

Cuyahoga County, Ohio

Comprehensive Annual Financial Report



For the Year Ended December 31, 2018

Cuyahoga County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Year	\$1,260,000
2034	\$220,000
2035	235,000
2036	245,000
Total	\$700,000
<i>Stated Maturity</i>	<i>12/1/2037</i>

The remaining principal amount of the term bonds (\$560,000) will mature at the stated maturity.

In December 2013, the County issued \$5,685,000 in Taxable Economic Development Revenue bonds for the Westin Cleveland Hotel Project. The revenue bonds include serial and term bonds in the amounts of \$2,675,000 and \$3,010,000. The bonds were issued for a twenty-nine year period with a final maturity at December 1, 2042. The bonds are being repaid in the debt service fund.

The term bonds maturing on December 1, 2037, 2039 and 2042 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	\$1,000,000	\$590,000	\$1,420,000
2034	\$230,000	\$0	\$0
2035	245,000	0	0
2036	255,000	0	0
2038	0	285,000	0
2040	0	0	320,000
2041	0	0	340,000
Total	\$730,000	\$285,000	\$660,000
<i>Stated Maturity</i>	<i>12/1/2037</i>	<i>12/1/2039</i>	<i>12/1/2042</i>

The remaining principal amount of the term bonds (\$270,000, \$305,000 and \$760,000) will mature at the stated maturity.

On December 17, 2014, the County issued \$137,890,000 in Various Purpose Sales Tax Revenue bonds for construction and improvements of various County buildings, to refund bonds previously issued in fiscal year 2009 for capital improvements and 2000 and 2005 for sewer improvements and to pay costs of issuance and capitalized interest on the Series 2014 bonds. The revenue bonds include serial and term bonds in the amounts of \$131,505,000 and \$6,385,000. The bonds were issued with interest rates varying from 2 to 5 percent. The bonds were sold at a premium of \$18,679,044. The bonds were issued for a twenty-four year period with final maturity during 2038. The bonds will be retired through the debt service fund.

Net proceeds of \$39,324,064 were deposited in an irrevocable trust with an escrow agent to partially refund the 2009 capital improvement bonds, 2000 sewer improvement bonds and 2005 sewer improvement bonds. As a result, \$34,035,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the County's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. On December 31, 2018, \$30,995,000 of the defeased bonds are still outstanding.

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that meet the requirements for the issuer guaranty. As consideration for the County's guaranty, two additional guarantees were issued (the Wolstein Issuer Guaranty and the Wolstein Trustee Guaranty). If the County is required to exercise its guaranty and certain debt funding levels are not met with the Trustee, the County may collect payment via the Wolstein Issuer Guaranty and/or the Wolstein Trustee Guaranty agreements.

The County wanted to participate in the 2017 MetroHealth System (the System) bond issue while limiting risk to the County. In lieu of funding a reserve for the issue, the County provided a standby letter of credit for \$945,660,000. The letter of credit is secured by the County's General fund nontax revenues. If a draw on the Letter of Credit occurs the County has the right to withhold the amount of that draw from the annually appropriated amount to be provided to the System for that fiscal year. If the amount of the letter of credit draw is greater than the annual appropriation to the System, the County will have the right to terminate the letter of credit. If there is a deficiency remaining after the County reimburses its funds from the annual appropriated funds, the System will pay to the County in ten equal, annual installment payments equal to the deficiency. The County will maintain the letter of credit until debt service coverage by the System equals at least 1.75 for three consecutive years following the earlier of the completion date of the project or December 31, 2025. As of December 31, 2018, there has been no draws on the letter of credit.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of the assessed valuation, plus 1 1/2 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2 1/2 percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2018, are an overall debt margin of \$579,766,695; and an unvoted debt margin of \$163,092,653.

Pledged Revenue Coverage

The County has pledged a portion of future excise tax revenues to repay \$60,485,000 in excise tax revenue bonds issued in December 2015 for the purpose of constructing, reconstructing, refurbishing, renovating and improving or repairing sports facilities. The bonds are payable solely from excise tax revenues. Excise tax revenues were projected to produce an average of 204.04 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$60,086,250, payable through December 2027. For the current year, principal and interest paid and total excise tax revenues were \$6,919,000 and \$13,935,012, respectively.

The County has pledged a portion of future sales tax revenues to repay the following sales tax bonds:

\$137,890,000 Various Purpose Sales Tax Bonds issued in December 2014 for the purpose of paying or reimbursing the costs of constructing, maintaining, expanding, refurbishing, renovating, upgrading, improving, furnishing, and equipping the Cuyahoga County Administrative Headquarters, the Cuyahoga County Corrections Center, the Justice Center, the Cuyahoga County Juvenile Justice Center, the Medical Examiner's Office, the Office of Emergency Management, the Jane Edna Hunter Building, and certain other related improvements and facilities operated by the County.

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\$9,180,000 Public Square Project Sales Tax Bonds issued in December 2015 for the purpose of constructing, reconstructing, refurbishing, renovating and improving permanent improvements to publicly owned park space known as Public Square, together with all necessary appurtenances and work incidental thereto.

\$140,955,000 Arena Renovation Project Sales Tax Bonds issued in October 2017 for the purpose of paying or reimbursing the costs of reconstructing, refurbishing, renovating, upgrading, improving and equipping Rocket Mortgage FieldHouse together with appurtenances and work incidental thereto.

The bonds are payable solely from sales tax revenues. Annual principal and interest payments on the bonds are expected to require less than 23 percent of sales tax revenues. Total principal and interest remaining on the bonds is \$410,749,390, payable through December 2038. For the current year, principal and interest paid and total sales tax revenues were \$11,775,411 and \$255,526,835, respectively.

The County has pledged future revenues, net of operating expenses, to repay OWDA and OPWC loans in the sanitary sewer fund. The debt is payable solely from net revenues through 2037. Annual principal and interest payments on the debt issues are expected to require 31.27 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$15,290,413. Principal and interest paid for the current year and total net revenues available were \$1,495,099 and \$4,781,874, respectively.

Principal and interest requirements to retire the County's long-term obligations outstanding at December 31, 2018, are as follows:

Governmental Activities

	General Obligation Bonds		Revenue Bonds		Taxable Economic Development Revenue Bonds	
	Serial and Term		Serial and Term		Serial and Term	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$19,385,000	\$4,365,518	\$17,600,000	\$16,605,581	\$240,000	\$1,229,232
2020	14,745,000	3,429,098	23,805,000	15,733,318	250,000	1,222,990
2021	7,530,000	2,721,698	25,510,000	14,575,659	260,000	1,215,617
2022	7,885,000	2,373,618	26,655,000	13,341,078	270,000	1,206,972
2023	6,485,000	2,074,778	26,000,000	12,131,860	2,275,000	1,197,182
2024-2028	16,805,000	7,443,038	102,275,000	48,872,020	21,740,000	3,137,241
2029-2033	15,035,000	4,572,400	99,950,000	25,146,554	1,960,000	1,489,385
2034-2038	14,245,000	1,452,800	69,835,000	6,927,396	2,545,000	911,364
2039-2043	0	0	0	0	1,725,000	287,787
Total	\$102,115,000	\$28,432,948	\$391,630,000	\$153,333,466	\$31,265,000	\$11,897,770

	Recovery Zone Facility Bonds		Loans	
	Serial and Term			
	Principal	Interest	Principal	Interest
2019	\$15,900,000	\$9,999,156	\$428,947	\$5,496
2020	21,400,000	9,204,156	62,562	0
2021	22,450,000	8,134,156	62,562	0
2022	23,575,000	7,011,656	62,563	0
2023	24,775,000	5,832,906	62,562	0
2024-2027	92,135,000	10,254,218	218,970	0
Total	\$200,235,000	\$50,436,248	\$898,166	\$5,496