

CITY OF CLEVELAND, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2015

CITY OF CLEVELAND



Comprehensive Annual Financial Report

For the year ended December 31, 2015

Issued by the
Department of Finance

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Director

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City Controller

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CITY OF CLEVELAND, OHIO

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INTRODUCTORY SECTION

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June 28, 2016

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

Introduction

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Cleveland (the City) for the year ended December 31, 2015. This report, prepared by the Department of Finance, includes the basic financial statements that summarize the various operations and cash flows related to the City's 2015 activities. Our intention is to provide a clear, comprehensive and materially accurate overview of the City's financial position at the close of last year. The enclosed information has been designed to allow the reader to gain an understanding of the City's finances, including financial trends, financial instruments and fund performances. The City has complete responsibility for all information contained in this report.

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

The City's financial statements have been audited by Clark, Schaefer, Hackett & Co. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Clark, Schaefer, Hackett & Co. concluded, based upon its audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2015, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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

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

Structure of this Comprehensive Annual Financial Report

This CAFR is designed to assist the reader in understanding the City's finances. This CAFR consists of the following sections:

- The Introductory Section, which includes this letter of transmittal and contains information pertinent to the City's management and organization.
- The Financial Section contains the Independent Auditors' Report, MD&A, Basic Financial Statements and various other statements and schedules pertaining to the City's funds and activities.
- The Required Supplemental Information Section contains tables relating to the City's pension obligations.
- The Statistical Section contains numerous tables of financial and demographic information. Much of this information is shown with comparative data for the ten-year period from 2006 through 2015.

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

Profile of the Government

The City

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

The City is included in the Cleveland-Elyria, OH Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lake, Lorain, Geauga and Medina counties. This MSA is the 31st largest of 381 Metropolitan Areas in the United States and the second largest Metropolitan Area in the State of Ohio.

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

City Government

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

The City's chief executive and administrative officer is the Mayor, elected by the voters for a four-year term. Frank G. Jackson was elected as Mayor of the City in November 2005 and began his first term on January 2, 2006. He was re-elected to a third term in November 2013. Prior to assuming office as Mayor, Mr. Jackson served as a Ward 5 City Council member for 16 years and in 2002 was elected by the then 21-member City Council to serve as Council President. Under the Charter, the Mayor may veto any legislation passed by Council, but a veto may be overridden by a two-thirds vote of all members of the Council.

Legislative authority is currently vested in a 17-member Council. Council members serve four year terms and are elected from wards. The present terms of the Mayor and Council members expire on December 31, 2017. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades and other municipal functions. The presiding officer is the President of Council, elected by the Council members. Kevin J. Kelley was elected as President of Council in November 2013. The Clerk of Council is appointed by Council. The Charter establishes certain administrative departments; the Council may establish divisions within departments or additional departments. The Mayor appoints all of the directors of the City's 12 departments.

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

Financial Reporting Entity

The City has applied guidelines established by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Provisions outlined in this statement define the operational, functional and organizational units for which the City, "acting as Primary Government", is required to include as part of its reporting entity. The inclusion of a component unit as part of the City's reporting entity requires the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

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

In accordance with GASB Statement No. 61, the Cuyahoga Metropolitan Housing Authority, Cleveland-Cuyahoga Port Authority and Cleveland Municipal School District are defined as related organizations and Gateway Economic Development Corporation of Greater Cleveland is defined as a jointly governed organization. None of these organizations are included within the City's reporting entity.

Internal Control

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

As a recipient of federal, state and county financial assistance, the City is also responsible for maintaining a rigorous internal control structure that ensures full compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management, external auditors and the internal audit staff of the City. The City is required to undergo an annual audit in conformity with the provisions of the U.S. Office of Management and Budget's Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). The information related to the Uniform Guidance, including the schedule of federal awards expenditures, findings and recommendations and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

Accounting and Financial Reporting

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

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

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

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

In June of 2012, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* was issued. This Statement is effective for fiscal periods beginning after June 15, 2014. GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or similar arrangements meeting certain criteria. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. As required, the City has implemented GASB Statement No. 68 as of December 31, 2015.

In November of 2013, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* was issued. This Statement is effective for fiscal periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. As required, the City has implemented GASB Statement No. 71 as of December 31, 2015.

Budgeting Procedures

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is shown on page 63 as part of the basic financial statements. For other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary information subsection of this report along with more detailed information regarding the General Fund, which starts on page 134.

Factors Affecting Financial Condition

Local Economy

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

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

Major Industries, Economic Conditions and Employment

The City, as well as most large urban municipalities across the nation, has faced significant economic challenges in recent years. Like all manufacturing cities across the country, the City has tried to combat the declining industry base with more professional and service industry opportunities. The City's budget basis income tax collections increased 4.0% in 2015.

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

For 2015, the U.S. Bureau of Labor Statistics (BLS) indicates that the Cleveland area employment base continues to become more diversified. The following table summarizes the percentage of nonfarm employment in the Cleveland area by major industry.

| <u>Industry</u> | <u>Percent of Workforce</u> |
|-------------------------------------|---------------------------------|
| Education and health services | 19.21 % |
| Trade, transportation and utilities | 17.60 |
| Professional and business services | 13.69 |
| Government | 12.81 |
| Manufacturing | 11.65 |
| Leisure and hospitality | 9.91 |
| Other services | 6.39 |
| Mining, logging and construction | 3.91 |
| Information | 3.43 |
| Total | 1.40 |
| | <u>100 %</u> |

Current Projects and 2015 Accomplishments

The 2015 budget focused on continuing the City's commitment to improve the quality of life of its citizens by strengthening our neighborhoods, fostering a favorable business climate and providing superior services.

Despite fiscal constraints and economic challenges, the City achieved the following 2015 programmatic goals and projects without an income or property tax increase:

Department of Community Development

- The Department continued implementing neighborhood strategies to alleviate blight and promote recovery from the economic downturn by making or supporting investments in demolition, housing renovation, home repair and land reutilization. All approaches are consistent with the citywide plan to deploy sustainable and "green" principles.
- All housing projects that receive City financial assistance - including tax abatement - are required to meet the City's Green Building Standards. The City's Green Building Standards incorporate national standards such as Leadership in Energy & Environmental Design (LEED) and Enterprise Community Partners' Green Community Standards.
- Several noteworthy multifamily projects were completed in 2015, including Templin Bradley, a 30-unit, mixed income apartment project; Innova, a 177-unit, market rate apartment project in the 38-acre redevelopment planning area; and New Community Place, a 147-unit apartment complex for low-income persons.
- Construction started on several projects that promoted strategic citywide or neighborhood objectives, including Emerald Alliance VIII, a 66-unit permanent supportive housing project; A Place for Us Housing, a 54-unit new construction senior building; and Historic Shoreway Apartments, a 21-unit rehabilitation of two multifamily rental buildings.
- The Lead Hazard Reduction Demonstration Grant was issued to the Department by the Department of Housing & Urban Development in the amount of \$3,389,272, along with the Healthy Homes Supplement in the amount of \$325,000. The Department will use this funding to complete 220 lead units and 80 Healthy Homes Units from November 2, 2015 through November 1, 2018.

Department of Building and Housing

- Since January 2006, the Department has inspected, condemned and razed over 8,365 structures, of which 490 were demolished in 2015.

- Initiated 1,401 court cases against negligent property owners.
- Issued 4,228 violation notices.
- Issued 15,038 construction permits valued at \$1.430 billion in new construction.
- Boarded-up and secured 3,580 vacant structures.
- Issued 1,461 condemnation notices.

Department of Economic Development

- The City contributed a \$200,000 recoverable Urban Development Action Grant (UDAG) to the Health-Tech Corridor (HTC) Attraction Fund. The fund is expected to create over 50 full-time jobs over the next five years. HTC provides flexible financial resources to innovation driven technology companies.
- The City provided a \$218,445 grant to MidTown Cleveland, Inc. for the railroad bridge beautification project. Crossing over the intersection of Euclid Avenue and East 55th Street a railroad bridge was transformed into a symbol of innovative health-tech and high-tech economy that is emerging in MidTown Cleveland and the Health-Tech Corridor.
- Abeona Therapeutics develops and delivers gene therapy and plasma-based products for severe and life-threatening rare diseases. Abeona will be developing their manufacturing facility in the HTC. To assist with the development of the \$6 million facility, the City is providing an \$180,000 Vacant Property Initiative (VPI) Forgivable loan and \$250,000 Economic Development Administration (EDA) Machinery and Equipment loan.
- Dealer Tire is staying in the City and moving to the Victory Building. The City is providing an incentive package that includes TIF, low-interest loans and grants totaling over \$6.5 million. This project maintains Dealer Tire's over 400 employees and over \$50 million payroll, while providing a long-term home for their future growth, expected to create at least 100 jobs over the next five years.
- Under the VPI program, the City provided approximately \$3.1 million in assistance to 16 borrowers. The total project cost for these borrowers is \$24.6 million and will create over 300 new jobs. A few borrowers include The Beauty Shoppe, LLC, Empire Paving, Abeona Therapeutics and Ohio Awning.

Department of Public Health (CDPH)

- Successfully contained 13 outbreak investigations.
- Developed health data mapping infrastructure for program areas including chronic disease, infectious disease, violence injury, environmental and substance abuse.
- Provided over 147,000 condoms through departmental and partner events.
- Conducted 7,043 HIV tests through City health center services and 3,533 HIV tests through community partners.
- Reached over 3,900 community members through HIV prevention and risk reduction education.
- Expanded reproductive health services for teens to include evenings at both J. Glen Smith and McCafferty Health Centers.
- Administered 1,646 childhood immunizations.

- Funding was received to craft a communications plan for the Healthy Cleveland Initiative that created a user friendly website to share and disseminate health information and resources as well as promote individual health messaging and campaigns.
- The Complete Health and Wellness Fair, which assembles providers who offer services in demand, was attended by over 500 consumers.
- The Celebrating Recovering 5K run/ 3K walk enticed over 300 runners.
- Moms First developed a “Safe Sex” poster campaign focusing on neighborhoods with high teen pregnancy rates.
- Received funding by the Sudden Infant Death Syndrome (SIDS) Network of Ohio to host Infant Safe Sleep workshops in high infant mortality rate neighborhoods.
- An agreement to launch First Year Cleveland, an initiative designed to lower the region’s high infant mortality rate, was signed on by more than a dozen local leaders, including the Mayor, County Executive, Council Members, hospital chief executive officers and health leaders.
- Planned and executed the Health Division Summit for the Cleveland Council on World Affairs’ Kosovo Youth Exchange Program’s “Youth In Action”.
- The Department, through its Office of Mental Health and Substance Abuse, offers one of only a few Project Deaths Avoided With Naloxone (DAWN) walk-in clinics. It opened its doors in late July 2015 and has documented opiate overdose reversal.
- The Division of Air Quality surpassed their annual goal for issuing City Air Contaminant Source permits. As a result the division’s revenue reached over \$150,000.
- The Air Quality Enforcement Section processed 3,663 asbestos National Emission Standards for Hazardous Air Pollutants (NESHAP) notifications, which consisted of 1,487 original and 2,176 revised.
- The Air Quality Division was awarded the biennial contract from Ohio Environmental Protection Agency (EPA) to continue to serve as their delegated Local Air Agency for all of Cuyahoga County.
- The Division of Environment initiated case management and investigation into 729 lead poisoning case reports including six that required hospitalization.
- The Division of Environment performed 2,450 citizen nuisance complaint investigations, 246 food complaints, issued 2,284 tickets and 71 court summons.
- Investigated 246 rodent complaints and performed baiting if necessary.
- Investigated 546 mosquito breeding locations and complaints and treated with larvicides as appropriate.
- Conducted 7,356 food operations inspections, including restaurants, mobile food vehicles, temporary operations, retail food establishments and vending locations.

Department of Aging

- Provided core services to 5,665 unduplicated clients, seniors and adults with disabilities.
- Secured approximately \$700,000 in grants to support programs for seniors and adults with disabilities.
- The Annual Senior Day Program held in May 2015 attracted more than 2,000 senior citizens. The Annual Cleveland Senior Walk, held in September had over 1,000 participants. The Annual Disability Awareness Day luncheon held in October included over 300 participants.

The Office of Equal Opportunity (OEO)

- Under Codified Ordinance No. 188, OEO penalizes contractors that fail to meet the Cleveland Resident Employment Law. Since 2009, over \$308,000 in penalties have been collected for non-compliance with Codified Ordinance No. 188.
- Under Codified Ordinance No. 123.08, OEO is the Citywide Prevailing Wage Coordinator. Since 2011, OEO has established itself as a convener and facilitator of standardized policies and procedures related to prevailing wage. This model of Prevailing Wage Coordinators informally reporting to the Director of OEO to ensure standardization in practices, policies and procedures has been deemed effective. In addition, the implementation of Labor Compliance Tracker (LCP) software has enhanced standardization and effectiveness through technology. As such OEO, through the Director, will continue the role of convener and facilitator.
- As a result of the Disparity Study (Conducted by National Employment Rights Authority), completed in December 2012, OEO continues to work interdepartmentally with the Division of Purchasing and the Department of Law to implement recommendations from the Disparity Study.
- OEO is in the fourth year of implementation of Business to Government Now (B2GNow) & LCP, OEO's real-time compliance software that went live in January 2013. Adoption of this technology meets the Mayoral goal of "*efficiency through technology*".
- In 2015, OEO provided more than 88 hours of technical assistance to both internal and external customers, contractors, subcontractors and the City's contracting departments as a matter of customer service, a Mayoral goal and in an effort to implement seamless Go Live implementation of B2GNow & LCP. In 2015, OEO will continue to provide technical assistance sessions as a matter of on-going customer service.
- In 2015, OEO monitored over 100 construction contracts exceeding \$100,000 each to ensure compliance with the Cleveland Resident Employment Law (Fannie M. Lewis Law) requiring that at least 20% construction worker hours are City of Cleveland residents.

Department of Public Works

- The Division of Recreation served over 133,144 nutritious after school and summer meals.
- The Division of Park Maintenance serviced 72,646 vacant properties.
- The Division of Motor Vehicle Maintenance purchased 84 new vehicles. Included in the total are 30 police vehicles, 26 waste packers, 20 dump/plow trucks, five ambulances and three fire trucks.
- The Division of Park Maintenance, Urban Forestry section, trimmed 1,420 trees, removed 1,241 trees and planted 412 new trees.
- The Division of Waste Collection collected and disposed of 206,879 tons of debris and recycled 21,809 tons of materials. They expanded the automated waste collection and curbside recycling program to 18,000 additional households, bringing the citywide total to 138,000.
- The Division of Parking expanded smart meters on West 6th Street, Euclid Avenue and Detroit Avenue. These meters give customers the flexibility of paying with credit or cash. The meters also provide alerts to the Division of Parking staff whenever a meter maintenance/repair issue arises so meters are pro-actively maintained.
- The Division of Streets resurfaced 244,774 square yards of curb-to-curb projects. The Division also performed crack-sealing on approximately 61 miles of roadway to extend each road's useful life.
- The Division of Traffic Engineering painted 485 miles of lane lines and replaced over 3,364 traffic light bulbs.

Department of Public Safety

- The City continued its efforts to expand its wireless video surveillance initiative Cleveland Shared Security Surveillance (CS3) program. This program now includes 120 cameras citywide. The City is planning video expansion projects with several members of City Council and the Ohio Department of Transportation for 2016.
- The Division of Police implemented the upgrade to the Records Management System (RMS). The new robust RMS platform will streamline and expedite police reporting, enabling officers to engage in direct law enforcement activities and accelerate investigations for police detectives. This system will also include mobile field reporting, which will revamp the way officers write and submit reports and allow for future expansion.
- The Division of Police continued the implementation of the Body Worn Camera Project. In February 2015, the City began the implementation of 1,093 body worn cameras, which included the five Police Districts, Bureau of Traffic, Mounted Unit and Officers assigned to City Hall. These cameras create a video record of police interactions with the public thereby enhancing accountability, transparency and public trust. Since this implementation, the City has seen a 39% decrease in citizen complaints filed with the Office of Professional Standards.
- The Department, in partnership with federal, state and local agencies has been heavily immersed in planning for the 2016 Republican National Convention (RNC). The Division of Police will be the lead local law enforcement agency tasked with planning, needs assessment, asset procurement and coordination of law enforcement and security efforts for the RNC.
- The Division of Police opened the new state-of-the-art Third District Headquarters. In addition to the Division of Police field and support functions, it is home to the new Public Safety Communications Center. The facility features community meeting rooms for citizen gatherings and is Leadership in Energy and Environmental Design (LEED) silver certified.
- In March 2015, the Department implemented a program to equip every police cruiser with First Aid kits and to train police officers on First Aid procedures. Under this program, 800 First Aid kits were purchased and the Division of Emergency Medical Service (EMS) provided First Aid training to approximately 1,400 Division of Police personnel. These program objectives were accomplished in less than nine months.
- In June of 2015, the City negotiated a Settlement Agreement with the U.S. Department of Justice, thus embarking on a historic process of remaking the Division of Police into a national model of community based policing.
- The Division of Fire Public Education Unit facilitated the installation of smoke detectors at 542 locations at no cost to the recipients. Over 1,500 smoke detectors have been installed upon request by city residents. The unit was also present at 355 community-related events in 2015 with their Fire Safety House, fire safety programming and mentoring activities.
- The Division of Fire applied for and was awarded the Assistance to Firefighters Grant (AFG) and the Staffing for Adequate Fire & Emergency Response (SAFER) grant. The AFG will provide fire training and rescue equipment and the SAFER will provide funding for the first two years of employment for 30 firefighters. These two grants combined will provide the City with over \$4.7 million of outside funding for operations.
- The Insurance Services Office (ISO) announced that fire-protection services of the Division of Fire improved to Class 2, effective October 1, 2015. This significant achievement is provided to less than 1,100 of the 47,500 fire jurisdictions in the U.S. By classifying communities' ability to suppress fires, ISO helps the communities evaluate their public fire-protection services. This information plays an important role in the decisions residential and commercial property insurers make affecting the availability and price of insurance coverage.

- The Division of EMS had another record breaking year for emergency medical calls. The Division received 115,303 calls for service and transported 74,658 patients to area hospitals. In addition, the Division provided cardiopulmonary resuscitation (CPR), automated external defibrillators (AED) and First Aid training as well as training in the use of tourniquets, Quik-Clot gauze and Bolin chest seals for over 1,400 Division of Police employees. In addition, 513 first aid kits were distributed to all police districts and specialty units.
- The Departments of Public Safety, Personnel and Human Resources along with the Civil Service Commission are working to streamline the hiring process for the uniformed and civilian personnel of the Divisions of Police, Fire and EMS. Completion of this process should result in enabling prospective applicants to electronically submit employment applications and to monitor ongoing Civil Service tests and schedules.
- A site for the new Kennel for the Division of Animal Care and Control has been approved. The Department has engaged community stakeholders in the design of the new facility and groundbreaking is scheduled for September 2016. The Division continues to work with their regional partners to develop a regional approach to animal care and control.
- The CITY DOGS Cleveland Adoption Program is now trademarked and has received national recognition. The Division continues to upgrade its technology capabilities and now accepts credit card payments. Future initiatives include installing mobile devices in all animal control vehicles to enable the dispatch of calls to service in live-time; and installing global positioning systems (GPS) to enable tracking capabilities. The kennel has added open kennel hours on Sundays to provide seven day a week access to the dogs.
- The City and Cuyahoga County continue to negotiate the transfer of the operations of the City's Division of Correction to the Cuyahoga County Sheriff's Department. The Cuyahoga County Sheriff would assume the duties of booking, housing, transporting and other related services for the City's prisoners. This is another example of the Department's commitment to working with regional partners in an effort to enhance service delivery to the community, increase operational efficiencies and implement processes that are fiscally responsible.
- The Division of Correction continues to work with the Cleveland Municipal Courts on programs to help reduce the daily average jail population. Recently a judicial order has been implemented revamping the bond schedule for non-violent misdemeanants. Two additional video court booths, at the House of Correction, have been implemented to reduce inmate transportation to the courts, adding to safety and security.
- The Office of Professional Standards (OPS) has implemented many initiatives in accordance with the Consent Decree/Settlement Agreement the City entered into with the U.S. Department of Justice. These initiatives include revisions in the appointment process of members of the Civilian Police Review Board (CPRB), developed a Spanish-Translated Citizen Complaint Form, revised the Operations Manual for OPS and the CPRB and established a centralized numbering and tracking system to ensure complaints can be tracked through initiation to resolution.

Department of Public Utilities

- The Division of Water services not only the City, but also 69 direct service communities, eight master meter communities and three emergency standby communities. They provide water to approximately 419,469 city and suburban accounts in the Cleveland metropolitan area. Of these 419,469 accounts, approximately 123,338 accounts were located within the City; accounting for 24% of the Division's metered sales revenue. The Division also sells water to master meter communities that operate their own distribution systems and they provide billing and payment services for the Northeast Ohio Regional Sewer District and other communities. In 2015, the major capital projects for the Division of Water included the meter automation and replacement program, suburban water main renewal, Crown Water Plant and the water main rehabilitation.

- The Division of Cleveland Public Power (CPP) provided approximately 73,500 residential and business customers in the City with reliable and affordable power. In 2015, CPP sold approximately 1.616 billion Kilowatt hours (kWh) of electricity.
- The Division of Water Pollution Control maintains the local sanitary sewer and storm water collection system within the City. The system is comprised of over 1,400 miles of sewer lines, more than 44,000 storm drains and 15 pump stations. In 2015, the Division's sewers transported 1,790,290 thousand cubic feet (Mcf's) of water. In 2015, the major capital projects for the Division included emergency sewer repairs, sewer replacement and rehabilitation, catch basins and manhole covers and Massie Avenue sewers.

Department of Port Control

- During 2015, Cleveland Hopkins International Airport (CLE) enplaned 4,047,000 passengers and had aircraft landed weight of 5,118,972,000 pounds.
- In 2015, the design of the Airport Signage Program, Phase I project was completed and preparations were made to bid the project in early 2016. The goal of this project is to provide a positive and efficient guidance for customers to their desired destinations.
- In May of 2015, work had begun on the CLE Terminal Exterior Façade/Ticketing Lobby Project. This includes the modernization and upgrade of the exterior façade on the passenger terminal building for the upper and lower levels.
- The design of the CLE Airport In-Line Baggage Project was completed. The new design will support the non-United carriers to improve the baggage sorting areas.
- Phase II of the CLE Parking Redevelopment began. This project will provide a car canopy system over the premium Red Lot as well as the economy Blue Lot.

Department of Law

- Drafted approximately 597 contracts and reviewed over 854 contracts for legal form and correctness.
- Prepared 440 pieces of legislation for introduction to City Council.
- Obtained 805 search warrants for Housing Court enforcement actions and helped Building and Housing obtain legal authorization for more than 594 demolitions of unsafe structures in the City.
- Responded to 3,370 citizen requests for non-routine public records.
- Processed 953 claims for property damage and other losses.
- Represented the City in 623 civil cases pending in various Ohio state and federal courts and represented the City in 233 labor and employment related matters pending before various tribunals including arbitrators and commissioners.
- Prosecuted 1,402 criminal complaints in Housing Court for failing to comply with Building and Housing administrative orders at sites with code violations found at properties. Successfully prosecuted civil nuisance abatement actions for numerous properties across the City.
- Processed 3,176 citizen complaints in the Prosecutor's office.
- Issued 17,977 misdemeanor charges, of which, 1,641 were domestic-violence and issued 4,078 felony charges, of which, 342 were domestic violence.
- Issued 1,620 Operating Vehicle Impaired charges and 49,107 traffic offense charges.

Office of Capital Projects

- The Office of Capital Projects continued to meet with the Complete and Green task force to plan and implement complete and green streetscape projects. The design and construction was completed on several projects including Triskett Avenue from Lorain to West 117th Street, Prospect Avenue from Ontario Street to East 22nd Street, Broadview Avenue from Brookpark Road to Pearl Road, East Boulevard and Ford Drive from Euclid Avenue to St. Clair Avenue and Harvard Avenue from East 55th Street to East 93rd Street. Also, there were 300 Americans with Disability Act (ADA) ramps installed in conjunction with the City's resurfacing program.
- The Office furthered the City's neighborhood revitalization efforts through the implementation, construction, and/or rehabilitation of City facilities and infrastructure in accordance with the Mayor's Capital Improvement Plan. The design and construction were completed for the Dwayne Browder Synthetic Turf Field at Lonnie Burden Recreation Center. The design and construction was also completed for the Duggan Park and swimming pool, citywide play surfaces, the Rockefeller Park Greenhouse heating system upgrades, various improvements to the West Side Market, City Impound Lot, 3rd District Police Headquarters, Jefferson Avenue Green Infrastructure Project and the Near West Theatre Parking Lot.
- The Office planned, designed, managed and constructed street and bridge capital improvement projects and developed funding strategies through the pursuit of grants and loans from various sources. Design and construction was completed on several projects including Warren Road from Munn Road to Lorain Avenue, Woodland Avenue from East 55th Street to Buckeye Road, Buckeye Road from Woodland Avenue to Woodhill Road, Cedar Avenue from East 55th Street to East 89th Street and the Ackley Broadway intersection, East 6th Street from Superior Avenue to Lakeside Avenue and St. Clair Avenue from West 6th Street to West 9th Street.
- Completed 84 required inspections and inventory of bridges.
- Inspected 300 roads, bridges, subdivisions and utility cut projects in the public right-of-way to ensure quality control.
- Oversaw right-of-way and real estate matters for road and bridge reconstruction projects, including Opportunity Corridor, West 130th Street, West 65th Street and Clark, Carter and Scranton Roads, West Shoreway and West 73rd Street as well as land acquisitions for Towpath Trail, Ken Johnson Recreation Center and West Side Market Parking Lot Projects.

Office of Sustainability

- Created the Cleveland Tree Plan to improve the tree canopy.
- Received grants from local and national funders to advance the Cleveland Climate Action Plan.
- Coordinated the Year of Clean Water, including hosting Clean Water Tour and Sweepstakes consisting of 25 events, Clean Water Videos and the Bottled Water Pledge.
- Worked with the Division of Waste to launch the One Simple Act Recycling campaign and to engage City employees in the 50 Simple Acts employee challenge.
- Supported LEED Co. in continued progress to install an offshore wind farm in Lake Erie.
- Collaborated on Solarize Cleveland, a program that offers low cost, turnkey solar solutions to residents and small businesses.
- Managed and reported on utility and energy data for all city facilities.
- Continued to collaborate on the implementation of complete and green streets. In 2015, 16.3 miles of bikeway were completed or were under construction, bringing the total of bikeway miles to 78.

- Continued to implement the Summer Rain Barrel Program as part of the Mayor's Summer Youth Employment Program, which provides 400 free rain barrels to City residents. In collaboration with Youth Opportunities Unlimited, the Northeast Ohio Regional Sewer District and the Division of Water, residents and youth actively engaged in storm-water management.

2016 Budget

During 2015, the City maintained existing staffing levels. Our municipal budget is supported primarily by income taxes and other taxes. We continue to have challenges to our tax base (such as House Bill 5 effective 2016) and requests for exemptions from municipal tax collections by professional sports players and executive-level professionals. It is being considered to add a 0.5% income tax increase on the November ballot. The tax increase along with controlling costs, will preserve our current work force, improve services to the public and help the implementation of a federal consent decree on police use of force. Another challenge for fiscal 2016 is the Department of Justice compliance. The City has also begun significant planning for the arrival of the Republican National Convention in 2016. The Budget Management strategy for fiscal 2016 includes, but is not limited to, the following:

- Civil service testing for police and fire entrance exams.
- A 9% increase in projected healthcare cost.
- Enhanced downtown public safety and services.
- Scheduled debt service for First Energy Stadium (Cleveland Browns Stadium).

The estimate of receipts and expenditures for all General Fund departments and divisions for the 2016 budget are:

- Revenues and other sources are projected to increase from \$516.8 million in 2015 to \$525.4 million in 2016. This increase is primarily attributed to an increase of \$15.0 million due to modest gains in economic growth and an increase of \$1.9 million as a result of EMS transport billing.
- Expenditures and other uses are estimated to increase from \$524.9 million in 2015 to \$566.7 million in 2016. The rise is primarily attributed to costs arising from the Department of Justice decree.

Long-term financial planning:

The City has a long-term goal of increasing the Rainy Day Reserve Fund to 5% of General Fund expenditures (approximately \$26 million). The fund balance in the Rainy Day Reserve Fund at December 31, 2015 was \$18.7 million. This will allow the City to obtain the lowest rates possible when issuing debt and also withstand economic downturns with minimum disruptions to City services. The City also has a goal of having a structurally balanced budget where the cost to run the City is in line with the revenue collected. A structurally balanced budget allows the City to eliminate the dependency on carry-over balance. In order to achieve structural balance, the City will need to reduce budget expenditures or increase revenue over the next 2 years, 2016 – 2017, to close the structural budget gap.

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

- The City was chosen to host the 2016 Republican Presidential Nominating Convention (RNC). The event is expected to draw 50,000 attendees and 15,000 members of the media to the City and have a \$400 million dollar economic impact. The City received a \$50 million Federal Grant to meet the security needs of the RNC.
- Work continued on the \$32 million renovation of Public Square, the historic center and symbolic heart of the City. The remake will close Ontario Street and create two large, rectangular, park-like spaces with corner gardens, an outdoor café, splash zone and fresh landscaping.

- Cuyahoga County continued the construction of a \$272 million 600-room convention center hotel. The construction is expected to be completed by 2016 and Hilton Worldwide will operate the facility.
- The Cleveland Clinic and Case Western Reserve University broke ground on their joint \$515 million Health Education Campus. This project is intended to burnish the City's image as a center of medicine and medical education. The four-story building will house the Cleveland Clinic Lerner College of Medicine, Case Western Reserve University's School of Medicine, School of Dental Medicine and Frances Payne Bolton School of Nursing. It will include a free-standing, two or three story dental clinic.
- Construction began in Ohio City on West 25th Street. The construction of a \$27.4 million loft apartment project will turn the old Exhibit Builders property into 83 residences and commercial space. The apartments could open in September 2016. The apartments will range from studios to three-bedroom units.
- Phase II of First Energy Stadium included \$50 million of renovations including updates to the general-concession areas, modernization of premium seats, technology upgrades and graphics throughout the Stadium. The graphics include images honoring current and former Browns players.

Major Initiatives

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

- *Connecting Cleveland 2020 Citywide Plan* – a plan for the future of the City and its neighborhoods. It seeks to create great neighborhoods by creating “connections” between people, places and opportunities. It is developing buildings as well as developing people and communities. It means linking the “physical” and the “social” in order to create a community that is truly viable and sustainable. The plan lays out a practical vision to achieve its goals through a strategy that builds on the City's unique assets and the assets in each of its diverse neighborhoods.
- *Mayor Frank G. Jackson Scholarship Program* – improving the quality of life for all residents has been the driving force behind the goals Mayor Jackson has set for his administration. The key to this effort is ensuring that all children have access to a high quality education. As such, due to the generous contributions through the United Way Combined Campaign, the Mayor established several scholarship programs to support the City employees, their children and Cleveland Municipal School District students interested in pursuing a full-time college education.
- *Sustainable Cleveland 2019* – a 10-year initiative facilitated by the Office of Sustainability that engages people from all walks of life, working together to design and develop a thriving and resilient region. Working groups emerge from the annual Sustainable Cleveland 2019 summits and focus on different topics to build a brighter future for Cleveland. Since 2013, the City has implemented its sustainable building policy on new construction, renovations and “Fix it First” projects. This policy sets the standard of LEED Silver for new construction.
- *Clean Cleveland* – is a systematic delivery system designed to deliver service more efficiently and improve quality of service to Cleveland neighborhoods, without spending more money. Departments and divisions coordinate across boundaries to provide services, not limited to vacant structure clean-up, waste collection, street sweeping, graffiti removal, hydrant painting and abandoned structure board up or demolition.

Awards and Acknowledgements

The Independent Audit: The City Charter requires an annual audit of the financial statements of all accounts of the City by an Independent Certified Public Accountant. Accordingly, this year's audit was completed by Clark, Schaefer, Hackett & Co. The year ended December 31, 2015, represents the 35th consecutive year the City has prepared a CAFR. In addition to the independent auditors, the City maintains its own Internal Audit Division. Along with the duty of assisting the independent auditors, the Internal Audit Division is responsible for strengthening and reviewing the City's internal controls. The Internal Audit Division performs its own independent operational and financial audits of the City's many funds, departments and divisions. We believe that the City's internal control structure adequately safeguards its assets and provides reasonable assurance of proper recording of all financial transactions.

Government Finance Officers Association (GFOA) Certificate of Achievement Award: The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland, Ohio for its CAFR for the fiscal year ended December 31, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

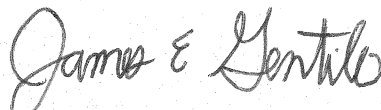
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such CAFR's must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 31 years (years ended 1984 – 2014). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

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

Very truly yours,



Sharon Dumas, Director
Department of Finance



James E. Gentile, CPA
City Controller

CITY OF CLEVELAND, OHIO

City Officials
Frank G. Jackson, Mayor

EXECUTIVE STAFF

Ken Silliman Chief of Staff
Darnell Brown..... Chief Operating Officer
Valarie J. McCall Chief of Government and International Affairs
Monyka S. Price, M.A.Ed., M.Ed Chief of Education
Dan Williams Chief of Communications
Jenita McGowan Chief of Sustainability
Natoya J. Walker Minor Chief of Public Affairs
Edward W. Rybka Chief of Regional Development
Sharon Dumas Director, Department of Finance
Barbara A. Langhenry Director, Department of Law
Michael C. McGrath..... Director, Department of Public Safety

ADMINISTRATION

Jane E. Fumich..... Director, Department of Aging
Ronald J. H. O’Leary Director, Department of Building and Housing
Freddy L. Collier, Jr. Director, City Planning Commission
Lucille Ambroz Secretary, Civil Service Commission
Daryl P. Rush, Esq. Director, Department of Community Development
Blaine Griffin Director, Community Relations Board
Tracey A. Nichols Director, Department of Economic Development
Merle Gordon..... Director, Department of Public Health
Melissa K. Burrows, Ph.D..... Director, Office of Equal Opportunity
Michael E. Cox Director, Department of Public Works
Nycole West Interim Director, Department of Human Resources
Fred Szabo. Interim Director, Department of Port Control
Matthew L. Spronz..... Director, Mayor’s Office of Capital Projects
Robert L. Davis. Director, Department of Public Utilities

CITY OF CLEVELAND, OHIO

City Council

| | |
|----------------------------|--------------------------------|
| Kevin J. Kelley | President of Council / Ward 13 |
| Patricia J. Britt | Clerk of Council |
| Terrell H. Pruitt | Ward 1 |
| Zachary Reed | Ward 2 |
| Kerry McCormack | Ward 3 |
| Kenneth L. Johnson | Ward 4 |
| Phyllis E. Cleveland | Ward 5 |
| Mamie J. Mitchell | Ward 6 |
| TJ Dow | Ward 7 |
| Michael D. Polensek | Ward 8 |
| Kevin Conwell | Ward 9 |
| Jeffrey D. Johnson | Ward 10 |
| Dona Brady | Ward 11 |
| Anthony Brancatelli | Ward 12 |
| Kevin J. Kelley | Ward 13 |
| Brian J. Cummins. | Ward 14 |
| Matthew Zone | Ward 15 |
| Brian Kazy | Ward 16 |
| Martin J. Keane | Ward 17 |



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Ohio**

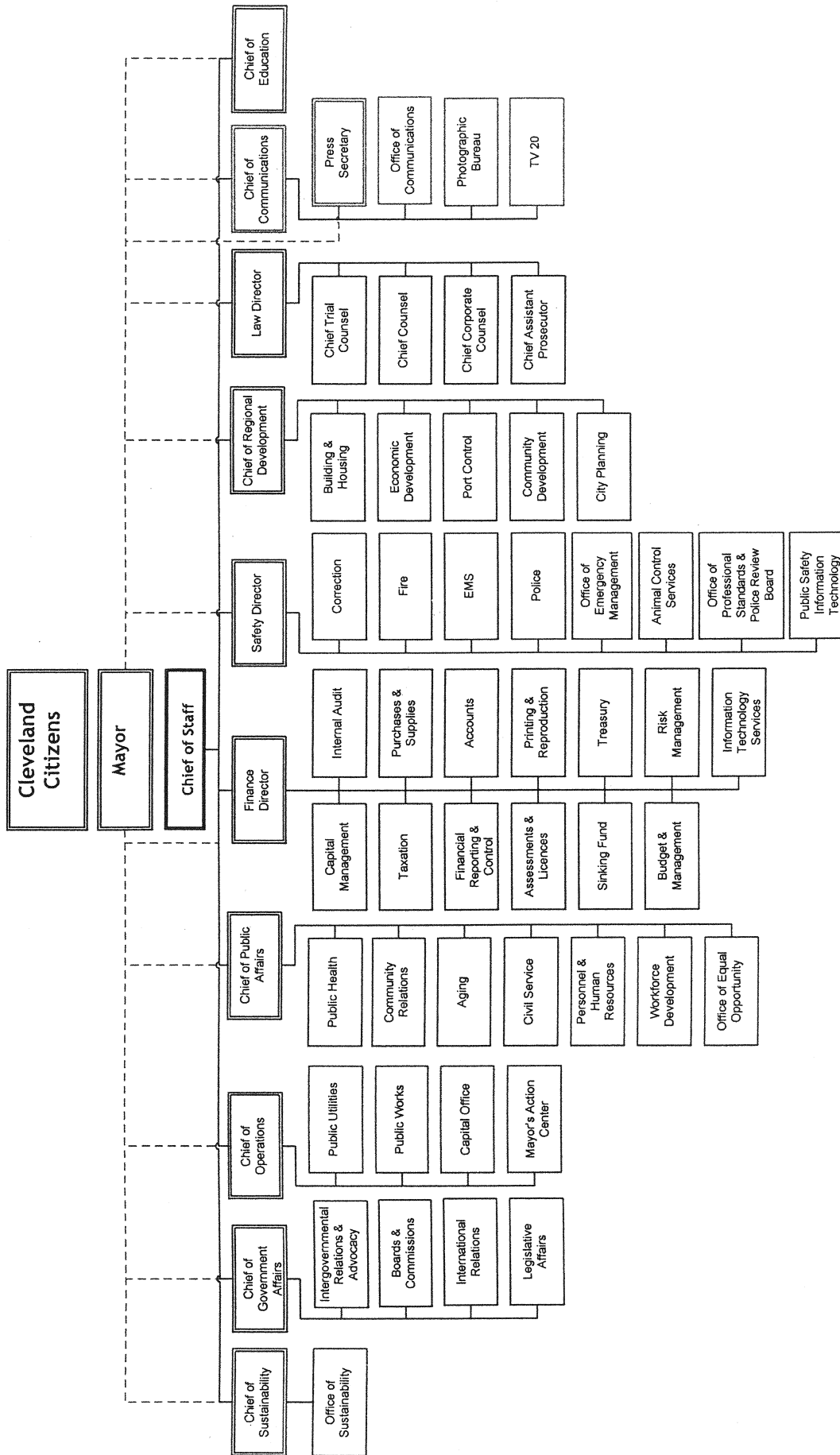
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

CITY OF CLEVELAND, OHIO

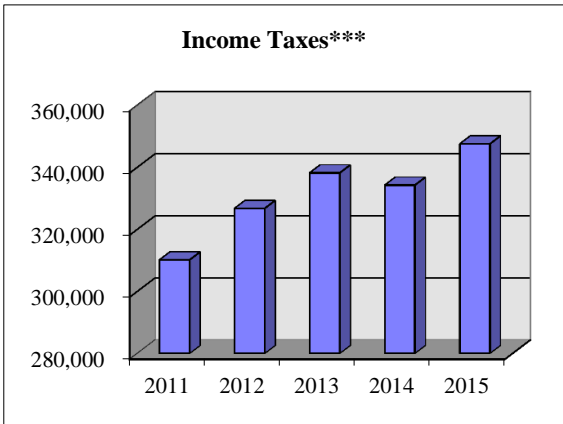
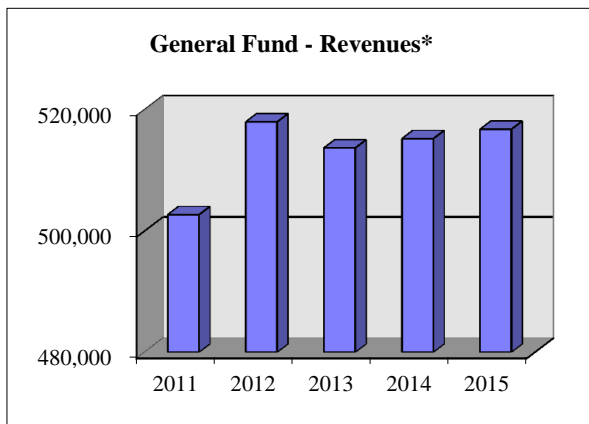
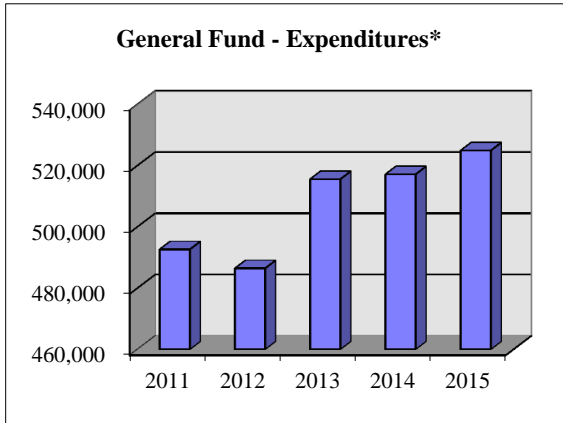
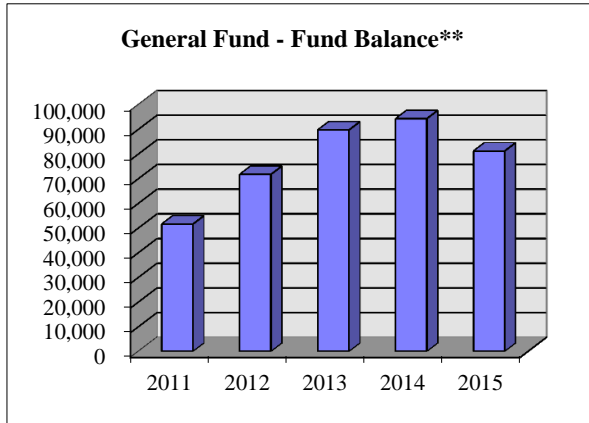
ADMINISTRATIVE ORGANIZATION CHART



CITY OF CLEVELAND, OHIO

FINANCIAL HIGHLIGHTS

(Amounts in 000's)



| For Year Ended | General Fund Fund Balance** | General Fund Revenues* | General Fund Expenditures* | Income Taxes*** |
|----------------|-----------------------------|------------------------|----------------------------|-----------------|
| 2011 | 51,594 | 502,703 | 492,672 | 310,197 |
| 2012 | 71,750 | 518,001 | 486,484 | 326,783 |
| 2013 | 89,748 | 513,698 | 515,594 | 338,229 |
| 2014 | 94,327 | 515,233 | 517,156 | 334,264 |
| 2015 | 81,209 | 516,783 | 524,938 | 347,565 |

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

** *GAAP Basis*.

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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Ohio (the "City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 20, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, capital assets schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and capital assets schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016 on our consideration of the City of Cleveland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cleveland's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 28, 2016

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CITY OF CLEVELAND, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cleveland (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2015. Please read this information in conjunction with the City's financial statements and footnotes that begin on page 56.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2015 by approximately \$2.478 billion (net position). Of this amount, \$60.7 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- Of the approximately \$2.478 billion of net position, governmental activities accounted for approximately \$399 million of net position, while business-type activities net position accounted for approximately \$2.079 billion.
- The City's net position increased by \$49.3 million as compared to 2014. The governmental activities net position decreased by \$8.0 million and the business-type activities net position increased by \$57.3 million.
- At the end of the current year, unassigned fund balance for the General Fund was \$68.5 million, which represents the amount available for spending at the City's discretion. The unassigned fund balance equals 13.4% of the total General Fund expenditures and other financing uses.
- In 2015, the City's total long-term debt and other long-term debt-related obligations, excluding premiums, accreted interest and discounts decreased by \$48.1 million. The decrease indicates that the City's debt service payments and debt refunded or defeased exceeded new debt issued in 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of five components: (1) government-wide financial statements, (2) fund financial statements, (3) General Fund budget and actual statement, (4) notes to the financial statements and (5) Required Supplementary Information. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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

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

The government-wide financial statements can be found on pages 56-59 of this report.

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

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

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

The City presents 33 individual governmental funds on a modified accrual basis. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other 32 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 60-63 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 64-68 of this report.

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

The basic fiduciary fund financial statement can be found on page 69 of this report.

Notes to the financial statements. The notes provide additional information that is essential to achieve a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 71-126 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

**Summary Statements of Net Position
as of December 31, 2015 and 2014**

| | <u>Governmental</u> | | <u>Business-Type</u> | | <u>Total</u> | |
|----------------------------------|---------------------|-------------------|----------------------|---------------------|---------------------|---------------------|
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | 2015 | Restated 2014 | 2015 | Restated 2014 | 2015 | Restated 2014 |
| Assets: | | | | | | |
| Current and other assets | \$ 805,159 | \$ 793,665 | \$ 1,105,759 | \$ 1,099,149 | \$ 1,910,918 | \$ 1,892,814 |
| Capital assets | <u>1,179,281</u> | <u>1,136,326</u> | <u>3,074,319</u> | <u>3,099,352</u> | <u>4,253,600</u> | <u>4,235,678</u> |
| Total assets | 1,984,440 | 1,929,991 | 4,180,078 | 4,198,501 | 6,164,518 | 6,128,492 |
| Deferred outflows of resources | 91,301 | 57,131 | 98,048 | 93,553 | 189,349 | 150,684 |
| Liabilities: | | | | | | |
| Pension | 539,489 | 512,722 | 99,105 | 97,031 | 638,594 | 609,753 |
| Long-term obligations | 910,656 | 833,293 | 1,886,217 | 1,978,958 | 2,796,873 | 2,812,251 |
| Other liabilities | <u>164,738</u> | <u>172,580</u> | <u>191,683</u> | <u>174,976</u> | <u>356,421</u> | <u>347,556</u> |
| Total liabilities | 1,614,883 | 1,518,595 | 2,177,005 | 2,250,965 | 3,791,888 | 3,769,560 |
| Deferred inflows of resources | 62,016 | 61,689 | 22,419 | 19,639 | 84,435 | 81,328 |
| Net position: | | | | | | |
| Net investment in capital assets | 653,925 | 828,002 | 1,354,871 | 1,335,195 | 2,008,796 | 2,163,197 |
| Restricted | 167,042 | 152,360 | 240,979 | 244,937 | 408,021 | 397,297 |
| Unrestricted | <u>(422,125)</u> | <u>(573,524)</u> | <u>482,852</u> | <u>441,318</u> | <u>60,727</u> | <u>(132,206)</u> |
| | <u>\$ 398,842</u> | <u>\$ 406,838</u> | <u>\$ 2,078,702</u> | <u>\$ 2,021,450</u> | <u>\$ 2,477,544</u> | <u>\$ 2,428,288</u> |
| Beginning net position | \$ 406,838 | \$ 779,075 | \$ 2,021,450 | \$ 2,026,042 | \$ 2,428,288 | \$ 2,805,117 |
| Change in net position | (7,996) | 90,637 | 57,252 | 80,060 | 49,256 | 170,697 |
| Restatement - see Note 20 | | <u>(462,874)</u> | | <u>(84,652)</u> | <u>-</u> | <u>(547,526)</u> |
| Ending net position | <u>\$ 398,842</u> | <u>\$ 406,838</u> | <u>\$ 2,078,702</u> | <u>\$ 2,021,450</u> | <u>\$ 2,477,544</u> | <u>\$ 2,428,288</u> |

During 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows of resources related to pension and the net pension liability to the reported net position and subtracting deferred outflows of resources related to pension.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio’s statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB Statement No. 68, the net pension liability equals the City’s proportionate share of each plan’s collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees’ past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the City’s, part of a bargained-for benefit to the employee and should accordingly be reported by the City as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates and return on investments affect the balance of the net pension liability, but are outside the control of the City. In the event that contributions, investment returns and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB Statement No. 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$2,975,814,000 to \$2,428,288,000.

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$2.478 billion at the close of the most recent fiscal year. This represents an increase of 2.0% in 2015. Of the City's net position, 16.1% represents its governmental net position and 83.9% represents its business-type net position.

Of the net position from governmental activities, \$653.9 million represents its investment in capital assets (e.g., land, land improvements, buildings, infrastructure, furniture, fixtures, equipment and vehicles), net of accumulated depreciation, less any related, still-outstanding debt issued to acquire, construct or improve those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. Another significant portion of net position, \$167.0 million, represents resources that are subject to external restrictions on how they may be used. There was an increase in unrestricted net position of \$151.4 million.

In 2015, the total assets and deferred outflows of resources from governmental activities increased by \$88.6 million. This increase is primarily attributed to increases in capital assets of \$43.0 million and deferred outflows of resources of \$34.2 million. The increase in capital assets relates largely to various infrastructure improvements within the City. The increase in deferred outflows of resources is a result of a difference between projected and actual earnings on pension plan investments.

Also in 2015, the total liabilities and deferred inflows of resources from governmental activities increased by \$96.6 million. This was caused primarily by an increase in long-term obligations of \$77.4 million and net pension liability of \$26.8 million offset by a decrease in due to other governments of \$6.1 million.

In 2015, business-type total assets and deferred outflows of resources decreased by \$13.9 million. Capital assets decreased \$25.0 million which was offset by an increase in deferred outflows of resources \$4.5 million and an increase in current and other assets of \$6.6 million. The decrease in capital assets largely relates to depreciation expense. The increase in deferred outflows of resources is primarily due to a difference between projected and actual earnings on pension plan investments.

Business-type total liabilities and deferred inflows of resources decreased by \$71.2 million primarily due to decreases in long-term obligations related to debt retirement. The Division of Water decreased long-term obligations by \$46.9 million primarily relating to their revenue bonds and OWDA loans and the Division of Cleveland Public Power decreased their long-term obligations by \$6.4 million.

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

Changes in Net Position
For Fiscal Years Ended December 31, 2015 and 2014

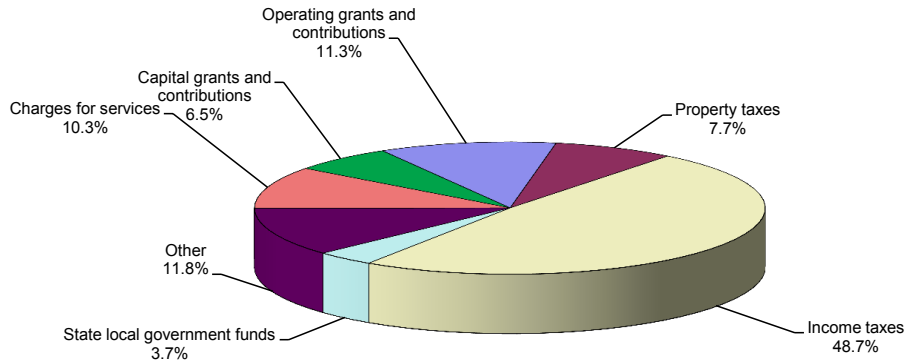
| | <u>Governmental</u> | | <u>Business-Type</u> | | <u>Total</u> | |
|--|---------------------|------------------|----------------------|------------------|------------------|-------------------|
| | <u>Activities</u> | | <u>Activities</u> | | | |
| | 2015 | 2014 | (Amounts in 000's) | | 2015 | 2014 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 73,525 | \$ 80,935 | \$ 661,528 | \$ 651,255 | \$ 735,053 | \$ 732,190 |
| Operating grants and contributions | 79,972 | 99,790 | 4,022 | 4,565 | 83,994 | 104,355 |
| Capital grants and contributions | 46,087 | 88,288 | 47,043 | 57,756 | 93,130 | 146,044 |
| General revenues: | | | | | | |
| Income taxes | 346,797 | 337,933 | | | 346,797 | 337,933 |
| Property taxes | 55,017 | 52,327 | | | 55,017 | 52,327 |
| Other taxes | 38,904 | 35,851 | | | 38,904 | 35,851 |
| Shared revenues | 34,974 | 37,240 | | | 34,974 | 37,240 |
| State local government funds | 26,567 | 23,846 | | | 26,567 | 23,846 |
| Unrestricted investment earnings | 1,060 | 1,193 | 4 | 3 | 1,064 | 1,196 |
| Other | 8,760 | 11,454 | | | 8,760 | 11,454 |
| Total revenues | <u>711,663</u> | <u>768,857</u> | <u>712,597</u> | <u>713,579</u> | <u>1,424,260</u> | <u>1,482,436</u> |
| Expenses: | | | | | | |
| General Government | 140,946 | 121,050 | | | 140,946 | 121,050 |
| Public Works | 117,040 | 129,551 | | | 117,040 | 129,551 |
| Public Safety | 328,453 | 298,768 | | | 328,453 | 298,768 |
| Community Development | 35,026 | 39,099 | | | 35,026 | 39,099 |
| Building and Housing | 13,433 | 11,059 | | | 13,433 | 11,059 |
| Public Health | 16,841 | 18,236 | | | 16,841 | 18,236 |
| Economic Development | 29,474 | 32,508 | | | 29,474 | 32,508 |
| Interest on debt | 36,489 | 26,333 | | | 36,489 | 26,333 |
| Water | | | 259,892 | 253,822 | 259,892 | 253,822 |
| Electricity | | | 197,823 | 181,862 | 197,823 | 181,862 |
| Airport facilities | | | 162,499 | 161,021 | 162,499 | 161,021 |
| Nonmajor activities | | | 37,088 | 38,430 | 37,088 | 38,430 |
| Total expenses | <u>717,702</u> | <u>676,604</u> | <u>657,302</u> | <u>635,135</u> | <u>1,375,004</u> | <u>1,311,739</u> |
| Changes in net position before transfers | (6,039) | 92,253 | 55,295 | 78,444 | 49,256 | 170,697 |
| Transfers | <u>(1,957)</u> | <u>(1,616)</u> | <u>1,957</u> | <u>1,616</u> | <u>-</u> | <u>-</u> |
| Changes in net position | <u>\$ (7,996)</u> | <u>\$ 90,637</u> | <u>\$ 57,252</u> | <u>\$ 80,060</u> | <u>\$ 49,256</u> | <u>\$ 170,697</u> |

Business-type net position increased by \$57.3 million in 2015. Of the business-type net position, \$1.355 billion represents its investment in capital assets, net of accumulated depreciation, less any related, still-outstanding debt issued to acquire, construct or improve those assets. These capital assets are used to provide services to their customers. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$241.0 million of net position is subject to external restrictions on their use. The remaining balance of \$483.0 million is unrestricted and may be used to meet the City's ongoing obligations to customers and creditors.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB Statement No. 68 is not available. Therefore, 2014 expenses still include pension expense of \$62.2 million computed under GASB Statement No. 27. GASB Statement No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB Statement No. 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows of resources. The contractually required contribution is no longer a component of pension expense. Under GASB Statement No. 68, the 2015 statements report pension expense of \$65.4 million. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|--------------------|
| | | (Amounts in 000's) | |
| Total 2015 program expenses under GASB 68 | \$ 717,702 | \$ 657,302 | \$ 1,375,004 |
| Pension expense under GASB 68 | (54,471) | (10,955) | (65,426) |
| 2015 contractually required contribution | <u>51,550</u> | <u>12,341</u> | <u>63,891</u> |
| Adjusted 2015 program expenses | 714,781 | 658,688 | 1,373,469 |
| Total 2014 program expenses under GASB 27 | <u>(676,604)</u> | <u>(635,135)</u> | <u>(1,311,739)</u> |
| Increase in program expenses not related to pension | <u>\$ 38,177</u> | <u>\$ 23,553</u> | <u>\$ 61,730</u> |

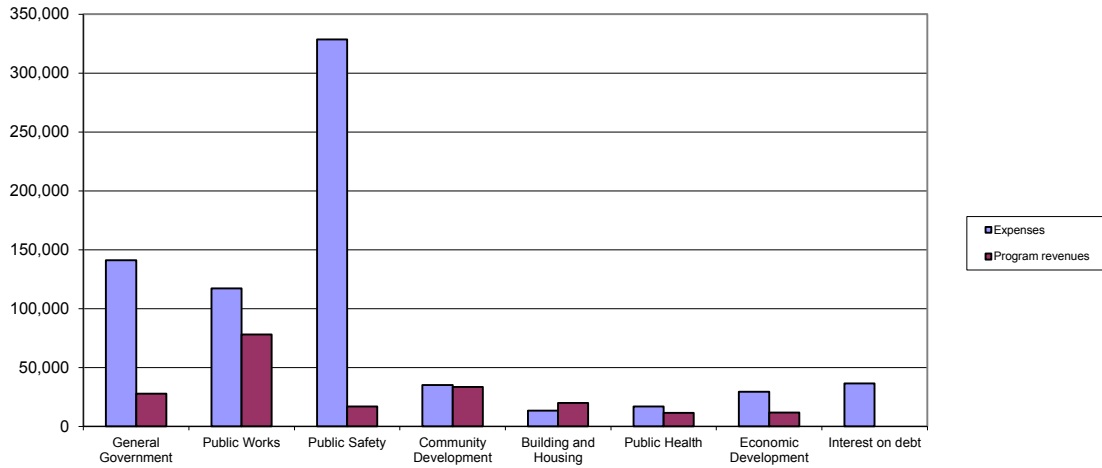
Revenues by Source - Governmental Activities



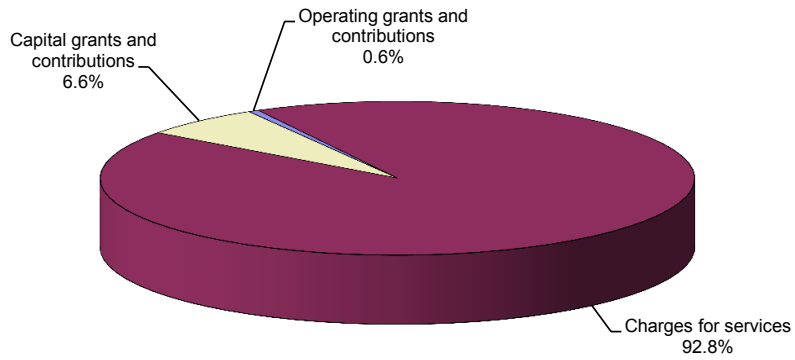
Other includes other taxes, shared revenues, unrestricted investment earnings and other general revenues.

Expenses and Program Revenues - Governmental Activities

(Amounts in 000's)

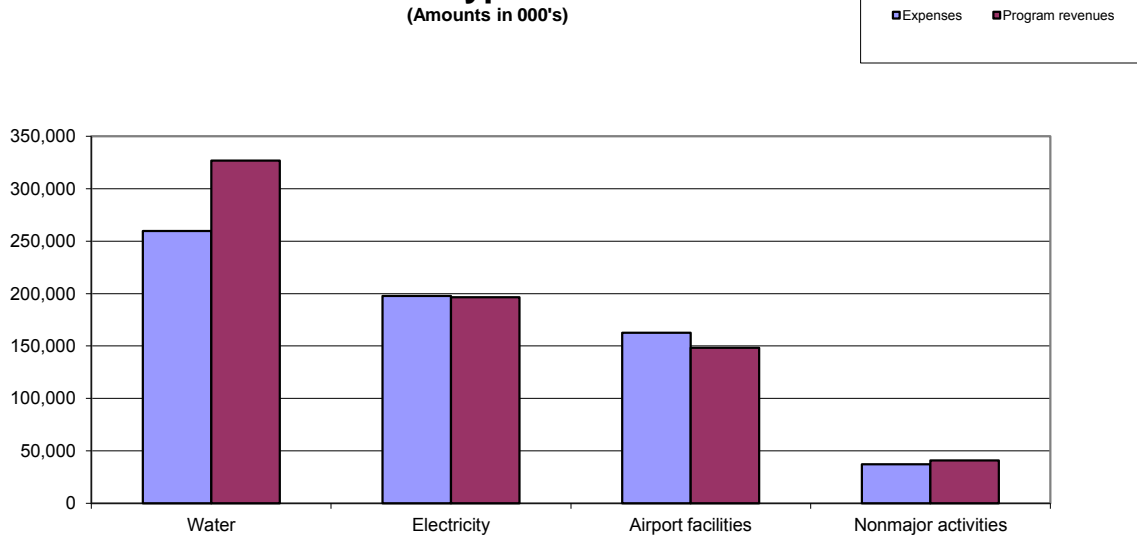


Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities

(Amounts in 000's)



Business-type activities are principally accounted for in the City's Enterprise Funds. The City operates three major Enterprise Funds encompassing two airports, a water system and an electric distribution system. The City also operates other Enterprise Funds consisting of a sewer system, cemeteries, a public auditorium, municipal parking lots and public market facilities. The City owns two golf courses whose management and operations are currently leased to outside entities. The operating results of the City's Major Enterprise Funds are discussed below.

Division of Water: The Division operates a major public water supply system, the ninth largest in the United States that serves not only the City, but also 69 direct service, eight master meter and three emergency standby suburban municipalities in Cuyahoga, Medina, Summit, Portage, Lake and Geauga counties. They provide water to approximately 419,469 city and suburban accounts in the Cleveland Metropolitan Area. Operating revenue in 2015 decreased to \$301.3 million from \$303.4 million in 2014. The reduction is primarily attributed to water pumpage decreases of approximately 358,000 MCF (thousand cubic feet) or 3.3% as compared to 2014. Operating expenses, exclusive of depreciation, increased approximately 8.1% to \$166.0 million compared to \$153.6 million in 2014.

Division of Cleveland Public Power: The Division supplies electrical service to approximately 73,500 customers in the City. The Division is responsible for supplying, transmitting and distributing electricity and providing related electrical services to customers within its service area. The Division's 2015 operating revenue increased 6.1% to \$192.9 million from \$181.8 million in 2014. Purchased power expense increased 6.8% to \$123.8 million in 2015 from \$115.9 million in 2014. Operating expenses, exclusive of depreciation and purchased power increased 11.0% to \$42.4 million compared to \$38.2 million in 2014.

Department of Port Control: The City's Department of Port Control consists of the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport. During 2015, 23 passenger airlines provided scheduled airline service at Cleveland Hopkins International Airport. Burke Lakefront Airport, a federally certified commercial and general aviation reliever airport, provides the majority of its services to air taxi operators serving the City's downtown business activities. The airports' operating income decreased \$6.4 million in 2015 largely due to a 16.2% decrease in landing fees from signatory airlines. Total operating expenses for 2015 increased \$2.7 million primarily due to higher insurance, taxes and professional fees.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$476.4 million, an increase of \$21.0 million and approximately 4.6% in comparison with the prior year. The components of the governmental fund balances include an unassigned balance of \$68.5 million, which indicates the amount available for spending at the City's discretion. An additional \$312.1 million of fund balance is available for expenditures that are legally restricted for a particular purpose. The nonspendable portion of fund balance has \$1.6 million of items that are not in a spendable form, such as inventory. An additional \$82.2 million is committed to fund specific purposes and cannot be reassigned without legislative approval. The remaining assigned balance of \$12.0 million represents funds that the City intends to use for a specific purpose.

The General Fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General Fund was \$68.5 million and the total fund balance was \$81.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 13.4% of total General Fund expenditures and other financing uses, while total fund balance represents approximately 15.9% of that same amount.

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

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance Information - GAAP Basis
2015 and 2014
(Amounts in 000's)

| | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|
| Revenues: | | |
| Income taxes | \$ 311,174 | \$ 299,669 |
| Property taxes | 32,673 | 32,349 |
| State local government funds | 26,433 | 25,077 |
| Other taxes | 38,904 | 35,851 |
| Other shared revenues | 16,564 | 17,541 |
| Licenses and permits | 16,741 | 13,046 |
| Charges for services | 31,740 | 33,512 |
| Fines, forfeits and settlements | 15,169 | 23,348 |
| Investment earnings | 498 | 507 |
| Grants | 399 | 1,706 |
| Miscellaneous | 5,036 | 8,208 |
| Total revenues | <u>495,331</u> | <u>490,814</u> |
| Expenditures: | | |
| General Government | 79,272 | 84,408 |
| Public Works | 66,301 | 66,553 |
| Public Safety | 306,492 | 285,937 |
| Community Development | 265 | 245 |
| Building and Housing | 9,135 | 8,610 |
| Public Health | 6,150 | 5,604 |
| Economic Development | 1,480 | 1,514 |
| Other | 8,635 | 10,580 |
| Capital outlay | 3,750 | 716 |
| Principal retirement | 250 | 250 |
| Total expenditures | <u>481,730</u> | <u>464,417</u> |
| Excess (deficiency) of revenues over (under) expenditures | 13,601 | 26,397 |
| Other financing sources (uses): | | |
| Transfers in | 1,693 | 5,597 |
| Transfers out | (28,727) | (28,459) |
| Sale of City assets | 315 | 1,044 |
| Net change in fund balance | (13,118) | 4,579 |
| Fund balance at beginning of year | <u>94,327</u> | <u>89,748</u> |
| Fund balance at end of year | <u>\$ 81,209</u> | <u>\$ 94,327</u> |

Analysis of General Fund Revenues

General Fund revenues and other sources totaled \$497.3 million in 2015, a decrease of approximately \$116,000 from 2014. A discussion of each of the major types of General Fund revenues follows.

Municipal Income Taxes

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

The income tax is also imposed on gross salaries and wages earned in the City by non-residents of the City and on salaries, wages and other compensation of City residents earned within or outside the City. The income tax liability of a City resident employed outside the City is reduced by a credit equal to 50% of the tax paid to the municipality in which the City resident is employed. The tax on business profits is imposed on that part of profits attributable to business conducted within the City. In 2015, approximately 90% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

Income tax revenue increased approximately \$11.5 million in 2015, primarily due to increased employment throughout the City.

Property Taxes

Taxes collected from real property in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

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

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

| Tax Collection Year | Real Property | Public Utility Tangible Personal | Total Assessed Valuation |
|------------------------------------|--------------------------|---|---|
| (Amounts in 000's) | | | |
| 2015 | \$ 4,629,285 | \$ 318,829 | \$ 4,948,114 |
| 2014 | \$ 4,601,349 | \$ 298,603 | \$ 4,899,952 |

Property tax revenue increased by \$324,000 as a result of an increase in residential property valuations.

State Local Government Funds, Other Taxes and Other Shared Revenues

State Local Government Funds, Other Taxes and Other Shared Revenues include taxes levied and collected by the State of Ohio or counties and partially redistributed to the City and other political subdivisions. Other Taxes and Other Shared Revenues include state income, sales, admission, motor vehicle, parking, hotel, commercial activity, corporate franchise, casino, homestead and rollback, public utility, estate and cigarette taxes as well as liquor fees. State Local Government Funds revenue increased slightly by \$1.4 million or 5.4% due to economic growth. Other Taxes increased by \$3.1 million or 8.5% from 2014 levels primarily as a result of increases in admission tax receipts, parking tax revenues and hotel tax revenues. Other Shared Revenues decreased by \$1.0 million or 5.6% from 2014 levels primarily as a result of the phase out of estate tax.

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

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

Analysis of General Fund Expenditures

General Fund expenditures and other financing uses totaled \$510.5 million in 2015, an increase of 3.6% from 2014. The amount of expenditures and other uses by function on a GAAP basis, including the increases (decreases) over the prior year, are shown in the following table:

| <u>Expenditures and Other Financing Uses</u> | <u>Actual 2015</u> | <u>% of Total</u> | <u>Actual 2014</u> | <u>% of Total</u> | <u>Increase (Decrease)</u> | <u>% Change</u> |
|---|---------------------------|--------------------------|---------------------------|--------------------------|-----------------------------------|------------------------|
| (Amounts in 000's) | | | | | | |
| Current: | | | | | | |
| General Government | \$ 79,272 | 15.53 | \$ 84,408 | 17.13 | \$ (5,136) | (6.08) |
| Public Works | 66,301 | 12.99 | 66,553 | 13.50 | (252) | (0.38) |
| Public Safety | 306,492 | 60.04 | 285,937 | 58.01 | 20,555 | 7.19 |
| Community Development | 265 | 0.05 | 245 | 0.05 | 20 | 8.16 |
| Building and Housing | 9,135 | 1.79 | 8,610 | 1.75 | 525 | 6.10 |
| Public Health | 6,150 | 1.21 | 5,604 | 1.14 | 546 | 9.74 |
| Economic Development | 1,480 | 0.29 | 1,514 | 0.31 | (34) | (2.25) |
| Other | 8,635 | 1.69 | 10,580 | 2.15 | (1,945) | (18.38) |
| Capital Outlay | 3,750 | 0.73 | 716 | 0.14 | 3,034 | 423.74 |
| Principal retirement | 250 | 0.05 | 250 | 0.05 | - | 0.00 |
| Transfers Out | <u>28,727</u> | 5.63 | <u>28,459</u> | 5.77 | <u>268</u> | 0.94 |
| Total Expenditures and Other Financing Uses | <u>\$ 510,457</u> | | <u>\$ 492,876</u> | | <u>\$ 17,581</u> | |

The total expenditures and other financing uses increased by \$17.6 million. The growth was primarily caused by an increase in Public Safety payroll and benefits, mainly due to the ratification of the Fraternal Order of Police (FOP) and Local 93 union contracts.

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

The unrestricted net position of the Division of Water, Cleveland Public Power and the Department of Port Control Funds amounted to \$325.3 million, \$28.3 million and \$103.3 million, respectively, at December 31, 2015. The change in net position for each of the respective funds amounted to an increase of \$66.9 million, a decrease of \$1.1 million and \$14.3 million during 2015. Other factors concerning the finances of the City’s proprietary funds have already been addressed in the discussion of the City’s business-type activities.

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

Employees and Labor Relations

As of December 31, 2015 and 2014, the City had approximately 6,970 and 6,969 full-time employees, respectively. Of the 6,970 full-time employees, approximately 5,347 full-time employees are represented by 31 collective bargaining units. The largest collective bargaining units, together with the approximate number of employees represented by such units, include the American Federation of State, County and Municipal Employees, Local 100 – 1,137 members; Cleveland Police Patrolmen’s Association (CPPA) – 1,251 members; the Association of Cleveland Firefighters – 739 members; Municipal Foreman and Laborers Union, Local 1099 – 429 members; and Local 244 – 383 members.

There have been no significant labor disputes or work stoppages in the City within the last 32 years.

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

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

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

| <u>Year</u> | <u>Amount Paid</u> (Amounts in 000's) |
|-------------|--|
| 2015 | \$ 430,189 |
| 2014 | \$ 421,809 |

In 2015, there was an increase in salaries and wages payable due to a 2% increase in cost of living.

GENERAL FUND BUDGETARY ANALYSIS

In 2015, the major differences between the original and final budget included a \$5.0 million increase in income taxes which was predominantly due to the number of construction projects resulting in more construction workers contributing to the City's income tax. There was an increase of \$14.4 million in the public safety expenditure budget which was due to the expected ratification of the CPPA, FOP and Local 93 union contracts. The decrease of \$5.1 million in the other expenditure budget was due to the negotiation of payment terms for the Justice Center, and the \$3.5 million decrease in transfers out was due to debt savings.

The major differences between the final amended budget and the actual total revenues were increases of \$4.2 million in income taxes, \$5.7 million in other taxes, and \$4.7 million in miscellaneous. The increase in income taxes was primarily attributed to increased employment due to an increase in construction projects and developments within the City. Other taxes increased due to the advanced sales of Cavs tickets and an increase in parking and hotel tax receipts. Miscellaneous revenue increases were due to an increase in utilities indirect cost payments.

The major differences between the final amended budget and the actual total expenditures were decreases of \$11.8 million in Public Safety and \$6.7 million in General Government. There was a decrease in the Public Safety expenditures as a result of the CPPA union contract ratification that did not occur until 2016. The decrease in General Government expenditures was due to increased operating efficiencies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City's capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$4.254 billion (net of accumulated depreciation). This capital assets balance includes land; land improvements; utility plant; buildings, structures and improvements; furniture, fixtures, equipment and vehicles; infrastructure; and construction in progress. The total increase in the City's capital assets for the current fiscal year was 0.42% (a 3.79% increase for governmental activities and a 0.81% decrease for business-type activities). A summary of the City's capital assets at December 31, 2015 is as follows:

| | Capital Assets, Net of Accumulated Depreciation | | |
|---|--|-------------------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| | | (Amounts in 000's) | |
| Land | \$ 66,819 | \$ 192,216 | \$ 259,035 |
| Land improvements | 53,113 | 63,792 | 116,905 |
| Utility plant | | 1,691,654 | 1,691,654 |
| Buildings, structures and improvements | 378,485 | 313,252 | 691,737 |
| Furniture, fixtures, equipment and vehicles | 79,681 | 121,505 | 201,186 |
| Infrastructure | 387,206 | 419,906 | 807,112 |
| Construction in progress | 213,977 | 271,994 | 485,971 |
| | <u>1,179,281</u> | <u>3,074,319</u> | <u>4,253,600</u> |
| Total | <u>\$ 1,179,281</u> | <u>\$ 3,074,319</u> | <u>\$ 4,253,600</u> |

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

- The Division of Cleveland Public Power incurred \$17.7 million of capital additions relating to the Denison Avenue, Ridge Road Substation, Public Square, and Flats East Bank Phase II projects.
- The Division of Water incurred \$41.4 million of capital additions mainly consisting of engineering services related to renewals of various water mains and the Boosted Third High Pump Station.
- The Division of Port Control capital improvements totaled approximately \$28.4 million. Major projects were the Airport Signage Program Phase I, CLE Terminal Exterior Façade/Ticketing Lobby Project, Main Substation, CLE Airport Wide In-Line Baggage Project and Recapitalization, CLE Parking Redevelopment Phase II and the BKL Shoreline Restoration.
- The Division of Water Pollution Control had capital improvements of \$9.3 million. The largest capital additions were the Ridgeland Circle Sewer Repair, Gooding Avenue Sewer Replacement, St. Clair Avenue Relining, and Wakefield Avenue Sewer.
- Major capital projects for Governmental Activities included land improvements, building improvements, vehicles and equipment, various computer system upgrades and infrastructure improvements.

The primary sources for financing the City's Capital Improvement Projects are general obligation bond proceeds, certificates of participation proceeds, urban renewal bond proceeds, revenue bond proceeds, proceeds from capital leases, interest earned on funds during the construction period, restricted income taxes and funds from the State Issue 2 and Local Transportation Improvement Programs. The City has three primary goals relating to its Capital Improvements: (1) preservation and revitalization of the City's neighborhoods, (2) economic development and job creation and (3) providing cost-effective, basic City services to Cleveland residents and the business community. Additional information on the City's capital assets, including commitments made for future capital expenditures, can be found in Note 14 – Capital Assets.

Long-term debt and certain other obligations: At the end of the current fiscal year, the City had total long-term debt and certain other obligations outstanding of \$2.528 billion as shown below. General Obligation Bonds are typically issued for general governmental activities and are backed by the full faith and credit of the City. Revenue bonds are typically recorded in the applicable Enterprise Fund and are supported by the revenues generated by the respective Enterprise Fund. The remainder of the City's debt represents bonds or notes secured solely by specified revenue sources.

The activity in the City's debt obligations outstanding during the year ended December 31, 2015 is summarized below (excluding unamortized discounts, premiums and accreted interest).

| | Balance January 1, <u>2015</u> | Debt Issued | Debt Refunded or Defeased | Debt Retired | Balance December 31, <u>2015</u> |
|--|---|------------------------|--|-------------------------|---|
| | | | (Amounts in 000's) | | |
| <u>Governmental Activities:</u> | | | | | |
| General Obligation Bonds | \$ 257,565 | \$ 60,905 | \$ (64,910) | \$ (24,820) | \$ 228,740 |
| Urban Renewal Bonds | 3,030 | | | (685) | 2,345 |
| Subordinated Income Tax Refunding Bonds | 43,650 | 28,975 | (30,310) | (3,430) | 38,885 |
| Subordinate Lien Income Tax Bonds | 188,335 | 113,550 | (28,745) | (7,145) | 265,995 |
| Non-Tax Revenue Bonds | 50,203 | 15,280 | | (1,654) | 63,829 |
| Annual Appropriation Bonds | 10,280 | | | (260) | 10,020 |
| Certificates of Participation | 111,780 | | | (6,185) | 105,595 |
| Capital Lease Obligations | 15,262 | | | (3,908) | 11,354 |
| Note/Loans Payable | <u>2,801</u> | | | <u>(561)</u> | <u>2,240</u> |
| Total Governmental Activities | <u>682,906</u> | <u>218,710</u> | <u>(123,965)</u> | <u>(48,648)</u> | <u>729,003</u> |
| <u>Business –Type Activities:</u> | | | | | |
| Revenue Bonds | 1,786,283 | 222,935 | (224,905) | (84,625) | 1,699,688 |
| Loans Payable | <u>106,815</u> | | | <u>(7,595)</u> | <u>99,220</u> |
| Total Business –Type Activities | <u>1,893,098</u> | <u>222,935</u> | <u>(224,905)</u> | <u>(92,220)</u> | <u>1,798,908</u> |
| Total | <u>\$ 2,576,004</u> | <u>\$ 441,645</u> | <u>\$ (348,870)</u> | <u>\$ (140,868)</u> | <u>\$ 2,527,911</u> |

Funds used to meet the debt service requirements of the City's General Obligation Bonds are from certain ad valorem taxes, restricted income taxes and interest earnings. Ad valorem taxes, the primary source of funds, amounted to \$17.0 million in 2015 which represents approximately 46% of the debt service requirements on the General Obligation Bonds. These taxes were derived from a levy of \$4.35 per \$1,000 of assessed property. The remaining 54% of debt service requirements is retired from a portion of the City's restricted income tax proceeds, homestead and rollback reimbursement from the State, interest earnings and other miscellaneous revenue sources generated within the Debt Service Funds.

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

The City's bond ratings for general obligation and revenue bonds are as follows as of December 31, 2015:

| | Moody's | Standard & | Fitch |
|---|-----------------------|-----------------------|-----------------------|
| | Investors | Poor's | Ratings |
| | <u>Service</u> | <u>Poor's</u> | <u>Ratings</u> |
| General Obligation Bonds | A1 | AA | A+ |
| Subordinate Lien Income Tax Bonds | A1 | AA | N/A |
| Waterworks Improvement Revenue Bonds | Aa1 | AA | N/A |
| Second Lien Water Revenue Bonds | Aa2 | AA- | N/A |
| Public Power System Revenue Bonds | A3 | A- | N/A |
| Airport System Revenue Bonds | Baa1 | A- | BBB+** |
| Parking Facility Refunding Revenue Bonds (Insured Ratings)* | A2 | AA | N/A |

* Parking Facilities' bonds only carry an insured rating.

** Effective November 11, 2015, Fitch Ratings revised its rating outlook on Cleveland Airport Revenue Bonds to stable from negative.

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens and investors. Net general bonded debt is total general bonded debt supported by taxes less amounts available in the Debt Service Fund. This data at December 31, 2015 was:

| | |
|---|---------------|
| Net General Bonded Debt: | \$225,616,000 |
| Ratio of Net Bonded Debt to Assessed Valuation: | 4.56% |
| Net General Bonded Debt Per Capita: | \$568.57 |

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.50% of the assessed value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.50% of total assessed value of property. The City's total debt limit (10.50%) is \$519,551,923 and unvoted debt limit (5.50%) is \$272,146,245. At December 31, 2015, the City had capacity under the indirect debt limitation calculation per the Ohio Revised Code to issue less than \$60 million in additional unvoted debt. However, these debt limitations are not expected to affect the financing of any currently planned facilities or services.

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

The City reports a deferred outflow of resource and a liability in the amount of the fair value of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2015 and an investment loss or gain as appropriate, based on the change in fair value. The specific terms and conditions of each swap have been provided by the respective counterparty for each swap and confirmed by the City's financial advisor.

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

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

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

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

Other Impacting Factors

- On February 9, 2016, the City sold \$144,355,000 Airport System Revenue Bonds, Series 2016 consisting of \$108,120,000 Airport System Revenue Bonds, Series 2016A (Non-AMT) and \$36,235,000 Airport System Revenue Bonds, Series 2016B (Non-AMT).
- Effective April 1, 2016, the Airport System Revenue Bonds, Series 2013A, which had been directly purchased by U.S. Bank National Association in 2013 were tendered and then purchased by PNC Bank, National Association.
- Effective April 14, 2016, the City issued \$32,390,000 Water Pollution Control Revenue Bonds, Series 2016 (Green Bonds).
- Effective May 18, 2016, the City issued \$47,545,000 Various Purpose and Refunding General Obligation Bonds, Series 2016A and \$4,260,000 Final Judgment General Obligation Refunding Bonds, Series 2016B.
- In 2016, the City was awarded a \$50 million grant for the Republican National Convention by the U.S. Department of Justice.

See Note 21- Subsequent Events for additional information.

NEED ADDITIONAL INFORMATION

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

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BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, OHIO

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 420,048 | \$ 487,161 | \$ 907,209 |
| Investments | 294 | 14,011 | 14,305 |
| Receivables: | | | |
| Taxes | 140,727 | | 140,727 |
| Accounts | 31,720 | 178,849 | 210,569 |
| Recoverable costs of purchased power | | 1,698 | 1,698 |
| Grants | 8,696 | | 8,696 |
| Loans | 170,832 | | 170,832 |
| Unbilled revenue | | 46,106 | 46,106 |
| Accrued interest | 13 | 2 | 15 |
| Assessments | 4,694 | | 4,694 |
| Less: Allowance for doubtful accounts | (22,148) | (29,025) | (51,173) |
| Receivables, net | <u>334,534</u> | <u>197,630</u> | <u>532,164</u> |
| Internal balances | 3,948 | (3,948) | - |
| Due from other governments | 43,762 | 3,705 | 47,467 |
| Inventory of supplies | 2,562 | 20,478 | 23,040 |
| Prepaid expenses and other assets | 11 | 1,419 | 1,430 |
| Restricted assets: | | | |
| Cash and cash equivalents | | 383,143 | 383,143 |
| Accrued interest receivable | | 19 | 19 |
| Accrued passenger facility charge | | 2,141 | 2,141 |
| Total restricted assets | <u>-</u> | <u>385,303</u> | <u>385,303</u> |
| Capital assets: | | | |
| Land and construction in progress | 280,796 | 464,210 | 745,006 |
| Other capital assets, net of accumulated depreciation | 898,485 | 2,610,109 | 3,508,594 |
| Total capital assets | <u>1,179,281</u> | <u>3,074,319</u> | <u>4,253,600</u> |
| Total assets | <u>1,984,440</u> | <u>4,180,078</u> | <u>6,164,518</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Derivative instruments-interest rate swaps | | 17,930 | 17,930 |
| Loss on refunding | 15,004 | 62,464 | 77,468 |
| Pension | 76,297 | 17,654 | 93,951 |
| Total deferred outflows of resources | <u>91,301</u> | <u>98,048</u> | <u>189,349</u> |

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

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION

DECEMBER 31, 2015

(Amounts in 000's)

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|---------------------|
| LIABILITIES | | | |
| Accounts payable | \$ 14,292 | \$ 30,801 | \$ 45,093 |
| Accrued wages and benefits | 30,768 | 8,111 | 38,879 |
| Claims payable | 10,707 | | 10,707 |
| Due to other governments | 94,173 | 109,608 | 203,781 |
| Accrued interest payable | 5,129 | 30,032 | 35,161 |
| Unearned revenue | 9,669 | 120 | 9,789 |
| Liabilities payable from restricted assets | | 13,011 | 13,011 |
| Long-term obligations: | | | |
| Due within one year | 92,975 | 103,723 | 196,698 |
| Due in more than one year | 817,681 | 1,782,494 | 2,600,175 |
| Pension | <u>539,489</u> | <u>99,105</u> | <u>638,594</u> |
| Total liabilities | <u>1,614,883</u> | <u>2,177,005</u> | <u>3,791,888</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property tax | 47,146 | | 47,146 |
| Special assessment - TIF | 12,231 | | 12,231 |
| Excess recoverable cost of purchased power | | 2,679 | 2,679 |
| Derivative instruments-interest rate swaps | 37 | 17,926 | 17,963 |
| Pension | <u>2,602</u> | <u>1,814</u> | <u>4,416</u> |
| Total deferred inflows of resources | <u>62,016</u> | <u>22,419</u> | <u>84,435</u> |
| NET POSITION | | | |
| Net investment in capital assets | 653,925 | 1,354,871 | 2,008,796 |
| Restricted for: | | | |
| Capital | 25,993 | 524 | 26,517 |
| Debt service | 46,761 | 229,197 | 275,958 |
| Loans | 51,487 | | 51,487 |
| Other purposes | 42,801 | 11,258 | 54,059 |
| Unrestricted | <u>(422,125)</u> | <u>482,852</u> | <u>60,727</u> |
| Total net position | <u>\$ 398,842</u> | <u>\$ 2,078,702</u> | <u>\$ 2,477,544</u> |

CITY OF CLEVELAND, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in 000's)

| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Program Revenues Operating Grants and Contributions</u> |
|--------------------------------|-------------------------|---------------------------------|--|
| Functions/Programs: | | | |
| Governmental activities: | | | |
| General Government | \$ 140,946 | \$ 23,007 | \$ 4,349 |
| Public Works | 117,040 | 17,587 | 14,753 |
| Public Safety | 328,453 | 13,032 | 3,806 |
| Community Development | 35,026 | 844 | 32,729 |
| Building and Housing | 13,433 | 16,408 | 3,609 |
| Public Health | 16,841 | 2,544 | 8,974 |
| Economic Development | 29,474 | 103 | 11,752 |
| Interest on debt | <u>36,489</u> | <u> </u> | <u> </u> |
| Total governmental activities | <u>717,702</u> | <u>73,525</u> | <u>79,972</u> |
| Business-type activities: | | | |
| Water | 259,892 | 301,283 | 413 |
| Electricity | 197,823 | 192,861 | 3,225 |
| Airport facilities | 162,499 | 128,033 | 85 |
| Nonmajor activities: | | | |
| Sewer | 23,173 | 26,800 | 61 |
| Public Auditorium | 2,842 | 1,197 | |
| Westside Market | 1,909 | 1,284 | 4 |
| Eastside Market | 121 | | |
| Municipal Parking Lots | 6,767 | 8,576 | 189 |
| Cemeteries | 2,135 | 1,494 | 9 |
| Golf Courses | <u>141</u> | <u> </u> | <u>36</u> |
| Total business-type activities | <u>657,302</u> | <u>661,528</u> | <u>4,022</u> |
| Total | <u>\$ 1,375,004</u> | <u>\$ 735,053</u> | <u>\$ 83,994</u> |

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

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

| Net (Expense) Revenue and Changes in Net Position | | | |
|--|------------------------------------|-------------------------------------|---------------------|
| Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| \$ 415 | \$ (113,175) | \$ | \$ (113,175) |
| 45,581 | (39,119) | | (39,119) |
| 91 | (311,524) | | (311,524) |
| | (1,453) | | (1,453) |
| | 6,584 | | 6,584 |
| | (5,323) | | (5,323) |
| | (17,619) | | (17,619) |
| | (36,489) | | (36,489) |
| <u>46,087</u> | <u>(518,118)</u> | <u>-</u> | <u>(518,118)</u> |
| 25,158 | | 66,962 | 66,962 |
| 481 | | (1,256) | (1,256) |
| 20,159 | | (14,222) | (14,222) |
| | | 3,688 | 3,688 |
| | | (1,645) | (1,645) |
| 268 | | (353) | (353) |
| | | (121) | (121) |
| 256 | | 2,254 | 2,254 |
| 721 | | 89 | 89 |
| | | (105) | (105) |
| <u>47,043</u> | <u>-</u> | <u>55,291</u> | <u>55,291</u> |
| <u>\$ 93,130</u> | <u>(518,118)</u> | <u>55,291</u> | <u>(462,827)</u> |
| | 346,797 | | 346,797 |
| | 55,017 | | 55,017 |
| | 38,904 | | 38,904 |
| | 34,974 | | 34,974 |
| | 26,567 | | 26,567 |
| | 1,060 | 4 | 1,064 |
| | 8,760 | | 8,760 |
| | (1,957) | 1,957 | - |
| | <u>510,122</u> | <u>1,961</u> | <u>512,083</u> |
| | (7,996) | 57,252 | 49,256 |
| | <u>406,838</u> | <u>2,021,450</u> | <u>2,428,288</u> |
| | <u>\$ 398,842</u> | <u>\$ 2,078,702</u> | <u>\$ 2,477,544</u> |

CITY OF CLEVELAND, OHIO

**BALANCE SHEET-GOVERNMENTAL FUNDS
DECEMBER 31, 2015
(Amounts in 000's)**

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|--------------------------|---|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ 79,239 | \$ 318,050 | \$ 397,289 |
| Investments | | 294 | 294 |
| Receivables: | | | |
| Taxes | 104,472 | 36,255 | 140,727 |
| Accounts | 31,687 | 7 | 31,694 |
| Grants | | 8,696 | 8,696 |
| Loans | | 170,832 | 170,832 |
| Accrued interest | | 13 | 13 |
| Assessments | | 4,694 | 4,694 |
| Less: Allowance for doubtful accounts | <u>(22,148)</u> | | <u>(22,148)</u> |
| Receivables, net | <u>114,011</u> | <u>220,497</u> | <u>334,508</u> |
| Due from other funds | 1,941 | 7,847 | 9,788 |
| Due from other governments | 22,192 | 21,570 | 43,762 |
| Inventory of supplies | <u>740</u> | <u>865</u> | <u>1,605</u> |
| TOTAL ASSETS | <u>\$ 218,123</u> | <u>\$ 569,123</u> | <u>\$ 787,246</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 4,966 | \$ 8,554 | \$ 13,520 |
| Accrued wages and benefits | 28,517 | 1,641 | 30,158 |
| Due to other governments | 2,758 | 90,424 | 93,182 |
| Unearned revenue | 1,390 | 8,279 | 9,669 |
| Due to other funds | <u>8,404</u> | <u>9,809</u> | <u>18,213</u> |
| Total liabilities | <u>46,035</u> | <u>118,707</u> | <u>164,742</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflow | <u>90,879</u> | <u>55,267</u> | <u>146,146</u> |
| Total deferred inflows of resources | <u>90,879</u> | <u>55,267</u> | <u>146,146</u> |
| FUND BALANCES | | | |
| Nonspendable | 740 | 865 | 1,605 |
| Restricted | | 312,089 | 312,089 |
| Committed | | 82,189 | 82,189 |
| Assigned | 11,979 | 6 | 11,985 |
| Unassigned | <u>68,490</u> | | <u>68,490</u> |
| Total fund balances | <u>81,209</u> | <u>395,149</u> | <u>476,358</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 218,123</u> | <u>\$ 569,123</u> | |

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

| | |
|--|------------------|
| Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the funds. | 1,174,870 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 86,769 |
| Long-term liabilities, including bonds and claims payable, are not due and payable in the current period and therefore are not reported in the funds. | (884,967) |
| The assets, liabilities and deferred outflows/inflows of resources of most of the internal service funds are included in the governmental activities in the statement of net position. | 4,453 |
| The net pension liability is not due and payable in the current period; therefore the liability and related deferred inflows/outflows of resources are not reported in governmental funds: | <u>(458,641)</u> |

| | |
|---|-------------------|
| Net position of governmental activities | <u>\$ 398,842</u> |
|---|-------------------|

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

CITY OF CLEVELAND, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

(Amounts in 000's)

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|---|---|
| REVENUES: | | | |
| Income taxes | \$ 311,174 | \$ 39,350 | \$ 350,524 |
| Property taxes | 32,673 | 17,024 | 49,697 |
| State local government funds | 26,433 | | 26,433 |
| Other taxes | 38,904 | | 38,904 |
| Other shared revenues | 16,564 | 32,300 | 48,864 |
| Licenses and permits | 16,741 | 2,143 | 18,884 |
| Charges for services | 31,740 | 3,429 | 35,169 |
| Fines, forfeits and settlements | 15,169 | 3,695 | 18,864 |
| Investment earnings | 498 | 429 | 927 |
| Grants | 399 | 101,858 | 102,257 |
| Contributions | | 2,803 | 2,803 |
| Miscellaneous | 5,036 | 8,529 | 13,565 |
| Total revenues | <u>495,331</u> | <u>211,560</u> | <u>706,891</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | 79,272 | 7,414 | 86,686 |
| Public Works | 66,301 | 24,660 | 90,961 |
| Public Safety | 306,492 | 4,685 | 311,177 |
| Community Development | 265 | 32,811 | 33,076 |
| Building and Housing | 9,135 | 4,284 | 13,419 |
| Public Health | 6,150 | 10,312 | 16,462 |
| Economic Development | 1,480 | 27,913 | 29,393 |
| Other | 8,635 | | 8,635 |
| Capital outlay | 3,750 | 123,251 | 127,001 |
| Inception of capital lease | | 571 | 571 |
| Debt service: | | | |
| Principal retirement | 250 | 48,398 | 48,648 |
| Interest | | 28,627 | 28,627 |
| General Government | | 2,462 | 2,462 |
| Other | | 1,071 | 1,071 |
| Total expenditures | <u>481,730</u> | <u>316,459</u> | <u>798,189</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>13,601</u> | <u>(104,899)</u> | <u>(91,298)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 1,693 | 90,580 | 92,273 |
| Transfers out | (28,727) | (66,007) | (94,734) |
| Issuance of debt | | 101,385 | 101,385 |
| Premium on bonds | | 30,085 | 30,085 |
| Payment to refund bonds | | (135,757) | (135,757) |
| Sale of City assets | 315 | 1,398 | 1,713 |
| Issuance of refunding bonds | | 117,325 | 117,325 |
| Total other financing sources (uses) | <u>(26,719)</u> | <u>139,009</u> | <u>112,290</u> |
| NET CHANGE IN FUND BALANCES | (13,118) | 34,110 | 20,992 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>94,327</u> | <u>361,039</u> | <u>455,366</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 81,209</u> | <u>\$ 395,149</u> | <u>\$ 476,358</u> |

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

CITY OF CLEVELAND, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES OF GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

(Amounts in 000's)

Amounts reported for governmental activities in the statement of activities (pages 58 and 59) are different because:

| | |
|--|-------------------|
| Net change in fund balances - total governmental funds (page 61) | \$ 20,992 |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 42,651 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 2,008 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences, including accrued interest, in the treatment of long-term debt and related items. | (59,961) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (12,983) |
| Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources, except for changes in the net pension liability which are reported as pension expense in the statement of activities. | (3,179) |
| The net revenue of certain activities of internal service funds is reported with governmental activities. | <u>2,476</u> |
| Change in net position of governmental activities (pages 58 and 59) | <u>\$ (7,996)</u> |

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

CITY OF CLEVELAND, OHIO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (BUDGET AND ACTUAL) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual*</u> | <u>Variance- Positive (Negative)</u> |
|---|----------------------------|-------------------------|------------------|--|
| REVENUES: | | | | |
| Income taxes | \$ 299,732 | \$ 304,732 | \$ 308,947 | \$ 4,215 |
| Property taxes | 33,465 | 33,465 | 32,684 | (781) |
| State local government funds | 25,949 | 25,949 | 26,580 | 631 |
| Other taxes | 34,350 | 34,350 | 40,051 | 5,701 |
| Other shared revenues | 13,490 | 13,490 | 13,525 | 35 |
| Licenses and permits | 14,449 | 14,449 | 16,684 | 2,235 |
| Charges for services | 31,617 | 31,617 | 31,395 | (222) |
| Fines, forfeits and settlements | 15,758 | 15,758 | 15,691 | (67) |
| Investment earnings | 400 | 400 | 445 | 45 |
| Grants | 417 | 417 | 385 | (32) |
| Miscellaneous | <u>19,926</u> | <u>19,926</u> | <u>24,635</u> | <u>4,709</u> |
| Total revenues | 489,553 | 494,553 | 511,022 | 16,469 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 92,838 | 92,533 | 85,851 | 6,682 |
| Public Works | 67,146 | 66,641 | 65,341 | 1,300 |
| Public Safety | 307,234 | 321,644 | 309,858 | 11,786 |
| Community Development | 291 | 291 | 270 | 21 |
| Building and Housing | 9,937 | 9,312 | 8,933 | 379 |
| Public Health | 6,417 | 6,992 | 6,350 | 642 |
| Economic Development | 1,693 | 1,693 | 1,488 | 205 |
| Other | 22,101 | 17,051 | 16,485 | 566 |
| Capital outlay | 250 | 250 | 250 | - |
| Principal retirement | <u>250</u> | <u>250</u> | <u>250</u> | <u>-</u> |
| Total expenditures | 508,157 | 516,657 | 495,076 | 21,581 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (18,604) | (22,104) | 15,946 | 38,050 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 4,993 | 4,993 | 5,446 | 453 |
| Transfers out | (34,174) | (30,674) | (29,862) | 812 |
| Sale of City assets | | | <u>315</u> | <u>315</u> |
| Total other financing sources (uses) | <u>(29,181)</u> | <u>(25,681)</u> | <u>(24,101)</u> | <u>1,580</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>(47,785)</u> | <u>(47,785)</u> | <u>(8,155)</u> | <u>39,630</u> |
| DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES | | | <u>625</u> | <u>625</u> |
| NET CHANGE IN FUND BALANCE | <u>(47,785)</u> | <u>(47,785)</u> | <u>(7,530)</u> | <u>40,255</u> |
| FUND BALANCE AT BEGINNING OF YEAR | <u>49,627</u> | <u>49,627</u> | <u>49,627</u> | <u>-</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 1,842</u> | <u>\$ 1,842</u> | <u>\$ 42,097</u> | <u>\$ 40,255</u> |

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

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

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

DECEMBER 31, 2015

(Amounts in 000's)

| | Business Type Activities - Enterprise Funds | | | | Total Enterprise Funds | Governmental Activities - Internal Service Funds |
|--|---|------------------------|----------------------------|---------------------------|------------------------|--|
| | Division of Water | Cleveland Public Power | Department of Port Control | Nonmajor Enterprise Funds | | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 286,286 | \$ 57,358 | \$ 85,383 | \$ 56,923 | \$ 485,950 | \$ 23,970 |
| Restricted cash and cash equivalents | 3,686 | 2,004 | 7,321 | | 13,011 | |
| Investments | 10,008 | | 4,003 | | 14,011 | |
| Receivables: | | | | | | |
| Accounts | 68,476 | 19,345 | 4,671 | 86,357 | 178,849 | 26 |
| Recoverable costs of purchased power | | 1,698 | | | 1,698 | |
| Unbilled revenue | 35,136 | 2,527 | 4,700 | 3,743 | 46,106 | |
| Accrued interest | 1 | | | 1 | 2 | |
| Less: Allowance for doubtful accounts | (14,786) | (10,154) | (1,389) | (2,696) | (29,025) | |
| Receivables, net | 88,827 | 13,416 | 7,982 | 87,405 | 197,630 | 26 |
| Due from other funds | 4,454 | 2,850 | 9 | 187 | 7,500 | 12,603 |
| Due from other governments | | | 3,705 | | 3,705 | |
| Inventory of supplies | 9,476 | 8,408 | 2,125 | 469 | 20,478 | 957 |
| Prepaid expenses and other assets | 731 | 167 | 510 | 5 | 1,413 | 17 |
| Total current assets | 403,468 | 84,203 | 111,038 | 144,989 | 743,698 | 37,573 |
| Noncurrent assets: | | | | | | |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 113,646 | 21,574 | 220,470 | 14,442 | 370,132 | |
| Accrued interest receivable | 9 | | 9 | 1 | 19 | |
| Accrued passenger facility charges | | | 2,141 | | 2,141 | |
| Total restricted assets | 113,655 | 21,574 | 222,620 | 14,443 | 372,292 | - |
| Capital assets: | | | | | | |
| Land | 5,463 | 5,568 | 167,457 | 13,728 | 192,216 | 663 |
| Land improvements | 17,427 | 305 | 84,172 | 11,465 | 113,369 | 146 |
| Utility plant | 1,798,784 | 518,471 | | 144,630 | 2,461,885 | |
| Buildings, structures and improvements | 264,109 | 22,110 | 341,832 | 108,769 | 736,820 | 4,127 |
| Furniture, fixtures, equipment and vehicles | 604,903 | 83,420 | 49,986 | 21,121 | 759,430 | 17,281 |
| Infrastructure | | | 1,000,603 | | 1,000,603 | |
| Construction in progress | 86,647 | 82,694 | 75,032 | 27,621 | 271,994 | |
| Less: Accumulated depreciation | (1,045,479) | (358,844) | (873,327) | (184,470) | (2,462,120) | (17,684) |
| Total capital assets, net | 1,731,854 | 353,724 | 845,755 | 142,864 | 3,074,197 | 4,533 |
| Total noncurrent assets | 1,845,509 | 375,298 | 1,068,375 | 157,307 | 3,446,489 | 4,533 |
| TOTAL ASSETS | 2,248,977 | 459,501 | 1,179,413 | 302,296 | 4,190,187 | 42,106 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Derivative instruments-interest rate swaps | 17,926 | | | 4 | 17,930 | |
| Loss on refunding | 26,232 | 15,844 | 19,167 | 1,221 | 62,464 | |
| Pension | 8,715 | 3,012 | 3,398 | 1,570 | 16,695 | 2,644 |
| Total deferred outflows of resources | 52,873 | 18,856 | 22,565 | 2,795 | 97,089 | 2,644 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 2,301,850 | \$ 478,357 | \$ 1,201,978 | \$ 305,091 | \$ 4,287,276 | \$ 44,750 |

(Continued)

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

DECEMBER 31, 2015

(Amounts in 000's)

| | Business-Type Activities - Enterprise Funds | | | | Total Enterprise Funds | Governmental Activities - Internal Service Funds |
|---|---|------------------------|----------------------------|---------------------------|------------------------|--|
| | Division of Water | Cleveland Public Power | Department of Port Control | Nonmajor Enterprise Funds | | |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 7,178 | \$ 14,446 | \$ 7,922 | \$ 1,872 | \$ 31,418 | \$ 1,638 |
| Accrued wages and benefits | 7,543 | 2,410 | 3,348 | 1,594 | 14,895 | 16,183 |
| Claims payable | | | | | - | 10,707 |
| Due to other funds | 3,170 | 1,099 | 2,413 | 4,688 | 11,370 | 308 |
| Due to other governments | | | 5,257 | 104,351 | 109,608 | 991 |
| Accrued interest payable | 12,182 | 1,232 | 16,255 | 363 | 30,032 | |
| Current payable from restricted assets | 3,686 | 2,004 | 7,321 | | 13,011 | |
| Current portion of long-term obligations | 49,532 | 8,055 | 34,415 | 3,362 | 95,364 | |
| Unearned revenue | | | | 120 | 120 | |
| Total current liabilities | <u>83,291</u> | <u>29,246</u> | <u>76,931</u> | <u>116,350</u> | <u>305,818</u> | <u>29,827</u> |
| Noncurrent liabilities: | | | | | | |
| Accrued wages and benefits | 1,403 | 437 | 618 | 203 | 2,661 | 571 |
| Construction loans payable | 91,045 | | | 271 | 91,316 | |
| Accreted interest payable | | 13,836 | | | 13,836 | |
| Revenue bonds payable | 660,376 | 215,039 | 774,428 | 21,490 | 1,671,333 | |
| Pension | 49,432 | 16,397 | 19,049 | 9,404 | 94,282 | 13,503 |
| Other | | 3,146 | | | 3,146 | |
| Total noncurrent liabilities | <u>802,256</u> | <u>248,855</u> | <u>794,095</u> | <u>31,368</u> | <u>1,876,574</u> | <u>14,074</u> |
| Total liabilities | <u>885,547</u> | <u>278,101</u> | <u>871,026</u> | <u>147,718</u> | <u>2,182,392</u> | <u>43,901</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Excess recoverable costs of purchased power | | 2,679 | | | 2,679 | |
| Derivative instruments-interest rate swaps | 17,926 | | | | 17,926 | |
| Pension | 906 | 300 | 349 | 171 | 1,726 | 247 |
| Total deferred inflows of resources | <u>18,832</u> | <u>2,979</u> | <u>349</u> | <u>171</u> | <u>22,331</u> | <u>247</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 979,643 | 165,505 | 87,932 | 121,669 | 1,354,749 | 4,533 |
| Restricted for capital projects | 51 | 473 | | | 524 | |
| Restricted for debt service | 92,506 | 3,031 | 128,103 | 5,557 | 229,197 | |
| Restricted for passenger facility charges | | | 11,258 | | 11,258 | |
| Unrestricted | <u>325,271</u> | <u>28,268</u> | <u>103,310</u> | <u>29,976</u> | <u>486,825</u> | <u>(3,931)</u> |
| Total net position | <u>1,397,471</u> | <u>197,277</u> | <u>330,603</u> | <u>157,202</u> | <u>2,082,553</u> | <u>602</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 2,301,850</u> | <u>\$ 478,357</u> | <u>\$ 1,201,978</u> | <u>\$ 305,091</u> | | <u>\$ 44,750</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | (3,851) | |
| NET POSITION OF BUSINESS-TYPE ACTIVITIES | | | | | <u>\$ 2,078,702</u> | |

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

(Concluded)

CITY OF CLEVELAND, OHIO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Business-Type Activities - Enterprise Funds | | | | Total Enterprise Funds | Governmental Activities - Internal Service Funds |
|---|---|------------------------------|----------------------------------|---------------------------------|------------------------------|---|
| | Division of Water | Cleveland Public Power | Department of Port Control | Nonmajor Enterprise Funds | | |
| OPERATING REVENUES: | | | | | | |
| Charges for services | \$ 301,276 | \$ 192,861 | \$ 128,033 | \$ 39,351 | \$ 661,521 | \$ 124,649 |
| Total operating revenue | <u>301,276</u> | <u>192,861</u> | <u>128,033</u> | <u>39,351</u> | <u>661,521</u> | <u>124,649</u> |
| OPERATING EXPENSES: | | | | | | |
| Operations | 104,991 | 24,638 | 71,448 | 18,816 | 219,893 | 119,179 |
| Maintenance | 60,990 | 17,713 | 3,393 | 8,326 | 90,422 | 3,273 |
| Purchased power | | 123,799 | | | 123,799 | |
| Depreciation | 70,359 | 18,511 | 52,320 | 8,484 | 149,674 | 572 |
| Total operating expenses | <u>236,340</u> | <u>184,661</u> | <u>127,161</u> | <u>35,626</u> | <u>583,788</u> | <u>123,024</u> |
| OPERATING INCOME (LOSS) | <u>64,936</u> | <u>8,200</u> | <u>872</u> | <u>3,725</u> | <u>77,733</u> | <u>1,625</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | | | | |
| Investment income (loss) | 439 | 73 | 165 | 256 | 933 | 30 |
| Interest expense | (23,616) | (10,462) | (30,842) | (1,478) | (66,398) | |
| Passenger facility charges | | | 16,198 | | 16,198 | |
| Sound insulation program | | | (329) | | (329) | |
| Loss on disposal of capital assets | (19) | (2,551) | (34) | (4) | (2,608) | (62) |
| Other revenues (expenses) | 5,133 | 3,633 | (4,204) | 45 | 4,607 | |
| Total non-operating revenues (expenses) | <u>(18,063)</u> | <u>(9,307)</u> | <u>(19,046)</u> | <u>(1,181)</u> | <u>(47,597)</u> | <u>(32)</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 46,873 | (1,107) | (18,174) | 2,544 | 30,136 | 1,593 |
| Capital contributions and other contributions | 19,999 | | 3,881 | 1,243 | 25,123 | 415 |
| Transfers in | | | | 1,957 | 1,957 | 504 |
| Change in net position | <u>66,872</u> | <u>(1,107)</u> | <u>(14,293)</u> | <u>5,744</u> | <u>57,216</u> | <u>2,512</u> |
| NET POSITION AT BEGINNING OF YEAR (as restated) | <u>1,330,599</u> | <u>198,384</u> | <u>344,896</u> | <u>151,458</u> | | <u>(1,910)</u> |
| NET POSITION AT END OF YEAR | <u>\$ 1,397,471</u> | <u>\$ 197,277</u> | <u>\$ 330,603</u> | <u>\$ 157,202</u> | | <u>\$ 602</u> |
| Adjustment to reflect consolidation of internal service fund activities related to enterprise funds | | | | | <u>36</u> | |
| CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES | | | | | <u>\$ 57,252</u> | |

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

CITY OF CLEVELAND, OHIO

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Business-Type Activities - Enterprise Funds | | | | Total Enterprise Funds | Governmental Activities - Internal Service Funds |
|---|---|------------------------------|----------------------------------|---------------------------------|------------------------------|---|
| | Division of Water | Cleveland Public Power | Department of Port Control | Nonmajor Enterprise Funds | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash received from customers | \$ 300,120 | \$ 195,533 | \$ 132,902 | \$ 37,541 | \$ 666,096 | \$ 124,480 |
| Cash payments to suppliers for goods or services | (85,021) | (19,287) | (45,539) | (15,123) | (164,970) | (103,029) |
| Cash payments to employees for services | (72,584) | (20,495) | (28,669) | (12,921) | (134,669) | (22,534) |
| Cash payments for purchased power | | (117,233) | | | (117,233) | |
| Agency activity on behalf of other sewer authorities | | | | 4,003 | 4,003 | |
| Other | (503) | (5,408) | | (9) | (5,920) | |
| Net cash provided by (used for) operating activities | <u>142,012</u> | <u>33,110</u> | <u>58,694</u> | <u>13,491</u> | <u>247,307</u> | <u>(1,083)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| Disbursement of non-capital grant proceeds | | | (323) | | (323) | |
| Cash received through transfers from other funds | | | | 1,957 | 1,957 | 504 |
| Cash received for royalties | | | | 36 | 36 | |
| Grants | 25 | | | | 25 | |
| Cash received from settlements | | | 278 | | 278 | |
| Cash received from electric excise tax | | 3,068 | | | 3,068 | |
| Net cash provided by (used for) noncapital financing activities | <u>25</u> | <u>3,068</u> | <u>(45)</u> | <u>1,993</u> | <u>5,041</u> | <u>504</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Cash receipts for passenger facility charges | | | 15,990 | | 15,990 | |
| Proceeds from sale of revenue bonds, loans and notes | 234,518 | | | | 234,518 | |
| Acquisition and construction of capital assets | (37,057) | (17,296) | (31,542) | (10,887) | (96,782) | (444) |
| Principal paid on long-term debt | (138,996) | (7,500) | (33,155) | (3,285) | (182,936) | |
| Interest paid on long-term debt | (29,520) | (10,410) | (33,969) | (1,370) | (75,269) | |
| Cash paid to escrow agent for refunding | (144,782) | | | | (144,782) | |
| Capital grant proceeds | | | 2,729 | | 2,729 | |
| Net cash provided by (used for) capital and related financing activities | <u>(115,837)</u> | <u>(35,206)</u> | <u>(79,947)</u> | <u>(15,542)</u> | <u>(246,532)</u> | <u>(444)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Purchase of investment securities | (5) | | (2) | | (7) | |
| Interest received on investments | 503 | 75 | 171 | 67 | 816 | 30 |
| Net cash provided by (used for) investing activities | <u>498</u> | <u>75</u> | <u>169</u> | <u>67</u> | <u>809</u> | <u>30</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 26,698 | 1,047 | (21,129) | 9 | 6,625 | (993) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 376,920 | 79,889 | 334,303 | 71,356 | 862,468 | 24,963 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 403,618 | \$ 80,936 | \$ 313,174 | \$ 71,365 | \$ 869,093 | \$ 23,970 |

(Continued)

CITY OF CLEVELAND, OHIO

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|--|---|------------------------------|----------------------------------|---------------------------------|------------------------------|---|
| | Division of Water | Cleveland Public Power | Department of Port Control | Nonmajor Enterprise Funds | Total Enterprise Funds | |
| RECONCILIATION OF OPERATING | | | | | | |
| INCOME (LOSS) TO NET CASH PROVIDED | | | | | | |
| BY (USED FOR) OPERATING ACTIVITIES: | | | | | | |
| Operating income (loss) | \$ 64,936 | \$ 8,200 | \$ 872 | \$ 3,725 | \$ 77,733 | \$ 1,625 |
| Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Depreciation | 70,359 | 18,511 | 52,320 | 8,484 | 149,674 | 572 |
| (Increase) Decrease in Assets: | | | | | | |
| Receivables, net | (5,593) | (3,129) | 929 | 2,476 | (5,317) | (11) |
| Prepaid expenses and other assets | 527 | 7,936 | 5 | (5) | 8,463 | (9) |
| Due from other funds | 12,941 | 203 | (3) | 153 | 13,294 | 596 |
| Inventory of supplies | (1,400) | 408 | 111 | (28) | (909) | 3 |
| (Increase) Decrease in Deferred Outflows of Resources: | | | | | | |
| Pension | (2,540) | (964) | (1,019) | (395) | (4,918) | (957) |
| Increase (Decrease) in Liabilities: | | | | | | |
| Accounts payable | 1,088 | 353 | 4,389 | 18 | 5,848 | (63) |
| Accrued wages and benefits | (71) | (161) | 134 | 54 | (44) | 135 |
| Pension | 1,035 | 343 | 399 | 196 | 1,973 | 282 |
| Claims payable | | | | | - | (3,269) |
| Due to other funds | (572) | (4,115) | 603 | (9,854) | (13,938) | (26) |
| Due to other governments | | | (395) | 8,376 | 7,981 | (208) |
| Unearned revenue | | | | 120 | 120 | |
| Accrued expenses and other liabilities | 396 | 2,546 | | | 2,942 | |
| Increase (Decrease) in Deferred Inflows of Resources: | | | | | | |
| Excess purchased power costs | | 2,679 | | | 2,679 | |
| Pension | 906 | 300 | 349 | 171 | 1,726 | 247 |
| Total adjustments | <u>77,076</u> | <u>24,910</u> | <u>57,822</u> | <u>9,766</u> | <u>169,574</u> | <u>(2,708)</u> |
| NET CASH PROVIDED BY (USED FOR) | | | | | | |
| OPERATING ACTIVITIES | <u>\$ 142,012</u> | <u>\$ 33,110</u> | <u>\$ 58,694</u> | <u>\$ 13,491</u> | <u>\$ 247,307</u> | <u>\$ (1,083)</u> |
| SCHEDULE OF NONCASH CAPITAL AND RELATED | | | | | | |
| FINANCING ACTIVITIES: | | | | | | |
| Contributions of capital assets | \$ 19,974 | \$ | \$ | \$ 1,243 | \$ 21,217 | \$ 415 |

(Concluded)

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

CITY OF CLEVELAND, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

DECEMBER 31, 2015

(Amounts in 000's)

| | Agency Funds |
|----------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 27,926 |
| Taxes receivable | 16,991 |
| Due from other governments | <u>1,491</u> |
| Total assets | <u>\$ 46,408</u> |
| LIABILITIES | |
| Due to other governments | \$ 22,923 |
| Due to others | <u>23,485</u> |
| Total liabilities | <u>\$ 46,408</u> |

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

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CITY OF CLEVELAND, OHIO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF CITY OPERATIONS AND REPORTING ENTITY

The City: The City of Cleveland, Ohio (the City) operates under an elected Mayor/Council (17 Council members) administrative/legislative form of government.

Reporting Entity: The accompanying financial statements as of December 31, 2015 and for the year then ended have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

In evaluating how to define the governmental reporting entity, the City complies with the provisions of GASB Statement No. 61, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions and component units for which the City (primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

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

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

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies:

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

A. *Government-Wide and Fund Financial Statements*

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

Basic Financial Statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. The City’s General Fund budget to actual statement is presented as part of the basic financial statements.
4. Notes to financial statements provide information that is essential to a user’s understanding of the basic financial statements.
5. The Required Supplementary Information is essential to a user’s understanding of the City pension liability and contributions made to fund it.

B. ***Financial Reporting Presentation***

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

GOVERNMENTAL FUNDS

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

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

C. ***Measurement Focus and Basis of Accounting***

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The City uses unrestricted resources that are committed first, assigned second and unassigned last.

D. **Budgetary Procedures**

The City is required by State law to adopt annual budgets for the General Fund, certain Special Revenue Funds (including the Division of Streets, Restricted Income Tax, Rainy Day Reserve, Schools Recreation and Cultural Activities and Cleveland Stadium Operations Funds), Debt Service Funds (except for Cleveland Stadium Debt Service, Urban Renewal and Urban Renewal Reserve Funds) and Proprietary Operating Funds. Modifications to the original budget are approved by City Council throughout the year. The City maintains budgetary control by not permitting expenditures to exceed appropriations for personnel costs (including benefits) and other costs (including debt service and capital outlay), within a division of the City, without the approval of City Council. Adjustments to the budget can only be made within a division and then within each category. Further legislation is needed in order to move budget amounts from “personnel” to “other” or vice versa, or between divisions. City Council adopted two appropriation amendments during 2015 which reallocated appropriations and increased the budget by 4.1% from the original budget.

Unencumbered appropriations for annually budgeted funds lapse at year end.

The City’s budgetary process does not include annual budgeting for certain Special Revenue Funds and Capital Project Funds. Appropriations in these funds remain open and carry over to succeeding years (i.e., multi-year) until the related expenditures are made or until they are modified or canceled. Appropriations for these funds are controlled on a project basis.

The City’s budgetary process accounts for certain transactions on a basis other than GAAP. The major differences between the budget basis and the GAAP basis are that:

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

A reconciliation of the General Fund’s results of operations for 2015 reported on the budget basis versus the GAAP basis is as follows:

| | (Amounts in 000's) |
|--|--------------------|
| Excess (deficiency) of Revenues and Other Financing Sources over (under) | |
| Expenditures and Other Financing Uses (Budget Basis) | \$ (8,155) |
| Adjustments: | |
| Revenue Accruals | (19,444) |
| Expenditure and other financing sources (uses) Accruals | 4,722 |
| Encumbrances and Pre-Encumbrances | 9,759 |
| Net Change in Fund Balance | \$ (13,118) |

E. **Other Significant Accounting Policies**

Cash and Cash Equivalents: Cash resources of certain individual funds are combined to form a pool of cash and investments which is managed by the City Treasurer. Investments in the Pooled Cash and Segregated Accounts, consists of obligations of the U.S. Treasury, agencies and instrumentalities; State Treasurer Asset Reserve Fund (STAROhio); commercial paper; U.S. Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; and repurchase transactions are carried at fair value (see Note 4 – Pooled And Segregated Cash And Investments) based on quoted market values, where applicable. Interest earned on pooled cash and investments is distributed to the appropriate funds utilizing a formula based on the month-end balance of cash and investments of each fund. Cash equivalents are defined as highly liquid investments with a maturity of three months or less at the time they are purchased by the City.

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

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

Recoverable Costs of Purchased Power: The City passes through certain power costs to the customer as Energy Adjustment Charges. The power costs related to recoverable costs of purchased power will be billed to customers in future billing periods.

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

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

Capital Assets: Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements to the extent the City's capitalization threshold is met. The City defines capital assets as assets with an estimated useful life in excess of one year and an individual cost of more than \$5,000 for land, furniture, fixtures, equipment and vehicles; and \$10,000 for all other assets or projects. Assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Contributed capital assets are recorded at their estimated fair market value on the date contributed.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized on the straight-line basis over the estimated useful lives of such assets. The City applies guidance provided by the Governmental Accounting Standards Board (GASB). This guidance requires capitalization of the interest cost of the borrowings less interest earned on investment of the bond proceeds from the date of the borrowing until the assets constructed from the bond proceeds are ready for their intended use. This guidance is applied to Waterworks Improvement Revenue Bonds, Public Power System Revenue Bonds and Airport System Revenue Bonds.

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

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

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

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

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

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

Long-Term Obligations: In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities and proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Losses on refundings are deferred and amortized over the life of the new debt, or the life of the refunded debt, whichever is shorter. Bonds payable are reported net of the applicable unamortized bond premium or discount.

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

Swap Agreements: The City may enter into interest rate swap agreements to modify interest rates on outstanding debt. The City has accordingly recorded the fair value of each swap in the Government-wide financial statements. As further described in Note 5 – Debt And Other Long-Term Obligations, the City has four swap agreements outstanding at December 31, 2015, one for its Subordinated Income Tax Variable Rate Refunding Bonds, one on the Parking Facilities Refunding Revenue Bonds and two associated with the 2015 Water Revenue Bonds Series AA and 2010 Water Revenue Bonds Series U and V.

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

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

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

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

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

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

F. **Accounting Pronouncements**

In June of 2012, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* was issued. This Statement is effective for fiscal periods beginning after June 15, 2014. GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or similar arrangements meeting certain criteria. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. As required, the City has implemented GASB Statement No. 68 as of December 31, 2015.

In November of 2013, Governmental Accounting Standards Board (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* was issued. This Statement is effective for fiscal periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. As required, the City has implemented GASB Statement No. 71 as of December 31, 2015.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$885.0 million difference are as follows:

| | (Amounts in 000's) |
|--|---------------------------|
| Bonds and notes payable | \$ (717,649) |
| Other payable | (26,000) |
| Interest rate swap | (37) |
| Unamortized bond premium/discount | (48,278) |
| Accrued interest payable | (5,129) |
| Capital leases payable | (11,354) |
| Claims and adjustments | (13,759) |
| Loss on refunding | 15,004 |
| Compensated absences | <u>(77,765)</u> |
| Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u>\$ (884,967)</u> |

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$42.7 million difference are as follows:

| | (Amounts in 000's) |
|---|---------------------------|
| Capital outlay | \$ 101,395 |
| Contributed Capital | 92 |
| Depreciation expense | (57,888) |
| Capital asset disposal | <u>(948)</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ 42,651</u> |

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

| | (Amounts in 000's) |
|--|---------------------------|
| Reversal of prior year deferred inflows of resources | \$ (84,761) |
| Current year deferred inflows of resources | <u>86,769</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ 2,008</u> |

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences, including accrued interest and in the treatment of long-term debt is \$60.0 million which is detailed as follows:

| | (Amounts in 000's) |
|--|---------------------------|
| Debt issued or incurred: | |
| Issuance of general obligation bonds and other obligations | \$ (218,710) |
| Accrued interest | 2,321 |
| Interest rate swap | 108 |
| Premium on debt | (30,085) |
| Principal repayments: | |
| General obligation debt and other obligations | 46,740 |
| Payment on capital lease | 3,908 |
| Payment on loan | |
| Refunding of general obligation bonds and other obligations | <u>135,757</u> |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ (59,961)</u> |

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$13.0 million difference are as follows:

| | (Amounts in 000's) |
|--|---------------------------|
| Compensated absences | \$ (3,041) |
| Claims judgements | <u>(9,942)</u> |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i> | <u>\$ (12,983)</u> |

NOTE 4 – POOLED AND SEGREGATED CASH AND INVESTMENTS

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

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

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

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

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

Monthly, the City determines that the collateral has a market value adequate to cover the deposits and that it has been segregated either physically or in book entry form. At year end, the carrying amount of the City's deposits including certificates of deposit was \$112,366,000 and the actual bank balance totaled \$121,774,000. The difference represents outstanding warrants payable and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, \$121,774,000 of the bank balance was insured or collateralized with securities held by the City or by its agent in the City's name.

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

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

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

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

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

Credit Risk: The City's investments as of December 31, 2015 include U.S. Agency Obligations, U.S. Treasury Notes, U.S. Treasury Bills, STAROhio, commercial paper, money market mutual funds, manuscript debt and other investments. The City maintains the highest ratings for its investments. The investments in U.S. Agencies carry a Fitch rating of AAA, the highest rating given by Fitch. The U.S. Treasury Notes and U.S. Treasury Bills carry a Moody's rating of Aaa. Investments in the Dreyfus Government Cash Management Fund, First American Government Obligations Fund, Federated Government Obligations Fund, PNC Treasury Money Market Fund, Morgan Stanley Government Institutional Mutual Funds and STAROhio carry a rating of AAAM, which is the highest money market fund rating given by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. Investments in U.S. Bank N.A. Open Commercial Paper carries a Standard & Poor's rating of A-1+. The City has no investment policy that would further limit its investment choices.

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

| <u>Type of Investment</u> | <u>Fair Value</u> | <u>Cost</u> | <u>Investment Maturities</u> | | |
|--------------------------------|---------------------|---------------------|------------------------------|--------------------|------------------------|
| | | | <u>Less than One Year</u> | <u>1 - 5 Years</u> | <u>5 Years or More</u> |
| | | | (Amounts in 000's) | | |
| U.S. Agency Obligations | \$ 19,995 | \$ 19,995 | \$ | \$ 19,995 | \$ |
| U.S. Treasury Notes | 29,982 | 29,963 | | 29,982 | |
| U.S. Treasury Bills | 294 | 294 | 294 | | |
| STAROhio | 549,670 | 549,670 | 549,670 | | |
| Commercial Paper | 207,068 | 207,068 | 207,068 | | |
| Mutual Funds | 399,865 | 399,865 | 399,865 | | |
| Manuscript Debt | 5,889 | 5,889 | | | 5,889 |
| Other | <u>7,454</u> | <u>7,454</u> | <u>7,454</u> | | |
| Total Investments | 1,220,217 | 1,220,198 | 1,164,351 | 49,977 | 5,889 |
| Total Deposits | <u>112,366</u> | <u>112,366</u> | <u>112,366</u> | | |
| Total Deposits and Investments | <u>\$ 1,332,583</u> | <u>\$ 1,332,564</u> | <u>\$ 1,276,717</u> | <u>\$ 49,977</u> | <u>\$ 5,889</u> |

STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. The fair value of the City's position in STAROhio is equal to the value of the shares the City owns in the investment pool. Investment type "Other" consist of deposits into collective cash escrow pools managed by either Bank of New York, Huntington or US Bank, as trustee.

Concentration of Credit Risk: The City places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. As of December 31, 2015, the investments in U. S. Agency Obligations, U.S. Treasury Notes, U.S. Treasury Bills, STAROhio, commercial paper, mutual funds, manuscript debt and other are approximately 1.6%, 2.5%, less than 1%, 45.0%, 17.0%, 32.8%, 0.5% and 0.6%, respectively, of the City's total investments.

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

Government-Wide Financial Statements

| (Amounts in 000's) | |
|---------------------------|---------------------|
| Unrestricted: | |
| Cash and cash equivalents | \$ 907,209 |
| Investments | 14,305 |
| Restricted: | |
| Cash and cash equivalents | <u>383,143</u> |
| Total | <u>\$ 1,304,657</u> |

Fund Financial Statements

(Amounts in 000's)

Balance Sheet – Governmental Funds:

Unrestricted:

| | | |
|---------------------------|----|------------|
| Cash and cash equivalents | \$ | 397,289 |
| Investments | | <u>294</u> |
| | | 397,583 |

Statement of Net Position – Proprietary Funds:

Enterprise Funds:

Unrestricted:

| | |
|---------------------------|---------|
| Cash and cash equivalents | 485,950 |
| Investments | 14,011 |

Restricted:

| | |
|---------------------------|---------|
| Cash and cash equivalents | 383,143 |
|---------------------------|---------|

Internal Service Funds:

Unrestricted:

| | |
|---------------------------|---------------|
| Cash and cash equivalents | <u>23,970</u> |
| Subtotal | 907,074 |

Statement of Fiduciary Assets and Liabilities:

Unrestricted:

| | |
|---------------------------|---------------|
| Cash and cash equivalents | <u>27,926</u> |
|---------------------------|---------------|

| | |
|-------|----------------------------|
| Total | <u><u>\$ 1,332,583</u></u> |
|-------|----------------------------|

NOTE 5 – DEBT AND OTHER LONG-TERM OBLIGATIONS

A summary of the changes in long-term debt and other long-term obligations of the City during the year ended December 31, 2015, are as follows:

| | Balance January 1, <u>2015</u> | <u>Additions</u> | <u>(Reductions)</u> | Balance December 31, <u>2015</u> | Due Within One <u>Year</u> |
|--|--------------------------------------|-------------------|---------------------|--|----------------------------------|
| | (Amounts in 000's) | | | | |
| Governmental Long-Term Obligations and Notes | | | | | |
| General Obligation Bonds due through 2033 | \$ 257,565 | \$ 60,905 | \$ (89,730) | \$ 228,740 | \$ 22,635 |
| <i>Other Obligations:</i> | | | | | |
| Urban Renewal Bonds due through 2018, 6.75% | 3,030 | | (685) | 2,345 | 730 |
| Subordinated Income Tax Refunding | | | | | |
| Bonds due through 2024, 5.00% | 43,650 | 28,975 | (33,740) | 38,885 | 3,610 |
| Subordinate Lien Income Tax Bonds | | | | | |
| due through 2042, 1.00% to 6.34% | 188,335 | 113,550 | (35,890) | 265,995 | 7,835 |
| <i>Non-Tax Revenue Bonds:</i> | | | | | |
| Stadium due through 2020, 2.00% to 5.00% | 7,745 | | (610) | 7,135 | 1,325 |
| Taxable Economic and Community Dev. (Core City Bonds) | | | | | |
| due through 2033, 0.60% to 3.75% | 36,400 | 15,280 | (875) | 50,805 | 1,985 |
| Lower Euclid Ave. TIF 2003A due through 2032, 2.00% to 4.00% | 6,058 | | (169) | 5,889 | 191 |
| Annual Appropriation Bonds - Flats East Bank due through 2035, 5.75% to 6.00% | 10,280 | | (260) | 10,020 | 275 |
| Certificates of Participation-Stadium due through 2028, 0.86% to 5.00% | 111,780 | | (6,185) | 105,595 | 6,495 |
| State Infrastructure Bank Loan | 1,318 | | (248) | 1,070 | 255 |
| West 150th Street Improvement Loan | 983 | | (63) | 920 | 64 |
| Capital Lease Obligations, due through 2020, 1.39% to 3.22% | 15,262 | | (3,908) | 11,354 | 4,010 |
| Gateway Note Payable, due through 2016 | 500 | | (250) | 250 | 250 |
| Cleveland Browns Stadium | 28,000 | | (2,000) | 26,000 | 2,000 |
| Accrued wages and benefits | 47,259 | 10,966 | (10,073) | 48,152 | 29,296 |
| Net pension liability: | | | | | |
| Ohio Public Employees Retirement System | 139,053 | 2,974 | | 142,027 | |
| Ohio Police and Fire Pension Fund | 373,669 | 23,793 | | 397,462 | |
| Police and fire overtime | 40,198 | 4,999 | (2,974) | 42,223 | 610 |
| Fire deferred vacation | 2,357 | 524 | (468) | 2,413 | 314 |
| Estimated claims payable | 7,389 | 11,272 | (4,074) | 14,587 | 11,095 |
| | 1,320,831 | 273,238 | (192,202) | 1,401,867 | 92,975 |
| Unamortized (discount)/premium - net | 25,184 | 30,085 | (6,991) | 48,278 | |
| Total Governmental Activities, Net | \$ 1,346,015 | \$ 303,323 | \$ (199,193) | \$ 1,450,145 | \$ 92,975 |

| | Balance | | Balance | | Due |
|--|--------------------|------------|--------------|--------------|------------|
| | January 1, | | December 31, | | Within One |
| | 2015 | Additions | (Reductions) | 2015 | Year |
| | (Amounts in 000's) | | | | |
| Business-Type Activities (Enterprise Funds) | | | | | |
| Airport System Revenue Bonds: | | | | | |
| Series 2000C due through 2031, 4.00% to 5.00% | \$ 143,800 | \$ | \$ (5,400) | \$ 138,400 | \$ 5,700 |
| Series 2006A-B due through 2024, 5.00% to 5.25% | 106,555 | | (7,625) | 98,930 | 8,020 |
| Series 2007B due through 2027, 5.00% | 8,525 | | (600) | 7,925 | 630 |
| Series 2008D due through 2024, Variable Rate | 5,975 | | | 5,975 | |
| Series 2009C-D due through 2027, 0.02% to 5.00% | 160,010 | | (11,165) | 148,845 | 11,340 |
| Series 2011A due through 2024, 3.00% to 5.00% | 64,185 | | (6,995) | 57,190 | 7,260 |
| Series 2012A due through 2031, 5.00% | 235,150 | | | 235,150 | |
| Series 2013A due through 2033, Variable Rate | 58,000 | | | 58,000 | |
| Series 2014A&B due through 2027, Variable Rate | 33,325 | | (1,370) | 31,955 | 1,465 |
| | 815,525 | - | (33,155) | 782,370 | 34,415 |
| Public Power System Revenue Bonds: | | | | | |
| Series 2006 due through 2024, 5.00% | 51,300 | | (1,580) | 49,720 | 4,435 |
| Series 2008 due through 2038, 4.00% to 5.40% | 86,678 | | | 86,678 | |
| Series 2008 Accreted Interest Payable | 11,707 | 2,129 | | 13,836 | |
| Series 2010 due through 2017, 5.00% | 14,910 | | (5,920) | 8,990 | 3,620 |
| Series 2014 due through 2038, 5.50% | 76,885 | | | 76,885 | |
| | 241,480 | 2,129 | (7,500) | 236,109 | 8,055 |
| Waterworks Improvement Revenue Bonds: | | | | | |
| Series G 1993 due through 2021, 5.50% | 66,220 | | (345) | 65,875 | 9,575 |
| Series N 2005 due through 2016, 4.00% to 5.00% | 21,865 | | (17,060) | 4,805 | 4,805 |
| Series O 2007 due through 2017, 5.00% | 127,660 | | (121,030) | 6,630 | 3,235 |
| Series P 2007 due through 2028, 4.50% to 5.00% | 103,990 | | (9,755) | 94,235 | 5,515 |
| Series Q 2008 due through 2033, Variable Rate | 90,800 | | (90,800) | - | |
| Series T 2009 due through 2021, 4.00% to 5.00% | 57,020 | | (8,335) | 48,685 | 595 |
| Series U 2010 due through 2033, Variable Rate | 54,935 | | | 54,935 | |
| Series V 2010 due through 2033, Variable Rate | 26,495 | | | 26,495 | |
| Series W 2011 due through 2026, 2.00% to 5.00% | 44,420 | | (18,780) | 25,640 | 17,560 |
| Series X 2012 due through 2042, 3.63% to 5.00% | 44,410 | | | 44,410 | |
| Series Y 2015 due through 2037, 4.00% to 5.00% | | 116,205 | | 116,205 | |
| Series Z 2015 due through 2019, 2.00% to 5.00% | | 15,930 | | 15,930 | 825 |
| Series AA 2015 due through 2033, Variable Rate | | 90,800 | | 90,800 | |
| Series A Second Lien 2012 due through 2027, 4.00% to 5.00% | 76,710 | | | 76,710 | |
| | 714,525 | 222,935 | (266,105) | 671,355 | 42,110 |
| Ohio Water Development Authority and Public Works | | | | | |
| Commission Loans due through 2033, 0.00% to 4.18% | 106,815 | | (7,595) | 99,220 | 7,904 |
| Parking Facilities Refunding Revenue Bonds: | | | | | |
| Series 2006 due through 2022, 4.00% to 5.25% | 26,460 | | (2,770) | 23,690 | 2,880 |
| Public Power System Other (See Note 7) | 3,704 | | (308) | 3,396 | 249 |
| Accrued wages and benefits | 10,145 | 1,661 | (1,240) | 10,566 | 7,704 |
| Net pension liability: | | | | | |
| Ohio Public Employees Retirement System | 97,031 | 2,074 | | 99,105 | |
| Estimated claims payable | 847 | 193 | (634) | 406 | 406 |
| | 2,016,532 | 228,992 | (319,307) | 1,926,217 | 103,723 |
| Unamortized (discount)/premium - net | 59,457 | 11,583 | (11,935) | 59,105 | |
| Total Business-Type Activities, Net | \$ 2,075,989 | \$ 240,575 | \$ (331,242) | \$ 1,985,322 | \$ 103,723 |
| Total Debt and Other Long-Term Obligations | \$ 3,422,004 | \$ 543,898 | \$ (530,435) | \$ 3,435,467 | \$ 196,698 |

Internal Service Funds predominantly serve the governmental funds, except the Utilities Administration Fund, which serves only business-type activity funds. Long-term liabilities for all Internal Service Funds, except the Utilities Administration Fund, are included as part of the totals for governmental activities in the government-wide statement of net position. At December 31, 2015, \$1,264,309 and \$8,680,000 of the Internal Service Funds, except for Utilities Administration Fund, compensated absences and pension liability, respectively, were included in the governmental activities. Long-term liabilities for the Utilities Administration Fund are included as part of the totals for business-type activities in the government-wide statements. At December 31, 2015, \$752,632 and \$4,823,000 of the Utilities Administration Fund compensated absences and pension liability, respectively, were included in business-type activities.

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

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

A detailed summary of principal due for General Obligation Bonds and business-type activities debt by purpose is as follows for 2015:

| | <u>Original Issue Amount</u> | <u>Balance January 1, 2015</u> | <u>Additions</u> | <u>(Reductions)</u> | <u>Balance December 31, 2015</u> |
|--|--------------------------------------|--|------------------|---------------------|--|
| (Amounts in 000's) | | | | | |
| Governmental Activities Obligations: | | | | | |
| General Obligation Bonds | | | | | |
| Public Facilities | \$ 68,130 | \$ 43,710 | \$ (18,250) | \$ 25,460 | |
| Convention Center | 1,010 | 850 | (740) | 110 | |
| Residential Redevelopment | 13,985 | 7,775 | (7,075) | 700 | |
| Bridges and Roadways | 97,795 | 59,320 | (26,630) | 32,690 | |
| Parks & Recreation | 38,820 | 23,975 | (15,235) | 8,740 | |
| Refunding Bonds | 261,950 | 106,665 | 60,905 | (13,970) | 153,600 |
| Revitalization | 6,020 | 4,940 | (2,955) | 1,985 | |
| Judgments/Settlements | 12,140 | 10,330 | (4,875) | 5,455 | |
| | <u>499,850</u> | <u>257,565</u> | <u>60,905</u> | <u>(89,730)</u> | <u>228,740</u> |
| Total Governmental Activities | \$ 499,850 | \$ 257,565 | \$ 60,905 | \$ (89,730) | \$ 228,740 |
| Business-Type Activities Obligations: | | | | | |
| Revenue Bonds / Notes | | | | | |
| Airports | \$ 907,475 | \$ 815,525 | \$ (33,155) | \$ 782,370 | |
| Public Power | 302,073 | 229,773 | (7,500) | 222,273 | |
| Waterworks | 1,254,630 | 714,525 | 222,935 | (266,105) | 671,355 |
| Parking Facilities | 57,520 | 26,460 | (2,770) | 23,690 | |
| Loans | | | | | |
| Waterworks | 152,767 | 105,547 | (7,080) | 98,467 | |
| Water Pollution Control | 8,378 | 1,268 | (515) | 753 | |
| | <u>2,682,843</u> | <u>1,893,098</u> | <u>222,935</u> | <u>(317,125)</u> | <u>1,798,908</u> |
| Total Business-Type Activities | \$ 2,682,843 | \$ 1,893,098 | \$ 222,935 | \$ (317,125) | \$ 1,798,908 |

The following is a summary of the City's future debt service requirements as of December 31, 2015:

| Year Ending December 31 | Governmental Activities | | | | | |
|----------------------------|------------------------------|------------------|------------------------------------|-----------------|----------------------------------|-------------------|
| | General Obligation Bonds | | Urban Renewal Bonds | | Subordinated Income Tax Bonds | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | (Amounts in 000's) | | | | | |
| 2016 | \$ 22,635 | \$ 11,181 | \$ 730 | \$ 134 | \$ 11,445 | \$ 14,065 |
| 2017 | 22,350 | 10,071 | 780 | 83 | 11,950 | 13,650 |
| 2018 | 23,085 | 9,033 | 835 | 28 | 14,165 | 13,203 |
| 2019 | 21,750 | 7,922 | | | 14,760 | 12,643 |
| 2020 | 20,020 | 6,812 | | | 15,035 | 12,057 |
| 2021-2025 | 72,285 | 21,439 | | | 72,580 | 50,216 |
| 2026-2030 | 42,690 | 6,542 | | | 86,295 | 32,512 |
| 2031-2035 | 3,925 | 336 | | | 48,215 | 13,771 |
| 2036-2040 | | | | | 26,110 | 3,745 |
| 2041-2045 | | | | | 4,325 | 277 |
| | <u>\$ 228,740</u> | <u>\$ 73,336</u> | <u>\$ 2,345</u> | <u>\$ 245</u> | <u>\$ 304,880</u> | <u>\$ 166,139</u> |
| Year Ending December 31 | Non-Tax Revenue Bonds | | City Annual Appropriation Bonds | | Certificates of Participation | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | (Amounts in 000's) | | | | | |
| 2016 | \$ 3,501 | \$ 2,215 | \$ 275 | \$ 597 | \$ 6,495 | \$ 3,793 |
| 2017 | 3,623 | 2,127 | 290 | 582 | 6,800 | 3,487 |
| 2018 | 3,734 | 2,036 | 310 | 565 | 7,140 | 3,147 |
| 2019 | 3,893 | 1,914 | 325 | 547 | 7,445 | 2,841 |
| 2020 | 4,056 | 1,765 | 345 | 528 | 7,815 | 2,468 |
| 2021-2025 | 25,051 | 6,383 | 2,055 | 2,310 | 42,650 | 8,002 |
| 2026-2030 | 11,559 | 2,751 | 2,745 | 1,616 | 27,250 | 1,606 |
| 2031-2035 | 8,412 | 667 | 3,675 | 688 | | |
| 2036-2040 | | | | | | |
| 2041-2045 | | | | | | |
| | <u>\$ 63,829</u> | <u>\$ 19,858</u> | <u>\$ 10,020</u> | <u>\$ 7,433</u> | <u>\$ 105,595</u> | <u>\$ 25,344</u> |
| Year Ending December 31 | Capital Lease Obligations | | Note/Loans Payable | | Governmental Activities Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| | (Amounts in 000's) | | | | | |
| 2016 | \$ 4,010 | \$ 162 | \$ 569 | \$ 38 | \$ 49,660 | \$ 32,185 |
| 2017 | 2,981 | 93 | 327 | 30 | 49,101 | 30,123 |
| 2018 | 2,489 | 44 | 335 | 22 | 52,093 | 28,078 |
| 2019 | 1,386 | 16 | 343 | 14 | 49,902 | 25,897 |
| 2020 | 488 | 2 | 64 | | 47,823 | 23,632 |
| 2021-2025 | | | 317 | | 214,938 | 88,350 |
| 2026-2030 | | | 285 | | 170,824 | 45,027 |
| 2031-2035 | | | | | 64,227 | 15,462 |
| 2036-2040 | | | | | 26,110 | 3,745 |
| 2041-2045 | | | | | 4,325 | 277 |
| | <u>\$ 11,354</u> | <u>\$ 317</u> | <u>\$ 2,240</u> | <u>\$ 104</u> | <u>\$ 729,003</u> | <u>\$ 292,776</u> |

| Business-Type Activities | | | | |
|------------------------------------|----------------------|-------------------|---------------------------|------------------|
| Year Ending December 31 | Revenue Bonds | | Construction Loans | |
| | Principal | Interest | Principal | Interest |
| | (Amounts in 000's) | | | |
| 2016 | \$ 87,460 | \$ 77,897 | \$ 7,904 | \$ 2,426 |
| 2017 | 95,980 | 73,594 | 7,838 | 2,406 |
| 2018 | 89,705 | 69,213 | 7,933 | 2,190 |
| 2019 | 93,740 | 64,797 | 8,190 | 1,969 |
| 2020 | 98,655 | 60,056 | 8,455 | 1,741 |
| 2021-2025 | 495,847 | 231,817 | 42,473 | 5,184 |
| 2026-2030 | 458,412 | 138,007 | 15,282 | 827 |
| 2031-2035 | 208,463 | 58,257 | 1,145 | 24 |
| 2036-2040 | 65,161 | 23,590 | | |
| 2041-2045 | 6,265 | 317 | | |
| | <u>\$ 1,699,688</u> | <u>\$ 797,545</u> | <u>\$ 99,220</u> | <u>\$ 16,767</u> |

| Year Ending December 31 | Business-Type Activities Total | |
|------------------------------------|---|-------------------|
| | Principal | Interest |
| | (Amounts in 000's) | |
| 2016 | \$ 95,364 | \$ 80,323 |
| 2017 | 103,818 | 76,000 |
| 2018 | 97,638 | 71,403 |
| 2019 | 101,930 | 66,766 |
| 2020 | 107,110 | 61,797 |
| 2021-2025 | 538,320 | 237,001 |
| 2026-2030 | 473,694 | 138,834 |
| 2031-2035 | 209,608 | 58,281 |
| 2036-2040 | 65,161 | 23,590 |
| 2041-2045 | 6,265 | 317 |
| | <u>\$ 1,798,908</u> | <u>\$ 814,312</u> |

The schedule of minimum principal and interest payments for construction loans includes the amortization on fifteen loans provided to the Division of Water and the Division of Water Pollution Control by the Ohio Water Development Authority (OWDA) and two loans to the Division of Water Pollution Control by the Ohio Public Works Commission (OPWC). This amortization is based upon the full amount expected to be financed, regardless of whether the Division of Water and the Division of Water Pollution Control have received all the loan proceeds. At December 31, 2015, the amount financed on these OWDA loan projects, which is reflected in the amortization schedule, less the principal payments made to date, equaled the actual loan balances shown on the schedule of long-term debt outstanding and changes in long-term debt obligations.

OWDA completed an interest rate buy-down which will result in interest rate savings on the current loans. Market rate loans with interest rates higher than 4.0% will see a reduction in rates to 4.0% while rates over 3.0% on OWDA loans will be reduced to 3.0%. The buy-down commenced retroactively to the January 1, 2016 payment.

General Obligation Bonds

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

Effective August 6, 2015, the City issued \$60,905,000 Various Purpose General Obligation Refunding Bonds, Series 2015. The proceeds of these bonds were used to refund \$64,910,000 of the outstanding Series 2005A, 2007A, 2007B, 2008A and 2009A General Obligation Bonds. Net proceeds of the Series 2015 Bonds in the amount of \$70,208,484 were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds until the respective call date. As a result, the refunded bonds were defeased and the liability for those bonds has been removed from long-term debt. The City completed the refunding in order to achieve debt service savings of \$4,221,000 and an economic gain (the difference between the present values of the old and new debt service) of \$4,107,000 or 6.33%.

Under the direct debt limitation imposed by the Ohio Revised Code, the City had the capacity to issue \$272,146,245 of additional unvoted debt at December 31, 2015.

Other Governmental Obligations

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

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

Effective August 6, 2008, the City issued \$59,960,000 Subordinate Lien Unrestricted Income Tax Bonds, Series 2008 (Police and Fire Pension Payment) to refund all the outstanding Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994. The interest rate swap related to the Series 1994 Bonds was terminated by the City on July 28, 2008 and the termination payment of \$4,325,000 owed to Ambac Financial Services, LLC, the swap counterparty, was paid from the proceeds of the Series 2008 Bonds. The City refunded the Series 1994 Bonds in order to address the increased interest rates incurred on the Bonds as a result of the downgrade of the bond insurer. The Bonds are not general obligations of the City and are not secured by its full faith and credit.

On November 18, 2015, the City issued \$28,975,000 Subordinate Lien Unrestricted Income Tax Refunding Bonds, Series 2015 (Police & Fire Pension Payment). The City issued these bonds in order to refund \$30,310,000 of the outstanding Series 2008 Subordinate Lien Unrestricted Income Tax Bonds (Police & Fire Pension). Proceeds of the Series 2015 Bonds in the amount of \$33,492,387 were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds on the call date. As a result, the refunded bonds were defeased and the liability for those bonds has been removed from long-term debt. The City completed the refunding in order to achieve debt service savings of \$1,867,000 and an economic gain (the difference between the present values of the old and new debt service) of \$1,809,000 or 5.97%.

The Series 2008 and Series 2015 Bonds are unvoted special obligations secured by a pledge of and a lien on the unrestricted municipal income taxes of the City, to the extent that such income taxes are not needed to pay debt service on the City's currently outstanding unvoted General Obligation Bonds or unvoted General Obligation Bonds issued in the future.

Interest Rate Swap Transaction:

Terms: On February 7, 2003, the City sold an option to JPMorgan Chase Bank (JPM) that gives JPM the right to execute an interest rate swap at its discretion at any time until the option expires on May 15, 2024 on a declining notional amount equal to the outstanding principal amount of the City's Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994. The swaption is now associated with portions of the Series 2008 and Series 2015 Bonds. Under the swap agreement, the City will be the fixed rate receiver, receiving the fixed rate of 4.88%, and JPM will be the floating rate receiver, receiving interest on what would have been the outstanding notional amount of the original 1994 Bonds of \$39,000,000 at December 31, 2015, at a rate equal to the weekly Securities Industry and Financial Markets Association (SIFMA) index. If the option is exercised, the stated termination date under the swap agreement with JPM will be May 15, 2024. The obligation of the City under the swap agreement to make periodic floating rate payments (but not any termination payment) is secured by a subordinate pledge of the income tax receipts, subordinate to the pledge of the income tax receipts made under the "General Bond Ordinance" securing the City's General Obligation Bonds. The payment of any termination payment is subordinate to the payment of debt service on the Subordinate Lien Unrestricted Income Tax Bonds, Series 2008 and Series 2015, and the periodic floating rate payments under the swap agreement.

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

Basis Risk: There is no basis risk for the City associated with this transaction with the exception of the risk inherent in all variable rate debt. If the option is exercised, the City will receive a fixed rate of 4.88% which is 12 basis points less than the fixed rate being paid on the Series 2008 Bonds and the Series 2015 Bonds. This transaction would leave the City paying the weekly SIFMA rate plus 12 basis points.

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

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

Fair Value: The fair value of the swaption at December 31, 2015 as reported by JPM was \$37,000 which would be payable by the City.

Subordinate Lien Income Tax Bonds: Effective April 9, 2015, the City issued \$86,105,000 Subordinate Lien Income Tax Bonds, Series 2015A. The proceeds of these bonds will be used to pay the costs of various public improvements including public facility improvements, bridge and roadway improvements, parks and recreation facility improvements and housing and neighborhood development along with the costs of issuing the bonds.

On September 16, 2015, the City issued \$27,445,000 Subordinate Lien Income Tax Refunding Bonds, Series 2015B. These bonds refunded \$28,745,000 of the outstanding Series 2008 Subordinate Lien Income Tax Bonds. Proceeds of the Series 2015B Bonds in the amount of \$32,057,114 were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds until the call date. As a result, the refunded bonds were defeased and the liability for those bonds has been removed from long-term debt. The City completed the refunding in order to achieve debt service savings of \$1,712,000 and an economic gain (the difference between the present values of the old and new debt service) of \$1,045,000 or 3.63%.

On February 11, 2014, the City issued \$31,460,000 Subordinate Lien Income Tax Bonds, Series 2014A. The proceeds of these bonds will be used to pay the costs of various public improvements including public facility improvements, cemetery improvements and parks and recreation facility improvements and to pay the costs of issuing the bonds.

Effective June 11, 2014, the City issued \$37,740,000 Subordinate Lien Income Tax Bonds, Series 2014B, as part of the annual Capital Improvement Program. The proceeds of these bonds will be used to pay the costs of various public improvements to public facilities, bridges and roadways and parks and recreation facilities along with the costs of issuing the bonds.

These bonds are special obligations of the City and are not general obligation debt and are not secured by a pledge of the full faith and credit of the City. The bonds are payable from the City's municipal income tax revenues to the extent those revenues are not needed to pay debt service charges on the City's unvoted general obligation debt or unvoted general obligation debt issued in the future. It is the City's intention to continue paying the debt service on the Subordinate Lien Income Tax Bonds from the Restricted Income Tax collections to the extent that funds are available from that portion of income tax receipts. The portion of the debt service not covered by the Restricted Income Tax, if any, will be paid from the unrestricted General Fund portion of income tax receipts.

Non-Tax Revenue Bonds – Stadium: On September 4, 2014, the City issued \$7,745,000 Non-Tax Revenue Refunding Bonds, Series 2014 for the Cleveland Stadium Project. These bonds refunded \$8,275,000 of the outstanding 2004 Non-Tax Revenue Refunding Bonds (Cleveland Stadium Project). Net proceeds of the Series 2014 Bonds in the amount of \$8,478,644 were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds on December 1, 2014. As a result, the refunded bonds were defeased and the liability for the Series 2004 Bonds has been removed from long-term debt. The City completed the refunding in order to achieve debt service savings of \$854,000 and an economic gain (the difference between the present values of the old and new debt service) of \$842,000 or 10.2%. These bonds do not represent a general obligation debt or pledge of the full faith and credit or taxing power of the City, and are payable solely from non-tax revenues of the City.

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

Non-Tax Revenue Bonds – Taxable Economic and Community Development Revenue Bonds (Core City): Effective April 9, 2015, the City issued \$15,280,000 Taxable Economic and Community Development Revenue Bonds, Series 2015 (Core City Fund). The proceeds of these bonds will be used to provide funds for eligible projects, including, but not limited to, the acquisition, construction, equipping or improvement of multi-unit housing and commercial development and the preparation or remediation of sites for these purposes. These bonds are to be paid from non-tax revenues of the City and net project revenues.

On September 4, 2014, the City issued \$12,365,000 Taxable Economic and Community Development Refunding Revenue Bonds, Series 2014 (Core City Fund). The City issued these bonds in order to refund \$11,845,000 of the outstanding Taxable Economic and Community Development Bonds, Series 2004. Net proceeds of the Series 2014 Bonds in the amount of \$12,156,019 were deposited into an irrevocable escrow account to pay the principal and interest on the refunded bonds on December 1, 2014. As a result, the refunded bonds were defeased and the liability for the Series 2004 Core City Bonds has been removed from long-term debt. This refunding resulted in \$1,248,000 of debt service savings and \$1,219,000 of net present value debt service savings or 10.3%. The Series 2014 Bonds were issued as fixed rate securities and are special obligations of the City, payable from non-tax revenues and net project revenues.

Effective July 24, 2008, the City issued \$28,160,000 Taxable Economic and Community Development Refunding Revenue Bonds, Series 2008 (Core City Fund). The proceeds of these bonds were used to refund the outstanding \$26,900,000 Series 2003 Taxable Economic and Community Development Revenue Bonds, to fund a bond reserve fund and to pay the costs of issuing the bonds. The Series 2003 Bonds were refunded in order to address increased interest rates incurred on the bonds due to the collapse of the auction rate securities market. The Series 2008 Bonds, which were special obligations of the City, were issued as variable rate demand obligations secured by a letter of

credit provided by Citizens Bank. Upon the expiration of the letter of credit in 2011, the City obtained a new letter of credit for the Series 2008 Bonds from PNC Bank. At the expiration of the PNC Bank letter of credit, the City elected to refund the outstanding \$25,360,000 Series 2008 Bonds with \$25,360,000 Taxable Economic and Community Development Bonds, Series 2013A, effective May 30, 2013. The bonds remain variable rate bonds and were privately placed with KeyBank National Association for a period of five years. As a result of this refunding, it is estimated that the City will achieve net present value debt service savings of \$1,178,000 or 4.65% and total debt service savings of \$1,464,000. The Bonds are payable from the City's non-tax revenues and net project revenues.

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

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

Effective October 11, 2007, the City issued \$108,390,000 Refunding COPS, Series 2007, to currently refund \$105,800,000 of the outstanding COPS, Series 1997. These were issued as auction rate securities and a swap associated with this transaction went into effect on November 15, 2007.

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

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

Effective March 21, 2013, the City completed a conversion and remarketing of the COPS, Series 2010B. This was done in order to change the index rate being charged on the bonds as well as to extend the interest rate period until March 2018. The COPS, Series 2010B were again purchased by Wells Fargo Bank, National Association.

Capital Lease Arrangements: The City has entered into various agreements to lease equipment. Such agreements are treated as lease purchases (Capital Leases) and are classified as long-term lease obligations in the financial statements. The lease contracts contain annual one-year renewal options that can be exercised by the City if sufficient funds are appropriated by City Council. Upon the exercise of each annual one-year renewal option and satisfaction of the lease obligations related thereto, title to the equipment will pass to the City.

In February 2010, the City entered into an equipment lease agreement with The Fifth Third Leasing Company which resulted in the City purchasing approximately \$6,690,000 of heavy duty vehicles and apparatus. On June 30, 2011, the City entered into an equipment lease agreement with PNC Equipment Finance LLC. This enabled the City to purchase approximately \$6,585,000 of vehicles and equipment for various departments, including police cars, a fire truck, waste collection equipment and EMS ambulances. On June 5, 2012, the City entered into a second vehicle

lease agreement with PNC Equipment Finance LLC in the amount of \$6,507,400. The funds were used to purchase a variety of vehicles including police cars, EMS ambulances and waste collection equipment. Effective June 20, 2013, the City entered into a \$6,535,000 vehicle lease agreement with Huntington Public Capital Corporation. The funds will again be used to purchase a variety of vehicles including police cars, EMS ambulances and waste collection equipment. Payments on all of these equipment leases are made over a period of seven years from issuance from the Restricted Income Tax Fund.

The assets recorded by the City under Capital Leases were as follows as of December 31, 2015:

| | Governmental Activities |
|-----------------------------------|------------------------------------|
| | (Amounts in 000's) |
| Furniture, fixtures and equipment | \$ 45,368 |
| Less – accumulated depreciation | <u>(24,336)</u> |
| Net book value | <u>\$ 21,032</u> |

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

State Infrastructure Bank Loan: The Ohio Department of Transportation provided the City with a 3% loan for the construction of the Fulton Road Bridge. The amount of the loan is \$2,100,000. The loan is payable over 10 years to the Ohio Treasurer of State on a bi-annual basis.

West 150th Street Improvement Loan: The Ohio Public Works Commission (OPWC) approved a loan to the City to finance a portion of the West 150th Street Improvement project. OPWC committed up to \$1,949,332 at a 0% interest rate for 20 years. The City and the City of Brook Park have an agreement to share the debt service requirements of the OPWC loan. The City of Brook Park will pay 100% of the annual debt service requirements and the City will reimburse the City of Brook Park 65% of the annual debt service requirement.

Cleveland Browns Stadium Obligation: Pursuant to an agreement entered into in 2014 between the City and Cleveland Browns Stadium Company LLC (Browns), the City has agreed to pay the Browns \$2,000,000 per year on or before June 1 for fifteen years. This period of time coincides with the years remaining on the lease. These payments are to offset the capital improvements made by the Browns. The Browns may use this annual payment as they deem appropriate, including for operations and maintenance expenses. This payment is subject to annual appropriation by the City.

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

Police and Fire Overtime and Deferred Vacation Pay: Uniformed employees of the Police and Fire Divisions accumulate overtime compensation in accordance with the union contracts and the requirements of the Fair Labor Standards Act. In addition, uniformed employees may defer earned vacation time, with the appropriate approvals, until retirement. The liabilities for overtime and deferred vacation time, at current pay rates including their related fringe benefits and converted to straight time hours, at December 31, 2015, follow:

| <u>Division</u> | <u>Overtime</u> | | <u>Deferred Vacation</u> | |
|-----------------|--------------------|------------------|--------------------------|-----------------|
| | <u>Hours</u> | <u>Dollars</u> | <u>Hours</u> | <u>Dollars</u> |
| | (Amounts in 000's) | | | |
| Police | 1,135 | \$ 37,271 | \$ | |
| Fire | <u>148</u> | <u>4,952</u> | <u>74</u> | <u>2,413</u> |
| Total | <u>1,283</u> | <u>\$ 42,223</u> | <u>74</u> | <u>\$ 2,413</u> |

Business-Type (Enterprise Fund) Obligations

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

The City issued \$24,255,000 Airport System Revenue Bonds, Series 2014A (AMT) and \$9,070,000 Airport System Revenue Bonds, Series 2014B (Taxable) effective February 12, 2014. The bonds were issued to refund the outstanding \$24,255,000 Series 2009A Airport System Revenue Bonds and the \$9,070,000 Series 2009B Airport System Revenue Bonds upon the expiration of the existing letter of credit. The bonds were directly purchased by U.S. Bank National Association as variable rate bonds with the City paying the SIFMA index rate plus a spread on the 2014A Bonds and paying an amount equal to the one month LIBOR rate plus a spread on the 2014B Bonds. As a result of this refunding, the refunded bonds were defeased and the liability for the 2009A and 2009B Bonds was removed from long-term debt. The City expects to achieve an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$4.8 million or 19.6% on the Series 2014A Bonds and approximately \$591,000 or 6.5% on the Series 2014B Bonds. The debt service savings from the refundings are estimated to be \$5.5 million or 22.6% on the Series 2014A Bonds and \$635,000 or 7.0% on the Series 2014B Bonds.

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

Effective October 30, 2014, the City issued \$76,885,000 Public Power System Taxable Revenue Refunding Bonds, Series 2014. These bonds were issued to refund \$68,745,000 of outstanding Public Power System Bonds for the purpose of restructuring the Division's debt in order to level out the annual principal and interest payments over the life of the Division's bonds. The 2014 Bonds refunded \$49,980,000 of outstanding Series 2006A-1 Bonds, \$6,280,000 of Series 2006A-2 Bonds, \$2,065,000 of Series 2008A Bonds, \$2,145,000 of Series 2008B-1 Bonds, \$415,000 of Series 2010 Bonds and \$7,860,000 of Series 2012 Bonds. Net proceeds of \$75,755,473 were placed in an irrevocable trust account to pay the principal and interest on the refunded bonds as it comes due. Consequently, the refunded bonds were defeased and the liability for these bonds has been removed from long-term debt. As a result of this restructuring, the Division will pay approximately \$4 million less in annual debt service payments through 2024, with yearly debt service payments of approximately \$18 million from 2014 through 2038.

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

Effective May 27, 2015, the City issued Water Revenue Bonds, Series Y, 2015 in the amount of \$116,205,000. The bonds were issued to refund \$117,950,000 of outstanding Series O Water Revenue Bonds, 2007 maturing on and after January 1, 2018. Bond proceeds in the amount of \$94,602,752 along with \$1,465,833 from the Series O Debt Service fund were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds when due. Certain of the Series O Bonds in the amount of \$30,000,000 were tendered by the bondholder for purchase by the City and cancelled in lieu of being refunded. As a result of the refunding, the refunded bonds were defeased and the liability for those bonds has been removed from long-term debt. The City completed the refunding in order to achieve debt service savings of approximately \$13,252,000 and realized an economic gain (the difference between the present values of the old and new debt service) of \$12,176,000 or 10.3%.

At the same time the City sold the Series Y Bonds, the City also sold \$15,930,000 Water Revenue Bonds, Series Z, 2015 on a forward delivery basis. The Series Z Bonds were issued effective October 5, 2015 to refund \$16,155,000 of outstanding Water Revenue Bonds, Series N, 2005. Bond proceeds in the amount of \$16,350,095 along with \$195,096 from the Series N Debt Service fund were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds on January 1, 2016. As a result, the refunded bonds were defeased and the liability for those bonds has been removed from long-term debt. The City completed this refunding in order to achieve debt service savings of approximately \$1,039,000 and realized an economic gain (the difference between the present values of the old and new debt service) of \$663,000 or 4.1%.

Also on May 27, 2015, the City issued \$90,800,000 Water Revenue Bonds, Series AA, 2015. These bonds were issued to refund the outstanding \$90,800,000 Water Revenue Bonds, Series Q, 2008 upon the expiration of the existing letter of credit. The Bonds were directly purchased by Bank of America Merrill Lynch as variable rate bonds with the City paying 65.1% of the one month LIBOR rate plus a spread.

Upon the mandatory tender by the direct purchasers of the Water Revenue Bonds, Series U, 2010 and the Water Revenue Bonds, Series V, 2010, the City entered into new direct purchase agreements on both series of bonds. Effective November 1, 2013, the \$54,935,000 Water Series U Bonds were directly purchased by PNC Bank, National Association and subsequently, on December 2, 2013, the \$26,495,000 Water Series V Bonds were also directly purchased by PNC Bank. The City will be paying an interest rate equal to 65.001% of one month LIBOR plus a spread for the next three years.

In conjunction with the issuance of the Water Revenue Bonds, Second Lien Series A 2012, the City established a Subordinate Bonds indenture for the Division of Water. Bonds issued under this indenture are special obligations of the City payable solely from and secured solely by a pledge of and lien on the Subordinate Pledged Revenues and the Subordinate Pledged funds. The Subordinate Pledged Revenues generally consist of the net revenues of the Division which remain after the payment of all operating expenses and the deposit of all funds required to be made on behalf of the Senior Lien bonds. Bonds issued under this indenture are subordinate to those issued as senior lien bonds under the Division of Water's Amended and Restated Indenture.

Interest Rate Swap Transactions:

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

When the Water Series R and Series S Bonds were refunded in 2010, the swap associated with these bonds was transferred to a portion of the new Series U and Series V Bonds. The portion of the swap associated with Series Q remained unchanged. The Series Q Bonds were refunded in 2015 and the swap associated with those bonds was transferred to the new Series AA Bonds.

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

As part of the refunding of the Series M Bonds, the City amended and restated the original swap agreements to (a) eliminate the swap insurance and related insurer rights, (b) modify the payment frequency, (c) transfer the original swap agreement from Bear Stearns to JPM and (d) split each original swap agreement into two separate interest rate swaps in order to hedge separate series of bonds. The original Bear Stearns swap which has been assumed by JPM hedged the entire principal amount of Series R and certain maturities of the Series Q Bonds.

The original Morgan Stanley swap hedged the entire principal amount of Series S and a portion of the Series Q Bonds. The floating rate received by the City was not altered. However, the fixed rate paid by the City was adjusted to 3.553% for the JPM swap and 3.5975% for the Morgan Stanley swap. The termination date for the swaps associated with Series Q (now the Series AA Bonds) is January 1, 2021 while the termination date for the Series R and Series S swaps is January 1, 2033. Net payments are now exchanged monthly. With the refunding of the Series R and Series S Bonds, the JPM swap now hedges all but \$200,000 of the Series U Bonds and the Morgan Stanley swap hedges all but \$200,000 of the Series V Bonds.

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

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

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

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

Fair Value: The fair value of the swaps (including accrued amounts) at December 31, 2015 as reported by JPM and Morgan Stanley totaled \$17,926,000 which would be payable by the City.

Ohio Water Development Authority and Ohio Public Works Commission Loans: These loans are payable from net revenues derived from the Waterworks and Water Pollution Control Systems. These obligations do not have a lien on revenues of the Divisions.

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

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

Effective August 15, 2006, the City issued \$57,520,000 of Parking Facilities Refunding Revenue Bonds, Series 2006. The bonds were issued to currently refund \$56,300,000 of the outstanding Parking Facilities Refunding Revenue Bonds, Series 1996. In addition, proceeds were also used to fund a portion of a payment owed by the City upon early termination under an interest rate swaption agreement entered into in 2003. At the time of the issuance of the Series 2006 Bonds, the City entered into a basis swap agreement with UBS which is described below.

On April 16, 2013, the City entered into a novation agreement with UBS, AG and PNC Bank, National Association (PNC) under which the basis swap was transferred from UBS to PNC effective March 15, 2013. All of the terms of the original basis swap remain the same. The City agreed to transfer the swap to PNC based upon UBS' mandate to downsize its swap portfolio.

Interest Rate Swap Transaction:

Terms: Simultaneously with the issuance of the City's \$57,520,000 Parking Facilities Refunding Revenue Bonds, Series 2006 on August 15, 2006, the City entered into a floating-to-floating rate basis swap agreement with a notional amount equal to the total declining balance of the Series 2006 Bonds. UBS was the counterparty on the transaction. As stated above, the basis swap was transferred to PNC Bank, National Association in 2013. Under the swap agreement for the Series 2006 Bonds, the City is a floating rate payor, paying a floating rate based on the SIFMA index. The counterparty is also a floating rate payor, paying the City 67% of one month LIBOR. The City also received an upfront payment in the amount of \$1,606,000. Net payments are exchanged semi-annually each March 15 and September 15. The obligation of the City to make periodic payments (but not any termination payment) is secured by a pledge of and lien on the parking revenues and additional pledged revenues as defined in the trust indenture securing the Parking Facilities Refunding Revenue Bonds, Series 2006, on parity with the pledge and lien securing the payment of debt service on the bonds.

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

Basis Risk: By entering into a swap based upon the 30 day LIBOR rate of interest, the City has undertaken basis risk associated with a change in tax rates and structure. While the average relationship between the SIFMA (tax-exempt) and LIBOR (taxable) interest rates has been 67%, this relationship may not always apply. Since late 2008, this relationship has been significantly higher for various periods of time due to the disruptions in the financial markets. The payments received from the counterparty may be less than the amount owed to the counterparty, resulting in a net increase in debt service. Since 2013 the SIFMA/LIBOR relationship was significantly lower than 67%. In this case, payments received from the counterparty have been greater than the amount owed to the counterparty which results in a net decrease in debt service. In addition, a reduction in federal income tax rates might increase the percentage relationship between SIFMA and LIBOR and may potentially increase the cost of the financing.

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

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

Fair Value: The fair value of the swap at December 31, 2015 as reported by PNC totaled \$3,600, which would be payable to the City.

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

Defeasance of Debt

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

The aggregate amount of defeased debt outstanding at December 31, 2015 is as follows:

| <u>Bond Issue</u> | <u>(Amounts in 000's)</u> | <u>Bond Issue</u> | <u>(Amounts in 000's)</u> |
|--|---------------------------|---|---------------------------|
| | | <u>Unvoted Tax Supported General</u> | |
| <u>Parking Facilities Bonds:</u> | | <u>Obligation:</u> | |
| Series 2006 | \$ 11,230 | Series 2007A | \$ 25,410 |
| | | Series 2007B | 715 |
| <u>Public Power System Revenue Bonds:</u> | | Series 2008A | 3,810 |
| Series 2006A-1, A-2 | \$ 56,260 | Series 2009A | 29,775 |
| Series 2008A | 2,065 | | |
| Series 2008B-1 | 1,130 | <u>Water Revenue Bonds:</u> | |
| | | Series N, 2005 | \$ 16,155 |
| <u>Subordinate Lien Unrestricted Income Tax Bonds:</u> | | Series O, 2007 | 87,950 |
| Series 2008 | \$ 30,310 | <u>Subordinate Lien Income Tax Bonds:</u> | |
| | | Series 2008 | \$ 28,745 |

Airport Special Facilities Revenue Bonds

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

Pledges of Future Revenues

The City has pledged future airport revenues to repay \$782,370,000 in various Airport System Revenue Bonds issued in various years since 2001. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport net revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 76% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is \$1,118,619,000. Principal and interest paid for the current year and total net revenues (including other available funds) were \$67,773,000 and \$89,505,000 respectively.

The City has pledged future power system revenues, net of specified operating expenses, to repay \$222,273,000 in various Public Power System Revenue Bonds issued in various years since 2006. Proceeds from the bonds provided financing for Public Power System improvements. The bonds are payable from Public Power System net revenues and are payable through 2038. Annual principal and interest payments on the bonds are expected to require less than 67% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is \$411,958,000. Principal and interest paid for the current year and total net revenues were \$17,910,000 and \$26,784,000, respectively.

The City has pledged future water system revenues, net of specified operating expenses, to repay \$671,355,000 in various Senior Lien Water Revenue Bonds and Subordinate Lien Bonds issued in various years since 1993. Proceeds from the bonds provided financing for Water System improvements. The bonds are payable from Water System net revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require less than 48% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is \$937,735,000. Principal and interest paid for the current year on the Senior Lien Bonds and total net revenues were \$65,025,000 and \$135,734,000, respectively.

The City has pledged future revenues from certain parking facilities, net of specified operating expenses, and other operating revenues to repay \$23,690,000 of Parking Facilities Refunding Revenue Bonds issued in 2006. Proceeds from the bonds initially issued provided financing for the construction of parking facilities. The bonds are payable from parking facilities net revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require the full amount of net operating revenues. The total principal and interest remaining to be paid on the Parking Facilities Refunding Revenue Bonds is \$28,921,000. Principal and interest paid for the current year (including net swap payments) and total net revenues were \$4,105,000 and \$4,836,000 respectively.

In 2015, no additional pledged revenue was required to meet the debt service on the Parking Facilities Refunding Revenue Bonds. The trust indenture requires, among other things, that the Division of Parking Facilities 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, 2015, the Division of Parking Facilities was in compliance with the terms and requirements of the trust indenture.

Derivative Instruments

Derivative instruments are contracts, the value of which depends on, or derives from, the value of an underlying asset, index or rate. The most common types of derivatives used by governments are interest rate swaps and interest rate locks. The City has entered into various derivative or hedging agreements since 1999. A detailed description of each outstanding derivative, including its terms, objectives, risks and fair value, can be found in the section discussing the bonds to which the derivative relates.

The table below presents the fair value balances and notional amounts of the City's derivative instruments outstanding at December 31, 2015, classified by type, and the changes in fair value of these derivatives during fiscal year 2015 as reported in the 2015 financial statements. The fair values of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2015 and the specific terms and conditions of each swap, have been provided by the respective counterparty for each swap and confirmed by the City's financial advisor.

| | <u>Changes in Fair Value</u> | | <u>Fair Value at December 31, 2015</u> | | |
|---|------------------------------|---------------|--|---------------|-----------------|
| | <u>Classification</u> | <u>Amount</u> | <u>Classification</u> | <u>Amount</u> | <u>Notional</u> |
| (Amounts in 000's) | | | | | |
| Investment Derivatives: | | | | | |
| Governmental Activities: | | | | | |
| Fixed to floating interest rate swap | | | | | |
| 2003 Subordinated Income Tax Swaption | Investment Revenue | \$ 108 | Investment | \$ (37) | \$ 39,000 |
| Business-Type Activities: | | | | | |
| Floating to floating interest rate swap | | | | | |
| 2006 Parking Basis Swap | Investment Revenue | 188 | Investment | 4 | 23,690 |
| Hedging Derivatives: | | | | | |
| Floating to fixed interest rate swaps | | | | | |
| 2015 AA Water Swap | Deferred inflow | 997 | Debt | (4,419) | 52,530 |
| 2010 U Water Swap | Deferred inflow | 360 | Debt | (9,026) | 54,735 |
| 2010 V Water Swap | Deferred inflow | 172 | Debt | (4,481) | 26,295 |

The table below presents the objective and significant terms of the City's derivative instruments at December 31, 2015, along with the credit rating of each swap counterparty.

| Bonds | Type | Objective | Notional Amount | Effective Date | Maturity Date | Terms | Counterparty Credit Rating |
|-------------------------------|--|---|------------------------|-----------------------|----------------------|--|-----------------------------------|
| Subordinated Income Tax Bonds | Receive Fixed Interest Rate Swaption | Hedge of changes in fair value of Series 1994 Subordinated Income Tax Bonds | \$ 39,000,000 | 2/7/2003 | 5/15/2024 | If option is exercised, Receive 4.88%, pay SIFMA | Aa2/A+/A+ |
| Water Series AA | Pay Fixed Interest Rate Swap | Hedge of changes in cash flow on the Series AA Water System Bonds | \$ 34,290,000 | 8/10/2004 | 1/1/2021 | Pay 3.553%, receive 61.25% of LIBOR + 28 bps | Aa2/A+/A+ |
| Water Series AA | Pay Fixed Interest Rate Swap | Hedge of changes in cash flow on the Series AA Water System Bonds | \$ 18,240,000 | 8/10/2004 | 1/1/2021 | Pay 3.5975%, receive 61.25% of LIBOR + 28 bps | A3/BBB+/A |
| Water Series U | Pay Fixed Interest Rate Swap | Hedge in changes in cash flow on the Series U Water System Bonds | \$ 54,735,000 | 2/12/2009 | 1/1/2033 | Pay 3.553%, receive 61.25% of LIBOR + 28 bps | Aa2/A+/A+ |
| Water Series V | Pay Fixed Interest Rate Swap | Hedge in changes in cash flow on the Series V Water System Bonds | \$ 26,295,000 | 2/12/2009 | 1/1/2033 | Pay 3.5975%, receive 61.25% of LIBOR + 28 bps | A3/BBB+/A |
| 2006 Parking Bonds | Basis Swap - Pay Floating/Receive Floating | Exchange floating rate payments on Series 2006 Parking System Bonds | \$ 23,690,000 | 8/15/2006 | 9/15/2022 | Pay SIFMA, receive 67% of LIBOR | A2/A/A+ |

The following table presents the aggregate debt service requirements on the City's hedged debt and net receipts/payments on the associated hedging derivative instruments as of December 31, 2015. These amounts assume that the interest rates on variable rate bonds and the reference rates in existence as of December 31, 2015 remain the same for the life of the hedging agreement. However, these rates will vary over time and the actual interest payments on the variable rate bonds and the net receipts/payments on the hedging derivative instruments will deviate from the numbers presented below.

Aggregate Cash Flows on Hedging Derivative Instruments

| Fiscal Year Ending | Hedging | | | |
|---------------------------|-------------------|------------------|-------------------------|-------------------|
| December 31 | Principal | Interest | Derivatives, Net | Total |
| (Amounts in 000's) | | | | |
| 2016 | \$ | \$ 1,080 | \$ 4,019 | \$ 5,099 |
| 2017 | | 1,079 | 3,982 | 5,061 |
| 2018 | | 1,080 | 3,671 | 4,751 |
| 2019 | | 1,080 | 3,277 | 4,357 |
| 2020 | | 1,080 | 2,863 | 3,943 |
| 2021-2025 | 66,105 | 4,352 | 7,534 | 77,991 |
| 2026-2030 | 70,055 | 1,892 | 725 | 72,672 |
| 2031-2033 | 36,070 | 238 | 58 | 36,366 |
| Total | \$ 172,230 | \$ 11,881 | \$ 26,129 | \$ 210,240 |

NOTE 6 – RISK MANAGEMENT

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

The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

Changes in the estimated claims payable for all funds during the years ended December 31, 2015 and 2014 were as follows:

| | <u>2015</u> | <u>2014</u> |
|---|--------------------|-----------------|
| | (Amounts in 000's) | |
| Estimated claims payable, January 1 | \$ 8,236 | \$ 5,459 |
| Current year claims (including IBNRs) and changes in estimates | 11,465 | 7,023 |
| Claim payments | <u>(4,708)</u> | <u>(4,246)</u> |
| Estimated claims payable, December 31 | <u>\$ 14,993</u> | <u>\$ 8,236</u> |

The estimated claims liabilities are based on the estimated cost of settling claims (including incremental claim adjustment expenses) through a case-by-case review of all outstanding claims and by using historical experience. Claims payable are included as accounts payable on the modified accrual financial statements and are reclassified to long-term obligations as due within one year or due in more than one year on the Statement of Net Position.

Insurance: Certain proprietary funds carry insurance to cover particular liability risks and property protection. Otherwise, the City is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2015. There was no significant decrease in any insurance coverage in 2015. In addition, there were no insurance settlements in excess of insurance coverage during the past three years.

The City provides the choice of four separate health insurance plans to its employees. On April 1, 2014 the City became self-insured for three of the four health care plans offered while one health care plan continues to be provided to employees through commercial insurance. The operating funds are charged a monthly rate per employee by type of coverage.

Expenses for claims are recorded on a current basis. Claims are accrued based upon an actuarially estimated claims liability IBNR (incurred but not reported). These estimates are based on past experience and current claims outstanding. Actual claims may differ from the estimates. This claims liability is recorded in the Internal Service Fund and the Government-Wide Statements as claims payable.

Changes in the estimated claims payable for the Health and Prescription Self Insurance Funds during the year ended December 31, 2015 and 2014 is as follows:

| | <u>2015</u> | <u>2014</u> |
|---|--------------------|------------------|
| | (Amounts in 000's) | |
| Estimated claims payable, January 1 | \$ 13,976 | \$ |
| Current year claims (including IBNRs) and changes in estimates | 70,300 | 66,816 |
| Claim payments | <u>(73,569)</u> | <u>(52,840)</u> |
| Estimated claims payable, December 31 | <u>\$ 10,707</u> | <u>\$ 13,976</u> |

In January of 2003, the City exercised the option of retrospective rating as the premium rating mechanism for its workers' compensation program. The total estimated claims liability outstanding at December 31, 2015 was \$19,969,115. Of this amount, \$6,211,456 was recorded as a fund liability within each respective fund. The remaining \$13,757,659 is due in future years and is recorded as a liability in the Workers' Compensation Reserve Internal Service Fund. This liability is funded by charging the appropriate funds their proportionate share of this liability and recording the associated due to or due from as appropriate.

NOTE 7 – CONTINGENCIES

General Contingencies: Various claims and lawsuits are pending against the City. In accordance with GASB Statement No. 10, those claims which are considered "probable" are accrued (see Note 6 – Risk Management), while those claims that are considered "reasonably possible" are disclosed but not accrued.

As of December 31, 2015, the City had \$12,850,000 in claims for which an unfavorable outcome is deemed to be reasonably possible.

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

Contingent Liabilities: The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 80,000 kilowatts of a total 771,281 kilowatts, giving the City a 10.37% share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$13,813,694. The City received a credit of \$6,447,719 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$3,617,994, related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$3,747,981. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable. Since March 31, 2014, the City has made payments of \$511,070 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the City's allocation of additional costs incurred by the project is \$106,370 and interest expense incurred on AMP's line-of-credit of \$52,712, resulting in a net impaired cost estimate at December 31, 2015 of \$3,395,993.

The City intends to recover these costs and repay AMP over the next 14 years through a power cost adjustment, thus this incurred cost has been capitalized and reported as a regulated asset, as allowed by GASB Statement No. 65. The City intends to recover 50% of these costs from the customers through the Energy Adjustment Charge passed along to customer's monthly bills.

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

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

HUD Office of the Inspector General (OIG) has issued three findings against the City regarding the Afford A-Home program, two findings regarding the Housing Trust Fund, two findings regarding the Repair-A-Home Program, and one finding regarding the use and reporting of program income. Although the City has made several procedural and policy changes based on the OIG audit, the City is contesting and appealing the audit's findings.

NOTE 8 – INTERFUND TRANSACTIONS AND BALANCES

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

- (1) Reciprocal interfund services provided and used – Purchases and sales of goods and services between funds for a price approximating their external exchange value.
- (2) Nonreciprocal interfund transfers – Flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. This includes transfers to subsidize various funds.

For the year ended December 31, 2015, transfers consisted of the following:

| <u>Transfers Out</u> | <u>Transfers In</u> | | | | | |
|--------------------------|---------------------|---------------------|---------------------------------|---------------------------------|-------------------------|-------------------------------|
| | <u>Total</u> | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> | <u>Enterprise Funds</u> | <u>Internal Service Funds</u> |
| (Amounts in 000's) | | | | | | |
| Governmental Funds: | | | | | | |
| General | \$ 28,727 | \$ | \$ 26,266 | \$ 26,266 | \$ 1,957 | \$ 504 |
| Other Governmental | <u>66,007</u> | <u>1,693</u> | <u>64,314</u> | <u>66,007</u> | <u> </u> | <u> </u> |
| Total Governmental Funds | <u>94,734</u> | <u>1,693</u> | <u>90,580</u> | <u>92,273</u> | <u>1,957</u> | <u>504</u> |
| Total | <u>\$ 94,734</u> | <u>\$ 1,693</u> | <u>\$ 90,580</u> | <u>\$ 92,273</u> | <u>\$ 1,957</u> | <u>\$ 504</u> |

Interfund Balances: Interfund balances at December 31, 2015 represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records and (3) payments between funds are made. All are expected to be paid within one year.

Interfund receivable and payable balances as of December 31, 2015 are as follows:

| Due To | Total | Due From | | | | | | | | |
|----------------------------|------------------|-----------------|--------------------------|--------------------------|------------------------|-----------------------------|---------------------------------|------------------------|------------------------|------------------------|
| | | General Fund | Other Governmental Funds | Total Governmental Funds | Division of Water Fund | Cleveland Public Power Fund | Department of Port Control Fund | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
| Governmental Funds: | | | | | | | | | | |
| General | \$ 8,404 | \$ | \$ 1 | \$ 1 | \$ | \$ 1,492 | \$ 9 | \$ 21 | \$ 1,522 | \$ 6,881 |
| Other Governmental | <u>9,809</u> | 1,514 | 7,846 | 9,360 | | 13 | | 18 | 31 | 418 |
| Total Governmental | <u>\$ 18,213</u> | | | | | | | | | |
| Enterprise Funds: | | | | | | | | | | |
| Division of Water | \$ 3,170 | 14 | | 14 | | 1,224 | | 28 | 1,252 | 1,904 |
| Cleveland Public Power | <u>1,099</u> | 5 | | 5 | 169 | | | 5 | 174 | 920 |
| Department of Port Control | 2,413 | 250 | | 250 | 305 | 19 | | 107 | 431 | 1,732 |
| Other Enterprise | <u>4,688</u> | 154 | | 154 | 3,979 | 94 | | 3 | 4,076 | 458 |
| Total Enterprise | <u>\$ 11,370</u> | | | | | | | | | |
| Internal Service Funds | <u>308</u> | 4 | | 4 | 1 | 8 | | 5 | 14 | 290 |
| Total Due To/Due From | <u>\$ 29,891</u> | <u>\$ 1,941</u> | <u>\$ 7,847</u> | <u>\$ 9,788</u> | <u>\$ 4,454</u> | <u>\$ 2,850</u> | <u>\$ 9</u> | <u>\$ 187</u> | <u>\$ 7,500</u> | <u>\$ 12,603</u> |

NOTE 9 – INCOME TAXES

During 2015, the City income tax rate remained at 2% and the credit provided to City residents for income taxes paid to other municipalities remained at 50% and the maximum credit is limited to 1%. A portion of the City income tax is restricted in its use to capital expenditures and debt service and is included in the Restricted Income Tax Special Revenue Fund. All other income tax proceeds are included in the General Fund.

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

NOTE 10 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. The 2015 levy was based upon an assessed valuation of approximately \$4.9 billion. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Under current procedures, the City's share is 4.4 mills, of which 4.35 mills is dedicated to debt service and .05 mills is dedicated to the payment of fire pension obligations. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. The last reappraisal was completed in 2015. Assessed values are established by the Cuyahoga County (County) Fiscal Officer. The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City.

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

- Collection Dates January 21 and July 7 of the current year
- Lien Date January 1 of the year preceding the collection year
- Levy Date October 1 of the year preceding the collection year

An electric company’s taxable utility production equipment is assessed at 25% of true value, while all of its other taxable property is assessed at 88% of true value. Pertinent public utility tangible personal property tax dates are:

- Collection Dates January 21 and July 7 of the current year
- Lien Date January 1 of the year preceding the collection year
- Levy Date October 1 of the year preceding the collection year

NOTE 11 – DEFERRED INFLOWS / DEFERRED OUTFLOWS OF RESOURCES

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet for the following:

| | Governmental Type Funds | | |
|--------------------------------------|--------------------------------|---|-------------------|
| | General | Other Governmental Funds | Totals |
| | (Amounts in 000's) | | |
| Income taxes receivable | \$ 12,727 | \$ 1,603 | \$ 14,330 |
| Property taxes receivable | 58,579 | 30,517 | 89,096 |
| Special assessments receivable | 3,925 | 12,329 | 16,254 |
| Local government receivable | 8,787 | | 8,787 |
| Estate tax receivable | 4 | | 4 |
| Homestead rollback | 3,048 | 1,588 | 4,636 |
| Emergency medical service receivable | 508 | | 508 |
| Motor vehicle taxes receivable | | 1,389 | 1,389 |
| Municipal gas tax receivable | | 1,063 | 1,063 |
| State gasoline tax receivable | | 2,006 | 2,006 |
| Grant receivable | | 4,369 | 4,369 |
| Due from other governments | <u>3,301</u> | <u>403</u> | <u>3,704</u> |
| Total deferred inflows of resources | <u>\$ 90,879</u> | <u>\$ 55,267</u> | <u>\$ 146,146</u> |

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability: The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual basis of accounting.

Ohio Public Employees Retirement System (OPERS): City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

| Group A | Group B | Group C |
|--|--|--|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Funding Policy: The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | State and <u>Local</u> |
|--|------------------------------|
| 2015 Statutory Maximum Contribution Rates | |
| Employer | 14.0% |
| Employee | 10.0% |
| 2015 Actual Contribution Rates | |
| Employer: | |
| Pension | 12.0% |
| Post-employment Health Care Benefits | <u>2.0%</u> |
| Total Employer | <u>14.0%</u> |
| Employee | <u>10.0%</u> |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$30,471,000 for 2015. All required payments have been made.

Ohio Police & Fire Pension Fund (OP&F): City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5% for each of the first 20 years of service credit, 2% for each of the next five years of service credit and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3% of their base pension or disability benefit.

Funding Policy: The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | <u>Police</u> | <u>Firefighters</u> |
|--|----------------|---------------------|
| 2015 Statutory Maximum Contribution Rates | | |
| Employer | 19.50 % | 24.00 % |
| Employee: | | |
| January 1, 2015 through July 1, 2015 | 11.50 % | 11.50 % |
| July 2, 2015 through December 31, 2015 | 12.25 % | 12.25 % |
| 2015 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 19.00 % | 23.50 % |
| Post-employment Health Care Benefits | <u>0.50</u> | <u>0.50</u> |
| Total Employer | <u>19.50 %</u> | <u>24.00 %</u> |
| Employee: | | |
| January 1, 2015 through July 1, 2015 | 11.50 % | 11.50 % |
| July 2, 2015 through December 31, 2015 | 12.25 % | 12.25 % |

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$33,420,000 for 2015. All required payments have been made.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014 to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|--|--------------------|-----------------|--------------|
| | (Amounts in 000's) | | |
| Proportionate Share of the Net Pension Liability | \$ 241,132 | \$ 397,462 | \$ 638,594 |
| Proportion of the Net Pension Liability | 2.005665% | 7.6723876% | |
| Pension Expense | \$ 26,655 | \$ 38,771 | \$ 65,426 |

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|--|--------------------|------------------|------------------|
| | (Amounts in 000's) | | |
| Deferred Outflows of Resources | | | |
| Net difference between projected and actual earnings on pension plan investments | \$ 12,930 | \$ 17,130 | \$ 30,060 |
| City contributions subsequent to the measurement date | <u>30,471</u> | <u>33,420</u> | <u>63,891</u> |
| Total Deferred Outflows of Resources | <u>\$ 43,401</u> | <u>\$ 50,550</u> | <u>\$ 93,951</u> |
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | <u>\$ 4,416</u> | <u>\$ -</u> | <u>\$ 4,416</u> |

The \$63,891,000 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | <u>OPERS</u> | <u>OP&F</u> | <u>Total</u> |
|--------------------------|--------------------|------------------|------------------|
| | (Amounts in 000's) | | |
| Year Ending December 31: | | | |
| 2016 | \$ 1,245 | \$ 4,282 | \$ 5,527 |
| 2017 | 1,245 | 4,282 | 5,527 |
| 2018 | 2,850 | 4,282 | 7,132 |
| 2019 | <u>3,174</u> | <u>4,284</u> | <u>7,458</u> |
| Total | <u>\$ 8,514</u> | <u>\$ 17,130</u> | <u>\$ 25,644</u> |

Actuarial Assumptions – OPERS: Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|---------------------------------------|
| Wage Inflation | 3.75% |
| Future Salary Increases, including inflation | 4.25%-10.05% including wage inflation |
| COLA or Ad Hoc COLA | 3%, simple |
| Investment Rate of Return | 8% |
| Actuarial Cost Method | Individual Entry Age |

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95% for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|-------------------|--|
| Fixed Income | 23.00 % | 2.31 % |
| Domestic Equities | 19.90 | 5.84 |
| Real Estate | 10.00 | 4.25 |
| Private Equity | 10.00 | 9.25 |
| International Equities | 19.10 | 7.40 |
| Other investments | 18.00 | 4.59 |
| Total | 100.00 % | 5.28 % |

Discount Rate: The discount rate used to measure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7%) or one-percentage-point higher (9%) than the current rate:

| | 1% Decrease 7.00% | Current Discount Rate 8.00% | 1% Increase 9.00% |
|--|----------------------|-----------------------------------|----------------------|
| | (Amounts in 000's) | | |
| City's proportionate share of the net pension liability | \$ 445,137 | \$ 241,132 | \$ 69,356 |

Actuarial Assumptions – OP&F: OP&F's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

| | |
|----------------------------|------------------|
| Valuation Date | January 1, 2014 |
| Actuarial Cost Method | Entry Age Normal |
| Investment Rate of Return | 8.25% |
| Projected Salary Increases | 4.25%-11% |
| Payroll Increases | 3.75% |
| Inflation Assumptions | 3.25% |
| Cost of Living Adjustments | 2.6% and 3% |

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2014 are summarized below:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|------------------------------|-------------------|--|
| Cash and Cash Equivalents | % | (0.25) % |
| Domestic Equity | 16 | 4.47 % |
| Non-US Equity | 16 | 4.47 % |
| Core Fixed Income * | 20 | 1.62 % |
| Global Inflation Protected * | 20 | 1.33 % |
| High Yield | 15 | 3.39 % |
| Real Estate | 12 | 3.93 % |
| Private Markets | 8 | 6.98 % |
| Timber | 5 | 4.92 % |
| Master Limited Partnerships | 8 | 7.03 % |
| Total | 120 % | |

* levered 2x

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate: The total pension liability was calculated using the discount rate of 8.25%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25%), or one percentage point higher (9.25%) than the current rate.

| | 1% Decrease 7.25% | Current Discount Rate 8.25% | 1% Increase 9.25% |
|---|----------------------|-----------------------------------|----------------------|
| | (Amounts in 000's) | | |
| City's proportionate share of the net pension liability | \$ 549,750 | \$ 397,462 | \$ 268,520 |

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description - Ohio Public Employees Retirement System: All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - Ohio Public Employees Retirement System: The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The City's actual contributions to OPERS to fund postemployment benefits were \$5,191,682 in 2015, \$5,142,705 in 2014 and \$2,517,622 in 2013. The required payments due in 2015, 2014 and 2013 have been made.

Plan Description - Ohio Police and Fire Pension Fund: The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

Funding Policy - Ohio Police and Fire Pension Fund: The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5% of covered payroll from January 1, 2015 thru December 31, 2015. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F that were allocated to the healthcare plan for the years ending December 31, 2015, 2014 and 2013 were \$844,530, \$820,533 and \$5,390,151, respectively. The required payments due in 2015, 2014 and 2013 have been made.

NOTE 14 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

| | Balance January 1, 2015 | Additions | Reductions | Balance December 31, 2015 |
|--|--|--------------------|---------------------|--|
| | | (Amounts in 000's) | | |
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 66,721 | \$ 113 | \$ (15) | \$ 66,819 |
| Construction in progress | 181,989 | 76,687 | (44,699) | 213,977 |
| Total capital assets, not being depreciated | <u>248,710</u> | <u>76,800</u> | <u>(44,714)</u> | <u>280,796</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 171,914 | 855 | | 172,769 |
| Buildings, structures and improvements | 715,256 | 2,804 | | 718,060 |
| Furniture, fixtures, equipment and vehicles | 206,159 | 51,538 | (10,204) | 247,493 |
| Infrastructure | 677,538 | 21,042 | (1,368) | 697,212 |
| Total capital assets, being depreciated | <u>1,770,867</u> | <u>76,239</u> | <u>(11,572)</u> | <u>1,835,534</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (113,237) | (6,419) | | (119,656) |
| Buildings, structures and improvements | (321,719) | (17,856) | | (339,575) |
| Furniture, fixtures, equipment and vehicles | (161,926) | (14,889) | 9,003 | (167,812) |
| Infrastructure | (286,369) | (25,003) | 1,366 | (310,006) |
| Total accumulated depreciation | <u>(883,251)</u> | <u>(64,167)</u> | <u>10,369</u> | <u>(937,049)</u> |
| Total capital assets being depreciated, net | <u>887,616</u> | <u>12,072</u> | <u>(1,203)</u> | <u>898,485</u> |
| Governmental activities capital assets, net | <u>\$ 1,136,326</u> | <u>\$ 88,872</u> | <u>\$ (45,917)</u> | <u>\$ 1,179,281</u> |
| | Balance January 1, 2015 | Additions | Reductions | Balance December 31, 2015 |
| | | (Amounts in 000's) | | |
| Business-Type Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 191,677 | \$ 539 | \$ | \$ 192,216 |
| Construction in progress | 338,932 | 99,364 | (166,302) | 271,994 |
| Total capital assets, not being depreciated | <u>530,609</u> | <u>99,903</u> | <u>(166,302)</u> | <u>464,210</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 109,773 | 3,596 | | 113,369 |
| Utility plant | 2,307,735 | 163,538 | (9,388) | 2,461,885 |
| Buildings, structures and improvements | 732,506 | 4,314 | | 736,820 |
| Furniture, fixtures, equipment and vehicles | 731,849 | 35,524 | (6,673) | 760,700 |
| Infrastructure | 1,000,398 | 205 | | 1,000,603 |
| Total capital assets, being depreciated | <u>4,882,261</u> | <u>207,177</u> | <u>(16,061)</u> | <u>5,073,377</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (46,761) | (2,816) | | (49,577) |
| Utility plant | (704,685) | (72,501) | 6,955 | (770,231) |
| Buildings, structures and improvements | (407,887) | (15,681) | | (423,568) |
| Furniture, fixtures, equipment and vehicles | (615,177) | (30,634) | 6,616 | (639,195) |
| Infrastructure | (539,008) | (41,689) | | (580,697) |
| Total accumulated depreciation | <u>(2,313,518)</u> | <u>(163,321)</u> | <u>13,571</u> | <u>(2,463,268)</u> |
| Total capital assets being depreciated, net | <u>2,568,743</u> | <u>43,856</u> | <u>(2,490)</u> | <u>2,610,109</u> |
| Business-Type activities capital assets, net | <u>\$ 3,099,352</u> | <u>\$ 143,759</u> | <u>\$ (168,792)</u> | <u>\$ 3,074,319</u> |

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

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

| | <u>(Amounts in 000's)</u> |
|--|---------------------------|
| Governmental Activities: | |
| General Government | \$ 28,215 |
| Public Works | 20,022 |
| Public Safety | 7,479 |
| Building and Housing | 138 |
| Community Development | 1,515 |
| Public Health | 375 |
| Economic Development | 144 |
| Depreciation expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets | <u>491</u> |
| Total depreciation expense charged to governmental activities | <u>\$ 58,379</u> |
| Business-Type Activities: | |
| Water | \$ 70,359 |
| Electricity | 18,511 |
| Airport Facilities | 52,320 |
| Nonmajor activities | 8,484 |
| Depreciation expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets | <u>81</u> |
| Total depreciation expense charged to business-type activities | <u>\$ 149,755</u> |

Capital Commitments: Significant commitments of the City as of December 31, 2015 are composed of the following:

| <u>Project Description</u> | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|---------------------------------------|----------------------|-----------------------------|
| | (Amounts in 000's) | |
| Governmental Activities: | | |
| East 105 SR 10 Quebec to Chester | \$ 2,948 | \$ 22,904 |
| Brown's Stadium SW Escalator | 830 | 11,170 |
| Pedestrian Bridge | | 10,000 |
| Pearl Brookpark to I-71 | 649 | 9,754 |
| Vehicles | 12,643 | 7,357 |
| Scranton/Carter Fairfield to Columbus | 498 | 6,448 |
| East Side Maintenance Facility | 2,392 | 6,073 |
| East 79 Bridge Replacement | 2,149 | 6,051 |
| Ken Johnson Recreation Center | 26 | 5,724 |
| Ward 1 Recreation Center | | 5,500 |
| New Building-Kennels | 94 | 5,276 |
| Fleet Avenue | 4,683 | 5,028 |

| <u>Project Description</u> | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|-------------------------------------|----------------------|-----------------------------|
| | (Amounts in 000's) | |
| Business-Type Activities: | | |
| In Line Baggage Construction | \$ 22,304 | \$ 26,830 |
| Post PEP Plant | | 11,000 |
| Southern Transmission Line | 9,904 | 9,904 |
| Trunk Main Renewal 2016 | | 9,000 |
| Red & Orange Lot Canopies | | 7,885 |
| Terminal Exterior Facade | | 7,484 |
| North Airfield Improvements | 2,332 | 7,451 |
| BKL Shoreline Restoration | 6,128 | 6,581 |
| Aurora Road Pump Station | | 6,000 |
| Watermain Renewal | | 5,500 |
| Suburban Water Main Renewal Program | 1,207 | 5,391 |
| Sound Insulation of Homes | 5,309 | 5,309 |
| Secondary Site Improvements | 5,000 | 5,000 |

Capital Grant Programs: The City participates in the State Issue 2 program and the Local Transportation Improvement Program. Through these programs, the State of Ohio (State) provides financial assistance to the City for its various road and bridge improvements and storm water detention facilities. The Ohio Public Works Commission (OPWC) is the State agency which oversees the allocation of State bond proceeds and tax revenue to selected projects which have met funding requirements. Upon approval of the OPWC, the City and the State create project agreements establishing each entity's financial contribution toward each project. Through December 31, 2015, the State funded \$197,434,000 of road and bridge improvement projects and \$6,974,000 for storm water detention facilities.

Capitalized Interest: Interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest income earned on invested debt proceeds. For 2015, interest expense incurred for the Enterprise Funds was \$78,970,000 of which \$12,537,000 was capitalized net of \$35,000 of interest income capitalized.

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

NOTE 15 – SERVICE CONCESSION ARRANGEMENTS

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

In 2012, the City entered into an agreement with Mark A Nance Golf Ohio, LLC (MAN) under which MAN will operate and collect user fees from the Highland Park Golf Course for the next 10 years. MAN will pay 5% of revenues greater than \$800,000 in years 2012 through 2017. In years 2018 and beyond, MAN will pay 5% on gross revenues up to \$800,000; 10% of gross revenues \$801,000 through \$1,000,000; and 15% of gross revenues greater than \$1,000,000. In addition to receiving a portion of gross revenues, MAN will also make necessary capital improvements to the golf course. As completed, all capital improvements performed by MAN will become an asset of Highland Park Golf Course and the City. MAN is required to operate and maintain the golf course in accordance with the City Contract.

The City reports the golf courses and related equipment as a capital asset with a carrying amount of \$3,216,000 at year end.

NOTE 16 – SEGMENT INFORMATION

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

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

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

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

Condensed Statement of Net Position Information

**Municipal
Parking Lots**
(Amounts in 000's)

| | |
|---|------------------|
| Assets: | |
| Current assets | \$ 4,906 |
| Restricted assets | 8,328 |
| Capital assets, net | <u>34,902</u> |
| Total assets | 48,136 |
| Deferred outflows of resources: | <u>1,355</u> |
| Total assets and deferred outflows of resources | <u>\$ 49,491</u> |
| Liabilities: | |
| Current liabilities | \$ 4,194 |
| Long-term liabilities | <u>22,232</u> |
| Total liabilities | <u>26,426</u> |
| Deferred inflows of resources | 13 |
| Net position: | |
| Net investment in capital assets | 14,460 |
| Restricted for debt service | 5,557 |
| Unrestricted | <u>3,035</u> |
| Total net position | <u>23,052</u> |
| | |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 49,491</u> |

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

**Municipal
Parking Lots**
(Amounts in 000's)

| | |
|--|------------------|
| Charges for services | \$ 8,576 |
| Depreciation (expense) | (1,370) |
| Other operating (expenses) | <u>(3,962)</u> |
| Operating income (loss) | 3,244 |
| Non-operating revenues (expenses): | |
| Investment income | 191 |
| Interest expense | (1,443) |
| Capital Contributions | <u>254</u> |
| Change in net position | 2,246 |
| Net position at beginning of year, as restated | <u>20,806</u> |
| | |
| Net position at end of year | <u>\$ 23,052</u> |

Condensed Statement of Cash Flows Information

**Municipal
Parking Lots
(Amounts in 000's)**

| | |
|--|------------------|
| Net cash provided by (used for): | |
| Operating activities | \$ 4,794 |
| Capital and related financing activities | (5,407) |
| Investing activities | <u>3</u> |
| Net increase (decrease) in cash and cash equivalents | (610) |
| Beginning cash and cash equivalents | <u>13,742</u> |
| Ending cash and cash equivalents | <u>\$ 13,132</u> |

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

| <u>Purpose</u> | <u>Division of Water</u> | <u>Cleveland Public Power</u> | <u>Department of Port Control</u> | <u>Municipal Parking Lots</u> | <u>Cemeteries</u> | <u>Water Pollution Control</u> |
|---------------------------------------|---|--|--|--|--------------------------|---|
| | (Amounts in 000's) | | | | | |
| Construction activities | \$ 24,826 | \$ 20,547 | \$ 34,615 | \$ 2,771 | \$ | \$ 617 |
| Debt retirement | 92,506 | 3,031 | 128,103 | 5,557 | | |
| Accrued passenger facility charges | | | 11,258 | | | |
| Other | <u>9</u> | <u></u> | <u>55,965</u> | <u></u> | <u>5,498</u> | <u></u> |
| Total | <u>\$ 117,341</u> | <u>\$ 23,578</u> | <u>\$ 229,941</u> | <u>\$ 8,328</u> | <u>\$ 5,498</u> | <u>\$ 617</u> |

NOTE 17 – FUND BALANCES / NET POSITION

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

Below are the fund balance classifications for the governmental funds by category with specific purpose information at December 31, 2015:

| | General Fund | Other Governmental | Total Governmental |
|---|-------------------------|-------------------------------|-------------------------------|
| | (Amounts in 000's) | | |
| Fund Balances | | | |
| Nonspendable | | | |
| Inventory | \$ 740 | \$ 865 | \$ 1,605 |
| Nonspendable Total | 740 | 865 | 1,605 |
| Restricted | | | |
| Debt Service | | 59,742 | 59,742 |
| Recreation capital expenditures | | 29,101 | 29,101 |
| Public Facilities capital expenditures | | 48,302 | 48,302 |
| Road & Bridges capital expenditures | | 60,384 | 60,384 |
| Cemetery capital expenditures | | 4,405 | 4,405 |
| Stadium capital expenditures | | 14,877 | 14,877 |
| Other capital expenditures | | 588 | 588 |
| Repair & building of streets | | 2,038 | 2,038 |
| Health & wellness | | 153 | 153 |
| Protection & enforcement | | 5,987 | 5,987 |
| Housing, community & economic development | | 71,948 | 71,948 |
| Parks, properties & recreational services | | 639 | 639 |
| Municipal Court | | 7,671 | 7,671 |
| Casino | | 4,204 | 4,204 |
| Neighborhood & sidewalk maintenance | | 1,953 | 1,953 |
| General governance | | 97 | 97 |
| Restricted Total | - | 312,089 | 312,089 |
| Committed | | | |
| Health & wellness | | 71 | 71 |
| Protection & enforcement | | 124 | 124 |
| Parks, properties & recreational services | | 534 | 534 |
| Housing, community & economic development | | 73,828 | 73,828 |
| Municipal Court | | 1,685 | 1,685 |
| Neighborhood & sidewalk maintenance | | 4,063 | 4,063 |
| Lakefront management | | 992 | 992 |
| Utilities programs | | 355 | 355 |
| General governance | | 537 | 537 |
| Committed Total | - | 82,189 | 82,189 |
| Assigned | | | |
| Debt Service | | 6 | 6 |
| General governance | 6,286 | | 6,286 |
| Health & wellness | 166 | | 166 |
| Protection & enforcement | 1,551 | | 1,551 |
| Parks, properties & recreational services | 2,818 | | 2,818 |
| Housing, community & economic development | 231 | | 231 |
| Other purpose | 927 | | 927 |
| Assigned Total | 11,979 | 6 | 11,985 |
| Unassigned | 68,490 | | 68,490 |
| Total Fund Balances | <u>\$ 81,209</u> | <u>\$ 395,149</u> | <u>\$ 476,358</u> |

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

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

NOTE 18 – GATEWAY ECONOMIC DEVELOPMENT CORPORATION

In accordance with an agreement with Gateway Economic Development Corporation (Gateway), Gateway is required to reimburse the City for the excess of the debt service requirements of the Parking Facilities Refunding Revenue Bonds attributed to the two Gateway garages over the net revenues generated by the two Gateway garages. In October 2011, the City sold one of the Gateway garages and defeased the applicable bonds. Going forward the amounts required to be reimbursed will be calculated based upon the net revenues of the remaining garage and remaining applicable bonds outstanding.

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

In 2015, net revenues generated by the one remaining Gateway garage were less than the debt service payments attributed to that garage by \$1,526,000. Cumulative debt service payments funded by the City that are due from Gateway totaled \$49,924,000 at December 31, 2015. Due to the uncertainty of collecting such amounts, an allowance has been recorded to offset the amounts in full; therefore, these amounts do not appear in the accompanying financial statements.

To enhance the security of the bonds issued by the County for the construction of facilities at Gateway, the City has agreed to pledge annually a percentage of admissions taxes on all events held at the arena to pay debt service if other revenue sources are not sufficient. Any exempted admissions tax not required for debt service will be reimbursed to the City. The City's current admissions tax rate is 8%. For the year ended December 31, 2015, the City pledged \$4,699,721.

NOTE 19 – COMPLIANCE AND ACCOUNTABILITY

At December 31, 2015 the following funds had a net position deficiency. These deficiencies will be eliminated by increasing the rates charged to user departments during 2016.

| | <u>Amount</u> |
|-------------------------------------|--------------------|
| | (Amounts in 000's) |
| Utilities Administration | \$ 3,851 |
| Sinking Fund Administration | 201 |
| Municipal Income Tax Administration | 2,971 |
| Telephone Exchange | 288 |

NOTE 20 – RESTATEMENT

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statements No. 68 and 71 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of GASB Statement No. 68 had the following effect on net position as reported December 31, 2014:

| | Net Position | | Restated |
|--|-------------------|--------------------|-----------------------------------|
| | December 31, 2014 | Restatement | Net Position December 31, 2014 |
| | | (Amounts in 000's) | |
| Government-wide Governmental | \$ 869,712 | \$ (462,874) | \$ 406,838 |
| Government-wide Business-type | 2,106,102 | (84,652) | 2,021,450 |
| Water Enterprise Fund | 1,372,821 | (42,222) | 1,330,599 |
| Cleveland Public Power Enterprise Fund | 212,390 | (14,006) | 198,384 |
| Port Control Enterprise Fund | 361,167 | (16,271) | 344,896 |
| Nonmajor Enterprise Funds | 159,491 | (8,033) | 151,458 |
| Internal Service Funds | 9,624 | (11,534) | (1,910) |

NOTE 21 – SUBSEQUENT EVENTS

On February 9, 2016, the City sold \$144,355,000 Airport System Revenue Bonds, Series 2016 consisting of \$108,120,000 Airport System Revenue Bonds, Series 2016A (Non-AMT), and \$36,235,000 Airport System Revenue Bonds, Series 2016B (Non-AMT). These bonds were issued to refund certain outstanding Series 2000C Airport System Revenue Bonds and Series 2006A Airport System Revenue Bonds for debt service savings. The Series 2016A Bonds were issued effective February 23, 2016. The Series 2016B Bonds were sold on a forward delivery basis and are expected to close on or about October 4, 2016. As a result of this refunding, the Divisions will achieve net present value debt service savings of \$15.7 million or 12.41% on the Series 2016A Bonds and savings of \$5.1 million or 12.49% on the Series 2016B Bonds.

In conjunction with the issuance of the Series 2016 Airport System Revenue Bonds, Standard & Poor's Ratings Services revised its outlook on all the Airport System Revenue Bonds to stable from negative.

Effective April 1, 2016, the Airport System Revenue Bonds, Series 2013A, which had been directly purchased by U.S. Bank National Association in 2013 were tendered and then purchased by PNC Bank, National Association. The bonds remain in a variable rate mode with the City again paying on a monthly basis an amount equal to one month LIBOR plus a spread.

Effective April 14, 2016, the City issued \$32,390,000 Water Pollution Control Revenue Bonds, Series 2016 (Green Bonds). The proceeds will be used to provide funds for improvements to the system, to fund the required deposit to the debt service reserve fund and to pay the costs of issuing the bonds. The 2016 Bonds are the first series of bonds issued by the Division and are special obligations of the City issued and secured under a new Master Trust Agreement. The bonds are payable solely from the net revenues of the Division and from money in the Special Funds established in the Trust Agreement.

Effective May 18, 2016, the City issued \$47,545,000 Various Purpose and Refunding General Obligation Bonds, Series 2016A and \$4,260,000 Final Judgment General Obligation Refunding Bonds, Series 2016B. The proceeds of the Series 2016A Bonds will be used 1) to provide funds for public facility improvements, parks and recreation improvements and roads and bridge improvements; 2) to refund \$19,610,000 of outstanding Series 2007A and Series 2011 General Obligation Bonds and 3) to pay costs of issuing the Series 2016A Bonds. The Series 2016B Bonds are being issued to refund \$4,690,000 of outstanding Series 2007B and Series 2008A Final Judgment General Obligation Bonds and to pay the costs of issuing the bonds. As a result of the refundings, the City will realize approximately \$2,172,000 of debt service savings.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF CLEVELAND, OHIO

**Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Two Measurement Years (1), (2)**

| | 2014 | | 2013 |
|--|--------------------|----|-------------|
| | (Amounts in 000's) | | |
| City's Proportion of the Net Pension Liability | 2.005665% | | 2.005665% |
| City's Proportionate Share of the Net Pension Liability | \$ 241,132 | \$ | 236,084 |
| City's Covered-Employee Payroll | \$ 250,992 | \$ | 227,331 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 96.07% | | 103.85% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.45% | | 86.36% |

(1) Information presented based on measurement periods ended December 31.

(2) Information prior to 2013 is not available.

CITY OF CLEVELAND, OHIO

**Required Supplementary Information
Schedule of Contributions
Ohio Public Employees Retirement System
Last Three Years (1)**

| | 2015 | 2014 | 2013 |
|---|--------------------|--------------------|--------------------|
| | | (Amounts in 000's) | |
| Contractually Required Contributions | \$ 30,471 | \$ 30,119 | \$ 29,553 |
| Contributions in Relation to the Contractually Required Contributions | <u>\$ (30,471)</u> | <u>\$ (30,119)</u> | <u>\$ (29,553)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered-Employee Payroll | \$ 253,925 | \$ 250,992 | \$ 227,331 |
| Contributions as a Percentage of Covered-Employee Payroll | 12.00% | 12.00% | 13.00% |

(1) Represents employer's calendar year. Information prior to 2013 was not available. The City will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO

**Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police & Fire Pension Fund
Last Two Measurement Years (1), (2)**

| | 2014 | 2013 |
|--|--------------------|-------------|
| | (Amounts in 000's) | |
| City's Proportion of the Net Pension Liability | 7.6723876% | 7.6723876% |
| City's Proportionate Share of the Net Pension Liability | \$ 397,462 | \$ 373,669 |
| City's Covered-Employee Payroll | \$ 157,701 | \$ 187,096 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 252.04% | 199.72% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 72.20% | 73.00% |

(1) Information presented based on measurement periods ended December 31.

(2) Information prior to 2013 is not available.

CITY OF CLEVELAND, OHIO

**Required Supplementary Information
Schedule of Contributions
Ohio Police & Fire Pension Fund
Last Three Years (1)**

| | 2015 | 2014 | 2013 |
|--|--------------------|--------------------|--------------------|
| | | (Amounts in 000's) | |
| Contractually Required Contributions | \$ 33,420 | \$ 32,108 | \$ 31,956 |
| Contributions in Relation to the Contractually Required Contributions | <u>\$ (33,420)</u> | <u>\$ (32,108)</u> | <u>\$ (31,956)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered-Employee Payroll | \$ 166,351 | \$ 157,701 | \$ 187,096 |
| Contributions as a Percentage of Covered-Employee Payroll | 20.09% | 20.36% | 17.08% |

(1) Represents employer's calendar year. Information prior to 2013 was not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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SUPPLEMENTARY INFORMATION

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Original Budget | Final Budget | Actual | Variance- Positive (Negative) |
|---|----------------------------|-------------------------|-----------------------|--|
| REVENUES: | | | | |
| Income taxes | \$ 299,732 | \$ 304,732 | \$ 308,947 | \$ 4,215 |
| Property taxes | 33,465 | 33,465 | 32,684 | (781) |
| State local government funds | 25,949 | 25,949 | 26,580 | 631 |
| Other taxes | 34,350 | 34,350 | 40,051 | 5,701 |
| Other shared revenues | 13,490 | 13,490 | 13,525 | 35 |
| Licenses and permits | 14,449 | 14,449 | 16,684 | 2,235 |
| Charges for services | 31,617 | 31,617 | 31,395 | (222) |
| Fines, forfeits and settlements | 15,758 | 15,758 | 15,691 | (67) |
| Investment earnings | 400 | 400 | 445 | 45 |
| Grants | 417 | 417 | 385 | (32) |
| Miscellaneous | <u>19,926</u> | <u>19,926</u> | <u>24,635</u> | <u>4,709</u> |
| TOTAL REVENUES | <u>489,553</u> | <u>494,553</u> | <u>511,022</u> | <u>16,469</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Council and clerk of council: | | | | |
| Personnel | 5,236 | 5,236 | 5,108 | 128 |
| Other | <u>2,030</u> | <u>2,030</u> | <u>1,467</u> | <u>563</u> |
| Total council and clerk of council | <u>7,266</u> | <u>7,266</u> | <u>6,575</u> | <u>691</u> |
| Municipal court-judicial division: | | | | |
| Personnel | 20,119 | 20,119 | 18,845 | 1,274 |
| Other | <u>2,700</u> | <u>2,700</u> | <u>2,664</u> | <u>36</u> |
| Total municipal court-judicial division | <u>22,819</u> | <u>22,819</u> | <u>21,509</u> | <u>1,310</u> |
| Municipal court-clerks division: | | | | |
| Personnel | 9,590 | 9,590 | 9,410 | 180 |
| Other | <u>2,048</u> | <u>2,048</u> | <u>1,648</u> | <u>400</u> |
| Total municipal court-clerks division | <u>11,638</u> | <u>11,638</u> | <u>11,058</u> | <u>580</u> |
| Municipal court-housing division: | | | | |
| Personnel | 3,714 | 3,714 | 3,495 | 219 |
| Other | <u>138</u> | <u>138</u> | <u>138</u> | <u>-</u> |
| Total municipal court-housing division | <u>3,852</u> | <u>3,852</u> | <u>3,633</u> | <u>219</u> |
| Office of the mayor: | | | | |
| Personnel | 2,605 | 2,255 | 2,114 | 141 |
| Other | <u>119</u> | <u>119</u> | <u>85</u> | <u>34</u> |
| Total office of the mayor | <u>2,724</u> | <u>2,374</u> | <u>2,199</u> | <u>175</u> |
| Office of capital projects: | | | | |
| Personnel | 4,877 | 4,527 | 4,445 | 82 |
| Other | <u>521</u> | <u>521</u> | <u>393</u> | <u>128</u> |
| Total office of capital projects | <u>5,398</u> | <u>5,048</u> | <u>4,838</u> | <u>210</u> |

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|--|
| Landmarks commission: | | | | |
| Personnel | \$ 193 | \$ 193 | \$ 100 | \$ 93 |
| Other | 12 | 12 | 5 | 7 |
| Total landmarks commission | <u>205</u> | <u>205</u> | <u>105</u> | <u>100</u> |
| Board of building standards and appeals: | | | | |
| Personnel | 127 | 127 | 120 | 7 |
| Other | 10 | 10 | 8 | 2 |
| Total board of building standards and appeals | <u>137</u> | <u>137</u> | <u>128</u> | <u>9</u> |
| Board of zoning appeals: | | | | |
| Personnel | 213 | 213 | 213 | - |
| Other | 16 | 16 | 16 | - |
| Total board of zoning appeals | <u>229</u> | <u>229</u> | <u>229</u> | <u>-</u> |
| Civil service commission: | | | | |
| Personnel | 635 | 635 | 585 | 50 |
| Other | 391 | 391 | 92 | 299 |
| Total civil service commission | <u>1,026</u> | <u>1,026</u> | <u>677</u> | <u>349</u> |
| Community relations board: | | | | |
| Personnel | 1,358 | 1,308 | 1,191 | 117 |
| Other | 112 | 162 | 115 | 47 |
| Total community relations board | <u>1,470</u> | <u>1,470</u> | <u>1,306</u> | <u>164</u> |
| City planning commission: | | | | |
| Personnel | 1,547 | 1,547 | 1,448 | 99 |
| Other | 111 | 111 | 85 | 26 |
| Total city planning commission | <u>1,658</u> | <u>1,658</u> | <u>1,533</u> | <u>125</u> |
| Boxing and wrestling commission: | | | | |
| Personnel | 6 | 6 | 5 | 1 |
| Total boxing and wrestling commission | <u>6</u> | <u>6</u> | <u>5</u> | <u>1</u> |
| Office of equal opportunity: | | | | |
| Personnel | 796 | 796 | 615 | 181 |
| Other | 19 | 19 | 16 | 3 |
| Total office of equal opportunity | <u>815</u> | <u>815</u> | <u>631</u> | <u>184</u> |
| Office of budget and management: | | | | |
| Personnel | 865 | 790 | 725 | 65 |
| Other | 35 | 160 | 90 | 70 |
| Total office of budget and management | <u>900</u> | <u>950</u> | <u>815</u> | <u>135</u> |

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in 000's)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|--|
| Department of aging: | | | | |
| Personnel | \$ 847 | \$ 847 | \$ 776 | \$ 71 |
| Other | <u>265</u> | <u>265</u> | <u>263</u> | <u>2</u> |
| Total department of aging | <u>1,112</u> | <u>1,112</u> | <u>1,039</u> | <u>73</u> |
| Office of personnel: | | | | |
| Personnel | 1,417 | 1,292 | 1,224 | 68 |
| Other | <u>746</u> | <u>871</u> | <u>819</u> | <u>52</u> |
| Total office of personnel | <u>2,163</u> | <u>2,163</u> | <u>2,043</u> | <u>120</u> |
| Department of law: | | | | |
| Personnel | 6,785 | 6,510 | 6,262 | 248 |
| Other | <u>6,043</u> | <u>7,843</u> | <u>7,035</u> | <u>808</u> |
| Total department of law | <u>12,828</u> | <u>14,353</u> | <u>13,297</u> | <u>1,056</u> |
| Finance administration: | | | | |
| Personnel | 1,066 | 791 | 728 | 63 |
| Other | <u>355</u> | <u>375</u> | <u>354</u> | <u>21</u> |
| Total finance administration | <u>1,421</u> | <u>1,166</u> | <u>1,082</u> | <u>84</u> |
| Division of accounts: | | | | |
| Personnel | 1,376 | 1,276 | 1,190 | 86 |
| Other | <u>689</u> | <u>864</u> | <u>848</u> | <u>16</u> |
| Total division of accounts | <u>2,065</u> | <u>2,140</u> | <u>2,038</u> | <u>102</u> |
| Division of assessments and licenses: | | | | |
| Personnel | 2,250 | 2,125 | 2,092 | 33 |
| Other | <u>1,425</u> | <u>1,375</u> | <u>1,194</u> | <u>181</u> |
| Total division of assessments and licenses | <u>3,675</u> | <u>3,500</u> | <u>3,286</u> | <u>214</u> |
| Division of treasury: | | | | |
| Personnel | 653 | 653 | 573 | 80 |
| Other | <u>103</u> | <u>103</u> | <u>85</u> | <u>18</u> |
| Total division of treasury | <u>756</u> | <u>756</u> | <u>658</u> | <u>98</u> |
| Division of purchases and supplies: | | | | |
| Personnel | 654 | 679 | 663 | 16 |
| Other | <u>40</u> | <u>40</u> | <u>33</u> | <u>7</u> |
| Total division of purchases and supplies | <u>694</u> | <u>719</u> | <u>696</u> | <u>23</u> |
| Bureau of internal audit: | | | | |
| Personnel | 639 | 639 | 568 | 71 |
| Other | <u>634</u> | <u>634</u> | <u>254</u> | <u>380</u> |
| Total bureau of internal audit | <u>1,273</u> | <u>1,273</u> | <u>822</u> | <u>451</u> |

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|--|
| Division of financial reporting and control: | | | | |
| Personnel | \$ 1,383 | \$ 1,208 | \$ 1,101 | \$ 107 |
| Other | <u>25</u> | <u>25</u> | <u>19</u> | <u>6</u> |
| Total division of financial reporting and control | <u>1,408</u> | <u>1,233</u> | <u>1,120</u> | <u>113</u> |
| Division of information system services: | | | | |
| Personnel | 2,754 | 1,979 | 1,894 | 85 |
| Other | <u>2,546</u> | <u>2,646</u> | <u>2,635</u> | <u>11</u> |
| Total division of information system services | <u>5,300</u> | <u>4,625</u> | <u>4,529</u> | <u>96</u> |
| | | | | |
| TOTAL GENERAL GOVERNMENT | <u>92,838</u> | <u>92,533</u> | <u>85,851</u> | <u>6,682</u> |
| | | | | |
| Public Health: | | | | |
| Public health administration: | | | | |
| Personnel | 829 | 829 | 745 | 84 |
| Other | <u>361</u> | <u>361</u> | <u>359</u> | <u>2</u> |
| Total public health administration | <u>1,190</u> | <u>1,190</u> | <u>1,104</u> | <u>86</u> |
| Division of health: | | | | |
| Personnel | 2,034 | 2,034 | 1,899 | 135 |
| Other | <u>1,705</u> | <u>1,705</u> | <u>1,478</u> | <u>227</u> |
| Total division of health | <u>3,739</u> | <u>3,739</u> | <u>3,377</u> | <u>362</u> |
| Division of environment: | | | | |
| Personnel | 851 | 1,426 | 1,241 | 185 |
| Other | <u>231</u> | <u>231</u> | <u>229</u> | <u>2</u> |
| Total division of environment | <u>1,082</u> | <u>1,657</u> | <u>1,470</u> | <u>187</u> |
| Division of air quality: | | | | |
| Personnel | 128 | 128 | 123 | 5 |
| Other | <u>278</u> | <u>278</u> | <u>276</u> | <u>2</u> |
| Total division of air quality | <u>406</u> | <u>406</u> | <u>399</u> | <u>7</u> |
| | | | | |
| TOTAL PUBLIC HEALTH | <u>6,417</u> | <u>6,992</u> | <u>6,350</u> | <u>642</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in 000's)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------|--|
| Public Safety: | | | | |
| Public safety administration: | | | | |
| Personnel | \$ 4,250 | \$ 3,850 | \$ 3,697 | \$ 153 |
| Other | 1,453 | 1,663 | 1,639 | 24 |
| Total public safety administration | <u>5,703</u> | <u>5,513</u> | <u>5,336</u> | <u>177</u> |
| Division of police: | | | | |
| Personnel | 167,935 | 179,235 | 170,403 | 8,832 |
| Other | 9,495 | 9,795 | 8,971 | 824 |
| Total division of police | <u>177,430</u> | <u>189,030</u> | <u>179,374</u> | <u>9,656</u> |
| Division of fire: | | | | |
| Personnel | 80,623 | 85,723 | 85,272 | 451 |
| Other | 3,975 | 3,975 | 3,651 | 324 |
| Total division of fire | <u>84,598</u> | <u>89,698</u> | <u>88,923</u> | <u>775</u> |
| Division of emergency medical services: | | | | |
| Personnel | 21,933 | 20,533 | 20,274 | 259 |
| Other | 2,719 | 2,719 | 2,706 | 13 |
| Total division of emergency medical services | <u>24,652</u> | <u>23,252</u> | <u>22,980</u> | <u>272</u> |
| Division of animal control services: | | | | |
| Personnel | 1,145 | 1,220 | 1,174 | 46 |
| Other | 362 | 362 | 354 | 8 |
| Total division of animal control services | <u>1,507</u> | <u>1,582</u> | <u>1,528</u> | <u>54</u> |
| Division of correction: | | | | |
| Personnel | 9,817 | 9,142 | 8,781 | 361 |
| Other | 3,527 | 3,427 | 2,936 | 491 |
| Total division of correction | <u>13,344</u> | <u>12,569</u> | <u>11,717</u> | <u>852</u> |
| TOTAL PUBLIC SAFETY | <u>307,234</u> | <u>321,644</u> | <u>309,858</u> | <u>11,786</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|---|-------------------|-------------------|-------------------|--|
| | <u>Budget</u> | <u>Budget</u> | | |
| Public Works: | | | | |
| Division of public works administration: | | | | |
| Personnel | \$ 2,945 | \$ 2,945 | \$ 2,917 | \$ 28 |
| Other | <u>264</u> | <u>264</u> | <u>261</u> | <u>3</u> |
| Total division of public works administration | <u>3,209</u> | <u>3,209</u> | <u>3,178</u> | <u>31</u> |
| Division of recreation: | | | | |
| Personnel | 8,081 | 8,081 | 8,045 | 36 |
| Other | <u>4,090</u> | <u>4,090</u> | <u>3,723</u> | <u>367</u> |
| Total division of recreation | <u>12,171</u> | <u>12,171</u> | <u>11,768</u> | <u>403</u> |
| Division of parking facilities: | | | | |
| Personnel | 1,210 | 1,210 | 1,135 | 75 |
| Other | <u>66</u> | <u>66</u> | <u>51</u> | <u>15</u> |
| Total division of parking facilities | <u>1,276</u> | <u>1,276</u> | <u>1,186</u> | <u>90</u> |
| Division of property management: | | | | |
| Personnel | 5,640 | 5,460 | 5,459 | 1 |
| Other | <u>2,124</u> | <u>2,209</u> | <u>2,140</u> | <u>69</u> |
| Total division of property management | <u>7,764</u> | <u>7,669</u> | <u>7,599</u> | <u>70</u> |
| Division of park maintenance and properties: | | | | |
| Personnel | 8,958 | 8,708 | 8,707 | 1 |
| Other | <u>5,423</u> | <u>5,273</u> | <u>4,905</u> | <u>368</u> |
| Total division of park maintenance and properties | <u>14,381</u> | <u>13,981</u> | <u>13,612</u> | <u>369</u> |
| Division of waste collection and disposal: | | | | |
| Personnel | 14,014 | 14,014 | 14,006 | 8 |
| Other | <u>10,788</u> | <u>11,013</u> | <u>10,726</u> | <u>287</u> |
| Total division of waste collection and disposal | <u>24,802</u> | <u>25,027</u> | <u>24,732</u> | <u>295</u> |
| Division of traffic engineering: | | | | |
| Personnel | 2,724 | 2,489 | 2,487 | 2 |
| Other | <u>819</u> | <u>819</u> | <u>779</u> | <u>40</u> |
| Total division of traffic engineering | <u>3,543</u> | <u>3,308</u> | <u>3,266</u> | <u>42</u> |
| TOTAL PUBLIC WORKS | <u>67,146</u> | <u>66,641</u> | <u>65,341</u> | <u>1,300</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|---|----------------------------|-------------------------|----------------|--|
| Community Development: | | | | |
| Director's office: | | | | |
| Personnel | \$ 276 | \$ 276 | \$ 263 | \$ 13 |
| Other | <u>15</u> | <u>15</u> | <u>7</u> | <u>8</u> |
| Total director's office | <u>291</u> | <u>291</u> | <u>270</u> | <u>21</u> |
| | | | | |
| TOTAL COMMUNITY DEVELOPMENT | <u>291</u> | <u>291</u> | <u>270</u> | <u>21</u> |
| | | | | |
| Building and Housing: | | | | |
| Director's office: | | | | |
| Personnel | 1,751 | 1,526 | 1,524 | 2 |
| Other | <u>466</u> | <u>466</u> | <u>459</u> | <u>7</u> |
| Total director's office | <u>2,217</u> | <u>1,992</u> | <u>1,983</u> | <u>9</u> |
| | | | | |
| Division of code enforcement: | | | | |
| Personnel | 5,960 | 5,560 | 5,432 | 128 |
| Other | <u>193</u> | <u>193</u> | <u>193</u> | <u>-</u> |
| Total division of code enforcement | <u>6,153</u> | <u>5,753</u> | <u>5,625</u> | <u>128</u> |
| | | | | |
| Division of construction permitting: | | | | |
| Personnel | 1,542 | 1,542 | 1,305 | 237 |
| Other | <u>25</u> | <u>25</u> | <u>20</u> | <u>5</u> |
| Total division of construction permitting | <u>1,567</u> | <u>1,567</u> | <u>1,325</u> | <u>242</u> |
| | | | | |
| TOTAL BUILDING AND HOUSING | <u>9,937</u> | <u>9,312</u> | <u>8,933</u> | <u>379</u> |
| | | | | |
| Economic Development: | | | | |
| Economic development administration: | | | | |
| Personnel | 1,672 | 1,672 | 1,467 | 205 |
| Other | <u>21</u> | <u>21</u> | <u>21</u> | <u>-</u> |
| Total economic development administration | <u>1,693</u> | <u>1,693</u> | <u>1,488</u> | <u>205</u> |
| | | | | |
| TOTAL ECONOMIC DEVELOPMENT | <u>1,693</u> | <u>1,693</u> | <u>1,488</u> | <u>205</u> |
| | | | | |
| Non-Departmental Expenditures: | | | | |
| Other | <u>22,101</u> | <u>17,051</u> | <u>16,485</u> | <u>566</u> |
| TOTAL NON-DEPARTMENTAL EXPENDITURES | <u>22,101</u> | <u>17,051</u> | <u>16,485</u> | <u>566</u> |
| | | | | |
| Capital outlay | <u>250</u> | <u>250</u> | <u>250</u> | <u>-</u> |
| | | | | |
| Principal retirement | <u>250</u> | <u>250</u> | <u>250</u> | <u>-</u> |
| | | | | |
| TOTAL EXPENDITURES | <u>508,157</u> | <u>516,657</u> | <u>495,076</u> | <u>21,581</u> |

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL**

FOR THE YEAR ENDED DECEMBER 31, 2015

(Amounts in 000's)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
|--|----------------------------|-------------------------|------------------|--|
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (18,604) | \$ (22,104) | \$ 15,946 | \$ 38,050 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 4,993 | 4,993 | 5,446 | 453 |
| Transfers out | (34,174) | (30,674) | (29,862) | 812 |
| Sale of City assets | <u> </u> | <u> </u> | <u>315</u> | <u>315</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(29,181)</u> | <u>(25,681)</u> | <u>(24,101)</u> | <u>1,580</u> |
| DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES | <u> </u> | <u> </u> | <u>625</u> | <u>625</u> |
| NET CHANGE IN FUND BALANCE | (47,785) | (47,785) | (7,530) | 40,255 |
| FUND BALANCE AT BEGINNING OF YEAR | <u>49,627</u> | <u>49,627</u> | <u>49,627</u> | <u>-</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 1,842</u> | <u>\$ 1,842</u> | <u>\$ 42,097</u> | <u>\$ 40,255</u> |

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CITY OF CLEVELAND, OHIO

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

| | |
|--|--|
| Division of Streets | To account for motor vehicle license tax and gasoline excise tax used for the repair and building of streets. |
| Restricted Income Tax | To account for one-ninth of the City's income tax collections. Monies are to be used for capital improvement purposes, repayment of debt and elimination of any deficit balance in any fund of the City. |
| Cleveland Stadium Operations | To account for the operating activities of Cleveland Browns Stadium. |
| Community Development Block Grants | To account for revenue from the federal government and expenditures as prescribed under the Community Development Block Grant Program. |
| Community Development Funds | To account for revenue earmarked for citywide development. |
| Building and Housing Funds | To account for revenue earmarked to administer and enforce the provisions of the Cleveland building, housing and zoning codes plus the national electrical code and state building, plumbing and elevator codes. |
| Urban Development Action Funds | To account for revenue from the federal government under the Urban Development Action Grant Program. |
| Economic Development Funds | To account for revenue earmarked to revitalize distressed cities by stimulating economic development. |
| Home Weatherization Grants | To account for revenue from the State of Ohio and expenditures as prescribed under the Home Weatherization Assistance Program. |
| Work Force Investment Act Grants (WIA) | To account for revenue and expenditures from the State of Ohio under the Work Force Investment Act. |
| General Government Funds | To account for revenue earmarked for general government activities. |
| Public Works Funds | To account for revenue earmarked for the public works activity. |
| Public Safety Funds | To account for revenue earmarked for public safety activities. |

SPECIAL REVENUE FUNDS (Continued)

| | |
|--|---|
| Public Health Funds | To account for revenue earmarked for the improvement of public health. |
| Gateway Shared Income Tax Funds | To account for municipal income tax revenue derived from persons employed at the Arena and Progressive Field with 50% of the revenues shared with the other taxing districts in the City. |
| Neighborhood Development Investment Fund | To account for revenue earmarked for the Neighborhood Development Investment Fund. |
| Core City Program Funds | To account for revenue earmarked for certain economic and community development projects. |
| Supplemental Empowerment Zone | To account for revenue from the U.S. Department of Housing and Urban Development Program designed to help rebuild specified urban communities. |

SPECIAL REVENUE FUNDS (for budgetary purposes only)

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

| | |
|---|---|
| Rainy Day Reserve Fund | To account for revenue which is eligible to be used during significant periods of economic downturn. |
| Schools Recreation and Cultural Activities Fund | To account for revenue from special taxes earmarked for Cleveland Municipal Schools for recreation and cultural activities. |

DEBT SERVICE FUNDS

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

| | |
|--|---|
| Unvoted Tax Supported Obligations Fund | To account for the accumulation of resources for the payment of General Obligation Bonds of the City. These bonds do not require a vote of the electors, other than self-supporting obligations. They are payable from ad valorem property taxes levied within the limitations provided by law. |
| Stadium Bond Fund | To account for the accumulation of resources for the payment of nontax revenue bonds pertaining to the Stadium. |
| Subordinated Income Tax Fund | To account for the accumulation of resources for the payment of Subordinated Income Tax Variable Rate Refunding Bonds payable from pledged income taxes. |

DEBT SERVICE FUNDS (Continued)

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

CAPITAL PROJECT FUNDS

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

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

CITY OF CLEVELAND, OHIO

**COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015
(Amounts in 000's)**

| | <u>Special Revenue Funds - Budgeted</u> | | | |
|--|---|----------------------------------|---|-------------------------------------|
| | <u>Division of Streets</u> | <u>Restricted Income Tax</u> | <u>Cleveland Stadium Operations</u> | <u>Total Budgeted Funds</u> |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,579 | \$ 3,961 | \$ 12,506 | \$ 18,046 |
| Investments | | | | - |
| Receivables: | | | | |
| Taxes | | 5,737 | | 5,737 |
| Accounts | | | | - |
| Grants | | | | - |
| Loans | | | | - |
| Accrued interest | | | | - |
| Assessments | | | | - |
| Receivables, net | <u>-</u> | <u>5,737</u> | <u>-</u> | <u>5,737</u> |
| Due from other funds | | 3,837 | | 3,837 |
| Due from other governments | 6,513 | | | 6,513 |
| Inventory of supplies | <u>865</u> | | | <u>865</u> |
| TOTAL ASSETS | <u>\$ 8,957</u> | <u>\$ 13,535</u> | <u>\$ 12,506</u> | <u>\$ 34,998</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 173 | \$ 302 | | \$ 475 |
| Accrued wages and benefits | 1,116 | | | 1,116 |
| Due to other governments | | | 339 | 339 |
| Unearned revenue | | | | - |
| Due to other funds | <u>307</u> | | | <u>307</u> |
| Total liabilities | <u>1,596</u> | <u>302</u> | <u>339</u> | <u>2,237</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflow | <u>4,458</u> | <u>1,591</u> | | <u>6,049</u> |
| Total deferred inflows of resources | <u>4,458</u> | <u>1,591</u> | <u>-</u> | <u>6,049</u> |
| FUND BALANCES | | | | |
| Nonspendable | 865 | | | 865 |
| Restricted | 2,038 | 11,642 | 12,167 | 25,847 |
| Committed | | | | - |
| Assigned | | | | - |
| Total fund balances | <u>2,903</u> | <u>11,642</u> | <u>12,167</u> | <u>26,712</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | <u>\$ 8,957</u> | <u>\$ 13,535</u> | <u>\$ 12,506</u> | <u>\$ 34,998</u> |

| Special Revenue Funds - Non-Budgeted | | | | | | | |
|--|-----------------------------------|-------------------------------------|--------------------------------------|----------------------------------|----------------------------------|---------------|--------------------------------|
| Community Development Block Grants | Community Development Funds | Building and Housing Funds | Urban Development Action Funds | Economic Development Funds | Home Weatherization Grants | WIA Grants | General Government Funds |
| \$ | \$ 2,999 | \$ | \$ 18,635 | \$ 17,405 | \$ 36 | \$ | \$ 22,740 |
| | 1,286 | 632 | | 1,570 | | 143 | 143 |
| 6,171 | 7,986 | | 33,013 | 58,620 | | | |
| <u>1,514</u> | <u>1,161</u> | <u>1,921</u> | | | | | <u>98</u> |
| <u>7,685</u> | <u>10,433</u> | <u>2,553</u> | <u>33,013</u> | <u>60,190</u> | <u>-</u> | <u>143</u> | <u>241</u> |
| 49 | | 1,881 | | 12,393 | | | 35 |
| | | | | | | | 882 |
| <u>\$ 7,734</u> | <u>\$ 13,432</u> | <u>\$ 4,434</u> | <u>\$ 51,648</u> | <u>\$ 89,988</u> | <u>\$ 36</u> | <u>\$ 143</u> | <u>\$ 23,898</u> |
| \$ 27 | \$ | \$ 186 | \$ | \$ 92 | \$ | \$ 13 | \$ 881 |
| 184 | 16 | | | 3 | | 30 | 31 |
| 60 | 573 | | | 50,179 | | | 286 |
| 4,052 | 1,535 | 219 | | 1,217 | 36 | | 403 |
| <u>2,083</u> | <u>1,390</u> | <u>1,665</u> | <u>1</u> | <u>895</u> | | <u>100</u> | <u>268</u> |
| <u>6,406</u> | <u>3,514</u> | <u>2,070</u> | <u>1</u> | <u>52,386</u> | <u>36</u> | <u>143</u> | <u>1,869</u> |
| <u>1,328</u> | <u>1,161</u> | <u>1,921</u> | | <u>12,231</u> | | | <u>472</u> |
| <u>1,328</u> | <u>1,161</u> | <u>1,921</u> | <u>-</u> | <u>12,231</u> | <u>-</u> | <u>-</u> | <u>472</u> |
| | 7,499 | 146 | | 13,096 | | | 13,925 |
| | 1,258 | 297 | 51,647 | 12,275 | | | 7,632 |
| <u>-</u> | <u>8,757</u> | <u>443</u> | <u>51,647</u> | <u>25,371</u> | <u>-</u> | <u>-</u> | <u>21,557</u> |
| <u>\$ 7,734</u> | <u>\$ 13,432</u> | <u>\$ 4,434</u> | <u>\$ 51,648</u> | <u>\$ 89,988</u> | <u>\$ 36</u> | <u>\$ 143</u> | <u>\$ 23,898</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015
(Amounts in 000's)**

| | <u>Special Revenue Funds - Non-Budgeted</u> | | | |
|--|---|------------------------------------|------------------------------------|--|
| | <u>Public Works Funds</u> | <u>Public Safety Funds</u> | <u>Public Health Funds</u> | <u>Gateway Shared Income Tax Funds</u> |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 449 | \$ 5,712 | \$ 109 | \$ 1,950 |
| Investments | | | | |
| Receivables: | | | | |
| Taxes | | | | |
| Accounts | | 7 | | |
| Grants | 86 | 884 | 549 | |
| Loans | | | | |
| Accrued interest | | | | |
| Assessments | | | | |
| Receivables, net | <u>86</u> | <u>891</u> | <u>549</u> | <u>-</u> |
| Due from other funds | 1,038 | | 112 | |
| Due from other governments | | | | 194 |
| Inventory of supplies | | | | |
| TOTAL ASSETS | <u>\$ 1,573</u> | <u>\$ 6,603</u> | <u>\$ 770</u> | <u>\$ 2,144</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 55 | \$ 43 | \$ 93 | \$ - |
| Accrued wages and benefits | | 20 | 241 | |
| Due to other governments | 218 | | 3 | 1,072 |
| Unearned revenue | 108 | 131 | 145 | |
| Due to other funds | <u>19</u> | <u>298</u> | <u>64</u> | <u>1,072</u> |
| Total liabilities | <u>400</u> | <u>492</u> | <u>546</u> | <u>2,144</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflow | | | | |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | | |
| Nonspendable | | | | |
| Restricted | 639 | 5,987 | 153 | |
| Committed | 534 | 124 | 71 | |
| Assigned | | | | |
| Total fund balances | <u>1,173</u> | <u>6,111</u> | <u>224</u> | <u>-</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | <u>\$ 1,573</u> | <u>\$ 6,603</u> | <u>\$ 770</u> | <u>\$ 2,144</u> |

Special Revenue Funds - Non-Budgeted

| Neighborhood Development Investment Fund | Core City Program Funds | Supplemental Empowerment Zone | Total Non-Budgeted Funds | Total Special Revenue Funds |
|---|--|--|---|--|
| \$ 2,561 | \$ 17,589 | \$ 2,622 | \$ 92,807 | \$ 110,853 |
| | | | - | - |
| | | | - | 5,737 |
| | | | 7 | 7 |
| | | 1,323 | 6,616 | 6,616 |
| 5,790 | 26,398 | 32,854 | 170,832 | 170,832 |
| | 1 | | 1 | 1 |
| | | | 4,694 | 4,694 |
| <u>5,790</u> | <u>26,399</u> | <u>34,177</u> | <u>182,150</u> | <u>187,887</u> |
| | | 895 | 4,010 | 7,847 |
| | | | 13,469 | 19,982 |
| | | | - | 865 |
| <u>\$ 8,351</u> | <u>\$ 43,988</u> | <u>\$ 37,694</u> | <u>\$ 292,436</u> | <u>\$ 327,434</u> |
| \$ | \$ | \$ | \$ 1,390 | \$ 1,865 |
| | | | 525 | 1,641 |
| | | 37,694 | 90,085 | 90,424 |
| | | | 7,846 | 7,846 |
| | | | 7,855 | 8,162 |
| <u>-</u> | <u>-</u> | <u>37,694</u> | <u>107,701</u> | <u>109,938</u> |
| | | | 17,113 | 23,162 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>17,113</u> | <u>23,162</u> |
| | | | - | 865 |
| | 43,988 | | 85,433 | 111,280 |
| 8,351 | | | 82,189 | 82,189 |
| | | | - | - |
| <u>8,351</u> | <u>43,988</u> | <u>-</u> | <u>167,622</u> | <u>194,334</u> |
| <u>\$ 8,351</u> | <u>\$ 43,988</u> | <u>\$ 37,694</u> | <u>\$ 292,436</u> | <u>\$ 327,434</u> |

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2015

(Amounts in 000's)

| | Debt Service Funds - Budgeted | | | |
|--|--|--------------------------------|---|---|
| | Unvoted Tax Supported Obligations <u>Fund</u> | Stadium Bond <u>Fund</u> | Subordinated Income Tax <u>Fund</u> | Lower Euclid Avenue <u>TIF</u> |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,829 | \$ 6 | \$ 2,818 | \$ 1,004 |
| Investments | 294 | | | |
| Receivables: | | | | |
| Taxes | 30,518 | | | |
| Accounts | | | | |
| Grants | | | | |
| Loans | | | | |
| Accrued interest | | | | |
| Assessments | | | | |
| Receivables, net | 30,518 | - | - | - |
| Due from other funds | | | | |
| Due from other governments | 1,588 | | | |
| Inventory of supplies | | | | |
| TOTAL ASSETS | \$ 35,229 | \$ 6 | \$ 2,818 | \$ 1,004 |
| LIABILITIES | | | | |
| Accounts payable | \$ | \$ | \$ | \$ |
| Accrued wages and benefits | | | | |
| Due to other governments | | | | |
| Unearned revenue | | | | |
| Due to other funds | | | | |
| Total liabilities | - | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflow | 32,105 | | | |
| Total deferred inflows of resources | 32,105 | - | - | - |
| FUND BALANCE | | | | |
| Nonspendable | | | | |
| Restricted | 3,124 | | 2,818 | 1,004 |
| Committed | | | | |
| Assigned | | 6 | | |
| Total fund balances | 3,124 | 6 | 2,818 | 1,004 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | \$ 35,229 | \$ 6 | \$ 2,818 | \$ 1,004 |

| Debt Service Funds | | | | | | | |
|--------------------------------|---|-------------------------------------|--|-----------------------------------|---|--|---|
| Non-Budgeted | | | | | | | |
| <u>Core City Bonds</u> | <u>Subordinate Lien Income Tax Fund</u> | <u>Total Budgeted Funds</u> | <u>Cleveland Stadium Debt Service Fund</u> | <u>Urban Renewal Fund</u> | <u>Urban Renewal Reserve Fund</u> | <u>Total Non- Budgeted Funds</u> | <u>Total Debt Service Funds</u> |
| \$ 4,714 | \$ 12,709 | \$ 24,080 | \$ 8,420 | \$ 942 | \$ 2,202 | \$ 11,564 | \$ 35,644 |
| | | 294 | | | | - | 294 |
| | | 30,518 | | | | - | 30,518 |
| | | - | | | | - | - |
| | | - | | | | - | - |
| | | - | | | | - | - |
| | | - | | | | - | - |
| | | - | | | | - | - |
| - | - | 30,518 | - | - | - | - | 30,518 |
| | | - | | | | - | - |
| | | 1,588 | | | | - | 1,588 |
| | | - | | | | - | - |
| \$ 4,714 | \$ 12,709 | \$ 56,480 | \$ 8,420 | \$ 942 | \$ 2,202 | \$ 11,564 | \$ 68,044 |
| \$ | \$ | \$ - | \$ | \$ | \$ | \$ - | \$ - |
| | | - | | | | - | - |
| | | - | | | | - | - |
| | | - | | | | - | - |
| | | - | | | | - | - |
| - | - | - | - | - | - | - | - |
| | | 32,105 | | | | - | 32,105 |
| - | - | 32,105 | - | - | - | - | 32,105 |
| | | - | | | | - | - |
| 4,714 | 12,709 | 24,369 | 8,420 | 942 | 2,202 | 11,564 | 35,933 |
| | | - | | | | - | - |
| | | 6 | | | | - | 6 |
| 4,714 | 12,709 | 24,375 | 8,420 | 942 | 2,202 | 11,564 | 35,939 |
| \$ 4,714 | \$ 12,709 | \$ 56,480 | \$ 8,420 | \$ 942 | \$ 2,202 | \$ 11,564 | \$ 68,044 |

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2015

(Amounts in 000's)

| | <u>Capital Projects Funds Non-Budgeted</u> | | |
|--|---|------------------------------|--------------------------------|
| | <u>Capital/ Urban Renewal Bond Construction</u> | <u>Grant Improvement</u> | <u>Capital Improvement</u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 150,048 | \$ | \$ 6,628 |
| Investments | | | |
| Receivables: | | | |
| Taxes | | | |
| Accounts | | | |
| Grants | | 2,080 | |
| Loans | | | |
| Accrued interest | 12 | | |
| Assessments | | | |
| Receivables, net | <u>12</u> | <u>2,080</u> | <u>-</u> |
| Due from other funds | | | |
| Due from other governments | | | |
| Inventory of supplies | | | |
| TOTAL ASSETS | <u>\$ 150,060</u> | <u>\$ 2,080</u> | <u>\$ 6,628</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 2,381 | \$ | \$ 4,206 |
| Accrued wages and benefits | | | |
| Due to other governments | | | |
| Unearned revenue | | 433 | |
| Due to other funds | | 1,647 | |
| Total liabilities | <u>2,381</u> | <u>2,080</u> | <u>4,206</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflow | | | |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | |
| Nonspendable | | | |
| Restricted | 147,679 | | 2,422 |
| Committed | | | |
| Assigned | | | |
| Total fund balances | <u>147,679</u> | <u>-</u> | <u>2,422</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | <u>\$ 150,060</u> | <u>\$ 2,080</u> | <u>\$ 6,628</u> |

| <u>Certificates of Participation/ Capital Leases</u> | <u>Cleveland Stadium Construction</u> | <u>Total Capital Projects Funds</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|---|---|--|
| \$ | \$ 14,877 | \$ 171,553 | \$ 318,050 |
| | | - | 294 |
| | | - | 36,255 |
| | | - | 7 |
| | | 2,080 | 8,696 |
| | | - | 170,832 |
| | | 12 | 13 |
| | | - | 4,694 |
| <u>-</u> | <u>-</u> | <u>2,092</u> | <u>220,497</u> |
| | | - | 7,847 |
| | | - | 21,570 |
| | | - | 865 |
| <u>\$ -</u> | <u>\$ 14,877</u> | <u>\$ 173,645</u> | <u>\$ 569,123</u> |
| \$ | \$ 102 | \$ 6,689 | \$ 8,554 |
| | | - | 1,641 |
| | | - | 90,424 |
| | | 433 | 8,279 |
| | | 1,647 | 9,809 |
| <u>-</u> | <u>102</u> | <u>8,769</u> | <u>118,707</u> |
| | | - | 55,267 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>55,267</u> |
| | | - | 865 |
| | 14,775 | 164,876 | 312,089 |
| | | - | 82,189 |
| | | - | 6 |
| <u>-</u> | <u>14,775</u> | <u>164,876</u> | <u>395,149</u> |
| <u>\$ -</u> | <u>\$ 14,877</u> | <u>\$ 173,645</u> | <u>\$ 569,123</u> |

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Special Revenue Funds - Budgeted | | | Total Budgeted Funds |
|--|----------------------------------|--------------------------|------------------------------------|----------------------------|
| | Division of Streets | Restricted Income Tax | Cleveland Stadium Operations | |
| REVENUES: | | | | |
| Income taxes | \$ | \$ 39,350 | \$ | \$ 39,350 |
| Property taxes | | | | - |
| Other shared revenues | 13,295 | | | 13,295 |
| Licenses and permits | 1,318 | | | 1,318 |
| Charges for services | 41 | | 250 | 291 |
| Fines, forfeits and settlements | 250 | | | 250 |
| Investment earnings | 2 | 21 | 16 | 39 |
| Grants | | | | - |
| Contributions | | | | - |
| Miscellaneous | 2 | | | 2 |
| Total revenues | <u>14,908</u> | <u>39,371</u> | <u>266</u> | <u>54,545</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | | | | - |
| Public Works | 22,395 | | 785 | 23,180 |
| Public Safety | | | | - |
| Community Development | | | | - |
| Building and Housing | | | | - |
| Public Health | | | | - |
| Economic Development | | | | - |
| Capital outlay | | 5,231 | | 5,231 |
| Inception of capital lease | | | | - |
| Debt service: | | | | |
| Principal retirement | | 4,114 | | 4,114 |
| Interest | | 904 | | 904 |
| General Government | | | | - |
| Other | | 1,071 | | 1,071 |
| Total expenditures | <u>22,395</u> | <u>11,320</u> | <u>785</u> | <u>34,500</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(7,487)</u> | <u>28,051</u> | <u>(519)</u> | <u>20,045</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 7,666 | | 9,600 | 17,266 |
| Transfers out | | (28,482) | (20,391) | (48,873) |
| Issuance of debt | | | | - |
| Premium on bonds | | | | - |
| Payment to refund bonds | | | | - |
| Sale of City assets | | | | - |
| Issuance of refunding bonds | | | | - |
| Total other financing sources (uses) | <u>7,666</u> | <u>(28,482)</u> | <u>(10,791)</u> | <u>(31,607)</u> |
| NET CHANGE IN FUND BALANCES | 179 | (431) | (11,310) | (11,562) |
| FUND BALANCES AT BEGINNING OF YEAR | <u>2,724</u> | <u>12,073</u> | <u>23,477</u> | <u>38,274</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 2,903</u> | <u>\$ 11,642</u> | <u>\$ 12,167</u> | <u>\$ 26,712</u> |

| Special Revenue Funds - Non-Budgeted | | | | | | | |
|---|------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|-----------------------------------|-------------------|---------------------------------|
| <u>Community Development Block Grants</u> | <u>Community Development Funds</u> | <u>Building and Housing Funds</u> | <u>Urban Development Action Funds</u> | <u>Economic Development Funds</u> | <u>Home Weatherization Grants</u> | <u>WIA Grants</u> | <u>General Government Funds</u> |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | | | 72 | 11,441 | | | 1,636 |
| 687 | 111 | 626 | | | | | 1,392 |
| 20 | 59 | | | 10 | | | 2,683 |
| 22,949 | 6,812 | 3,643 | | 6,261 | 2,795 | 1,553 | 34 |
| 420 | 170 | | 418 | 4,451 | 3 | | 528 |
| <u>24,076</u> | <u>7,152</u> | <u>4,269</u> | <u>490</u> | <u>22,163</u> | <u>2,798</u> | <u>1,553</u> | <u>7,861</u> |
| | | | | | | 1,553 | 5,861 |
| 23,423 | 6,590 | 4,284 | | | 2,798 | | |
| 163 | | | 4,820 | 18,984 | | | |
| | | | 145 | 3 | | | 1,380 |
| <u>23,586</u> | <u>6,590</u> | <u>4,284</u> | <u>4,965</u> | <u>18,987</u> | <u>2,798</u> | <u>1,553</u> | <u>7,241</u> |
| 490 | 562 | (15) | (4,475) | 3,176 | - | - | 620 |
| (490) | 490 | 38 | (38) | 1,556 | | | 138 |
| | | | | (461) | | | |
| <u>(490)</u> | <u>490</u> | <u>38</u> | <u>(38)</u> | <u>1,095</u> | <u>-</u> | <u>-</u> | <u>138</u> |
| - | 1,052 | 23 | (4,513) | 4,271 | - | - | 758 |
| | 7,705 | 420 | 56,160 | 21,100 | | | 20,799 |
| <u>\$ -</u> | <u>\$ 8,757</u> | <u>\$ 443</u> | <u>\$ 51,647</u> | <u>\$ 25,371</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 21,557</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Special Revenue Funds - Non-Budgeted | | | |
|--|--------------------------------------|---------------------|---------------------|---------------------------------|
| | Public Works Funds | Public Safety Funds | Public Health Funds | Gateway Shared Income Tax Funds |
| REVENUES: | | | | |
| Income taxes | \$ | \$ | \$ | \$ |
| Property taxes | | | | |
| Other shared revenues | | | | |
| Licenses and permits | 1 | | 824 | |
| Charges for services | 212 | | 110 | |
| Fines, forfeits and settlements | | 762 | | |
| Investment earnings | 2 | | 1 | |
| Grants | 1,404 | 3,025 | 8,618 | |
| Contributions | | 2 | | |
| Miscellaneous | 54 | 403 | 356 | |
| Total revenues | <u>1,673</u> | <u>4,192</u> | <u>9,909</u> | <u>-</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | | | | |
| Public Works | 1,480 | | | |
| Public Safety | | 4,685 | | |
| Community Development | | | | |
| Building and Housing | | | | |
| Public Health | | | 10,312 | |
| Economic Development | | | | |
| Capital outlay | 151 | 397 | 19 | |
| Inception of capital lease | | | | |
| Debt service: | | | | |
| Principal retirement | | | | |
| Interest | | | | |
| General Government | | | | |
| Other | | | | |
| Total expenditures | <u>1,631</u> | <u>5,082</u> | <u>10,331</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>42</u> | <u>(890)</u> | <u>(422)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | | | | |
| Transfers out | | | | |
| Issuance of debt | | | | |
| Issuance of refunding bonds | | | | |
| Premium on bonds | | | | |
| Payment to refund bonds | | | | |
| Sale of City assets | | | | |
| Issuance of refunding bonds | | | | |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 42 | (890) | (422) | - |
| FUND BALANCES AT BEGINNING OF YEAR | <u>1,131</u> | <u>7,001</u> | <u>646</u> | <u>-</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 1,173</u> | <u>\$ 6,111</u> | <u>\$ 224</u> | <u>\$ -</u> |

| Special Revenue Funds - Non-Budgeted | | | | |
|---|--|--|--|--|
| Neighborhood Development Investment Fund | Core City Program Funds | Supplemental Empowerment Zone | Total Non- Budgeted Funds | Total Special Revenue Funds |
| \$ | \$ | \$ | \$ | \$ |
| | | | - | 39,350 |
| | | | - | - |
| | 358 | | 13,507 | 26,802 |
| | | | 825 | 2,143 |
| | | | 3,138 | 3,429 |
| | | | 3,445 | 3,695 |
| | 41 | 2 | 169 | 208 |
| | | 430 | 59,078 | 59,078 |
| | | | 2 | 2 |
| 49 | 71 | | 6,923 | 6,925 |
| 49 | 470 | 432 | 87,087 | 141,632 |
| | | | 7,414 | 7,414 |
| | | | 1,480 | 24,660 |
| | | | 4,685 | 4,685 |
| | | | 32,811 | 32,811 |
| | | | 4,284 | 4,284 |
| | | | 10,312 | 10,312 |
| 3,559 | 118 | 432 | 27,913 | 27,913 |
| | | | 2,258 | 7,489 |
| | | | - | - |
| | | | - | 4,114 |
| | | | - | 904 |
| | | | - | - |
| | | | - | 1,071 |
| 3,559 | 118 | 432 | 91,157 | 125,657 |
| (3,510) | 352 | - | (4,070) | 15,975 |
| | | | 2,222 | 19,488 |
| (3,249) | (2,386) | | (6,624) | (55,497) |
| | 15,280 | | 15,280 | 15,280 |
| | | | - | - |
| | | | - | - |
| | | | - | - |
| | 1,398 | | 1,398 | 1,398 |
| | | | - | - |
| (3,249) | 14,292 | - | 12,276 | (19,331) |
| (6,759) | 14,644 | - | 8,206 | (3,356) |
| 15,110 | 29,344 | | 159,416 | 197,690 |
| \$ 8,351 | \$ 43,988 | \$ - | \$ 167,622 | \$ 194,334 |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Debt Service Funds - Budgeted | | | | |
|--|--|--------------------------------|---|----------------------------------|--------------------|
| | Unvoted Tax Supported Obligations <u>Fund</u> | Stadium Bond <u>Fund</u> | Subordinated Income Tax <u>Fund</u> | Lower Euclid Avenue TIF | Core City Bonds |
| REVENUES: | | | | | |
| Income taxes | \$ | \$ | \$ | \$ | \$ |
| Property taxes | 17,024 | | | | |
| Other shared revenues | 5,136 | | | | |
| Licenses and permits | | | | | |
| Charges for services | | | | | |
| Fines, forfeits and settlements | | | | | |
| Investment earnings | 5 | 1 | 2 | | 1 |
| Grants | | | | | |
| Contributions | | | | | |
| Miscellaneous | | | | | |
| Total revenues | <u>22,165</u> | <u>1</u> | <u>2</u> | <u>-</u> | <u>1</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General Government | | | | | |
| Public Works | | | | | |
| Public Safety | | | | | |
| Community Development | | | | | |
| Building and Housing | | | | | |
| Public Health | | | | | |
| Economic Development | | | | | |
| Capital outlay | | | | | |
| Inception of capital lease | | | | | |
| Debt service: | | | | | |
| Principal retirement | 24,820 | 610 | 3,430 | 169 | 875 |
| Interest | 11,802 | 315 | 2,169 | 144 | 945 |
| General Government | | | 287 | | |
| Other | | | | | |
| Total expenditures | <u>36,622</u> | <u>925</u> | <u>5,886</u> | <u>313</u> | <u>1,820</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(14,457)</u> | <u>(924)</u> | <u>(5,884)</u> | <u>(313)</u> | <u>(1,819)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 14,500 | 922 | 5,690 | 461 | 2,637 |
| Transfers out | | | | | |
| Issuance of debt | | | | | |
| Premium on bonds | | | 4,863 | | |
| Payment to refund bonds and notes | | | (33,492) | | |
| Sale of City assets | | | | | |
| Issuance of refunding bonds | | | 28,975 | | |
| Total other financing sources (uses) | <u>14,500</u> | <u>922</u> | <u>6,036</u> | <u>461</u> | <u>2,637</u> |
| NET CHANGE IN FUND BALANCES | 43 | (2) | 152 | 148 | 818 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>3,081</u> | <u>8</u> | <u>2,666</u> | <u>856</u> | <u>3,896</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 3,124</u> | <u>\$ 6</u> | <u>\$ 2,818</u> | <u>\$ 1,004</u> | <u>\$ 4,714</u> |

| Debt Service Funds | | | | | | |
|---|----------------------------|--|--------------------------|-------------------------------------|------------------------------------|--------------------------------|
| Non-Budgeted | | | | | | |
| Subordinate Lien Income Tax Fund | Total Budgeted Funds | Cleveland Stadium Debt Service Fund | Urban Renewal Fund | Urban Renewal Reserve Fund | Total Non- Budgeted Funds | Total Debt Service Funds |
| \$ | \$ - | \$ | \$ | \$ | \$ - | \$ - |
| | 17,024 | | | | - | 17,024 |
| | 5,136 | | | | - | 5,136 |
| | - | | | | - | - |
| | - | | | | - | - |
| 13 | 22 | 9 | | | 9 | 31 |
| | - | | | | - | - |
| | - | | | | - | - |
| 505 | 505 | | 1,087 | | 1,087 | 1,592 |
| 518 | 22,687 | 9 | 1,087 | - | 1,096 | 23,783 |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| | - | | | | - | - |
| 7,145 | 37,049 | 6,185 | 685 | | 6,870 | 43,919 |
| 9,542 | 24,917 | 2,625 | 181 | | 2,806 | 27,723 |
| | 287 | | 616 | | 616 | 903 |
| | - | | | | - | - |
| 16,687 | 62,253 | 8,810 | 1,482 | - | 10,292 | 72,545 |
| (16,169) | (39,566) | (8,801) | (395) | - | (9,196) | (48,762) |
| 24,491 | 48,701 | 8,550 | | | 8,550 | 57,251 |
| | - | | | | - | - |
| | - | | | | - | - |
| | 4,863 | | | | - | 4,863 |
| (558) | (34,050) | | | | - | (34,050) |
| | - | | | | - | - |
| | 28,975 | | | | - | 28,975 |
| 23,933 | 48,489 | 8,550 | - | - | 8,550 | 57,039 |
| 7,764 | 8,923 | (251) | (395) | - | (646) | 8,277 |
| 4,945 | 15,452 | 8,671 | 1,337 | 2,202 | 12,210 | 27,662 |
| \$ 12,709 | \$ 24,375 | \$ 8,420 | \$ 942 | \$ 2,202 | \$ 11,564 | \$ 35,939 |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in 000's)**

| | Capital Projects Funds | | |
|--|---|-----------------------------|-------------------------------|
| | Non-Budgeted | | |
| | Capital/ Urban Renewal Bond <u>Construction</u> | Grant <u>Improvement</u> | Capital <u>Improvement</u> |
| REVENUES: | | | |
| Income taxes | \$ | \$ | \$ |
| Property taxes | | | |
| Other shared revenues | | | 362 |
| Licenses and permits | | | |
| Charges for services | | | |
| Fines, forfeits and settlements | | | |
| Investment earnings | 152 | | 8 |
| Grants | | 42,780 | |
| Contributions | | | 2,801 |
| Miscellaneous | | | |
| Total revenues | <u>152</u> | <u>42,780</u> | <u>3,171</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | | | |
| Public Works | | | |
| Public Safety | | | |
| Community Development | | | |
| Building and Housing | | | |
| Public Health | | | |
| Economic Development | | | |
| Capital outlay | 68,104 | 42,780 | 2,173 |
| Inception of capital lease | | | |
| Debt service: | | | |
| Principal retirement | | | |
| Interest | | | |
| General Government | 1,559 | | |
| Other | | | |
| Total expenditures | <u>69,663</u> | <u>42,780</u> | <u>2,173</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(69,511)</u> | <u>-</u> | <u>998</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | | | |
| Transfers out | (10,510) | | |
| Issuance of debt | 86,105 | | |
| Premium on bonds | 25,222 | | |
| Payment to refund bonds | (101,707) | | |
| Sale of City assets | | | |
| Issuance of refunding bonds | 88,350 | | |
| Total other financing sources (uses) | <u>87,460</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 17,949 | - | 998 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>129,730</u> | <u>-</u> | <u>1,424</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 147,679</u> | <u>\$ -</u> | <u>\$ 2,422</u> |

| <u>Certificates of Participation/ Capital Leases</u> | <u>Cleveland Stadium Construction</u> | <u>Total Capital Projects Funds</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|---|---|--|
| \$ | \$ | \$ | \$ |
| | | - | 39,350 |
| | | - | 17,024 |
| | | 362 | 32,300 |
| | | - | 2,143 |
| | | - | 3,429 |
| | | - | 3,695 |
| | 30 | 190 | 429 |
| | | 42,780 | 101,858 |
| | | 2,801 | 2,803 |
| | 12 | 12 | 8,529 |
| <u>-</u> | <u>42</u> | <u>46,145</u> | <u>211,560</u> |
| | | - | 7,414 |
| | | - | 24,660 |
| | | - | 4,685 |
| | | - | 32,811 |
| | | - | 4,284 |
| | | - | 10,312 |
| | | - | 27,913 |
| | 2,705 | 115,762 | 123,251 |
| 571 | | 571 | 571 |
| 365 | | 365 | 48,398 |
| | | - | 28,627 |
| | | 1,559 | 2,462 |
| | | - | 1,071 |
| <u>936</u> | <u>2,705</u> | <u>118,257</u> | <u>316,459</u> |
| <u>(936)</u> | <u>(2,663)</u> | <u>(72,112)</u> | <u>(104,899)</u> |
| | 13,841 | 13,841 | 90,580 |
| | | (10,510) | (66,007) |
| | | 86,105 | 101,385 |
| | | 25,222 | 30,085 |
| | | - | |
| | | (101,707) | (135,757) |
| | | - | 1,398 |
| | | 88,350 | 117,325 |
| <u>-</u> | <u>13,841</u> | <u>101,301</u> | <u>139,009</u> |
| (936) | 11,178 | 29,189 | 34,110 |
| 936 | 3,597 | 135,687 | 361,039 |
| <u>\$ -</u> | <u>\$ 14,775</u> | <u>\$ 164,876</u> | <u>\$ 395,149</u> |

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Division of Streets | | | |
|---|----------------------------|---------------------------|----------------|--|
| | <u>Original Budget</u> | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance- Positive (Negative)</u> |
| REVENUES: | | | | |
| Income taxes | \$ | \$ | \$ | \$ - |
| Other shared revenues | 13,348 | 13,348 | 13,486 | 138 |
| Licenses and permits | 464 | 464 | 1,352 | 888 |
| Charges for services | 5,716 | 5,716 | 3,712 | (2,004) |
| Fines, forfeitures and settlements | | | 250 | 250 |
| Investment earnings | 2 | 2 | 2 | - |
| Miscellaneous | | | <u>2</u> | <u>2</u> |
| Total revenues | <u>19,530</u> | <u>19,530</u> | <u>18,804</u> | <u>(726)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Works: | | | | |
| Personnel | 14,713 | 16,213 | 15,610 | 603 |
| Other | 12,442 | 11,442 | 10,967 | 475 |
| Capital outlay | | | | - |
| Principal retirement | | | | - |
| Interest | | | | - |
| Total expenditures | <u>27,155</u> | <u>27,655</u> | <u>26,577</u> | <u>1,078</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(7,625)</u> | <u>(8,125)</u> | <u>(7,773)</u> | <u>352</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 7,623 | 8,123 | 7,666 | (457) |
| Transfers out | | | | - |
| Total other financing sources (uses) | <u>7,623</u> | <u>8,123</u> | <u>7,666</u> | <u>(457)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (2) | (2) | (107) | (105) |
| DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES | | | 112 | 112 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>2</u> | <u>2</u> | <u>2</u> | <u>-</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7</u> | <u>\$ 7</u> |

| Restricted Income Tax | | | | Rainy Day Reserve Fund | | | |
|-----------------------|-----------------|-----------------|------------------------------|------------------------|----------------|---------------|------------------------------|
| Original Budget | Revised Budget | Actual | Variance-Positive (Negative) | Original Budget | Revised Budget | Actual | Variance-Positive (Negative) |
| \$ 37,466 | \$ 38,091 | \$ 38,618 | \$ 527 | \$ | \$ | \$ | \$ - |
| | | | - | | | | - |
| | | | - | | | | - |
| | | | - | | | | - |
| 30 | 30 | 21 | (9) | 65 | 65 | 51 | (14) |
| <u>37,496</u> | <u>38,121</u> | <u>38,639</u> | <u>518</u> | <u>65</u> | <u>65</u> | <u>51</u> | <u>(14)</u> |
| | | | - | | | | - |
| 3,821 | 3,028 | 3,029 | (1) | | | | - |
| 5,600 | 5,393 | 5,151 | 242 | | | | - |
| 697 | 697 | 938 | (241) | | | | - |
| <u>10,118</u> | <u>9,118</u> | <u>9,118</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>27,378</u> | <u>29,003</u> | <u>29,521</u> | <u>518</u> | <u>65</u> | <u>65</u> | <u>51</u> | <u>(14)</u> |
| | | | - | | | | - |
| <u>(27,482)</u> | <u>(28,482)</u> | <u>(28,482)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>(27,482)</u> | <u>(28,482)</u> | <u>(28,482)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (104) | 521 | 1,039 | 518 | 65 | 65 | 51 | (14) |
| | | 15 | 15 | | | | - |
| <u>104</u> | <u>104</u> | <u>104</u> | <u>-</u> | <u>18,675</u> | <u>18,675</u> | <u>18,675</u> | <u>-</u> |
| \$ - | \$ 625 | \$ 1,158 | \$ 533 | \$ 18,740 | \$ 18,740 | \$ 18,726 | \$ (14) |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Schools Recreation and Cultural Activities | | | Variance- Positive (Negative) |
|---|--|-------------------|---------|-------------------------------------|
| | Original Budget | Revised Budget | Actual | |
| REVENUES: | | | | |
| Income taxes | \$ | \$ | \$ | \$ - |
| Other shared revenues | | | | - |
| Licenses and permits | | | | - |
| Charges for services | | | | - |
| Fines, forfeitures and settlements | | | | - |
| Investment earnings | | | | - |
| Miscellaneous | | | | - |
| Total revenues | - | - | - | - |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Works: | | | | |
| Personnel | | | | - |
| Other | 1,175 | 1,175 | 1,175 | - |
| Capital outlay | | | | - |
| Principal retirement | | | | - |
| Interest | | | | - |
| Total expenditures | 1,175 | 1,175 | 1,175 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,175) | (1,175) | (1,175) | - |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,175 | 1,175 | 1,175 | - |
| Transfers out | | | | - |
| Total other financing sources (uses) | 1,175 | 1,175 | 1,175 | - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | - | - | - | - |
| DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES | | | | - |
| FUND BALANCES AT BEGINNING OF YEAR | | | | - |
| FUND BALANCES AT END OF YEAR | \$ - | \$ - | \$ - | \$ - |

| Cleveland Stadium Operations | | | | Totals | | | |
|------------------------------|-----------------|-----------------|------------------------------|-----------------|-----------------|-----------------|------------------------------|
| Original Budget | Revised Budget | Actual | Variance-Positive (Negative) | Original Budget | Revised Budget | Actual | Variance-Positive (Negative) |
| \$ | \$ | \$ | \$ - | \$ 37,466 | \$ 38,091 | \$ 38,618 | \$ 527 |
| | | | - | 13,348 | 13,348 | 13,486 | 138 |
| | | | - | 464 | 464 | 1,352 | 888 |
| 250 | 250 | 250 | - | 5,966 | 5,966 | 3,962 | (2,004) |
| | | | - | - | - | 250 | 250 |
| | | 18 | 18 | 97 | 97 | 92 | (5) |
| | | | - | - | - | 2 | 2 |
| <u>250</u> | <u>250</u> | <u>268</u> | <u>18</u> | <u>57,341</u> | <u>57,966</u> | <u>57,762</u> | <u>(204)</u> |
| | | | - | 14,713 | 16,213 | 15,610 | 603 |
| 809 | 809 | 783 | 26 | 14,426 | 13,426 | 12,925 | 501 |
| | | | - | 3,821 | 3,028 | 3,029 | (1) |
| | | | - | 5,600 | 5,393 | 5,151 | 242 |
| | | | - | 697 | 697 | 938 | (241) |
| <u>809</u> | <u>809</u> | <u>783</u> | <u>26</u> | <u>39,257</u> | <u>38,757</u> | <u>37,653</u> | <u>1,104</u> |
| <u>(559)</u> | <u>(559)</u> | <u>(515)</u> | <u>44</u> | <u>18,084</u> | <u>19,209</u> | <u>20,109</u> | <u>900</u> |
| 9,465 | 9,465 | 9,600 | 135 | 18,263 | 18,763 | 18,441 | (322) |
| <u>(21,390)</u> | <u>(21,390)</u> | <u>(20,391)</u> | <u>999</u> | <u>(48,872)</u> | <u>(49,872)</u> | <u>(48,873)</u> | <u>999</u> |
| <u>(11,925)</u> | <u>(11,925)</u> | <u>(10,791)</u> | <u>1,134</u> | <u>(30,609)</u> | <u>(31,109)</u> | <u>(30,432)</u> | <u>677</u> |
| (12,484) | (12,484) | (11,306) | 1,178 | (12,525) | (11,900) | (10,323) | 1,577 |
| | | | - | - | - | 127 | 127 |
| <u>23,812</u> | <u>23,812</u> | <u>23,812</u> | <u>-</u> | <u>42,593</u> | <u>42,593</u> | <u>42,593</u> | <u>-</u> |
| \$ 11,328 | \$ 11,328 | \$ 12,506 | \$ 1,178 | \$ 30,068 | \$ 30,693 | \$ 32,397 | \$ 1,704 |

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUDGETED DEBT SERVICE FUNDS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Unvoted Tax Supported Obligations Fund | | | Variance- Positive (Negative) |
|---|--|---------------------------|-----------------|-------------------------------------|
| | <u>Original Budget</u> | <u>Revised Budget</u> | <u>Actual</u> | |
| REVENUES: | | | | |
| Property taxes | \$ 17,432 | \$ 17,432 | \$ 17,027 | \$ (405) |
| Other shared revenues | 5,147 | 5,147 | 5,136 | (11) |
| Investment earnings | 7 | 7 | 5 | (2) |
| Miscellaneous | | | | - |
| Total revenues | <u>22,586</u> | <u>22,586</u> | <u>22,168</u> | <u>(418)</u> |
| EXPENDITURES: | | | | |
| Principal retirement | 24,820 | 24,820 | 24,820 | - |
| Interest | 12,378 | 12,378 | 11,802 | 576 |
| General Government | | | | - |
| Total expenditures | <u>37,198</u> | <u>37,198</u> | <u>36,622</u> | <u>576</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(14,612)</u> | <u>(14,612)</u> | <u>(14,454)</u> | <u>158</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in: | | | | |
| From other subfunds | | | | - |
| Restricted income tax fund | 14,500 | 14,500 | 14,500 | - |
| Premium from Bonds and Notes | | | | - |
| Proceeds from the Sale of Debt | | | | - |
| Payment to refund Bonds and Notes | | | | - |
| Total other financing sources (uses) | <u>14,500</u> | <u>14,500</u> | <u>14,500</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>(112)</u> | <u>(112)</u> | <u>46</u> | <u>158</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>3,078</u> | <u>3,078</u> | <u>3,078</u> | <u>-</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 2,966</u> | <u>\$ 2,966</u> | <u>\$ 3,124</u> | <u>\$ 158</u> |

| Stadium Bond Fund | | | | Subordinated Income Tax Fund | | | |
|-------------------|----------------|-------------|------------------------------|------------------------------|-----------------|-----------------|------------------------------|
| Original Budget | Revised Budget | Actual | Variance-Positive (Negative) | Original Budget | Revised Budget | Actual | Variance-Positive (Negative) |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | | | - | | | | - |
| 1 | 1 | 1 | - | 3 | 3 | 2 | (1) |
| | | | - | | | | - |
| <u>1</u> | <u>1</u> | <u>1</u> | <u>-</u> | <u>3</u> | <u>3</u> | <u>2</u> | <u>(1)</u> |
| 610 | 610 | 610 | - | 3,430 | 3,430 | 3,430 | - |
| 315 | 315 | 315 | - | 2,169 | 2,169 | 2,169 | - |
| | | | - | | 500 | 287 | 213 |
| <u>925</u> | <u>925</u> | <u>925</u> | <u>-</u> | <u>5,599</u> | <u>6,099</u> | <u>5,886</u> | <u>213</u> |
| (924) | (924) | (924) | - | (5,596) | (6,096) | (5,884) | 212 |
| 922 | 922 | 922 | - | 5,690 | 5,690 | 5,690 | - |
| | | | - | | 5,762 | 4,863 | (899) |
| | | | - | | 38,785 | 28,975 | (9,810) |
| | | | - | | (44,500) | (33,492) | 11,008 |
| <u>922</u> | <u>922</u> | <u>922</u> | <u>-</u> | <u>5,690</u> | <u>5,737</u> | <u>6,036</u> | <u>299</u> |
| (2) | (2) | (2) | - | 94 | (359) | 152 | 511 |
| <u>8</u> | <u>8</u> | <u>8</u> | <u>-</u> | <u>2,666</u> | <u>2,666</u> | <u>2,666</u> | <u>-</u> |
| <u>\$ 6</u> | <u>\$ 6</u> | <u>\$ 6</u> | <u>\$ -</u> | <u>\$ 2,760</u> | <u>\$ 2,307</u> | <u>\$ 2,818</u> | <u>\$ 511</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BUDGETED DEBT SERVICE FUNDS-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Lower Euclid Avenue TIF | | | Core City Bonds | | | | |
|---|-------------------------|-------------------|-----------------|-------------------------------------|--------------------|-------------------|-----------------|-------------------------------------|
| | Original Budget | Revised Budget | Actual | Variance- Positive (Negative) | Original Budget | Revised Budget | Actual | Variance- Positive (Negative) |
| REVENUES: | | | | | | | | |
| Property taxes | \$ | \$ | \$ | \$ - | \$ | \$ | \$ | \$ - |
| Other shared revenues | | | | - | | | | - |
| Investment earnings | | | | - | 1 | 1 | 1 | - |
| Miscellaneous | | | | - | | | | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>-</u> |
| EXPENDITURES: | | | | | | | | |
| Principal retirement | 169 | 169 | 169 | - | 875 | 875 | 875 | - |
| Interest | 144 | 144 | 144 | - | 1,734 | 1,746 | 945 | 801 |
| General Government | | | | - | | | | - |
| Total expenditures | <u>313</u> | <u>313</u> | <u>313</u> | <u>-</u> | <u>2,609</u> | <u>2,621</u> | <u>1,820</u> | <u>801</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(313)</u> | <u>(313)</u> | <u>(313)</u> | <u>-</u> | <u>(2,608)</u> | <u>(2,620)</u> | <u>(1,819)</u> | <u>801</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers in: | | | | | | | | |
| From other subfunds | 650 | 650 | 461 | (189) | 2,783 | 2,637 | 2,637 | - |
| Restricted income tax fund | | | | - | | | | - |
| Premium from Bonds and Notes | | | | - | | | | - |
| Proceeds from the Sale of Debt | | | | - | | | | - |
| Payment to refund Bonds and Notes | | | | - | | | | - |
| Total other financing sources (uses) | <u>650</u> | <u>650</u> | <u>461</u> | <u>(189)</u> | <u>2,783</u> | <u>2,637</u> | <u>2,637</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>337</u> | <u>337</u> | <u>148</u> | <u>(189)</u> | <u>175</u> | <u>17</u> | <u>818</u> | <u>801</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>856</u> | <u>856</u> | <u>856</u> | <u>-</u> | <u>3,896</u> | <u>3,896</u> | <u>3,896</u> | <u>-</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 1,193</u> | <u>\$ 1,193</u> | <u>\$ 1,004</u> | <u>\$ (189)</u> | <u>\$ 4,071</u> | <u>\$ 3,913</u> | <u>\$ 4,714</u> | <u>\$ 801</u> |

| Subordinate Lien Income Tax Bonds | | | | Totals | | | |
|-----------------------------------|-------------------|------------------|-------------------------------------|--------------------|-------------------|------------------|-------------------------------------|
| Original Budget | Revised Budget | Actual | Variance- Positive (Negative) | Original Budget | Revised Budget | Actual | Variance- Positive (Negative) |
| \$ | \$ | \$ | \$ - | \$ 17,432 | \$ 17,432 | \$ 17,027 | \$ (405) |
| | | | - | 5,147 | 5,147 | 5,136 | (11) |
| 8 | 8 | 13 | 5 | 20 | 20 | 22 | 2 |
| <u>506</u> | <u>506</u> | <u>505</u> | <u>(1)</u> | <u>506</u> | <u>506</u> | <u>505</u> | <u>(1)</u> |
| <u>514</u> | <u>514</u> | <u>518</u> | <u>4</u> | <u>23,105</u> | <u>23,105</u> | <u>22,690</u> | <u>(415)</u> |
| 7,145 | 7,145 | 7,145 | - | 37,049 | 37,049 | 37,049 | - |
| 12,978 | 11,526 | 9,542 | 1,984 | 29,718 | 28,278 | 24,917 | 3,361 |
| | | | - | - | 500 | 287 | 213 |
| <u>20,123</u> | <u>18,671</u> | <u>16,687</u> | <u>1,984</u> | <u>66,767</u> | <u>65,827</u> | <u>62,253</u> | <u>3,574</u> |
| <u>(19,609)</u> | <u>(18,157)</u> | <u>(16,169)</u> | <u>1,988</u> | <u>(43,662)</u> | <u>(42,722)</u> | <u>(39,563)</u> | <u>3,159</u> |
| 4,715 | 4,715 | 10,509 | 5,794 | 14,760 | 14,614 | 20,219 | 5,605 |
| 13,982 | 13,982 | 13,982 | - | 28,482 | 28,482 | 28,482 | - |
| | | | - | - | 5,762 | 4,863 | (899) |
| | | | - | - | 38,785 | 28,975 | (9,810) |
| | <u>(603)</u> | <u>(558)</u> | <u>45</u> | <u>-</u> | <u>(45,103)</u> | <u>(34,050)</u> | <u>11,053</u> |
| <u>18,697</u> | <u>18,094</u> | <u>23,933</u> | <u>5,839</u> | <u>43,242</u> | <u>42,540</u> | <u>48,489</u> | <u>5,949</u> |
| (912) | (63) | 7,764 | 7,827 | (420) | (182) | 8,926 | 9,108 |
| <u>4,945</u> | <u>4,945</u> | <u>4,945</u> | <u>-</u> | <u>15,449</u> | <u>15,449</u> | <u>15,449</u> | <u>-</u> |
| <u>\$ 4,033</u> | <u>\$ 4,882</u> | <u>\$ 12,709</u> | <u>\$ 7,827</u> | <u>\$ 15,029</u> | <u>\$ 15,267</u> | <u>\$ 24,375</u> | <u>\$ 9,108</u> |

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CITY OF CLEVELAND, OHIO

NONMAJOR ENTERPRISE FUNDS

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

Water Pollution Control

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

Public Auditorium

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

West Side Market

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

East Side Market

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

Municipal Parking Lots

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

Cemeteries

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

Golf Courses

The Golf Course Division was established to provide the City and neighboring communities with recreational facilities for golfing and cross country skiing. Currently, both City golf courses are being leased out. Seneca is being leased by Cleveland Metroparks and Highland is leased by Mark A Nance Golf Ohio.

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS

DECEMBER 31, 2015

(Amounts in 000's)

| | <u>Water Pollution Control</u> | <u>Public Auditorium</u> | <u>West Side Market</u> |
|--|--|------------------------------|-----------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 50,193 | \$ 58 | \$ 1,609 |
| Receivables: | | | |
| Accounts | 86,061 | 281 | |
| Unbilled revenue | 3,743 | | |
| Accrued interest | 1 | | |
| Less: Allowance for doubtful accounts | (2,631) | (65) | |
| Receivables, net | <u>87,174</u> | <u>216</u> | <u>-</u> |
| Due from other funds | 143 | 2 | |
| Inventory of supplies | 418 | | |
| Prepaid expenses and other assets | 5 | | |
| Total current assets | <u>137,933</u> | <u>276</u> | <u>1,609</u> |
| Noncurrent assets: | | | |
| Restricted assets: | | | |
| Cash and cash equivalents | 617 | | |
| Accrued interest receivable | | | |
| Total restricted assets | <u>617</u> | <u>-</u> | <u>-</u> |
| Capital assets: | | | |
| Land | 297 | 4,261 | 198 |
| Land improvements | | | |
| Utility plant | 144,630 | | |
| Buildings, structures and improvements | 9,019 | 21,218 | 13,234 |
| Furniture, fixtures, equipment and vehicles | 15,412 | 1,121 | 1,722 |
| Construction in progress | 17,045 | 4,506 | 2,108 |
| Less: Accumulated depreciation | (112,132) | (21,397) | (9,160) |
| Total capital assets, net | <u>74,271</u> | <u>9,709</u> | <u>8,102</u> |
| Total noncurrent assets | <u>74,888</u> | <u>9,709</u> | <u>8,102</u> |
| TOTAL ASSETS | 212,821 | 9,985 | 9,711 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Derivative instruments-interest rate swaps | | | |
| Loss on refunding | | | |
| Pension | 1,080 | 187 | 43 |
| Total deferred outflows of resources | <u>1,080</u> | <u>187</u> | <u>43</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 213,901</u> | <u>\$ 10,172</u> | <u>\$ 9,754</u> |

| <u>East Side Market</u> | <u>Municipal Parking Lots</u> | <u>Cemeteries</u> | <u>Golf Courses</u> | <u>Total Nonmajor Enterprise Funds</u> |
|-----------------------------|---------------------------------------|-------------------|-------------------------|--|
| \$ 7 | \$ 4,805 | \$ 104 | \$ 147 | \$ 56,923 |
| | 15 | | | 86,357 |
| | | | | 3,743 |
| | | | | 1 |
| | | | | (2,696) |
| <u>-</u> | <u>15</u> | <u>-</u> | <u>-</u> | <u>87,405</u> |
| | 42 | | | 187 |
| | 44 | 7 | | 469 |
| | | | | 5 |
| <u>7</u> | <u>4,906</u> | <u>111</u> | <u>147</u> | <u>144,989</u> |
| | 8,327 | 5,498 | | 14,442 |
| | 1 | | | 1 |
| <u>-</u> | <u>8,328</u> | <u>5,498</u> | <u>-</u> | <u>14,443</u> |
| 413 | 5,478 | 1,259 | 1,822 | 13,728 |
| 484 | 1,256 | 5,692 | 4,033 | 11,465 |
| | | | | 144,630 |
| 2,400 | 54,167 | 6,916 | 1,815 | 108,769 |
| 450 | 1,263 | 674 | 479 | 21,121 |
| | 2,343 | 1,469 | 150 | 27,621 |
| (2,584) | (29,605) | (4,509) | (5,083) | (184,470) |
| <u>1,163</u> | <u>34,902</u> | <u>11,501</u> | <u>3,216</u> | <u>142,864</u> |
| <u>1,163</u> | <u>43,230</u> | <u>16,999</u> | <u>3,216</u> | <u>157,307</u> |
| 1,170 | 48,136 | 17,110 | 3,363 | 302,296 |
| | 4 | | | 4 |
| | 1,221 | | | 1,221 |
| | 130 | 130 | | 1,570 |
| <u>-</u> | <u>1,355</u> | <u>130</u> | <u>-</u> | <u>2,795</u> |
| <u>\$ 1,170</u> | <u>\$ 49,491</u> | <u>\$ 17,240</u> | <u>\$ 3,363</u> | <u>\$ 305,091</u> |

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS

DECEMBER 31, 2015

(Amounts in 000's)

| | <u>Water Pollution Control</u> | <u>Public Auditorium</u> | <u>West Side Market</u> |
|--|--|------------------------------|-----------------------------|
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 1,295 | \$ 80 | \$ 118 |
| Accrued wages and benefits | 1,256 | 93 | 40 |
| Due to other funds | 4,399 | 51 | 69 |
| Due to other governments | 104,112 | | |
| Accrued interest payable | | | |
| Current portion of long-term obligations | 482 | | |
| Unearned revenue | | | |
| Total current liabilities | <u>111,544</u> | <u>224</u> | <u>227</u> |
| Long-term liabilities: | | | |
| Accrued wages and benefits | 135 | 20 | 4 |
| Construction loans payable | 271 | | |
| Revenue bonds payable | | | |
| Pension | <u>6,511</u> | <u>1,206</u> | <u>241</u> |
| Total liabilities | <u>118,461</u> | <u>1,450</u> | <u>472</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension | <u>119</u> | <u>22</u> | <u>4</u> |
| Total deferred inflows of resources | <u>119</u> | <u>22</u> | <u>4</u> |
| NET POSITION | | | |
| Net investment in capital assets | 73,518 | 9,709 | 8,102 |
| Restricted for debt service | | | |
| Unrestricted | <u>21,803</u> | <u>(1,009)</u> | <u>1,176</u> |
| Total net position | <u>95,321</u> | <u>8,700</u> | <u>9,278</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 213,901</u> | <u>\$ 10,172</u> | <u>\$ 9,754</u> |

| <u>East Side Market</u> | <u>Municipal Parking Lots</u> | <u>Cemeteries</u> | <u>Golf Courses</u> | <u>Total Nonmajor Enterprise Funds</u> |
|-----------------------------|---------------------------------------|-------------------|-------------------------|--|
| \$ 6 | \$ 348 | \$ 25 | \$ | \$ 1,872 |
| | 99 | 106 | | 1,594 |
| | 145 | 24 | | 4,688 |
| | 239 | | | 104,351 |
| | 363 | | | 363 |
| | 2,880 | | | 3,362 |
| | 120 | | | 120 |
| <u>6</u> | <u>4,194</u> | <u>155</u> | <u>-</u> | <u>116,350</u> |
| | 19 | 25 | | 203 |
| | | | | 271 |
| | 21,490 | | | 21,490 |
| | 723 | 723 | | 9,404 |
| <u>6</u> | <u>26,426</u> | <u>903</u> | <u>-</u> | <u>147,718</u> |
| | 13 | 13 | | 171 |
| <u>-</u> | <u>13</u> | <u>13</u> | <u>-</u> | <u>171</u> |
| 1,163 | 14,460 | 11,501 | 3,216 | 121,669 |
| | 5,557 | | | 5,557 |
| <u>1</u> | <u>3,035</u> | <u>4,823</u> | <u>147</u> | <u>29,976</u> |
| <u>1,164</u> | <u>23,052</u> | <u>16,324</u> | <u>3,363</u> | <u>157,202</u> |
| <u>\$ 1,170</u> | <u>\$ 49,491</u> | <u>\$ 17,240</u> | <u>\$ 3,363</u> | <u>\$ 305,091</u> |

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION-NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Water Pollution Control</u> | <u>Public Auditorium</u> | <u>West Side Market</u> |
|---|--|------------------------------|-----------------------------|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 26,800 | \$ 1,197 | \$ 1,284 |
| Total operating revenue | <u>26,800</u> | <u>1,197</u> | <u>1,284</u> |
| OPERATING EXPENSES: | | | |
| Operations | 9,236 | 2,765 | 1,277 |
| Maintenance | 8,241 | 10 | 10 |
| Depreciation | <u>5,665</u> | <u>62</u> | <u>624</u> |
| Total operating expenses | <u>23,142</u> | <u>2,837</u> | <u>1,911</u> |
| OPERATING INCOME (LOSS) | <u>3,658</u> | <u>(1,640)</u> | <u>(627)</u> |
| NON-OPERATING REVENUE (EXPENSES): | | | |
| Investment income | 52 | | 4 |
| Interest expense | (35) | | |
| Gain (Loss) on disposal of capital assets | (4) | | |
| Other revenues (expenses) | <u>9</u> | | |
| Total non-operating revenues (expenses) | <u>22</u> | <u>-</u> | <u>4</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 3,680 | (1,640) | (623) |
| Capital contributions | | | 268 |
| Transfers in | | <u>1,804</u> | |
| CHANGE IN NET POSITION | 3,680 | 164 | (355) |
| NET POSITION AT BEGINNING OF YEAR (as restated) | <u>91,641</u> | <u>8,536</u> | <u>9,633</u> |
| NET POSITION AT END OF YEAR | <u>\$ 95,321</u> | <u>\$ 8,700</u> | <u>\$ 9,278</u> |

| <u>East Side Market</u> | <u>Municipal Parking Lots</u> | <u>Cemeteries</u> | <u>Golf Courses</u> | <u>Total Nonmajor Enterprise Funds</u> |
|-----------------------------|---------------------------------------|-------------------|-------------------------|--|
| \$ | \$ 8,576 | \$ 1,494 | \$ | \$ 39,351 |
| <u>-</u> | <u>8,576</u> | <u>1,494</u> | <u>-</u> | <u>39,351</u> |
| 61 | 3,914 | 1,563 | | 18,816 |
| | 48 | 2 | 15 | 8,326 |
| <u>60</u> | <u>1,370</u> | <u>577</u> | <u>126</u> | <u>8,484</u> |
| <u>121</u> | <u>5,332</u> | <u>2,142</u> | <u>141</u> | <u>35,626</u> |
| <u>(121)</u> | <u>3,244</u> | <u>(648)</u> | <u>(141)</u> | <u>3,725</u> |
| | 191 | 9 | | 256 |
| | (1,443) | | | (1,478) |
| | | | 36 | 45 |
| <u>-</u> | <u>(1,252)</u> | <u>9</u> | <u>36</u> | <u>(1,181)</u> |
| (121) | 1,992 | (639) | (105) | 2,544 |
| | 254 | 721 | | 1,243 |
| <u>40</u> | <u></u> | <u>113</u> | <u></u> | <u>1,957</u> |
| (81) | 2,246 | 195 | (105) | 5,744 |
| <u>1,245</u> | <u>20,806</u> | <u>16,129</u> | <u>3,468</u> | <u>151,458</u> |
| \$ 1,164 | \$ 23,052 | \$ 16,324 | \$ 3,363 | \$ 157,202 |

CITY OF CLEVELAND, OHIO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in 000's)

| | <u>Water Pollution Control</u> | <u>Public Auditorium</u> | <u>West Side Market</u> |
|--|--|------------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 24,421 | \$ 1,081 | \$ 1,284 |
| Cash payments to suppliers for goods or services | (8,897) | (1,489) | (941) |
| Cash payments to employees for services | (8,893) | (1,379) | (341) |
| Agency activity on behalf of other sewer authorities | 4,003 | | |
| Other | (9) | | |
| Net cash provided by (used for) operating activities | <u>10,625</u> | <u>(1,787)</u> | <u>2</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Cash received through transfers from other funds | | 1,804 | |
| Cash received for royalties | | | |
| Net cash provided by (used for) noncapital financing activities | <u>-</u> | <u>1,804</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and construction of capital assets | (9,562) | | |
| Principal paid on long-term debt | (515) | | |
| Interest paid on long-term debt | (35) | | |
| Net cash provided by (used for) capital and related financing activities | <u>(10,112)</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Proceeds from sale and maturity of investment securities | | | |
| Interest received on investments | 51 | | 4 |
| Net cash provided by (used for) investing activities | <u>51</u> | <u>-</u> | <u>4</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 564 | 17 | 6 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>50,246</u> | <u>41</u> | <u>1,603</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 50,810</u> | <u>\$ 58</u> | <u>\$ 1,609</u> |

| <u>East Side Market</u> | <u>Municipal Parking Lots</u> | <u>Cemeteries</u> | <u>Golf Courses</u> | <u>Total Nonmajor Enterprise Funds</u> |
|-----------------------------|---------------------------------------|---------------------------|-------------------------|--|
| \$ | \$ | \$ | \$ | \$ |
| (61) | 9,261 (3,340) (1,127) | 1,494 (377) (1,176) | (18) (5) | 37,541 (15,123) (12,921) 4,003 (9) |
| <u>(61)</u> | <u>4,794</u> | <u>(59)</u> | <u>(23)</u> | <u>13,491</u> |
| 40 | | 113 | | 1,957 |
| | | | 36 | 36 |
| <u>40</u> | <u>-</u> | <u>113</u> | <u>36</u> | <u>1,993</u> |
| | (1,302) | (23) | | (10,887) |
| | (2,770) | | | (3,285) |
| | <u>(1,335)</u> | | | <u>(1,370)</u> |
| - | (5,407) | (23) | - | (15,542) |
| | 3 | 9 | | 67 |
| - | <u>3</u> | <u>9</u> | - | <u>67</u> |
| (21) | (610) | 40 | 13 | 9 |
| <u>28</u> | <u>13,742</u> | <u>5,562</u> | <u>134</u> | <u>71,356</u> |
| <u>\$ 7</u> | <u>\$ 13,132</u> | <u>\$ 5,602</u> | <u>\$ 147</u> | <u>\$ 71,365</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Water Pollution Control</u> | <u>Public Auditorium</u> | <u>West Side Market</u> |
|--|--|------------------------------|-----------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) | | | |
| TO NET CASH PROVIDED BY (USED FOR) | | | |
| OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ 3,658 | \$ (1,640) | \$ (627) |
| Adjustments to reconcile operating income (loss) to | | | |
| net cash provided by (used for) operating activities: | | | |
| Depreciation | 5,665 | 62 | 624 |
| (Increase) Decrease in Assets: | | | |
| Receivables, net | 2,588 | (118) | |
| Prepaid expenses and other assets | (5) | | |
| Due from other funds | 145 | 4 | 3 |
| Inventory of supplies | (6) | | |
| (Increase) Decrease in Deferred Outflows of Resources: | | | |
| Pension | (266) | (36) | (13) |
| Increase (Decrease) in Liabilities: | | | |
| Accounts payable | 14 | (93) | (12) |
| Accrued wages and benefits | 47 | (4) | 3 |
| Pension | 136 | 25 | 5 |
| Due to other funds | (9,838) | (9) | 15 |
| Due to other governments | 8,368 | | |
| Unearned revenue | | | |
| Increase (Decrease) in Deferred Inflows of Resources: | | | |
| Pension | 119 | 22 | 4 |
| Total adjustments | <u>6,967</u> | <u>(147)</u> | <u>629</u> |
| NET CASH PROVIDED BY (USED FOR) | | | |
| OPERATING ACTIVITIES | <u>\$ 10,625</u> | <u>\$ (1,787)</u> | <u>\$ 2</u> |
| SCHEDULE OF NONCASH CAPITAL AND RELATED | | | |
| FINANCING ACTIVITIES: | | | |
| Contributions of capital assets | | | \$ 268 |

| <u>East Side Market</u> | <u>Municipal Parking Lots</u> | <u>Cemeteries</u> | <u>Golf Courses</u> | <u>Total Nonmajor Enterprise Funds</u> |
|-----------------------------|---------------------------------------|-------------------|-------------------------|--|
| \$ (121) | \$ 3,244 | \$ (648) | \$ (141) | \$ 3,725 |
| 60 | 1,370 | 577 | 126 | 8,484 |
| | 6 | | | 2,476 |
| | 1 | | | (5) |
| | (22) | | | 153 |
| | (40) | (40) | | (28) |
| | 88 | 21 | | (395) |
| | 15 | (2) | (5) | 18 |
| | 15 | 15 | | 54 |
| | (24) | 5 | (3) | 196 |
| | 8 | | | (9,854) |
| | 120 | | | 8,376 |
| | 13 | 13 | | 120 |
| <u>60</u> | <u>1,550</u> | <u>589</u> | <u>118</u> | <u>171</u> |
| <u>\$ (61)</u> | <u>\$ 4,794</u> | <u>\$ (59)</u> | <u>\$ (23)</u> | <u>\$ 13,491</u> |

\$ 254 \$ 721 \$ 1,243

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INTERNAL SERVICE FUNDS

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

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

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS

DECEMBER 31, 2015

(Amounts in 000's)

| | <u>Motor Vehicle Maintenance</u> | <u>Printing and Reproduction</u> | <u>City Storeroom and Warehouse</u> | <u>Utilities Administration</u> |
|--|--|--|---|-------------------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 2,611 | \$ 573 | \$ 93 | \$ 1,211 |
| Receivables: | | | | |
| Accounts | | | | |
| Due from other funds | 1,239 | 177 | 49 | 14 |
| Inventory of supplies | 838 | 119 | | |
| Prepaid expenses and other assets | | 11 | | 6 |
| Total current assets | <u>4,688</u> | <u>880</u> | <u>142</u> | <u>1,231</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land | 663 | | | |
| Land improvements | 146 | | | |
| Buildings, structures and improvements | 3,131 | 884 | | |
| Furniture, fixtures, equipment and vehicles | 13,909 | 1,456 | | 1,270 |
| Less: Accumulated depreciation | <u>(14,883)</u> | <u>(1,345)</u> | | <u>(1,148)</u> |
| Total capital assets, net | <u>2,966</u> | <u>995</u> | <u>-</u> | <u>122</u> |
| Total noncurrent assets | <u>2,966</u> | <u>995</u> | <u>-</u> | <u>122</u> |
| TOTAL ASSETS | 7,654 | 1,875 | 142 | 1,353 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension | <u>608</u> | <u>87</u> | | <u>959</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 8,262</u> | <u>\$ 1,962</u> | <u>\$ 142</u> | <u>\$ 2,312</u> |

| <u>Sinking Fund Administration</u> | <u>Municipal Income Tax Administration</u> | <u>Telephone Exchange</u> | <u>Radio Communications</u> | <u>Workers' Compensation Reserve</u> | <u>Health Self Insurance Fund</u> | <u>Prescription Self Insurance Fund</u> | <u>Total</u> |
|--|--|-------------------------------|---------------------------------|--|---|---|---------------|
| \$ 34 | \$ 1,879 | \$ 139 | \$ 1,956 | \$ 8,805 | \$ 5,360 | \$ 1,309 | \$ 23,970 |
| | | | 12 | | 12 | 2 | 26 |
| | | 965 | 285 | 4,953 | 4,921 | | 12,603 |
| | | | | | | | 957 |
| | | | | | | | 17 |
| <u>34</u> | <u>1,879</u> | <u>1,104</u> | <u>2,253</u> | <u>13,758</u> | <u>10,293</u> | <u>1,311</u> | <u>37,573</u> |
| | | | | | | | 663 |
| | | | | | | | 146 |
| | | | 112 | | | | 4,127 |
| | 276 | 153 | 217 | | | | 17,281 |
| | (115) | (130) | (63) | | | | (17,684) |
| <u>-</u> | <u>161</u> | <u>23</u> | <u>266</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,533</u> |
| <u>-</u> | <u>161</u> | <u>23</u> | <u>266</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,533</u> |
| 34 | 2,040 | 1,127 | 2,519 | 13,758 | 10,293 | 1,311 | 42,106 |
| <u>43</u> | <u>712</u> | <u>161</u> | <u>74</u> | | | | <u>2,644</u> |
| <u>\$ 77</u> | <u>\$ 2,752</u> | <u>\$ 1,288</u> | <u>\$ 2,593</u> | <u>\$ 13,758</u> | <u>\$ 10,293</u> | <u>\$ 1,311</u> | <u>44,750</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Motor Vehicle Maintenance</u> | <u>Printing and Reproduction</u> | <u>City Storeroom and Warehouse</u> | <u>Utilities Administration</u> |
|--|--|--|---|-------------------------------------|
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 641 | \$ 84 | \$ | \$ 39 |
| Accrued wages and benefits | 572 | 83 | 12 | 921 |
| Claims payable | | | | |
| Due to other funds | 72 | 9 | 2 | 92 |
| Due to other governments | | | | |
| Total current liabilities | <u>1,285</u> | <u>176</u> | <u>14</u> | <u>1,052</u> |
| Long-term liabilities: | | | | |
| Accrued wages and benefits | 172 | 23 | 1 | 200 |
| Pension | <u>3,376</u> | <u>482</u> | | <u>4,823</u> |
| Total liabilities | <u>4,833</u> | <u>681</u> | <u>15</u> | <u>6,075</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension | <u>62</u> | <u>9</u> | | <u>88</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 2,966 | 995 | | 122 |
| Unrestricted | <u>401</u> | <u>277</u> | <u>127</u> | <u>(3,973)</u> |
| Total net position | <u>3,367</u> | <u>1,272</u> | <u>127</u> | <u>(3,851)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 8,262</u> | <u>\$ 1,962</u> | <u>\$ 142</u> | <u>\$ 2,312</u> |

| <u>Sinking Fund Administration</u> | <u>Municipal Income Tax Administration</u> | <u>Telephone Exchange</u> | <u>Radio Communications</u> | <u>Workers' Compensation Reserve</u> | <u>Health Self Insurance Fund</u> | <u>Prescription Self Insurance Fund</u> | <u>Total</u> |
|--|--|-------------------------------|---------------------------------|--|---|---|------------------|
| \$ 6 | \$ 193 | \$ 655 | \$ 20 | \$ | \$ | \$ | \$ 1,638 |
| 19 | 636 | 135 | 47 | 13,758 | | | 16,183 |
| | | | | | 10,211 | 496 | 10,707 |
| 1 | 111 | 12 | 9 | | | | 308 |
| | 989 | | 2 | | | | 991 |
| <u>26</u> | <u>1,929</u> | <u>802</u> | <u>78</u> | <u>13,758</u> | <u>10,211</u> | <u>496</u> | <u>29,827</u> |
| 7 | 111 | 37 | 20 | | | | 571 |
| <u>241</u> | <u>3,617</u> | <u>723</u> | <u>241</u> | | | | <u>13,503</u> |
| <u>274</u> | <u>5,657</u> | <u>1,562</u> | <u>339</u> | <u>13,758</u> | <u>10,211</u> | <u>496</u> | <u>43,901</u> |
| <u>4</u> | <u>66</u> | <u>14</u> | <u>4</u> | | | | <u>247</u> |
| | 161 | 23 | 266 | | | | 4,533 |
| <u>(201)</u> | <u>(3,132)</u> | <u>(311)</u> | <u>1,984</u> | | <u>82</u> | <u>815</u> | <u>(3,931)</u> |
| <u>(201)</u> | <u>(2,971)</u> | <u>(288)</u> | <u>2,250</u> | <u>-</u> | <u>82</u> | <u>815</u> | <u>602</u> |
| <u>\$ 77</u> | <u>\$ 2,752</u> | <u>\$ 1,288</u> | <u>\$ 2,593</u> | <u>\$ 13,758</u> | <u>\$ 10,293</u> | <u>\$ 1,311</u> | <u>\$ 44,750</u> |

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Motor Vehicle Maintenance</u> | <u>Printing and Reproduction</u> | <u>City Storeroom and Warehouse</u> | <u>Utilities Administration</u> |
|---|--|--|---|-------------------------------------|
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 16,203 | \$ 2,135 | \$ 481 | \$ 9,749 |
| Total operating revenue | <u>16,203</u> | <u>2,135</u> | <u>481</u> | <u>9,749</u> |
| OPERATING EXPENSES: | | | | |
| Operations | 15,274 | 1,868 | 454 | 9,585 |
| Maintenance | 1,041 | 68 | | 51 |
| Depreciation | 341 | 74 | | 81 |
| Total operating expenses | <u>16,656</u> | <u>2,010</u> | <u>454</u> | <u>9,717</u> |
| OPERATING INCOME (LOSS) | <u>(453)</u> | <u>125</u> | <u>27</u> | <u>32</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Investment income | 7 | 2 | | 4 |
| Loss on disposal of capital assets | <u>(62)</u> | | | |
| Total non-operating revenues (expenses) | <u>(55)</u> | <u>2</u> | <u>-</u> | <u>4</u> |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | <u>(508)</u> | <u>127</u> | <u>27</u> | <u>36</u> |
| Capital contributions | 415 | | | |
| Transfers in | | | | |
| CHANGE IN NET POSITION | <u>(93)</u> | <u>127</u> | <u>27</u> | <u>36</u> |
| NET POSITION AT BEGINNING OF YEAR (as restated) | <u>3,460</u> | <u>1,145</u> | <u>100</u> | <u>(3,887)</u> |
| NET POSITION AT END OF YEAR | <u>\$ 3,367</u> | <u>\$ 1,272</u> | <u>\$ 127</u> | <u>\$ (3,851)</u> |

| <u>Sinking Fund Administration</u> | <u>Municipal Income Tax Administration</u> | <u>Telephone Exchange</u> | <u>Radio Communications</u> | <u>Workers' Compensation Reserve</u> | <u>Health Self Insurance Fund</u> | <u>Prescription Self Insurance Fund</u> | <u>Total</u> |
|--|--|-------------------------------|---------------------------------|--|---|---|--------------|
| \$ 109 | \$ 9,532 | \$ 6,970 | \$ 2,133 | \$ 163 | \$ 63,086 | \$ 14,088 | \$ 124,649 |
| 109 | 9,532 | 6,970 | 2,133 | 163 | 63,086 | 14,088 | 124,649 |
| 677 | 9,226 | 7,433 | 930 | 163 | 60,965 | 12,604 | 119,179 |
| | 153 | 204 | 1,756 | | | | 3,273 |
| | 45 | 7 | 24 | | | | 572 |
| 677 | 9,424 | 7,644 | 2,710 | 163 | 60,965 | 12,604 | 123,024 |
| (568) | 108 | (674) | (577) | - | 2,121 | 1,484 | 1,625 |
| | 10 | | 7 | | | | 30 |
| | | | | | | | (62) |
| - | 10 | - | 7 | - | - | - | (32) |
| (568) | 118 | (674) | (570) | - | 2,121 | 1,484 | 1,593 |
| 504 | | | | | | | 415 |
| | | | | | | | 504 |
| (64) | 118 | (674) | (570) | - | 2,121 | 1,484 | 2,512 |
| (137) | (3,089) | 386 | 2,820 | | (2,039) | (669) | (1,910) |
| \$ (201) | \$ (2,971) | \$ (288) | \$ 2,250 | \$ - | \$ 82 | \$ 815 | \$ 602 |

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Motor Vehicle Maintenance</u> | <u>Printing and Reproduction</u> | <u>City Storeroom and Warehouse</u> |
|---|--|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 16,353 | \$ 2,127 | \$ 468 |
| Cash payments to suppliers for goods or services | (11,180) | (1,218) | (374) |
| Cash payments to employees for services | <u>(5,244)</u> | <u>(795)</u> | <u>(74)</u> |
| Net cash provided by (used for) operating activities | <u>(71)</u> | <u>114</u> | <u>20</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Cash received through transfers from other funds | <u> </u> | <u> </u> | <u> </u> |
| Net cash provided by (used for) noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and construction of capital assets | <u> </u> | <u>(289)</u> | <u> </u> |
| Net cash provided by (used for) capital and related financing activities | <u>-</u> | <u>(289)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received on investments | <u>7</u> | <u>2</u> | <u> </u> |
| Net cash provided by investing activities | <u>7</u> | <u>2</u> | <u>-</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (64) | (173) | 20 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>2,675</u> | <u>746</u> | <u>73</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 2,611</u> | <u>\$ 573</u> | <u>\$ 93</u> |

| <u>Utilities Administration</u> | <u>Sinking Fund Administration</u> | <u>Municipal Income Tax Administration</u> | <u>Telephone Exchange</u> | <u>Radio Communications</u> | <u>Workers' Compensation Reserve</u> | <u>Health Self Insurance Fund</u> | <u>Prescription Self Insurance Fund</u> | <u>Total</u> |
|---------------------------------|------------------------------------|--|---------------------------|-----------------------------|--------------------------------------|-----------------------------------|---|------------------|
| \$ 9,735 | \$ 137 | \$ 9,328 | \$ 7,210 | \$ 1,831 | \$ 133 | \$ 62,129 | \$ 15,029 | \$ 124,480 |
| (1,127) | (487) | (3,582) | (6,059) | (2,165) | | (62,867) | (13,970) | (103,029) |
| <u>(8,386)</u> | <u>(190)</u> | <u>(5,950)</u> | <u>(1,324)</u> | <u>(571)</u> | | | | <u>(22,534)</u> |
| <u>222</u> | <u>(540)</u> | <u>(204)</u> | <u>(173)</u> | <u>(905)</u> | <u>133</u> | <u>(738)</u> | <u>1,059</u> | <u>(1,083)</u> |
| | <u>504</u> | | | | | | | <u>504</u> |
| <u>-</u> | <u>504</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>504</u> |
| | | <u>(56)</u> | | <u>(99)</u> | | | | <u>(444)</u> |
| <u>-</u> | <u>-</u> | <u>(56)</u> | <u>-</u> | <u>(99)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(444)</u> |
| <u>4</u> | | <u>10</u> | | <u>7</u> | | | | <u>30</u> |
| <u>4</u> | <u>-</u> | <u>10</u> | <u>-</u> | <u>7</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>30</u> |
| 226 | (36) | (250) | (173) | (997) | 133 | (738) | 1,059 | (993) |
| <u>985</u> | <u>70</u> | <u>2,129</u> | <u>312</u> | <u>2,953</u> | <u>8,672</u> | <u>6,098</u> | <u>250</u> | <u>24,963</u> |
| <u>\$ 1,211</u> | <u>\$ 34</u> | <u>\$ 1,879</u> | <u>\$ 139</u> | <u>\$ 1,956</u> | <u>\$ 8,805</u> | <u>\$ 5,360</u> | <u>\$ 1,309</u> | <u>\$ 23,970</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Motor Vehicle Maintenance</u> | <u>Printing and Reproduction</u> | <u>City Storeroom and Warehouse</u> |
|--|--|--|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ (453) | \$ 125 | \$ 27 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation | 341 | 74 | |
| (Increase) Decrease in Assets: | | | |
| Receivables, net | | | |
| Prepaid expenses and other assets | | (11) | |
| Due from other funds | 151 | (8) | (12) |
| Inventory of supplies | 5 | (2) | |
| (Increase) Decrease in Deferred Outflows of Resources: | | | |
| Pension | (186) | (27) | |
| Increase (Decrease) in Liabilities: | | | |
| Accounts payable | (47) | (2) | (2) |
| Accrued wages and benefits | 8 | (26) | 5 |
| Pension | 71 | 9 | |
| Claims Payable | | | |
| Due to other funds | (23) | (27) | 2 |
| Due to other governments | | | |
| Increase (Decrease) in Deferred Inflows of Resources: | | | |
| Pension | <u>62</u> | <u>9</u> | |
| Total adjustments | <u>382</u> | <u>(11)</u> | <u>(7)</u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>\$ (71)</u> | <u>\$ 114</u> | <u>\$ 20</u> |

SCHEDULE OF NONCASH CAPITAL AND RELATED
FINANCING ACTIVITIES:

| | |
|---------------------------------|--------|
| Contributions of capital assets | \$ 415 |
|---------------------------------|--------|

| <u>Utilities Administration</u> | <u>Sinking Fund Administration</u> | <u>Municipal Income Tax Administration</u> | <u>Telephone Exchange</u> | <u>Radio Communications</u> | <u>Workers' Compensation Reserve</u> | <u>Health Self Insurance Fund</u> | <u>Prescription Self Insurance Fund</u> | <u>Total</u> |
|---------------------------------|------------------------------------|--|---------------------------|-----------------------------|--------------------------------------|-----------------------------------|---|-------------------|
| \$ 32 | \$ (568) | \$ 108 | \$ (674) | \$ (577) | \$ | \$ 2,121 | \$ 1,484 | \$ 1,625 |
| 81 | | 45 | 7 | 24 | | | | 572 |
| 2 | | | 3 | | | (12) | (2) | (11) |
| (14) | 28 | | 236 | (79) | 295 | (945) | 944 | 596 |
| | | | | | | | | 3 |
| (357) | (13) | (260) | (70) | (44) | | | | (957) |
| | 3 | (75) | 292 | (232) | | | | (63) |
| 269 | 1 | 38 | 4 | (2) | (162) | | | 135 |
| 101 | 5 | 76 | 15 | 5 | | | | 282 |
| | | | | | | (1,902) | (1,367) | (3,269) |
| 20 | | 2 | | | | | | (26) |
| | | (204) | | (4) | | | | (208) |
| <u>88</u> | <u>4</u> | <u>66</u> | <u>14</u> | <u>4</u> | | | | <u>247</u> |
| <u>190</u> | <u>28</u> | <u>(312)</u> | <u>501</u> | <u>(328)</u> | <u>133</u> | <u>(2,859)</u> | <u>(425)</u> | <u>(2,708)</u> |
| <u>\$ 222</u> | <u>\$ (540)</u> | <u>\$ (204)</u> | <u>\$ (173)</u> | <u>\$ (905)</u> | <u>\$ 133</u> | <u>\$ (738)</u> | <u>\$ 1,059</u> | <u>\$ (1,083)</u> |

(Concluded)

\$ 415

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CITY OF CLEVELAND, OHIO

AGENCY FUNDS

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

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

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Balance at Beginning of Year | Additions | Deductions | Balance at End of Year |
|--------------------------------------|---|------------------|-------------------|---------------------------------------|
| MUNICIPAL COURTS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,758 | \$ 12,699 | \$ 15,354 | \$ 2,103 |
| Total assets | <u>\$ 4,758</u> | <u>\$ 12,699</u> | <u>\$ 15,354</u> | <u>\$ 2,103</u> |
| LIABILITIES | | | | |
| Due to others | \$ 4,758 | \$ 12,699 | \$ 15,354 | \$ 2,103 |
| Total liabilities | <u>\$ 4,758</u> | <u>\$ 12,699</u> | <u>\$ 15,354</u> | <u>\$ 2,103</u> |
| CENTRAL COLLECTION AGENCY | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,662 | \$ 4,441 | \$ 3,662 | \$ 4,441 |
| Taxes receivable | 21,587 | 16,991 | 21,587 | 16,991 |
| Due from other governments | <u>1,653</u> | <u>1,491</u> | <u>1,653</u> | <u>1,491</u> |
| Total assets | <u>\$ 26,902</u> | <u>\$ 22,923</u> | <u>\$ 26,902</u> | <u>\$ 22,923</u> |
| LIABILITIES | | | | |
| Due to other governments | \$ 26,902 | \$ 22,923 | \$ 26,902 | \$ 22,923 |
| Total liabilities | <u>\$ 26,902</u> | <u>\$ 22,923</u> | <u>\$ 26,902</u> | <u>\$ 22,923</u> |

(Continued)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | <u>Balance at Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance at End of Year</u> |
|------------------------------------|---|-------------------|-------------------|---------------------------------------|
| OTHER AGENCIES | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 20,342 | \$ 259,373 | \$ 258,333 | \$ 21,382 |
| Total assets | <u>\$ 20,342</u> | <u>\$ 259,373</u> | <u>\$ 258,333</u> | <u>\$ 21,382</u> |
| LIABILITIES | | | | |
| Due to others | \$ 20,342 | \$ 259,373 | \$ 258,333 | \$ 21,382 |
| Total liabilities | <u>\$ 20,342</u> | <u>\$ 259,373</u> | <u>\$ 258,333</u> | <u>\$ 21,382</u> |
| TOTALS-ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 28,762 | \$ 276,513 | \$ 277,349 | \$ 27,926 |
| Taxes receivable | 21,587 | 16,991 | 21,587 | 16,991 |
| Due from other governments | <u>1,653</u> | <u>1,491</u> | <u>1,653</u> | <u>1,491</u> |
| Total assets | <u>\$ 52,002</u> | <u>\$ 294,995</u> | <u>\$ 300,589</u> | <u>\$ 46,408</u> |
| LIABILITIES | | | | |
| Due to other governments | \$ 26,902 | \$ 22,923 | \$ 26,902 | \$ 22,923 |
| Due to others | <u>25,100</u> | <u>272,072</u> | <u>273,687</u> | <u>23,485</u> |
| Total liabilities | <u>\$ 52,002</u> | <u>\$ 294,995</u> | <u>\$ 300,589</u> | <u>\$ 46,408</u> |

(Concluded)

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

CITY OF CLEVELAND, OHIO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY TYPE* DECEMBER 31, 2015 (Amounts in 000's)

| | |
|---|-------------------------|
| Governmental Funds Capital Assets: | |
| Land | \$ 66,156 |
| Land improvements | 172,623 |
| Buildings, structures and improvements | 713,933 |
| Furniture, fixtures, equipment and vehicles | 231,482 |
| Infrastructure | 697,212 |
| Construction in progress | <u>213,977</u> |
| TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS | <u>\$ 2,095,383</u> |

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

CITY OF CLEVELAND, OHIO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY*

DECEMBER 31, 2015

(Amounts in 000's)

| | <u>Total</u> | <u>Land</u> | <u>Land Improvements</u> | <u>Buildings, Structures and Improvements</u> | <u>Furniture, Fixtures, Equipment and Vehicles</u> | <u>Infrastructure</u> | <u>Construction In Progress</u> |
|--|---------------------|------------------|------------------------------|---|--|-----------------------|---|
| General Government: | | | | | | | |
| General government | \$ 348,102 | \$ 208 | \$ 1,484 | \$ 305,601 | \$ 25,554 | \$ 6,663 | \$ 8,592 |
| City Hall | 28,451 | 877 | | 25,959 | | 1,347 | 268 |
| Engineering and construction | 539,363 | | 28,525 | | 1,826 | 482,639 | 26,373 |
| Justice Center | 29,776 | | | 28,930 | 846 | | |
| Research, planning and development | 49,035 | 903 | 39,786 | 4,326 | 61 | 2,997 | 962 |
| Charles V. Carr Municipal Center | 647 | | 15 | 632 | | | |
| Total general government | <u>995,374</u> | <u>1,988</u> | <u>69,810</u> | <u>365,448</u> | <u>28,287</u> | <u>493,646</u> | <u>36,195</u> |
| Public Works: | | | | | | | |
| Waste collection | 41,874 | 499 | | 9,761 | 30,066 | 1,460 | 88 |
| Streets | 337,955 | 1,540 | 11,602 | 14,393 | 25,762 | 173,324 | 111,334 |
| Traffic engineering | 5,281 | | | 813 | 2,251 | 2,200 | 17 |
| Park maintenance and properties | 117,532 | 37,490 | 24,727 | 18,796 | 15,971 | 316 | 20,232 |
| Recreation | 138,191 | 976 | 58,012 | 73,542 | 2,396 | | 3,265 |
| Other | 125,591 | 2,669 | | 109,587 | 1,056 | 19 | 12,260 |
| Total public works | <u>766,424</u> | <u>43,174</u> | <u>94,341</u> | <u>226,892</u> | <u>77,502</u> | <u>177,319</u> | <u>147,196</u> |
| Public Safety: | | | | | | | |
| Police | 164,070 | 4,805 | 613 | 60,716 | 76,591 | 162 | 21,183 |
| Fire | 70,238 | 1,663 | | 30,901 | 34,041 | | 3,633 |
| Emergency medical service | 17,486 | | | 1,168 | 10,627 | 5,614 | 77 |
| Correction | 7,530 | 257 | | 6,570 | 680 | 23 | |
| Dog pound | 1,519 | | | 1,048 | 328 | | 143 |
| Total public safety | <u>260,843</u> | <u>6,725</u> | <u>613</u> | <u>100,403</u> | <u>122,267</u> | <u>5,799</u> | <u>25,036</u> |
| Public Health: | | | | | | | |
| Health and environment | 13,817 | 1,112 | 208 | 10,746 | 1,649 | 56 | 46 |
| Total public health | <u>13,817</u> | <u>1,112</u> | <u>208</u> | <u>10,746</u> | <u>1,649</u> | <u>56</u> | <u>46</u> |
| Community Development: | | | | | | | |
| Community development | 46,473 | 7,130 | 7,376 | 9,384 | 1,363 | 15,807 | 5,413 |
| Total community development | <u>46,473</u> | <u>7,130</u> | <u>7,376</u> | <u>9,384</u> | <u>1,363</u> | <u>15,807</u> | <u>5,413</u> |
| Economic Development: | | | | | | | |
| Economic development | 8,087 | 6,027 | 275 | 740 | | 1,004 | 41 |
| Total economic development | <u>8,087</u> | <u>6,027</u> | <u>275</u> | <u>740</u> | <u>-</u> | <u>1,004</u> | <u>41</u> |
| Building and Housing: | | | | | | | |
| Building and housing | 4,365 | | | 320 | 414 | 3,581 | 50 |
| Total building and housing | <u>4,365</u> | <u>-</u> | <u>-</u> | <u>320</u> | <u>414</u> | <u>3,581</u> | <u>50</u> |
| TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS | | | | | | | |
| | <u>\$ 2,095,383</u> | <u>\$ 66,156</u> | <u>\$ 172,623</u> | <u>\$ 713,933</u> | <u>\$ 231,482</u> | <u>\$ 697,212</u> | <u>\$ 213,977</u> |

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

CITY OF CLEVELAND, OHIO

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY*
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Amounts in 000's)

| | Balance January 1, <u>2015</u> | <u>Additions</u> | <u>Deductions</u> | <u>Transfers</u> | Balance December 31, <u>2015</u> |
|------------------------------------|--------------------------------------|-------------------|--------------------|-------------------|--|
| General Government: | | | | | |
| General government | \$ 344,110 | \$ 4,030 | \$ (38) | \$ | \$ 348,102 |
| City Hall | 28,408 | 43 | | | 28,451 |
| Engineering and construction | 532,141 | 7,269 | (24) | (23) | 539,363 |
| Justice Center | 29,776 | | | | 29,776 |
| Research, planning and development | 49,035 | | | | 49,035 |
| Charles V. Carr Municipal Center | 647 | | | | 647 |
| Total general government | <u>984,117</u> | <u>11,342</u> | <u>(62)</u> | <u>(23)</u> | <u>995,374</u> |
| Public Works: | | | | | |
| Waste collection | 35,187 | 8,448 | (244) | (1,517) | 41,874 |
| Streets | 273,828 | 66,032 | (1,967) | 62 | 337,955 |
| Traffic engineering | 5,327 | 20 | | (66) | 5,281 |
| Park maintenance and properties | 116,927 | 1,181 | (315) | (261) | 117,532 |
| Recreation | 134,840 | 3,475 | (93) | (31) | 138,191 |
| Other | 124,870 | 738 | (26) | 9 | 125,591 |
| Total public works | <u>690,979</u> | <u>79,894</u> | <u>(2,645)</u> | <u>(1,804)</u> | <u>766,424</u> |
| Public Safety: | | | | | |
| Police | 158,081 | 7,476 | (831) | (656) | 164,070 |
| Fire | 66,550 | 5,327 | (1,234) | (405) | 70,238 |
| Emergency medical service | 17,417 | 1,587 | (984) | (534) | 17,486 |
| Correction | 7,603 | | (73) | | 7,530 |
| Dog pound | 1,400 | 166 | | (47) | 1,519 |
| Total public safety | <u>251,051</u> | <u>14,556</u> | <u>(3,122)</u> | <u>(1,642)</u> | <u>260,843</u> |
| Public Health: | | | | | |
| Health and environment | 13,793 | 94 | (47) | (23) | 13,817 |
| Total public health | <u>13,793</u> | <u>94</u> | <u>(47)</u> | <u>(23)</u> | <u>13,817</u> |
| Community Development: | | | | | |
| Community development | 45,876 | 616 | (19) | | 46,473 |
| Total community development | <u>45,876</u> | <u>616</u> | <u>(19)</u> | <u>-</u> | <u>46,473</u> |
| Economic Development: | | | | | |
| Economic development | 13,049 | | (4,962) | | 8,087 |
| Total economic development | <u>13,049</u> | <u>-</u> | <u>(4,962)</u> | <u>-</u> | <u>8,087</u> |
| Building and Housing: | | | | | |
| Building and housing | 4,389 | | (12) | (12) | 4,365 |
| Total building and housing | <u>4,389</u> | <u>-</u> | <u>(12)</u> | <u>(12)</u> | <u>4,365</u> |
| TOTAL GOVERNMENTAL FUNDS | | | | | |
| CAPITAL ASSETS | <u>\$ 2,003,254</u> | <u>\$ 106,502</u> | <u>\$ (10,869)</u> | <u>\$ (3,504)</u> | <u>\$ 2,095,383</u> |

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

STATISTICAL SECTION

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CITY OF CLEVELAND, OHIO
Statistical Section

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

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| Financial Trends | |
| These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. | S3-S6 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the City’s most significant local revenue source, the municipal income tax. | S7-S11 |
| Debt Capacity | |
| These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. | S12-S18 |
| Economic and Demographic Information | |
| These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place. | S19-S20 |
| Operating Information | |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs. | S21-S23 |
| Schedule of Statistics – General Fund | S24 |

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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

| | 2015 | 2014 | 2013 | 2012 |
|--|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 653,925 | \$ 828,002 | \$ 686,794 | \$ 572,213 |
| Restricted | 167,042 | 152,360 | 145,729 | 122,488 |
| Unrestricted | (422,125) | (110,650) | (53,448) | (12,383) |
| <i>Total Governmental Activities Net Position</i> | <u>\$ 398,842</u> | <u>\$ 869,712</u> | <u>\$ 779,075</u> | <u>\$ 682,318</u> |
| Business-Type Activities | | | | |
| Net investment in capital assets | \$ 1,354,871 | \$ 1,335,195 | \$ 1,307,661 | \$ 1,303,584 |
| Restricted | 240,979 | 244,937 | 244,196 | 227,826 |
| Unrestricted | 482,852 | 525,970 | 474,185 | 492,956 |
| <i>Total Business-Type Activities Net Position</i> | <u>\$ 2,078,702</u> | <u>\$ 2,106,102</u> | <u>\$ 2,026,042</u> | <u>\$ 2,024,366</u> |
| Primary Government | | | | |
| Net investment in capital assets | \$ 2,008,796 | \$ 2,163,197 | \$ 1,994,455 | \$ 1,875,797 |
| Restricted | 408,021 | 397,297 | 389,925 | 350,314 |
| Unrestricted | 60,727 | 415,320 | 420,737 | 480,573 |
| <i>Total Primary Government Net Position</i> | <u>\$ 2,477,544</u> | <u>\$ 2,975,814</u> | <u>\$ 2,805,117</u> | <u>\$ 2,706,684</u> |

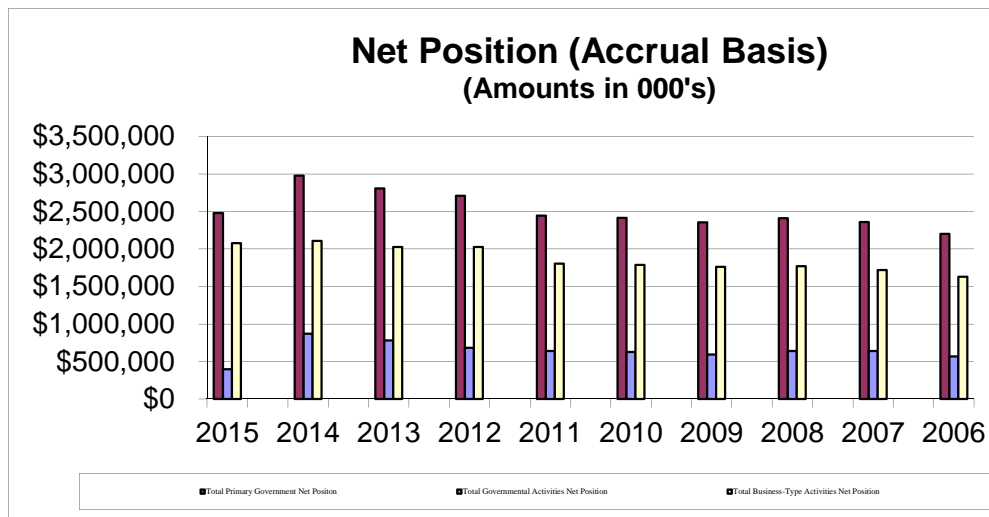
Note:

The Governmental Accounting Standards Board (GASB) issued Statement No. 65 effective for periods beginning after December 15, 2012. This statement changed the treatment of bond issuance costs to expense in the period incurred. Previously, the costs were recorded as assets and amortized over the life of the related debt issued. This change is reflected in the 2013 net position figures. The City did not restate prior years in this statistical table.

In 2011, Water restated their capital assets due to entering into amended Water agreements with 21 member communities prior to 2011. As part of the agreements, ownership of distribution mains was transferred to the Division of Water. The City did not restate these figures in this statistical table.

The Governmental Accounting Standards Board (GASB) issued Statement No. 68 and 71 effective for periods beginning after June 15, 2014. This statement established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. The City did not restate prior years in this statistical table.

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 543,460 | \$ 557,804 | \$ 561,586 | \$ 555,076 | \$ 484,758 | \$ 412,430 |
| 117,765 | 159,942 | 166,280 | 179,318 | 214,811 | 211,361 |
| (19,771) | (90,565) | (134,033) | (95,968) | (59,630) | (56,318) |
| <u>\$ 641,454</u> | <u>\$ 627,181</u> | <u>\$ 593,833</u> | <u>\$ 638,426</u> | <u>\$ 639,939</u> | <u>\$ 567,473</u> |
| \$ 1,130,178 | \$ 1,080,332 | \$ 1,016,182 | \$ 985,556 | \$ 957,587 | \$ 886,978 |
| 234,050 | 243,511 | 275,907 | 272,613 | 252,514 | 247,802 |
| 438,767 | 462,397 | 469,010 | 512,876 | 506,745 | 496,624 |
| <u>\$ 1,802,995</u> | <u>\$ 1,786,240</u> | <u>\$ 1,761,099</u> | <u>\$ 1,771,045</u> | <u>\$ 1,716,846</u> | <u>\$ 1,631,404</u> |
| \$ 1,673,638 | \$ 1,638,136 | \$ 1,577,768 | \$ 1,540,632 | \$ 1,442,345 | \$ 1,299,408 |
| 351,815 | 403,453 | 442,187 | 451,931 | 467,325 | 459,163 |
| 418,996 | 371,832 | 334,977 | 416,908 | 447,115 | 440,306 |
| <u>\$ 2,444,449</u> | <u>\$ 2,413,421</u> | <u>\$ 2,354,932</u> | <u>\$ 2,409,471</u> | <u>\$ 2,356,785</u> | <u>\$ 2,198,877</u> |



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

| | 2015 | 2014 | 2013 | 2012 (2) |
|--|-------------------|-------------------|-------------------|-------------------|
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| General Government (1) | \$ 23,007 | \$ 31,589 | \$ 29,983 | \$ 30,696 |
| Public Works (1) | 17,587 | 17,706 | 17,561 | 18,369 |
| Public Service (1) | | | | |
| Public Safety | 13,032 | 15,318 | 17,078 | 15,049 |
| Community Development (1) | 844 | 1,483 | | |
| Building and Housing | 16,408 | 11,984 | 11,734 | 5,757 |
| Public Health | 2,544 | 2,754 | 2,917 | 2,967 |
| Parks, Recreation and Properties (1) | | | | |
| Economic Development | 103 | 101 | 377 | 100 |
| Subtotal - Charges for Services | <u>73,525</u> | <u>80,935</u> | <u>79,650</u> | <u>72,938</u> |
| Operating Grants and Contributions: | | | | |
| General Government (1) | 4,349 | 4,351 | 5,601 | 4,345 |
| Public Works (1) | 14,753 | 20,373 | 29,770 | 28,342 |
| Public Service (1) | | | | |
| Public Safety | 3,806 | 7,315 | 9,180 | 13,805 |
| Community Development | 32,729 | 35,673 | 42,608 | 69,004 |
| Building and Housing | 3,609 | 2,804 | 9,133 | 6,679 |
| Public Health | 8,974 | 11,040 | 9,249 | 10,321 |
| Parks, Recreation and Properties (1) | | | | |
| Economic Development | 11,752 | 18,234 | 14,046 | 11,387 |
| Subtotal - Operating Grants and Contributions | <u>79,972</u> | <u>99,790</u> | <u>119,587</u> | <u>143,883</u> |
| Capital Grants and Contributions: | | | | |
| General Government | 415 | 2,862 | 56,610 | 1,330 |
| Public Works (1) | 45,581 | 85,253 | 38,348 | 24,515 |
| Public Service (1) | | | | |
| Public Safety | 91 | 173 | | |
| Community Development | | | | |
| Parks, Recreation and Properties (1) | | | | |
| Subtotal - Capital Grants and Contributions | <u>46,087</u> | <u>88,288</u> | <u>94,958</u> | <u>25,845</u> |
| <i>Total Governmental Activities Program Revenues</i> | <u>199,584</u> | <u>269,013</u> | <u>294,195</u> | <u>242,666</u> |
| Business-Type Activities: | | | | |
| Charges for Services: | | | | |
| Water | 301,283 | 303,412 | 272,674 | 280,323 |
| Electricity | 192,861 | 181,843 | 170,342 | 165,227 |
| Airport facilities | 128,033 | 131,724 | 113,244 | 116,694 |
| Nonmajor activities | 39,351 | 34,276 | 34,135 | 35,188 |
| Subtotal - Charges for Services | <u>661,528</u> | <u>651,255</u> | <u>590,395</u> | <u>597,432</u> |
| Operating Grants and Contributions: | | | | |
| Water | 413 | 301 | 5,984 | 4,567 |
| Electricity | 3,225 | 4,030 | 656 | 97 |
| Airport facilities | 85 | 73 | 132 | 177 |
| Nonmajor activities | 299 | 161 | 86 | 478 |
| Subtotal - Operating Grants and Contributions | <u>4,022</u> | <u>4,565</u> | <u>6,858</u> | <u>5,319</u> |
| Capital Grants and Contributions: | | | | |
| Water | 25,158 | 34,699 | 12,446 | 21,800 |
| Electricity | 481 | 2 | 393 | 964 |
| Airport facilities | 20,159 | 19,775 | 35,089 | 25,025 |
| Nonmajor activities | 1,245 | 3,280 | 808 | 5,773 |
| Subtotal - Capital Grants and Contributions | <u>47,043</u> | <u>57,756</u> | <u>48,736</u> | <u>53,562</u> |
| <i>Total Business-Type Activities Program Revenues</i> | <u>712,593</u> | <u>713,576</u> | <u>645,989</u> | <u>656,313</u> |
| <i>Total Primary Government Program Revenues</i> | <u>\$ 912,177</u> | <u>\$ 982,589</u> | <u>\$ 940,184</u> | <u>\$ 898,979</u> |

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----|----------------|-------------------|-------------------|-------------------|-------------------|------------------|
| \$ | 32,336 | \$ 31,570 | \$ 34,937 | \$ 36,824 | \$ 30,470 | \$ 32,311 |
| | 16,271 | | | | | |
| | | 12,024 | 5,517 | 5,517 | 4,490 | 5,158 |
| | 15,034 | 13,839 | 18,296 | 21,709 | 21,087 | 12,773 |
| | | | | 5,440 | 1,203 | 2 |
| | 18,072 | 7,327 | 13,402 | 12,323 | 10,528 | 10,701 |
| | 2,931 | 3,033 | 3,187 | 2,893 | 2,979 | 2,898 |
| | | 8,047 | 1,129 | 1,351 | 1,160 | 746 |
| | 37 | 1,469 | 759 | 1,057 | 471 | 4,496 |
| | <u>84,681</u> | <u>77,309</u> | <u>77,227</u> | <u>87,114</u> | <u>72,388</u> | <u>69,085</u> |
| | 3,673 | 1,348 | 1,121 | 1,789 | 1,994 | 1,508 |
| | 27,364 | | | | | |
| | | 13,821 | 13,469 | 14,317 | 14,459 | 14,230 |
| | 12,497 | 8,647 | 13,192 | 7,448 | 5,789 | 9,364 |
| | 68,887 | 73,563 | 41,490 | 42,129 | 50,344 | 56,882 |
| | 5,698 | 9,064 | 11,857 | 1,106 | 3,353 | 3,407 |
| | 13,228 | 12,693 | 15,048 | 12,786 | 14,079 | 13,838 |
| | | 13,830 | 14,404 | 16,417 | 16,123 | 16,232 |
| | 4,008 | 8,156 | 23,984 | 33,121 | 21,077 | 40,397 |
| | <u>135,355</u> | <u>141,122</u> | <u>134,565</u> | <u>129,113</u> | <u>127,218</u> | <u>155,858</u> |
| | 23 | 41 | | 3,057 | 5,380 | 23,839 |
| | 13,982 | | | | | |
| | | 11,179 | 11,680 | 13,094 | 75,871 | |
| | | | | | 1,315 | |
| | <u>14,005</u> | <u>11,220</u> | <u>11,680</u> | <u>16,151</u> | <u>82,566</u> | <u>23,839</u> |
| | 234,041 | 229,651 | 223,472 | 232,378 | 282,172 | 248,782 |
| | 236,626 | 237,270 | 228,235 | 242,872 | 242,014 | 209,694 |
| | 168,448 | 166,665 | 155,865 | 158,237 | 155,559 | 146,293 |
| | 114,967 | 106,696 | 98,143 | 111,402 | 105,887 | 105,711 |
| | 34,600 | 39,358 | 43,110 | 41,950 | 40,614 | 33,821 |
| | <u>554,641</u> | <u>549,989</u> | <u>525,353</u> | <u>554,461</u> | <u>544,074</u> | <u>495,519</u> |
| | 3,305 | 3,553 | 4,917 | 8,384 | 11,033 | 8,242 |
| | 883 | 566 | 169 | 2,118 | 2,589 | 1,796 |
| | | 619 | 1,232 | 3,809 | 3,718 | 2,944 |
| | 278 | 4,051 | 3,857 | 5,557 | 6,399 | 1,616 |
| | <u>4,466</u> | <u>8,789</u> | <u>10,175</u> | <u>19,868</u> | <u>23,739</u> | <u>14,598</u> |
| | 2,284 | 7,645 | 1,677 | 3,460 | 7,906 | 6,817 |
| | 206 | 1,035 | | 2,803 | 1,485 | 1,135 |
| | 56,385 | 57,089 | 44,219 | 54,646 | 73,358 | 53,280 |
| | 5,716 | 19,765 | 5,429 | 3,155 | 2,591 | 6,201 |
| | <u>64,591</u> | <u>85,534</u> | <u>51,325</u> | <u>64,064</u> | <u>85,340</u> | <u>67,433</u> |
| | 623,698 | 644,312 | 586,853 | 638,393 | 653,153 | 577,550 |
| \$ | <u>857,739</u> | <u>\$ 873,963</u> | <u>\$ 810,325</u> | <u>\$ 870,771</u> | <u>\$ 935,325</u> | <u>\$826,332</u> |

(Continued)

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

| | 2015 | 2014 | 2013 | 2012 (2) |
|--|------------------|-------------------|-------------------|------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| General Government (1) | \$ 140,946 | \$ 121,050 | \$ 115,793 | \$ 106,141 |
| Public Works (1) | 117,040 | 129,551 | 130,108 | 128,276 |
| Public Service (1) | | | | |
| Public Safety | 328,453 | 298,768 | 310,246 | 310,745 |
| Community Development (1) | 35,026 | 39,099 | 44,337 | 70,705 |
| Building and Housing | 13,433 | 11,059 | 17,694 | 14,729 |
| Public Health | 16,841 | 18,236 | 15,405 | 17,385 |
| Parks, Recreation and Properties (1) | | | | |
| Economic Development | 29,474 | 32,508 | 18,142 | 13,845 |
| Interest on debt | 36,489 | 26,333 | 24,913 | 26,153 |
| <i>Total Governmental Activities Expenses</i> | <u>717,702</u> | <u>676,604</u> | <u>676,638</u> | <u>687,979</u> |
| Business-Type Activities | | | | |
| Water | 259,892 | 253,822 | 258,014 | 244,647 |
| Electricity | 197,823 | 181,862 | 171,669 | 163,547 |
| Airport facilities | 162,499 | 161,021 | 155,343 | 153,627 |
| Nonmajor activities | 37,088 | 38,430 | 35,235 | 39,671 |
| <i>Total Business-Type Activities Expenses</i> | <u>657,302</u> | <u>635,135</u> | <u>620,261</u> | <u>601,492</u> |
| <i>Total Primary Government Program Expenses</i> | <u>1,375,004</u> | <u>1,311,739</u> | <u>1,296,899</u> | <u>1,289,471</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (518,118) | (407,591) | (382,443) | (445,313) |
| Business-Type Activities | 55,291 | 78,441 | 25,728 | 54,821 |
| <i>Total Primary Government Net Expense</i> | <u>(462,827)</u> | <u>(329,150)</u> | <u>(356,715)</u> | <u>(390,492)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities | | | | |
| Taxes: | | | | |
| Income taxes | 346,797 | 337,933 | 332,719 | 330,863 |
| Property taxes | 55,017 | 52,327 | 45,055 | 56,086 |
| Other taxes | 38,904 | 35,851 | 37,765 | 28,680 |
| Shared revenues | 34,974 | 37,240 | 34,434 | 27,338 |
| State and local government funds | 26,567 | 23,846 | 30,081 | 25,966 |
| Unrestricted investment earnings | 1,060 | 1,193 | 683 | 692 |
| Other | 8,760 | 11,454 | 21,194 | 18,141 |
| Transfers | (1,957) | (1,616) | (1,527) | (1,589) |
| <i>Total Governmental Activities</i> | <u>510,122</u> | <u>498,228</u> | <u>500,404</u> | <u>486,177</u> |
| Business-Type Activities | | | | |
| Unrestricted investment earnings | 4 | 3 | 3 | |
| Special items - gain on sale of capital assets | | | | |
| Transfers | 1,957 | 1,616 | 1,527 | 1,589 |
| <i>Total Business-Type Activities Expenses</i> | <u>1,961</u> | <u>1,619</u> | <u>1,530</u> | <u>1,589</u> |
| <i>Total Primary Government General Revenues and Other Changes in Net Position</i> | <u>512,083</u> | <u>499,847</u> | <u>501,934</u> | <u>487,766</u> |
| Change in Net Position | | | | |
| Governmental Activities | (7,996) | 90,637 | 117,961 | 40,864 |
| Business-Type Activities | 57,252 | 80,060 | 27,258 | 56,410 |
| <i>Total Primary Government Change in Net Position</i> | <u>\$ 49,256</u> | <u>\$ 170,697</u> | <u>\$ 145,219</u> | <u>\$ 97,274</u> |

Note:

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

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

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

(2)The Governmental Accounting Standards Board (GASB) issued Statement No. 65 effective for periods beginning after December 15, 2012. This statement changed the treatment of bond issuance costs to expense in the period incurred. Previously, the costs were recorded as assets and amortized over the life of the related debt issued. The City did not restate prior years in this statistical table.

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----|------------------|------------------|--------------------|------------------|-------------------|------------------|
| \$ | 95,833 | \$ 81,898 | \$ 90,311 | \$ 101,878 | \$ 99,311 | \$ 99,187 |
| | 139,577 | | | | | |
| | 308,051 | 93,425 | 85,947 | 87,154 | 86,435 | 81,248 |
| | 75,778 | 315,900 | 329,765 | 329,922 | 322,840 | 301,208 |
| | 14,098 | 70,589 | 59,204 | 44,550 | 54,425 | 62,701 |
| | 19,596 | 17,445 | 20,925 | 15,831 | 13,999 | 13,832 |
| | | 19,740 | 22,999 | 20,351 | 21,412 | 27,674 |
| | | 46,963 | 58,799 | 61,628 | 54,332 | 45,546 |
| | 22,323 | 24,729 | 38,083 | 53,944 | 39,168 | 44,739 |
| | 27,686 | 47,531 | 30,448 | 32,896 | 27,763 | 32,162 |
| | <u>702,942</u> | <u>718,220</u> | <u>736,481</u> | <u>748,154</u> | <u>719,685</u> | <u>708,297</u> |
| | 232,497 | 232,862 | 224,269 | 213,335 | 205,470 | 204,994 |
| | 167,799 | 165,330 | 158,100 | 154,426 | 148,832 | 141,546 |
| | 167,531 | 158,262 | 168,734 | 172,274 | 167,967 | 157,976 |
| | 46,302 | 43,443 | 46,546 | 44,507 | 45,762 | 42,112 |
| | <u>614,129</u> | <u>599,897</u> | <u>597,649</u> | <u>584,542</u> | <u>568,031</u> | <u>546,628</u> |
| | <u>1,317,071</u> | <u>1,318,117</u> | <u>1,334,130</u> | <u>1,332,696</u> | <u>1,287,716</u> | <u>1,254,925</u> |
| | (468,901) | (488,569) | (513,009) | (515,776) | (437,513) | (459,515) |
| | 9,569 | 44,415 | (10,796) | 53,851 | 85,122 | 30,922 |
| | <u>(459,332)</u> | <u>(444,154)</u> | <u>(523,805)</u> | <u>(461,925)</u> | <u>(352,391)</u> | <u>(428,593)</u> |
| | 311,492 | 298,209 | 296,507 | 329,316 | 317,268 | 302,084 |
| | 63,839 | 88,087 | 63,573 | 65,398 | 69,313 | 66,762 |
| | 27,312 | 28,450 | 25,053 | 25,918 | 28,567 | 26,492 |
| | 19,558 | 23,869 | 28,741 | 28,587 | 23,805 | 16,949 |
| | 43,821 | 49,266 | 43,420 | 52,450 | 51,164 | 55,905 |
| | 97 | 654 | 1,740 | 3,344 | 5,670 | 4,273 |
| | 19,086 | 14,104 | 10,207 | 9,556 | 14,482 | 18,460 |
| | (2,031) | 19,278 | (825) | (306) | (290) | (390) |
| | <u>483,174</u> | <u>521,917</u> | <u>468,416</u> | <u>514,263</u> | <u>509,979</u> | <u>490,535</u> |
| | 30 | 4 | 25 | 42 | 30 | 14 |
| | 5,125 | | | | | |
| | 2,031 | (19,278) | 825 | 306 | 290 | 390 |
| | <u>7,186</u> | <u>(19,274)</u> | <u>850</u> | <u>348</u> | <u>320</u> | <u>404</u> |
| | <u>490,360</u> | <u>502,643</u> | <u>469,266</u> | <u>514,611</u> | <u>510,299</u> | <u>490,939</u> |
| | 14,273 | 33,348 | (44,593) | (1,513) | 72,466 | 31,020 |
| | 16,755 | 25,141 | (9,946) | 54,199 | 85,442 | 31,326 |
| \$ | <u>31,028</u> | <u>\$ 58,489</u> | <u>\$ (54,539)</u> | <u>\$ 52,686</u> | <u>\$ 157,908</u> | <u>\$ 62,346</u> |

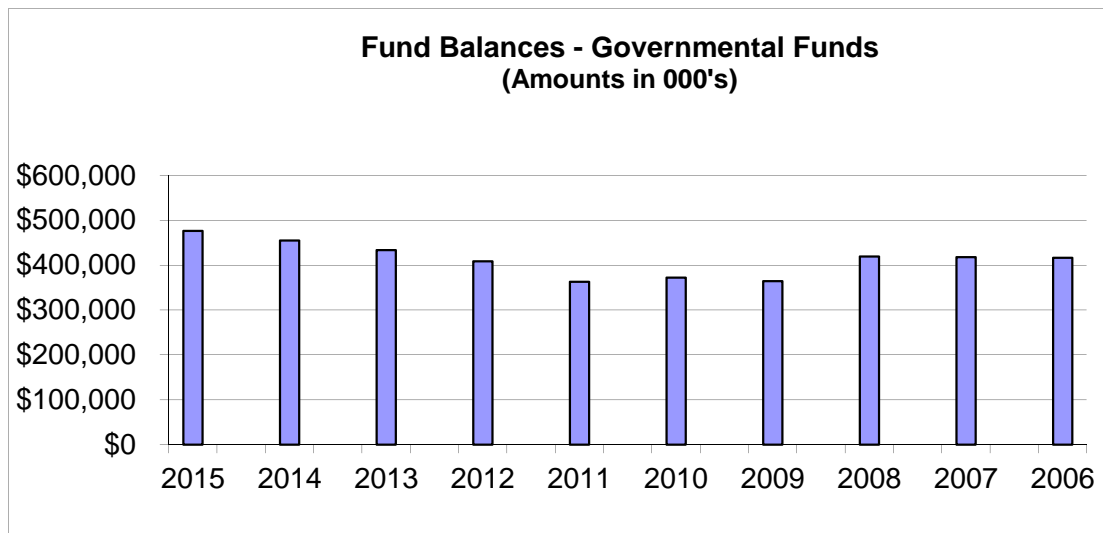
(Concluded)

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

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund | | | | |
| Reserved | \$ | \$ | \$ | \$ |
| Unreserved | | | | |
| Nonspendable | 740 | 885 | 648 | 632 |
| Assigned | 11,979 | 15,041 | 13,209 | 9,239 |
| Unassigned | <u>68,490</u> | <u>78,401</u> | <u>75,891</u> | <u>61,879</u> |
| Total General Fund | <u>81,209</u> | <u>94,327</u> | <u>89,748</u> | <u>71,750</u> |
| All Other Governmental Funds | | | | |
| Reserved | | | | |
| Unreserved reported in: | | | | |
| Special Revenue funds | | | | |
| Capital Projects funds | | | | |
| Nonspendable | 865 | 1,387 | 355 | 495 |
| Restricted | 312,089 | 268,905 | 245,015 | 233,832 |
| Committed | 82,189 | 90,739 | 98,806 | 102,901 |
| Assigned | 6 | 8 | 3 | 2 |
| Unassigned | | | | |
| Total All Other Governmental Funds | <u>395,149</u> | <u>361,039</u> | <u>344,179</u> | <u>337,230</u> |
| Total Governmental Funds | <u>\$ 476,358</u> | <u>\$ 455,366</u> | <u>\$ 433,927</u> | <u>\$ 408,980</u> |

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

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------|------------|------------|------------|------------|------------|
| \$ | \$ 15,070 | \$ 15,513 | \$ 14,689 | \$ 14,455 | \$ 13,029 |
| | (2,529) | (9,648) | 16,856 | 17,399 | 22,502 |
| 576 | | | | | |
| 12,027 | | | | | |
| 38,991 | | | | | |
| 51,594 | 12,541 | 5,865 | 31,545 | 31,854 | 35,531 |
| | 257,696 | 263,059 | 272,039 | 277,669 | 278,984 |
| | 64,432 | 45,781 | 72,421 | 77,223 | 77,287 |
| | 37,753 | 49,556 | 43,438 | 31,136 | 24,458 |
| 1,172 | | | | | |
| 204,590 | | | | | |
| 105,624 | | | | | |
| 1 | | | | | |
| (96) | | | | | |
| 311,291 | 359,881 | 358,396 | 387,898 | 386,028 | 380,729 |
| \$ 362,885 | \$ 372,422 | \$ 364,261 | \$ 419,443 | \$ 417,882 | \$ 416,260 |



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

| | 2015 | 2014 | 2013 | 2012 |
|--|------------------|------------------|------------------|------------------|
| Revenues | | | | |
| Income taxes | \$ 350,524 | \$ 336,743 | \$ 333,359 | \$ 331,118 |
| Property taxes | 49,697 | 49,198 | 49,740 | 55,312 |
| State and local government funds | 26,433 | 25,077 | 28,439 | 31,821 |
| Other taxes and shared revenues (2) | | | | 86,084 |
| Other taxes (2) | 38,904 | 35,851 | 37,764 | |
| Other shared revenues (2) | 48,864 | 54,329 | 59,907 | |
| Licenses and permits | 18,884 | 15,404 | 16,034 | 15,070 |
| Charges for services | 35,169 | 36,120 | 39,297 | 41,436 |
| Fines, forfeits and settlements | 18,864 | 28,928 | 27,020 | 26,830 |
| Investment earnings | 927 | 858 | 865 | 468 |
| Grants | 102,257 | 111,935 | 115,851 | 129,724 |
| Contributions | 2,803 | 2,571 | 15,948 | 1,364 |
| Miscellaneous | 13,565 | 18,534 | 27,770 | 18,770 |
| <i>Total Revenues</i> | <u>706,891</u> | <u>715,548</u> | <u>751,994</u> | <u>737,997</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government (1) | 86,686 | 91,199 | 85,638 | 85,125 |
| Public Works (1) | 90,961 | 89,042 | 86,576 | 85,753 |
| Public Service (1) | | | | |
| Public Safety | 311,177 | 294,605 | 303,234 | 303,767 |
| Community Development (1) | 33,076 | 37,191 | 42,677 | 69,238 |
| Building and Housing | 13,419 | 10,885 | 17,444 | 14,542 |
| Public Health | 16,462 | 17,722 | 14,983 | 16,986 |
| Parks, Recreation and Properties (1) | | | | |
| Economic Development | 29,393 | 32,360 | 18,030 | 12,794 |
| Other | 8,635 | 10,580 | 11,877 | 10,992 |
| Capital outlay | 127,001 | 100,868 | 115,170 | 69,945 |
| Inception of capital lease | 571 | 6,044 | 5,046 | 5,648 |
| Debt service: | | | | |
| Principal retirement | 48,648 | 47,752 | 46,252 | 48,115 |
| Interest | 28,627 | 27,935 | 30,380 | 33,741 |
| General Government | 2,462 | 1,114 | 615 | 1,264 |
| Other | 1,071 | 1,077 | 1,176 | 1,168 |
| <i>Total Expenditures</i> | <u>798,189</u> | <u>768,374</u> | <u>779,098</u> | <u>759,078</u> |
| <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i> | <u>(91,298)</u> | <u>(52,826)</u> | <u>(27,104)</u> | <u>(21,081)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 92,273 | 77,659 | 56,516 | 59,830 |
| Transfers out | (94,734) | (79,766) | (58,466) | (62,145) |
| Issuance of debt | 101,385 | 69,200 | 35,840 | 82,945 |
| Issuance of refunding bonds | 117,325 | 20,110 | 25,360 | |
| Proceeds from sale of debt | | | | |
| Premium on bonds and notes | 30,085 | 6,666 | 4,415 | 8,770 |
| Discount on bonds and notes | | (13) | | (145) |
| Payment to refund bonds and notes | (135,757) | (20,635) | (25,360) | (28,910) |
| Proceeds from sale of general obligation bonds and notes | | | | |
| Loan proceeds | | | 2,786 | |
| Sale of City assets | 1,713 | 1,044 | 4,425 | 324 |
| Capital leases | | | 6,535 | 6,507 |
| <i>Total Other Financing Sources (Uses)</i> | <u>112,290</u> | <u>74,265</u> | <u>52,051</u> | <u>67,176</u> |
| <i>Net Change in Fund Balances</i> | <u>\$ 20,992</u> | <u>\$ 21,439</u> | <u>\$ 24,947</u> | <u>\$ 46,095</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 11.1% | 11.7% | 11.5% | 11.8% |

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

(2) In 2013, other taxes and other shared revenues are reported separately. For years prior to 2013, the figures are combined. Data for years prior to 2013 is unavailable.

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------|------------|-------------|------------|------------|-------------|
| \$ 312,508 | \$ 300,427 | \$ 298,546 | \$ 326,464 | \$ 311,784 | \$ 303,446 |
| 55,949 | 58,660 | 63,754 | 65,258 | 69,254 | 66,787 |
| 45,640 | 47,972 | 45,590 | 52,269 | 53,506 | 55,908 |
| 77,636 | 79,620 | 81,440 | 81,200 | 80,789 | 73,810 |
| 16,877 | 13,529 | 17,061 | 15,047 | 13,802 | 14,520 |
| 39,433 | 33,779 | 22,136 | 26,000 | 24,388 | 20,973 |
| 28,376 | 28,643 | 32,321 | 34,763 | 31,246 | 27,877 |
| 518 | 621 | 2,691 | 8,871 | 16,875 | 13,809 |
| 120,119 | 116,920 | 112,024 | 94,769 | 167,125 | 137,278 |
| 52 | 72 | 659 | 549 | 549 | 3,113 |
| 15,356 | 16,490 | 25,811 | 27,649 | 18,581 | 18,683 |
| 712,464 | 696,733 | 702,033 | 732,839 | 787,899 | 736,204 |
| 77,792 | 80,865 | 90,074 | 91,664 | 84,578 | 74,905 |
| 91,926 | 53,567 | 58,229 | 60,105 | 60,700 | 58,739 |
| 302,009 | 308,321 | 319,334 | 318,339 | 311,606 | 293,093 |
| 73,682 | 70,437 | 58,101 | 43,677 | 53,668 | 62,031 |
| 14,031 | 17,401 | 20,841 | 15,691 | 13,892 | 13,668 |
| 19,160 | 19,229 | 22,460 | 19,724 | 21,014 | 26,903 |
| 19,348 | 37,822 | 39,598 | 42,593 | 40,494 | 37,817 |
| 11,171 | 24,635 | 36,849 | 51,921 | 33,787 | 44,632 |
| 66,575 | 11,490 | 10,446 | 10,627 | 9,206 | 9,256 |
| 4,566 | 56,227 | 66,720 | 60,513 | 120,680 | 65,216 |
| 47,481 | 3,201 | | | 3,933 | 3,302 |
| 30,628 | 48,223 | 53,048 | 51,566 | 44,258 | 37,648 |
| 438 | 28,682 | 32,942 | 34,318 | 30,075 | 31,462 |
| 315 | 18,722 | 477 | 5,394 | | |
| | 795 | 475 | 1,868 | 2,438 | 662 |
| 759,122 | 779,617 | 809,594 | 808,000 | 830,329 | 759,334 |
| (46,658) | (82,884) | (107,561) | (75,161) | (42,430) | (23,130) |
| 68,643 | 106,617 | 53,414 | 57,550 | 61,064 | 41,853 |
| (71,514) | (88,152) | (54,525) | (58,243) | (61,894) | (42,665) |
| 31,260 | 171,505 | 44,580 | | | |
| | | 13,820 | | | |
| 1,105 | 1,885 | 2,289 | 266,160 | | |
| (217) | (237) | | 4,042 | 3,730 | |
| | (108,390) | (13,767) | (386) | (18) | |
| | | | (192,675) | (140,457) | |
| | | | | 181,420 | |
| 1,229 | 1,127 | 6,568 | 274 | 207 | 8,411 |
| 6,615 | 6,690 | | | | |
| 37,121 | 91,045 | 52,379 | 76,722 | 44,052 | 7,599 |
| \$ (9,537) | \$ 8,161 | \$ (55,182) | \$ 1,561 | \$ 1,622 | \$ (15,531) |
| 11.1% | 10.4% | 11.5% | 11.3% | 10.3% | 9.8% |

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

| Collection Year | Real Property | | | Tangible Personal Property | |
|--------------------|------------------------------|-----------------------------|------------------------------|----------------------------|------------------------------|
| | Assessed Value | | Estimated Actual Value | Public Utility | |
| | Residential/ Agricultural | Commercial Industrial/PU | | Assessed Value | Estimated Actual Value |
| 2015 | \$ 2,035,581 | \$ 2,593,704 | \$ 13,226,529 | \$ 318,829 | \$ 362,306 |
| 2014 | 2,051,307 | 2,550,042 | 13,146,711 | 298,603 | 339,322 |
| 2013 | 2,075,286 | 2,526,924 | 13,149,171 | 266,558 | 302,907 |
| 2012 | 2,641,867 | 2,743,313 | 15,386,229 | 246,081 | 279,638 |
| 2011 | 2,675,681 | 2,722,417 | 15,423,137 | 242,172 | 275,195 |
| 2010 | 2,693,686 | 2,585,663 | 15,083,857 | 233,870 | 265,761 |
| 2009 | 3,062,170 | 2,434,549 | 15,704,911 | 220,820 | 250,932 |
| 2008 | 3,041,791 | 2,438,801 | 15,658,834 | 210,970 | 239,739 |
| 2007 | 3,056,587 | 2,532,466 | 15,968,723 | 316,899 | 360,113 |
| 2006 | 2,662,461 | 2,285,525 | 14,137,103 | 314,385 | 357,256 |

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

The assessed valuation of personal property constituting "inventory" was 23% of true value, in 2006 it was reduced to 18.75%, in 2007 to 12.50%, and in 2008 to 6.25%. The percentage decreased to 0% in 2009 and remains at 0% in 2015.

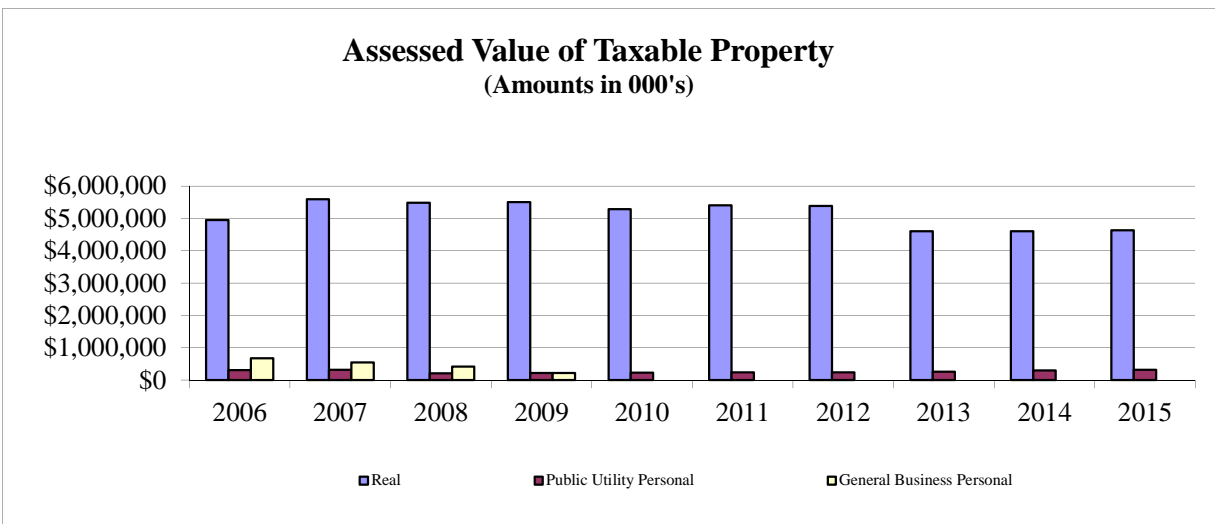
Electric deregulation took place January 1, 2001. Under prior law, an electric company's taxable production equipment was assessed at 100% of true value, while all of its other taxable property was assessed at 88% of true value. Effective in 2002, the valuation on electric utility production equipment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

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

Source: Cuyahoga County Fiscal Officer.

Tangible Personal Property

| General Business | | Total | | | |
|------------------|------------------------|----------------|------------------------|-----------------------|--------|
| Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Total Direct Tax Rate | Ratio |
| \$ | \$ | \$ 4,948,114 | \$ 13,588,835 | 12.70 | 36.4 % |
| | | 4,899,952 | 13,486,033 | 12.70 | 36.3 |
| | | 4,868,768 | 13,452,078 | 12.70 | 36.2 |
| | | 5,631,261 | 15,665,867 | 12.70 | 35.9 |
| | | 5,640,270 | 15,698,332 | 12.70 | 35.9 |
| | | 5,513,219 | 15,349,618 | 12.70 | 35.9 |
| 219,920 | 3,518,720 | 5,937,459 | 19,474,563 | 12.70 | 30.5 |
| 422,770 | 6,764,320 | 6,114,332 | 22,662,893 | 12.70 | 27.0 |
| 551,296 | 4,410,368 | 6,457,248 | 20,739,204 | 12.70 | 31.1 |
| 677,333 | 3,612,443 | 5,939,704 | 18,106,802 | 12.70 | 32.8 |



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

| | 2015 | 2014 | 2013 | 2012 |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Unvoted Millage | | | | |
| Debt | 4.350000 | 4.350000 | 4.350000 | 4.350000 |
| Fire Pension | 0.050000 | 0.050000 | 0.050000 | 0.050000 |
| <i>Total Unvoted Millage</i> | <u>4.400000</u> | <u>4.400000</u> | <u>4.400000</u> | <u>4.400000</u> |
| Charter Millage | | | | |
| Operating | 7.750000 | 7.750000 | 7.750000 | 7.750000 |
| Fire Pension | 0.250000 | 0.250000 | 0.250000 | 0.250000 |
| Police Pension | 0.300000 | 0.300000 | 0.300000 | 0.300000 |
| <i>Total Charter Millage</i> | <u>8.300000</u> | <u>8.300000</u> | <u>8.300000</u> | <u>8.300000</u> |
| Total Millage | <u><u>12.700000</u></u> | <u><u>12.700000</u></u> | <u><u>12.700000</u></u> | <u><u>12.700000</u></u> |

Overlapping Rates by Taxing District

| | | | | |
|---|-----------|-----------|-----------|-----------|
| City School District | | | | |
| Residential/Agricultural Real | 52.479460 | 52.699898 | 52.427248 | 52.116544 |
| Commercial/Industrial and Public Utility Real | 61.740058 | 61.107741 | 60.124573 | 60.128798 |
| General Business and Public Utility Personal | 79.300000 | 79.900000 | 79.800000 | 79.800000 |
| County | | | | |
| Residential/Agricultural Real | 13.869781 | 14.050000 | 14.050000 | 13.220000 |
| Commercial/Industrial and Public Utility Real | 14.050000 | 14.019470 | 13.949465 | 12.996761 |
| General Business and Public Utility Personal | 14.050000 | 14.050000 | 14.050000 | 13.220000 |
| Special Taxing Districts (1) | | | | |
| Residential/Agricultural Real | 13.112910 | 13.202292 | 12.298441 | 11.391842 |
| Commercial/Industrial and Public Utility Real | 13.363153 | 13.312617 | 12.339767 | 11.418198 |
| General Business and Public Utility Personal | 13.680000 | 13.680000 | 12.780000 | 11.880000 |

Note:

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

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

Source: Cuyahoga County Fiscal Officer.

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 4.350000 | 4.350000 | 4.350000 | 4.350000 | 4.350000 | 4.350000 |
| 0.050000 | 0.050000 | 0.050000 | 0.050000 | 0.050000 | 0.050000 |
| 4.400000 | 4.400000 | 4.400000 | 4.400000 | 4.400000 | 4.400000 |
| 7.750000 | 7.750000 | 7.750000 | 7.750000 | 7.750000 | 7.750000 |
| 0.250000 | 0.250000 | 0.250000 | 0.250000 | 0.250000 | 0.250000 |
| 0.300000 | 0.300000 | 0.300000 | 0.300000 | 0.300000 | 0.300000 |
| 8.300000 | 8.300000 | 8.300000 | 8.300000 | 8.300000 | 8.300000 |
| 12.700000 | 12.700000 | 12.700000 | 12.700000 | 12.700000 | 12.700000 |

| | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 31.674164 | 31.506887 | 31.460074 | 29.076676 | 29.050497 | 29.002818 |
| 44.235815 | 44.362102 | 44.661412 | 44.661009 | 44.592555 | 44.858685 |
| 64.800000 | 64.800000 | 64.800000 | 64.800000 | 64.800000 | 64.800000 |

| | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 13.118223 | 13.186617 | 13.178886 | 12.660733 | 11.868868 | 11.865485 |
| 12.784540 | 12.841251 | 12.845700 | 12.815297 | 12.453559 | 12.494099 |
| 13.220000 | 13.320000 | 13.320000 | 13.320000 | 13.420000 | 13.420000 |

| | | | | | |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 11.225159 | 11.207637 | 10.723710 | 10.330071 | 9.059500 | 9.045800 |
| 11.232744 | 11.236434 | 10.859248 | 10.838537 | 10.191700 | 10.252900 |
| 11.880000 | 11.880000 | 11.580000 | 11.580000 | 11.580000 | 11.580000 |

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

| Year | Current Tax Levy | Current Tax Collections (1) | Percent of Current Tax Collections To Current Tax Levy | Delinquent Tax Collections | Total Tax Collections |
|------|------------------------|-----------------------------------|---|----------------------------------|-----------------------------|
| 2015 | \$ 75,115,511 | \$ 62,192,254 | 82.80 % | \$ 4,537,073 | \$ 66,729,327 |
| 2014 | 72,904,038 | 60,147,465 | 82.50 | 4,542,885 | 64,690,350 |
| 2013 | 68,191,726 | 57,319,877 | 84.06 | 4,664,866 | 61,984,743 |
| 2012 | 76,327,893 | 58,664,824 | 76.86 | 6,972,134 | 65,636,958 |
| 2011 | 74,312,975 | 59,301,577 | 79.80 | 5,104,558 | 64,406,135 |
| 2010 | 73,818,689 | 59,078,863 | 80.03 | 5,259,959 | 64,338,822 |
| 2009 | 76,071,934 | 63,707,028 | 83.75 | 5,351,909 | 69,058,937 |
| 2008 | 77,142,266 | 66,210,703 | 85.83 | 6,416,603 | 72,627,306 |
| 2007 | 79,578,480 | 68,823,516 | 86.49 | 5,675,616 | 74,499,132 |
| 2006 | 74,560,517 | 65,617,123 | 88.01 | 5,523,803 | 71,140,926 |

Note:

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

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

Source: Cuyahoga County Fiscal Officer.

| Total Tax Levy | Percent of Total Tax Collections To Total Tax Levy | Accumulated Outstanding Delinquent Taxes | Percentage of Delinquent Taxes to Total Tax Levy |
|----------------------|---|---|--|
| \$ 110,147,288 | 60.58 % | \$ 47,220,991 | 42.87 % |
| 110,329,017 | 58.63 | 41,284,638 | 37.42 |
| 104,953,336 | 59.06 | 40,343,634 | 38.44 |
| 122,143,372 | 53.74 | 47,654,232 | 39.01 |
| 109,926,575 | 58.59 | 44,679,192 | 40.64 |
| 107,119,066 | 60.06 | 39,704,298 | 37.07 |
| 107,873,764 | 64.02 | 36,999,445 | 34.30 |
| 107,071,494 | 67.83 | 31,984,896 | 29.87 |
| 108,161,761 | 68.88 | 22,770,570 | 21.05 |
| 100,452,563 | 70.82 | 21,063,311 | 20.97 |

City of Cleveland, Ohio
Principal Taxpayers - Real Estate Tax
 2015 and 2006

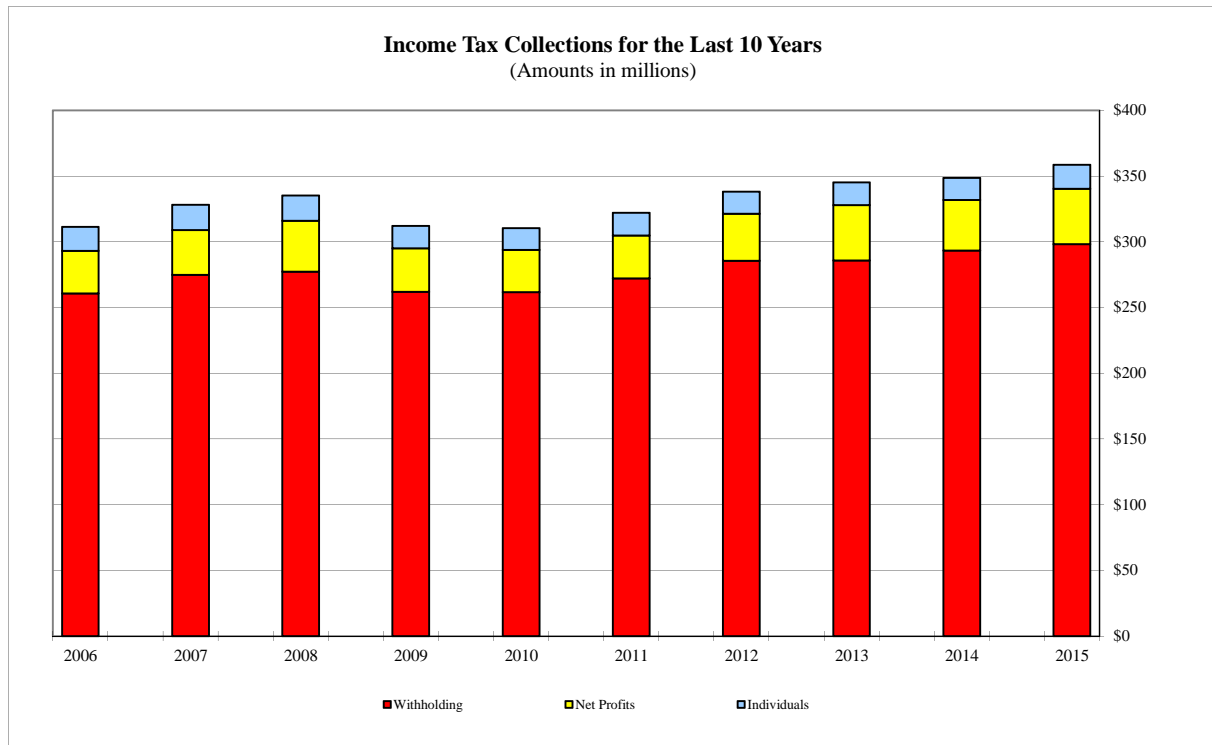
| <i>2015</i> | | |
|---|--------------------------------------|---------------------------------------|
| Taxpayer | Real Property Assessed Valuation (1) | Percentage of Real Assessed Valuation |
| Cleveland Electric Illuminating Co. | \$ 204,079,950 | 4.41 % |
| Cuyahoga County, Ohio | 84,938,640 | 1.83 |
| East Ohio Gas Co. | 81,294,510 | 1.76 |
| Key Center Properties LLC | 80,915,000 | 1.75 |
| City of Cleveland, Ohio | 74,169,060 | 1.60 |
| Cleveland Clinic Foundation | 50,592,610 | 1.09 |
| Rock Ohio Ceasars Cleveland LLC | 49,792,550 | 1.08 |
| Cleveland Financial Associates, LLC | 43,903,130 | 0.95 |
| American Transmission System | 43,142,090 | 0.93 |
| National City Bank | 33,508,720 | 0.72 |
| Total | \$ 746,336,260 | 16.12 % |
| Total Real Property Assessed Valuation | \$4,629,285,000 | |
| <i>2006</i> | | |
| Taxpayer | Real Property Assessed Valuation (1) | Percentage of Real Assessed Valuation |
| City of Cleveland, Ohio | \$ 133,384,540 | 2.70 % |
| Cleveland Financial Associates | 49,232,020 | 0.99 |
| Cleveland Clinic Foundation | 35,386,420 | 0.72 |
| NPW LTD Partnership | 35,062,590 | 0.71 |
| ISG Cleveland Inc | 27,201,480 | 0.55 |
| National City Center, LLC | 27,949,990 | 0.56 |
| TIC OCC Ainley | 22,177,160 | 0.45 |
| Bishop James Hickey | 19,752,400 | 0.40 |
| Behringer Harvard | 19,376,700 | 0.39 |
| Chester Union Associates | 18,352,960 | 0.37 |
| Total | \$ 387,876,260 | 7.84 % |
| Total Real Property Assessed Valuation | \$4,947,986,000 | |

(1) The amounts presented represent the assessed values upon which 2015 and 2006 collections were based.

Source: Cuyahoga County Fiscal Officer.

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

| Tax Year | Tax Rate | Total Tax Collected (1) | Taxes from Withholding | Percentage of Taxes from Withholding | Taxes From Net Profits | Percentage of Taxes from Net Profits | Taxes From Individuals | Percentage of Taxes from Individuals |
|----------|----------|-------------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|------------------------|--------------------------------------|
| 2015 | 2.00% | \$ 358,677,459 | \$ 298,318,465 | 83.17% | \$41,948,933 | 11.70% | \$ 18,410,061 | 5.13% |
| 2014 | 2.00 | 348,674,282 | 293,456,642 | 84.16 | 38,294,001 | 10.98 | 16,923,639 | 4.86 |
| 2013 | 2.00 | 345,255,736 | 285,891,566 | 82.81 | 41,929,164 | 12.14 | 17,435,006 | 5.05 |
| 2012 | 2.00 | 338,046,790 | 285,450,129 | 84.44 | 35,946,656 | 10.63 | 16,650,005 | 4.93 |
| 2011 | 2.00 | 322,072,689 | 272,209,650 | 84.52 | 32,693,730 | 10.15 | 17,169,309 | 5.33 |
| 2010 | 2.00 | 310,339,588 | 261,801,977 | 84.36 | 32,095,566 | 10.34 | 16,442,045 | 5.30 |
| 2009 | 2.00 | 312,129,641 | 261,878,357 | 83.90 | 33,065,140 | 10.59 | 17,186,144 | 5.51 |
| 2008 | 2.00 | 335,310,894 | 277,203,932 | 82.67 | 38,709,596 | 11.54 | 19,397,366 | 5.79 |
| 2007 | 2.00 | 328,167,945 | 274,733,506 | 83.72 | 34,314,408 | 10.46 | 19,120,031 | 5.82 |
| 2006 | 2.00 | 311,254,815 | 260,697,679 | 83.76 | 32,469,591 | 10.43 | 18,087,545 | 5.81 |



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

(1) Gross collections.

Source: Central Collection Agency.

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

| Year | Governmental Activities | | | | | | |
|------|--------------------------------|---------------------------|-----------------------------|---------------------------------|--|-------------------------------------|--|
| | General Obligation Bonds | Urban Renewal Bonds | Non-Tax Revenue Bonds | Capital Lease Obligations | Subordinated Income Tax Refunding Bonds | Certificates of Participation | Subordinate Lien Income Tax Bonds |
| 2015 | \$ 228,740,000 | \$ 2,345,000 | \$ 63,829,000 | \$ 11,354,000 | \$ 38,885,000 | \$ 105,595,000 | \$ 265,995,000 |
| 2014 | 257,565,000 | 3,030,000 | 50,203,000 | 15,262,000 | 43,650,000 | 111,780,000 | 188,335,000 |
| 2013 | 282,550,000 | 3,670,000 | 53,108,000 | 19,185,000 | 46,915,000 | 117,670,000 | 124,490,000 |
| 2012 | 308,700,000 | 4,270,000 | 55,894,000 | 16,236,000 | 50,020,000 | 123,605,000 | 92,380,000 |
| 2011 | 298,660,000 | 4,835,000 | 58,591,000 | 12,908,000 | 52,975,000 | 129,547,000 | 80,505,000 |
| 2010 | 297,115,000 | 5,365,000 | 61,795,000 | 8,937,000 | 55,785,000 | 135,537,000 | 83,025,000 |
| 2009 | 326,230,000 | 5,860,000 | 64,956,000 | 5,320,000 | 58,460,000 | 119,016,000 | 57,630,000 |
| 2008 | 313,630,000 | 6,325,000 | 67,617,000 | 8,604,000 | 59,960,000 | 129,949,000 | 59,560,000 |
| 2007 | 336,990,000 | 6,760,000 | 68,091,000 | 11,786,000 | 58,900,000 | 140,714,000 | |
| 2006 | 323,795,000 | 7,170,000 | 69,353,000 | 15,057,000 | 60,700,000 | 143,950,000 | |

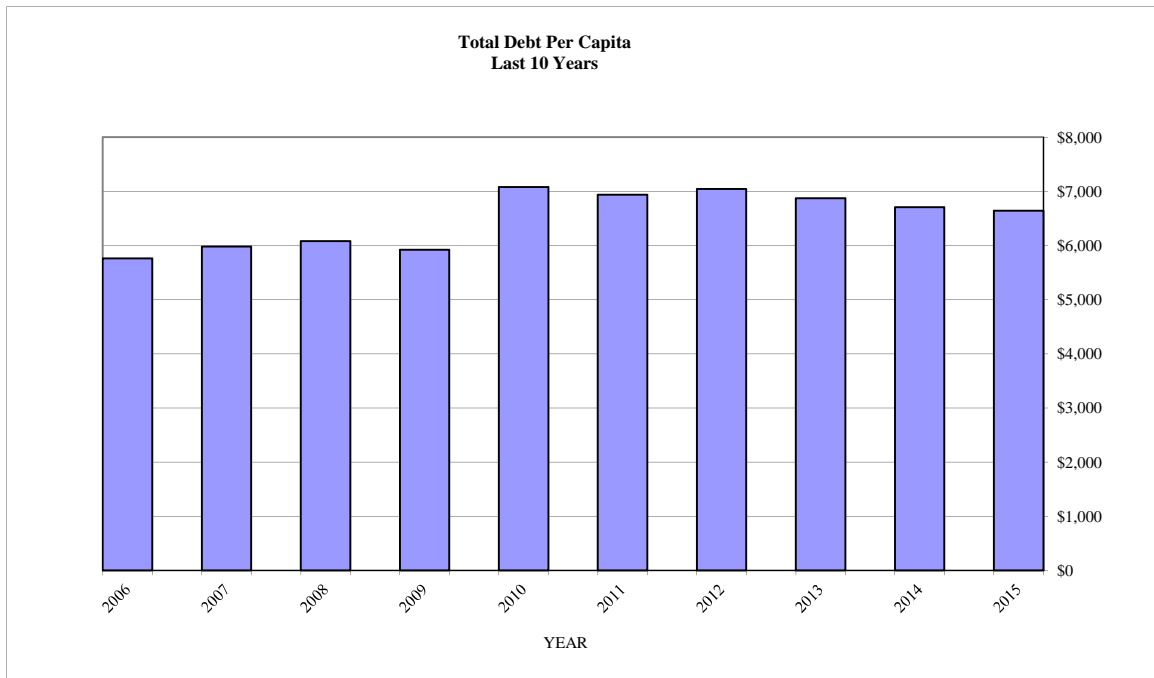
Note:

Population and Personal Income data are presented on page S20.

In 2014, this table was modified to include Note/Loans payable, as it is part of the Governmental Debt.

Business-Type Activities

| Annual Appropriation Bonds | Note / Loans Payable | Revenue Bonds | OWDA / OPWC Loans | Total Net Premium/ (Discount) | Total Debt | Percentage of Personal Income | Per Capita |
|----------------------------|----------------------|------------------|-------------------|-------------------------------|------------------|-------------------------------|------------|
| \$ 10,020,000 | \$ 2,240,000 | \$ 1,699,688,000 | \$ 99,220,000 | \$ 107,383,000 | \$ 2,635,294,000 | 38.09% | \$ 6,641 |
| 10,280,000 | 2,801,000 | 1,786,283,000 | 106,815,000 | 84,641,000 | 2,660,645,000 | 39.46 | 6,705 |
| 10,525,000 | | 1,863,588,000 | 114,372,000 | 90,327,000 | 2,726,400,000 | 40.87 | 6,871 |
| 10,765,000 | | 1,926,203,000 | 109,742,000 | 98,249,000 | 2,796,064,000 | 43.22 | 7,046 |
| 11,000,000 | | 1,930,163,000 | 115,523,000 | 58,362,000 | 2,753,069,000 | 42.56 | 6,938 |
| 11,000,000 | | 1,974,828,000 | 121,335,000 | 53,819,000 | 2,808,541,000 | 43.42 | 7,078 |
| | | 2,032,178,000 | 107,654,000 | 55,381,000 | 2,832,685,000 | 41.43 | 5,921 |
| | | 2,100,768,000 | 112,275,000 | 49,320,000 | 2,908,008,000 | 42.53 | 6,079 |
| | | 2,075,755,000 | 110,070,000 | 50,984,000 | 2,860,050,000 | 41.83 | 5,978 |
| | | 1,995,045,000 | 103,415,000 | 38,002,000 | 2,756,487,000 | 40.32 | 5,762 |



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

| Year | Population (1) | Assessed Value of Taxable Property (2) | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value of Taxable Property | Net Bonded Debt Per Capita |
|--------------------|----------------|--|-----------------------|--|----------------------------------|
| (Amounts in 000's) | | | | | |
| 2015 | 396,815 (a) | \$ 4,948,114 | \$ 225,616 | 4.56 % | \$ 568.57 |
| 2014 | 396,815 (a) | 4,899,952 | 254,484 | 5.19 | 641.32 |
| 2013 | 396,815 (a) | 4,868,768 | 279,124 | 5.73 | 703.41 |
| 2012 | 396,815 (a) | 5,631,261 | 302,484 | 5.37 | 762.28 |
| 2011 | 396,815 (a) | 5,640,270 | 297,172 | 5.27 | 748.89 |
| 2010 | 396,815 (a) | 5,513,219 | 294,923 | 5.35 | 743.23 |
| 2009 | 478,403 (b) | 5,937,459 | 323,631 | 5.45 | 676.48 |
| 2008 | 478,403 (b) | 6,114,332 | 311,134 | 5.09 | 650.36 |
| 2007 | 478,403 (b) | 6,457,248 | 333,823 | 5.17 | 697.79 |
| 2006 | 478,403 (b) | 5,939,704 | 320,265 | 5.39 | 669.45 |

Note:

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

Sources:

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

City of Cleveland, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2015

| Jurisdiction | Governmental Activities Debt Outstanding | Percentage Applicable to City (1) | Amount Applicable to City |
|---|--|---|---------------------------------|
| Direct - City of Cleveland | | | |
| General Obligation Bonds | \$ 228,740,000 | 100.00 % | \$ 228,740,000 |
| Capital Lease Obligations | 11,354,000 | 100.00 | 11,354,000 |
| Urban Renewal Bonds | 2,345,000 | 100.00 | 2,345,000 |
| Subordinated Income Tax Refunding Bonds | 38,885,000 | 100.00 | 38,885,000 |
| Subordinate Lien Income Tax Bonds | 265,995,000 | 100.00 | 265,995,000 |
| Non-Tax Revenue Bonds | 63,829,000 | 100.00 | 63,829,000 |
| Annual Appropriation Bonds | 10,020,000 | 100.00 | 10,020,000 |
| <i>Total Direct Debt</i> | 621,168,000 | | 621,168,000 |
| Overlapping | | | |
| Cleveland Municipal School District | | | |
| General Obligation Bonds (1) | 126,135,928 | 96.87 | 122,187,873 |
| Cuyahoga County | | | |
| General Obligation Bonds (1) | 243,900,000 | 17.84 | 43,511,760 |
| Regional | | | |
| Transit Authority (1) | 88,715,000 | 17.84 | 15,826,756 |
| <i>Total Overlapping Debt</i> | 458,750,928 | | 181,526,389 |
| Total | \$ 1,079,918,928 | | \$ 802,694,389 |

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

Source: Cuyahoga County Fiscal Officer's Office.

City of Cleveland, Ohio

Legal Debt Margin

Last Ten Years

| | 2015 | 2014 | 2013 | 2012 |
|---|------------------|------------------|------------------|------------------|
| Total Assessed Property Value | \$ 4,948,113,550 | \$ 4,899,952,220 | \$ 4,868,767,980 | \$ 5,631,261,380 |
| Overall Legal Debt Limit (10½% of Assessed Valuation) | 519,551,923 | 514,494,983 | 511,220,638 | 591,282,445 |
| Debt Outstanding: | | | | |
| General Obligation Bonds | 228,740,000 | 257,565,000 | 282,550,000 | 308,700,000 |
| Revenue Bonds | 1,699,688,000 | 1,786,283,000 | 1,863,588,000 | 1,926,203,000 |
| Urban Renewal Bonds | 2,345,000 | 3,030,000 | 3,670,000 | 4,270,000 |
| Subordinated Income Tax Refunding Bonds | 38,885,000 | 43,650,000 | 46,915,000 | 50,020,000 |
| Subordinate Lien Income Tax Bonds | 265,995,000 | 188,335,000 | 124,490,000 | 92,380,000 |
| OWDA/OPWC Loans | 99,220,000 | 106,815,000 | 114,372,000 | 109,742,000 |
| Non-tax Revenue Bonds | 63,829,000 | 50,203,000 | 53,108,000 | 55,894,000 |
| Annual Appropriation Bonds | 10,020,000 | 10,280,000 | 10,525,000 | 10,765,000 |
| Total Gross Indebtedness | 2,408,722,000 | 2,446,161,000 | 2,499,218,000 | 2,557,974,000 |
| Less: | | | | |
| General Obligation Bonds | 228,740,000 | 257,565,000 | 282,550,000 | 308,700,000 |
| Revenue Bonds | 1,699,688,000 | 1,786,283,000 | 1,863,588,000 | 1,926,203,000 |
| Urban Renewal Bonds | 2,345,000 | 3,030,000 | 3,670,000 | 4,270,000 |
| Subordinated Income Tax Refunding Bonds | 38,885,000 | 43,650,000 | 46,915,000 | 50,020,000 |
| Subordinate Lien Income Tax Bonds | 265,995,000 | 188,335,000 | 124,490,000 | 92,380,000 |
| OWDA/OPWC Loans | 99,220,000 | 106,815,000 | 114,372,000 | 109,742,000 |
| Non-tax Revenue Bonds | 63,829,000 | 50,203,000 | 53,108,000 | 55,894,000 |
| Annual Appropriation Bonds | 10,020,000 | 10,280,000 | 10,525,000 | 10,765,000 |
| General Obligation Bond Retirement Fund Balance | 3,124,000 | 3,081,000 | 3,426,000 | 6,216,000 |
| Total Net Debt Applicable to Debt Limit* | - | - | - | - |
| Legal Debt Margin Within 10½% Limitations | \$ 519,551,923 | \$ 514,494,983 | \$ 511,220,638 | \$ 591,282,445 |
| Legal Debt Margin as a Percentage of the Debt Limit | 100.00% | 100.00% | 100.00% | 100.00% |
| Unvoted Debt Limitation (5½% of Assessed Valuation) | \$ 272,146,245 | \$ 269,497,372 | \$ 267,782,239 | \$ 309,719,376 |
| Total Gross Indebtedness | 2,408,722,000 | 2,446,161,000 | 2,499,218,000 | 2,557,974,000 |
| Less: | | | | |
| General Obligation Bonds | 228,740,000 | 257,565,000 | 282,550,000 | 308,700,000 |
| Revenue Bonds | 1,699,688,000 | 1,786,283,000 | 1,863,588,000 | 1,926,203,000 |
| Urban Renewal Bonds | 2,345,000 | 3,030,000 | 3,670,000 | 4,270,000 |
| Subordinated Income Tax Refunding Bonds | 38,885,000 | 43,650,000 | 46,915,000 | 50,020,000 |
| Subordinate Lien Income Tax Bonds | 265,995,000 | 188,335,000 | 124,490,000 | 92,380,000 |
| OWDA/OPWC Loans | 99,220,000 | 106,815,000 | 114,372,000 | 109,742,000 |
| Non-tax Revenue Bonds | 63,829,000 | 50,203,000 | 53,108,000 | 55,894,000 |
| Annual Appropriation Bonds | 10,020,000 | 10,280,000 | 10,525,000 | 10,765,000 |
| General Obligation Bond Retirement Fund Balance | 3,124,000 | 3,081,000 | 3,426,000 | 6,216,000 |
| Net Debt Within 5½% Limitations* | - | - | - | - |
| Unvoted Legal Debt Margin Within 5½% Limitations | \$ 272,146,245 | \$ 269,497,372 | \$ 267,782,239 | \$ 309,719,376 |
| Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation | 100.00% | 100.00% | 100.00% | 100.00% |

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

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

Source: City Financial Records.

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>\$ 5,640,270,380</u> | <u>\$ 5,513,219,400</u> | <u>\$ 5,937,458,591</u> | <u>\$ 6,114,332,281</u> | <u>\$ 6,457,247,750</u> | <u>\$ 5,939,704,867</u> |
| <u>592,228,390</u> | <u>578,888,037</u> | <u>623,433,152</u> | <u>642,004,890</u> | <u>678,011,014</u> | <u>623,669,011</u> |
| 298,660,000 | 297,115,000 | 326,230,000 | 313,630,000 | 336,990,000 | 323,795,000 |
| 1,930,163,000 | 1,974,828,000 | 2,032,178,000 | 2,100,768,000 | 2,075,755,000 | 1,995,045,000 |
| 4,835,000 | 5,365,000 | 5,860,000 | 6,325,000 | 6,760,000 | 7,170,000 |
| 52,975,000 | 55,785,000 | 58,460,000 | 59,960,000 | 58,900,000 | 60,700,000 |
| 80,505,000 | 83,025,000 | 57,630,000 | 59,560,000 | | |
| 115,523,000 | 121,335,000 | 107,654,000 | 112,275,000 | 110,070,000 | 103,415,000 |
| 58,591,000 | 61,795,000 | 64,956,000 | 67,617,000 | 68,091,000 | 69,353,000 |
| 11,000,000 | 11,000,000 | | | | |
| <u>2,552,252,000</u> | <u>2,610,248,000</u> | <u>2,652,968,000</u> | <u>2,720,135,000</u> | <u>2,656,566,000</u> | <u>2,559,478,000</u> |
| 298,660,000 | 297,115,000 | 326,230,000 | 313,630,000 | 336,990,000 | 323,795,000 |
| 1,930,163,000 | 1,974,828,000 | 2,032,178,000 | 2,100,768,000 | 2,075,755,000 | 1,995,045,000 |
| 4,835,000 | 5,365,000 | 5,860,000 | 6,325,000 | 6,760,000 | 7,170,000 |
| 52,975,000 | 55,785,000 | 58,460,000 | 59,960,000 | 58,900,000 | 60,700,000 |
| 80,505,000 | 83,025,000 | 57,630,000 | 59,560,000 | | |
| 115,523,000 | 121,335,000 | 107,654,000 | 112,275,000 | 110,070,000 | 103,415,000 |
| 58,591,000 | 61,795,000 | 64,950,000 | 67,617,000 | 68,091,000 | 69,353,000 |
| 11,000,000 | 11,000,000 | | | | |
| 1,488,000 | 2,192,000 | 2,599,000 | 2,496,000 | 3,167,000 | 3,530,000 |
| - | - | - | - | - | - |
| <u>\$ 592,228,390</u> | <u>\$ 578,888,037</u> | <u>\$ 623,433,152</u> | <u>\$ 642,004,890</u> | <u>\$ 678,011,014</u> | <u>\$ 623,669,011</u> |
| 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| <u>\$ 310,214,871</u> | <u>\$ 303,227,067</u> | <u>\$ 326,560,223</u> | <u>\$ 336,288,275</u> | <u>\$ 355,148,626</u> | <u>\$ 326,683,768</u> |
| 2,552,252,000 | 2,610,248,000 | 2,652,968,000 | 2,720,135,000 | 2,656,566,000 | 2,559,478,000 |
| 298,660,000 | 297,115,000 | 326,230,000 | 313,630,000 | 336,990,000 | 323,795,000 |
| 1,930,163,000 | 1,974,828,000 | 2,032,178,000 | 2,100,768,000 | 2,075,755,000 | 1,995,045,000 |
| 4,835,000 | 5,365,000 | 5,860,000 | 6,325,000 | 6,760,000 | 7,170,000 |
| 52,975,000 | 55,785,000 | 58,460,000 | 59,960,000 | 58,900,000 | 60,700,000 |
| 80,505,000 | 83,025,000 | 57,630,000 | 59,560,000 | | |
| 115,523,000 | 121,335,000 | 107,654,000 | 112,275,000 | 110,070,000 | 103,415,000 |
| 58,591,000 | 61,795,000 | 64,950,000 | 67,617,000 | 68,091,000 | 69,353,000 |
| 11,000,000 | 11,000,000 | | | | |
| 1,488,000 | 2,192,000 | 2,599,000 | 2,496,000 | 3,167,000 | 3,530,000 |
| - | - | - | - | - | - |
| <u>\$ 310,214,871</u> | <u>\$ 303,227,067</u> | <u>\$ 326,560,223</u> | <u>\$ 336,288,275</u> | <u>\$ 355,148,626</u> | <u>\$ 326,683,768</u> |
| 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

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

| Year | Gross Revenues (1) | Direct Operating Expenses (2) | Net Revenues Available for Debt Service | Debt Service | | Coverage |
|------|--------------------|-------------------------------|---|---------------|---------------|----------|
| | | | | Principal | Interest | |
| 2015 | \$ 164,346,000 | \$ 74,841,000 | \$ 89,505,000 | \$ 34,415,000 | \$ 33,357,922 | 1.32 |
| 2014 | 165,780,000 | 72,101,000 | 93,679,000 | 33,155,000 | 34,568,497 | 1.38 |
| 2013 | 154,616,000 | 67,164,000 | 87,452,000 | 32,120,000 | 35,369,367 | 1.30 |
| 2012 | 152,030,000 | 68,855,000 | 83,175,000 | 16,285,000 | 33,765,871 | 1.66 |
| 2011 | 150,112,000 | 73,310,000 | 76,802,000 | 13,660,000 | 34,940,285 | 1.58 |
| 2010 | 152,053,000 | 70,152,000 | 81,901,000 | 14,705,000 | 36,386,915 | 1.60 |
| 2009 | 167,358,000 | 68,432,000 | 98,926,000 | 22,450,000 | 37,622,000 | 1.65 |
| 2008 | 160,455,000 | 74,885,000 | 85,570,000 | 16,830,000 | 40,497,264 | 1.49 |
| 2007 | 151,430,000 | 69,358,000 | 82,072,000 | 20,160,000 | 34,968,361 | 1.49 |
| 2006 | 135,883,000 | 62,426,000 | 73,457,000 | 17,775,000 | 39,565,000 | 1.28 |

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

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

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

| Year | Gross Revenues (1) | Direct Operating Expenses (2) | Net Revenues Available for Debt Service | Debt Service | | Coverage |
|------|--------------------|-------------------------------|---|--------------|---------------|----------|
| | | | | Principal | Interest | |
| 2015 | \$ 192,934,000 | \$ 166,150,000 | \$ 26,784,000 | \$ 7,500,000 | \$ 10,410,464 | 1.50 |
| 2014 | 181,877,000 | 154,115,000 | 27,762,000 | 10,770,000 | 8,061,556 | 1.47 |
| 2013 | 170,383,000 | 141,116,000 | 29,267,000 | 12,710,000 | 9,766,869 | 1.30 |
| 2012 | 165,307,000 | 136,987,000 | 28,320,000 | 10,050,000 | 9,746,181 | 1.43 |
| 2011 | 168,599,000 | 139,952,000 | 28,647,000 | 10,495,000 | 9,987,500 (3) | 1.40 |
| 2010 | 166,761,000 | 138,030,000 | 28,731,000 | 8,045,000 | 9,871,011 (3) | 1.60 |
| 2009 | 156,034,000 | 128,436,000 | 27,598,000 | 8,530,000 | 9,009,810 (3) | 1.57 |
| 2008 | 160,224,000 | 124,161,000 | 36,063,000 | 8,335,000 | 9,054,492 (3) | 2.07 |
| 2007 | 159,232,000 | 120,415,000 | 38,817,000 | 8,045,000 | 9,368,159 | 2.23 |
| 2006 | 149,276,000 | 114,942,000 | 34,334,000 | 11,025,000 | 8,144,118 | 1.79 |

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

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

(3) Net of capitalized interest per indenture.

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

| Year | Gross Revenues (1) | Direct Operating Expenses (2) | Net Revenues Available for Debt Service | Debt Service | | Coverage |
|------|--------------------|-------------------------------|---|---------------|---------------|----------|
| | | | | Principal | Interest (3) | |
| 2015 | \$ 301,715,000 | \$ 165,981,000 | \$ 135,734,000 | \$ 42,110,000 | \$ 21,034,935 | 2.15 |
| 2014 | 304,182,000 | 153,559,000 | 150,623,000 | 41,200,000 | 26,822,980 | 2.21 |
| 2013 | 274,324,000 | 154,947,000 | 119,377,000 | 39,910,000 | 29,089,797 | 1.73 |
| 2012 | 282,288,000 | 149,169,000 | 133,119,000 | 31,100,000 | 26,639,529 | 2.31 |
| 2011 | 238,975,000 | 146,232,000 | 92,743,000 | 34,000,000 | 30,275,641 | 1.44 |
| 2010 | 241,277,000 | 149,513,000 | 91,764,000 | 37,150,000 | 32,447,214 | 1.32 |
| 2009 | 232,357,000 | 147,716,000 | 84,641,000 | 31,945,000 | 33,200,509 | 1.30 |
| 2008 | 252,660,000 | 143,833,000 | 108,827,000 | 27,285,000 | 38,139,614 | 1.66 |
| 2007 | 257,992,000 | 140,210,000 | 117,782,000 | 19,660,000 | 30,660,206 | 2.34 |
| 2006 | 223,903,000 | 132,879,000 | 91,024,000 | 17,695,000 | 35,300,322 | 1.72 |

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

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

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

City of Cleveland, Ohio

Principal Employers

2015 and 2006

2015

| Employer | Employees | Percentage of Total City Employment |
|---|----------------|---|
| Cleveland Clinic | 32,269 | 21.36% |
| University Hospitals | 15,447 | 10.22 |
| U.S. Office of Personnel Management | 11,536 | 7.63 |
| Cuyahoga County | 7,772 | 5.14 |
| Cleveland Metropolitan School District | 7,203 | 4.77 |
| City of Cleveland | 6,666 | 4.41 |
| MetroHealth System | 5,839 | 3.86 |
| KeyCorp | 4,708 | 3.12 |
| Case Western Reserve University | 4,443 | 2.94 |
| U.S. Postal Services | 3,941 | 2.61 |
| Total | 99,824 | 66.06% |
| Total Employment within the City | 151,100 | |

2006

| Employer | Employees | Percentage of Total City Employment |
|---|----------------|---|
| Cleveland Clinic | 27,755 | 16.02% |
| University Hospitals Health System | 16,611 | 9.59 |
| U.S. Office of Personnel Management | 9,916 | 5.73 |
| Cuyahoga County | 9,142 | 5.28 |
| City of Cleveland | 8,136 | 4.70 |
| Cleveland Municipal School District | 7,472 | 4.31 |
| KeyCorp | 6,397 | 3.69 |
| National City Corp | 6,051 | 3.49 |
| MetroHealth System | 5,503 | 3.18 |
| Case Western Reserve University | 5,075 | 2.93 |
| Total | 102,058 | 58.92% |
| Total Employment within the City | 173,200 | |

Note:

Largest employers headquartered in the City ranked by FTE employees.

Source:

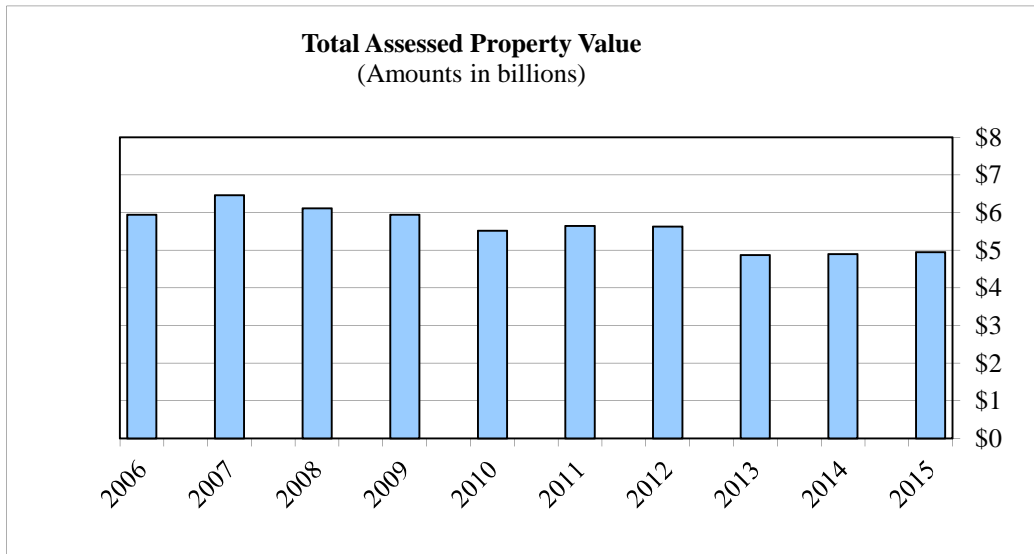
Number of employees from Crain's Cleveland:

Book of Lists 2015, Largest Northeast Ohio Employers; FTEs as of 6/30/2015

Book of Lists 2006, Largest Cuyahoga County Employers; FTEs as of 01/01/2006

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

| Year | Population | Total Personal Income (6) | Personal Income Per Capita | Median Household Income | Median Age |
|------|-------------|---------------------------|----------------------------|-------------------------|------------|
| 2015 | 396,815 (1) | \$ 6,918,866,340 | \$ 17,436 (9) | \$ 26,179 (9) | 35.7 (1) |
| 2014 | 396,815 (1) | 6,742,680,480 | 16,992 (8) | 26,217 (8) | 35.7 (1) |
| 2013 | 396,815 (1) | 6,671,253,780 | 16,812 (7) | 26,556 (7) | 35.7 (1) |
| 2012 | 396,815 (1) | 6,468,878,130 | 16,302 (1) | 27,349 (1) | 35.7 (1) |
| 2011 | 396,815 (1) | 6,468,878,130 | 16,302 (1) | 27,349 (1) | 35.7 (1) |
| 2010 | 396,815 (1) | 6,468,878,130 | 16,302 (1) | 27,349 (1) | 35.7 (1) |
| 2009 | 478,403 (2) | 6,836,857,273 | 14,291 (2) | 25,928 (2) | 33 (2) |
| 2008 | 478,403 (2) | 6,836,857,273 | 14,291 (2) | 25,928 (2) | 33 (2) |
| 2007 | 478,403 (2) | 6,836,857,273 | 14,291 (2) | 25,928 (2) | 33 (2) |
| 2006 | 478,403 (2) | 6,836,857,273 | 14,291 (2) | 25,928 (2) | 33 (2) |



- (1) Source: U. S. Census Bureau. 2010 Census
- (2) Source: U. S. Census Bureau. 2000 Census
- (3) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/>".
- (4) Source: Ohio Labor Market Info, Website: "<http://lmi.state.oh.us/laus/LAUS.html>".
- (5) Source: Cuyahoga County Auditor's Office.
- (6) Computation of per capita personal income multiplied by population.
- (7) Source: U. S. Census Bureau. 2012 dollars years 2008-2012.
- (8) Source: U. S. Census Bureau. 2013 dollars years 2009-2013.
- (9) Source: U. S. Census Bureau. 2014 dollars years 2010-2014.

| Educational Attainment: Bachelor's Degree or Higher | | School Enrollment (3) | City Unemployment Rate (4) | Average Sales Price of Residential Property (5) | Total Assessed Property Value (5) (Amount in 000's) |
|--|-----|-----------------------|----------------------------|---|--|
| 15.2% | (9) | 38,555 | 5.2% | \$ 67,280 | \$ 4,948,114 |
| 14.9 | (7) | 37,967 | 7.8 | 54,549 | 4,899,952 |
| 14.0 | (7) | 38,725 | 9.3 | 59,737 | 4,868,768 |
| 13.1 | (1) | 42,883 | 8.5 | 55,774 | 5,631,261 |
| 13.1 | (1) | 45,060 | 10.0 | 54,638 | 5,640,270 |
| 13.1 | (1) | 47,615 | 11.5 | 60,398 | 5,513,219 |
| 11.4 | (2) | 74,615 | 10.6 | 57,075 | 5,937,459 |
| 11.4 | (2) | 50,078 | 8.8 | 50,515 | 6,114,332 |
| 11.4 | (2) | 52,769 | 7.6 | 57,230 | 6,457,248 |
| 11.4 | (2) | 59,586 | 7.1 | 83,237 | 5,939,704 |



City of Cleveland, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

| Function/Program | 2015 | 2014 | 2013 | 2012 |
|--|----------|----------|----------|-----------|
| General Government | | | | |
| Council | 60.50 | 61.00 | 60.00 | 61.50 |
| Mayor's Office | 23.00 | 22.50 | 25.50 | 25.50 |
| Office of Capital Projects | 55.50 | 50.50 | 49.50 | 46.00 (2) |
| Landmarks Commission | 3.50 | 4.00 | 5.00 | 5.00 |
| Building Standards and Appeals | 5.50 | 5.50 | 6.00 | 6.00 |
| Board of Zoning Appeals | 4.00 | 4.50 | 4.50 | 4.50 |
| Civil Service Commission | 8.50 | 9.50 | 10.00 | 10.00 |
| Community Relations Board | 23.00 | 24.00 | 22.00 | 24.00 |
| City Planning Commission | 21.50 | 22.50 | 20.50 | 20.50 |
| Equal Employment Opportunity | 8.50 | 10.00 | 8.50 | 8.00 |
| Court | 448.00 | 457.50 | 465.50 | 461.00 |
| Office of Budget Administration | 7.00 | 7.00 | 8.00 | 7.00 |
| Aging | 23.50 | 21.00 | 22.00 | 22.00 |
| Personnel and Human Resources | 15.50 | 17.00 | 19.00 | 18.00 |
| Consumer Affairs | | | | (2) |
| Law | 71.50 | 76.50 | 77.00 | 72.50 |
| Finance | 238.50 | 226.00 | 222.50 | 232.00 |
| Security of Persons and Property | | | | |
| Administration | 35.00 | 48.50 | 42.50 | 36.50 |
| Police | 1,903.00 | 1,901.00 | 1,913.50 | 1,873.00 |
| Fire | 705.00 | 707.00 | 730.00 | 729.00 |
| EMS | 238.00 | 224.00 | 232.00 | 232.00 |
| Dog Pound | 18.00 | 17.00 | 17.00 | 14.50 |
| House of Corrections | 117.50 | 127.00 | 131.50 | 133.00 |
| Department of Justice Compliance | 8.50 | | | |
| Public Health Services | 139.00 | 138.00 | 133.00 | 125.50 |
| Leisure Time Activities | | | | |
| Parks, Recreation and Property Administration | | | | (2) |
| Research, Planning and Development | | | | (2) |
| Recreation | 202.50 | 200.50 | 191.50 | 190.50 |
| Public Auditorium, Westside Market and Cleveland Stadium (3) | 55.00 | 54.50 | 54.00 | 42.50 |
| Parking Facilities | 42.50 | 40.00 | 40.50 | 39.50 |
| Property Management | 67.50 | 73.50 | 72.50 | 70.50 |
| Parks Maintenance | 128.00 | 133.00 | 130.00 | 119.00 |
| Community Development | 63.00 | 74.00 | 76.00 | 78.50 |
| Building and Housing | 109.00 | 115.00 | 117.00 | 113.00 |
| Economic Development | 26.00 | 25.00 | 29.00 | 26.00 |
| Public Works | | | | |
| Public Works Administration | 36.00 | 38.00 | 37.00 | 34.00 |
| Architecture | | | | (2) |
| Waste Collection and Disposal | 171.00 | 192.50 | 199.50 | 206.50 |
| Engineering and Construction | | | | (2) |
| Motor Vehicle Maintenance | 72.00 | 66.00 | 68.00 | 68.00 |
| Streets | 257.00 | 249.00 | 248.00 | 260.00 |
| Traffic Engineering | 30.00 | 29.00 | 29.00 | 29.00 |
| Port Control | 410.00 | 383.00 | 392.00 | 404.50 |
| Basic Utility Services | | | | |
| Water | 1,013.00 | 1,008.00 | 1,042.50 | 1,093.00 |
| Cleveland Public Power | 244.00 | 266.00 | 316.00 | 335.00 |
| Water Pollution Control | 121.00 | 134.50 | 135.00 | 136.00 |
| Totals: | 7,229.00 | 7,263.00 | 7,402.50 | 7,412.50 |

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

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

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

(3) In 2010, the Convention Center was sold to Cuyahoga County; however, the City continues to maintain and operate the Public Auditorium.

N/A - Information not available.

Source: City Payroll Department.

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 63.00 | 62.00 | 65.50 | 64.50 | 62.50 | 63.50 |
| 24.50 | 25.50 | 25.50 | 27.50 | 26.00 | 25.00 |
| 5.00 | 5.50 | 5.50 | 5.50 | 5.50 | 5.00 |
| 6.00 | 5.50 | 5.50 | 5.50 | 5.50 | 5.00 |
| 4.50 | 4.00 | 4.50 | 4.50 | 4.50 | 4.50 |
| 9.50 | 11.00 | 10.50 | 10.00 | 11.50 | 10.00 |
| 28.00 | 30.50 | 29.00 | 27.50 | 27.00 | 28.50 |
| 21.50 | 24.00 | 24.00 | 23.00 | 26.00 | 23.00 |
| 8.00 | 10.00 | 10.00 | 11.00 | 13.00 | 13.00 |
| 479.50 | 531.00 | 542.50 | 541.50 | 551.00 | 544.00 |
| 7.00 | 7.00 | 5.50 | 7.00 | 8.00 | 7.00 |
| 25.00 | 24.50 | 21.50 | 21.00 | 22.50 | 20.50 |
| 16.00 | 16.50 | 15.00 | 17.00 | 20.00 | 19.00 |
| 4.00 | 3.00 | 5.00 | 6.00 | 5.00 | 5.00 |
| 76.00 | 87.00 | 88.50 | 86.50 | 89.50 | 88.50 |
| 234.00 | 241.50 | 248.50 | 250.50 | 255.00 | 255.00 |
| 36.50 | 40.00 | 39.00 | 39.00 | 42.50 | 39.50 |
| 1,869.50 | 1,983.50 | 2,079.00 | 2,095.50 | 2,105.00 | 2,176.50 |
| 803.00 | 875.00 | 894.00 | 883.00 | 902.00 | 915.00 |
| 214.00 | 218.00 | 236.00 | 252.00 | 288.00 | 292.00 |
| 15.00 | 16.00 | 15.00 | 14.50 | 14.50 | 14.50 |
| 153.00 | 170.00 | 188.00 | 176.50 | 183.50 (1) | N/A |
| 140.50 | 159.50 | 168.50 | 169.50 | 168.50 (1) | 260.00 |
| 8.00 | 7.00 | 7.00 | 7.00 | 8.00 | 8.00 |
| 5.00 | 6.00 | 8.00 | 9.00 | 9.00 | 9.00 |
| 189.00 | 230.00 | 238.00 | 233.50 | 238.00 | 165.00 |
| 29.50 | 27.50 | 31.00 | 54.50 | 59.50 | 49.50 |
| 42.50 | 42.50 | 41.00 | 44.50 | 49.00 | 46.50 |
| 73.50 | 81.50 | 84.50 | 87.50 | 89.50 | 93.00 |
| 126.00 | 140.00 | 141.00 | 151.00 | 164.00 | 161.00 |
| 76.50 | 87.00 | 86.00 | 77.50 | 78.50 | 81.00 |
| 120.00 | 134.50 | 142.00 | 147.00 | 161.00 | 165.00 |
| 28.00 | 34.00 | 68.00 | 73.00 | 88.00 | 94.00 |
| 5.50 | 4.50 | 4.50 | 5.00 | 5.00 | 5.00 |
| 5.00 | 6.00 | 6.00 | 7.00 | 8.00 | 9.00 |
| 212.50 | 238.50 | 253.50 | 225.50 | 252.50 | 244.50 |
| 31.50 | 59.50 | 61.50 | 60.50 | 65.50 | 65.50 |
| 75.00 | 81.00 | 85.00 | 86.00 | 95.00 | 102.00 |
| 285.00 | 257.50 | 271.50 | 283.50 | 306.00 | 288.50 |
| 36.00 | 38.00 | 39.00 | 40.00 | 41.00 | 44.00 |
| 418.00 | 446.50 | 447.50 | 406.50 | 386.00 | 369.50 |
| 1,157.00 | 1,164.50 | 1,179.50 | 1,215.50 | 1,194.00 | 1,207.00 |
| 358.00 | 345.00 | 343.00 | 340.00 | 341.00 | 337.00 |
| 148.50 | 158.00 | 157.00 | 150.00 | 157.00 | 144.00 |
| <u>7,673.00</u> | <u>8,139.50</u> | <u>8,420.50</u> | <u>8,442.50</u> | <u>8,632.00</u> | <u>8,502.00</u> |

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

| Function/Program | 2015 | 2014 | 2013 | 2012 |
|--|------------------|------------------|------------------|------------------|
| General Government | | | | |
| <i>Council and Clerk</i> | | | | |
| Number of ordinances passed | 621 | 582 | 642 | 631 |
| Number of resolutions adopted | 564 | 696 | 686 | 739 |
| Number of planning commission docket items (4) | 127 | 232 | 267 | 359 |
| Zoning board of appeals docket items | 274 | 256 | 276 | 237 |
| <i>Finance Department</i> | | | | |
| Number of payments issued | 37,931 | 37,689 | 37,257 | 38,010 |
| Total amount of payments | \$ 1,463,635,524 | \$ 1,423,313,034 | \$ 1,454,825,245 | \$ 1,236,189,641 |
| Interest earnings for fiscal year (cash basis) | \$ 1,669,023 | \$ 2,004,466 | \$ 2,922,320 | \$ 3,283,638 |
| Number of receiving warrants (8) | 34,912 | 36,245 | 33,006 | 32,087 |
| Number of journal entries issued (8) | 260,377 | 206,253 | 176,343 | 190,554 |
| Number of budget adjustments issued | 2 | 4 | 5 | 4 |
| Agency ratings - Standard & Poor's (1) | AA | AA | AA | AA |
| Agency ratings - Moody's Financial Services (1) | A1 | A1 | A1 | A1 |
| Health insurance costs vs. General Fund expenditures % | 17% | 15% | 15% | 15% |
| General Fund receipts (cash basis in thousands) | \$ 495,331 | \$ 502,860 | \$ 511,253 | \$ 501,018 |
| General Fund expenditures (cash basis in thousands) | \$ 481,730 | \$ 487,584 | \$ 485,912 | \$ 468,543 |
| General Fund cash balances (in thousands) | \$ 79,239 | \$ 92,693 | \$ 89,988 | \$ 84,869 |
| <i>Income Tax Department</i> | | | | |
| Number of individual returns | 181,382 | 181,811 | 188,767 | 192,362 |
| Number of business returns | 28,502 | 29,866 | 22,601 | 25,140 |
| Number of business withholding accounts | 13,863 | 13,857 | 13,914 | 14,414 |
| Amount of penalties and interest collected | \$ 2,010,333 | \$ 1,848,347 | \$ 1,880,485 | \$ 1,771,088 |
| Annual number of corporate withholding forms processed | 153,640 | 149,291 | 143,976 | 147,175 |
| Annual number of balance due statements forms processed | 41,837 | 38,059 | 39,012 | 37,642 |
| Annual number of estimated payment forms processed | 39,577 | 42,027 | 40,932 | 41,813 |
| Annual number of reconciliations of withholdings processed | 12,248 | 11,851 | 10,737 | 11,416 |
| <i>Engineer Contracted Services</i> | | | | |
| Dollar amount of construction overseen by engineer (2) | \$ 104,493,079 | \$ 52,004,000 | \$ 30,424,253 | \$ 25,400,000 |
| <i>Municipal Court</i> | | | | |
| Number of civil cases (10) | 19,411 | 18,910 | 7,534 | 9,451 |
| Number of criminal cases (10) | 78,238 | 103,098 | 109,740 | 110,754 |
| <i>Vital Statistics</i> | | | | |
| <i>Certificates filed (3)</i> | | | | |
| Number of births | 18,524 | 17,061 | 16,448 | 17,264 |
| Number of deaths | 14,349 | 13,509 | 13,460 | 13,016 |
| Number of fetal deaths | 407 | 337 | 380 | 384 |
| <i>Certificates issued (3)</i> | | | | |
| Number of births | 58,513 | 55,753 | 57,935 | 57,297 |
| Number of deaths | 63,930 | 60,897 | 61,717 | 60,173 |
| <i>Civil Service</i> | | | | |
| Number of police entry tests administered | | 1 | 1 | |
| Number of fire entry tests administered | | 1 | | |
| Number of police promotional tests administered | | 3 | | |
| Number of fire promotional tests administered | | 4 | 4 | |
| Number of hires of police officers from certified lists | 45 | 103 | 47 | 50 |
| Number of hires of fire/medics from certified lists | 40 | 37 | 33 | |
| Number of promotions from police certified lists | 48 | 4 | 36 | 33 |
| Number of promotions from fire certified lists | 16 | 49 | 29 | 42 |

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------|------------------|------------------|------------------|------------------|------------------|
| 723 | 621 | 772 | 771 | 784 | 846 |
| 647 | 747 | 776 | 304 | 363 | 361 |
| 262 | 298 | 309 | 444 | 441 | 768 |
| 241 | 274 | 267 | 242 | 263 | 265 |
| 38,501 | 37,944 | 44,289 | 47,670 | 47,985 | 49,533 |
| \$ 1,311,830,974 | \$ 1,276,014,604 | \$ 1,307,460,874 | \$ 1,251,719,916 | \$ 1,287,268,015 | \$ 1,284,108,296 |
| \$ 4,061,090 | \$ 7,507,827 | \$ 13,219,445 | \$ 45,366,880 | \$ 63,335,510 | \$ 53,988,258 |
| 30,433 | 31,497 | 16,369 | 16,141 | 15,300 | 14,799 |
| 179,546 | 192,281 | 41,238 | 41,217 | 43,619 | 43,186 |
| 6 | 2 | 2 | 5 | 2 | 3 |
| AA | AA | AA | AA | A | A |
| A1 | A1 | A2 | A2 | A2 | A2 |
| 18% | 17% | 15% | 14% | 14% | 14% |
| \$ 496,086 | \$ 480,724 | \$ 487,678 | \$ 517,796 | \$ 509,616 | \$ 490,927 |
| \$ 472,883 | \$ 482,227 | \$ 501,758 | \$ 501,124 | \$ 485,410 | \$ 465,162 |
| \$ 54,888 | \$ 16,400 | \$ 12,327 | \$ 40,685 | \$ 41,885 | \$ 30,957 |
| 196,457 | 202,232 | 211,241 | 232,210 | 238,319 | 248,108 |
| 26,240 | 26,881 | 26,326 | 29,014 | 28,335 | 30,567 |
| 14,338 | 13,835 | 14,542 | 14,653 | 14,469 | 16,200 |
| \$ 2,059,203 | \$ 1,754,501 | \$ 1,884,453 | \$ 2,357,490 | \$ 1,912,554 | \$ 1,999,859 |
| 149,537 | 149,584 | 144,493 | 151,256 | 152,334 | 169,933 |
| 38,152 | 36,188 | 38,610 | 44,637 | 39,767 | 45,909 |
| 41,636 | 42,767 | 47,841 | 51,527 | 57,092 | 56,163 |
| 11,376 | 11,357 | 12,213 | 12,198 | 12,488 | 18,929 |
| \$ 30,760,000 | \$ 34,000,000 | \$ 32,000,000 | \$ 159,540,000 | \$ 251,305,000 | \$ 141,733,000 |
| 11,513 | 19,280 | 16,375 | 19,890 | 18,569 | 22,909 |
| 107,711 | 167,563 | 120,131 | 120,077 | 113,661 | 121,676 |
| 16,616 | 15,528 | 16,403 | 16,942 | 17,235 | 17,645 |
| 12,958 | 12,296 | 12,101 | 12,354 | 12,086 | 11,992 |
| 459 | 454 | 401 | 447 | 399 | 312 |
| 57,542 | 62,507 | 69,785 | 77,967 | 102,140 | 98,545 |
| 61,147 | 59,689 | 60,465 | 65,149 | 64,436 | 84,615 |
| | 1 | 1 | | 1 | |
| 1 | | | 3 | | |
| 1 | | | | | |
| 42 | | 56 | 106 | 73 | |
| | | 22 | | | |
| | | 20 | 40 | | |
| | | | 10 | 49 | |

(Continued)

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

| Function/Program | 2015 | 2014 | 2013 | 2012 |
|---|------------------|----------------|----------------|------------------|
| Building Department Indicators | | | | |
| Construction permits issued | 15,038 | 14,002 | 15,760 | 16,245 |
| Estimated value of construction | \$ 1,430,231,410 | \$ 951,833,168 | \$ 898,217,589 | \$ 1,033,330,550 |
| Number of other permits issued | 3,274 | 4,560 | 4,632 | 4,854 |
| Amount of revenue generated from permits | \$ 11,580,333 | \$ 8,318,937 | \$ 8,727,385 | \$ 7,867,168 |
| Number of contract registrations issued | 3,262 | 2,395 | 2,357 | 2,802 |
| Annual apartment/rooming house license fees | \$ 1,515,849 | \$ 1,340,845 | \$ 1,382,001 | \$ 1,305,182 |
| Security of Persons and Property | | | | |
| <i>Police</i> | | | | |
| Number of traffic citations issued | 64,565 | 89,835 | 111,271 | 121,474 |
| Number of parking citations issued | 39,862 | 37,569 | 36,678 | 42,404 |
| Number of criminal arrests | 24,308 | 31,633 | 33,742 | 35,730 |
| Number of accident reports completed | 17,712 | 15,575 | 15,806 | 14,549 |
| Part I offenses (major offenses) | 29,048 | 33,975 | 37,125 | 39,028 |
| OVI arrests (14) | 387 | 693 | 779 | 790 |
| Prisoners | 17,284 | 21,201 | 23,935 | 35,251 |
| Motor vehicle accidents | 17,712 | 15,575 | 15,806 | 14,549 |
| Fatalities from motor vehicle accidents | 48 | 21 | 32 | 31 |
| Community diversion program youths | 108 | 105 | 98 | 152 |
| <i>Fire</i> | | | | |
| Fire calls - incoming for services (6) | 68,983 | 64,357 | 61,728 | 65,040 |
| Fires | 2,469 | 2,431 | 2,478 | 2,846 |
| Fires with loss | 1,591 | 1,441 | 1,403 | 1,372 |
| Fires with losses exceeding \$10K | 346 | 310 | 247 | 259 |
| Fire losses \$ | \$ 18,625,607 | \$ 16,936,874 | \$ 9,634,925 | \$ 13,128,848 |
| Fire safety inspections | 12,963 | 12,730 | 10,110 | 13,380 |
| Number of times mutual aid given to fire | | 5 | 2 | 30 |
| <i>EMS</i> | | | | |
| EMS calls - incoming for service | 115,303 | 109,045 | 106,385 | 96,359 |
| Ambulance billing collections (net) | \$ 10,348,422 | \$ 12,214,724 | \$ 11,589,324 | \$ 12,051,964 |
| Public Health and Welfare | | | | |
| Number of health inspections | | | | |
| Barber shops | 211 | 360 | 303 | 333 |
| Food | 7,356 | 7,187 | 7,796 | 7,674 |
| Hotels/motels | 36 | 35 | 22 | 38 |
| Marinas | | | | |
| Mobile home parks | | | | 5 |
| Laundries | 54 | 68 | 81 | 62 |
| Nuisance | 2,450 | 17,117 | 22,375 | 21,118 |
| Pools | 165 | 147 | 132 | 161 |
| Schools | 285 | 417 | 547 | 419 |
| Day care inspections | 187 | 194 | 188 | 161 |
| Maternity inspections | | 1 | 2 | |
| Abortion inspections | 4 | 4 | 5 | 5 |
| Cemetery burials | | | | |
| Cemetery cremations | 260 | 249 | 179 | 196 |

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------|----------------|----------------|----------------|----------------|----------------|
| 15,082 | 6,829 | 8,334 | 10,631 | 8,397 | 9,163 |
| \$ 1,556,000,000 | \$ 729,883,689 | \$ 919,923,776 | \$ 814,646,916 | \$ 648,592,297 | \$ 743,566,106 |
| 4,164 | 8,629 | 8,290 | 9,710 | 8,971 | 9,157 |
| \$ 8,306,423 | \$ 6,078,922 | \$ 7,332,522 | \$ 7,364,794 | \$ 7,112,426 | \$ 7,399,513 |
| 2,822 | 2,895 | 2,847 | 2,783 | 2,887 | 3,077 |
| \$ 1,343,457 | \$ 1,571,317 | \$ 1,281,530 | \$ 1,331,940 | \$ 1,427,208 | \$ 1,290,830 |
| 119,371 | 75,362 | 77,037 | 79,089 | 62,652 | 77,003 |
| 42,763 | 48,691 | 59,598 | 49,012 | 49,669 | 59,311 |
| 37,531 | 39,657 | 38,613 | 39,596 | 39,087 | 40,678 |
| 15,444 | 14,761 | 14,804 | 15,525 | 16,239 | 17,374 |
| 40,554 | 38,003 | 38,586 | 39,237 | 41,400 | 44,018 |
| 679 | 729 | 738 | 695 | 847 | 577 |
| 37,235 | 39,156 | 37,864 | 38,629 | 38,142 | 39,851 |
| 15,412 | 14,761 | 14,804 | 15,525 | 16,239 | 17,374 |
| 29 | 49 | 38 | 52 | 34 | 39 |
| 188 | 196 | 139 | 169 | 229 | 177 |
| 65,132 | 60,076 | 60,306 | 60,263 | 63,403 | 61,702 |
| 2,714 | 2,869 | 2,794 | 2,790 | 3,343 | 3,296 |
| 1,398 | 1,266 | 843 | 1,095 | 1,807 | 1,708 |
| 256 | 219 | 237 | 362 | 479 | 362 |
| \$ 14,747,291 | \$ 12,035,650 | \$ 12,312,407 | \$ 11,242,477 | \$ 19,115,824 | \$ 21,567,578 |
| 10,898 | 13,631 | 13,982 | 8,110 | 9,764 | 5,901 |
| 21 | 29 | 17 | 11 | 5 | |
| 94,307 | 92,230 | 89,632 | 88,934 | 88,506 | 86,010 |
| \$ 11,594,178 | \$ 10,832,204 | \$ 9,649,887 | \$ 12,091,087 | \$ 11,394,837 | \$ 10,698,730 |
| 400 | 238 | 219 | 227 | 263 | 251 |
| 7,369 | 7,624 | 8,684 | 9,611 | 7,914 | 8,143 |
| 42 | 36 | 34 | 37 | 31 | 31 |
| 11 | 11 | 11 | 11 | 11 | 11 |
| 12 | 5 | 5 | 5 | 5 | 5 |
| 87 | 69 | 58 | 62 | 81 | 68 |
| 19,136 | 24,130 | 27,544 | 17,205 | 23,402 | 20,057 |
| 204 | 120 | 142 | 127 | 131 | 129 |
| 480 | 390 | 349 | 195 | 274 | 235 |
| 229 | 223 | 209 | 98 | 109 | 104 |
| 4 | 4 | 4 | 4 | 4 | 3 |
| 6 | 6 | 6 | 6 | 5 | 5 |
| | | 3 | 17 | 54 | 27 |
| 177 | 169 | 155 | 149 | 144 | 83 |

(Continued)

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

| Function/Program | 2015 | 2014 | 2013 | 2012 |
|--|----------------|----------------|----------------|----------------|
| Leisure Time Activities | | | | |
| Recreation men and women leagues receipts | \$ 1,425 | \$ 2,940 | \$ 3,407 | \$ 9,862 |
| Economic Development | | | | |
| Grant amounts received (Amounts in 000's) (13) | \$ 8,244 | \$ 12,856 | \$ 3,045 | \$ 5,856 |
| Public Works | | | | |
| Street improvements - asphalt overlay (square yards) (9) | 244,774 | 244,500 | 297,183 | 212,032 |
| Crackseal coating program (linear feet) (9) | 320,785 | 662,225 | | |
| Street repair (curbs, aprons, berms, asphalt) (hours) | 136,993 | 152,214 | 138,034 | 117,239 |
| Guardrail repair (hours) (11) | 765 | 114 | 131 | 100 |
| Paint striping | | | | |
| Lane line (miles) | 485 | 640 | 672 | 661 |
| Crosswalks (each) | 3,783 | 4,476 | 4,227 | 4,952 |
| Arrows (each) | 3,664 | 3,684 | 3,928 | 4,273 |
| Street sweeper (hours) (11) | 744 | 992 | 1,132 | 2,176 |
| Cold patch (hours) | 12,960 | 11,376 | 9,143 | 19,271 |
| Snow and ice removal regular hours | 88,865 | 89,234 | 86,978 | 87,369 |
| Snow and ice removal overtime hours | 14,876 | 18,791 | 19,212 | 18,912 |
| Leaf collection (hours) (12) | | | | |
| Holiday lights setup (hours) (7) | 240 | 275 | 300 | 500 |
| Equipment repair/body shop (hours) | 2,110 | 2,200 | 2,215 | 4,196 |
| Tons of snow melting salt purchased November-March | 61,447 | 73,888 | 57,966 | 40,236 |
| Cost of salt purchased | \$ 3,147,313 | \$ 2,538,951 | \$ 1,972,003 | \$ 1,834,359 |
| Refuse disposal per year (in tons) August through July | 206,879 | 209,410 | 214,561 | 212,367 |
| Refuse disposal costs per year August through July | \$ 5,729,541 | \$ 5,466,793 | \$ 5,258,741 | \$ 5,723,227 |
| Annual recycling tonnage (excluding leaf, and compost items) | 21,809 | 17,900 | 15,893 | 14,146 |
| Percentage of waste recycled | 9.54% | 11.00% | 13.00% | 10.06% |
| Port Control | | | | |
| Cleveland Hopkins Airport | | | | |
| Landed weight (in thousands of pounds) | 5,118,972 | 4,773,831 | 5,732,142 | 5,732,148 |
| Total operations | 117,773 | 137,363 | 181,340 | 180,944 |
| Total passengers | 8,100,073 | 7,609,404 | 9,072,045 | 9,010,077 |
| Total enplaned passengers | 4,046,634 | 3,797,261 | 4,525,612 | 4,495,353 |
| Burke Lakefront Airport | | | | |
| Total operations | 63,603 | 66,862 | 68,665 | 72,916 |
| Total passengers | 161,006 | 155,583 | 148,294 | 184,427 |
| Total enplaned passengers | 80,724 | 77,984 | 74,385 | 92,160 |
| Water Department | | | | |
| Water rates per 1st 600 cubic feet of water used (5) | \$ 17.34 | \$ 17.34 | \$ 15.51 | \$ 13.76 |
| Average number of water accounts billed monthly | 139,823 | 139,460 | 139,201 | 139,023 |
| Total water collections annually (including P&I) | \$ 273,223,067 | \$ 261,928,659 | \$ 250,250,867 | \$ 246,046,531 |
| Payments to Cleveland for bulk water purchases | \$ 21,889,987 | \$ 21,810,862 | \$ 20,194,830 | \$ 21,271,504 |
| Wastewater Department | | | | |
| Sewer and sanitary calls for service | 3,919 | 5,859 | 4,856 | 4,035 |
| After hours sewer calls (hours) | 438 | 381 | 227 | 167 |
| Electric Power | | | | |
| KWH Sold | 1,616,459,441 | 1,618,081,248 | 1,620,996,815 | 1,617,569,577 |
| Average accounts billed per month | 73,661 | 73,746 | 74,208 | 74,238 |
| Receipts | \$ 194,358,017 | \$ 183,571,523 | \$ 170,397,373 | \$ 170,009,696 |

- (1) General obligation bond rating.
- (2) Amounts are new construction starts. The majority of engineering and construction projects are multi-year projects.
- (3) Includes entire area serviced by the Division of Vital Statistics (i.e., Cleveland + suburbs).
- (4) Beginning 2007, administratively approved cases no longer included.
- (5) This is the rate for the City of Cleveland residents only. In 2012 rates changed from per 1000 cubic feet to per 600 cubic feet.
- (6) Fire Calls was changed to "Fire calls-Incoming for service" and all years adjusted beginning 2004 to reflect all calls for service received.
- (7) Holiday light setup was contracted to an outside agency in 2009, 2010 and 2011.
- (8) The City went "live" on a new financial system in January 2010. The new system creates journal entries at the transaction level instead of at the summary level like the prior financial system.
- (9) No program was available for asphalt overlay in 2010 and a new program was implemented for crackseal coating. In 2011, this program ended due to state budget cuts and the asphalt overlay program was again funded.
- (10) 2010 data has been changed. Figures included cases from prior years.
- (11) Street sweeping was limited in 2011 and 2012 due to state imposed budget cuts.
- (12) Beginning in 2011, the City no longer provides an organized leaf collection program.
- (13) Economic Development grants received were restated in 2011 for all years shown. They include Neighborhood Development Investment Fund, Supplemental Empowerment Zone, Economic Development Funds, Urban Development Action Funds, WIA Grants and Core City Program Funds. Beginning in 2011 WIA Grants were moved to General Government.
- (14) In 2013, OVI arrests, operating a vehicle impaired, is formerly known as DUI arrests, driving under the influence. They are both counted using the same measures; however the State of Ohio now refers to them as OVI as does the City of Cleveland.

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|----|---------------|----------------|----------------|----------------|----------------|----------------|
| \$ | 5,280 | \$ 5,145 | \$ 5,070 | \$ 6,825 | \$ 6,375 | \$ 5,730 |
| \$ | 2,154 | \$ 4,564 | \$ 12,958 | \$ 16,837 | \$ 16,294 | \$ 36,005 |
| | 224,361 | | 101,000 | 113,772 | 65,000 | 40,000 |
| | 3,263 | 679,450 | 200,640 | 158,400 | 126,720 | 79,200 |
| | 83,212 | 76,000 | 80,000 | 95,000 | 95,000 | 95,000 |
| | 40 | 2,500 | 2,500 | 3,000 | 1,100 | 1,600 |
| | 651 | 855 | 936 | 630 | 650 | 650 |
| | 5,260 | 5,172 | 6,950 | 5,700 | 6,000 | 6,000 |
| | 4,706 | 4,210 | 3,716 | 2,800 | 3,000 | 3,000 |
| | 3,840 | 46,000 | 55,000 | 49,000 | 36,000 | 30,000 |
| | 31,345 | 22,000 | 24,000 | 31,000 | 31,000 | 31,000 |
| | 128,000 | 128,000 | 128,000 | 132,000 | 132,000 | 132,000 |
| | 23,117 | 21,139 | 14,400 | 15,000 | 18,000 | 8,000 |
| | | 18,300 | 18,000 | 20,000 | 17,000 | 17,000 |
| | | | | 4 | 5 | 5 |
| | 5,000 | 5,076 | 2,663 | 1,010 | 809 | 1,066 |
| | 74,679 | 53,322 | 67,000 | 85,000 | 82,000 | 64,500 |
| \$ | 3,348,606 | \$ 2,321,118 | \$ 2,700,000 | \$ 3,330,000 | \$ 2,640,000 | \$ 2,128,363 |
| | 240,603 | 232,241 | 236,225 | 266,035 | 293,801 | 303,196 |
| \$ | 6,556,260 | \$ 6,079,532 | \$ 6,928,858 | \$ 7,790,729 | \$ 7,944,516 | \$ 8,662,913 |
| | 10,938 | 7,227 | 6,039 | 9,000 | 8,584 | 16,435 |
| | 3.68% | 3.13% | 4.12% | 3.39% | 2.93% | 5.42% |
| | 5,912,394 | 5,907,546 | 6,265,656 | 7,256,242 | 7,380,384 | 7,467,746 |
| | 188,286 | 192,683 | 200,268 | 235,975 | 244,719 | 249,967 |
| | 9,203,740 | 9,492,455 | 9,715,604 | 11,106,194 | 11,458,898 | 11,321,050 |
| | 4,597,697 | 4,745,308 | 4,855,129 | 5,545,205 | 5,722,338 | 5,646,470 |
| | 65,664 | 64,358 | 68,456 | 69,231 | 68,137 | 77,593 |
| | 176,096 | 174,598 | 166,965 | 188,171 | 204,582 | 214,947 |
| | 87,695 | 87,012 | 83,438 | 93,772 | 102,039 | 107,786 |
| \$ | 12.58 | \$ 12.58 | \$ 11.59 | \$ 10.63 | \$ 9.62 | \$ 8.71 |
| | 138,002 | 133,626 | 135,675 | 137,528 | 138,727 | 139,129 |
| \$ | 211,302,881 | \$ 210,264,218 | \$ 221,967,799 | \$ 218,285,825 | \$ 214,378,311 | \$ 192,386,791 |
| \$ | 19,101,723 | \$ 20,660,824 | \$ 18,093,912 | \$ 18,399,096 | \$ 20,353,610 | \$ 19,632,453 |
| | 5,489 | 7,272 | 8,021 | 8,275 | 7,585 | 6,515 |
| | 204 | 185 | 103 | 147 | 384 | 448 |
| | 1,650,142,435 | 1,605,032,939 | 1,563,577,862 | 1,611,294,474 | 1,625,206,179 | 1,576,673,092 |
| | 74,092 | 75,764 | 76,113 | 76,533 | 77,329 | 79,166 |
| \$ | 171,895,176 | \$ 167,323,991 | \$ 158,871,074 | \$ 159,399,600 | \$ 157,570,365 | \$ 152,244,492 |

(Concluded)

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

| Function/Program | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|
| General Government | | | | |
| Square footage occupied (4) | 3,659,100 | 3,659,100 | 3,659,100 | 3,690,000 |
| Administrative vehicles | 35 | 41 | 38 | 37 |
| Police | | | | |
| Stations | 5 | 5 | 5 | 5 |
| Square footage of buildings (1) | 614,500 | 553,100 | 553,100 | 553,100 |
| Vehicles | 842 | 867 | 823 | 825 |
| Fire | | | | |
| Stations | 26 | 26 | 26 | 26 |
| Square footage of buildings | 313,224 | 313,224 | 313,224 | 313,224 |
| Vehicles | 92 | 95 | 91 | 104 |
| EMS | | | | |
| Stations (headquarters) | 1 | 1 | 1 | 1 |
| Square footage of buildings | 33,000 | 33,000 | 33,000 | 33,000 |
| Vehicles | 46 | 47 | 47 | 45 |
| Port Control (Hopkins) | | | | |
| Runways | 3 | 3 | 3 | 3 |
| Terminal area (approximate square footage) | 935,000 | 935,000 | 935,000 | 935,000 |
| Gates (7) | 65 | 65 | 96 | 96 |
| Parking spaces (approximately) | | | | |
| CLE Smart Park Garage (6) | 3,811 | 3,997 | 3,959 | |
| Long-term | | | | 2,600 |
| Short-term | | | | 3,900 |
| Surface | 2,055 | 1,544 | 1,100 | 640 |
| Total parking spaces | 5,866 | 5,541 | 5,059 | 7,140 |
| Vehicles | 313 | 320 | 315 | 335 |
| Other Public Works | | | | |
| Streets (miles) | 1,300 | 1,300 | 1,300 | 1,300 |
| Service vehicles (5) | 1,646 | 1,500 | 1,539 | 1,906 |

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| 3,690,000 | 3,700,000 | 3,700,000 | 3,700,000 | 3,700,000 | 2,310,732 |
| 36 | 26 | 28 | 27 | 26 | 28 |
| 5 | 5 | 5 | 6 | 6 | 6 |
| 553,100 | 553,100 | 553,100 | 769,536 | 769,536 | 769,536 |
| 796 | 808 | 830 | 764 | 921 | 958 |
| 26 | 26 | 26 | 26 | 26 | 26 |
| 313,224 | 313,224 | 313,224 | 313,224 | 313,224 | 313,224 |
| 104 | 120 | 127 | 132 | 155 | 153 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 33,000 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 |
| 45 | 44 | 49 | 46 | 49 | 57 |
| 3 | 3 | 3 | 3 | 3 | 4 |
| 935,000 | 935,000 | 935,000 | 935,000 | 935,000 | 935,000 |
| 96 | 96 | 96 | 96 | 96 | 96 |
| 2,600 | 2,576 | 2,647 | 2,500 | 2,500 | 2,500 |
| 3,900 | 3,895 | 4,088 | 4,200 | 4,200 | 4,200 |
| 640 | 615 | 390 | 500 | 500 | 500 |
| 7,500 | 7,086 | 7,125 | 7,200 | 7,200 | 7,200 |
| 353 | 324 | 325 | 325 | 326 | 362 |
| 1,290 | 1,319 | 1,319 | 1,319 | 1,319 | 1,280 |
| 868 | 754 | 773 | 741 | 760 | 828 |

(Continued)

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

| Function/Program | 2015 | 2014 | 2013 | 2012 |
|----------------------------------|-------|-------|-------|-------|
| Recreation | | | | |
| Number of parks | 168 | 168 | 154 | 154 |
| Number of playgrounds | 109 | 109 | 110 | 110 |
| Number of baseball diamonds | 133 | 133 | 138 | 138 |
| Number of tennis courts | 90 | 90 | 119 | 119 |
| Number of basketball courts | | | | |
| Full | 110 | 110 | 103 | 103 |
| Half | 10 | 10 | 10 | 10 |
| Number of soccer fields | 4 | 4 | 4 | 3 |
| Number of recreation centers | 21 | 21 | 21 | 21 |
| Number of pools | | | | |
| Indoor | 19 | 19 | 19 | 19 |
| Outdoor | 22 | 22 | 21 | 20 |
| Number of aquatic playgrounds | 25 | 25 | 22 | 10 |
| Number of golf courses (3) | 2 | 2 | 2 | 2 |
| Number of ice rinks | 1 | 1 | 1 | 1 |
| Number of roller rinks | 1 | 1 | 1 | 1 |
| Number of fine arts centers | 1 | 1 | 1 | 1 |
| Number of greenhouses | 1 | 1 | 1 | 1 |
| Number of camps | 1 | 1 | 1 | 1 |
| Total park acreage | 1,863 | 1,863 | 1,489 | 1,489 |
| Vehicles | 85 | 86 | 91 | 97 |
| Wastewater | | | | |
| Sanitary sewers (miles) | 170 | 170 | 170 | 170 |
| Storm sewers (miles) | 199 | 199 | 199 | 199 |
| Combined sewers (miles) | 1,065 | 1,065 | 1,065 | 1,065 |
| Vehicles | 110 | 104 | 108 | 116 |
| Electric Power | | | | |
| Total Distribution lines (miles) | 900 | | | |
| Total Transmission lines (miles) | 50 | | | |
| Vehicles | 217 | 221 | 216 | 284 |
| Water Department | | | | |
| Water lines (miles) (2) | 3,300 | 3,139 | 3,051 | 2,839 |
| Vehicles | 596 | 675 | 658 | 736 |

- (1) Includes Dog Kennels, Inspection Garage and House of Corrections.
- (2) These are calculated totals of all trunk mains [20" diameter and larger] (439 miles), distribution mains [16" and smaller] within the City of Cleveland (1,266 miles) plus distribution mains within certain suburbs with updated service agreements (1,134 miles) which transferred ownership of the distribution mains within those suburban boundaries to the City of Cleveland. Not included in these totals are the distribution mains in all master meter communities and any direct service suburban community who has not entered into a new service agreement.
- (3) In 2011 the City leased Seneca golf course. In 2012 the City leased both golf courses.
- (4) Closed Platt Station and Luke Easter Station in 2011. In 2013 square footage occupied decreased due to the demolition of the Miles Broadway building (21,900 sq ft) and the Highland Park Maintenance building (9,000 sq ft).
- (5) In 2012 a departmental reorganization occurred that merged the departments of Public Service with Parks, Recreation and Properties becoming the Department of Public Works. The Office of Capital Projects was created from the Divisions of Architecture, Engineering and Construction and Research, Planning and Development and is reported under General Government. In addition, the Division of Consumer Affairs was merged with Community Development and was moved from General Government.
- (6) In 2013 Cleveland Hopkins demolished their long-term parking area and created a surface lot. They also changed their short-term parking area into the CLE Smart Park Garage which is for both short and long-term parking.
- (7) In 2014 the number of gates reflects physical gates. All prior years totals are the number of aircrafts that can be accommodated at any one time, including physical gates and parking positions.

| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-------|-------|-------|-------|-------|-------|
| 154 | 154 | 154 | 155 | 154 | 150 |
| 109 | 109 | 109 | 110 | 110 | 111 |
| 132 | 133 | 134 | 134 | 138 | 140 |
| 111 | 111 | 114 | 114 | 120 | 120 |
| 110 | 108 | 110 | 110 | 111 | 118 |
| 10 | 10 | 10 | 10 | 10 | 12 |
| 9 | 7 | 7 | 7 | 7 | 12 |
| 20 | 19 | 19 | 19 | 19 | 19 |
| 19 | 18 | 18 | 18 | 18 | 18 |
| 23 | 23 | 23 | 23 | 23 | 22 |
| 10 | 9 | 9 | 8 | 8 | 7 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1,495 | 1,492 | 1,487 | 1,491 | 1,490 | 1,477 |
| 99 | 156 | 160 | 157 | 161 | 163 |
| 170 | 170 | 170 | 156 | 156 | 171 |
| 199 | 199 | 199 | 164 | 164 | 199 |
| 1,065 | 1,065 | 1,065 | 920 | 920 | 1,065 |
| 115 | 108 | 111 | 114 | 128 | 83 |
| 266 | 252 | 272 | 291 | 308 | 306 |
| 2,709 | 2,704 | 2,493 | 2,321 | 2,321 | 2,172 |
| 708 | 744 | 745 | 759 | 811 | 832 |

(Concluded)

CITY OF CLEVELAND, OHIO

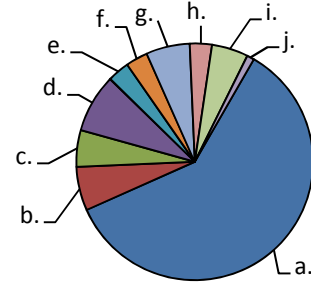
SCHEDULE OF STATISTICS-GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2015

OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

REVENUE DOLLAR BY SOURCE

Where the money came from

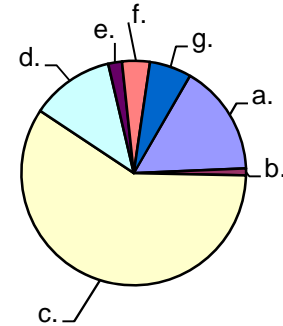
| | |
|------------------------------------|-----------|
| a. Income taxes | a. \$0.60 |
| b. Property taxes | b. 0.06 |
| c. State local government funds | c. 0.05 |
| d. Other taxes | d. 0.08 |
| e. Other shared revenues | e. 0.03 |
| f. Licenses and permits | f. 0.03 |
| g. Charges for services | g. 0.06 |
| h. Fines, forfeits and settlements | h. 0.03 |
| i. Miscellaneous | i. 0.05 |
| j. Transfers in | j. 0.01 |
| | \$1.00 |



EXPENDITURE DOLLAR BY FUNCTION

Where the money was spent

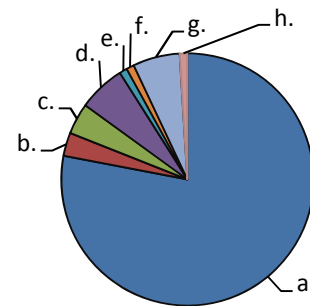
| | |
|---|-----------|
| a. General Government | a. \$0.16 |
| b. Public Health | b. 0.01 |
| c. Public Safety | c. 0.59 |
| d. Public Works | d. 0.12 |
| e. Building and Housing | e. 0.02 |
| f. Economic and Community Development and other | f. 0.04 |
| g. Transfers out | g. 0.06 |
| | \$1.00 |



EXPENDITURE DOLLAR BY OBJECT

What the money was spent on

| | |
|---|-----------|
| a. Salaries, wages and related benefits | a. \$0.78 |
| b. Interdepartmental charges | b. 0.03 |
| c. Utilities | c. 0.04 |
| d. Contractual services | d. 0.06 |
| e. Materials and supplies | e. 0.01 |
| f. Maintenance | f. 0.01 |
| g. Transfers out | g. 0.06 |
| h. Claims, refunds and maintenance | h. 0.01 |
| | \$1.00 |



SPECIAL THANKS TO:

The Division of Financial Reporting and Control

Accounting and Administrative

Poljona Basho
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Lesly Camargo
Shelfie Carter
Leigh Ebner
Alfred Godbott
Michael Klein

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Sharon Teter
Pandora Ward
Kathleen Woidke

Photography

City of Cleveland
Bureau of Photographic Services

Cover color separations and printing

City of Cleveland
Division of Printing and Reproduction

James E. Gentile, CPA
City Controller
Department of Finance
Room 18 – City Hall
Cleveland, Ohio 44114
(216) 664-3881

The City of Cleveland continues to make strategic investments in its future economy while managing existing city operations in a cost-effective fashion. We have maintained a balanced operating budget while local funding sources continue to erode due to State legislative and budgetary action.

By the end of 2016 or early 2017, we expect to see \$1 billion of development projects completed within the City of Cleveland. Several of the largest projects include the \$276 million Hilton Convention Hotel, the \$50 Million remake of Public Square, \$50 million of Airport improvements, the \$60 million Kimpton Hotel, the \$52 million Drury Plaza Hotel, the \$50 million Hemingway project at East 57th Street and Euclid Avenue, and the \$276 million Cleveland Clinic Cancer Institute.

Over ninety percent of the City's bond dollars in the last decade have gone toward neighborhood recreation, safety and road investments. In 2015, we opened a new \$18 million Third District Police Station, broke ground on a \$4.8 million Fire Station 36, \$2.5 million in improvements to Duggan Park, and a \$1 million makeover of Dwayne Browder Field at Lonnie Burten Recreation Center. We also made significant progress in improving our neighborhood infrastructure by leveraging over \$70 million in street reconstruction and resurfacing projects.

I've also been committed to triggering new investments in those neighborhoods which have not attracted private investment. That's why I introduced legislation in 2015, passed by Cleveland City Council, which includes a new \$25 million fund for investment in these neighborhoods.

For the past several years I have tried to achieve a structurally balanced budget, which is a budget in which City revenues match City expenses and no carryover balance from the prior year is required to fill a budget gap.

But since 2010, the City of Cleveland has lost an annual amount of \$30 million in State revenues. These losses, coupled with an annual loss of \$18 million in property tax revenues since 2007 attributable to the global recession, have reduced the City of Cleveland's annual revenues by nearly \$50 million. The lost State revenues have limited our capacity for expanding/enhancing service delivery.

Additionally, the Ohio State Legislature's passage of—and Governor Kasich's signature of—House Bill 180 has placed State government as an obstacle to our decade-long initiative to employ Cleveland residents pursuant to our Fannie Lewis law.

Notwithstanding State-imposed impediments, we will continue to apply our new community benefits policy to connect local residents/businesses to these investments via job and contracting opportunities.

Sincerely,

Frank G. Jackson
Mayor