684
Hotels/motels	38	42	36	34
Marinas	0	11	11	11
Mobile home parks	5	12	5	5
Laundries	62	87	69	58
Nuisance	21,118	19,136	24,130	27,544
Pools	161	204	120	142
Schools	419	480	390	349
Day care inspections	161	229	223	209
Maternity inspections	0	4	4	4
Abortion inspections	5	6	6	6
Cemetery burials	0	0	0	3
Cemetery cremations	196	177	169	155

2008	2007	2006	2005	2004	2003
10,631	8,397	9,163	9,699	10,020	9,471
\$814,646,916	\$648,592,297	\$743,566,106	\$652,537,749	\$558,278,403	\$487,768,588
9,710	8,971	9,157	9,272	9,489	9,767
\$7,364,794	\$7,112,426	\$7,399,513	\$7,504,979	\$8,661,198	\$6,353,990
2,783	2,887	3,077	3,700	2,200	5,492
\$1,331,940	\$1,427,208	\$1,290,830	\$1,367,157	\$1,433,689	\$1,399,415
79,089	62,652	77,003	82,642	77,424	106,970
49,012	49,669	59,311	51,947	54,268	173,185
39,596	39,087	40,678	39,002	38,090	45,205
15,525	16,239	17,374	18,878	20,655	21,898
39,237	41,400	44,018	42,352	39,933	32,198
695	847	577	705	660	1,075
38,629	38,142	39,851	38,259	37,426	43,765
15,525	16,239	17,374	18,878	20,655	21,898
52	34	39	38	49	42
169	229	177	155	273	263
60,263	63,403	61,702	65,825	56,236	3,703
2,790	3,343	3,296	3,195	3,202	N/A
1,095	1,807	1,708	1,904	1,641	1,777
362	479	362	379	316	261
\$11,242,477	\$19,115,824	\$21,567,578	\$18,292,877	\$18,140,355	\$12,179,966
8,110	9,764	5,901	6,027	6,198	6,989
11	5	0	87	39	92
88,934	88,506	86,010	91,161	87,009	89,380
\$12,091,087	\$11,394,837	\$10,698,730	\$10,075,142	\$8,830,211	\$7,243,765
227	263	251	237	230	199
9,611	7,914	8,143	8,140	8,175	8,207
37	31	31	27	29	24
11	11	11	11	11	11
5	5	5	5	5	5
62	81	68	59	46	46
17,205	23,402	20,057	18,317	18,299	17,539
127	131	129	146	129	129
195	274	235	376	225	225
98	109	104	95	101	113
4	4	3	4	4	4
6	5	5	5	5	5
17	54	27	49	73	77
149	144	83	45	32	19

(Continued)

City of Cleveland, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2012	2011	2010	2009
Leisure Time Activities				
Recreation men and women leagues receipts	\$9,862	\$5,280	\$5,145	\$5,070
Economic Development				
Grant amounts received (Amounts in 000's) (13)	\$5,856	\$2,154	\$4,564	\$12,958
Public Works				
Street improvements - asphalt overlay (linear feet) (9)	212,032	224,361	0	101,000
Crackseal coating program (linear feet) (9)	0	3,263	679,450	200,640
Street repair (curbs, aprons, berms, asphalt) (hours)	117,239	83,212	76,000	80,000
Guardrail repair (hours) (11)	100	40	2,500	2,500
Paint striping				
Lane line (miles)	661	651	855	936
Crosswalks (each)	4,952	5,260	5,172	6,950
Arrows (each)	4,273	4,706	4,210	3,716
Street sweeper (hours) (11)	2,176	3,840	46,000	55,000
Cold patch (hours)	19,271	31,345	22,000	24,000
Snow and ice removal regular hours	87,369	128,000	128,000	128,000
Snow and ice removal overtime hours	18,912	23,117	21,139	14,400
Leaf collection (hours) (12)	0	0	18,300	18,000
Holiday lights setup (hours) (7)	500	0	0	0
Equipment repair/body shop (hours)	4,196	5,000	5,076	2,663
Tons of snow melting salt purchased November-March	40,236	74,679	53,322	67,000
Cost of salt purchased	\$1,834,359	\$3,348,606	\$2,321,118	\$2,700,000
Refuse disposal per year (in tons) August through July	212,367	240,603	232,241	236,225
Refuse disposal costs per year August through July	\$5,723,227	\$6,556,260	\$6,079,532	\$6,928,858
Annual recycling tonnage (excluding leaf, and compost items)	22,318	9,197	7,227	6,039
Percentage of waste recycled	10.06%	3.68%	3.13%	4.12%
Port Control				
Cleveland Hopkins Airport				
Landed weight (in thousands of pounds)	5,732,148	5,912,394	5,907,546	6,265,656
Total operations	180,944	188,286	192,683	200,268
Total passengers	9,010,077	9,203,740	9,492,455	9,715,604
Total enplaned passengers	4,495,353	4,597,697	4,745,308	4,855,129
Burke Lakefront Airport				
Total operations	72,916	65,664	64,358	68,456
Total passengers	184,427	176,096	174,598	166,965
Total enplaned passengers	92,160	87,695	87,012	83,438
Water Department				
Water rates per 1st 600 cubic feet of water used (5)	\$13.76	\$12.58	\$12.58	\$11.59
Average number of water accounts billed monthly (cubic feet)	139,023	138,002	133,626	135,675
Total water collections annually (including P&I)	\$246,046,531	\$211,302,881	\$210,264,218	\$221,967,799
Payments to Cleveland for bulk water purchases	\$21,271,504	\$19,101,723	\$20,660,824	\$18,093,912
Wastewater Department				
Sewer and sanitary calls for service	4,035	5,489	7,272	8,021
After hours sewer calls (hours)	167	204	185	103

- (1) General obligation bond rating.
 - (2) Amounts are new construction starts. The majority of engineering and construction projects are multi-year projects.
 - (3) Includes entire area serviced by the Division of Vital Statistics (i.e., Cleveland + suburbs).
 - (4) Beginning 2007, administratively approved cases no longer included.
 - (5) This is the rate for the City of Cleveland residents only. In 2012 rates changed from per 1000 cubic feet to per 600 cubic feet.
 - (6) Fire Calls was changed to "Fire calls-Incoming for service" and all years adjusted beginning 2004 to reflect all calls for service received.
 - (7) Holiday light setup was contracted to an outside agency in 2009, 2010 and 2011
 - (8) 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.
 - (9) No program was available for asphalt overlay in 2010 and a new program was implemented for crackseal coating. In 2011 this program ended due to state budget cuts and the asphalt overlay program was again funded.
 - (10) 2010 data has been changed. Figures included cases from prior years.
 - (11) Street sweeping was limited in 2011 and 2012 due to state imposed budget cuts.
 - (12) Beginning in 2011, the City no longer provides an organized leaf collection program.
 - (13) Economic Development grants received were restated in 2011 for all years shown. They include Neighborhood Development Investment Fund, Supplemental Impoverishment Zone, Economic Development Funds, Urban Development Action Funds, WIA Grants and Core City Program Funds. Beginning in 2011 WIA Grants were moved to General Government.
- N/A Information not available.

2008	2007	2006	2005	2004	2003
\$6,825	\$6,375	\$5,730	\$7,140	\$10,455	\$20,720
\$16,837	\$16,294	\$36,005	\$31,625	\$29,936	\$30,067
113,772	65,000	40,000	162,800	101,000	135,100
158,400	126,720	79,200	316,800	211,200	264,000
95,000	95,000	95,000	95,000	95,000	95,000
3,000	1,100	1,600	1,000	800	800
630	650	650	650	633	630
5,700	6,000	6,000	6,000	5,900	5,800
2,800	3,000	3,000	3,000	2,800	2,500
49,000	36,000	30,000	30,000	15,000	12,000
31,000	31,000	31,000	31,000	31,000	31,000
132,000	132,000	132,000	132,000	132,000	132,000
15,000	18,000	8,000	30,000	23,000	17,000
20,000	17,000	17,000	17,000	17,000	17,000
4	5	5	5	5	5
1,010	809	1,066	1,179	1,664	1,811
85,000	82,000	64,500	83,000	40,000	95,000
\$3,330,000	\$2,640,000	\$2,128,363	\$2,750,034	\$1,321,066	\$2,819,235
266,035	293,801	303,196	333,497	316,083	296,139
\$7,790,729	\$7,944,516	\$8,662,913	\$7,761,318	\$7,461,798	\$7,135,942
9,000	8,584	16,435	16,088	12,825	14,500
3.39%	2.93%	5.42%	4.82%	4.06%	4.90%
7,256,242	7,380,384	7,467,746	7,910,706	8,074,843	7,827,776
235,975	244,719	249,967	258,926	263,561	258,460
11,106,194	11,458,898	11,321,050	11,463,391	11,264,937	10,555,387
5,545,205	5,722,338	5,646,470	5,724,440	5,613,255	5,257,224
69,231	68,137	77,593	73,064	84,101	94,626
188,171	204,582	214,947	188,381	199,194	215,601
93,772	102,039	107,786	93,941	99,563	107,931
\$10.63	\$9.62	\$8.71	\$8.71	\$8.41	\$8.13
137,528	138,727	139,129	140,166	138,338	138,441
\$218,285,825	\$214,378,311	\$192,386,791	\$202,615,763	\$190,316,017	\$187,482,239
\$18,399,096	\$20,353,610	\$19,632,453	\$21,102,439	\$19,422,375	\$19,041,420
8,275	7,585	6,515	6,188	5,481	7,802
147	384	448	526	437	N/A

(Concluded)

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

Function/Program	2012	2011	2010	2009
General Government				
Square footage occupied (4)	3,690,000	3,690,000	3,700,000	3,700,000
Administrative vehicles	37	36	26	28
Police				
Stations	5	5	5	5
Square footage of buildings (1)	553,100	553,100	553,100	553,100
Vehicles	825	796	808	830
Fire				
Stations	26	26	26	26
Square footage of buildings	313,224	313,224	313,224	313,224
Vehicles	104	104	120	127
EMS				
Stations (headquarters)	1	1	1	1
Square footage of buildings	33,000	33,000	33,000	33,000
Vehicles	45	45	44	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	2,600	2,600	2,576	2,647
Short term	3,900	3,900	3,895	4,088
Surface	640	640	615	390
Total parking spaces	7,140	7,500	7,086	7,125
Vehicles	335	353	324	325
Other Public Works				
Streets (miles)	1,300	1,290	1,319	1,319
Service vehicles (5)	1,906	868	754	773

2008	2007	2006	2005	2004	2003
3,700,000 27	3,700,000 26	2,310,732 28	2,310,732 26	2,187,420 25	2,187,420 23
6 769,536 764	6 769,536 921	6 769,536 958	6 769,536 979	6 769,536 905	6 769,536 872
26 313,224 132	26 313,224 155	26 313,224 153	26 313,224 152	26 313,224 147	26 313,224 154
1 33,000 46	1 33,000 49	1 33,000 57	1 33,000 53	N/A N/A 47	N/A N/A 46
3 935,000 96	3 935,000 96	4 935,000 96	4 935,000 96	4 935,000 96	4 935,000 96
2,500 4,200 500 7,200 325	2,500 4,200 500 7,200 326	2,500 4,200 500 7,200 362	2,500 4,200 0 6,700 345	2,500 4,200 0 6,700 321	2,500 4,200 0 6,700 314
1,319 741	1,319 760	1,280 828	1,280 842	1,240 859	1,210 857

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

Function/Program	2012	2011	2010	2009
Recreation				
Number of parks	154	154	154	154
Number of playgrounds	110	109	109	109
Number of baseball diamonds	138	132	133	134
Number of tennis courts	119	111	111	114
Number of basketball courts				
Full	103	110	108	110
Half	10	10	10	10
Number of soccer fields	3	9	7	7
Number of recreation centers	21	20	19	19
Number of pools				
Indoor	19	19	18	18
Outdoor	20	23	23	23
Number of aquatic playgrounds	10	10	9	9
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	1,489	1,495	1,492	1,487
Vehicles	97	99	156	160
Wastewater				
Sanitary sewers (miles)	170	170	170	170
Storm sewers (miles)	199	199	199	199
Combined sewers (miles)	1,065	1,065	1,065	1,065
Vehicles	116	115	108	111
Electric Power				
Vehicles	284	266	252	272
Water Department				
Water lines (miles) (2)	2,839	2,709	2,704	2,493
Vehicles	736	708	744	745

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

(2) These are calculated totals of all trunk mains [20" diameter and larger] (439 miles), distribution mains [16" and smaller] within the City of Cleveland (1,266 miles) plus distribution mains within certain suburbs with updated service agreements (1,134 miles) which transferred ownership of the distribution mains within those suburban boundaries to the City of Cleveland. Not included in these totals are the distribution mains in all master meter communities and any direct service suburban community who has not entered into a new service agreement.

(3) In 2011 the City leased Seneca golf course. In 2012 the City leased both golf courses.

(4) Closed Platt Station and Luke Easter Station in 2011.

(5) In 2012 a departmental reorganization occurred that merged the departments of Public Service with Parks, Recreation and Properties becoming the Department of Public Works. The Office of Capital Projects was created from the Divisions of Architecture, Engineering and Construction and Research, Planning and Development and is reported under General Government. In addition, the Division of Consumer Affairs was merged with Community Development and was moved from General Government.

N/A Information not available.

2008	2007	2006	2005	2004	2003
155	154	150	150	146	146
110	110	111	112	111	109
134	138	140	140	141	141
114	120	120	120	131	134
110	111	118	120	123	121
10	10	12	16	18	18
7	7	12	12	12	11
19	19	19	19	19	18
18	18	18	18	18	17
23	23	22	22	22	22
8	8	7	6	6	4
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
1,491	1,490	1,477	1,477	1,440	1,444
157	161	163	154	145	143
156	156	171	171	171	171
164	164	199	199	199	199
920	920	1,065	1,065	1,065	1,065
114	128	83	82	81	81
291	308	306	287	269	276
2,321	2,321	2,172	2,168	2,042	2,040
759	811	832	827	814	801

(Concluded)

CITY OF CLEVELAND, OHIO

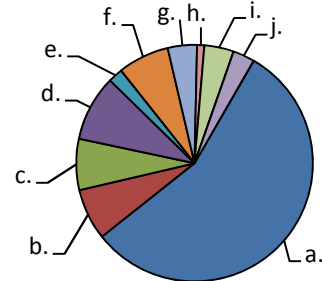
SCHEDULE OF STATISTICS-GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2012

OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

REVENUE DOLLAR BY SOURCE

Where the money came from

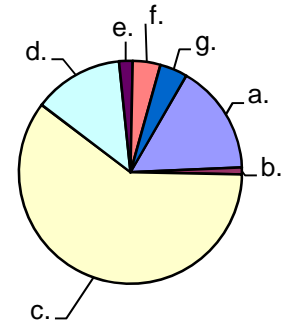
a. Income taxes	a. \$0.56
b. Property taxes	b. 0.07
c. State local government funds	c. 0.07
d. Other taxes and shared revenues	d. 0.09
e. Licenses and permits	e. 0.02
f. Charges for services	f. 0.07
g. Fines, forfeits and settlements	g. 0.04
h. Grant revenue	h. 0.01
i. Miscellaneous	i. 0.04
j. Transfers in	j. 0.03
	\$1.00



EXPENDITURE DOLLAR BY FUNCTION

Where the money was spent

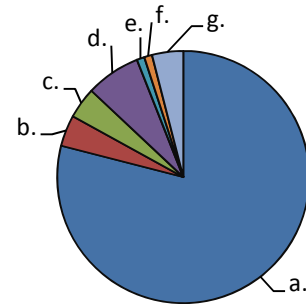
a. General Government	a. \$0.16
b. Public Health	b. 0.01
c. Public Safety	c. 0.60
d. Public Works	d. 0.13
e. Building and Housing	e. 0.02
f. Economic and Community Development and other	f. 0.04
g. Transfers out	g. 0.04
	\$1.00



EXPENDITURE DOLLAR BY OBJECT

What the money was spent on

a. Salaries, wages and related benefits	a. \$0.79
b. Interdepartmental charges	b. 0.04
c. Utilities	c. 0.04
d. Contractual services	d. 0.07
e. Materials and supplies	e. 0.01
f. Maintenance	f. 0.01
g. Transfers out	g. 0.04
	\$1.00



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Bureau of Photographic Services

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