

COUNTY OF CUYAHOGA, OHIO

2009

**ANNUAL INFORMATIONAL STATEMENT
IN CONNECTION WITH BONDS AND NOTES OF THE COUNTY**

In addition to providing information on an annual basis, the County of Cuyahoga intends that this Annual Informational Statement will be used, together with information to be specifically provided by the County for that purpose, in connection with the original offering and issuance by the County of its bonds and notes.

Questions regarding information contained in this Annual Informational Statement should be directed to Alexandra N. Turk, Director, Office of Budget and Management, County Administration Building, 1219 Ontario Street, Room 410, Cleveland, Ohio 44113.

The date of this Annual Informational Statement is September 28, 2009.

REGARDING THIS ANNUAL INFORMATIONAL STATEMENT

The information and expressions of opinion in this Annual Informational Statement are subject to change without notice, and the delivery of this Annual Informational Statement shall not, under any circumstances, give rise to any implication that there has been no change in the affairs of the County since its date.

TABLE OF CONTENTS

	<u>Page</u>
Cover Page	1
REGARDING THIS ANNUAL INFORMATIONAL STATEMENT	2
TABLE OF CONTENTS.....	2
INTRODUCTORY STATEMENT	5
THE COUNTY	6
General Information.....	6
Organization and Major Offices	7
Financial Management.....	7
Management of County Facilities	8
Administration	8
Certain County Officials	10
General Government.....	11
Employees.....	12
County Services and Responsibilities.....	15
Public Assistance and Social Services	15
Health.....	16
Administration of Justice	17
County Facilities, Utility and Other Enterprises.....	18
COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION.....	20
General.....	20
Population	22
Employment.....	22
Largest Employers	24
Corporate Headquarters	25
CORPORATIONS HEADQUARTERED IN COUNTY.....	25
Building Permits	25
Personal Income.....	25
Home Values and Housing Units.....	26
Utilities, Energy and Water Resources	26
Solid Waste Management	27

FINANCIAL MATTERS	27
Introduction.....	27
Budgeting, Tax Levy and Appropriations Procedures.....	28
Financial Reports and Examinations of Accounts.....	29
Investment and Management of County Funds	31
Financial Outlook.....	31
AD VALOREM PROPERTY TAXES.....	34
Assessed Valuation	34
Tax Rates	40
Tax Table A	40
Tax Table B.....	43
Collections	43
Delinquency Procedures	45
General Fund Receipts From Ad Valorem Property Taxes	46
OTHER MAJOR COUNTY GENERAL FUND REVENUE SOURCES.....	46
Permissive Taxes	46
County Sales and Use Tax	47
Real Property Transfer Tax.....	48
Local Government Assistance Funds.....	48
Nontax Revenues	49
COUNTY DEBT AND OTHER LONG-TERM OBLIGATIONS	50
Security for General Obligation Debt.....	50
Unvoted Bonds.....	50
Voted Bonds.....	51
BANs.....	51
Statutory Direct Debt Limitations.....	51
Indirect Debt and Unvoted Property Tax Limitations	53
Debt Outstanding	55
Bond Anticipation Notes.....	56
Gateway Project Obligations	56
Brownfield Redevelopment Fund Program and Other Economic Development Obligations	58
Future Financings.....	59
Long-Term Financial Obligations Other Than Bonds and Notes	60
Retirement Obligations	61
LEGAL MATTERS.....	62
RATINGS ON OUTSTANDING DEBT	63
CONCLUDING STATEMENT	63

Debt Tables

Debt Table A:	Principal Amounts of Outstanding Debt; Leeway for Additional Debt Within Direct Debt Limitations	DT-1
Debt Table B:	Various County and Overlapping General Obligation (GO) Debt Allocations (Principal Amounts).....	DT-2
Debt Table C:	Debt Service Requirements on General Obligation Debt 2009 through 2026	DT-3
Debt Table D:	Outstanding General Obligation Bond Anticipation Notes	DT-4
Debt Table E:	Debt Service Requirements on Nontax Revenue Obligations 2009 through 2030	DT-5

Appendix A – Comparative Cash Basis Summary of General Fund Receipts and Expenditures (Unaudited) for Fiscal Years 2003 through 2008 and Projected 2009

Appendix B – Audited Basic Financial Statements for Fiscal Year 2007*
Audited Basic Financial Statements for Fiscal Year 2008*

*The final Annual Information Statement shall incorporate the County’s 2007 and 2008 Audited Basic Financial Statements upon approval of the release of such statements from the County’s independent auditors and the Auditor of the State of Ohio.

INTRODUCTORY STATEMENT

This “Annual Informational Statement in Connection with Bonds and Notes of the County” (the Annual Statement) has been prepared by the County of Cuyahoga, Ohio (the County), to provide, as of its date, financial and other information and operating data relating to the County. The County intends that this Annual Statement be used in conjunction with specific offering information to be provided by the County in connection with its original offering and issuance of specific issues of bonds or notes, which specific offering information, taken together with this Annual Statement, would serve as the Official Statement for each of those issues. Following the distribution of this Annual Statement and concurrently with the original offering by the County of each particular issue of its bonds or notes, the County will distribute or make available the specific offering information relating to that issue along with information updating or revising information contained in this Annual Statement.

The County acknowledges various “disclosure” rules, proposals and interpretations relating to public securities, including those of the Securities and Exchange Commission (SEC), and certain continuing disclosure agreements entered into by the County, that require the provision and dissemination of annual financial information and operating data and of timely notification of certain “material” events. The County has prepared an annual informational statement such as this for many years and intends to continue that practice and to furnish copies of each such statement (including this Annual Statement) to each repository designated by the SEC, and to the Ohio Municipal Advisory Council, as the Ohio state information depository (SID), if required by any applicable continuing disclosure agreement. The County also intends, has agreed and will agree as and when required, to take any further steps that may be necessary to comply or permit compliance with applicable lawful disclosure requirements relating to County financings, including those required to permit municipal securities dealers purchasing bonds and notes of the County to comply with applicable SEC Rules and regulations.

All financial and other information in this Annual Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

This Annual Statement should be considered in its entirety and no one subject considered less important than another by reason of location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents.

References to provisions of Ohio law or of the Ohio Constitution are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Annual Statement “debt service” means principal of and interest on the obligations referred to, “City” means the City of Cleveland (the largest municipality in the County), “State” or “Ohio” means the State of Ohio and “Revised Code” means the Ohio Revised Code. “Fiscal Year” means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as “Fiscal Year 2008”) means the Fiscal Year ending on December 31 in that year.

THE COUNTY

General Information

The County, formed in 1810, is located in northeastern Ohio and borders on Lake Erie. It covers an area of 459 square miles and contains 2 townships and 57 cities and villages, the largest of which is the City of Cleveland, the county seat of the County. The County is substantially fully developed and, according to the 2000 census, had a population of 1,393,978, making it the most populous county in the State and the 23rd most populous county in the United States. Since 2000, however, annual estimates of the County's population from sources considered reliable show some loss in population from the preceding year's population figure (in aggregate estimated at 9.0% from 2000 to 2008).

In the 2000 Census classifications, the County was in the Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (PMSA), comprised of the six counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina. It was also in the Cleveland-Akron Consolidated Metropolitan Statistical Area (CMSA). Effective in 2003, the PMSA was redefined to exclude Ashtabula County and was re-classified as the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA). The CMSA was re-classified as the Cleveland-Akron-Elyria Combined Statistical Area (CSA). Only limited statistics are now available for the new MSA and CSA. For more detailed information concerning the economic and demographic characteristics of the County, see **County Economic and Demographic Information**.

Cities, villages and townships in the County, together with the various special districts and other governmental entities operating in the County, are responsible for many local governmental services and make significant expenditures to provide such services to County residents. The County, nonetheless, has significant responsibilities in the areas of general government, administration of justice, road and bridge maintenance, health care, sanitation, and public assistance and social services. The County operates wastewater collection and treatment facilities, water lines, parking facilities, a hospital, an airport and a computer information system for law enforcement agencies in the County. See **County Services and Responsibilities and County Facilities, Utility and Other Enterprises**.

Cities and villages in the County provide various services pursuant to statutory authorizations and to the constitutional "home rule" grant of "all powers of local self-government." Among the services provided and powers generally exercised by cities and villages within the State are the following: public safety, including police and fire functions; construction, maintenance and repair of streets and sidewalks; certain sanitation and health activities; recreation, including parks, playgrounds and swimming pools; certain public service enterprises such as collection, recycling and disposal of solid wastes and operation of sewer and water systems, airports and hospitals; and certain planning and zoning functions. Some of these services and powers may also be provided and exercised by counties, regional water and sewer districts and solid waste management districts.

In addition to the services provided by municipalities (and to some extent, townships), the educational services provided by the various school districts within the County and State government activities, there are other special districts and governmental entities currently performing various public service functions in the County. These include, among others, the Cleveland Metropolitan Park District (park and recreation facilities and programs), the Greater Cleveland Regional Transit Authority (mass transit), the Cleveland-Cuyahoga County Port Authority (lake port facilities and economic development activities), the Cuyahoga Community College District (two-year community college), the Cuyahoga County Library District (library facilities), the Cuyahoga County Solid Waste Management District (solid waste management), the Cleveland Metropolitan Housing Authority (low-income housing), the

Northeast Ohio Regional Sewer District (wastewater collection and treatment) and Cuyahoga Arts and Culture (support for the arts).

Organization and Major Offices

The County has only those powers, and powers incidental thereto, conferred upon it by the State Constitution and statutes. A three-member Board of County Commissioners (the Board), elected at large in even-numbered years for four-year overlapping terms, is the primary legislative and executive body of the County.

There are eight other elected administrative officials of the County, each of whom is independent within the limits of the State statutes affecting the particular office. These officials, elected to four-year terms, are the County Auditor, County Treasurer, Clerk of Courts, County Recorder, County Engineer, Sheriff, Prosecuting Attorney and Coroner. Common Pleas Court Judges, Court of Appeals Judges and Probate, Domestic Relations and Juvenile Court Judges are also elected on a County-wide basis and serve six-year terms.

The Board has exercised its statutory power to establish the office of County Administrator. The County Administrator is appointed by the Board and assists in the administration, enforcement and execution of the policies and resolutions of the Board; supervises and directs the activities of the departments reporting to the Board and supervises departments of the other elected and appointed officials; gathers and provides information for the Board; and performs such other duties determined by the Board.

The general responsibilities of the Board are centered in the areas of financial management, management of County facilities and administration (see also **County Services and Responsibilities**).

Under the State Constitution, the people of a county have authority to adopt a charter that provides for a different organization for their county government and, under certain circumstances, for the county government to exercise powers in addition to those vested in counties by statute. Any such charter must be approved by a vote of the electors.

Currently there are two proposals relating to the structure of Cuyahoga County government approved to be on the ballot in November, 2009. One proposal would ask voters to approve a County charter to replace the existing system of three County Commissioners and other elected officials with one elected executive, an elected county prosecutor and eleven county council members elected by district. All other positions would be appointed. The alternate measure would establish a 15-member county charter commission to draft a new county charter.

Financial Management. The Board is responsible for providing and managing the funds used to support various County activities. The Board exercises its legislative powers in budgeting, appropriating moneys, levying taxes, issuing securities and letting contracts for public works and services.

The County's Office of Budget and Management performs financial analysis and administrative functions for the Board. That Office's staff assists the Board in the budget process and monitors the operations of the County departments and independent boards and agencies. Its responsibilities include revenue forecasting, operating budget development and review, fiscal transactions' processing, capital budgeting, systems analysis, federal programs review, cost effectiveness studies and financial consultation services.

Management of County Facilities. The Board has responsibility for the management of most County facilities, including various public assistance and social service, court, correctional and administrative facilities, and general County government facilities. See **County Facilities, Utility and Other Enterprises.**

Administration. Administrative costs account for the largest share of the County's General Fund expenditures.

Independent boards and commissions administer a large variety of services within the County. Those boards and commissions include, among others, the Alcohol, Drug Addiction and Mental Health Services Board (formerly two separate boards), the Veterans Service Commission, the Board of Developmental Disabilities (formerly, the Board of Mental Retardation and Disabilities), the County Planning Commission and the Board of County Hospital Trustees.

Some of these boards and commissions are appointed entirely by the Board and are subject to complete fiscal control by the Board. Others have no members appointed by the Board and may, to varying extents, be independent of fiscal control by the Board. There are also others for which the Board does not have appointment powers but does have extensive fiscal responsibilities. For example, the Board has extensive financing, funding, budgeting and accounting responsibilities for the Board of Elections and for various courts, but does not appoint the members of the Board of Elections or the judges or employees of the courts.

The Board appoints three of ten members of the Board of Trustees of the Greater Cleveland Regional Transit Authority, three of nine members of the Board of Directors of the Cleveland-Cuyahoga County Port Authority, six of nine members of the Board of Trustees of the Cuyahoga Community College District, one of seven members of the Board of Trustees of the Northeast Ohio Regional Sewer District and all three Board Members of Cuyahoga Arts and Culture. Those Authorities and Districts are separate political subdivisions for which the Board has no fiscal or administrative responsibilities. The Board also appoints two of five members, and one joint appointment with the City of Cleveland of the Gateway Economic Development Corporation of Greater Cleveland, a nonprofit corporation organized for the purpose of developing and maintaining the Gateway Project, which consists of a 42,300 seat outdoor baseball stadium (formerly known as Jacobs Field and now known as Progressive Field), a 20,500 seat multipurpose arena (formerly known as Gund Arena and now known as Quicken Loans Arena), two parking garages and related common areas in downtown Cleveland. The Gateway Project and the County's involvement in it are further described herein under **County Debt and Other Long-Term Obligations – Gateway Project Obligations.** The Board also appoints four of sixteen members of the Board of Directors of Senior Transportation Connection of Cuyahoga County, a non-profit corporation organized for the purpose of increasing and improving the availability and quality of, and access to, sufficient transportation services for senior citizens in the County (the STC). The Board currently has no fiscal or administrative responsibilities with respect to the STC.

In 2003, the Board created a convention facilities authority, the Cleveland-Cuyahoga County Convention Facilities Authority, to construct, improve, expand, equip, finance and operate a new Convention Center in the City. The Board appropriated hotel-motel tax revenues for such purpose through August 2008. The County thereafter disbanded the Authority. The Authority closed its books in 2008 and submitted the residual Bed Tax to the Convention and Visitor's Bureau. See **Other Major County General Revenue Fund Revenue Sources - County Sales and Use Tax.**

In July, 2006, the Board adopted a resolution to place on the ballot at the November, 2006 general election the levy of an additional tax on the sale of cigarettes levied at the

wholesale level for the purposes of supporting the County's arts and cultural sector which was approved by the voters. The amount of the tax is \$0.015 per cigarette, effective February 1, 2007. The tax generated \$16.8 million for 2008, and the County estimates that this tax will generate approximately \$18.7 million for 2009 and \$19.0 million per year thereafter to be utilized by a Cuyahoga County Arts and Cultural District previously formed. The Board of County Commissioners has appointed a three-person Board to make decisions about the expenditure of such tax revenues. Accordingly, all funds from the tax will be collected by the State and distributed to the County to be utilized by Cuyahoga Arts and Culture, an Ohio political subdivision, for purposes described in the Ohio Revised Code. The cultural and arts sector did not previously receive any support from currently imposed cigarette taxes, and County support for this sector of the community has in the past been funded from General Fund revenue sources.

[Remainder of Page Intentionally Left Blank]

Certain County Officials

Certain of the current elected County officials, and some of the major officials who are appointed by and serve at the pleasure of the Board are:

Elected Officials	Name of Incumbent	Years of Incumbency	Expiration Date of Present Term
Commissioners:	Jimmy Dimora	10	December 31, 2010
	Peter Lawson Jones(a)	7	January 2, 2013
	Timothy F. Hagan(b)	4	January 1, 2013
Auditor	Frank Russo(c)	12	March 6, 2011
Treasurer	James Rokakis	12	September 6, 2013
Prosecutor	William D. Mason	10	January 4, 2013
Engineer	Robert C. Klaiber, Jr.	10	January 4, 2013
Coroner	Frank Miller, III M.D.(d)	2	January 4, 2013
Clerk of Courts	Gerald E. Fuerst	34	January 4, 2013
Recorder	Lillian J. Greene(e)	1	January 4, 2013
Sheriff	Bob Reid (f)	0	January 4, 2013

- (a) President of the Board.
- (b) Mr. Hagan also served as a County Commissioner from 1984 through 1997.
- (c) Mr. Russo served as County Recorder for 11 years prior to being elected County Auditor.
- (d) Dr. Miller was appointed Interim Coroner on August 2nd, 2007 to replace the retired Elizabeth Balraj who served as Coroner for 19 years before retiring on July 31, 2007. Dr. Miller was appointed Coroner by the Cuyahoga County Democratic Party Executive Committee on September 8, 2007.
- (e) Ms. Greene was appointed as Recorder by the Cuyahoga County Democratic Party Executive Committee on August 13, 2008 to replace Patrick J. O'Malley who resigned on May 16, 2008 after serving as Recorder for 10 years. Prior to her appointment as Recorder, Ms. Greene was a Common Pleas Court judge for 21.5 years and also served as a magistrate for seven years
- (f) Mr. Reid was appointed as Sheriff on May 11, 2009 to replace the former Sheriff Gerald T. McFaul who resigned on March 25, 2009.

Appointed Officials	Name of Incumbent	Date of Appointment
County Administrator	James McCafferty (a)	July 14, 2008
Deputy County Administrator	Lee A. Trotter(b)	April 6, 1997
Deputy County Administrator for Health and Human Services	Richard B. Werner, Jr.(c)	December 27, 2002
Director, Office of Budget and Management	Alexandra N. Turk	February 19, 1990
Clerk of the Board	Jeanne Schmotzer(d)	December 1, 2006

- (a) Mr. McCafferty was Director of the County’s Department of Children and Family Services for six (6) years prior to being appointed County Administrator. He replaced Dennis Madden who left the County to work in the Private Sector after serving as County Administrator for 3 1/2 years. Mr. McCafferty has 28 years of experience with the County.
- (b) Mr. Trotter was the Director of the County’s Central Services Department for four years prior to being appointed Deputy County Administrator.
- (c) Mr. Werner was the Interim Director of the County’s welfare-to-work department from January of 2001 through July of 2002. Prior to that, Mr. Werner served as Executive Officer in the County’s Office of Health and Human Services from November 1999 through December 2000 and as Executive Officer for Community Resources in the County’s welfare-to-work department from February 1998 through November 1999.
- (d) Jeanne M. Schmotzer replaced Penelope Hughes who retired after 24 years with the County. Ms. Schmotzer served as the Assistant Clerk of the Board before being appointed Clerk of the Board and has served the County for 10 years in various capacities.

General Government

Of the offices that can be grouped under the category of general government, in addition to the Board, two, the County Auditor and the County Treasurer, are of particular pertinence to the financial affairs of the County. See also **Financial Matters – Introduction**.

The County Auditor is elected to a four-year term and has as one of his most important functions the responsibility of assessing real property for taxing purposes. Under State law, a complete reappraisal must be conducted every six years (as was completed in 2000 and 2006) and updated after three years (as occurred in 2003 and is occurring in 2009). The Auditor is also the fiscal officer of the County, and in general no County contract or obligation (other than contracts and obligations entered into in connection with the operation of The MetroHealth System, the County’s health care system) may be made without his certification that funds for payment are available or are in the process of collection. In addition, no account may be paid except by his warrant drawn upon the County Treasurer. The Auditor is responsible for preparation and disbursement of the County payroll and has statutory accounting responsibilities. He is a member, and the Secretary, of the County Board of Revision and the County Budget Commission.

The County Treasurer is required by State law to collect certain taxes and to distribute them to various governmental units. The Treasurer prepares and mails tax bills to real property owners in the County and is the disbursing agent for expenditures authorized by the Board. The Treasurer is to make daily reports showing receipts, payments and balances to the County Auditor, and those books of account must always balance with those of the County Auditor. Under State law, the Treasurer is also charged with the responsibility of investing County funds. See **Financial Matters – Investment and Management of County Funds** and **Other Major County General Fund Revenue Sources – Nontax Revenues**. The Treasurer is a member of the County Board of Revision and the County Budget Commission and is in charge of the County’s Bond Retirement Fund.

The Treasurer, the Auditor and the County Prosecuting Attorney form the County Budget Commission, which plays an important part in the financial administration of local governments throughout the County. For a discussion of the role and function of the County Budget Commission, see **Financial Matters – Budgeting, Tax Levy and Appropriations Procedures**.

Employees

As of July 1, 2009, the County had approximately 8,956 full-time employees (excluding employees of The MetroHealth System) in various job classifications who were employed by the Board, other elected County officials and County-funded boards and commissions.

A statewide public employee collective bargaining law applies to public employee relations and collective bargaining.

As of July 1, 2009, 4,547 County employees were represented in bargaining units. The following table lists the bargaining units representing the indicated County employees and the expiration dates of the respective labor agreements:

[Remainder of Page Intentionally Left Blank]

Employees	Organization	Members of Bargaining Unit	Labor Agreement Expiration Date(a)
Board of County Commissioners Employees:			
Central Services	Cleveland Building and Construction Trades Council	88	June 30, 2012
Central Services	International Union of Operating Engineers Local 18-S	4	October 31, 2007(b)
Central Services - County Kennel	Teamsters Local 244	11	December 31, 2007(b)
Central Services - Operations	Service Employees International Union Local 1199 (Custodians, Mechanics, Window and Well Washers)	185	December 31, 2008(b)
Central Services - Print Shop	Graphics Communications International Local 546	7	January 31, 2012
Central Services - Security Officers	Ohio Patrolmen's Benevolent Association	152	December 31, 2010
Central Services - Security Sergeants	Ohio Patrolmen's Benevolent Association	13	September 30, 2010
Central Services - Carpenters	United Brotherhood of Carpenters	12	June 30, 2009(b)
Child Support Enforcement Agency	Teamsters Local 407	296	June 30, 2009(b)
Department of Development - Airport	Communication Workers of America Local 434Q	10	December 31, 2010
Fraud Investigators	Teamsters Local 407	26	June 30, 2009(b)
Human Services	American Federation of State, County and Municipal Employees Local 1746	1,555	June 30, 2011
CECOMS	Communication Workers of America Local 4340	19	March 31, 2010
Sanitary Engineering	Service Employees International Union Local 47 (Inspectors & Operators)	10	December 31, 2009(a)
Sanitary Engineering	Foremen and Laborers Local 1099	43	December 31, 2009(a)
Sheriff's Office Employees:			
Clerical	Communication Workers of America, AFL/CIO	74	December 31, 2008(b)
Cooks	United Auto Workers, Region 2	20	June 30, 2010
Corporals	United Auto Workers, Region 2	34	December 31, 2007(b)
Corrections Officers	Ohio Patrolmen's Benevolent Association	539	December 31, 2009(a)
Deputy Sheriffs	Ohio Patrolmen's Benevolent Association	132	December 31, 2007(b)
Inmate Services	American Federation of State, County and Municipal Employees Local 2927	29	December 31, 2010
Security Monitors	United Auto Workers, Region 2	9	June 30, 2009(b)

(a) Negotiations for a new contract typically begin approximately 90 days prior to the expiration of the current contract.

(b) Agreement has expired; a new contract is currently being negotiated. The employees in this bargaining unit are continuing to work under the terms of the prior agreement.

Engineer's Office Employees:

Heavy Equipment Operators	Teamsters Local 18-S	3	December 31, 2009(a)
Maintenance	Teamsters Local 436	39	December 31, 2008(b)
Skilled Trades	Cleveland Building and Construction Trades Council	6	December 31, 2009(a)

Board of Developmental Disabilities Employees:

Adult Services and Adult Employment Services Direct Care Employees	Service Employees International Union, District 1199-AS	458	December 31, 2009(a)
Bus Drivers, Bus Monitors and Mechanics	Ohio Association of Public School Employees, Local 744	146	August 31, 2010
Support Administrators, MUI Investigators, Quality Assurance	Service Employees International Union, District 1199-SA	143	December 31, 2009(a)
Teachers, Assistants, Custodians, School Secretaries, All Therapy Services	Association of Cuyahoga County Educators of Special Students	188	August 31, 2009(b)

Public Defender's Office Employees:

Attorneys	American Federation of State, County and Municipal Employees, Ohio Council #8, Local 3631	43	December 31, 2007(b)
-----------	---	----	----------------------

Veteran's Service

Commission Employees:	Teamsters Local 436	13	December 31, 2011
------------------------------	---------------------	----	-------------------

Court of Common Pleas Employees:

Probation Officers	Communications Workers of America Local 4309	59	January 31, 2010
--------------------	---	----	------------------

Juvenile Court Employees:

Probation Officers, Clerical and Transportation	Service Employees International Union District 1199	80	August 11, 2009(b)
Detention Center	Service Employees International Union District 1199	101	December 31, 2009(a)

(a) Negotiations for a new contract typically begin approximately 90 days prior to the expiration of the current contract.

(b) Agreement has expired; a new contract is currently being negotiated. The employees in this bargaining unit are continuing to work under the terms of the prior agreement.

The remaining full-time County employees are not members of a bargaining unit. The County allocated to non-bargaining unit employees wage and salary cost of living increases of 3% in 2007 and 0% in 2008. The bargaining unit agreements negotiated in 2008 contained annual wage and salary increases generally ranging from 0% to 2.5%.

Generally the terms of the salaries, wages and other economic benefits have been the products of negotiations with representatives of the employees or bargaining units and increases in economic benefits have been provided on an annual basis. In the judgment of the County, its employee relations generally have been and are considered currently to be good.

County Services and Responsibilities

The following are descriptions of selected County services and responsibilities.

Public Assistance and Social Services. Public assistance functions within the County are administered by five separate and autonomous departments, each with its own director, supported and overseen by the Executive Office of Health and Human Services. The director of each such department reports to the Deputy County Administrator for Health and Human Services, who serves as the statutorily-mandated County Director of Job and Family Services and is appointed by, and responsible to, the Board. The five departments and their respective functions are identified and described in the following paragraphs. Together, those departments had 2,660 full-time employees as of July 2009.

- **Employment and Family Services (EFS)** administers a variety of programs and services providing assistance to working families, older adults and disabled persons. Those programs and services include Healthy Start and other Medicaid health insurance programs, Child-Care Assistance, the Ohio Works First (OWF) program, Food Benefits, PRC Emergency Financial Help and Financial and Medical Assistance Services for the Disabled and are primarily funded from federal and State sources.
- **Children and Family Services** provides child protection activities and support services to strengthen families by investigating allegations of child abuse, neglect and dependency, coordinating child protective services and resources, utilizing foster and adoptive homes or residential treatment facilities as needed, and providing services designed to promote family reunification.
- **Senior and Adult Services** provides protective and supportive services to consenting elderly and disabled adults to protect them from abuse, neglect or exploitation. These services are designed to keep individuals in their homes or in the least restrictive environment possible. See **Health** below.
- **Cuyahoga Support Enforcement** locates absent parents, helps to establish paternity, works with parents in completing requirements for support orders and collects and distributes child support and spousal support funds from divorced parents.
- **Workforce Development** administers the federal Workforce Investment Act program that provides education services and training programs to prepare adults and youth for the workforce and to assist in meeting the community's workforce needs.

As of July 2009, the County projected that in 2009 \$55.7 million would be expended for the public assistance programs and \$416.4 million for the social service and employment training programs it administers, with approximately 73.6% of the amount for public assistance programs and social service programs coming from the State and Federal governments. Some of the social services are provided directly by Children and Family Services and Senior and Adult Services; other services are provided by Employment and Family Services, Workforce Development and community agencies under contract with these departments. Cuyahoga Support Enforcement expenditures for 2009 are projected at \$33.4 million, of which approximately 89.0% is expected to come from the State and Federal governments.

The County's share of expenditures for the activities and programs of these departments is funded with proceeds from two voted health and human services property tax

levies of 2.9 mills and 4.8 mills, expiring in 2010 and 2012, respectively. The County projects that approximately \$246 million from the health and human services tax levies will be used for these purposes in 2009. See **Ad Valorem Property Taxes – Tax Rates and Appendix A**.

The Veterans Service Commission (the Veterans Commission) and the Board of Developmental Disabilities also operate within the area of health and public assistance but apart from the departments described above.

- The Veterans Commission assists veterans and their dependents by providing emergency assistance and securing the materials and information needed to apply for and receive assistance under the various programs administered by the United States Department of Veterans Affairs. The five members of the Veterans Commission are appointed by the Judges of the Common Pleas Court and serve five-year terms. The activities of the Veterans Commission are financed from General Fund moneys. The Board has appropriated approximately \$7.7 million from the General Fund for those activities in 2009.
- The County's program for the mentally retarded and developmentally disabled, operated through the Board of Developmental Disabilities, provides various services to developmentally handicapped children and adults, including training classes, workshops and home services. Of the seven members of the Board of Developmental Disabilities, five are appointed by the Board and two by the Judges of the Probate Court. In addition to receiving State reimbursement and tuition reimbursement from the boards of education in the County, the Board of Developmental Disabilities is currently funded by a 3.9-mill voted property tax levy which was renewed and made permanent in November 2005, generating approximately \$116.7 million annually.

The County provides certain additional social service programs, including the administration of the Youth Development Center, a residential facility for juveniles. The County's total contributions for those programs were \$7.5 million in 2008 and are expected to be \$2.4 million in 2009, and are to be funded from appropriations from the Health and Human Services levies. On September 18, 2008, the County Board of Commissioners decided to close the Youth Development Center in Hudson; the facility was closed on December 31, 2008. The County solicited bids for purchase of the property in 2009. The City of Hudson has agreed to purchase the site from the County for approximately \$6.5 million. The County expects to complete the sale in late 2009.

Health. The County subsidizes the operation of The MetroHealth System, the County health care system that includes a general, acute-care hospital, outpatient centers, a skilled and intermediate care nursing facility and a rehabilitation facility. The System is governed by a Board of County Hospital Trustees that is appointed jointly by the Board and the senior judges of the County's Probate and Common Pleas Courts. The total bed capacity of the System is 1,169, and in 2009, the total operating expenditures of the System are projected to be \$719.4 million. The Board has appropriated \$39.6 million from proceeds of the two voted health and human services tax levies referred to above under **Public Assistance and Social Services** to subsidize System expenditures in 2009. In addition, in 2006 the Board appropriated \$10 million of General Fund moneys to the Hospital in anticipation of the sale of the Skilled East property. In 2007, the Skilled East Property was sold or transferred for net value of approximately \$10 million. All proceeds from the sale or transfer to Tri-C were returned to the General Fund. The Board has considered annually requests from the County Hospital Trustees for such subsidies and has appropriated various amounts for operating expenditures of the System based on System needs and County resources available for the purpose.

On July 1, 2009, the Alcohol & Drug Addiction Services Board of Cuyahoga County combined with the Cuyahoga County Community Mental Health Board to form the Alcohol, Drug Addiction and Mental Health Services Board of Cuyahoga County. The two boards had operated as separate entities before the merger.

The ADAMHS Board of Cuyahoga County is responsible for the planning, funding and monitoring of public mental health and alcohol and other drug addiction services delivered to the residents of Cuyahoga County. The ADAMHS Board of Cuyahoga County does not provide services directly to consumers but coordinates and evaluates activities at mental health centers and provides counseling and education services for children and adults. Other services for diagnosis, treatment and counseling for substance abuse are contracted out to provider agencies. In 2009, the County expects to provide approximately \$36.8 million of funding to the combined Alcohol, Drug Addiction and Mental Health Services Board. The County's source of that funding will be the 2.9-mill and 4.8 mill health and human services levies referred to above under **Public Assistance and Social Services**.

The County Health District is a separate political subdivision which is not coterminous with the County. The Board of Health of that District performs various services for villages, cities, townships and school districts contracting with it. Some of the services provided are immunizations, home nursing visits and sanitary inspections. The Board provides office space for the Board of Health, but has no authority to control the activities of the Board of Health and does not appropriate any significant amount of funds for its operations. The Board of Health is supported primarily by the charges it receives from contracting subdivisions.

Administration of Justice. As a part of the administration of the justice system in the County, the County maintains facilities for the Common Pleas Court (the court of general jurisdiction), including the Juvenile Division, the Domestic Relations Division and the Probate Division, and the Court of Appeals. The County Prosecuting Attorney's office, the Juvenile Detention Center and the County Jail are also maintained by the County.

In addition to his responsibilities as a prosecutor of criminal cases, the County Prosecuting Attorney is designated by Ohio law as the chief legal counsel for all County officers and boards, including the Board, the Board of Elections, the County Auditor, the County Treasurer, and tax-supported public libraries. He is also a member of the County Budget Commission.

The Clerk of Courts keeps all official records of the Common Pleas Court and serves as Clerk of Court of the Court of Appeals.

The County Sheriff, the chief law enforcement officer of the County, provides certain specialized services, which include maintaining a special staff of deputies whose duties are to assist local law enforcement officers upon their request and to enforce the law in unincorporated areas of the County. The Sheriff also operates and maintains the County Jail and is responsible for its inmates, including persons detained for trial or transfer to other institutions. As an officer of the County Courts, the Sheriff is in charge of the service of court documents.

In 2008, the County received a grant in the amount of \$10.8 million from the State Department of Rehabilitation and Corrections to construct a Community Based Correctional Facility (CBCF). CBCF's are residential sanctioned facilities that provide County Courts of Common Pleas a sentencing alternative to prison. The County's new facility will be operated by an outside entity with the State of Ohio providing an annual operating subsidy for the County's internal cost of administering the facility. A CBCF Governing Board has been created at the County to oversee the design, siting and construction of the new facility. The County is

currently soliciting bids for construction of the facility with an expected project completion date in late 2010.

County Facilities, Utility and Other Enterprises

The County presently owns the following facilities:

Facility	Use	Square Feet	Acreage	Estimated Value
Mall/Public Square District:				
Administration Building	Administration	148,245	1.66	\$15,850,000
Administration Annex	Administration	28,500	0.11	\$1,650,000
Ameritrust Complex	Redevelopment or Future Administration	810,420	1.66	\$22,000,000
Chicago Title	Workforce Development	39,000	0.66	\$1,650,000
Oppman Parking Garage	Future Administration Garage	62,304	0.81	\$5,145,000
Courthouse and Huntington Park Garage	Courts, parking garage	1,270,865	13.45	\$24,786,300
Courthouse Square	Justice related programs	89,550	0.40	\$6,349,900
Marion Building	Justice related programs	85,147	0.44	\$3,610,800
Men's Homeless Shelter	Men's Homeless Shelter	33,527	0.92	\$890,500
Soldiers and Sailors Monument	Monument	1,840	1.01	n/a
Justice Center:				
Courts Tower	Courts	705,113	4.31(a)	(b)
Corrections Center	Courts/Inmate cells	444,000	4.31(a)	(b)
Galleria	Court Rooms	156,175	4.31(a)	(b)
Jail II Corrections Facility	Courts/Inmate cells	252,740	0.75	(b)
Parking Garage	Parking garage	321,292	4.31(a)	(b)
East 9th/Erievue District:				
Auto/Title Building	Title Bureau	30,000	0.91	\$1,900,000
Central Services Building	Central Services	54,000	0.93	\$1,617,000
Cleveland State University District:				
Activities Building	Gymnasium	45,280	2.74(c)	(d)
Annex Building	Administrative Offices	28,250	2.74(c)	(d)
Courts Building	Administrative Offices	39,720	2.74(c)	(d)
Residence Building	Detention Center	37,000	2.74(c)	(d)
Service Building	Service Areas	16,500	2.74(c)	(d)
Whitlatch Building	Juvenile Division	33,404	1.32	(d)
Lakeside Industry District:				
East 18 th Street Building	Maintenance	20,900	6.25	\$648,500
Virgil E. Brown Building	Child Support Enforcement	300,000	1.20	\$25,733,700
Glenville District:				
Glenville Income Maintenance Center	Entitlement Services	20,000	n/a	\$746,700
Mid-Town Corridor District:				
Board of Elections Building	Board of Elections	65,700	0.72	\$2,706,600
Jane Edna Hunter Building	Children and Family Services	174,500	2.67	\$6,221,400
University Circle District:				
Coroner Building	Coroner's Offices	141,359	24.00	\$14,456,500
Hudson District – Youth Development Center:				
Washington Administration Building	Administrative Offices	14,865	27.50(e)	(f)
Dickerson Building	Residence Halls	10,140	27.50(e)	(f)
Jackson, Lincoln, Adams, Van Buren Cottages	Residence Halls	11,290	27.50(e)	(f)
Kennedy, Taft, Truman Cottages	Residence Halls	12,170	27.50(e)	(f)

Facility	Use	Square Feet	Acreage	Estimated Value
Harry L. Eastman School Building	Gymnasium	33,560	27.50(e)	(f)
Playhouse Square District:				
Loews Building	Playhouse Square offices	35,600	0.62	(g)
Ohio Theatre	Theatre productions	78,650	1.46(h)	(g)
State Theatre and Stagehouse	Theatre productions	261,200	1.46(h)	(g)
Ohio City District – Archives:				
Rhodes House	County archives	35,425	1.35(i)	(j)
Sanford House	Storage	11,185	1.35(i)	(j)
Community College District:				
Metzenbaum Child Center	Family Services	43,270	5.01	\$1,222,000
Richmond Heights District – County Airport:				
Safety/Service Building	Administrative Offices	25,000	6.25	(l)
Hangar Building	Aircraft Hangar	23,825	660.00(k)	(l)
Hangar Building	Aircraft Hangar	26,000	4.50	(l)
T-Hangars	Storage for Aircraft	11,680	660.00(k)	(l)
Valley View District:				
Sanitary Engineer	Sanitary Engineer	31,146	6.03	\$1,962,600
Cuyahoga County Fairgrounds	Exhibitor/County Fair	50,000	117.00	\$4,781,900
Whiskey Island	Marina/Recreation	449,539	60.00	\$6,250,000

- (a) These facilities are all located on the same 4.31-acre site.
- (b) Combined estimated value of \$307,197,250.
- (c) These facilities are all located on the same 2.74-acre site.
- (d) Combined estimated value of \$26,669,000.
- (e) The properties that are included in this district are being sold by the County.
- (f) Combined estimated value of \$6,198,000.
- (g) Combined estimated value of \$15,400,000.
- (h) These facilities are located on the same 1.46-acre site.
- (i) These facilities are located on the same 1.35-acre site.
- (j) Combined estimated value of \$1,078,000.
- (k) These facilities are located on the same 660-acre site.
- (l) Combined estimated value of \$12,762,200. Due to the nature of its use, the County's airport facilities and their site are, in large part, subject to ad valorem taxation.

The Board has responsibility for the management of most of these facilities and insures all of the buildings and their contents.

Originally, the County planned to consolidate office space for approximately 1,300 employees of various agencies into a centralized administration building by purchasing the Ameritrust complex site on Euclid Avenue in the City of Cleveland. As the County was in the process of planning the design and construction of a new building to be built on the site, the Board decided, due to higher than anticipated costs estimates and other long term financial commitments, to determine if it could sell the complex to a private party for redevelopment. After a Request for Proposal process, the Board decided to enter into a contract with K&D Group to purchase the complex for \$35 million once the developer obtained financing. The County extended the deadline with K&D but the developer was not able to secure adequate financing to complete a purchase. Currently the County is planning to find other prospective buyers for the Ameritrust site. It expects that the completion of asbestos mitigation to the tower and the parking garage component of the property makes the site a saleable asset. The County is still exploring the option to consolidate County employees in an integrated office complex and has solicited proposals from local real estate firms for leased office space to accommodate a consolidation of employees in one location.

The County owns and maintains a network of roads and bridges constituting the County highway system and related roadside drainage facilities and storm or surface water runoff systems. The elected County Engineer, required by law to be a registered professional engineer and surveyor, serves as the civil engineer for the County and its officials. The Engineer's primary responsibilities relate to the construction, maintenance and repair of those roads, bridges and storm water drainage facilities. The Board takes bids on and awards contracts for the projects recommended and approved by the County Engineer.

The County also owns and operates certain wastewater collection and treatment facilities, certain water lines, an airport and related facilities and certain off-street parking facilities.

The wastewater collection and treatment facilities include four wastewater treatment plants, 453 sewage pumping stations and 737 miles of sewers in 12 sewer districts. Under a contract with the Board entered into in March 2004, the County Engineer is responsible for the operation, maintenance and repair of those facilities and the County's water lines.

In 2008, the County Sanitary Engineer entered into an agreement with the City of Parma to maintain Parma's sewer system. Under this agreement, the County will oversee the maintenance of Parma's sanitary sewer system which will become a district within the County sewer system. The City of Parma will continue to own the sewer lines and the County will collect funds for the maintenance of the City of Parma's sewer lines.

On September 18, 2008, the Board of County Commissioners hired a real estate firm to sell the Hudson District-Youth Development Center site. A buyer for the site was selected and the sale is expected to close by the end of 2009.

The County Airport is a 660-acre airport certified by the Federal Aviation Administration and serving private and light commercial aircraft traffic.

The County's off-street parking facilities include two public parking facilities in the downtown area of the City and employee-only lots at various County-owned locations. The downtown facilities include a major four-level structure that offers 1,100 parking spaces and a two-level structure that offers 279 spaces, both for daily business activity and special events scheduled in the surrounding area.

The County maintains separate funds for each of these enterprises, and they receive minimal or no subsidies from the General Fund.

COUNTY ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The County is served by diversified transportation facilities including six U.S. highways and seven interstate highways, CSX, Norfolk Southern and Amtrak railroads, four airports and the Port of Cleveland.

The City is the headquarters for the Fourth District Federal Reserve Bank, which serves Ohio, the western portion of Pennsylvania and portions of Kentucky and West Virginia.

Within the Cleveland metropolitan area are several public and private two-year and four-year colleges and universities, including, among others, Baldwin-Wallace College, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, Hiram

College, John Carroll University, Kent State University, Lake Erie College, Lorain County Community College, Notre Dame College, Oberlin College, The University of Akron and Ursuline College.

The area is also noted as the site of many cultural institutions and attractions, including, among others, Severance Hall and Blossom Music Center (winter and summer season homes of The Cleveland Orchestra), The Cleveland Museum of Art, Playhouse Square Center (home of the Cleveland Opera, the Great Lakes Theater Festival and Dance Cleveland), The Cleveland Museum of Natural History, the Rock and Roll Hall of Fame and Museum, the Great Lakes Science Center, the Western Reserve Historical Society (including the History Museum, the Frederick C. Crawford Auto-Aviation Museum and the Library), The Children's Museum of Cleveland and the NASA Lewis Research Center Visitor Center.

Other performing and visual arts offerings include, The Cleveland Play House, the Beck Center, Karamu House, Fairmount Theatre of the Deaf, the Cleveland Public Theatre, the Cleveland Center for Contemporary Art and Spaces Art Gallery.

The Cleveland metropolitan area is also served by various recreational facilities. The County's location on Lake Erie and the Cuyahoga River provides a setting for many water recreation facilities and offerings, including the Cleveland Lakefront State Park (five lakeshore locations), many power and sail boat marinas and fishing piers and offshore reefs. The City's North Coast Harbor is the site of the William G. Mather Museum, the Rock and Roll Hall of Fame and Museum, the Great Lakes Science Center and the Cleveland Browns Stadium.

Also available to area residents is the Cleveland Metroparks System, a 20,000-acre, 16 reservation system called the "Emerald Necklace" because it surrounds the City, and the Cuyahoga Valley National Park, a 33,000-acre national park in the County and adjacent Summit County.

The City features the Gateway complex, consisting of Progressive Field (formerly known as Jacobs Field), the home of the Cleveland Indians, Quicken Loans Arena (formerly Gund Arena), the home of the Cleveland Cavaliers, and related facilities. See **County Debt and Other Long-Term Obligations – Gateway Project Obligations**. The Cleveland Metroparks Zoo, which features rain forest and wolf habitat exhibits, is also located in the City.

Cleveland Browns Stadium, home of the Cleveland Browns, was completed and opened in 1999. That project was financed in part with proceeds from an extended excise tax to be levied by the Board beginning in 2005 pursuant to voter approval obtained in November 1995.

There are eighteen hospitals which employ approximately 44,370 people and have a total capacity of approximately 5,790 beds in the County (source: Crain's Cleveland Business, 2009 Book of Lists).

Public mass transit for the area is provided by the Greater Cleveland Regional Transit Authority.

Population

Population of the County, the PMSA and the CMSA from 1960 to 2000, as estimated for 2008 was:

Population Data	1960	1970	1980	1990	2000	2008
County	1,647,895	1,720,835	1,498,400	1,412,140	1,393,978	1,283,925
PMSA ^(a)	2,220,050	2,418,809	2,277,949	2,202,069	2,250,871	2,088,291
CMSA ^(a)	2,825,417	3,098,048	2,938,277	2,859,644	2,945,831	2,786,844

(a) Effective in 2003, the PMSA was redefined to exclude Ashtabula County and was re-classified as the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA). The CMSA was re-classified as the Cleveland-Akron-Elyria Combined Statistical Area (CSA). Only limited statistics are now available for the new MSA and CSA. For more detailed information concerning the economic and demographic characteristics of the County.

Source: U.S. Bureau of the Census.

Employment

The following table shows comparative average employment and unemployment statistics for the County, PMSA, State and United States for the indicated periods.

Year(a)	Employed		Unemployed		Unemployment Rate			U.S.
	County	PMSA/MSA(b)	County	PMSA/MSA(b)	County	PMSA/MSA(b)	State	
2003	629,600	1,051,600	45,800	75,600	6.8	6.7	6.1	6.0
2004	637,400	1,035,900	42,200	64,800	6.2	5.9	6.1	5.5
2005	629,000	1,031,400	40,500	62,600	6.1	5.7	5.9	5.1
2006	626,700	1,034,800	36,700	58,500	5.5	5.4	5.5	4.6
2007	617,900	1,031,200	39,900	64,200	6.1	5.9	5.6	4.6
2008	601,800	1,010,400	43,800	70,800	6.8	6.6	6.5	5.8
2009(c)								
Jan.	576,200	967,400	47,400	80,200	7.6	7.7	9.8	8.5
Feb.	574,600	964,700	58,900	100,700	9.3	9.4	10.2	8.9
March	574,400	964,300	54,100	92,400	8.6	8.7	10.1	9.0
April	577,300	969,300	57,100	96,200	9.0	9.0	10.2	8.6
May	577,100	968,900	65,000	108,400	10.1	10.1	10.4	9.1
June	585,000	982,200	66,200	110,300	10.2	10.1	11.2	9.7
July	590,300	991,100	61,800	101,800	9.5	9.3	11.1	9.7

Note: Figures have been rounded to hundreds.

(a) Not seasonally adjusted.

(b) Figures for 2001 through 2003 are for the former PMSA, which consisted of the County and Ashtabula, Geauga, Lake, Lorain and Medina Counties. Figures for 2004 and thereafter are for the new MSA from which Ashtabula County has been excluded.

(c) Monthly figures – not seasonally adjusted.

Source: Ohio Department of Job and Family Services. These estimates are prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor, and are by place of residence.

The estimated rate of unemployment (not seasonally adjusted) for the County in 2008 was 6.8%, based upon Ohio Department of Job and Family Services figures.

The following table indicates the distribution of employee classifications in the MSA for the years 2004 through 2008:

Distribution of Employees by Sector
(Amounts in 000's)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Goods Producing Industries					
Mining, Logging, and Construction	43.9	42.9	41.6	41.0	37.7
Specialty Trade Contractors	29.2	28.4	27.7	27.4	25.6
Manufacturing	150.5	149.3	147.5	142.8	138.5
Durable Goods	108.1	107.7	106.8	103.2	100.1
Primary Metals	10.9	11.1	11.1	10.6	10.7
Foundries	5.0	5.1	4.9	4.4	4.2
Fabricated Metal Products	30.8	31.2	31.8	32.0	31.3
Transportation Equipment	21.0	19.9	18.4	15.6	13.3
Motor Vehicle Parts	13.9	13.2	12.3	9.9	8.1
Nondurable Goods	42.3	41.6	40.7	39.6	38.4
Total Goods Producing Industries	<u>194.4</u>	<u>192.1</u>	<u>189.1</u>	<u>183.8</u>	<u>176.2</u>
Service Providing Industries					
Trade, Transportation, and Utilities	199.8	198.7	199.5	198.8	195.6
Wholesale Trade	54.6	55.3	56.1	55.1	54.3
Merchant Wholesalers, Durable Goods	31.5	31.7	32.1	31.7	30.9
Merchant Wholesalers, Nondurable Goods	17.4	17.8	17.8	17.2	16.9
Retail Trade	112.8	110.5	109.7	109.4	107.8
Food and Beverage Stores	24.0	23.2	23.2	22.9	23.3
Health and Personal Care Stores	8.4	8.2	7.8	7.9	7.9
General Merchandise Stores	18.5	18.2	18.6	19.6	19.9
Transportation, Warehousing, and Utilities	32.4	32.9	33.8	34.3	33.6
Transportation and Warehousing	29.8	29.9	30.3	30.6	29.8
Information	19.9	19.4	18.9	18.5	17.9
Financial Activities	76.9	74.9	73.8	72.2	68.9
Finance and Insurance	59.7	58.1	57.1	55.9	53.0
Credit Intermediation and Related Activities	28.6	27.5	26.0	24.9	22.7
Depository Credit Intermediation	17.9	17.5	17.5	17.5	16.4
Insurance Carriers and Related Activities	25.1	24.7	24.7	24.6	24.0
Insurance Carriers	<u>18.2</u>	<u>18.0</u>	<u>17.9</u>	<u>17.5</u>	<u>16.9</u>
Total Service Producing Industries	<u>877.7</u>	<u>880.0</u>	<u>885.9</u>	<u>888.4</u>	<u>883.0</u>
Total	<u>1,072.1</u>	<u>1,072.2</u>	<u>1,075.0</u>	<u>1,072.3</u>	<u>1,059.1</u>
Goods Producing Percentage	<u>18.1%</u>	<u>17.9%</u>	<u>17.6%</u>	<u>17.1%</u>	<u>16.6%</u>
Service Producing Percentage	<u>81.9%</u>	<u>82.1%</u>	<u>82.4%</u>	<u>82.9%</u>	<u>83.4%</u>

Source: Ohio Department of Job and Family Services, Labor Market Division

Largest Employers

The following employers (private and public) had the largest work forces in the County as of June 30, 2008 (the most recent data available):

Employer	Nature of Activity	Approximate Number of Full-time Equivalent Employees
Cleveland Clinic Health Systems	Health Care	32,415
U.S. Office of Personnel Management	Federal government	13,101
University Hospitals Health System	Health Care	10,904
Progressive Corp.	Insurance	9,057
Cuyahoga County	County government	8,956
Giant Eagle, Inc.	Retail grocery chain	8,800
U.S. Postal Service	U.S. Mail	8,032
The City of Cleveland	Municipal government	7,950
National City Corp.	Financial services	6,467
KeyCorp	Financial services	6,326
The MetroHealth System	Health care	5,757
Case Western Reserve University	Higher education	4,844
Swagelok Co.	Industrial fluid system components	3,600
Sherwin-Williams Co.	Manufacturer of paint and related products	3,060
Parker Hannifin Corp.	Fluid power systems	2,498
Continental Airlines	Airline	2,493
Greater Cleveland Regional Transit Authority	Public transportation	2,412
American Greetings Corp.	Manufacturer of greeting cards	2,200
UPS	Package delivery	2,198
AmTrust Bank	Retail banking	2,011
Medical Mutual of Ohio	Insurance	1,815
UHHS/CSAHA-Cuyahoga, Inc.	Health care provider	1,984
Rockwell Automation	Industrial automation	1,982
J.C. Penney Co.	Department store	1,820
Arcelor Mittal	Integrated steelmaker	1,816
Parma City School District	Public school district	1,783
Kaiser Permanente of Ohio	Health care	1,766
Eaton Corp.	Diversified industrial manufacturer, electrical, hydraulic, automotive and truck products	1,684
Cleveland State University	Higher education	1,666
Cuyahoga Community College	Community College	1,630
Nestle Prepared Foods Co.	Manufacturer of food	1,539
Parma Community General Hospital	Health care	1,537
General Motors Corp.	Automotive Manufacturer	1,465
Alcoa Wheel and Forged Products	Manufacturer of aluminum forgings	1,400
JPMorgan Chase & Co.	Financial services	1,400
Scott Fetzer Co.	Diversified manufacturer	1,326
Dominion East Ohio	Natural gas distribution	1,322
GE Consumer & Industrial	Manufacturer of lighting products	1,250
Cuyahoga County Board of Mental Retardation	Support services	1,215
Philips Medical Systems	Manufacturer of medical diagnostic equipment	1,200
Ernst & Young LLP	Professional services firm	1,170
Ben Venue Laboratories, Inc.	Manufacturer of pharmaceutical products	1,126
Forest City Enterprises Inc.	Owner and developer of real estate	1,042
Cleveland Heights-University Heights School District	Public school district	1,006
Federal Reserve Bank of Cleveland	United States central bank	946
Menorah Park Center for Senior Living	Full continuum care for seniors	839
Huntington National Bank	Financial services	825
Shaker Heights City School District	Public school district	806
Euclid City School District	Public school district	760

Sources: Crain's Cleveland Business, December 22, 2008, and, as to the County, the County. Most recent information available.

Corporate Headquarters

The County is the location of headquarters for fifteen corporations that rank among *Fortune Magazine's* (2009) 1000 largest corporations in the United States. The names of those corporations and certain information about them are set forth below.

CORPORATIONS HEADQUARTERED IN COUNTY AMONG FORTUNE'S TOP 1000

Within the 1000 Largest U.S. Corporations Ranked by Revenues^(a)

<u>Rank</u>	<u>Company</u>	<u>Revenues</u> ((\$Millions))	<u>Major Products</u>
164	Eaton Corporation	\$15,376.0	Financial Services
209	Progressive Corporation	12,840.1	Insurance
221	Parker Hannifin Corp	12,145.6	Hydraulic Components
322	The Sherwin-Williams Company	7,979.7	Paints and Chemicals
332	TravelCenters of America	7,658.4	National Travel Center Chain
382	KeyCorp	6,499.0	Financial Services
413	Aleris International	5,968.2	Metals
589	NACCO Industries	3,680.3	Industrial & Farm Equipment
599	Cliffs Natural Resources	3,609.1	Mining, Crude Oil Production
784	Lincoln Electric Holdings	2,479.1	Industrial Equipment
806	Medical Mutual of Ohio	2,387.1	Health Care Insurance
821	Ferro	2,306.1	Chemicals
880	Applied Industrial Technologies	2,089.5	Industrial Components
970	American Greetings	1,776.8	Greeting Cards, Printing
992	OM Group	1,736.8	Specialty Chemicals and Advanced Materials

(a) Source: Fortune Directory of the Largest U.S. Corporations, issue dated May 4, 2009.

Building Permits

The following table shows information concerning building permits (including those for commercial, industrial, residential and public improvements, and both remodeling and new construction) and the value thereof, filed with the County Auditor.

Year	Number of Permits	Value of Permits
2004	21,250	\$1,290,176,686
2005	20,996	1,252,555,829
2006	27,331	1,216,646,909
2007	17,789	1,259,873,042
2008	15,373	1,150,458,308

Source: County Auditor.

Personal Income

According to Census reports, the 2008 median income for County families was \$44,199 compared to State and national medians of \$47,988 and \$52,029, respectively.

According to the Ohio Department of Taxation, the average federal adjusted gross income for County residents filing Ohio personal income tax returns for calendar year 2006 (the latest year for which the information is available) was \$51,520 compared to the average of \$50,647 for all Ohio residents.

Home Values and Housing Units

The following is Census information concerning housing in the County, with comparative City and State statistics:

	2000 Median Value of Owner-Occupied Homes	% Constructed Prior to 1940		Housing Units Number		% Change
		1990	2000	1990	2000	
County	\$113,800	31.8%	28.8%	604,538	616,904	+2.0%
City	72,100	52.6	49.3	224,311	215,856	-3.7
State	103,700	25.8	22.5	4,371,945	4,783,051	+9.4

County Auditor figures show the following numbers of sales transactions and average sales prices of residential property in the City, the suburbs in the County and the County in recent years.

Year	City		Suburbs		County	
	Number of Sales	Average Sales Price	Number of Sales	Average Sales Price	Number of Sales	Average Sales Price
2004	6,648	\$82,148	16,030	\$173,976	22,678	\$146,229
2005	6,513	91,809	16,554	189,620	23,067	162,003
2006	5,142	92,924	13,984	187,509	19,126	162,080
2007	3,811	82,335	9,940	198,316	13,751	165,032
2008	1,380	98,412	6,614	191,165	7,994	171,699

Utilities, Energy and Water Resources

Water service in the County is provided primarily by the City's Division of Water and other municipal water utilities. The County has a Lake Erie shoreline of approximately 100 miles. Lake Erie is the 12th largest lake in the world by surface area. Fresh water is available to the area for all of its foreseeable needs.

Sanitary sewer service is provided by the Northeast Ohio Regional Sewer District, municipal sanitary sewer utilities and the County. See **The County – County Facilities, Utility and Other Enterprises**.

The County is well served with energy sources. The principal suppliers of electric energy in the County are The Illuminating Company, a subsidiary of FirstEnergy Corporation, and Cleveland Public Power, a municipal utility operated by the City. The principal suppliers of natural gas are Dominion East Ohio Gas Company, Columbia Gas Company of Ohio, Inc. and Shell Energy Services Co.

Local telephone service is primarily provided by AT&T (successor by merger to SBC Communications, Inc.) and cable television service is provided by a number of different companies.

Solid Waste Management

In accordance with statutory requirements, the Board has provided for the establishment of the Cuyahoga County Solid Waste Management District which includes all of the territory in the County as well as a portion of the Village of Hunting Valley in neighboring Geauga County. The Ohio Environmental Protection Agency (Ohio EPA) approved a solid waste management plan for the District in 1994 under which the District is responsible for solid waste management activities previously undertaken by the County. An update to that plan, reflecting projected needs and solutions for a 15-year period, was ratified by 96% of the local legislative bodies in the District and approved by the Ohio EPA in 2000.

Solid waste collection, disposal and recycling services in the County generally are provided by municipalities and private providers. The Solid Waste Management District provides collections for special waste including phone books, household hazardous waste, scrap tires, computers and mercury.

FINANCIAL MATTERS

Introduction

The County's fiscal year corresponds with the calendar year.

The main sources of County revenue are property taxes, sales and use taxes, charges for services, investment earnings, and federal and state distributions, as described under **Ad Valorem Property Taxes** and **Other Major County General Fund Revenue Sources** and in **Appendix A**.

The responsibility for the major financial functions of the County is divided among the County Auditor, the County Treasurer and the Board and its Office of Budget and Management.

Important financial functions include general financial recommendations and planning by the Office of Budget and Management; annual budget preparation by the Board with the assistance of that Office; and express approval of appropriations by the Board.

The County Auditor is the County's fiscal officer and has major accounting responsibilities. He maintains a fund and departmental system of accounts for the County's receipts and expenditures, and on the basis of such accounts, prepares an annual report filed with the Ohio Auditor of State (the Auditor of State).

The County Auditor is not to allow the amount set aside for any appropriation to be overdrawn, or the amount appropriated for any one item of expense to be drawn upon for any other purpose. The County Treasurer is not to allow a voucher to be paid unless sufficient funds are in the County treasury to the credit of the fund upon which the voucher is drawn. The County Treasurer also acts as custodian and disbursing agent for County funds and keeps books of account which are to balance with those of the County Auditor on a monthly basis.

The Board is responsible for general policy decisions with respect to most of the financial affairs and borrowing of the County as well as for overall fiscal planning and development. In addition, the Board must approve the budget each year and must authorize all appropriations of money for most County activities.

Other important financial functions affecting County government are:

1. Examination of accounts by the Auditor of State as discussed under **Financial Reports and Examinations of Accounts**.
2. Assessment of real property by the County Auditor, subject to supervision by the State Tax Commissioner.
3. Assessment of public utility property and tangible personal property by the State Tax Commissioner.
4. Billing and collection by the County Auditor and County Treasurer, respectively, of property taxes and special assessments.
5. Investment and management of County funds by the County Treasurer.

Budgeting, Tax Levy and Appropriations Procedures

Detailed provisions for county budgeting, tax levies and appropriations are made in the Revised Code, including a requirement that the taxing authority (the Board in the case of the County) levy property taxes in a sufficient amount, together with any other moneys available for the purpose, to pay the debt service on securities payable from property taxes. The procedures involve collective review by County officials at several steps.

The law generally requires that a subdivision prepare, and then adopt after a public hearing, a tax budget approximately six months before the start of the next Fiscal Year. The tax budget is then presented for review by the county budget commission, comprised of the county auditor, treasurer and prosecuting attorney. However, a county budget commission may either waive the requirement for a tax budget or permit an alternative form of tax budget with more limited information. In 2002, the Cuyahoga County Budget Commission (the County Budget Commission) voted to waive the requirement of preparing and adopting a tax budget for future Fiscal Years and prescribed an alternative form of a tax budget information document to be used by the County and other subdivisions in the County.

Under current requirements, County budgeting for each Fiscal Year formally begins in July with the preparation and submission to the County Budget Commission of tax budget information for the following Fiscal Year. For debt service, the information is to include the net amounts of debt charges for which property tax levies must be made (after application of estimated receipts from other sources) and the portions of those levies to be inside and outside the ten-mill limitation. That tax budget information is then reviewed by the County Budget Commission.

As part of its review, the County Budget Commission determines and approves levies for debt service outside and inside the ten-mill limitation. *The Revised Code provides that "if any debt charge is omitted from the budget, the commission shall include it therein."*

Upon its approval of the tax budget, the County Budget Commission certifies its action to the Board together with the estimate by the County Auditor of the tax rates outside and inside the ten-mill limitation. Thereafter and before the end of the then Fiscal Year, the Board approves the tax levies and certifies them to the proper County officials. The approved and certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two installments, the first usually due in January and the second in July for real property taxes, the lien for which attached January 1 of the preceding calendar year.

Tangible personal property taxes for taxpayers owning property in more than one county are payable in September and for taxpayers owning property in one county are payable in two installments in April and September. (Tangible personal property taxes will be phased-out over the collection years 2007 through 2010. For additional information about this change of State tax law, see **Ad Valorem Property Taxes-Assessed Valuation** that follows.)

Under State law, the Board must adopt a permanent appropriation measure for a Fiscal Year by April 1 and may adopt a temporary appropriation measure for the Fiscal Year to provide for expenditures from January 1 until the permanent appropriation measure is adopted. The Board adopted its permanent appropriation measure for Fiscal Year 2009 in December 2008. Although called “permanent,” the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual appropriations may not exceed the County Budget Commission’s official estimates of resources, and the County Auditor is to certify that the County’s appropriation measures do not appropriate moneys in excess of the amounts set forth in those estimates.

Financial Reports and Examinations of Accounts

The County maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the Auditor of State. The Auditor of State is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision (including the County) and most public agencies and institutions in the State.

County receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the Auditor of State that are generally applicable to all Ohio political subdivisions. The records of the County’s cash receipts and expenditures are converted annually for audit purposes to a modified and full accrual basis of accounting, as required. These accounting procedures conform to accounting principles generally accepted in the United States of America as applicable to governments, including, among others, those prescribed by the Government Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). Those principles, among other things, provide for (i) a modified accrual basis of accounting for the general fund, all special revenue funds, the debt service (bond retirement) fund, and the capital projects fund, (ii) a full accrual basis of accounting for all other funds, and (iii) the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances. The government-wide financial statements are prepared using a full accrual basis of accounting.

The County has issued a Comprehensive Annual Financial Report (CAFR), including General Purpose Financial Statements/Basic Financial Statements, for each of its Fiscal Years since 1983. Each such CAFR has been submitted to the GFOA for consideration for a Certificate of Achievement for Excellence in Financial Reporting, which is awarded to those governmental reporting agencies that comply with the reporting standards of the GFOA. The County has been awarded a Certificate for its CAFRs for each Fiscal Year from 1983 through 2007, except for its CAFR for Fiscal Year 1993. The County applied for but did not receive such a Certificate with respect to its CAFR for Fiscal Year 1993 due to its presentation of certain information concerning County investments.

The County began publishing a Popular Annual Financial Report (PAFR) starting with Fiscal Year 2003. The County received a GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its 2003 PAFR, 2004 PAFR, 2005 PAFR, 2006 PAFR and its 2007 PAFR.

Cuyahoga County was one of 189 counties out of the 3,034 counties in the United States to earn the coveted Distinguished Budget Presentation Award in 2008. The County has received this honor from the Government Finance Officers Association (GFOA) every year it has submitted an annual budget plan for review since 1988. There was no plan submitted in 1994, 2002, and 2003. The GFOA established the Distinguished Budget Presentation Award in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal.

The financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements (the Financial Statements), have been audited by an independent public accounting firm engaged by the County and the Auditor of State. The Financial Statements present financial and other information only as of the dates and for the periods set forth therein. The Financial Statements are the most recent audited financial statements of the County; however, reference to the Financial Statements herein shall not create any implication that either the independent public accounting firm or the Auditor of State has undertaken any review or procedures with regards to financial statements or financial information as of any date or for any period beyond December 31, 2006. The Financial Statements, which have been filed with the nationally recognized municipal information repositories and the Ohio State information depository and may also be found at the Cuyahoga County's website, www.auditor.cuyahoga-county.us, are incorporated herein by reference.

The Financial Statements of the County as of and for the year ended December 31, 2007 and 2008 have been audited by the independent accounting firm engaged by the County and the Auditor of State. However, the independent accounting firm has not yet released its audit opinions for such years due to the federal investigation potentially concerning certain public officials of the County. See **Legal Matters**. When the independent auditor releases its audit opinions and the Auditor of State approves the audits' release, the County will provide its 2007 and 2008 Audited Financial Statements.

The most recent compliance audit of the County's accounts and records was completed by the independent public accounting firm through December 31, 2006. No material findings, citations or items for adjustment were made.

The most recent audit of the County's public assistance and public children services funds, and CSEA in accordance with federal and State program requirements, was completed by the Auditor of State for the State's Fiscal Year 2007. No material financial findings were made as a result of that audit.

Appendix A provides an unaudited comparative cash basis summary of General Fund receipts and expenditures for the last five Fiscal Years and for Fiscal Year 2008 (budgeted). **Appendix B** provides information about obtaining the Basic Financial Statements of the County for Fiscal Years 2006 and 2007 (the County's Financial Statements), which are incorporated by reference herein. Since that information is a public record under Ohio law, the consent of the County's auditors to their inclusion in this Annual Statement is not required, and no bring-down procedures have been undertaken by the auditors since the date of the audit report. Certain information in the County's Financial Statements, including, without limitation, certain information with respect to debt, debt limitations and ratings, is updated and superseded in other portions of this Annual Statement.

Investment and Management of County Funds

Investments of County funds are governed by provisions of the State's Uniform Depository Act (Chapter 135 of the Revised Code) applicable to all non-charter counties. Under that Act, the County Treasurer has day-to-day responsibility for those investments. The County Treasurer retains an investment advisor to provide advice to the Treasurer's office.

The County's Investment Advisory Committee (comprised of the three County Commissioners, the Clerk of Courts and the County Treasurer) has approved an investment policies and procedures manual. The County's investments and cash management program are administered in accordance with those investment policies and the recommendations of the County's investment advisor.

Under the Uniform Depository Act and the County's adopted investment policies, investments may be made in (a) direct obligations of the United States, (b) obligations of certain agencies and instrumentalities of the United States, (c) time certificates of deposit with eligible depository institutions defined in Section 135 of the Ohio Revised Code having an office in the State, (d) the Treasurer of State's STAR Ohio program, (e) repurchase agreements, (f) certain commercial paper (with a short-term rating of at least A1 or P1), (g) certain bankers' acceptances (with a short-term rating of at least A1 or P1), (h) municipal obligations of the State or its political subdivisions, (i) registered investment companies (open end, no load money market mutual funds), (j) corporate notes that are rated in the second highest or higher category by at least two nationally recognized rating services at the time of purchase and mature not later than two years after purchase and (k) foreign notes if rated in three highest rating categories by two rating services, denominated and payable in U.S. dollars. Under the County's investment policies, bankers' acceptances and commercial paper can together account for no more than 25% of the County's investment portfolio computed on a 12-month rolling basis. The County's repurchase agreements are with one of several eligible broker-dealers approved by the County's investment advisor, and relate to direct obligations of the United States or agencies or instrumentalities of the United States that are held by a major Ohio bank as the County's custodian.

The County's investment policies also provide other specific requirements for the diversification of investments and a maximum maturity (five years) for new County investments.

As of July 1, 2009, the County's \$830.7 million investment portfolio was invested as follows: \$119.5 million in STAR Ohio and available on one day's notice; \$42.7 million in collateralized or guaranteed certificates of deposit; \$5.0 million in foreign notes, \$20.7 million in Corporate Bonds;; \$436.7 million in noncallable agency securities of the United States maturing in 2008 through 2010; \$2.9 million in municipal securities with a maturity of 2008; \$138.8 million with a variety of banks and other financial institutions and \$2.1 million as a part of linked-deposit programs and \$42.1 million in uninvested cash on hand. Although the particular components of the portfolio will necessarily change from time to time as investments mature and moneys are reinvested, the County does not expect those components or the weighted average maturity of its investments to vary materially in the foreseeable future.

Financial Outlook

County officials, including the Board and its Office of Budget and Management, closely monitor County revenue and spending. As most local governments, the County is affected by economic conditions and changes in revenues received from the state and federal governments for programs for which the County is responsible.

The County's General Fund receipts have fluctuated moderately since 2004 when they were \$334.7 million. Receipts dropped slightly in 2005 to \$331.6 million. These receipts then grew two consecutive years in 2006 (\$335.3 million), and again in 2007 (\$363.2 million). Then in 2008 they dropped (\$353.4 million). The County projects that its General Fund receipts will drop in Fiscal Year 2009 (\$324.6 million). The revenues for 2008 and 2009 do not take into account the \$42.4 million and \$38.8 million, respectively, received from the sales tax increase designated by the Board for the proposed Exhibition Hall and Medical Mart project. See **County Sales and Use Tax**.

The County receives its General Fund revenues from many tax and other sources, but primarily from its sales and use tax, ad valorem property taxes, its real property transfer tax, Local Government Assistance Fund distributions and charges for services, investment earnings and other miscellaneous nontax revenues. See **Ad Valorem Property Taxes, Other Major County General Fund Revenue Sources** and **Appendix A**. Sales and use tax receipts, the largest source of such revenues, have been relatively stable since Fiscal Year 2004, when they were \$165.4 million, before increasing to \$169.0 million in Fiscal Year 2005. This was largely due to the full impact of the Sales Tax base expansion that began in 2004. The sales tax receipts remained flat for 2006 (\$168.7 million), and increased in 2007 and 2008 (\$171.8 million and \$173.6 million, respectively). The County projects that it will receive approximately \$155.7 million from that source for its General Fund in Fiscal Year 2009, due to a variety of negative economic factors. See **County Sales and Use Tax**.

County General Fund receipts from the State Local Government Assistance Fund distributions have remained essentially flat since Fiscal Year 2004 (\$38.5 million) to Fiscal Year 2007 (\$38.6 million). The receipts were \$38.0 million in 2008 and are projected to drop to \$32.5 million for 2009 due to economic conditions. See **Local Government Assistance Funds**.

Ad valorem property tax receipts in the General Fund have also remained relatively steady since Fiscal Year 2004 (\$21.2 million). Property tax receipts remained flat in Fiscal Year 2005 (\$21.8 million), decreased slightly in 2006 (\$19.7 million) and rose slightly in 2007 (\$20.0 million). In 2008, these receipts decreased to \$19.4 million due primarily from the change in the State Homestead exemption law that increases the amount of property taxes reimbursed by the state on behalf of senior citizens. In 2009, these receipts are projected to decrease to \$18.9 million. See **General Fund Receipts from Ad Valorem Property Taxes**.

The County General Fund receipts from investment earnings grew significantly from \$11.8 million in Fiscal Year 2004 to \$30.4 million in Fiscal Year 2007. Those increases were due to the steady rise in short term interest rates which benefited the County's investment earnings. In 2008, these earnings fell slightly to \$29.7 million. In 2009, these earnings are projected to decrease to \$24.1 million. The decrease in investment earnings has been preceded by record low short term interest rates and declining cash balances available for investment in the portfolio.

The County's other nontax revenues have ranged from as low as \$84.1 million in Fiscal Year 2005 to \$92.3 million in Fiscal Year 2006, but increased to \$118.3 million in 2007. The increase in 2007 was due to the one time revenue from the sale of County property (\$10.3 million). In Fiscal Year 2008, nontax revenues fell to \$112.4 million, due to the one time revenue that came in 2007. The County projects that its receipts from those other nontax revenues in Fiscal Year 2009 will total \$101.5 million. See **Nontax Revenues**.

The County's General Fund expenditures were approximately \$330.2 million in Fiscal Year 2004 which included a \$12.4 million general fund transfer to various capital funds, before dropping back down to \$316.7 million in 2005. General Fund expenditures in Fiscal Year 2006 increased by \$31.2 million to \$347.9 million, which included \$1.2 million in one-time

capital expenditures, a 5% increase in expenditures for health care coverage and a 3% cost-of-living salary adjustment for employees. In 2007, General Fund expenditures decreased to \$340.7 million. This is primarily due to 3% budget reductions in the General Fund operating budgets and no cost of living salary adjustments for non-bargaining employees. In Fiscal Year 2008, General Fund expenditures were \$356.9 million. Increases in spending in the judicial programs and one-time expenditures related to the Board of Elections are primarily responsible for the increase in 2008. The County projects that its General Fund expenditures in Fiscal Year 2009 will be approximately \$334.9 million. Depending on agencies' performance in 2008, General Fund budgets were reduced by 8% or 11.5% and no cost of living salary adjustments for non-bargaining employees were granted. An early retirement incentive program was also approved with the goal of having 850 participants to accommodate the expenditure reductions. See **Appendix A**.

At an election in March 2008, the Board submitted to the voters of the County, and the voters approved, a four-year, 4.8-mill levy for health and human services programs to replace the 4.9-mill levy for that purpose that was expiring after its collection in 2003. This 4.8-mill levy generates approximately \$156.4 million annually (up from the \$136.9 million generated by the prior levy) for health and human services programs and will serve to limit the need for General Fund subsidies for those programs in Fiscal Years 2009 through 2011. At an election in November 2006, the Board submitted to the voters of the county, and the voters approved, a four-year, 2.9 mill levy for health and human services to replace an existing 3.0 mill levy for that purpose which was expiring after its collection in 2007. The 2.9 mill levy generated approximately \$87.3 million annually up from the \$58.6 million generated from the prior levy for health and human services programs. The 2.9 mill levy expires in 2010 and will be submitted to the voters of the County for approval in May, 2010.

The County's General Fund year-end unencumbered cash balances have been \$121.0 million at December 31, 2004, \$135.8 million at December 31, 2005, \$123.2 million at December 31, 2006, \$146.1 million at December 31, 2007 and \$140.1 million (excluding revenue generated from the additional sales tax of \$42.1 million) at December 31, 2008. The General Fund unencumbered cash balance excluding revenue generated from the additional sales tax (\$38.8 million) at December 31, 2009 is projected to be about \$129.8 million. See **Appendix A**.

AD VALOREM PROPERTY TAXES

Assessed Valuation

The following table shows the assessed valuations of property subject to ad valorem taxes levied by the County for the six most recent tax collection years.

Tax Collection Year	Real(a)	Tangible Personal(b)(c)	Public Utility(d)	Total Assessed Valuation
2004(e)	\$26,839,357,340	\$2,508,312,759	\$957,361,430	\$30,305,031,529
2005	27,318,158,170	2,384,696,811	944,717,180	30,647,572,161
2006	27,398,347,780	2,390,326,714	857,330,780	30,646,005,274
2007(f)	30,392,212,320	1,923,151,550(g)	842,683,110	33,158,046,980
2008	30,415,208,170	728,222,334(g)	588,833,160	31,732,263,664
2009	30,498,390,110	383,269,519(g)	615,400,890	31,497,060,519

- (a) Other than real property of railroads. The real property of public utilities other than railroads is included on the general tax list and duplicate and assessed by the County Auditor. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.
- (b) Estimated amounts, each based on prior year's actual. Excludes public utility tangible personal property.
- (c) Recent State legislation will reduce the assessed valuation of tangible personal property in annual increments from 25% of true value in collection year 2006 to zero in collection year 2010 and thereafter. Tangible personal property consisting of manufacturing equipment not used in business in Ohio by the owner or certain related parties, other than as inventory, before January 1, 2005 is no longer subject to the tangible personal property tax in Ohio.
- (d) Includes public utility tangible personal property and real property of railroads. See footnote (a).
- (e) Increase due, in part, to the triennial adjustment.
- (f) Increase due, in part, to sexennial reappraisal.
- (g) Decrease due to H.B. 66 which gradually phases out personal property tax over four years starting in collection year 2006.

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

Based on County Auditor records of assessed valuations for the 2009 tax collection year (2008 for tangible personal), the County ad valorem property taxpayers with real property valuations in excess of \$10,000,000 are:

[Remainder of Page Intentionally Left Blank]

Name of Taxpayer	Nature of Business	Assessed Valuation
Real (Excluding Public Utility)		
Cleveland Clinic	Health Care	\$210,409,740
City of Cleveland (a)	Airport and Stadium	\$145,340,010
Southpark Mall, LLC	Shopping Mall (Southpark Mall)	\$61,280,560
Beachwood Place, Ltd.	Shopping Mall (Beachwood Place Mall)	\$57,858,580
Progressive Casualty, Inc.	Insurance	\$51,775,180
Cleveland Financial	Commercial Real Estate Holdings	\$49,232,020
Legacy Village Investors	Shopping Center	\$40,096,110
Toledo-Lucas County Port Authority	Government-Assisted Economic Development	\$37,855,580
Case Western Reserve University	Education	\$36,260,690
Gotham King, LLC	Commercial Real Estate Holdings(b)	\$35,465,600
HUB North Point	Commercial Real Estate Holdings	\$35,062,590
Duke Realty Ohio	Commercial Real Estate Holdings	\$34,775,880
National City Center	Commercial Real Estate Holdings	\$27,949,990
Parmatown One, LLC	Shopping Mall (Parmatown Mall)	\$27,215,000
ISG Cleveland West	Manufacturer of Steel	\$26,790,930
Great Northern Partnership	Shopping Mall (Great Northern Mall) and Officer	\$26,344,050
DDR Great Northern	Commercial Real Estate Holdings	\$22,838,790
TRW Office Property	Commercial Real Estate Holdings(b)	\$22,222,620
Optima One Cleveland	Commercial Real Estate Holdings	\$22,177,160
Plain Dealer Publishing	Newspaper Publications	\$21,494,660
Behringer Harvard 600	Commercial Real Estate Holdings(b)	\$21,000,000
University Hospitals	Health Care	\$20,172,210
Chagrin Retail, LLC	Commercial Real Estate Holdings(b)	\$19,855,890
Hickey James Bishop	Commercial Real Estate Holdings(b)	\$19,752,400
Richmond Town Square	Shopping Mall	\$19,600,010
National City Bank	Banking	\$19,497,690
Chester Union Associates	Commercial Real Estate Holdings(b)	\$18,352,960
K/B Fund IV Cleveland, LLC	Commercial Real Estate Holdings	\$17,083,200
MB Cleveland Erieview	Commercial Real Estate Holdings(b)	\$16,858,800
Sears Roebuck & Co.	Department Store	\$16,819,520
Target Corporation	Department Store	\$16,774,480
IPC McDonald Properties	Commercial Real Estate Holdings	\$16,277,700
Erieview Tower Parking	Commercial Real Estate Holdings(b)	\$16,277,690
Bolton Square Hotel	Hotel	\$15,091,200
Inland Western	Commercial Real Estate Holdings	\$14,671,900
Kaiser Foundation Health	Health Care	\$14,459,690
May Department Stores	Department Store	\$14,158,210
Golden Gate Shopping	Shopping Center (Golden Gate Mall)	\$14,022,900
Secretary of HUD	Housing	\$13,908,730
Sherwin Williams Dev. Corp.	Commercial Real Estate Holdings	\$13,506,560
Galileo Southland, LLC	Commercial Real Estate Holdings(b)	\$13,415,400
Superior Square, LLC	Commercial Real Estate Holdings	\$13,260,390
Meridian Health System	Health Care	\$13,046,850
Cosmo Eastgate, Ltd.	Shopping Center (Eastgate Mall)	\$13,014,440
Cleveland Municipal	City Owned Property	\$12,998,390
Crawford Fitting Co.	Manufacturing(b)	\$12,875,640
Rockside 78 Properties, td.	Commercial Real Estate Holdings	\$12,822,680
Westgate Mall, LLC	Shopping Mall (West Gate Mall)	\$12,720,510
JLP-Harvard Park, LLC	Commercial Real Estate Holdings	\$12,718,160
Reserve Apartments, Ltd.	Apartment Residences (b)	\$12,581,450
Steelyard Commons	Shopping Center	\$12,408,590
Public Square Hotel	Hotel	\$12,259,600
Eliza Jennings, Inc.	Health Care	\$12,200,620
Forest City Publishing	Publishing	\$12,067,200
Niedurst Indian Hills LLC	Commercial Real Estate Holdings	\$11,822,510
Amtrust Bank	Banking	\$11,448,280

Name of Taxpayer	Nature of Business	Assessed Valuation
Westlake Center Associates	Commercial Real Estate Holdings(b)	\$11,229,580
Federal Reserve Bank	Banking	\$11,187,480
Lincoln Electric Co.	Manufacturing	\$11,176,460
Marsol Towers, Ltd.	Apartment Residences(b)	\$11,073,480
Cleveland East Hotel	Hotel(b)	\$11,063,920
MHG-Hamptons, LLC	Apartment Residences	\$10,995,570
The Islander Company	Apartment Residences and Office Space	\$10,950,930
Severance SPE Lease	Commercial Real Estate Holdings(b)	\$10,429,720
SG USA Properties	Commercial Real Estate Holdings	\$10,368,440
Cleveland Beachwood	Commercial Real Estate Holdings	\$10,291,900

- (a) Due to the nature of their use, the City's airport and stadium facilities and their sites are, in large part, subject to ad valorem taxation.
- (b) Nature of Business assumed from best available information.

Name of Taxpayer	Nature of Business	Assessed Valuation
Tangible (Excluding Public Utility)		
Ford Motor Co.	Automotive Manufacturing	\$16,606,190
Arcelor Mittal Cleveland Inc.	Steel Manufacturer	13,104,030
ALCOA Inc.	Aluminum Forgings and Castings	9,252,600
Ben Venue Laboratories Inc.	Manufacturer of Pharmaceutical Products	7,693,930
Philips Healthcare	Production of Medical Equipment	7,065,590
General Motors Corp.	Automotive Manufacturing	6,959,920
Marc Glassman Inc.	Retail Sales	5,838,590
Riser Foods Company	Grocer	5,830,260
Lincoln Electric Co.	Welding Equipment and Wire	5,199,250
Swagelok Manufacturing Company	Fluid System Components	5,026,080
Honeywell International Inc.	Diversified Technology and Manufacturing	4,608,420
Sherwin Williams Co.	Manufacture of Paints and Related Products	3,803,510
Cargill, Inc.	Producer and Marketer of Food, Agricultural, Financial and Industrial Products and Services	3,701,310
IBM Credit LLC	Diversified Financial Services	3,243,790
Home Depot USA	Home Improvement Retailer	3,155,740
H C Starck, Inc.	Producer of Metallic and Ceramic Powders, and Fabricated Products	3,226,620
De Lange Landen Services, Inc.	Financial Services	3,147,160
Philips Electronics North America Corp.	Production of Consumer Electronics	3,312,520
Public Utility (Real and Tangible Personal)		
The Illuminating Company	Electric Utility	\$456,758,100
AT&T (a)	Telephone Utility	84,240,190
American Transmission	Transmission of Electricity	67,151,800
East Ohio Gas	Natural Gas	61,099,160
New Par	Telecommunications	18,486,990
Norfolk Southern Combined	Telecommunications	17,628,310
Duck Creek Energy	Electric Utility	16,156,220
New Cingular Wireless PCS, LLC	Telecommunications	13,162,660
Columbia Gas of Ohio	Natural Gas	11,328,160
Alltel Ohio Limited	Telecommunications	11,046,400
First Energy Corp.	Electric Utility	10,590,080
Sprintcom, Inc.	Telecommunications	10,252,760
Time Warner Cable LLC	Telecommunications	6,983,140
Cleveland Unlimited, Inc.	Telecommunications	5,823,580
T Mobile Central, LLC	Telecommunications	3,754,190

- (a) Successor by merger to SBC Communications, Inc. that was successor by merger to Ohio Bell Telephone Company.
(b) Nature of Business assumed from best available information.

Approximately 60 other payers of real (other than public utility) property taxes levied by the County have properties with assessed valuations in excess of \$7 million. Values of Tangible Personal Property (excluding some public utility) show decreased valuations due to the phase out of the Tangible Personal Property Tax by tax year 2009.

Pursuant to statutory requirements for sexennial reappraisals, in 2006 the County Auditor adjusted the true value of taxable real property to reflect current fair market values. These adjustments were first reflected in the 2006 duplicate (collection year 2007) and in the ad valorem taxes distributed to the County in 2007 and thereafter. The County Auditor is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values. The true value of taxable real property was adjusted in 2009 for collection year 2010 and thereafter.

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

The 2005 State biennial budget bill (Am. Sub. H.B. 66, passed by the General Assembly and signed by the Governor in June 2005) phases out the taxation of all tangible personal property used in business (except for certain public utility tangible personal property) over four years, from collection year 2007 to, and including, collection year 2010. For collection year 2006, machinery and equipment, and furniture and fixtures, were generally taxed at 25% of true value, and inventory was taxed at 23%. These percentages were decreased as follows:

<u>Collection Year</u>	<u>Percentage</u>
2007	18.75%
2008	12.50%
2009	6.25%
2010	0.00%

Certain manufacturing machinery and equipment not previously (i.e. not prior to January 1, 2005) used in business in Ohio by its owner or certain related parties is not subject to tangible personal property taxation.

To compensate for foregone revenue as the tangible personal property tax is phased out, the State will make distributions to taxing subdivisions (such as the County) from revenue generated by a commercial activities tax. Generally, these distributions are expected to fully compensate taxing subdivisions for such tax revenue losses through 2010, with a phasing out of the reimbursement amount from 2011 through 2018 (for school districts). Reimbursements for tax losses relating to levies for voted debt service are generally to continue at 100% until the debt is retired, subject to a ½ mill threshold adjustment (for all fixed service levies). That adjustment generally requires real property taxpayers to absorb up to ½ mill of increased property taxes (in order to continue to generate a fixed dollar amount) due to the phase out of taxable personal property taxes. The State is to provide any necessary reimbursement above that amount. For taxes levied within the ten-mill limitation for debt service payments in collection year 2006, reimbursement will be made in full through collection year 2017, so long as the levy continues to be made for debt service payments. No reimbursement for foregone revenue from these debt service levies will be made in collection year 2018 and thereafter.

Public utility tangible personal property (with some exceptions) is currently assessed (depending on the type of property) from 25% to 88% of true value. Effective for collection year 2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true value, both to 25% of true value. Makeup payments in varying and declining amounts are to be made through 2016 to taxing subdivisions such as the County by the State from State resources.

The 2006-2007 State biennial budget bill included a reduction in the 88% assessment rate for electric utility transmission and distribution equipment to 85%, and a reduction in the 25% assessment rate for all electric company taxable property to 24%, commencing in tax year 2006. That legislation also provides for a phasing out of the taxation of all personal property used by telephone companies, telegraph companies, or interchange telecommunications companies by tax year 2011, with State reimbursement payments to be made in declining amounts through 2018.

The 2007 State biennial budget bill (Amended H.B. 119), passed by the General Assembly and signed by the Governor in June, 2007, made certain modifications to the taxation of telecommunication property as follows. The bill requires such properties are to be valued in the same manner as other public utility property as they were before 2007 and requires those companies to continue filing a single return with the Tax Commissioner under the Public Utility Property Law instead of each County Auditor where the property is located, even if that company has property in only 1 county. Further, the bill changes current law which requires property leased to a company to be taxed at 20% of its value in 2007 and decreasing by 5 percentage points through 2011 when it is no longer taxable, by specifying that the leased property is to be taxed at the same assessment percentage as is the general business property (12 ½% in 2007 and 6 ¼% in 2008) until the General Business Property Tax is completely phased out at the end of 2008 unless the property is used to render public utility service or is leased under a sale and lease back arrangement. Then in 2009 and 2010, such property is to be assessed at the phased-down percentage specified in the current law for such property (10% in 2009 and 5% in 2010) and the value of the property is to be determined in the same manner as property owned by those companies.

The first \$10,000 of taxable value of tangible personal property has been exempt from taxation. Other exempt personal property still requires reimbursement of any resulting reduced local collections from State sources, as referred to under **Collections**. Under the 2005 State biennial budget bill, the State reimbursement for its 2004 fiscal year was 90% of the fiscal year 2003 reimbursement amount, and the reimbursement for its 2005 fiscal year was 80% of the fiscal year 2003 reimbursement amount. This reimbursement was then to continue to be reduced in 10% increments in each successive fiscal year until the reimbursement was phased out entirely. The 2005 State biennial budget bill, however, accelerated the phase-out of this reimbursement such that no reimbursement payments are to be made after fiscal year 2009.

As described herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class.

These tax credits apply only to certain voted levies on real property, and do not apply to unvoted levies or voted levies to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A**.

Ohio law authorizes local municipalities, townships and counties to provide direct tax incentives in the form of real and/or tangible personal property tax exemptions to encourage new business investment projects and foster improved competitiveness of Ohio's businesses that create new and retain existing job opportunities in "enterprise zones." Twenty-six municipalities have created such areas within the County and require Board approval for exemption agreements. The cities of Cleveland and East Cleveland have also created such areas, but do not need prior Board approval for their exemption agreements.

Municipal corporations and counties may create "community reinvestment areas" in which ad valorem tax abatement may be granted for any increased property valuation resulting from improvements to real property in the form of new construction or remodeling of existing structures by the property owner. In such areas, residential, commercial or industrial facilities are eligible for those real property tax incentives. This program is designed to be controlled at

the local level by the local legislative body, including control over the size and number of such “community reinvestment areas” as well as the number of years of tax abatement. Currently, there are 42 community reinvestment areas in the County.

The County does not believe that the creation of “enterprise zones” and “community reinvestment areas” has had or will have a material adverse effect on the County’s finances.

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The following are the rates at which the County and the overlapping taxing subdivisions levied ad valorem property taxes for tax year 2007 (collection year 2008).

TAX TABLE A

<u>Taxing District</u>	<u>School District</u>	<u>Total Rate(a)</u>	<u>Effective Real Property Tax Rate</u>	
			<u>Res./Agr.(b)</u>	<u>All Other(b)</u>
Bay Village	Bay Village	144.35	80.07	88.60
Beachwood	Beachwood	108.50	59.67	69.00
Beachwood	Warrensville Heights	114.70	72.99	92.72
Bedford	Bedford	101.00	63.12	75.32
Bedford Heights	Bedford	101.20	63.32	75.52
Bedford Heights	Orange	119.60	72.47	78.91
Bentleyville	Chagrin Falls	138.10	74.59	83.01
Berea	Berea	115.10	70.32	79.02
Berea	Olmsted Falls	131.10	75.06	82.02
Bratenahl	Cleveland	105.20	66.18	81.95
Brecksville	Brecksville	108.20	67.05	73.61
Broadview Heights	Brecksville	109.10	64.83	71.93
Broadview Heights	North Royalton	90.80	61.29	62.63
Brook Park	Berea	102.65	61.95	70.03
Brook Park	Cleveland	94.45	56.75	72.96
Brooklyn	Brooklyn	76.30	61.15	61.73
Brooklyn Heights	Cuyahoga Heights	55.90	48.17	50.19
Chagrin Falls Township	Chagrin Falls	130.40	68.34	75.31
Chagrin Falls Village	Chagrin Falls	140.80	76.38	84.16

- (a) Includes County-wide levies for the County, the Cleveland Metropolitan Park District, the Cuyahoga Community College District and the Cleveland-Cuyahoga County Port Authority, as well as levies for particular municipalities or townships, school districts, libraries and joint vocational school districts. (See **Tax Table B** that follows for a breakdown of the County and County-wide levies.)
- (b) Effective real property tax rate after application of tax credits described below.

<u>Taxing District</u>	<u>School District</u>	<u>Total Rate(a)</u>	<u>Effective Real Property Tax Rate</u>	
			<u>Res./Agr.(b)</u>	<u>All Other(b)</u>
Cleveland	Cleveland	102.40	64.77	81.01
Cleveland	Berea	110.60	69.98	78.08
Cleveland	Shaker Heights	205.40	104.52	132.58
Cleveland Heights	Cleveland Hts. - Univ. Hts.	175.50	95.41	112.48
Cleveland Heights	East Cleveland	130.10	71.21	95.58
Cuyahoga Heights	Cuyahoga Heights	55.90	48.17	50.19
East Cleveland	East Cleveland	129.90	71.01	95.38
Euclid	Euclid	122.40	72.65	97.19
Fairview Park	Fairview Park	130.90	84.75	92.75
Fairview Park	Berea	109.70	68.78	77.09
Fairview Park	Rocky River	118.70	73.89	89.75
Garfield Heights	Garfield Heights	100.50	84.74	85.55
Garfield Heights	Cleveland	113.00	75.37	91.61
Gates Mills	Mayfield	132.32	69.60	76.90
Glenwillow	Solon	99.20	62.55	72.73
Highland Heights	Mayfield	102.92	61.47	66.69
Highland Hills Village	Warrensville Heights	131.40	84.74	101.57
Hunting Valley	Orange	111.70	64.57	71.01
Independence	Independence	56.80	53.39	54.25
Lakewood	Lakewood	146.20	82.39	98.52
Linndale	Brooklyn	92.50	54.87	71.11
Lyndhurst	South Euclid – Lyndhurst	133.60	81.46	86.26
Maple Heights	Maple Heights	99.50	72.25	77.51
Mayfield Heights	Mayfield	108.92	67.47	72.69
Mayfield Village	Mayfield	106.22	61.63	67.19
Middleburg Heights	Berea	103.35	61.95	70.23
Moreland Hills	Chagrin Falls	136.50	74.44	81.41
Moreland Hills	Orange	113.90	66.77	73.21
Newburgh Heights	Cuyahoga Heights	109.20	68.90	86.28
North Olmsted	North Olmsted	119.70	75.69	83.83
North Olmsted	Olmsted Falls	128.10	76.21	82.58
North Randall	Warrensville Heights	115.50	73.17	93.52
North Royalton	North Royalton	89.60	60.79	62.40
North Royalton	Brecksville	107.90	64.32	71.71
Oakwood	Bedford	92.00	54.12	66.32
Olmsted Falls	Berea	113.60	67.52	76.61
Olmsted Falls	Olmsted Falls	130.60	73.26	80.60
Olmsted Township	Olmsted Falls	136.40	74.08	83.12
Orange	Orange	113.70	66.57	73.01
Orange	Warrensville	117.80	76.09	95.82
Parma	Parma	92.80	64.71	69.57
Parma Heights	Parma	95.90	68.39	73.06
Pepper Pike	Orange	116.10	68.54	75.33
Pepper Pike	Beachwood	114.00	64.74	72.42
Richmond Heights	Richmond Heights	116.20	67.24	73.66
Richmond Heights	South Euclid – Lyndhurst	139.10	84.26	89.25
Rocky River	Rocky River	117.80	73.29	88.93
Seven Hills	Parma	94.90	66.80	71.73
Shaker Heights	Shaker Heights	202.60	101.72	129.78
Solon	Solon	100.00	63.20	73.45
Solon	Orange	110.70	63.41	69.93
South Euclid	South Euclid – Lyndhurst	137.00	83.06	88.03
South Euclid	Cleveland Heights – Univ. Hts.	177.50	95.61	112.84
Strongsville	Strongsville	114.10	66.76	70.31
University Heights	Cleveland Hts. - Univ. Hts.	175.80	95.71	112.78

(a) Includes County-wide levies for the County, the Cleveland Metropolitan Park District, the Cuyahoga Community College District and the Cleveland-Cuyahoga County Port Authority, as well as levies for particular municipalities or townships, school districts, libraries and joint vocational school districts. (See **Tax Table B** that follows for a breakdown of the County and County-wide levies.)

(b) Effective real property tax rate after application of tax credits described below.

<u>Taxing District</u>	<u>School District</u>	<u>Total Rate(a)</u>	<u>Effective Real Property Tax Rate</u>	
			<u>Res./Agr.(b)</u>	<u>All Other(b)</u>
Valley View	Cuyahoga Heights	58.60	49.11	51.41
Walton Hills	Bedford	88.50	50.62	62.82
Warrensville Heights	Warrensville Heights	120.40	74.47	95.32
Warrensville	Orange	116.30	64.95	72.51
Westlake	Westlake	97.00	60.97	64.87
Woodmere	Orange	110.90	63.77	70.21

(a) Includes County-wide levies for the County, the Cleveland Metropolitan Park District, the Cuyahoga Community College District and the Cleveland-Cuyahoga County Port Authority, as well as levies for particular municipalities or townships, school districts, libraries and joint vocational school districts. (See **Tax Table B** that follows for a breakdown of the County and County-wide levies.)

(b) Effective real property tax rate after application of tax credits described below.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- The proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year.
- Amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from taxes levied at a rate required to produce a specified amount, such as for debt service on voted general obligation debt, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the reduced amount to be realized, a reduction factor is applied to the stated rates of the tax levies subject to these tax credits. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate at which real property taxes are in fact collected. As an example, the total overlapping tax rate of 102.40 mills for the 2009 tax collection year for the City of Cleveland-Cleveland Municipal School District is reduced by a reduction factor of 0.367480 or 37.63 mills for both residential and agricultural property and a reduction factor of 0.208887 or 21.39 mills for all other real property, which results in “effective tax rates” of 64.77 mills for residential and agricultural property and 81.01 mills for all other real property. See **Tax Table A**.

Real property tax amounts are generally further reduced by an additional 10% (12.5% in the case of owner-occupied residential property). The State biennial budget approved in 2005 bill eliminates the 10% “rollback” for certain commercial and industrial real property (while it remains for all other real property), effective for the 2006 tax collection year and thereafter. See **Collections** for a discussion of the reimbursement by the State for this reduction.

The following are the rates at which the County levied property taxes for the general categories of purposes in recent years both inside and outside the ten-mill limitation:

TAX TABLE B

County Property Tax Rates – Voted and Unvoted^(a)

Collection Year	Unvoted Levies Within 10-Mill Limitation			Voted Levies Outside 10-Mill Limitation				Total County voted and Unvoted
	General Fund (b)	Bond Retirement	Unvoted Total	Bond Retirement	Health and Human Services	Mental Retardation and Developmental Disabilities	Voted Total	
2004	0.81	0.64	1.45	0.27	7.90	3.90	12.07	13.52
2005	0.84	0.61	1.45	0.27	7.90	3.90	12.07	13.52
2006	0.74	0.71	1.45	0.27	7.90	3.90	12.07	13.52
2007	0.71	0.74	1.45	0.27	7.80	3.90	11.97	13.42
2008	0.71	0.74	1.45	0.27	7.80	3.90	11.97	13.42
2009	0.71	0.74	1.45	0.27	7.70	3.90	11.87	13.32

- (a) County-wide property taxes are also levied on behalf of certain major political subdivisions or governmental entities as shown below for tax collection year 2009:
 Cleveland Metropolitan Park District – 1.85
 Cuyahoga Community College District – 2.80
 Cleveland-Cuyahoga County Port Authority – 0.13
 Cuyahoga County Library – 2.00
- (b) Amounts levied reflect, in part, a temporary reduction in debt service levy requirements due to a transfer of unspent bond proceeds to the Bond Retirement Fund and a resulting temporary increase in millage available to the General Fund.

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt service on unvoted general obligation debt, under **County Debt and Other Long-Term Obligations – Indirect Debt and Unvoted Property Tax Limitations**. Only cities, villages, school districts, townships and regional transit authorities may, as may the County, levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills).

The following table presents certain information concerning the County’s voted property tax levies (except levies for voted bond issues):

Voter Authorized	Millage Rate		Purpose	Last Collection Year
	Levied for Current Collection Year	Res./Agr.		
4.8 ^(a)	4.800000	4.800000	Health and Human Services	2012
3.9	3.521891	3.601538	Mental Retardation and Developmental Disabilities	Continuing
2.9	2.618842	2.684759	Health and Human Services	2011

(a) Voters approved a 4.8-mill replacement and reduction of this levy in March 2008. Collection of the new 4.8-mill levy began in 2009.

Collections

The following are the amounts billed and collected for County ad valorem property taxes for recent tax collection years. “Billed” includes current charges, plus current and

delinquent additions and less current and delinquent abatements. "Collected" includes collections of current "Billed" and of current and delinquent additions. "Current % Collected" is the percentage of current charges billed which is collected in the collection year billed. The figures shown include amounts for County property tax levies only, and do not include any County-wide property taxes levied on behalf of other political subdivisions or governmental entities, such as the Cleveland Metropolitan Park District, the Cuyahoga Community College District or the Cleveland-Cuyahoga County Port Authority.

Ad Valorem Real Property and Public Utility Taxes

Collection Year	Billed	Collected	Current % Collected	Delinquent Current	Delinquent Accumulated
2002	\$332,833,780	\$310,724,329	93.36	\$17,534,984	\$30,031,647
2003	327,432,975	306,872,715	93.72	20,484,246	35,362,717
2004	316,118,814	296,612,924	93.83	18,547,318	32,135,074
2005	319,914,906	295,610,210	92.40	17,093,453	32,060,064
2006	339,922,479	317,758,480	93.47	19,139,166	37,672,405
2007	374,674,764	347,186,524	92.66	23,478,744	44,529,910
2008	374,370,916	347,263,076	92.86	23,146,494	47,930,210

Ad Valorem Personal Property Taxes

Collection Year	Billed	Collected	Current % Collected	Delinquent Current	Delinquent Accumulated
2002	\$45,468,485	\$41,936,382	92.23	\$3,573,443	\$16,978,049
2003	40,440,248	38,961,479	96.34	1,480,847	17,996,699
2004	32,572,275	31,657,578	97.19	917,958	16,014,281
2005	32,457,954	31,345,678	96.57	1,114,992	17,308,638
2006	25,905,142	25,040,017	96.46	881,504	19,131,049
2007	19,494,700	18,768,970	96.28	729,252	19,640,707
2008	10,129,292	9,972,272	98.45	157,073	11,290,666

Source: County Auditor.

Current and delinquent taxes and special assessments are billed and collected by County officials for all taxing subdivisions in the County. There is no one taxpayer which accounts for more than 5% of the delinquencies identified above for 2008 (excluding those taxpayers with delinquencies that are anticipated to be abated).

Included in the "Billed," "Collected" and "Current % Collected" figures above are payments made from State revenue sources under two Statewide real property tax relief programs. Homestead exemptions are available for persons over 65 and the disabled. Payments to taxing subdivisions have been made in amounts equal to approximately 10% (12.5% with respect to owner-occupied residential property) of all ad valorem real property taxes levied, thereby reducing the tax obligations of real property owners in any given year by the applicable 10% or 12.5%. This State assistance reflected in the County's tax collections for 2008 was \$8,944,638 for the elderly/disabled homestead payment and \$31,279,289 for the rollback payment. Also included in 2008 is \$15,645,761 received from the State as a reimbursement of reduced collections resulting from the partial exemption of tangible personal property used in business. Under State legislation enacted in 2004, such reimbursements were being phased out

in 10% annual increments over ten years. The 2005 State biennial budget bill accelerated the phase-out of this reimbursement such that no reimbursement payments are to be made after 2009. However, the 2007 State biennial budget bill made certain changes to the Homestead Exemption eligibility and computation available in Ohio. First, the Homestead Exemption is now available for residences that are owned and occupied by persons who are elderly or disabled without regard to income as provided in prior law. The 2007 biennial budget bill also changed the manner in which the Homestead tax reduction is computed. Under the 2007 biennial budget bill, the homeowner is entitled to a tax reduction each year equal to the net amount of taxes due on \$25,000 in appraised value of a Homestead. The tax reduction is computed on the basis of the local effective tax rate. The 2007 biennial budget bill provided that the State will provide the Counties, through semi-annual payments, monies to reimburse them for this tax reduction. See **Ad Valorem Property Taxes – Assessed Valuation.**

Delinquency Procedures

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties. Real estate taxes and special assessments not paid in the year due are charged a 10% penalty for each half-year the amount remains unpaid by the due date. Following the close of the second half collection, unpaid taxes are certified by the County Auditor's office as delinquent. Interest accrues at the rate established by the Ohio Tax Commissioner in accordance with State law. A list of delinquent properties is then published. One year after such publication, those taxes and special assessments that remain unpaid are then certified to the county prosecuting attorney who may begin foreclosure proceedings. Delinquent tangible personal property taxes are collected by the county treasurer's office through a notification procedure and judicial proceedings. Proceeds from delinquent property tax foreclosure sales are applied against the outstanding tax delinquencies and are distributed to the taxing subdivisions with other real property taxes.

Payment plans are available to delinquent taxpayers which provide for semiannual or monthly payments (over a maximum of five years). Property owners who comply with the terms of the payment plan avoid further interest charges. Upon default under a payment plan, the delinquent taxes may be sold as a tax lien certificate or referred to the county prosecuting attorney for foreclosure.

State legislation provides county treasurers authority to sell delinquent tax lien certificates. Private investors who purchase the tax lien certificates assume the lien position of the County and may charge up to 18% annual interest on the unpaid balance of the tax certificate. Holders of the tax certificate may initiate foreclosure action one year after the purchase of the tax certificate. Holders are also entitled to purchase tax certificates for any subsequent delinquent taxes on tax certificate parcels at 18% interest. Increased collection efforts, coupled with those tax certificate sales, have more than doubled the amount of delinquent taxes collected annually between 1996 and 2007. As required by law, the County deposits 5% of all delinquent taxes and assessments collected by the county treasurer into the delinquent tax and assessment collection fund (DTAC). These funds are available to the county treasurer and county prosecutor solely for the purpose of collection of delinquent taxes and assessments. Legislation passed June 30, 2007 by the Board of County Commissioners will permit a one-time use of up to \$3 million of DTAC funds for the County's Foreclosure Prevention Program.

The Ohio General Assembly passed new legislation, effective in April, 2009, allowing the formation of county land reutilization corporations (LRCs) under Section 1724 of Ohio Revised Code and authorizing LRCs to perform the duties of land reutilization under Section 5722 of Ohio Revised Code. The Board of County Commissioners adopted a resolution creating a county land reutilization corporation under this authority on April 9, 2009.

The Cuyahoga County Land Reutilization Corporation (CCLRC) was incorporated and began operations in May of 2009. The Board of Directors of the CCLRC is required to consist of the County Treasurer, two County Commissioners or their designees, the mayors of two County municipalities, and two representatives of the City. The CCLRC was established to act in concert with other local governments in the County to promote, develop, manage, and facilitate the reclamation, holding, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed, and other real property. These objectives will be met by acquiring distressed properties for rehabilitation or demolition with eventual assembly and resale of cleared parcels.

The CCLRC's primary source of funding is from penalties and interest on property taxes and assessments that are not paid when due. The County Treasurer will advance the portion of these delinquencies that is expected to be collected to the various taxing districts, getting them their money sooner, but will allocate penalty and interest to the CCLRC; this is the primary revenue stream for the CCLRC. It will be supplemented by revenue from CCLRC resale of acquired properties to qualified buyers, and grants from foundations and other government programs.

General Fund Receipts From Ad Valorem Property Taxes

County General Fund receipts from ad valorem property tax levies for tax collection years 2004 through 2008 and 2009 (projected), rounded to the nearest \$1,000, are shown below:

Collection Year	General Fund Tax Rate(a)	Total Receipts
2004	0.81	\$21,185,000
2005	0.84	21,844,546
2006	0.74	19,707,120
2007	0.71	19,962,429
2008	0.71	19,355,733
2009(b)	0.71	18,930,408

(a) In mills per \$1.00 of assessed valuation. See **Tax Table B**.
 (b) Projected.

OTHER MAJOR COUNTY GENERAL FUND REVENUE SOURCES

Major sources of revenue to the General Fund in addition to ad valorem property taxes are discussed under this caption. **Appendix A** provides further information regarding other revenue sources for the General Fund and other funds.

Permissive Taxes

State law authorizes counties to levy certain permissive taxes (sales and use, real property transfer, motor vehicle license and utilities services) without a vote of the people,

subject to repeal by referendum (if the resolution levying the tax is not enacted as an emergency measure) or subject to repeal by initiative (if the resolution is adopted as an emergency measure). Any referendum or initiative is held only if requested by a petition signed by a specified percentage of voters and filed timely and in appropriate form. The Board may also submit the question of levying these taxes to a vote of the electors and, if approved at an election, they are not thereafter subject to repeal by voter-initiated action.

The County currently has in effect a sales and use tax, which became effective in 1969 and was increased in 1987, and a real property transfer tax and fee, which became effective in 1985, both of which provide revenues for the County's General Fund. The County also currently has in effect a motor vehicle license tax, in the amount of \$15 per vehicle. The proceeds of that tax are required to be used for the construction, maintenance and repair of streets and highways, including bridges. The County has not yet exercised its option to impose a utility service tax.

County Sales and Use Tax

The County currently levies a 1% sales and use tax, half of which is imposed pursuant to resolutions adopted by the Board in 1969 and half of which is imposed pursuant to resolutions adopted by the Board in 1987. No portion of this sales and use tax is now subject to repeal by referendum or initiative. The tax is collected by the State and distributed monthly to the County. The County's sales and use tax receipts for the past five Fiscal Years and for Fiscal Year 2008 (projected), rounded to the nearest \$1,000, are shown below:

Fiscal Year	Rate	Total Receipts
2004(a)	1.0	\$165,408,000
2005(a)	1.0	168,989,000
2006(a)	1.0	168,653,000
2007(a)	1.0	171,761,000
2008(a)(c)	1.0	173,679,000
2009(a)(b)(c)	1.0	155,659,000

- (a) Under State legislation, the base upon which this tax is levied was expanded effective in 2004.
- (b) Projected.
- (c) Does not include additional sales tax (.25%) discussed below.

Under State law, the Board has authority to adopt resolutions increasing the County sales and use tax by an additional .5% (up to an aggregate maximum of 1.5%) to provide revenue for the County's General Fund or for certain other purposes. Unless adopted as an emergency measure or with voter approval, any resolution increasing the rate would be subject to referendum by the electors. If adopted as an emergency measure, the resolution increasing the rate would be subject to repeal at a voter-initiated election. If repealed by the electors, the increased rate could not be reimposed pursuant to an emergency measure for one year from the date of the election.

On July 26, 2007 the Board of County Commissioners adopted, by a 2 to 1 vote, a resolution pursuant to Ohio statute to increase the County's sales tax from the rate of 1% to 1 ¼%. The purpose of this sales tax increase is to provide additional revenues for the County's General Fund. The tax rate increase is to be levied for a period of 20 years. The annual estimated additional monies to be derived from the tax is anticipated to be approximately \$42 million in 2009. As of July 1, 2009 \$61.9 million has been collected from the additional sales tax. Pursuant to the resolution, the tax become effective October 1, 2007. An effort to obtain

sufficient signatures to place a referendum on the ballot putting the question of the sales tax increase to the voters of Cuyahoga County was unsuccessful.

The County has entered into a development agreement with Merchandise Mart Properties, Inc. (MMPI) to develop a County Convention Center in conjunction with a privately-operated Medical Mart. The increase in the sales tax is expected to provide sufficient additional monies to the General Fund to allow the County to utilize certain of its non-tax revenues, in addition to other available revenues, to finance the cost of the County Convention Center. The County has agreed to purchase the Cleveland Convention Center from the City of Cleveland for a purchase price of \$20,000,000 as the proposed site of the Convention Center/Medical Mart, and is negotiating to purchase additional properties for the facility. The County would lease the land to MMPI to construct the facility and sublease the facility from MMPI (or an affiliate); the County would enter into a further lease with an affiliate of MMPI to operate the facility when completed. The County continues to levy and collect the additional 0.25% sales tax that began effective October 1, 2007. For further discussion respecting the financing for this proposed Project, see **Future Financings**.

Real Property Transfer Tax

The County currently levies a 3.0-mill real property transfer tax, an unvoted tax that was enacted in 1985 pursuant to a resolution of the Board. That tax is in addition to the 1.0-mill real property transfer fee imposed by State law. See **Nontax Revenues**. The County's real property transfer tax is not subject to repeal or reduction by referendum or initiative. Real property transfer tax receipts for the past five Fiscal Years and for Fiscal Year 2009 (projected), rounded to the nearest \$1,000, are shown below:

Fiscal Year	Amount Collected
2004	\$15,962,000
2005	18,091,000
2006	16,043,000
2007	14,097,000
2008	9,963,000
2009(a)	6,476,000

(a) Projected.

Local Government Assistance Funds

Statutory State-level local government assistance funds are comprised of designated State revenues which are distributed to each county and then allocated on a formula basis (or, in some cases, on an agreed basis) among the county and cities, villages and townships and, in some cases, park districts in the county. County receipts from those funds after distribution to the various subdivisions for the past five Fiscal Years and for Fiscal Year 2009 (projected), rounded to the nearest \$1,000, are shown below:

Fiscal Year	Amount Collected
2004	\$38,526,000
2005	38,539,000
2006	38,572,000
2007	38,567,000
2008	38,002,000
2009(a)	32,457,000

(a) Projected.

Eligibility for continued receipt of funding at current levels is based on compliance with certain State-mandated requirements, including, in the case of counties, the preparation and filing of reports and plans concerning consolidation, regional cooperation and cost containment efforts. The County is complying with those requirements, and has no reason to believe that it will not remain in compliance.

There can be no assurance as to the future levels of State local government assistance funding to counties. The level of that funding is subject to determination by the State General Assembly.

Nontax Revenues

The County's nontax revenues (moneys not raised by taxation) include, but are not limited to, the following:

- Charges for services provided to the public and other political subdivisions and for various services provided to County departments and agencies that are paid from moneys in restricted funds of the County, including, among others, the 1.0-mill real property transfer fee imposed by State law, Recorder's fees for filings, Auditor's and Treasurer's fees for tax collection services, Clerk of Court's fees, election fees and fees for board and care of prisoners.
- Investment earnings on any funds of the County that are credited to the County's General Fund.
- Grants from the United States of America and the State.
- Fines and forfeitures.
- Fees from properly imposed licenses and permits.
- Payments in lieu of taxes now or hereafter authorized by State statute.
- Proceeds from the sale of assets.
- Rental income.
- Gifts and donations.

The following table summarizes collections for the past five Fiscal Years and for Fiscal Year 2009 (projected), rounded to the nearest \$1,000, of certain of the more significant sources of County General Fund nontax revenues:

Year	Charges for Services(a)	Investment Earnings	Intergovernmental	Fines and Forfeitures	Other	Total
2004	\$52,251,000	\$11,769,000(b)	\$ 8,893,000(c)	\$ 5,998,000	\$14,720,000(d)	\$ 93,631,000
2005	46,210,000	16,522,000	9,290,000	7,565,000	4,546,000	84,133,000
2006	42,002,000	26,018,000	8,942,000	9,149,000	6,194,000	92,305,000
2007	50,787,000	30,385,000	9,773,000	11,327,000	16,206,000(e)	118,327,000
2008	50,137,000	29,659,000	12,654,000	10,823,000	9,106,000	112,378,000
2009(f)	35,464,000	24,100,000	14,447,000	9,919,000	17,539,000(g)	101,468,000

(a) Includes real property transfer fees of \$5,321,000 in 2004, \$6,030,000 in 2005, \$5,348,000 in 2006, \$4,699,000 in 2007, \$3,321,000 in 2008 and \$2,464,000 (projected) in 2009.

(b) Decrease reflects, in part, declines in market interest rates and in the overall size of the County's investment portfolio.

(c) Reflects an expected decrease in Public Defender reimbursements from the State and a change in accounting resulting in reimbursements from the City for indigent defense being credited to a special revenue fund rather than the General Fund.

(d) Includes a \$9.2 million one-time receipt from securities dealers to settle criminal negligence charges for failure to supervise a broker.

(e) Includes one time revenue of \$13 million from sale of MetroHealth property by County.

(f) Projected.

(g) Other sources include \$6.5 million for sale of YDC property and \$4.4 million transfer from other County Funds.

See also the discussions under **Financial Matters – Investment and Management of County Funds**.

COUNTY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt, applicable debt and ad valorem property tax limitations, outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the County and supersedes and updates any contrary information in the County's Financial Statements.

As used in the discussions that follow, BANs refers to notes issued in anticipation of the issuance of general obligation bonds.

The County has issued certain industrial development revenue bonds for facilities used by private corporations or other entities, and hospital revenue bonds for facilities used by private non-profit hospital agencies, on none of which bonds is the County obligated in any way to pay debt service from any of its funds. Therefore, those bonds have been excluded entirely from the debt discussion and the tables that follow.

Security for General Obligation Debt

The following describes the security for County general obligation debt.

Unvoted Bonds. The basic security for unvoted County general obligation bonds is the County's ability to levy, and its levy pursuant to constitutional and statutory requirements, of an ad valorem tax on all real and tangible personal property subject to ad valorem taxation by the County, within the ten-mill limitation described below. This tax must be in sufficient amount to pay (to the extent not paid from other sources), as it becomes due, the debt service on unvoted County general obligation bonds, both outstanding and in anticipation of which BANs are outstanding. The law provides that the levy necessary for debt service has priority over any levy for current expenses within that tax limitation; that priority may be subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion. See the discussion below, under **Indirect Debt and Unvoted Property Tax**

Limitations, of the ten-mill limitation, and the priority of claim on it for debt service on unvoted general obligation debt of the County and all overlapping taxing subdivisions.

Voted Bonds. The basic security for voted County general obligation bonds is the authorization by the electors for the County to levy to pay debt service on those voted bonds, without limitation as to rate or amount, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the County. The tax is outside of the ten-mill limitation and is to be in sufficient amount to pay (to the extent not paid from other sources), as it becomes due, the debt service on the voted County general obligation bonds, both outstanding and in anticipation of which BANs are outstanding (subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion).

BANs. Ohio law requires, while BANs are outstanding, the levy of an ad valorem property tax in an amount not less than that which would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes (the maximum maturity for special assessment BANs is generally five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

Statutory Direct Debt Limitations

The Revised Code provides that:

- The net principal amount of unvoted general obligation debt of the County, excluding "exempt debt" (discussed below), may not exceed 1% of the total value of all property in the County as listed and assessed for taxation. (The County's current tax valuation is \$31,497,060,519.)
- The net principal amount of both voted and unvoted general obligation debt of a county, excluding "exempt debt," may not exceed a sum equal to 3% of the first \$100,000,000 of tax valuation plus 1-1/2% of the next \$200,000,000 of tax valuation plus 2-1/2% of the tax valuation in excess of \$300,000,000.
- The County's unvoted general obligation debt for its share of the costs of State highway improvements may not exceed one-half percent of that valuation. (The County currently has no debt outstanding for such improvements.)

These limitations, which are referred to as the "direct debt limitations," may be amended from time to time by the General Assembly.

A county's ability to incur unvoted debt (whether or not exempt from the direct debt limitations) also is restricted by the indirect debt limitation discussed below under **Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt the County may issue is exempt from the direct debt limitations (exempt debt). (The County has some exempt debt (See **Debt Table A**.) Exempt debt includes, among others:

- Revenue debt;
- General obligation debt:
 - For county, multicounty or multicounty-municipal jail, workhouse, juvenile detention or correctional facilities, or county or joint county solid or hazardous waste collection, transfer or disposal facilities, or resource recovery or recycling facilities, or educational service center facilities.
 - That is “self-supporting” (that is, nontax revenues from the facility or category of facilities are sufficient to pay operating and maintenance expenses and related debt charges and other requirements) issued for facilities for county utility systems or facilities, parking, health care, recreation, sports, convention, museum and other public attractions, natural resource exploration, development, recovery, use or sale, corrections, restoration and related rehabilitation.
 - For buildings to house county or municipal agencies, departments, boards and commissions, to the extent that revenues (other than revenues from unvoted county property taxes) derived from leases between the county and such agencies, departments, boards, commissions or municipal corporations are sufficient to cover all operating expenses paid by the county and debt charges.
 - For highway and related facilities (including departmental computer systems) if the county has covenanted to pay debt charges and financing costs from motor vehicle fuel and license taxes.
 - Issued in anticipation of the levy or collection of special assessments.
 - Issued for certain permanent improvements if the county has covenanted to pay debt charges from certain dedicated sales tax revenues.
 - For water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay to the county amounts equal to debt charges.
 - Voted for water or sanitary sewerage facilities to the extent that the outstanding voted debt for that purpose does not exceed 2% of the county’s tax valuation.
 - To pay final judgments or court-approved settlements, or to fund joint self-insurance pools.
- Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.
- Delinquent tax bonds.
- Notes issued in anticipation of the collection of current revenues or in anticipation of the proceeds of a specific tax levy.
- Notes issued to acquire voting machines and vote tabulation equipment, or for certain emergency purposes, or for certain energy conservation improvements.

- Debt issued for a port authority or municipal educational and cultural facility.

BANs issued in anticipation of exempt bonds also are exempt debt.

The County may issue debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

In the calculation of debt subject to the direct debt limitations, the amount of money in a county's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of money in the County's Bond Retirement Fund, and based on outstanding debt as of August 2009 and current tax valuation, the County's voted and unvoted nonexempt borrowing capacities are:

Limitation	Debt	Additional Borrowing Capacity Within Limitation
$3\% + 1\frac{1}{2}\% + 2\frac{1}{2}\% = \$785,926,513^{(a)}$	\$203,790,674	\$582,135,839
$1\% = \$314,970,605^{(b)}$	188,820,674	126,149,931
$\frac{1}{2}\% = \$157,485,303^{(c)}$	-0-	157,485,303

(a) Applicable to nonexempt voted and unvoted general obligation bonds/notes.

(b) Applicable to nonexempt unvoted general obligation bonds and notes.

(c) Applicable to unvoted general obligation debt for County's share of the costs of State highway improvements.

See **Debt Table A**.

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the County if authorized by a vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt service on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds. Voted obligations may also be issued by certain overlapping subdivisions.

General obligation debt also may be issued by the County (and by certain political subdivisions it overlaps) without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of the debt service on (a) those bonds (or the bonds in anticipation of which BANs are issued) and (b) all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the County resulting in the highest tax required for such debt service, in any one year, is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of the provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by all overlapping taxing subdivisions without a vote of the electors. This 10 mills is allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the County. The entire 10 mills is currently being levied by the combination of the County and taxing subdivisions overlapping the County. The current allocation of the 10 mills (sometimes referred to as the "inside millage") in the City, the

largest municipality in the County, is as follows: 1.50 mills for the County, 4.40 mills for the City, and 4.10 for the portion of the Berea City School District within the area of the City.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt service on its unvoted general obligation debt unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt service of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt service on a subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess would reduce the amount of inside millage available to overlapping subdivisions.

In the case of BANs, the highest annual debt service estimated for the anticipated bonds is used to calculate the millage required.

Revenue bonds and notes are not included in debt subject to the ten-mill limitation because they are not general obligations of the County, and the full faith and credit of the County is not pledged for their payment. Currently, the outstanding revenue bonds of the County are as follows:

Hospital Revenue Bonds

- \$27,560,000 Hospital Improvement Variable Rate Demand Revenue Bonds, Series 2003 (The MetroHealth System Project), issued by the Board of Hospital Trustees on behalf of the County to pay cost of constructing and equipping a new critical care pavilion and an administration building.
- \$31,215,000 Hospital Improvement and Refunding Revenue Bonds, Series 1997, and \$65,765,000 Hospital Refunding Revenue Bonds, Series 1997A, issued by the Board of County Hospital Trustees on behalf of the County to finance improvements for other MetroHealth System facilities and to refund certain outstanding revenue bonds of the County originally issued in 1989 to finance improvements for The MetroHealth System facilities.
- \$73,585,000 Hospital Improvement and Refunding Variable Rate Demand Revenue Bonds, Series 2005 (The MetroHealth System Project)(Series 2005 Bonds). Proceeds from the Series 2005 Bonds were used to advance refund \$56,995,000 of the outstanding Series 1999 Bonds scheduled to mature on February 25, 2029 issued by the Board of County Hospital Trustees on behalf of the County; to pay costs of constructing, renovating, furnishing, equipping and improving the south campus long-term care and skilled nursing facility.

Economic Development Revenue Bonds

- \$9,075,000 Taxable Economic Development Revenue Refunding Bonds, issued for the County's Brownfield Redevelopment Fund, in 2004. See **Brownfield Redevelopment Fund Program and Other Economic Development Obligations.**
- \$2,765,000 Tax-Exempt Economic Development Revenue Bonds, Series 2000A, issued to make a loan to finance a portion of the cost of improvements to the Shaker Square Complex. See **Brownfield Redevelopment Fund Program and Other Economic Development Obligations.**

- \$81,195,000 Economic Development Revenue Bonds, issued for the Gateway Project in 1992, 1994 and 2004. See **Gateway Project Obligations**.

The indirect (ten-mill) debt limitation applies to all unvoted general obligation debt even if debt service on some of it is expected to be paid in fact from special assessments, utility earnings or other sources.

The highest debt service requirement in any year for all County debt subject to the ten-mill limitation is estimated to be \$ 22,302,195 in the year 2009. The payment of that annual debt service would require a levy of 0.6996 mills based on current assessed valuation. Of this maximum annual debt service requirement, \$4,272,428 is expected by the County to be paid from sources other than ad valorem taxes, such as special assessments and utility revenues.

In calculating whether or not unvoted debt to be issued by the County is within the ten-mill limitation, it is necessary to determine which combination of overlapping political subdivisions (including the County) has the highest outstanding debt service requirements within the ten-mill limitation.

There are 57 municipal corporations, two townships and all or portions of 33 school districts in the County. Thus to determine the highest overlapping debt service requirements for unvoted debt, it is necessary to examine the requirements for combinations of such overlapping subdivisions, including municipal corporations, townships and school districts.

At the present time, the City of Cleveland is the taxing subdivision in the County that, with its overlapping taxing subdivisions, has the highest potential millage requirements for debt service on unvoted general obligation debt. The total millage theoretically required by the City of Cleveland (7.6046 mills), the Berea City School District (0.5599 mill), the Greater Cleveland Regional Transit Authority (0.5454 mill) and the County (0.9764 mill) for their outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are outstanding) is 9.6863 mills for 2009, the year of highest potential debt service. There thus remains 0.3137 mills within the ten-mill limitation which has yet to be allocated to debt service by the City of Cleveland, the Cleveland Municipal School District, the Greater Cleveland Regional Transit Authority or the County. This 0.3137 mills would support at this time the issuance of approximately \$124,632,815 of additional 20-year bonds of the County at an estimated interest rate of 5.0%, provided such debt could be issued within the indirect debt limitations described above.

The ten-mill limitation is such that a relatively small issue by some other overlapping taxing subdivision with a small tax duplicate can encumber a significant amount of millage, thereby dramatically reducing the amount of unvoted general obligation debt that the County, as an overlapping subdivision, could issue.

Debt Outstanding

The Debt Tables attached list the County's outstanding debt represented by bonds and provide information with respect to County and overlapping general obligation debt allocations and debt service requirements on the County's outstanding general obligation debt and on County obligations payable only from non-tax revenues.

The County is not and has not been, in the last 50 years, in default in the payment of debt service on any of its bonds or notes or in a condition of default under the financing documents relating to any of its issues of revenue bonds; however, the County makes no representation as to the existence of a condition of default resulting from a default by any private

entity under any financing documents relating to its industrial development or hospital improvement revenue bonds.

Bond Anticipation Notes

When BANs are outstanding, they may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the County, or a combination of these sources.

Capital Improvement BANs, Series 2008

The County issued \$70 million in bond anticipation notes to fund various ongoing capital improvements. The Series 2008 BANs carry an interest rate of 2.5% and were priced to yield 1.104% using an online competitive bidding process. The notes will be replaced with bonds to be issued in 2009.

Rock and Roll Hall of Fame BANs

The County issued approximately \$10 million in BANs for the Rock & Roll Hall of Fame and Museum. The proceeds from the County BANs will be used to fund a portion of the construction of the \$31.5 million Rock Hall Library and Archives project. The County BANs will be renewed in the subsequent years of the project and eventually be paid off with funds generated from the existing 1.5% County Bed Tax. The County anticipates the BANs, interest and related cost of issuance will be retired by 2016.

Gateway Project Obligations

In 1990, County voters approved a referendum authorizing the County to impose an excise tax on sales of liquor, beer, wine and cigarettes. This tax was one of the revenue sources used to finance the Gateway Sports Complex located on a 28-acre site in downtown Cleveland (the Gateway Project). The Gateway Project includes Progressive Field (formerly Jacobs Field), Quicken Loans Arena (formerly Gund Arena), two parking garages and related common area improvements. The Gateway Economic Development Corporation of Greater Cleveland (Gateway), an Ohio nonprofit corporation, was organized to facilitate the financing, construction and operation of the sports facilities included in the Gateway Project under the terms of an agreement between it, the City and the County.

Various financing arrangements have been made for the Gateway Project, some of which continued to involve the support of the County as described below.

In 1990, Gateway issued on behalf of the City \$78,664,320 Senior Lien Excise Tax Bonds, 1990 Series A and B (the Senior Bonds), \$38,390,000 Subordinated Excise Tax Bonds (Cuyahoga County Annual Guaranty), Series 1990 (the Subordinated Bonds), and \$31,000,000 Stadium Revenue Bonds, Series 1990 (the Stadium Bonds), to pay costs of the construction of the Jacobs Field (now Progressive Field) baseball stadium. The Senior and Subordinated Bonds were retired in September 2005 and any County Guaranty Agreement with respect to those Bonds (upon which the County made no payment) terminated. In 1993, the County entered into a guaranty agreement with respect to the debt service on the Stadium Bonds pursuant to which the County agreed to pay from its nontax revenues debt service on the Stadium Bonds in 1994 and the subsequent years during which the Stadium Bonds were outstanding to the extent revenues from the excise tax and other revenues pledged by Gateway were insufficient for that purpose. In 1994 through 2007, the Board appropriated the amount necessary to pay all annual debt service on the Stadium Bonds; however, the County made no payment for that purpose in

any of the years from 1994 through 2007 because other funds were sufficient and available. The maximum annual debt service on the Stadium Refunding Bonds Series A is \$3,255,000 in 2014. Principal of the Stadium Bonds has been and will be payable on September 15 in each of the years from 1994 through 2014. In 2004, Gateway issued its Stadium Revenue Refunding Bonds Series A and B (the Stadium Refunding Bonds) to refund the remaining outstanding Stadium Revenue Bonds. The County also entered into a guarantee agreement in connection with the issuance of the Stadium Refunding Bonds, pursuant to which the County agreed to pay from its nontax revenue debt service on the Stadium Refunding Bonds in 2005 and subsequent years during which the Stadium Refunding Bonds will be outstanding (through 2014). In 2008, the Board appropriated the amount necessary to pay all annual debt service on the Stadium Refunding Bonds. On September 15, 2008, the Outstanding Series B Refunding Bonds were paid in full and retired.

In 1992, the County issued (i) \$35,000,000 of Taxable Economic Development Revenue Bonds, Series 1992A (the 1992A Arena Bonds) and \$40,000,000 of Taxable Economic Development Variable Rate Revenue Bonds, Series 1992B (the Gateway Arena Project) (the 1992B Bonds) and loaned the proceeds of those Bonds to Gateway to pay a portion of the costs of the multi-purpose arena and common area improvements included in the Gateway Project. In 1994, the County issued \$45,000,000 Taxable Economic Development Revenue Bonds, Series 1994 (Gateway Arena Project) (the 1994 Arena Bonds) and loaned the proceeds of those Bonds to Gateway to pay certain additional costs of the arena and common area improvements. In February 2004, the County issued its \$10,750,000 Taxable Economic Development Revenue Refunding Bonds, Series 2004A (Gateway Arena Project) and its \$19,200,000 Taxable Economic Development Variable Rate Revenue Refunding Bonds, Series 2004B (Gateway Arena Project) (collectively, the 2004 Arena Bonds and, together with the 1992A Arena Bonds and the 1994 Arena Bonds, the Arena Bonds) to currently refund the outstanding 1992B Bonds. The Arena Bonds are secured by a pledge by the County of the County's nontax revenues. Debt service on the Arena Bonds is to be paid from: (i) loan payments to be made by Gateway from Gateway's net revenues (none received to date or anticipated), (ii) certain payments made by Gateway or the Cleveland Cavaliers (the National Basketball Association franchise leasing the Arena), (iii) certain nontax revenues of the City amounting to \$2,630,000, made available pursuant to a cooperative agreement between the City and the County, (iv) certain money held by the bond trustee and earnings thereon and (v) to the extent those sources are not sufficient, the County's nontax revenues. Under the terms of the indenture securing the Arena Bonds, the County has agreed to appropriate and deposit into a pledged fund held by the bond trustee annually in each year while any of the Arena Bonds are outstanding an amount of its nontax revenues sufficient, together with other moneys deposited previously and remaining in that fund, to pay debt service on the Arena Bonds in that year. Debt service on the Arena Bonds to date has been paid principally from nontax revenues of the County, with some offset for moneys from the other pledged sources. Based on actual debt service on the \$81,195,000 of outstanding fixed rate Arena Bonds and estimated debt service on the \$19,200,000 of outstanding variable rate Arena Bonds (assuming an interest rate of 5.5% per year and annual principal payments of \$1,600,000 in each of the years from 2004 through 2022), the County now estimates that the annual debt service on the Arena Bonds will range from a high of approximately \$9,727,706 payable in 2009 to a low of approximately \$6,861,180 payable in 2023. The final maturity of the Arena Bonds is June 1, 2023. The County now expects that substantial portions of the debt service on the Arena Bonds will, in fact, continue to be paid from nontax revenues of the County. See **Debt Table E**.

The Arena Bonds are on a parity with the Brownfield Bonds as to the pledge of the County's nontax revenues. See **Brownfield Redevelopment Fund Program and Other Economic Development Obligations**.

The Gateway Project was completed in 1994 and all of its facilities have been in operation since that time. However, due to certain cost overruns, approximately \$21.5 million of Project costs owed to a number of contractors remained unpaid in 1995. In order to provide for those costs, in January 1996, Gateway borrowed \$11.5 million from the County and \$10 million from a commercial lending institution. Under the terms of its agreement with Gateway, the County is to be repaid, without interest, from certain net revenues remaining after payment of other obligations. At the present time, it is not anticipated that Gateway will have net revenues available to repay that loan from the County. The County also agreed to guaranty the loan Gateway obtained from the commercial banking institution and pledged for that purpose certain revenues anticipated to be received from the State. The commercial loan was retired in 1996 with moneys loaned to the County by the State, pursuant to legislation passed by the General Assembly, with the understanding that such moneys will be reimbursed to the State, without interest, in equal annual amounts by the City and the County over a 20-year period that began in 1997.

Brownfield Redevelopment Fund Program and Other Economic Development Obligations

In 1998, the County issued \$15,465,000 of Taxable Economic Development Revenue Bonds, Series 1998 (the Original Brownfield Bonds) to provide the initial funding for the County's Brownfield Redevelopment Fund Program (the Brownfield Program). The Brownfield Program was established to lend money to municipalities and private entities to assist with the payment of environmental costs associated with the cleanup and use of underused and abandoned commercial and industrial properties within the County. In 2004, the County issued its \$12,880,000 Taxable Economic Development Revenue Refunding Bonds, Series 2004C (Brownfield Redevelopment Fund Project) (the Brownfield Bonds), to refund the Original Brownfield Bonds. The Brownfield Bonds are secured by (i) a pledge of the County's nontax revenues, (ii) a security interest in certain net revenues of the Brownfield Program, (iii) the proceeds of additional bonds which are available to pay debt service, (iv) certain money held by the bond trustee and (v) all income and profit from the investment of the foregoing money. Under the terms of the indenture securing the Brownfield Bonds, the County has agreed to appropriate and deposit into a pledged fund held by the bond trustee annually in each year while any of the Brownfield Bonds are outstanding an amount of nontax revenues sufficient, together with other moneys deposited previously and remaining in that fund, to pay debt service on the Brownfield Bonds in that year. The County expects that a substantial portion of the debt service on the Brownfield Bonds will, in fact, be paid from nontax revenues of the County. The remaining debt service amounts to approximately \$1.25 million annually over the period from 2009 through 2018. The County plans to issue approximately \$25 million of new Brownfield Redevelopment Bonds in 2009, and expects to refund all or a portion of the Outstanding Brownfield Bonds. See **Debt Table E**.

The Brownfield Bonds are on a parity with the Arena Bonds as to the pledge of the County's nontax revenues. See **Gateway Project Obligations**.

The Cuyahoga County Board of Commissioners approved the creation of a \$13 million Cuyahoga County Commercial Redevelopment Fund (CRF) as part of the County's ongoing economic development efforts. Based on both the success and the basic structure of the Cuyahoga County Brownfield Redevelopment program, the CRF is focused on the reuse of vacant structures that have a blighting influence on a community. The buildings, often termed 'greyfields', may have obsolete floor plans, out of date infrastructure, asbestos or lead paint issues. The CRF is open to Cuyahoga County municipal corporations, private developers, business and non-profit community development corporations (on behalf of for-profit projects). The County plans to issue Economic Development bonds to fund the program by the end of 2009 to cover the costs of the loan program. Anticipated debt service is expected to be \$1.3 million annually over the life of the bonds.

In 2000, the County issued \$2,855,000 of Tax-Exempt Economic Development Revenue Bonds, Series 2000A (the Shaker Square Bonds), for the purpose of making a loan to finance a portion of the cost of improvements to the Shaker Square Complex, a commercial shopping district. That \$21.6 million redevelopment project was to assist in revitalizing the surrounding neighborhoods. The Shaker Square Bonds are secured by (i) a pledge of the County's nontax revenues, and (ii) a pledge by the City of certain service payments from the owner of the complex. The debt service on the Shaker Square Bonds is to be paid from the nontax revenues of the County only to the extent that the service payments are insufficient for the purpose; however, the Board is to appropriate annually the amount to pay all of the annual debt service on the Shaker Square Bonds. In 2000 and 2001, the County in fact paid all of the annual debt service on these bonds. In 2002, the service payments received by the County partially met the debt service requirement, and in 2003 and 2004, the County received service payments sufficient to meet the debt service requirements in that year. The owners of Shaker Square requested a lowering of the assessed value of the complex in 2005 and reached settlement for tax years 2003 through 2005 for a reduction in value. The County expects, based on the valuation reduction the service payments will not cover the full amount of the debt service in subsequent years. An additional request for lowering the assessed value of the Complex was filed in 2006, and was approved. The County will be required to pay a portion of the annual debt service payments from nontax revenues based on its maximum annual guarantee of \$208,325. In 2008 this payment from the County was \$140,803.

The Shaker Square Bonds are subordinate to the Arena Bonds and the Brownfield Bonds as to the pledge of the County's nontax revenues.

Future Financings

The County plans to issue additional debt or enter into long-term financial undertakings for capital improvement projects in 2009. These planned financings will fund a variety of capital improvements, economic development projects and refundings of existing debt.

The County expects to issue up to approximately \$160 million of various purpose general obligation bonds in late 2009. Approximately \$110 million will be used to pay the costs of construction of the new Juvenile Justice Complex which have been incurred and will be incurred through 2009. The property is currently owned by the County and underwent some environmental remediation. The estimated cost of this new joint facility building is \$185 million and construction is expected to take three years.

The balance of the proceeds of the \$160 million various purpose general obligation bond issue will be applied to pay certain costs of renovations and improvements to other County buildings and facilities. In addition, it is anticipated that in 2011 or later, additional bonds of the County will be issued for the Juvenile Justice Complex in an amount estimated at the current time to be approximately \$60 million for the Juvenile Justice Complex. The County expects to issue all of the \$160 million bonds as general obligation bonds within the indirect debt limit as measured by the capacity of the ten mill limitation described in **Indirect Debt and Unvoted Property Tax Limitations**.

In addition, in late 2009, the County will be issuing \$36 million of bonds backed by its nontax revenues, consisting of \$23 million of Brownfield Bonds and \$13 million of economic development bonds for the Community Redevelopment Fund program. See **Brownfield Redevelopment Fund Program and Other Economic Development Obligations**. The bonds issued for the Brownfield program will be used to fund the County's Brownfield revolving loan fund program (\$13 million) and the expenses incurred for asbestos abatement work (\$10 million) completed at the Ameritrust Building site.

An additional round of debt financing planned for late 2009 will be used to refund a large portion of the County's outstanding non tax revenue bonds. The total amount of refunding bonds issued will vary based on the potential net present value savings that can be realized based on market conditions at the expected time of issuance. At present time the County expects to refund approximately \$47 million in outstanding non tax revenue bonds including portions of the 1994 Gateway, 2004A Gateway and Shaker Square Series A bonds.

The County Treasurer intends to issue \$20 million in Current Year Delinquent Tax Collection Anticipation Notes (DTANs) in late 2009. The notes, issued under Chapter 133.082 of the Ohio Revised Code, will be used by the County Treasurer to advance to the taxing subdivisions of the County funds reflecting estimated receipts from delinquent real estate tax collections. Funding the estimated advances to taxing subdivisions with DTAN proceeds was authorized as part of the revisions to the Ohio Revised Code establishing the County Land Reutilization Corporation (see related paragraph under **Delinquency Procedures**). The notes are assumed to be taxable and will have a maturity of at least one year.

The County has begun planning and design activities for the Exhibition Facility and Medical Mart Project proceeds to determine the total construction costs and the financing structure for the Project. It is anticipated that, if the Project proceeds, the County will at first use available cash collected from the additional 0.25% sales tax to pay the initial cost of design, engineering and construction of that Project. The County plans to issue nontax revenue bonds or other revenue bonds of the County in 2010 or early 2011 to fund the remainder of the Project costs. The total principal amount of the bond issue for the Medical Mart project could range between \$275 and \$350 million, depending on the final scope and design of the exhibition hall and trade show complex. The County will continue to work to further develop the financing plan for these Project costs to be funded with proceeds from future nontax revenue bonds issued for the Project.

The County may use newly created bonding provisions adopted as part of the American Reinvestment and Recovery Act (ARRA) in conjunction with any of planned bond issues. The County was allocated \$42 million in Recovery Zone Economic Development bonding authority and \$64 million in Recovery Zone Facility bonding authority. The allocations received by the County will most likely be employed within one or more of the planned bond issues. An evaluation of funding needs, timing and impact on net interest cost will be conducted in order to determine the best application of these bonding provisions.

Long-Term Financial Obligations Other Than Bonds and Notes

The County has entered into nine loan agreements with the Ohio Environmental Protection Agency (Ohio EPA) pursuant to which the Ohio EPA provided funds to the County for the renovation of the County Sanitary Engineer's office building and for certain County sewage collection facilities. Those loans, which were outstanding in the aggregate principal amount of \$7,842,488 at December 31, 2008, bear interest at rates up to 4.18% per year and are each to be retired in equal semiannual installments of principal and interest over 20-year periods, the last of which will end in 2027. Repayment of two of the loans commenced in 1996, and repayment of the others commenced in 1999. The payments on those loans are to be made from revenues of the County's sewer system.

The County has entered into four loan agreements with the Ohio Public Works Commission pursuant to which the Commission provided funds to the County for the construction of sewage collection facilities and sewer lines. Those loans were outstanding in the aggregate principal amount of \$703,234 at December 31, 2008, bear no interest and are to be retired in equal semiannual principal installments over 20-year periods, the last of which will end

in 2019. The payments on these loans are to be made from revenues of the County's sanitary sewer system.

The County has entered into two installment purchase agreements in connection with energy conservation measures at various County facilities. Those agreements were refinanced in new principal amounts of \$11,003,289 and \$2,378,357, with final payments in 2009 and 2010. As of December 31, 2008, the outstanding principal amounts under these agreements were \$1,715,618 and \$553,360, respectively. The maximum aggregate annual payments under these agreements are \$2,152,698 in 2009, and the final payments under the agreements are due in 2009 and 2010, respectively.

The County has entered into approximately 57 operating lease agreements for various purposes. The aggregate annual rental payments under those agreements for 2007 totaled approximately \$4.3 million. The terms of all of these agreements are for six years or less. The County has also entered into approximately 62 capital lease agreements for various purposes. The aggregate annual rental payments under those agreements for 2008 totaled approximately \$6.6 million. The terms of these agreements are for 22 years or less. The County has also entered into four internal service capital leases for equipment with aggregate payments for 2008 totaling \$134,784.

Retirement Obligations

Present and retired employees of the County, other than the teachers for the Board of Developmental Disabilities (MRDD), are covered under the Ohio Public Employees Retirement System (OPERS), a statewide public retirement (including disability retirement) system.

Employees covered by OPERS contribute at a statutory rate of 10.0% of earnable salary or compensation, and the County contributes 14.0% (actuarially established for OPERS) of the same base, except for uniformed employees of the Sheriff's Department for whom the County contributes at a rate of 17.4% of the same base. OPERS reports a \$2.6 billion unfunded actuarial accrued pension liability (both State and local government employees, but excluding health care) at December 31, 2007, down from \$4.9 billion at December 31, 2006. While OPERS' most current valuation (December 31, 2007), shows a funded status of 96.3%, they anticipate this to decrease significantly when the 2008 actuarial valuation is completed. Early estimates indicate the 2008 funded status could be in the range of 75%-80%.

MRDD teachers are covered by a statewide public retirement (including disability retirement) system. The State Teachers Retirement System (STRS) covers all teachers, principals, supervisors and administrators who are required to hold a certificate issued by the State Department of Education.

Employees covered by STRS contribute at a rate of 10.0% of earned compensation, and the County contributes 10.4% (the current statutory maximum) of the same base. STRS reports that as of July 1, 2008, its total unfunded actuarial accrued liability was approximately \$18.2 billion, up from \$14.5 billion as of July 1, 2007. STRS projected that unfunded accrued liability, using present rates, would be fully funded in approximately 41.2 years. There are currently 162 County Board of Developmental Disabilities employees covered by STRS.

Federal law requires County employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, County employees who are covered by OPERS or STRS are not currently covered under the federal Social Security Act.

The County's current employer contributions to OPERS are treated as current expenses and included in the County's operating expenditures.

OPERS and STRS are not now subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

Both OPERS and STRS are created by and operate pursuant to Ohio law. The General Assembly could determine to amend the format and revise rates or methods of contributions and benefits or benefit levels.

See the Discussions in Note F in Appendix B of accrued unpaid sick leave and vacation benefits.

LEGAL MATTERS

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

Since 1980, the County has been self-insured against all liability claims made against it. During the period from 1992 through 2004, the aggregate amount paid to satisfy such claims and judgments was approximately \$6,503,085. In Fiscal Years 2005, 2006, 2007 and 2008 the County paid \$793,649, \$335,615, \$182,870 and \$528,111, respectively, for that purpose. In 2005, the County became self-insured for motor vehicle liability claims as well. The County accounts for its self-insurance program within the General Fund. The County believes that the amounts of claims and judgments that it will be required to pay in this year will not materially exceed the amount appropriated to the self insurance fund for the Fiscal Year 2009 (\$1,033,347).

Under current Ohio law, County moneys, accounts and investments are not subject to attachment to satisfy tort judgments in State courts against the County.

On July 28, 2008, agents of the Federal Bureau of Investigation and the Internal Revenue Service executed search warrants at certain County government offices and, as reported by various media sources, at the homes of certain County officials and the business offices of certain private contractors in connection with an investigation into alleged government corruption (the "Investigation"). In addition, subpoenas for the production of documents were issued to the government offices of a County Commissioner, the County Auditor, the County Engineer and the County Information Services Office for the production of documents. The County has complied and continues to comply with the subpoenas. To the knowledge of the County, as of the date of this Annual Information Statement, five former County employees have been charged by information in United States District Court, and have pled or are expected to plead guilty to federal corruption charges, including bribery: Santina ("Sandy") Klimkowski, Deputy Cuyahoga County Auditor; Dennis Dooley, Auditor's Office employee; John Kevin Kelley, Cuyahoga County G.I.S. Project Manager; Kevin F. Payne, former Chief of Staff, Cuyahoga County Engineer's Office; and Daniel P. Gallagher, former County Engineer's Office employee. In addition, officials of various vendors and contractors doing business with the County have been charged with similar crimes. The Investigation is ongoing and it is anticipated that additional individuals and entities will also be charged.

The County has engaged independent counsel to investigate the effect of the Investigation and the criminal charges on the County's financial position. Based on that review

and the review of representatives of the County Prosecutor's office, as of the date of this Annual Information Statement, the County does not believe that the Investigation, or any criminal charges or convictions resulting from the Investigation, would have a material adverse effect on the financial position of the County.

RATINGS ON OUTSTANDING DEBT

Fitch Ratings (Fitch), Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services (S&P) have assigned their municipal bond ratings of "AA+," "Aa1" and "AA+," respectively, to all of the County's outstanding uninsured general obligation bonds. No application for a rating has been made to any other rating agency. The County's outstanding BANs are not rated.

Moody's assigned its rating of "Aa2" to the County's outstanding fixed rate Arena Bonds and its Brownfield Bonds in February 2004. The variable rate Arena Bonds are rated VMIG-1 by Moody's.

The ratings reflect only the respective views of the rating agencies, and any explanation of the meaning or significance of the ratings may only be obtained from the respective rating agency. The County furnished to each rating agency certain information and materials, some of which may not have been included in this Annual Statement, relating to the County and its outstanding obligations. Generally, rating agencies base their ratings on such information and materials and on their own investigation, studies and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the County's outstanding obligations.

The County expects to furnish the rating agencies with information and materials that they may request. However, the County assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on outstanding obligations.

CONCLUDING STATEMENT

To the extent that any statements made in this Annual Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Annual Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

This Annual Statement has been prepared and delivered by the County and executed for and on behalf of the County by its officers identified below.

COUNTY OF CUYAHOGA, OHIO

By: /s/ Jimmy Dimora
County Commissioner

By: /s/ Timothy F. Hagan
County Commissioner

By: /s/ Peter Lawson Jones
County Commissioner

And By: /s/ Frank Russo
County Auditor

Dated: September 28, 2009

DEBT TABLE A

Principal Amounts of Outstanding Debt; Leeway for Additional Debt Within Direct Debt Limitations

A.	Total outstanding debt, as of September 1, 2009:	\$ 539,315,000
B.	Exempt debt:	
	Category	Outstanding Principal Amount
	General obligation bonds issued in anticipation of the collection of special assessments	\$ 7,850,000
	Revenue bonds issued for hospital improvements	198,125,000
	Revenue bonds issued under Revised Code Chapter 165 payable from nontax revenues	93,035,000
	Self-supporting general obligation bonds issued for utility (sewer system) improvements	710,000
	General obligation bonds issued for the acquisition, construction and equipping of a port authority educational and cultural facility	6,170,000
	General obligation bonds issued for the acquisition, renovation and equipping of structures for County correctional facilities	29,634,326
	Total exempt debt:	335,524,326
C.	Total nonexempt debt (A minus B):	\$ 203,790,674
D.	1% of assessed valuation (unvoted nonexempt debt limitation):	314,970,605
E.	Total unvoted nonexempt debt outstanding:	188,820,674
F.	Debt leeway within 1% unvoted debt limitation (but subject to indirect debt limitation) (D minus E):	126,149,931
G.	3%, 1½% and 2½% of assessed valuation (3% of 1st \$100,000,000, 1½% of next \$200,000,000, and 2½% of amount in excess of \$300,000,000 of assessed valuation) (voted and unvoted nonexempt debt limitation):	785,926,513
H.	Total nonexempt debt outstanding:	203,790,674
I.	Debt leeway within 3%, 1½% and 2½% debt limitation (G minus H):	582,135,839

DEBT TABLE B

Various County and Overlapping General Obligation (GO) Debt Allocations (Principal Amounts)

Political Subdivision	Outstanding Indebtedness(a)(b)	Percentage Allocable to County(c)	Portion of Debt Borne by Properties Within the County
The County	\$ 251,275,000	100.00%	\$ 251,275,000
All Cities wholly within the County	1,122,509,548	100.00%	1,122,509,548
All Villages wholly within the County	45,200,113	100.00%	45,200,113
All Townships wholly within the County	2,480,000	100.00%	2,480,000
All School Districts (S.D.) wholly within the County	811,605,318	100.00%	811,605,318
Greater Cleveland Regional Transit Authority	172,765,000	100.00%	172,765,000
Olmsted Falls City S.D.	23,705,301	96.78%	22,941,990
Strongsville City S.D.	17,622,725	99.79%	17,585,717
Chagrin Falls Exempted Village S.D.	25,264,107	62.18%	15,709,222

(a) General obligation debt as of September 17, 2009.

(b) General obligation debt exempt from statutory debt limitations is nevertheless included in this table.

(c) Determined, on a percentage basis, by dividing the amount of the assessed valuation of that territory of the political subdivision which is within the boundaries of the County by the total assessed valuation of the political subdivision.

DEBT TABLE C

Debt Service Requirements on General Obligation Debt 2009 through 2025

Calendar Year	Total Debt Service (a)	Portion of Anticipated To Be Paid From			
		Unlimited Ad Valorem Taxes	Limited Ad Valorem Taxes	Special Assessments	Sanitary System Revenues ^(a)
2009	\$33,310,812.50	\$6,735,887.50	\$22,302,194.98	\$644,865.00	\$192,347.50
2010	32,508,557.50	6,741,275.00	21,494,854.87	648,192.50	192,757.50
2011	25,710,172.50	6,744,037.50	17,943,591.04	643,592.50	192,507.50
2012	26,077,013.00	6,738,912.50	18,315,968.37	643,365.50	191,567.50
2013	24,207,160.00	6,740,900.00	16,641,183.04	637,495.00	
2014	16,569,667.50	-	15,735,914.29	646,172.50	
2015	16,532,538.75	-	15,706,931.31	637,702.50	
2016	15,488,603.75	-	14,762,317.91	643,420.00	
2017	15,490,767.50	-	14,760,004.95	647,875.00	
2018	15,517,823.75	-	14,866,758.75	651,065.00	
2019	14,677,227.50	-	14,039,175.00	638,052.50	
2020	14,721,015.00	-	14,080,925.00	640,090.00	
2021	6,711,875.00	-	6,155,925.00	555,950.00	
2022	6,716,275.00	-	6,160,925.00	555,350.00	
2023	5,236,525.00	-	4,767,675.00	468,850.00	
2024	5,241,125.00	-	4,770,425.00	470,700.00	
2025	322,400.00	-	-	322,400.00	
2026		-	-		

^(a) The net operating revenues of the County's sanitary sewer system are expected to be sufficient in 2009 and subsequent years to pay all debt charges on debt issued to finance sewer system improvements. Additionally, the County has entered into an agreement with Orange Village and the City of Solon under which such municipalities are to pay the debt service on \$1,500,000 of the County's outstanding general obligation bonds issued for sewer system improvements.

DEBT TABLE D

Outstanding General Obligation Bond Anticipation Notes

These BANs, or the bonds they anticipate, are reflected in **Debt Tables A, B and C.**

General Purpose of Issue	Principal Amount	Due	Estimated Bond Maturity Years	<u>Original Notes</u>	
				Year of Issuance	Principal Amount
Various purposes	\$70,000,000	12/23/2009	20	2008	\$70,000,000
Rock and Roll Hall of Fame and Museum	\$10,000,000	5/13/2010	20	2009	\$10,000,000

The ability of the County to retire BANs from the proceeds of the sale of either bonds or renewal BANs will dependent upon the marketability of those obligations under market conditions prevailing at the time of that sale. Under present laws applicable to the County, there is no statutory maximum interest rate applicable to those bonds or renewal BANs.

DEBT TABLE E

Debt Service Requirements on Nontax Revenue Obligations 2009 through 2030

Fiscal Year	Debt Service on Brownfield Obligations	Debt Service on Gateway Obligations ^(a)	Debt Service on Shaker Square Obligations	Projected Total Debt Service
2009	\$1,245,933	\$9,823,706	\$206,975	\$11,276,614
2010	1,245,145	9,819,388	210,625	11,275,158
2011	1,244,958	9,814,264	218,769	11,277,990
2012	1,246,450	9,493,693	221,238	10,961,381
2013	1,245,055	10,051,533	218,538	11,515,126
2014	1,244,800	9,728,533	220,838	11,194,171
2015	1,245,318	9,407,233	222,631	10,875,181
2016	1,247,215	9,342,098	219,256	10,808,569
2017	1,245,840	9,300,968	215,881	10,762,689
2018	1,245,983	9,270,803	212,506	10,729,291
2019	0	9,228,963	336,938	9,565,901
2020	0	9,183,823	344,450	9,528,273
2021	0	9,138,018	370,275	9,508,293
2022	0	9,093,803	363,906	9,457,709
2023	0	6,861,180	366,694	7,227,874
2024	0	0	368,131	368,131
2025	0	0	368,219	368,219
2026	0	0	150,669	150,669
2027	0	0	153,075	153,075
2028	0	0	144,975	144,975
2029	0	0	156,538	156,538
2030	0	0	147,088	147,088

^(a) Assumes Gateway variable rate bonds bear interest (including liquidity fees at an annual average rate of 5.50%)

APPENDIX A

Comparative Cash Basis Summary of General Fund Receipts and Expenditures (Unaudited) for Fiscal Years 2004 through 2008 and Projected for Fiscal Year 2009

(In Thousands of Dollars)

		2004	2005	2006	2007	2008	2009 (Projected)
Cash Balance at January 1(a)		\$116,923	\$120,955	\$135,817	\$123,230	146,063	140,086
RECEIPTS:							
Property Taxes(b)		21,185	21,845	19,707	20,237	19,355	18,930
Sales and Use Tax		165,408	168,990	168,654	171,761	173,679(l)	155,659(l)
Other Tax		10	7	6	6	4	6
State Local Government							
Assistance Funds		38,526	38,539	38,573	38,723	38,002	32,457
Licenses and Permits		89	86	86	78	69	65
Charges for Services(c)		68,213	64,301	58,045	66,765	62,633	49,519
Fines and Forfeitures		5,998	7,565	9,063	11,249(k)	10,754	9,854
Investment Earnings		11,769(d)	16,522	26,018	30,385	29,659	24,100
Other Intergovernmental		8,893	9,290	8,942	9,622	12,718	14,447
Miscellaneous		14,326(e)	2,936	5,577	13,665(k)	1,797	11,675
Operating Transfers In		16	1,161	612	1,062	2,222	0
Residual Equity Transfers In		279	355	0	9	0	7,905
Total Receipts		<u>334,712</u>	<u>331,598</u>	<u>335,283</u>	<u>365,552</u>	<u>350,892</u>	<u>324,617</u>
EXPENDITURES:							
General Government		49,951	49,112	58,981	58,190	69,424	64,065
Judicial		228,789	231,755	246,060	253,859	260,832	244,284
Development		2,473	3,382	5,096	6,205(i)	2,408	6,824
Social Services		5,701	5,867	5,706	5,970	6,178	6,916
Health and Safety		1,226	1,454	11,100(j)	1,195(j)	1,254	211
Miscellaneous		19,086(g)	3,126	2,499	1,1037	2,103	2,708
Other Financing Uses		23,015(h)	22,040	18,058	14,206	14,669	9,886
Residual Equity Transfers Out		0	0	369	57	0	0
Total Expenditures		<u>330,241</u>	<u>316,736</u>	<u>347,868</u>	<u>340,719</u>	<u>356,868</u>	<u>334,894</u>
Cash Balance at December 31(a)		<u>\$120,955</u>	<u>\$135,817</u>	<u>\$123,232</u>	<u>\$146,063</u>	<u>\$140,086(m)</u>	<u>\$129,809(m)</u>

- (a) The following amounts were reserved for encumbrances as of December 31 in each of the years enumerated: \$14,822,775 in 2004, \$22,597,582 in 2005, \$21,445,725 in 2006, \$21,112,121 in 2007, \$17,320,703 in 2008; and an estimated \$9,357,800 will be reserved for encumbrances as of December 31, 2009.
- (b) Receipts from property taxes within the ten-mill limitation levied for the General Fund. The rates levied for this purpose were 0.81 mill in 2004, 0.84 in 2005, 0.74 in 2006, 0.71 in 2007, 0.71 in 2008 and 0.71 in 2009.
- (c) Includes receipts from the County's real property transfer tax and fee as well as other charges for services. See **Other Major County General Fund Revenue Sources**.

- (d) Decreases attributable to declines in market interest rate and investable balances whereas the increases in short-term interest rates have contributed to the increases in 2005, 2006 and 2007.
- (f) Includes a \$9.2 million one-time receipt from securities dealers to settle criminal negligence charges for failure to supervise a broker.
- (g) Includes approximately \$12.4 million in General Fund dollars transferred to various capital funds in 2004.
- (h) Decrease is due to a lower level of General Fund subsidies for health and human services resulting from the availability of new revenue from the 4.9-mill health and human services levy passed in 2003.
- (i) Increase in development due to additional economic development programs approved in 2006 budget.
- (j) Increase due to one-time \$10 million subsidy payment made to MetroHealth Hospital. See **Health -- County Services and Responsibilities**.
- (k) Increase in revenue due to sale of MetroHealth Skilled East Property to Cuyahoga Community College in December 2007. See **Health--County Services and Responsibilities**.
- (l) Sales Tax does not include collections from additional 0.25% increase that was effective October 1, 2007. Collections in 2008 were \$42,142,525 and \$38,977,134 is projected to be collected in 2009.
- (m) Ending balance excludes revenue from additional 0.25% sales tax deposited in the General Fund.

APPENDIX B

BASIC FINANCIAL STATEMENTS FOR FISCAL YEAR 2007 AND 2008

The County's 2007 Audited Basic Financial Statements and 2008 Audited Basic Financial Statements will be available upon approval of the release of such statements from the County's independent auditors and the Auditor of the State of Ohio. When available, the County will file such information with the Municipal Securities Rulemaking Board at www.emma.msrb.org ("EMMA") and the Ohio State information depository, the Ohio Municipal Advisory Council, and the Financial Statements will be available on the website of the Auditor of the State of Ohio.

The 2007 and 2008 Basic Financial Statements, respectively, will present financial and other information only as of the dates and for the periods set forth therein. Neither the independent public accounting firm nor the Auditor of State has undertaken any review or procedures with regard to the Basic Financial Statements or any other County financial statements or financial information, as of any date or for any periods beyond the periods set forth therein, and reference to the Basic Financial Statements in this Annual Informational Statement shall not create any implication to the contrary.

The County's audited Basic Financial Statements for Fiscal Year 2006 are the most recent audited financial statements of the County. The related independent auditors' report of the independent public accounting firm engaged by the County and the Auditor of State for the audit are included in the County's Comprehensive Annual Financial Report for Fiscal Year 2006, which has been filed with EMMA and the Ohio Municipal Advisory Council, and is available on the State of Ohio Auditor's website.

Certain information in the Basic Financial Statements, including without limitation certain information with respect to debt, debt limitations and ratings, is updated and superseded by information in this Annual Statement.