

The background features a large, light gray watermark of the Seal of the Auditor of State of Ohio. The seal is circular and contains a landscape with a sun rising over hills, a river, and two sheaves of wheat. The text "THE SEAL OF THE AUDITOR OF STATE OF OHIO" is written around the perimeter of the seal.

**CITY OF CLEVELAND - DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
CUYAHOGA COUNTY**

**REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2001**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF CLEVELAND - DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
CUYAHOGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Division of Parking Facilities
Department of Parks, Recreation and Properties
City of Cleveland
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Jane L. Campbell, Mayor,
Members of Council and the Audit Committee:

We have audited the accompanying financial statements of the Division of Parking Facilities, Department of Parks, Recreation and Properties, City of Cleveland, Ohio, as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Division of Parking Facilities' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note A, the financial statements present only the Division of Parking Facilities and are not intended to present fairly the financial position of the City of Cleveland and the results of the City of Cleveland's operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Division of Parking Facilities, as of December 31, 2001 and December 31, 2000, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 16, 2002

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CITY OF CLEVELAND
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
BALANCE SHEETS
December 31, 2001 and 2000

	<i>(in thousands of dollars)</i>	
	December 31,	
	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,515	\$ 2,568
Accounts receivable - (Net of allowance (See Note C))	120	92
Due from other City of Cleveland departments, divisions or funds	120	387
Inventory of supplies, at cost	18	17
TOTAL CURRENT ASSETS	3,773	3,064
UNAMORTIZED BOND ISSUANCE EXPENSE	1,126	1,216
RESTRICTED ASSETS		
Cash and cash equivalents	16,173	6,502
Investments at market		9,688
Accrued interest receivable	123	302
TOTAL RESTRICTED ASSETS	16,296	16,492
PROPERTY, PLANT AND EQUIPMENT		
Land	12,929	12,929
Land Improvements	1,264	1,264
Buildings, structures and improvements	65,200	65,200
Furniture, fixtures and equipment	793	694
	80,186	80,087
Less: accumulated depreciation	12,774	11,070
	67,412	69,017
TOTAL ASSETS	\$ 88,607	\$ 89,789

(in thousands of dollars)

December 31,

2001 2000

LIABILITIES AND EQUITY

LIABILITIES

CURRENT LIABILITIES

Current portion of long-term debt	\$	1,965	\$	1,875
Accounts payable		201		318
Due to other governments		78		72
Due to other City of Cleveland departments, divisions or funds		60		12
Accrued interest payable		1,352		1,252
Accrued wages and benefits		170		184

TOTAL CURRENT LIABILITIES 3,826 3,713

PAYABLE FROM RESTRICTED ASSETS 17 17

LONG TERM DEBT

Revenue bonds		65,985		67,416
---------------	--	--------	--	--------

TOTAL LIABILITIES 69,828 71,146

EQUITY

Contributed capital		21,079		21,079
Accumulated deficit		(2,300)		(2,436)

TOTAL EQUITY 18,779 18,643

TOTAL LIABILITIES AND EQUITY \$ 88,607 \$ 89,789

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2001 and 2000

		<i>(in thousands of dollars)</i>	
		For the	
		Years Ended December 31,	
		2001	2000
OPERATING REVENUES			
Charges for Services		\$ 8,021	\$ 8,250
TOTAL OPERATING REVENUES		8,021	8,250
OPERATING EXPENSES			
Operations		2,075	2,053
Maintenance		68	34
Depreciation		1,704	1,696
TOTAL OPERATING EXPENSES		3,847	3,783
OPERATING INCOME		4,174	4,467
NON-OPERATING INCOME (EXPENSE)			
Interest income		762	1,189
Other revenue		5	
Contributed capital and other contributions		68	
Interest expense		(4,784)	(5,197)
Amortization of bond issuance costs		(89)	(91)
TOTAL NON-OPERATING INCOME (EXPENSES)		(4,038)	(4,099)
NET INCOME		136	368

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2001 and 2000

(in thousands of dollars)

	Contributed Capital	Accumulated Deficit	Total
BALANCE AT DECEMBER 31, 1999	\$ 21,079	\$ (2,804)	\$ 18,275
Net income		368	368
BALANCE AT DECEMBER 31, 2000	21,079	(2,436)	18,643
Net income		136	136
BALANCE AT DECEMBER 31, 2001	\$ 21,079	\$ (2,300)	\$ 18,779

See notes to financial statements.

CITY OF CLEVELAND
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2001 and 2000

	<i>(in thousands of dollars)</i>	
	For the	
	Years Ended December 31,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 7,901	\$ 8,517
Cash payments to suppliers for goods or services	(1,051)	(1,110)
Cash payments to employees for services	(810)	(734)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,040	6,673
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Other non-operating revenues	5	
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	5	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on long-term debt	(1,875)	(1,795)
Interest paid on long-term debt	(4,294)	(4,692)
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(6,169)	(6,487)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(20,238)	(23,504)
Proceeds from sale and maturity of investment securities	29,884	26,015
Interest received on investments	1,096	1,074
NET CASH PROVIDED BY INVESTING ACTIVITIES	10,742	3,585
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,618	3,771
Cash and cash equivalents, beginning of year	9,070	5,299
Cash and cash equivalents, end of year	\$ 19,688	\$ 9,070

(in thousands of dollars)
 For the
 Years Ended December 31,
 2001 2000

**RECONCILIATION OF OPERATING INCOME TO
 NET CASH PROVIDED BY OPERATING ACTIVITIES**

OPERATING INCOME	\$	4,174	\$	4,467
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		1,704		1,696
Change in assets and liabilities:				
Accounts receivable, net		(28)		160
Due from other City of Cleveland departments, divisions or funds		267		107
Inventory of supplies		(1)		28
Accounts payable		(117)		285
Due to other governments		6		(117)
Due to other City of Cleveland departments, divisions or funds		48		10
Accrued wages and benefits		(13)		37
TOTAL ADJUSTMENTS		<u>1,866</u>		<u>2,206</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	6,040	\$	<u>6,673</u>

See notes to financial statements.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2001 and 2000

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Parking Facilities (“Division”) is reported as an enterprise fund of the City of Cleveland’s Department of Parks, Recreation and Properties and is a part of the City of Cleveland’s primary government. The Division was created for the purpose of providing moderately priced off-street parking facilities to citizens within the City of Cleveland (the “City”). The following is a summary of the more significant accounting policies.

Basis of Accounting: The Division’s financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized as incurred.

Revenues: Revenues are derived primarily from fees charged to users of City-owned parking garages and facilities operated by the Division including the net income from the Gateway garages and on-street parking meter revenue. Parking rates are authorized by City Council. Parking fees are collected on a daily basis or monthly basis at certain locations.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the Governmental Accounting Standards Board (“GASB”) Statement No. 9, “Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting”. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing, and investing activities.

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand and cash deposits maintained by the City Treasurer on behalf of the Division. Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Investments: The Division follows the provisions of GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and External Investment Pool,” which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding changes in the fair value of investments in the year in which the change occurred. Fair values of investments at year-end are based on market quotes, where available.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001 and 2000. STAROhio is an investment pool managed by the State Treasurers’ Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price, which is the price the investment could be sold for on December 31, 2001 and 2000.

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of debt are classified as restricted assets since their use is limited by the underlying loan agreement.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION, AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Year Ended December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fixed Assets and Depreciation: Property, plant and equipment are stated on the basis of historical cost, or if contributed, at fair market value at the date received. Depreciation for the Proprietary Fund types is determined by allocating the cost of fixed assets over the estimated useful lives of the assets using the straight-line method. A fixed asset is defined as a tangible item with a useful life of five years or more and a value equal to or greater than \$5,000, with the exception of computer equipment and software which have a value equal to or greater than \$1,500. When property is disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Buildings, structures and improvements	10 to 65 years
Furniture, fixtures and equipment	5 to 33 years

Bond Issuance Expenses and Discount and Unamortized Loss on Debt Refunding: Bond issuance expenses are carried on the Division's books as deferred expenses and unamortized bond discounts are netted against long-term debt. Both are amortized over the lives of the applicable bonds. Unamortized loss on debt refunding is netted against long-term debt and is amortized over the shorter of the life of the old bond or the new bond.

Contributed Capital: Contributed capital represents contributions of land, buildings and equipment from the City of Cleveland which are not subject to mandatory repayment.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Activities", all Proprietary Funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, Proprietary Funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB pronouncements). The City has chosen not to apply future FASB standards.

NOTE B-LONG-TERM DEBT

Long-term debt outstanding at December 31 is as follows:

		Outstanding Principal Amount	
	Interest Rate	2001	2000
<i>(in thousands of dollars)</i>			
Parking Facility Improvement Revenue			
Bonds due through 2022	4.45%-6.00%	\$ 75,520	\$ 77,395
		\$ 75,520	\$ 77,395
Less:			
Unamortized advance debt refunding		(6,548)	(7,068)
Unamortized discount		(1,022)	(1,036)
Current portion		(1,965)	(1,875)
Total Long-Term Debt		\$ 65,985	\$ 67,416

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2001 and 2000

NOTE B-LONG-TERM DEBT - Continued

Minimum principal and interest payments on long-term debt for the next years are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
	<i>(in thousand of dollars)</i>				
2002	\$ 1,965	\$	4,207	\$	6,172
2003	2,075		4,104		6,179
2004	2,175		3,995		6,170
2005	2,305		3,864		6,169
2006	2,445		3,726		6,171
Thereafter	64,555		34,211		98,766
	<u>\$ 75,520</u>	<u>\$</u>	<u>54,107</u>	<u>\$</u>	<u>129,627</u>

The proceeds from the Parking Facility Improvement Revenue Bonds Series 1992 were used to construct two new parking garages around the Gateway site and a new Willard Park Garage behind City Hall. The City's first garage on the Gateway site was completed in January 1994. The second garage was completed in August 1994. The Willard Park Garage construction was completed in April 1996.

The City has pledged the net revenues of the parking facilities, as defined in the trust indenture, as well as the additional pledged revenues which consist of various non-tax revenues, to meet debt service requirements, if necessary. In 2001 and 2000, no additional pledged revenue was required to meet the debt service on the parking bonds. The trust indenture requires, among other things, that the Division will fix parking rates and will charge and collect fees for the use of the Parking Facilities, and will restrict operating expenses. As of December 31, 2001 and December 31, 2000, the Division was in compliance with the terms and requirements of the trust indenture.

Defeasance of Parking Facility Improvement Revenue Bonds: In 1996 the Division defeased 1992 Parking Facility Revenue Bonds by placing the proceeds of 1996 Parking Facility Revenue Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in these financial statements. The aggregate amounts of this defeased debt at December 31, 2001 and December 31, 2000 are \$64,085,000 and \$65,270,000.

NOTE C-RECEIVABLE FROM GATEWAY ECONOMIC DEVELOPMENT CORPORATION

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

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2001 and 2000

**NOTE C-RECEIVABLE FROM GATEWAY ECONOMIC DEVELOPMENT CORPORATION
- Continued**

In 2001 and 2000, net revenues generated by the two Gateway garages were less than the debt service payments attributed to those garages by \$2,373,000 and \$2,189,000, respectively. Cumulative debt service payments funded by the City that are due from the Gateway totaled \$19,212,000 and \$16,839,000 at December 31, 2001 and 2000, respectively. Due to the uncertainty of collecting such amounts, an allowance has been recorded to offset the amounts in full.

NOTE D-DEPOSITS AND INVESTMENTS

Deposits: The Division's carrying amount of deposits for the years ended December 31, 2001 and 2000 totaled \$13,706,000 and \$5,760,000. The Division's bank balances for 2001 and 2000 were \$13,707,000 and \$6,230,000. Based on the criteria described in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," for years ended 2001 and 2000, \$61,000 and \$49,000 of the bank balance was insured or collateralized with securities held by the City or by its agent in the City's name. The remaining balance for 2001 of \$13,646,000 included a \$6,181,000 bank investment contract (BIC) that was uninsured and uncollateralized. The remaining balance for 2000 was a BIC in the amount of \$6,181,000, that was uninsured and uncollateralized. These BIC's are secured by securities held by the pledging financial institution's trust department but not in the City's name.

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

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

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2001 and 2000

NOTE D-DEPOSITS AND INVESTMENTS-Continued

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

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

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

Category3: includes uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the City's name.

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

Type of Investment	Category	2001 Fair Value	2001 Cost	2000 Fair Value	2000 Cost
<i>(in thousands of dollars)</i>					
U.S. Treasury Bills	2	\$ -	\$ -	\$ 9,688	\$ 9,527
State Treasury Asset					
Reserve Fund (STAROhio)	n/a	3,493	3,493	3,025	3,025
Mutual Funds	n/a	2,489	2,489	285	285
Total Investments		\$ 5,982	\$ 5,982	\$ 12,998	\$ 12,837
Total Deposits		13,706	13,706	5,760	5,760
Total Deposits and Investments		\$ 19,688	\$ 19,688	\$ 18,758	\$ 18,597

Certain investments included above are classified as cash and cash equivalents in the accompanying balance sheets since they have a maturity of three months or less.

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

NOTE E-EMPLOYEE'S RETIREMENT PLAN

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

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2001 and 2000

NOTE E-EMPLOYEE'S RETIREMENT PLAN - Continued

Plan members are required to contribute 8.5 percent of their annual salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2001 and 2000 employer contribution rates for the Division were 13.55 and 10.84 percent of covered payroll, respectively. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Division's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$83,000, \$81,000, and \$70,000, respectively. The required amounts have been contributed for 2001, 2000, and 1999.

NOTE F-OTHER POST EMPLOYMENT BENEFITS

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

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

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The number of active contributing participants was 411,076. The Division's actual contributions for 2001 and 2000 which were used to fund postemployment benefits were \$26,336 and \$25,700. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2001 and 2000

NOTE G-RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides parking facilities at usual and customary rates to various departments and divisions of the City of Cleveland.

The Division operates certain garages and parking lots on behalf of other City divisions. The professional management fees recorded by the Division to operate the garages and parking lots are as follows:

	2001	2000
	<i>(in thousands of dollars)</i>	
Division of Convention Center	\$ 192	\$ 223
Department of Community Development	194	333

Operating Expenses: The Division is provided various services by other City divisions. Charges are based on actual usage or on a reasonable pro rata basis. The more significant expenses included in the statements of operations for the years ended December 31, 2001 and 2000 are as follows:

	2001	2000
	<i>(in thousands of dollars)</i>	
Parks Maintenance	\$ 96	\$ 91
Motor Vehicle Maintenance	16	19

The following entity is a jointly governed organization to the City of Cleveland but the City has no ongoing financial interest or responsibility.

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

NOTE H-COMMITMENTS AND CONTINGENT LIABILITIES

Various claims are pending against the City involving the Division for personal injuries, property damage and other matters. The City is responsible for the lawsuits. In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PARKS, RECREATION AND PROPERTIES
DIVISION OF PARKING FACILITIES
NOTES TO FINANCIAL STATEMENTS-Continued
For the Years Ended December 31, 2001 and 2000

NOTE J-LEASES

The Division leases the land for various parking facilities to managing companies under non-cancelable lease agreements, which expire at various times through the year 2056. Revenues generated from such leases totaled \$180,000 in 2001 and 2000. Future minimum rentals on non-cancelable leases are as follows:

2002	\$ 180,000
2003	180,000
2004	180,000
2005	180,000
2006	180,000
Thereafter	<u>6,720,000</u>
	\$ 7,620,000

NOTE K- CHANGE IN ACCOUNTING PRINCIPLE

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

Cash received or receivables recognized that were previously recorded as contributed capital are now recorded as non-operating revenues.

