OHIO AUDITOR OF STATE
KEITH FABER

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2021

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE				
Passed through the Ohio Department of Education:				
Child Nutrition Cluster:				
Summer Food Service Program for Children (SFSPC)	10.559	N/A	-	16,865
Total Child Nutrition Cluster			-	16,865
Total Department of Agriculture			**-**	**16,865**
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Healthy Start Initiative:				
Healthy Start Initiative - 20	93.926	N/A	83,888	480,032
Healthy Start Initiative - 21	93.926	N/A	322,749	648,519
Total Healthy Start Initiative			406,637	1,128,551
Substance Abuse and Mental Health Services	93.243	N/A	-	182,660
Provider Relief Fund and American Rescue Plan Act (ARPA) Rural Distribution:				
COVID-19 CARES Provider Relief Funds - 20	93.498	N/A	-	238,327
COVID-19 CARES Provider Relief Funds - 21	93.498	N/A	-	88,350
Total Provider Relief Fund and American Rescue Plan (ARPA) Rural Distribution			-	326,677
Pass through Cuyahoga County District Board of Health				
Public Health Emergency Preparedness:			-	
Public Health Emergency Preparedness - 20	93.069	18-100-12-PH-1120	-	1,086
Public Health Emergency Preparedness - 21	93.069	18-100-12-PH-1221	-	124,947
Public Health Emergency Preparedness - 22	93.069	18-100-12-PH-1322	-	3,827
Total Public Health Emergency Preparedness			-	129,860
Injury Prevention and Control Research and State Community Based Grants	93.136	5NU17CE925005-02-00	-	3,998
Passed through the Ohio Department of Public Health:				
Public Health Preparedness				
City Readiness Initiative - 2021	93.069	18-200-12-PH-1221	-	53,908
City Readiness Initiative - 2022	93.069	18-200-12-PH-1322	-	17,035
Total Public Health Preparedness			-	70,943
Hospital Preparedness (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements:				
City Readiness Initiative - 20	93.074	18-200-PH-1120	-	103
Family Planning Services:				
Family Planning Services Title X FY 2020	93.217	18-200-11-RH-0620		67,660
Family Planning Services Title X FY 2021	93.217	18-200-11-RH-0721	35,524	350,370
Family Planning Services Title X FY 2022	93.217	18-200-11-RH-0822	64,962	538,010
Total Family Planning Services			100,486	956,040
Immunization Cooperative Agreements				
COVID-19 Vaccine Equity Supplement	93.268	18-200-12-VE-121	-	114,364
Epidemiology and Labatory Capacity for Infectious Diseases (ELC):				
COVID-19 Contact Tracing Supplemental	93.323	18-200-12-CT-0121	-	267,745
COVID-19 Enhanced Operations	93.323	18-200-12-EO-0121	-	50,639
Total Epidemiology and Labatory Capacity for Infectious Diseases			-	318,384
Public Health Emergency Response: Cooperative Agreement fro Emergency Response:				
Public Health Crisis Response:				
COVID-19 Coronavirus Response	93.354	18-200-12-CO-0120	-	299,079
Maternal and Child Health Services Block Grants to the States:				
Maternal and Child Health Services Title X FY 20	93.994	18-200-11-RH-0620	-	13,532
Maternal and Child Health Services Title X FY 21	93.994	18-200-11-RH-0721	5,992	59,099
Maternal and Child Health Services Title X FY 22	93.994	18-200-11-RH-0822	7,467	61,840
Total Maternal and Child Health Services			13,459	134,471
Passed through the Western Reserve Area Agency on Aging (WRAAA)				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers:				
WRAAA ADRN 2021	93.044	N/A	-	235,261
Medicare Enrollment Assistance Program:				
WRAAA MIPPA 2020	93.071	1801OHMIAA-00 & 18-1OHMIDR-00	-	5,106
Low Income Home Energy Assistance Program:				
WRAAA HEAP Outreach Program FY 2021	93.568	21-HA-156	-	11,167

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
Passed Through Cuyahoga County				
Temporary Assistance to Needy Families (TANF)	93.558	AG140013	-	53,115
Total Department of Health and Human Services			**520,582**	**3,969,779**
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grants/Entitlements:				
CDBG YR 39	14.218	N/A	36,163	36,163
CDBG YR 40	14.218	N/A	154,957	1,987,228
CDBG YR 41	14.218	N/A	34,353	638,118
CDBG YR 42	14.218	N/A	-	28,590
CDBG YR 43	14.218	N/A	99,452	518,377
CDBG YR 44	14.218	N/A	409,973	741,040
CDBG YR 45	14.218	N/A	1,215,777	1,649,678
CDBG YR 46	14.218	N/A	7,293,567	13,177,158
CDBG YR 47	14.218	N/A	1,471,864	4,202,318
COVID-19 Cares Act CDBG	14.218	N/A	8,806,380	8,875,969
			19,522,486	31,854,639
Neighborhood Stabilization Program (Recovery Act Funded)				
ARRA Neighborhood Stabilization Program	14.256	N/A	-	10
HOME Investment Partnerships Programs:				
HOME Investment Partnership Program 2015	14.239	N/A	511,843	573,741
HOME Investment Partnership Program 2016	14.239	N/A	146,583	206,583
HOME Investment Partnership Program 2017	14.239	N/A	613,292	668,451
HOME Investment Partnership Program 2018	14.239	N/A	1,330,662	1,416,543
HOME Investment Partnership Program 2019	14.239	N/A	673,500	785,066
HOME Investment Partnership Program 2020	14.239	N/A	-	242,337
HOME Investment Partnership Program 2021	14.239	N/A	-	71,633
Total HOME Investment Partnership Program			3,275,880	3,964,354
Emergency Solutions Grant Program:				
Emergency Shelter Grants Program 2019	14.231	N/A	471,619	471,619
Emergency Shelter Grants Program 2020	14.231	N/A	583,891	643,891
COVID-19 CARES Act Emergency Shelter Program 2020	14.231	N/A	4,063,651	4,063,651
Total Emergency Solutions Grant Program			5,119,161	5,179,161
Housing Opportunities for Persons with AIDS:				
Housing Opportunities for Persons with AIDS 2017	14.241	N/A	42,633	42,633
Housing Opportunities for Persons with AIDS 2019	14.241	N/A	113,938	634,976
Housing Opportunities for Persons with AIDS 2020	14.241	N/A	1,319,607	1,579,911
Housing Opportunities for Persons with AIDS 2021	14.241	N/A	301,538	311,791
COVID-19 CARES Act Housing Opportunities for Person with AIDS	14.241	N/A	126,717	221,126
Total Housing Opportunities for Persons with AIDS			1,904,433	2,790,437
Lead- Based Paint Hazard Control in Privately-Owned Housing:				
Lead-Based Paitn Hazard Control in Privately-Owned Housing 2020	14.900	N/A	67,954	199,688
Lead Hazard Reduction Demonstration Grant Program:				
Lead-Based Paint Hazard Control in Privately-Owned Housing 2019	14.905	N/A	79,540	1,093,084
Passed through the Ohio Department of Development				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii:				
Neighborhood Stabilization Program- State	14.228	AZ082641	-	203
Total Department of Housing & Urban Development			**29,969,454**	**45,081,576**

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Coronavirus Emergency Supplemental Funding Program				
COVID-19 BJA Coronavirus Emergency Supplemental Funding Program	16.034	N/A	-	355,259
Drug Court Discretionary Grant Program				
Greater Cleveland Drug Court- Men's Treatment	16.585	N/A	-	35,038
Recovery Project II	16.585	N/A	-	25,000
Recovery Project IV	16.585	N/A	-	7,451
Total Drug Court Discretionary Grant Program			-	67,489
Grants to Encourage Arrest Policies and Enforcement Protection Orders Program:				
Cleveland Improving Criminal Justice Response Project	16.590	N/A	118,070	118,770
Public Safety Partnership and Community Policing Grants:				
Cleveland Universal Hiring II 2015	16.710	N/A	-	308,883
COPS Hiring Program (CHP) 2020	16.710	N/A	-	2,147,188
FY19 Law Enforcement Mental Health and Wellness Act	16.710	N/A	-	182
Total Public Safety Partnership and Community Policing Grants				2,456,253
Byrne Criminal Justice Innovation Program:				
2018-Edward Byrne Crime Justice Innovations	16.817	N/A	245,376	245,376
Crime Victim Assistance/Discretionary Grants:				
2018- Crime Victim Assistance	16.582	N/A	-	71,588
Criminal and Juvenile Justice and Mental Health Collaboration Program:				
2020 Justice and Mental Health Collaboration Program	16.745	N/A	352,210	352,210
National Sexual Assault Kit Initiative:				
FY 2017 Sexual Assault Kit	16.833	N/A	449,243	482,843
Edward Byrne Memorial Justice Assistance Grant Program				
2018 - Edward Byrne Memorial - JAG	16.738	N/A	11,674	224,005
2019 - Edward Byrne Memorial - JAG	16.738	N/A	11,316	208,898
2020 - Operation Legend - JAG	16.738	N/A	-	502,101
Total Edward Byrne Memorial Justice Assistance Grant Program			22,990	935,004
Passed through the Ohio Department of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant Program				
2019 - Edward Byrne Memorial JAG - NOLETF	16.738	2019-A01-6444	23,928	25,605
Coronavirus Emergency Supplemental Funding Program				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-CE-CTF-2089	-	99,776
			-	
Equitable Sharing Program:				
Equitable Sharing Program - DOJ Asset Forfeiture Program	16.922	N/A	-	7,644
Passed through Cuyahoga County:				
Violence Against Woman Formula Grants:				
VAWA Team Approach 2019 Law	16.588	2019-VP-VA2-V041	-	14,996
FY 20 VAWA Prosecution	16.588	2020-VP-VA2-V041	-	113,888
FY20 VAWA Law Enforcement	16.588	2020-VP-VA2-V042	-	90,524
FY 2019 VAWA Sexual Assault	16.588	2019-VP-VA2-V045	41,660	41,660
Total Violence Against Woman Formula Grants			41,660	261,068
Grants to Encourage Policies and Enforcement of Protection Orders Program:	16.590	2020- WE-AX-0017		996
Cleveland Improving Criminal Justice Response Project 2020				
TOTAL U.S. DEPARTMENT OF JUSTICE			**1,253,477**	**5,479,881**
U.S DEPARTMENT OF COMMERCE:				
Direct Programs:				
Economic Adjustment Assistance:				
COVID-19 CARES Act Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Awards	11.307		-	1,294,452
TOTAL U.S. DEPARTMENT OF COMMERCE			-	**1,294,452**

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR *Pass Through Grantor* **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF LABOR				
PASSED THROUGH CUYAHOGA COUNTY				
Unemployment Insurance:				
Reemployment Services and Eligibility Assessment (RESEA)	17.225	G-2021-15-0012	-	22,489
WIOA Cluster:				
WIOA Adult Program:				
WIOA Adult Admin	17.258	G-2021-15-0012		90,315
WIOA Adult Program	17.258	G-2021-15-0012		196,189
Total WIOA Adult Program			-	286,504
WIOA Youth Activities:				
WIOA Youth Admin	17.259	G-2021-15-0012		85,618
WIOA Youth Program	17.259	G-2021-15-0012		185,985
Total WIOA Youth Program			-	271,603
WIOA Dislocated Workers Formula Grants:				
WIOA Dislocated Worker Admin	17.278	G-2021-15-0012		32,547
WIOA Dislocated Worker Program	17.278	G-2021-15-0012		70,702
Total WIOA Dislocated Workers Formula Grants			-	103,249
Total WIOA Cluster			-	661,356
WIOA National Dislocated Worker Grants/WIA National Emergency Grants				
WIOA National Dislocated Worker Grants	17.277	DW-32582-18-60-A-42		1,012
Employment Service/Wagner Peyser Funded Activities	17.207	G-2021-15-0012		93,440
Trade Adjustment Assistance	17.245	G-2021-15-0012		29,200
TOTAL U.S. DEPARTMENT OF LABOR			**-**	**807,497**
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Airport Improvement Programs and COVID Airport Programs:				
Airport Improvement Program	20.106	N/A	-	14,129,505
COVID-19 CARES Act - CLE	20.106	N/A	-	8,233,515
COVID-19 Airport Coronavirus Response Grant Program - CLE	20.106	N/A	-	9,734,529
COVID-19 CARES Act - BKL	20.106	N/A	-	57,000
Total Airport Programs			-	32,154,549
Passed through the Ohio Department of Transportation & Northeast Ohio Area Coordinating Agency:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction:				
Federal NOACA Vision-Buckeye Road	20.205	PID109651	95,651	95,651
Federal NOACA Vision-Euclid Avenue	20.205	PID109651	88,560	88,560
Total Highway Planning and Construction Cluster			184,211	184,211
Passed through the Ohio Department of Public Safety:				
Highway Safety Cluster:				
National Priority Safety Programs:				
National Priority Safety Programs 2021	20.616	DDEP-2021- City of Cleveland Police Department-00053	-	1,823
State and Community Highway Safety				
Selective Traffic Enforcement Program 2021	20.600	STEP-2021-City of Cleveland Police Department-00079		2,924
Total Highway Safety Cluster				4,747

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (continued)				
Passed Through the Ohio Department of Public Safety (continued)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated:				
Impaired Driving Enforcement Program 2021	20.608	N/A		4,118
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			**184,211**	**32,347,625**
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY				
Passed through the Ohio Environmental Agency:				
Air Pollution Control Program Support:				
Air Pollution Control Program Support 2021	66.001	EPAFFG20	-	445,821
Air Pollution Control Program Support 2022	66.001	EPAFFG22	-	15,469
Total Air Pollution Control Program Support			-	461,290
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act:				
Air Pollution Control Program Support 2020	66.034	EPAFPM20	-	76,673
Air Pollution Control Program Support 2021	66.034	EPAFPM20	-	132,174
Total Survey, Studies, Research, Investigation Demonstrations and Special Activities			-	208,847
Passed Through the Ohio Water Development Authority				
National Estuary Program:				
OWDA E.185th & Marcella Road	66.458	8350		1,831,247
Total National Estuary Program				
TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			**-**	**2,501,384**
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
Port Security Grant Program:				
FY 17 Port Security Grant	97.056	N/A	-	67,499
FY 19 Port Security Grant	97.056	N/A	-	90,000
Total Port Security Grant Program			-	157,499
Assistance to Firefighters Grant:				
Assistance to Firefighters 2018	97.044	N/A		70,000
Homeland Security Biowatch Program:				
Bio-Watch Program 2020	97.091	N/A	-	161,364
Bio-Watch Program 2021	97.091	N/A	-	189,308
Total BioWatch Program			-	350,672
Passed through the Ohio Emergency Management Agency:				
Disaster Grants- Public Assistance (Presidentially Declared Disasters):				
FEMA Disaster Grants - Public Assistance (FEMA-4507-DR-OH)	97.036	035-16000-00		410,372
TOTAL U.S DEPARTMENT OF HOMELAND SECURITY			**-**	**988,543**
U.S. DEPARTMENT OF TREASURY				
Direct Programs:				
COVID - 19 Coronavirus Relief Fund:				
COVID - 19 2020 Remote Technology Grant Opportunity - Muni Court:	21.019	N/A	-	67,180
COVID - 19 2020 Remote Technology Grant Opportunity - Housing:	21.019	N/A	-	1,451
Total Coronavirus Relief Fund			-	68,631
Coronavirus State and Local Fiscal Recovery Funds:				
COVID-19 American Rescue Plan Act 2021	21.027	N/A		111,993,910
Emergency Rental Assistance Program:				
COVID-19 CARES Act Emergency Rental Program I	21.023	N/A	11,192,164	11,192,164
Passed Through Cuyahoga County				
Coronavirus Relief Fund:				
COVID-19 Care Resource Coordination Support	21.019	18-200-11-RC-0121	-	384,685
COVID-19 Vaccine Needs Assessment	21.019	18-200-12-VN-0121	-	20,000
COVID-19 Coronavirus Response Supplemental	21.019	18-200-12-CO-0121	-	851,075
COVID-19 Contact Testing	21.019	18-200-12-CT-0120	-	1,018,773
Total Coronavirus Relief Fund			-	2,274,533
TOTAL U.S. DEPARTMENT OF TREASURY			**11,192,164**	**125,529,238**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**43,119,888**	**218,016,840**

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CITY OF CLEVELAND
CUYAHOGA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Cleveland (the City's) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The City passes certain federal awards received from the Department of Housing and Urban Development, Department of Health and Human Services, Department of Justice, Department of Treasury, Ohio Department of Transportation and Northeast Ohio Area Coordinating Agency, Ohio Department of Health, and Ohio Department of Public Safety, to other governments or not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Cleveland
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Cuyahoga County, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2022, wherein we noted the financial impact of Covid-19 and the continuing emergency measures may impact subsequent periods of the City.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

City of Cleveland
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Cleveland's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Cleveland's major federal programs for the year ended December 31, 2021. The City of Cleveland's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the City of Cleveland complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cleveland (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 29, 2022, wherein we noted the financial impact of Covid-19 and the continuing emergency measures may impact subsequent periods of the City. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

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CITY OF CLEVELAND
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	AL# 14.218 - Community Development Block Grant AL# 14.239 - Home Investment Partnership Program AL# 14.231 - Emergency Shelter Grants Program AL# 21.027 - COVID-19 American Rescue Plan Act Grant AL# 21.023 - COVID-19 Cares Act Emergency Rental Assistance Program AL# 20.106 - Airport Improvement Grant
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 3,000,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

City of Cleveland
Justin M. Bibb, Mayor

601 Lakeside Avenue
Cleveland, Ohio 44114
www.cleveland-oh.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Coronavirus Emergency Supplemental Funding Program - Ineffective internal controls over allowable costs	Corrective action taken and finding is fully corrected.	None

CITY OF CLEVELAND, OHIO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2021

CITY OF CLEVELAND

Annual Comprehensive Financial Report

For the year ended December 31, 2021

Issued by the
Department of Finance

Ahmed Abonamah
Director of Finance/Chief Finance Officer

James E. Gentile, CPA
City Controller

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CITY OF CLEVELAND, OHIO

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INTRODUCTORY SECTION

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June 29, 2022

Honorable Mayor Justin M. Bibb
City of Cleveland Council and
Citizens of the City of Cleveland, Ohio

Introduction

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Cleveland (the City) for the year ended December 31, 2021. 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 2021 activities. Our intention is to provide a clear, comprehensive and materially accurate overview of the City's financial position as of December 31, 2021. 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 the Ohio Auditor of State. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2021, 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. The Ohio Auditor of State 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, 2021, 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 Annual Comprehensive Financial Report

This ACFR is designed to assist the reader in understanding the City's finances. This ACFR 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 Auditor's Report, MD&A, Basic Financial Statements, Required Supplementary Information and various other statements and schedules pertaining to the City's funds and activities.

- The Statistical Section contains numerous tables of financial and demographic information. Much of this information is shown with comparative data for the ten-year period from 2012 through 2021.

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

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 34th largest of 384 Metropolitan Areas in the United States and the 2nd largest MSA in the State of Ohio.

The City is located in the northeast part of the state, approximately 150 miles north-east of Columbus. Bordering Lake Erie, the City 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 tenth 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. Justin M. Bibb was elected as Mayor of the City in November 2021. Prior to assuming office as Mayor, Mr. Bibb has worked in government, business and the nonprofit sector as an executive and nonprofit leader. 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, 2025. 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. Blaine A. Griffin, was elected as President of Council in November 2021. 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/Chiefs of the City's 12 departments.

The Director of Finance/Chief Finance Officer 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 is included within the City's reporting entity.

The City has included the Public Health Department Blended Component Unit as part of its 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 expenditures of federal awards, 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, Capital/Urban Renewal Bond Construction Fund, General Government Fund, Public Health 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.

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.

In June of 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. This Statement is effective for the reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost. As required, the City has implemented GASB Statement No. 89 as of December 31, 2021.

In March of 2020, GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, was issued. This Statement is effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. As required, the City has implemented GASB Statement No. 93 as of December 31, 2021.

In October of 2021, GASB Statement No. 98, *Annual Comprehensive Financial Report*, was issued. This Statement is effective for reporting periods ending after December 15, 2021. The objective of this Statement is to establish the term annual comprehensive financial report and its acronym *ACFR*. That new term and its acronym replace instances of comprehensive annual financial report and its acronym. As required, the City has implemented GASB Statement No. 98 as of December 31, 2021**.**

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 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 67 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 144.

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 by 4.6% in 2021 as a result of a lower unemployment rate than in 2020 and re-opening of businesses after the COVID-19 pandemic.

While the City's economy has shifted more toward education and health care 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 2021, 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.

Industry	Percent of Workforce	
Education and health services	19.02	%
Trade, transportation and utilities	18.71	
Professional and business services	15.26	
Government	12.89	
Manufacturing	10.74	
Leisure and hospitality	8.58	
Financial activities	6.41	
Mining, logging and construction	3.92	
Information	1.22	
Other Services	3.25	
	100.00	%

Current Projects and 2021 Accomplishments

The 2021 budget focused on continuing the City's commitment to improve the quality of life of its citizens by strengthening its neighborhoods, fostering a favorable business climate and providing superior services.

The City achieved the following 2021 programmatic goals and projects:

Department of Community Development

- The Department continued implementing neighborhood strategies to reduce blight and promote recovery from the economic downturn by making or supporting investments throughout Cleveland. Investments include, but are not limited to demolition, housing renovation, home repair, land reutilization, development of new affordable housing, storefront façade improvements, addressing homelessness and needed public services. All approaches are consistent with the CityWide plan to deploy sustainable and green principles.

- The U.S. Department of Housing and Urban Development (HUD) approved its priorities to focus our resources to address Affordable Housing, Homelessness, Non-Homeless Persons with Special Needs, Stabilizing Neighborhood Housing Markets, Non-Housing Community Development and Public Housing.

- All housing projects that receive City financial assistance, including tax abatement, are required to meet the City's Green Building Standards (GBS). The GBS incorporates national standards such as Leadership in Energy & Environmental Design (LEED) and Enterprise Community Partners' Green Community Standards.

- Eight affordable multi-family and scatter site projects with 184 units were completed in 2021. Included in these projects were Emerald IX, a 71 unit permanent supportive housing project and Prospect Yards, containing 42 affordable units. In addition, Legacy at St. Lukes and La Villa Hispana constructed 57 scatter site single family homes in the City. In total, the Department completed eight projects with a total development cost of $32 million.

- The commercial revitalization team completed 43 Storefront Renovation Program projects in 2021 which included nine comprehensive building rehabilitations, 22 neighborhood business signs and 12 downtown projects.

- The Department addressed lead hazards in 187 units through the Lead Hazard Reduction Grant.

- Under the Community Engagement Healthy Homes Initiative (HHI) Program, specialists assess neighborhood housing issues and help residents and landlords understand and remove environmental hazards and bring homes to housing code compliance. In addition, the program supports the Department's Exterior Paint Program by helping residents and landlords apply for and complete the paint program.

Department of Building and Housing

- Inspected, condemned and razed over 489 structures.

- Sent 279 prosecution packets to law.

- Filed 137 summons and 1,433 tickets with the Court.

- Issued 4,491 violation notices.

- Issued construction permits valued at $1,092,815,108 in new construction.

- Boarded and secured 846 vacant structures.

- Issued 619 condemnation violations.

Department of Economic Development

- The Department continued to access $10,000,000 in funding from JobsOhio for the environmental assessment and remediation of the Opportunity Corridor. The grants will help to create “shovel-ready” industrial development sites on land that is adjacent to the Opportunity Corridor, a $300 million investment connecting Cleveland’s University Circle to the I-490 Interchange. The first priority project in the Opportunity Corridor will break ground in June 2022, a 150,000 square foot cold storage building anchored by the Orlando Baking Company.

- The Neighborhood Retail Assistance Program provided $325,000 of assistance for seven projects that leveraged over $780,000 of total project investment. Vacant storefronts are being replaced by restaurants, cafés and locally-owned retail shops. These small businesses will create 44 new jobs. A few of the loan recipients include Central Kitchen, Room Service, and The Sauce West Sixth.

- Under the Vacant Property Initiative (VPI) Program, the City provided approximately $1,740,000 in assistance to 12 borrowers. The total project cost for these borrowers is approximately $11,500,000 and will create almost 375 new jobs. The borrowers included Broadway Optical, Master Products Corp. and University Tees.

- The Mayor’s Neighborhood Transformation Initiative began in the Glenville neighborhood. As a result of the efforts, the first several new homes are under construction, and 40 senior residents have received assistance with stabilizing and improving their homes. The Glenville CircleNorth mixed-use building continued to operate in 2021.

- The Department’s support for the Meijer Grocery Store Mixed-Use and Innovation Square projects will lead to new residential housing and a grocery store in the Fairfax neighborhood, south of the Cleveland Clinic and at the terminus of the Opportunity Corridor. These projects broke ground in December 2021 as the culmination of years of work led by the local Community Development Corporation (CDC) to bring fresh grocery options and new residential construction to the neighborhood.

Department of Public Health (CDPH)

- The Division of Environment investigated 5,993 citizen nuisance complaints and issued 1,297 tickets. Throughout 2021, staff continued to be reassigned to support CDPH’s COVID-19 response efforts including initial interviews and/or contact tracing.

- The Division of Health program, MomsFirst, served over 950 parents in 2021, conducted 1,880 home visits, 757 virtual visits and made 10,739 phone calls to participants in the program.

- Approximately 90,000 condoms and 6,000 lube packets were distributed to community partners and social service agencies in the surrounding Cleveland area. CDPH Health Clinics conducted 1,463 HIV tests in 2021.

- The Division of Health immunization program administered 297 childhood immunizations, 1,582 childhood (0-18) COVID-19 vaccinations, 41 HPV, three Hepatitis A vaccinations and 543 flu shots. The health centers served 3,609 patients. The Division of Health conducted 158 child day care inspections and 4 abortion clinic inspections.

- Vital statistics issued 30,535 birth certificates and 62,475 death certificates.

- The Division of Air Quality completed 110 asbestos inspections and reviewed 611 asbestos projects, issued 432 City air permits, renewed 81 Ohio EPA permits and issued 18 new Ohio EPA permits. The Division took 53 enforcement actions during the year.

- The Division of Health Office of Epidemiology and Office of Emergency Preparedness (EOP) provided the following disease surveillance and conducted emergency preparedness activities/responses in 2021. Epidemiologists investigated one salmonella, six Coxsackievirus and more than 93 COVID-19 outbreaks. In 2021, OEP conducted over 400 individual COVID-19 Points of Dispensing (POD) clinics at approximately 150 unique locations throughout the City of Cleveland with support from all departments throughout the City of Cleveland enterprise. Additionally, OEP coordinated with the Department of Public Safety and the Department of Aging to conduct no less than 60 homebound routes bringing COVID-19 vaccines and flu vaccines to more than 300 patients who were unable to leave their homes due to health conditions. OEP continues to look ahead to preparing for the next public health emergency. In the past year, OEP conducted four departmental communications drills, 12 radio drills, one dispensing drill, one volunteer mobilization drill, one information exchange drill, and one city-wide tabletop exercise as well as all grant deliverables associated with the Public Health Emergency Preparedness (PHEP) grant and the Cities Readiness Initiative (CRI) grant. From all of these activities, OEP completed one After-Action Report/Improvement Plan (AAR/IP), one Integrated Preparedness Plan (IPP) and drafted an updated OEP Strategic Vision.

Department of Aging

- Provided core services to 6,967 unduplicated clients including both older adults and adults with disabilities.
- Secured approximately $720,000 in grants to support programs for seniors and adults with disabilities.
- 193 home repair jobs were completed in the 3rd year of the Age Friendly Home Investment Program for older adults and adults with disabilities. The most common jobs are roof replacement, porch repairs and bathroom modifications. The average value of the home repair grant was $10,417.
- Utilized the City's Code Red Communication system to provide 65 different informational recorded calls to Cleveland seniors during the COVID-19 pandemic. 423,353 connections were made by live answer or voicemail and provided education and information to older adult residents.
- 902 residents received assistance with their outdoor home maintenance, including grass cutting, leaf raking and snow shoveling services.
- 536 residents participated in the Economic Security Case Management Program.
- 241 residents received a daily wellness call through the Cleveland Care Calls Program. This is a collaborative effort with Public Safety.
- 18 Neighborhood Senior Walks were held, at least one in each ward, to provide opportunities for older adults to get active and to get access to health information including information about COVID-19.

The Office of Equal Opportunity (OEO)

- OEO maintains a registry of certified Minority-Owned Business Enterprises (MBEs), Female-Owned Business Enterprises (FBEs) and Cleveland Small Businesses (CSBs). There are approximately 600 contractors certified by OEO, and certifications are renewed annually. The certification team provides in-depth consultation to applicants, assisting them with certification and educating contractors on doing business with the City. OEO also provides business development and outreach to certified contractors through one-on-one meetings and information sharing on local programming.
- OEO establishes subcontracting goals on City contracts greater than $50,000 and requires that bidders and proposers demonstrate a good faith effort to engage with certified MBE, FBE and CSB firms to meet those goals.
- OEO evaluates contract bids and proposals for compliance with the goals, and advises the contracting departments on contract awards. OEO then monitors the use of subcontractors, holding bidders and proposers accountable to their subcontracting commitments.
- OEO is responsible for enforcing Chapter 188, the Fannie M. Lewis Cleveland Resident Employment Law, requiring 20% resident worker hour participation and 4% low-income worker hour participation on applicable contracts. However, enforcement is prohibited on public improvement projects. OEO is also the designated Prevailing Wage Coordinator for the City of Cleveland, and standardizes the prevailing wage compliance process for the City.

- OEO continues to utilize two integrated compliance software systems. Business to Government Now (B2GNow) and Labor Compliance Program (LCP) tracker. All certification application and contract compliance reporting is submitted electronically through these systems. B2GNow and LCP tracker allow OEO to efficiently serve the contractor community while collecting large amounts of reliable data on city contracting.

Department of Public Works

- The Division of Recreation served 33,307 nutritious meals in 2021.
- Loew Park's youth baseball field and soccer field were replaced with synthetic turf.
- The Division of Motor Vehicle Maintenance (MVM) performed 51 in house technical training classes. MVM also created an in house Commercial Driver's License (CDL) training program. In addition to technical training, MVM performed 12 Public Employee Risk Prevention Program (PERPP)/Health and Safety classes.
- The Division of Streets Residential Resurfacing Program completed 413,567 sq/yds of street paving in 2021.
- The Division of Waste Collection processed 298,054 tons of solid waste in 2021.
- The Division of Park Maintenance, Cemetery section performed 1,511 internments, completed 1,339 service requests, set 933 headstones and resumed the maintenance and upkeep of all 14 City of Cleveland owned cemeteries in 2021.
- The Division of Park Maintenance, Greenhouse Section, grew, planted and cared for 6,000 annual flowers in Downtown City-owned flowerbeds and planters.
- The Division of Park Maintenance provided 46,995 service visits to vacant lots and 33,817 to vacant structures and performed 55 illegal dumpsite clean-ups from January to March.
- 3,501 trees were pruned.
- 774 trees were removed.
- 1,849 tree emergencies services were provided.
- 263 stumps were removed.
- 1,207 trees were planted.
- 13,501 trees were inspected in right-of-way.
- 507 vacant lot trees were inspected.
- 253 vacant lot trees were serviced by Urban Forestry crews.

Department of Public Safety

- In 2021, the Division of Police Training Academy was recognized as a STAR Academy by the Ohio Attorney General's Office. A STAR program must meet at least a dozen extra criteria to help better prepare officers and making them more effective in serving and protecting their communities.
- The Division of Police introduced two initiatives to increase positive interactions between police officers and citizens: officers began utilizing Warning Citations for some moving traffic violations as opposed to issuing a traffic citation; and officers began passing out service comment cards with a QR code to members of the community. These cards allow members of the community to respond about their interaction with the police whether positive or negative. The cards have had an overwhelmingly positive response rate.

- The Division of Police implemented data collection in the areas of Community Engagement, Crisis Intervention Teams, Stops, and Community Problem-Oriented Policing.

- The Division of Police launched Fusus, a video sharing platform, which allows for sharing of public and private cameras in the furtherance of making Cleveland a safer place to live and work. This system also provides a unified platform of mission critical safety systems.

- The Division of Police completed a refresh and upgrade of the body worn cameras utilized by each member in the Division. In 2021, the Division recorded over 841,000 body worn cameras videos. Since the implementation of the use of body worn cameras, the City has seen citizen filed complaints drop by almost 50%.

- The Division of Police upgraded its Use of Force, Pursuits, Firearm Discharge, Complaints Software (Blue Team & IA Pro) to ensure continued Department of Justice (DOJ) Settlement Agreement Compliance as well as improve system efficiency and Office utilization by migrating to a web-based platform.

- In 2021, The Cleveland Division of Fire (CFD) obtained the top Insurance Services Offices (ISO) rating of one. This is the highest rating possible and is a composite rating based on various criteria.

- Two new fire apparatus were placed into service in 2021: one engine and one ladder truck. CFD anticipates adding three battalion rigs, two engines and a tower ladder in 2022. Additionally, the delivery of the new fireboat is expected in August 2022.

- Replaced our records management system with the new ZOLL records management system. This system allows greater customization to better meet the needs of CFD. Upgrading to ZOLL has the increased benefit of the CFD and the Division of Emergency Medical Service (EMS) now being on the same platform to potentially having a single electronic patient care reporting system in the future.

- Received a Federal grant of $138,000 to complete a community risk assessment. This will help the CFD to identify and adjust to the risks and challenges present in our various diverse neighborhoods.

- CFD went live with our new fire pre-incident planning program. This program uses a custom-built ArcGIS tool to allow front line company officers to create building pre-incident plans that can then be viewed on an web-enabled device. This information is collected and used for planning prior to an emergency incident to increase the safety and efficiency of firefighters responding to emergencies at these buildings, which will result in reduced losses for our community.

- Completed the replacement of all mobile data computers (MDTs) on fire apparatus.
- In 2021, CFD redeployed two vehicles to the fleet. Safety 100 and Safety 200 are innovative multipurpose vehicles that bring additional safety equipment to prolonged emergency scenes. These unique apparatuses' primary goal is to increase safety and decrease injuries. CFD can now deliver large-scale lighting, shelter, Incident Command, and nutritional replenishment with a simple call-out. In addition, these 24/7 vehicles have been outfitted with supplemental self contained breathing apparatus (SCBA) bottles, water rescue tools, and specialty rescue equipment previously not available.

- CFD completed approximately 160 background checks for prospective fire applicants consisting of Federal Bureau of Investigation (FBI), Bureau of Criminal Investigation (BCI) background screens, and division representatives contacting local law enforcement agencies.

- CFD is implementing the Lexipol policy management platform. Lexipol provides fully developed, state-specified policies researched and written by subject matter experts and vetted by attorneys. The policies are based on nationwide standards and best practices while also incorporating state and federal laws and regulations where appropriate.

- Issued a comprehensive annual report of the division's operations, performance metrics, and accomplishments for the 2021 calendar year.

- Fire Training Academy (FTA) Staff completed Firefighter Mile training and testing for two cadet classes, completed an 18-week cadet class for 86 new members of the Cleveland Division of Fire (CFD), delivered eight Fire Officer I classes, three Fire Instructor classes, and an International Trauma Life Support class.

- Took delivery of the Fire Ground Survival Trailer and training props, completed a 4-day train-the-trainer course to become certified to teach the International Association of Firefighters (IAFF) Fire Ground Survival course and taught multiple sessions of Fire Ground Survival to incumbent members of the Division.

- In collaboration with the Ohio Department of Public Safety, Division of EMS conducted a successful audit of the fire charter.

- Hosted the Ohio Fire Academy Mobile Fire Behavior Lab.

- Participated in a food distribution day with the Cleveland Food Bank.

- In 2021, CFD initiated the process to purchase propane-fueled training props. These will include an automobile training prop and a pressure vessel-training prop. These props will replace obsolete training props and increase the efficiency and safety of conducting fire-training evolutions for these two specific types of emergencies.

- The Division of EMS was significantly impacted by the coronavirus pandemic. Early in 2020, in preparation to ensure the safety of all personnel as well as the community being served, EMS collaborated, received guidance from the CDPH and hospital partners on the 2019 Novel Coronavirus, and enhanced guidance for infection control. From the initial 9-1-1 call, callers were screened about exposure to the coronavirus and information was provided to the responding EMTs/Paramedics. The Cleveland EMS Covid-19 Playbook was developed to provide medical, administrative and operational guidelines on managing the coronavirus.

- As an integral part of managing the coronavirus and mitigating the community impact, EMS provided support to the CDPH during their planning and implementation of providing the coronavirus vaccine to the community.

- EMS graduated the first EMT Certification training class. The EMT Certification training program was the first initial certification-training program provided by EMS, allowing the Division to hire non-certified persons to provide the EMT training, then after completion of the EMT Academy, the EMTs provide pre-hospital medical care to the community.

- EMS logistics section replaced/replenished over 430 first aid kits and 95 naloxone kits utilized by the Division of Police (CPD) to provide life-saving first aid. The training of first aid, Cardiopulmonary Resuscitation (CPR), choking, and Automated External Defibrillator (AED) training was continued by the Division of Police.

- EMS continues to collaborate with our local hospital systems to identify opportunities to establish programs to meet the increasing medical needs of the community. The collaborative efforts include the agreement of four hospital systems to have the emergency departments remain open to EMS traffic at all times. This ensures that patients are able to remain within their hospital network unless a specific medical or traumatic emergency dictates otherwise.

- The Department of Public Safety continued its partnership with the Metro Health system to provide Public Safety Medical Director Services, which include Medical Director oversight for the EMS, CFD and CPD.

- The Division of Animal Care and Control (ACC) continued to provide service to residents and care for impounded animals while still navigating through the challenges of the pandemic.

- ACC continued to work with residents by returning animals in the field and offering citations in lieu of impoundment when appropriate.

- ACC continued to make most adoptions by appointment only to limit capacity in the building but also utilized a hybrid approach to allow for outdoor pop-up adoption events. ACC maintained its live outcomes from the previous year, with an almost 94% Live Release Rate for dogs in 2021. The industry standard is 90%.

- ACC became more accessible to the public by allowing owners to come in and reunite with their dogs during normal hours of operation versus the appointment-based system utilized during COVID-19 restrictions. ACC saw a 2% increase in owners reunited with their dogs.

- ACC's CITY DOGS volunteer program continued to support with over 150 volunteers putting in over 15,000 volunteer hours in quality enrichment for the dogs in our care.

- ACC's non-profit partner, Friends of CITY DOGS Cleveland, had another successful year of fundraising, which supported more medical and enrichment needs for dogs in the kennel.

- ACC also continued their partnership with Cleveland Municipal Court to provide a program for individuals who have committed animal-related offenses. The Animal Related Offenses Class (AROC) program's goal is to help educate and create more responsible pet owners. The class is taught by two Animal Control Officers.

Department of Public Utilities

- The Division of Water services not only the City, but also 69 direct service communities, seven master meter communities and three emergency standby communities. They provide water to approximately 432,000 city and suburban accounts in the Cleveland metropolitan area. Of these 432,000 accounts, approximately 117,000 accounts were located within the City, accounting for 23.25% of the Division's metered sales revenue. The Division provides billing and payment services for the Northeast Ohio Regional Sewer District (NEORSD) and other communities. The major capital projects included suburban water main renewals, improvements of sedimentation basins at the Nottingham Water Treatment Plant and Phase 2 of Automated Meter Reading installations.

- The Division of Cleveland Public Power (CPP) provided approximately 74,000 residential, business and governmental customers in the City with reliable and affordable power in 2021. CPP sold approximately 1.579 billion Kilowatt hours (KWh) of electricity. The major capital projects included installation of underground duct lines, motor vehicle purchases and general engineering services.

- The Division of Water Pollution Control maintains the local sanitary and storm water collection system within the City. The system is comprised of 1,444 miles of sewer lines, more than 44,000 catch basins and 12 pump/lift stations. In 2021, the Division's sewers transported 1,567,961 cubic feet (Mcf) of water. The major capital outlays were for rehabilitation of the East 185th and Marcella Road sewer lines, rehabilitation of Edgewater Drive sewer lines, motor vehicles purchases and additional sewer re-linings and installations.

Department of Port Control

- In 2021, the first two-year extension option of the Master Lease was signed by nine Signatory carriers. The nine Signatory carriers includes United, Delta, American, JetBlue, Southwest, Frontier, Spirit, FedEx and UPS. The term of the extension is 1/1/22 to 12/31/23.

- During 2021, Cleveland Hopkins International Airport (CLE) enplaned 3,646,410 passengers and had aircraft landed weight of 4,609,992,000 pounds.

- During 2021, CLE concessions developer Fraport USA opened two new retailers; TACKL Health on ticketing offering various COVID-19 testing services, The CLUB CLE, a common use passenger lounge on Concourse B, and refreshed the passenger amenity vending locations throughout the terminal.

- In 2021, In-Terminal concessions sales increased by 99%, $39,792,224 compared to $20,026,026 in 2020. Airport Concessions Disadvantaged Business Enterprise (ACDBE) sales accounted for 49% of total revenues.

- During 2021, CLE substantially completed the North Airfield Improvements Phase IV Project. The project included work on Taxiways Sierra & Juliet, along with substantial storm water improvements.

- During 2021, CLE opened Phase 1 of the new Ground Transportation Center. The new facility is directly adjacent to the terminal and will accommodate shuttles/buses, taxis, and limos. It will also provide a higher level of customer service to passengers.

Department of Law

- Drafted approximately 690 contracts.

- Reviewed approximately 1,286 contracts for legal form and correctness.

- Prepared and processed 422 requests for legislation for introduction to City Council.

- Obtained 197 search warrants for Housing Court enforcement actions.

- Assisted Department of Building & Housing to obtain legal authorization for 426 demolitions of unsafe structures in the City.

- Prosecuted 1,570 criminal complaints in Housing Court for failing to comply with Building & Housing administrative orders at sites with code violations found at properties.

- Processed 398 claims for property damage and other losses.

- Represented the City in 12 liquor permit hearings and processed 178 liquor permit requests.

- The City's web-based records-request-system (GOVQA) processed 32,602 requests.

- Responded to 158 subpoenas for City records.

- Represented the City in 557 civil cases pending in various state and federal courts.

- Processed 1,201 citizen complaints in the Prosecutors' office.

- Issued 8,396 misdemeanor charges, of which 856 were domestic-violence misdemeanor charges.

- Issued 4,784 felony charges, of which 420 were domestic-violence felony charges.

- Addressed 1,148 operating vehicle impaired (OVI) charges.

- Addressed 24,029 traffic offense charges.

- Represented the City in 228 various labor and employment matters.

Mayor's Office of Prevention, Intervention and Opportunity for Youth and Young Adults (PIOYYA)

- Partnered with approximately 33 providers to offer over 40 programs beyond traditional sports and recreational activities that are aimed at providing youth and the community access to center-based resources, programs and activities that address the root causes of violence; promote healing, wellness, resiliency and self-efficacy; and support our residents in developing the skills and knowledge required to thrive and live quality lives. Programming centers around six (6) areas: Youth and Adult Education; Job and Career Readiness; Health and Wellness; Youth Leadership Development, Mentorship and Community Service; The Arts; and Sports and Recreation.

- Continued phase 2 of the Toxic Stress/Trauma Management project, designed to transform the City's 22 recreation centers into trauma-informed neighborhood resource and recreation centers. Two Social Support

Service Supervisors were identified to oversee and direct the work of eight Social Support Service Specialists assigned to connect patrons of the centers to community-based resources and support services. Through this initiative hundreds of individuals and/or families received support and/or connections to resources/services.

- Provided summer employment opportunities, job and career readiness training and life skills training in collaboration with Youth Opportunities Unlimited to approximately 168 youth.

- Continued to support the Court-Involved Youth reentry and diversion programs designed to connect high-risk and formerly incarcerated youth with appropriate resources/support services and job opportunities to help reduce recidivism.

- Developed and implemented a professional development program to prepare Division of Recreation leadership staff to obtain the Certified Park and Recreation Professional (CPRP) certification, which is the national standard for all parks and recreation professionals who want to be at the forefront of their profession.

- Continued the partnership with Case Western Reserve University to develop standards and clear performance indicators for our Neighborhood Resource and Recreation Centers as a part of our effort to improve the quality of each center and ensure consistency relative to quality across all centers.

Office of Capital Projects

- In 2021, the Division worked with the Department of Public Works to resurface 138 asphalt streets in the City and installed 945 Americans with Disabilities Act (ADA) ramps as part of City's Residential Resurfacing Program. The following concrete streets were completed as part of the program:

    - Lakeside (East 40th to East 53rd)
    - Storer Intersections (West 63rd, West 62nd, West 59th, West 56th, West 55th Pl, West 54th, West 46th, West 44th)
    - Euclid Avenue (Public Square to East 30th)

- The Division reconstructed over 8.64 lane miles of roadway, added 12.75 lane miles of bicycle facilities, 27 enhanced crosswalks, two pedestrian refuge islands, and over 44,000 square feet of sidewalks while completing the following major streets (secondaries and mains) as part of the City's Complete & Green Street Program in 2021:

    - East 105th Street (East Blvd to Greenlawn Avenue)
    - Battery Park Drive Extension (West 73rd to West 70th)
    - Commerce Avenue (East 40th Street to East 55th Street)
    - Lakeside Avenue (East 26th St. to East 40th Street)
    - Literary Rd (University Road to West 3rd)
    - Miles Avenue (East 175th Street to Broadway)
    - West 14th Street (Quigley to Starkweather)
    - Lake Avenue Road (West 117th St to Detroit)
    - Independence (Crete to Bading)
    - West 65th Street (Denison to Herman)
    - Union (Broadway to Kingsman)
    - Stearns (Euclid to Carnegie)
    - East 110th (MLK to Woodland)
    - East 22nd (Payne to Chester)
    - East 131st (Miles to Union)

- The Bridge Section completed 85 required inspections of bridges and finished the following Capital Repair projects:

    - MLK Bridge over Doan at E. Blvd (Replacement)
    - Willow Lift Bridge (Repair of Lifting Cables)
    - Old Pearl Bridge (New superstructure, deck, and spandrel walls)
    - Tower City Bridges Waterproofing

- Willow Lift Bridge Operation House Repairs
- 2020 Bridge Deck Repair Phase I

- The Sidewalk & Permits Section issued over 3,500 permits allowing for work in the right of way and then subsequent inspection to ensure quality control. They also coordinated the installation, repair of over 852,000 square feet of sidewalks, and replaced 728 trees in 2021 as part of the City's 50/50 Sidewalk & Tree Damaged Sidewalk Programs.

- The Division of Architecture and Site Development furthered the City's neighborhood revitalization efforts through the implementation, construction and/or rehabilitation of City facilities and infrastructure. The division recently completed the following projects:

  - Construction of New Frederick Douglass Recreation Center
  - Comprehensive renovation of Kovacic Recreation Center
  - Roof replacements and masonry repairs at 5 recreation centers
  - Electrical upgrades at Central Recreation Center
  - Park renovations at Miriam Ortiz-Rush, Harding, Regent, and Walter Burk Parks
  - Park repairs including 8 ball diamonds, 12 tennis courts, 13 basketball courts, park signs, and playground and safety surface repairs
  - Public Safety Facilities
  - Fire Training Academy live fire training apparatus
  - Multi-site roof replacements
  - Public Works Facilities
  - Willard Garage water mitigation phases 1 & 2
  - North Point Inn mechanical systems improvements
  - 205 St. Clair façade repairs, phase 1
  - Marquee Facilities
  - West Side Market facility assessment
  - City Hall roof repairs phase 1
  - Music Hall interior renovation
  - FirstEnergy Stadium annual capital repairs
  - Cemeteries
  - Woodland Cemetery gatehouse restoration

- The Division of Real Estate managed the following transactions and real estate functions for various departments of the City:

  - Obtained tax exemption for various City-owned properties and processed payment of real estate taxes for over 1,000 non-exempt City properties.
  - Continued oversight of right-of-way and real estate matters for roads and bridge reconstruction projects.
  - Handled real estate transactions needed for various public works and private development projects.
  - Negotiated and completed leases or lease renewals with various entities.
  - Oversaw and coordinated real estate matters for the Cleveland Metropolitan School District's master facilities plan, the Cleveland Public Library facilities master plan, NEORSD Project Clean Lake infrastructure projects, NEORSD storm water management projects, and various projects with the Cleveland Metro parks and City's Department of Public Utilities.
  - Completed construction of the Towpath Trail and construction of a trailhead at Canal Basin Park.

Office of Sustainability

- Hosted the 13th Annual Sustainable Cleveland Summit, held virtually due to COVID-19. Organized and facilitated 20 breakout sessions on various topics with 72 presenters with 65 organizations and 624 attendees from 14 countries worldwide.

- Continued implementation of the Cleveland Climate Action Plan, which includes 107 actions throughout six focus areas.

- Continued implementation of the Cleveland Tree Plan, including a focus on policy, governance of the Cleveland Tree Coalition and making progress on community-wide tree goals. In 2021, announced the new equity focused approach for tree planting.

- Released the Cleveland's Clean and Equitable Energy Future report in 2021, which provides a framework to transition Cleveland to 100% clean and renewable energy sources.

- Continued sustainability outreach on various topics through social media channels, e-newsletters, monthly meetings and targeted campaigns.

- Assisted in the review and ongoing efforts to relaunch the Cleveland Curbside Recycling Program, including the hiring of the Recycling Coordinator, program branding materials, and outreach and education.

- Received the LEED for Cities Silver certification award by U.S Green Building Council.

- Secured or managed the following grants:

    - $80,000 from the U.S. Forest Service to plant more than 150 trees in the Bellaire-Puritas and St. Clair-Superior neighborhoods;
    - $40,000 from the National Recreation and Parks Association to support community engagement efforts around Cleveland's 10-Minute walk goal to ensure that all Cleveland residents live within a half mile (or 10-minute walk) of a clean, safe, programmed park;
    - $476,000 from the Robert Wood Johnson Foundation to launch Circular Cleveland, a two-year initiative in partnership with Cleveland Neighborhood Progress to support a more local circular economy in Cleveland;
    - $10,000 Community Recycling Awareness Grant (CRAG) from the Cuyahoga Solid Waste District to support the distribution of direct mail to households serviced by the Division of Waste and advertisements for the curbside recycling enrollment process;
    - $100,000 from Partners for Places Funders Network to support the development of Ubuntu Gathering Place;
    - $50,000 from the OH EPA to support curbside recycling outreach and education; and
    - $30,000 from the OH EPA to support installation of electric vehicle charging stations at the Frederick Douglass Recreation Center and the Cleveland Hopkins Red Lot.

- Identified Circular Cleveland Ambassadors, passionate residents interested in reducing waste and pollution while also supporting economic opportunities in their communities. Awarded $40,771 in the first round of funding for the Circular Cleveland Community Grants to 14 local groups and organizations utilizing the funds to divert waste.

- Managed and reported on utility and energy data for all City facilities. Since 2010, the City's energy consumption is down 2% on a weather normalized basis and City buildings are using 9% less energy per square foot, saving approximately $3.3 million per year in utility costs.

- Received financial and technical assistance from the Northeast Ohio Areawide Coordinating Agency (NOACA) that would help upgrade electrical infrastructure and install electrical vehicle charging stations at the West Side Market and Willard Garage.

- Supported the addition of 15 more miles of bike infrastructure, including trails, bike lanes and sharrows.

- Completed the 2021 Youth Sustainability Leadership Program, hybrid due to COVID-19.

- Purchased 20 water bottle filling stations for use in City facilities.

- Continued to support community choice municipal electricity aggregation with Northeast Ohio Public Energy Council (NOPEC) which resulted in cost savings, rate stability and 100% renewable energy for residents and small businesses; Recognized by the EPA as Green Power Community (GPC) for meeting or exceeding EPA'S GPC usage requirements.

- Continued to be featured in the CDP annual 'A' Listing of Cities for reporting and disclosure on the City's Climate Action planning, mitigation and adaption.

- Completed a City-wide natural gas supply procurement for all municipal accounts, delivering financial cost savings.

- Featured in the American Council for an Energy-Efficient Economy (ACEEE) 2021 City Clean energy scorecard, ranking #34 out of 100 major U.S. cities.

- Supported the Northeast Ohio Areawide Coordinating Agency (NOACA) 2021 Commuter Choice Challenge and encouraged employee participation in the Gohio Commute online tracking platform.

- The 2021 Mayor's Summer Youth Employment Program employed more than 50 area youth from underrepresented communities, constructed and distributed 250 rain barrels, revitalized ten City of Cleveland rain gardens, and plotted more than 1,800 trees for the CityWorks database.

2022 Budget

The City passed a balanced budget for fiscal year 2022 on March 21, 2022. During 2021, the City received funds from the American Rescue Plan Act (ARPA). The City was able to utilize $108,960,480 of ARPA dollars for recovery of lost revenue resulting from the pandemic. The receipt of the ARPA dollars have enabled the City to have an ending balance in the General Fund of $131,749,027. These funds will be used to balance the budget for 2022.

The City is below pre-pandemic levels of income tax as compared to 2019; during 2021 the City collected $429,087,088 while 2019 the collections were $441,753,856. While the City fared better with income tax collections as compared to 2020, it has not yet fully recovered from the pandemic. The City is also below receipts from 2019 as it relates to Admissions, Parking and Hotel Taxes. However, the City received 60% more in collections during 2021 as compared to 2020. While experiencing a recovery, the City continues to monitor the collection of income tax receipts, and will make adjustments if required.

For fiscal year 2022, the City has conservatively developed a General Fund budget, which reflects revenue estimates of $647,942,061 and anticipated expenditures of $709,952,083. Though 2022 is not structurally balanced where annual revenues are equal to or greater than annual appropriations, we have a balanced budget as a result of using our beginning balance.

The estimate of receipts and expenditures for all General Fund departments and divisions, per the 2022 budget are as follows:

- Total revenues and other financing sources are projected to be $647.9 million. The City's income tax is the largest source of revenue. It is generated by a 2.5% rate on wages for Cleveland residents and non-residents; the City is anticipating to collect $428.6 million in the General Fund in income tax for 2022.

- Total expenditures and other financing uses are estimated to increase from $699.8 million to $710 million.

Long-Term financial planning:

Despite the impact of COVID-19 during 2020 and 2021, the City will continue to make investments that create increased service to the citizens of Cleveland. The City has allocated $8 million from the General Fund to be used for the 2022 streets re-surfacing program. 2022 will have additional funding in the Health Department in order to fund and utilize two mobile health vehicles, which will be used to go to City neighborhoods to serve those in need. During 2022, the Division of Police anticipates three classes, totaling 180 cadets. The Division of Fire anticipates two classes, totaling 80 cadets. The Division of Emergency Medical Service anticipates two classes, totaling 35 cadets.

Business Incentives and creating Economic Development

Note 20 – Tax Abatements are a requirement in the City's ACFR, based upon *GASB Statement No. 77, Tax Abatement Disclosures*. This footnote disclosure focuses on lost tax dollars and the costs to government entities. The following will reveal the benefits derived from offering business tax incentives.

Department of Economic Development

The City uses tax increment financing (TIF) authorized by the Ohio Revised Code (ORC) Chapter 5709 as a tool to support development in the City. TIFs are often used to support financing to close project funding gaps, without which the project would not be able to move forward. Most TIFs authorized by the City are Non-School TIFs, providing that the Cleveland Metropolitan School District receives its share of the tax revenues generated by the development, approximately 60% of the total taxes. TIFs are analyzed by the Department staff to ensure that the project meets a but-for test, confirming that the development would not proceed without the incentive, as well as to determine that the City receives an adequate return on its investment in the form of other taxes, job creation and retention or policy goals.

TIFs authorized from 2011-2020 have leveraged nearly $3 billion in total investment in the City of Cleveland. Because of these projects, over 6,000 jobs have been retained and created within the City, generating millions of dollars in income taxes to the City. All TIFs authorized in this period have been non-school TIF's, which means the Cleveland Metropolitan School District has benefitted from the new property tax revenue generated during this period. TIF projects have generated over 1,000 hotel rooms, supporting the City's tourist and convention industries.

Despite the challenges caused by the COVID-19 pandemic in 2020, construction continued in the City and TIFs played a key role in supporting three new construction mixed-use projects and three building renovation projects. In addition, TIF was deployed as part of the City's assistance to the Sherwin Williams Company, which announced the construction of a new Headquarters in Downtown Cleveland in March 2020. The Project will result in over $300,000,000 in investment in downtown, retaining over 3,100 employees and an anticipated growth of Sherwin Williams' workforce by 10%.

Department of Community Development

The Community Reinvestment Area (CRA) Program is a direct incentive tax exemption program benefiting property owners who renovate existing or construct new residential buildings to encourage revitalization of the existing housing stock and the development of new structures. This program permits municipalities or counties to designate areas where housing investment has been discouraged.

The tax abatement process starts with the applicant completing an application with supporting documentation of the completed construction/rehabilitation work.

The City of Cleveland reviews the application to ensure the applicant meets program requirements and if the application is in compliance with the program requirements, the City will approve and grant the tax abatement. The City notifies and provides a copy of the instrument granting the tax exemption to the Cleveland Metropolitan School District (CMSD). The City forwards the application to the Cuyahoga County Fiscal Officer office for further processing. The Cuyahoga County Appraisal Department, under the County Fiscal Officer, assigns taxable values to new construction or remodeled residential property.

The Tax Abatement program is an important and useful tool: for developers, as an attractive incentive for promoting home sales; for homebuyers, by making homeownership more affordable; and for the City of Cleveland, helping to make it a City of choice.

Monitoring Incentives:

The City of Cleveland (Department of Community Development) is required by statute to file online annually, by March 31st, all CRA tax abatement information with the State of Ohio.

The City of Cleveland pursuant to various sections (5709 and 3735) under the Ohio Revised Code, established a Housing Council. This Housing Council consists of seven members: the Mayor appoints two, one member is appointed by the Planning Commission, two members are appointed by City Council and two are appointed by the other members of the

Housing Council. They serve three-year terms. Their purpose is to look at the property conditions of the residential properties that have been granted CRA incentives.

Tax Abatement is available to both homeowners and developers. Work must be completed under a permit issued by the City of Cleveland Department of Building and Housing on property located in the City of Cleveland only. During Tax Year 2017, the length or term of abatement for existing abatements would vary from 10 to 15 years depending on the type of project. For tax abatements processed after August 8, 2017, pursuant to Ordinance # 244-17, passed May 22, 2017 and effective May 24, 2017, the term for all projects eligible for CRA tax abatement is 15 years, except for the 10-year extension available for certain conversions of historic apartment buildings into condominiums. Pursuant to Ordinance #482-2022 passed May 26, 2022, the percentage of CRA tax abatements will be 100%, 90%, or 85% depending on a number of factors including if the abated property is located in a designated Opportunity Neighborhood, Middle Market Neighborhood or Market Rate Neighborhood as designated by ordinance for tax abatements processed beginning January 1, 2024.

The Residential Property Tax Abatement Program aims to:

- Stimulate community revitalization
- Retain City residents and attract new residents
- Attract homeowners
- Reduce development costs for homeownership and rental projects

Residents and developers seeking tax abatement for residential projects must meet Cleveland Green Building Standards (GBS).

The GBS is designed to save homeowners money on utilities and support local green jobs, while also improving the health of the community and reducing our collective contribution to climate change. The GBS also creates direct benefits for developers and builders, including cost savings from efficient operation, a marketing advantage, and public recognition for high performance homes. Tax abatement has contributed to the development of 24,323 units of housing dating back to 1994. Since 2010 (the first year of the GBS) 4,730 GBS units were completed. In 2020, 1,325 units met the GBS.

- Single family – 132 new constructions, 60 rehabs
- Multi-family – 283 new constructions, 850 rehabs

Major Initiatives

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

- *Mayor Bibb's Rescue & Transformation Plan* - In 2021, the City of Cleveland received the eighth largest allocation of American Rescue Plan & Recovery Act (ARPA) funds, totaling $512 million over two years. The City received half of these dollars in June 2021 and will receive the remainder in Summer 2022. Mayor Bibb's Rescue & Transformation Plan outlines priorities and a process for maximizing the use of federal funds including ARPA, the Infrastructure Innovation and Jobs Act (IIJA) and other legislation still under development that is expected over the next few years. A key part of Mayor Bibb's plan is the launch of the Center for Economic Recovery, a strategic policy team that will engage with Cleveland City Council to shape and evaluate ideas for ARPA-funded projects that address the City's most urgent challenges. The Center for Economic Recovery will equitably and strategically assess applications for ARPA-funding using common evaluation criteria to make equitable and strategic decisions to promote the long-term health and vibrancy of the City. Mayor Bibb's Rescue & Transformation Plan identifies ten priorities for federal funding that will make an impact on the everyday lives of Clevelanders. Those priorities include Stabilizing the Budget, Inclusive Economic Recovery, Housing For All, Violence Prevention & Public Safety, Closing the Digital Divide, a Modern & Transparent City Hall, Education for Everyone, Lead-safe Cleveland, Arts & Neighborhood Amenities and Civic Participation Fund.

- *Police Reform* - Cleveland is the only city in America that has entered into two Consent Decrees for policing and has long served as a case study for the nation on the need for police reform. In 2021, Cleveland voters mobilized to pass a ballot initiative to improve police accountability and deliver the strongest citizen oversight commission in the United States. Known as Issue 24, the new police accountability measures give citizens the power to make decisions about police recruitment, training and discipline. Mayor Bibb's police reform agenda is focused on improving police accountability and public safety.

- *West Side Market* - The West Side Market is a historic institution that must be preserved and protected for future generations. Mayor Bibb's administration is focused on making immediate investments to upgrade facilities and support vendors to drive growth at the West Side Market. In early 2022, the Bibb Administration passed legislation in partnership with Cleveland City Council to cap rental rate increases, expand lease options and open the door for alcohol sales to support vendors and drive growth at the West Side Market.

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 the Ohio Auditor of State. The year ended December 31, 2021, represents the 41st consecutive year the City has prepared an Annual Comprehensive Financial Report. In addition to the independent auditors, the City maintains its own Division of Internal Audit. Along with the duty of assisting the independent auditors, the Division of Internal Audit is responsible for strengthening and reviewing the City's internal controls. The Division of Internal Audit 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 ACFR for the fiscal year ended December 31, 2020. 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 ACFR, the contents of which conform to program standards. Such ACFR 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 37 years (years ended 1984 – 2020). 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 the Ohio Auditor of State for their efforts and professional conduct throughout the audit engagement.

Very truly yours,

Ahmed Abonamah
Director of Finance/Chief Finance Officer

James E. Gentile, CPA
City Controller

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CITY OF CLEVELAND, OHIO

City Officials
Justin M. Bibb, Mayor

EXECUTIVE STAFF

Elise Hara Auvil	Chief Administrative Officer
Bradford J. Davy	Chief Strategy Officer
Mark D. Griffin	Chief Legal Officer/Director, Department of Law
Sarah N. Johnson.	Chief Communications Officer
Paul N. Patton	Chief Human Resources Officer/Director, Department of Human Resources
Ryan M. Puente	Chief Government Affairs Officer
Ahmed Abonamah	Chief Finance Officer/Director, Department of Finance
Bonnie Teeuwen	Chief Operating Officer
Holly Trifiro	Chief of Education
Jeff Epstein	Chief Integrated Development Officer
Froilan Roy Fernando	Chief Innovation and Technology Officer
Karrie D. Howard	Chief Public Safety Officer
Dornat A. Drummond	Interim Chief of Police
Eric Burchak	Interim Chief of Fire
Sonya Pryor-Jones	Chief of Youth & Family Success
Delanté Spencer Thomas Esq.	Chief Ethics Officer

ADMINISTRATION

Mary McNamara	Director, Department of Aging
Sally Martin	Director, Department of Building and Housing
Joyce Pan Huang.	Director, City Planning Commission
Michael Spreng	Interim Secretary, Civil Service Commission
Alyssa Hernandez.	Director, Department of Community Development
Angela Shute-Woodson.	Director, Community Relations Board
Anthony Thornton	Interim Director, Department of Economic Development
James Derosa	Director, Mayor's Office of Capital Projects
Tyson Mitchell.	Director, Office of Equal Opportunity
Sabra T. Pierce-Scott	Interim Director, Mayor's Office of Quality Control and Performance Management
Robert Kennedy	Director, Department of Port Control
Brian Kimball	Interim Director, Department of Public Health
Dr. Karen Cooper	Medical Director
Martin J. Keane.	Director, Department of Public Utilities
Frank Williams	Director, Department of Public Works

CITY OF CLEVELAND, OHIO

City Council

Blaine A. Griffin	President of Council / Ward 6
Kerry McCormack	Majority Leader / Ward 3
Jasmin Santana	Majority Whip / Ward 14
Patricia J. Britt	City Clerk, Clerk of Council
Joseph T. Jones	Ward 1
Kevin L. Bishop	Ward 2
Deborah A. Gray	Ward 4
Richard A. Starr	Ward 5
Stephanie D. Howse	Ward 7
Michael D. Polensek	Ward 8
Kevin Conwell	Ward 9
Anthony T. Hairston	Ward 10
Brian Mooney	Ward 11
Rebecca Maurer	Ward 12
Kris Harsh	Ward 13
Jenny Spencer	Ward 15
Brian Kazy	Ward 16
Charles J. Slife	Ward 17

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

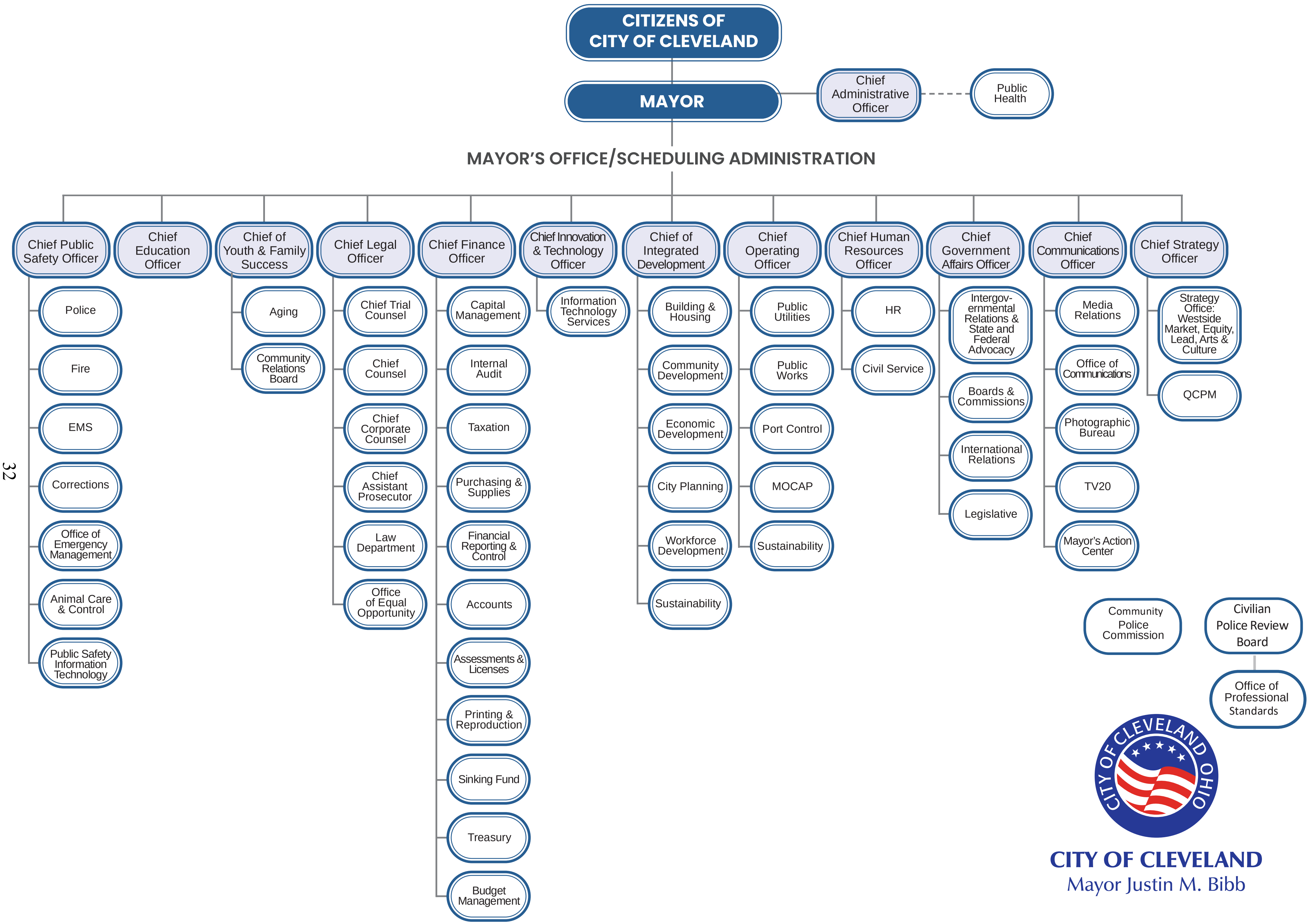
City of Cleveland
Ohio

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

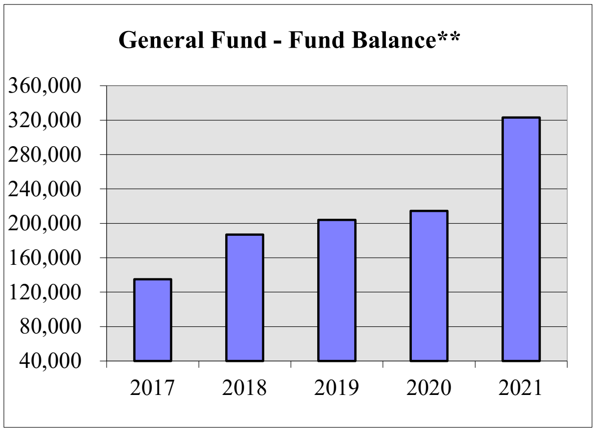
Christopher P. Morrill

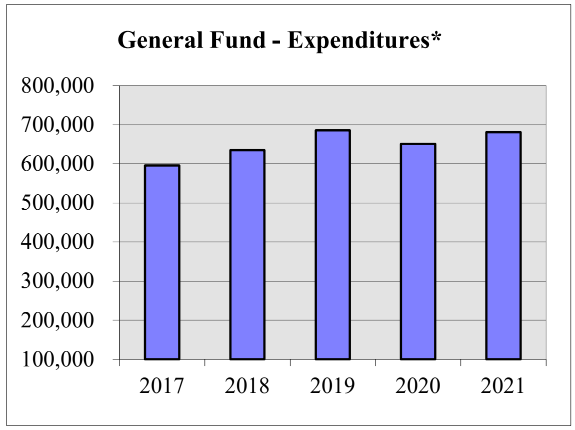
Executive Director/CEO

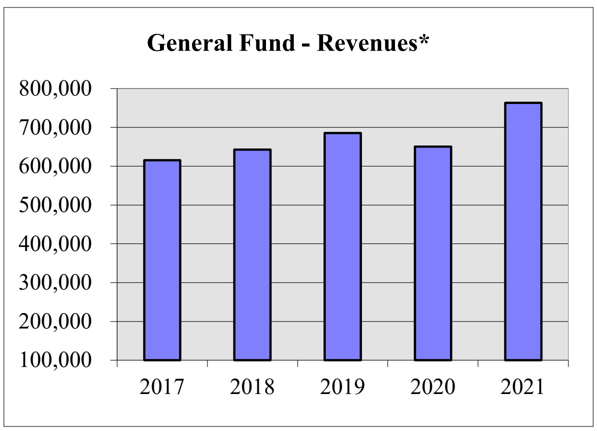

CITIZENS OF CITY OF CLEVELAND
MAYOR
Chief Administrative Officer
Public Health
MAYOR'S OFFICE/SCHEDULING ADMINISTRATION
Chief Public Safety Officer
Police
Fire
EMS
Corrections
Office of Emergency Management
Animal Care & Control
Public Safety Information Technology
Chief Education Officer
Chief of Youth & Family Success
Aging
Community Relations Board
Chief Legal Officer
Chief Trial Counsel
Chief Counsel
Chief Corporate Counsel
Chief Assistant Prosecutor
Law Department
Office of Equal Opportunity
Chief Finance Officer
Capital Management
Internal Audit
Taxation
Purchasing & Supplies
Financial Reporting & Control
Accounts
Assessments & Licenses
Printing & Reproduction
Sinking Fund
Treasury
Budget Management
Chief Innovation & Technology Officer
Information Technology Services
Chief of Integrated Development
Building & Housing
Community Development
Economic Development
City Planning
Workforce Development
Sustainability
Chief Operating Officer
Public Utilities
Public Works
Port Control
MOCAP
Sustainability
Chief Human Resources Officer
HR
Civil Service
Chief Government Affairs Officer
Intergov-ernmental Relations & State and Federal Advocacy
Boards & Commissions
International Relations
Legislative
Chief Communications Officer
Media Relations
Office of Communications
Photographic Bureau
TV20
Mayor's Action Center
Chief Strategy Officer
Strategy Office: Westside Market, Equity, Lead, Arts & Culture
QCPM
Community Police Commission
Civilian Police Review Board
Office of Professional Standards
CITY OF CLEVELAND
Mayor Justin M. Bibb

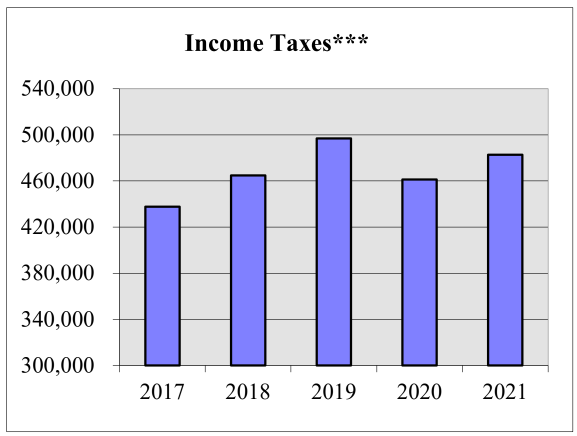
CITY OF CLEVELAND, OHIO

FINANCIAL HIGHLIGHTS
(Amounts in Thousands)









For Year Ended	General Fund Fund Balance**	General Fund Revenues*	General Fund Expenditures*	Income Taxes***
2017	134,860	615,244	595,844	437,676
2018	186,909	642,595	634,937	464,803
2019	203,892	685,652	685,734	496,973
2020	214,554	650,167	651,252	461,362
2021	323,162	763,621	680,812	482,723

* *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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OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, Cuyahoga County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 fund financial statements and schedules and the schedules of capital assets used in the operation of governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, combining and individual fund financial statements and schedules and the schedules of capital assets used in the operation of governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated June 29, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's 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's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

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, 2021. Please read this information in conjunction with the City's financial statements and footnotes that begin on page 60.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2021 by approximately $2.988 billion (net position).

- Of the approximately $2.988 billion of net position, governmental activities accounted for approximately $497.2 million of net position, while business-type activities net position accounted for approximately $2.491 billion.

- The City's net position increased by $431.0 million as compared to 2020. The governmental activities net position increased by $267.2 million and the business-type activities net position increased by $163.8 million.

- At the end of the current year, unassigned fund balance for the General Fund was $228.9 million, which represents the amount available for spending at the City's discretion. The unassigned fund balance equals 42.3% of the total General Fund expenditures and other financing uses.

- In 2021, the City's total long-term debt and other long-term debt-related obligations, excluding premiums, accreted interest and discounts decreased by $13.2 million. The decrease is due to payments made on debt of $143.0 million offset by new debt issues for General Obligation bonds of $56.1 million and Subordinate Lien Income Tax bonds of $81.8 million.

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; sewer; electricity; and airport facilities.

The government-wide financial statements can be found on pages 60-63 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 28 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, the Capital/Urban Renewal Bond Construction Fund, the General Government Fund, and the Public Health Fund. Data from the other 24 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 64-67 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, Water Pollution Control 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 68-72 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 Custodial Funds.

The basic fiduciary fund financial statement can be found on page 73-74 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 75-132 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, 2021 and 2020

	Governmental Activities		Business-Type Activities (Amounts in Thousands)		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	$ 1,436,908	$ 1,092,901	$ 1,262,929	$ 1,214,566	$ 2,699,837	$ 2,307,467
Capital assets	1,275,745	1,269,062	2,982,793	3,034,227	4,258,538	4,303,289
Net OPEB asset	20,509		14,608		35,117	
Total assets	2,733,162	2,361,963	4,260,330	4,248,793	6,993,492	6,610,756
Deferred outflows of resources	173,989	209,078	86,318	109,814	260,307	318,892
Liabilities:						
Net pension liability	669,174	734,725	117,639	158,395	786,813	893,120
Net OPEB liability	77,160	234,375		110,111	77,160	344,486
Long-term obligations	1,042,163	977,639	1,353,500	1,454,074	2,395,663	2,431,713
Other liabilities	312,460	159,545	278,327	251,200	590,787	410,745
Total liabilities	2,100,957	2,106,284	1,749,466	1,973,780	3,850,423	4,080,064
Deferred inflows of resources	308,963	234,751	106,248	57,627	415,211	292,378
Net position:						
Net investment in capital assets	725,546	722,806	1,743,558	1,724,704	2,469,104	2,447,510
Restricted	218,181	209,288	196,842	184,926	415,023	394,214
Unrestricted	(446,496)	(702,088)	550,534	417,570	104,038	(284,518)
Total net position	$ 497,231	$ 230,006	$ 2,490,934	$ 2,327,200	$ 2,988,165	$ 2,557,206

The net pension liability is reported by the City at December 31, 2021 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the City adopted GASB Statement No. 75, which significantly revises accounting for costs and liabilities related to OPEB. 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows of resources related to pension and OPEB.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability/(asset). GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government 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 these liabilities. 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 ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability/(asset). As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability/(asset) are satisfied, these liabilities/(asset) are separately identified within the long-term liabilities/(assets) section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB Statement No. 75, the City is reporting a net OPEB liability/(asset) and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

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 $2.988 billion at the close of the most recent fiscal year. This represents an increase of 16.9% in 2021. Of the net position from governmental activities, $725.5 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, $218.2 million, represents resources that are subject to external restrictions on how they may be used.

In 2021, the total assets and deferred outflows of resources from governmental activities increased by $336.1 million. This increase is primarily attributed to an increase in cash and cash equivalents of $341.3 million and an increase in net OPEB asset of $20.5 million offset by a decrease of $35.1 million in deferred outflow of resources. The increase in cash and cash equivalents relates to an increase in the General Fund of approximately $109.0 million in revenue recovery from the American Rescue Plan Act (ARPA) funds and approximately $146.2 million increase in the General Government Fund which relates to the remaining balance of the ARPA funds awarded to the City. The decrease in deferred outflow of resources is related to investment returns exceeding expectations for pension and changes in assumptions regarding future economic and demographic factors in OPEB.

Also in 2021, the total liabilities and deferred inflows of resources from governmental activities increased by $68.9 million. This increase is primarily due to an increase of $24.9 million in deferred inflows of pensions and an increase of $39.5 million in deferred inflows of OPEB offset by a decrease in net OPEB liability of $157.2 million and an increase in unearned revenue in the General Government Fund of $154.2 million due to the ARPA funds received but not spent in 2021.

Of the business-type net position, $1.744 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 $196.8 million of net position is subject to external restrictions on their use. The remaining balance of $550.5 million is unrestricted and may be used to meet the City's ongoing obligations to customers and creditors.

In 2021, business-type total assets and deferred outflows of resources decreased by $12.0 million. This decrease is primarily attributed to a decrease in deferred outflows of resources related to OPEB of $9.8 million and pension of $6.6 million.

Business-type total liabilities and deferred inflows of resources decreased by $175.7 million mainly due to a decrease in long-term obligations due in more than one year of $114.5 million resulting from the decrease in revenue bonds payable. Net OPEB liability also decreased by $110.1 million due to it being an asset in 2021.

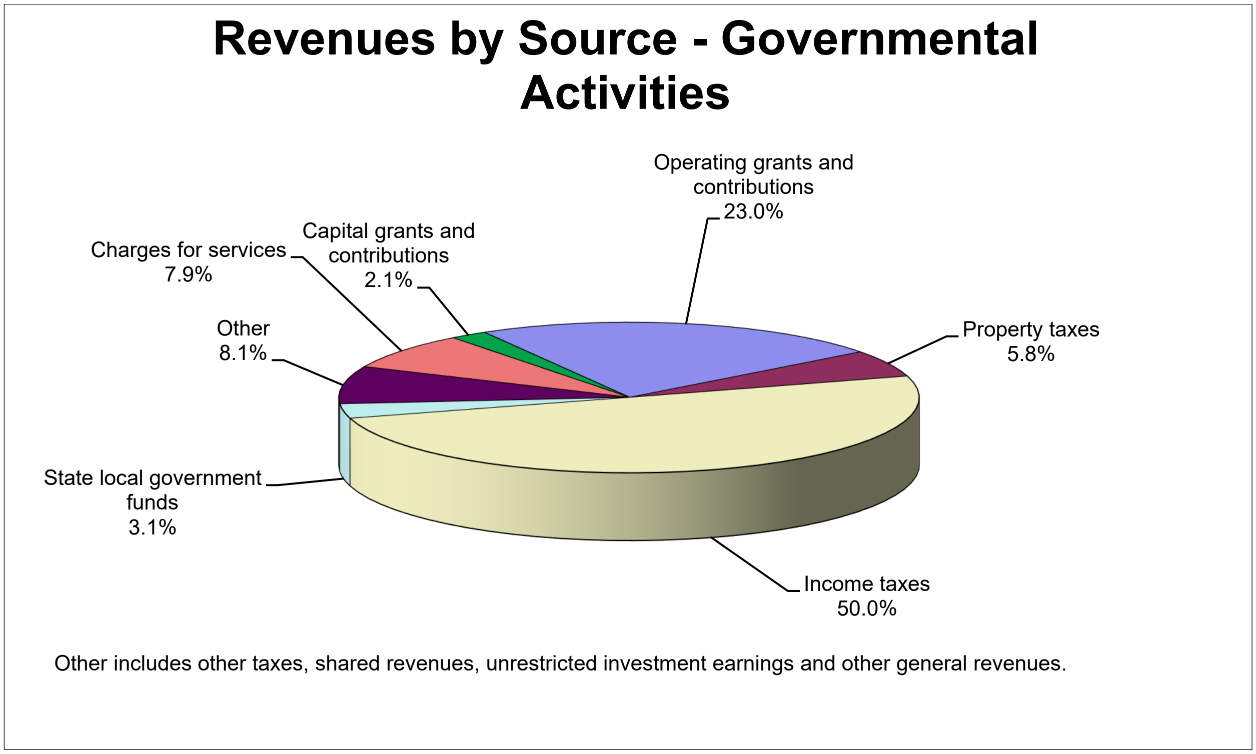
Information regarding government-wide changes in net position is provided below:

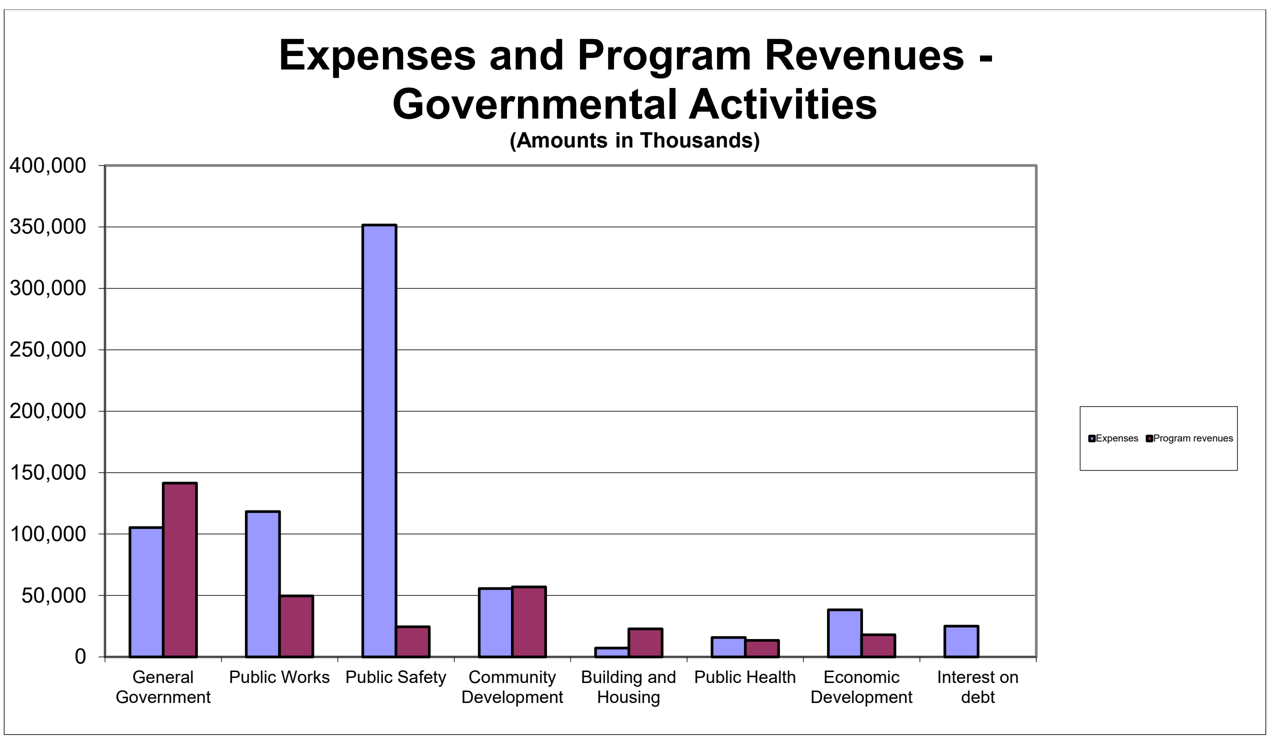
Changes in Net Position
For the Years Ended December 31, 2021 and 2020

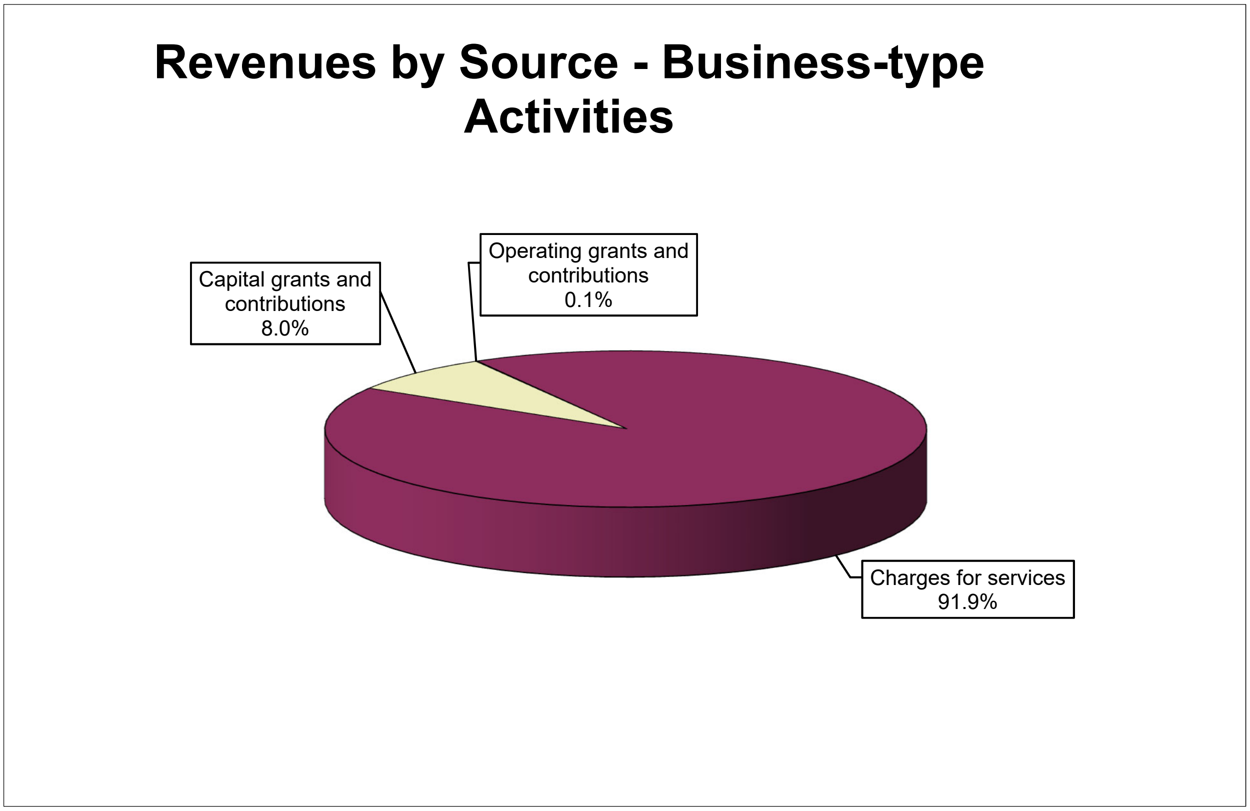
	Governmental Activities		Business-Type Activities		Total	
	(Amounts in Thousands)					
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 78,182	$ 69,935	$ 678,704	$ 660,085	$ 756,886	$ 730,020
Operating grants and contributions	228,264	139,544	570	4,138	228,834	143,682
Capital grants and contributions	20,515	12,582	59,496	88,280	80,011	100,862
General revenues:						
Income taxes	495,297	458,943			495,297	458,943
Property taxes	57,327	57,955			57,327	57,955
Other taxes	30,505	16,349			30,505	16,349
Unrestricted shared revenues	23,499	15,556			23,499	15,556
State local government funds	30,806	25,936			30,806	25,936
Unrestricted investment earnings	590	3,827	479	11	1,069	3,838
Other	25,279	13,022	610	65	25,889	13,087
Total revenues	990,264	813,649	739,859	752,579	1,730,123	1,566,228
Expenses:						
General Government	105,239	160,148			105,239	160,148
Public Works	118,315	156,576			118,315	156,576
Public Safety	351,515	397,692			351,515	397,692
Community Development	55,675	33,643			55,675	33,643
Building and Housing	7,194	15,320			7,194	15,320
Public Health	15,843	18,321			15,843	18,321
Economic Development	38,358	20,454			38,358	20,454
Interest on debt	25,054	27,198			25,054	27,198
Water			219,063	300,180	219,063	300,180
Sewer			21,917	29,358	21,917	29,358
Electricity			190,647	199,950	190,647	199,950
Airport facilities			137,587	168,310	137,587	168,310
Nonmajor activities			12,757	14,916	12,757	14,916
Total expenses	717,193	829,352	581,971	712,714	1,299,164	1,542,066
Changes in net position before transfers	273,071	(15,703)	157,888	39,865	430,959	24,162
Transfers	(5,846)	(7,641)	5,846	7,641	-	-
Changes in net position	267,225	(23,344)	163,734	47,506	430,959	24,162
Beginning net position	230,006	253,350	2,327,200	2,279,694	2,557,206	2,533,044
Ending net position	$ 497,231	$ 230,006	$ 2,490,934	$ 2,327,200	$ 2,988,165	$ 2,557,206

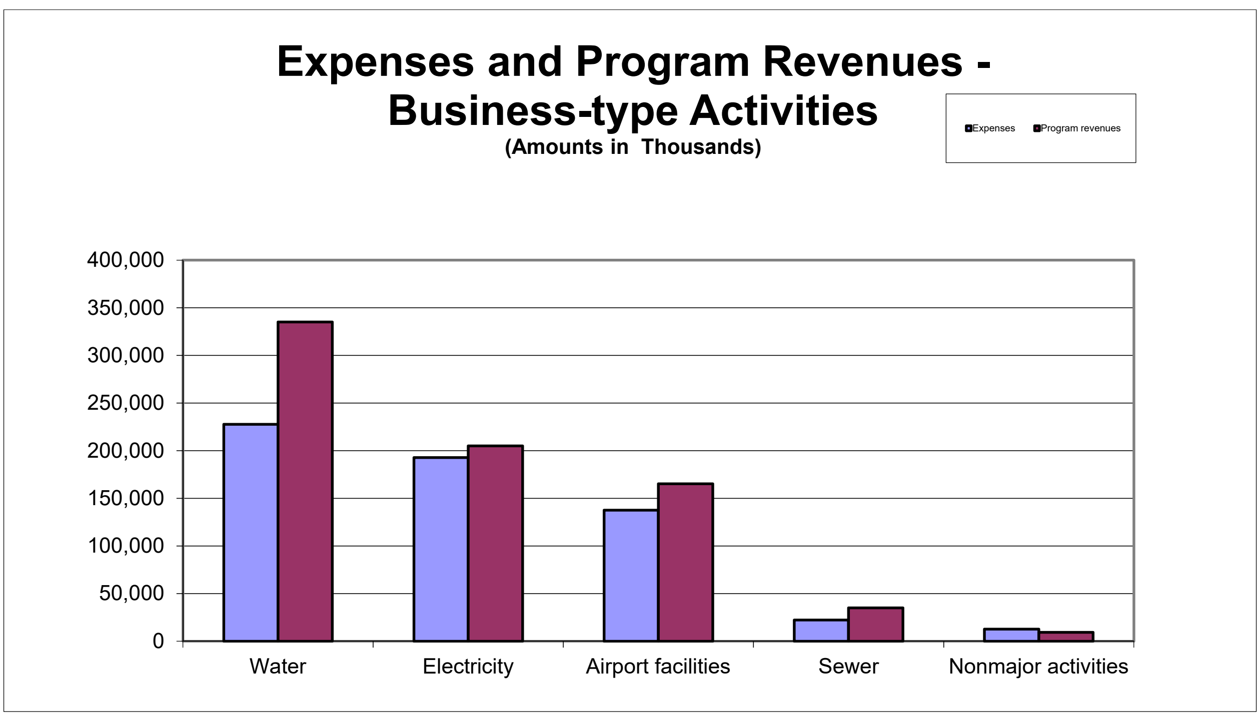
Governmental activities increased the City's net position by $267.2 million as compared to a $23.3 million decrease in 2020. The increase is primarily attributed to a $112.2 million decrease in expenses related to changes in assumption in the Ohio Police and Fire OPEB plan and the OPERS pension plan. There was also an increase in revenues for operating grants and contributions of $88.7 million. This increase in revenue for operating grants and contributions is related to the ARPA funds received from the federal government. Also, there was an increase of $36.4 million in income taxes due to the lifting of pandemic restrictions as people returned to work.

Business-type activities increased the City's net position by $163.7 million in 2021 compared to $47.5 million increase in 2020. The change from the prior year is mainly attributed to a decrease of $81.1 million in expenses for the Division of Water and $30.7 million for the Division of Port Control. The decrease in expenses for the Division of Water and the Division of Port Control are primarily due to OPEB expense decreases related to changes in the health care terms as well as changes in assumptions and pension expense decreases related to investment returns exceeding expectations. Also, attributing to this change is the Division of Cleveland Public Power charges for services increased $10.2 million primarily due to an increase of 2.5% in kilowatt hour (kWh) demand.


Revenues by Source - Governmental Activities
Operating grants and contributions 23.0%
Capital grants and contributions 2.1%
Charges for services 7.9%
Other 8.1%
Property taxes 5.8%
State local government funds 3.1%
Income taxes 50.0%
Other includes other taxes, shared revenues, unrestricted investment earnings and other general revenues.


Expenses and Program Revenues - Governmental Activities
(Amounts in Thousands)
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
General Government
Public Works
Public Safety
Community Development
Building and Housing
Public Health
Economic Development
Interest on debt
Expenses
Program revenues


Revenues by Source - Business-type Activities
Capital grants and contributions 8.0%
Operating grants and contributions 0.1%
Charges for services 91.9%


Expenses and Program Revenues - Business-type Activities
(Amounts in Thousands)
Expenses
Program revenues
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
Water
Electricity
Airport facilities
Sewer
Nonmajor activities

Business-type activities are principally accounted for in the City's Enterprise Funds. The City operates four major Enterprise Funds encompassing two airports, a water system, sewer system and an electric distribution system. The City also operates other Enterprise Funds consisting of cemeteries, a public auditorium, municipal parking lots and public market facilities. The City owns two golf courses, with one being managed and operated by an outside entity. 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 tenth largest in the United States that serves not only the City, but also sixty-nine direct service, seven master meter and three emergency standby suburban municipalities in the Cleveland Metropolitan Area. They provide water to approximately 432,000 city and suburban accounts in the Cleveland Metropolitan Area. Operating revenue in 2021 decreased to $325.8 million from $327.3 million in 2020. The decrease is primarily attributed to a decrease in metered service revenue of $4.4 million as a result of slightly lower than average consumption. This was offset by an increase in ancillary revenue. Operating expenses, exclusive of depreciation, decreased approximately 29.1% to $143.1 million compared to $201.8 million in 2020.

Division of Cleveland Public Power: The Division supplies electrical service to approximately 74,000 customers in the City. The Division is responsible for supplying, transmitting and distributing electricity and providing related electrical services to customers within its service area. The Division's 2021 operating revenue increased by 5.5% to $197.0 million from $186.8 million in 2020. Purchased power expense increased by 3.0% to $125.8 million in 2021 from $122.1 million in 2020. Operating expenses, exclusive of depreciation and purchased power decreased 35.9% to $28.2 million in 2021 compared to $44.0 million in 2020.

Division of Water Pollution Control: The Division was created for the purpose of supplying sewer services to customers within the Cleveland metropolitan area. The Division currently has approximately 117,500 customer accounts in the City, of which 96.0% are residential and 4.0% commercial. The Division's 2021 operating revenue increased by 0.7% to $29.6 million from $29.4 million in 2020. The increase is primarily attributed to a 0.5% increase in consumption. Operating expenses, exclusive of depreciation, decreased 31.0% to $16.0 million in 2021 compared to $23.2 million in 2020.

Department of Port Control: The City's Department of Port Control includes the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport. During 2021, 27 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 Divisions' change in net position for 2021 was $27.6 million. There were 37,000 scheduled landings in 2021. Operating revenues increased due to the increased number of passengers and flights. Total operating expenses for 2021 decreased primarily due to reduction in salaries wages and benefits as a result of the net pension and OPEB expenses. Non-operating revenues increased due to an increase in passenger facility charges offset by a decrease in investment income.

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 $906.8 million, an increase of $200.1 million and approximately 28.3% in comparison with the prior year. The components of the governmental fund balances include an unassigned balance of $228.9 million, which indicates the amount available for spending at the City's discretion. An additional $500.4 million of fund balance is available for expenditures that are legally restricted for a particular purpose. The non-spendable portion of fund balance has $11.2 million of funds that are not in a spendable form, such as pre-paid expenditures. An additional $83.1 million is committed to fund specific purposes and cannot be reassigned without legislative approval. The remaining assigned balance of $83.2 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 $228.9 million and the total fund balance was $323.2 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 42.3% of total General Fund expenditures and other financing uses, while total fund balance represents approximately 59.8% 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

2021 and 2020

(Amounts in Thousands)

	2021	2020
Revenues:		
Income taxes	$ 440,473	$ 414,844
Property taxes	39,079	38,373
State local government funds	29,932	25,616
Other taxes	30,505	16,349
Other shared revenues	19,524	14,981
Licenses and permits	19,917	16,041
Charges for services	33,756	33,764
Fines, forfeits and settlements	7,523	6,587
Investment earnings	322	1,925
Grants	3,424	585
Miscellaneous	24,652	12,799
Total revenues	649,107	581,864
Expenditures:		
General Government	109,571	89,855
Public Works	80,501	75,235
Public Safety	244,649	306,881
Community Development	888	1,300
Building and Housing	12,984	12,506
Economic Development	1,472	2,063
Other	8,066	9,032
Capital outlay	16,690	17,898
Total expenditures	474,821	514,770
Excess (deficiency) of revenues over (under) expenditures	174,286	67,094
Other financing sources (uses):		
Transfers out	(65,678)	(56,441)
Sale of City assets		9
Net change in fund balance	108,608	10,662
Fund balance at beginning of year	214,554	203,892
Fund balance at end of year	$ 323,162	$ 214,554

The City also presents the Capital/Urban Renewal Bond Construction Fund and the General Government Fund as major governmental funds. The change in fund balances increased by $67.4 million and $2.5 million in 2021, respectively. The Public Health Fund is a blended component unit. The Public Health Fund's change in fund balance increased by $358,000 in 2021.

Analysis of General Fund Revenues

General Fund revenues and other financing sources totaled $649.1 million in 2021, an increase of approximately $67.2 million from 2020. 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 2016, 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 2.5% rate. By the terms of the 1981 voter approval, as amended in 1985, one-ninth of the receipts of the total 2.5% 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 obligation 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 100% of the tax paid to the municipality in which the City resident is employed. The tax on business profits is imposed on the part of profits attributable to business conducted within the City. In 2021, approximately 93.1% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

In 2021, income tax revenue increased by $25.6 million, primarily due to an increase in tax collection as a result of a lower unemployment rate than in 2020 stemming from a return to work and re-opening of businesses after the COVID-19 pandemic.

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 proceeding 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 Thousands)		
2021	$	4,667,229	$	496,441	$	5,163,670
2020	$	4,664,325	$	468,023	$	5,132,348

Property tax revenue increased by approximately $706,000 in 2021 from 2020 levels.

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 by $4.3 million or 16.8% in 2021. Other Taxes increased by $14.2 million or 86.6% from 2020 levels as a result of sports and entertainment venues as well as local businesses being open in some capacity for the full year. Other Shared Revenues increased by $4.5 million or 30.3% from 2020 levels mostly due to the Casino revenues increasing due to being open all year.

Ohio subdivisions share in a portion of the State Local Government fund, which includes 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 $540.5 million in 2021, a decrease of 5.4% from 2020. 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:

Expenditures and Other Financing Uses	Actual 2021	% of Total	Actual 2020	% of Total	Increase (Decrease)	% Change
			(Amounts in 000's)			
Current:						
General Government	$ 109,571	20.27	$ 89,855	15.73	$ 19,716	21.94
Public Works	80,501	14.90	75,235	13.17	5,266	7.00
Public Safety	244,649	45.26	306,881	53.73	(62,232)	(20.28)
Community Development	888	0.17	1,300	0.23	(412)	(31.69)
Building and Housing	12,984	2.40	12,506	2.19	478	3.82
Economic Development	1,472	0.27	2,063	0.36	(591)	(28.65)
Other	8,066	1.49	9,032	1.58	(966)	(10.70)
Capital Outlay	16,690	3.09	17,898	3.13	(1,208)	(6.75)
Transfers Out	65,678	12.15	56,441	9.88	9,237	16.37
Total Expenditures and Other Financing Uses	$ 540,499		$ 571,211		$ (30,712)	

The total expenditures and other financing uses decreased by $30.7 million. The decrease was primarily caused by a decrease in Public Safety expenditures. Public Safety expenditures were offset by the receipt of the ARPA Federal Grant in 2021 to cover the cost of payroll expenses reducing the overall expenditure for Public Safety. The decrease in Public Safety expenditures was partially offset by an increase in General Government expenditures, transfers out, and Public Works. General Government expenditures increased by $19.7 million in 2021. This is mostly due to 2020 expenditures being offset by $16.2 million due to receipt of the CARES grant as a result of the COVID-19 pandemic. Salaries and wages and contractual expenditures also had incremental increases for General Government. Transfers out increased in 2021 mostly due to a $7.7 million transfer to the City's Rainy Day Reserve fund and a $3.1 million increase in transfers to the Division of Streets.

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, Water Pollution and Control, Cleveland Public Power and the Department of Port Control Funds amounted to $367.4 million, $34.1 million, $18.4 million and $137.9 million, respectively, at December 31, 2021. The change in net position for each of the respective funds amounted to an increase of $101.9 million, an increase of $12.0 million, an increase of $12.5 million and an increase of $27.6 million during 2021. 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, 2021 and 2020, the City had approximately 6,940 and 7,159 full-time employees, respectively. Of the 6,940 full-time employees, approximately 5,108 full-time employees are represented by 39 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 – 1,045 members; Cleveland Police Patrolmen's Association (CPPA) – 1,209 members; the Association of Cleveland Firefighters – 756 members; Municipal Foreman and Laborers Union, Local 1099 – 398 members; and Local 507 – 277 members.

There have been no significant labor disputes or work stoppages in the City within the last 38 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 ORC (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:

Year	Amount Paid (Amounts in Thousands)
2021	$ 506,000
2020	$ 496,000

In 2021, there was an increase in salaries and wages of 2.0% from the prior year due to an increase in retroactive salary payments.

GENERAL FUND BUDGETARY ANALYSIS

In 2021, the principal differences between the original and final budgeted expenditures included a $23.3 million increase in transfers out due to a provision for the Rainy Day Reserve Fund being added, as well as increases to transfers to other subclasses and the subsidy to Street Construction.

The major differences between the final amended budget and the actual total revenues were an increase of $18.6 million to miscellaneous revenues due to a workers' compensation refund. Also there was an increase of $2.9 million to state and local government funds, an increase of $2.8 million to property taxes, a $2.1 million increase to income taxes, a decrease of $2.5 million in other taxes, and a $1.0 million decrease in fines, forfeits, and settlements. The decrease in other taxes was primarily attributed to lower admissions tax, parking tax and hotel tax collections than expected.

The major differences between the final amended budget and the actual total expenditures were decreases of $7.2 million in General Government and $6.8 million in Public Safety.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City's capital assets for its governmental and business-type activities as of December 31, 2021, amounts to $4.259 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.

In 2021, the City's net capital assets decreased by approximately 1.0% from 2020 (0.5% percentage increase for governmental activities and a 1.7% decrease for business-type activities). A Summary of the City's capital assets at December 31, 2021 is as follows:

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities	Business-Type Activities	Total
		(Amounts in Thousands)	
Land	$ 72,204	$ 191,913	$ 264,117
Land Improvements	66,729	69,048	135,777
Utility plant		1,647,595	1,647,595
Buildings, structures and improvements	326,352	306,600	632,952
Furniture, fixtures, equipment and vehicles	73,358	175,161	248,519
Infrastructure	407,009	191,337	598,346
Construction in progress	330,093	401,139	731,232
Total	$ 1,275,745	$ 2,982,793	$ 4,258,538

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

- The Division of Cleveland Public Power's main additions to construction in progress during 2021 included Southern Transmission Line, installation of underground duct lines, general engineering services, and auto transformers. The Division's net capital assets decreased by over $16.0 million in 2021 due to utility plant disposals and decreased capital spending over 2020.

- The Division of Water incurred a net increase of $34.9 million in capital spending for construction in progress related to water main renewals, the plant enhancement program, Nottingham sedimentation basins, enhancements to the Crown Plant water system and back-up generators. Overall, the Division's investment in capital assets had a net decrease of $4.7 million from 2020 due to decreased capital spending in 2021 and the disposal of aging assets.

- The Department of Port Control had a net decrease of $9.9 million in construction in progress related to completed projects in 2021. Major project spending in 2021 for construction in progress included the Primary Road Fire and Domestic Waterline Improvements, the CLE Ground Transportation Center Upgrades Project and the North Airfield Improvements Projects. The reductions to construction in progress were due to project completions. Net capital assets decreased by 4.8%.

- The Division of Water Pollution Control's principal spending for construction in progress in 2021 included the rehabilitation of the East 185th Street and Marcella Road sewer lines, rehabilitation of Edgewater Drive sewer lines, East 85th Street rehabilitation, and additional sewer installations.

- Construction in progress spending for Governmental Activities had a net increase of $34.4 million in 2021. Major projects included improvements to various recreational centers, including roof repair or replacement, stadium improvements, infrastructure improvements, and the development of the new police headquarter building.

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 $2.105 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, 2021 is summarized below (excluding unamortized discounts, premiums and accreted interest).

	Balance January 1, 2021	Debt Issued	Debt Refunded or Defeased	Debt Retired	Balance December 31, 2021
			(Amounts in Thousands)		
Governmental Activities:					
General Obligation Bonds	$ 310,985	$ 56,095	$ (1,345)	$ (24,660)	$ 341,075
Subordinated Income Tax Refunding Bonds	20,265			(4,690)	15,575
Subordinate Lien Income Tax Bonds	339,850	81,755	(21,495)	(11,520)	388,590
Non-Tax Revenue Bonds	47,072	13,210		(5,124)	55,158
Annual Appropriation Bonds	8,475			(365)	8,110
Certificates of Participation	69,900			(8,035)	61,865
Note/Loans Payable	1,187			(78)	1,109
Total Governmental Activities	797,734	151,060	(22,840)	(54,472)	871,482
Business –Type Activities:					
Revenue Bonds	1,248,613			(79,845)	1,168,768
Loans Payable	72,254	1,504		(8,648)	65,110
Total Business –Type Activities	1,320,867	1,504	-	(88,493)	1,233,878
Total	$ 2,118,601	$ 152,564	$ (22,840)	$ (142,965)	$ 2,105,360

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 $20.4 million in 2021 which represents approximately 53.6% 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 46.4% of debt service requirements is retired from a portion of the City's restricted income tax proceeds, homestead and rollback reimbursement from the State, premium generated through the issuance of bonds, 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 governmental and revenue bonds are as follows as of December 31, 2021:

	Moody's Investors Service	S&P Global	Fitch Ratings
General Obligation Bonds	A1	AA+	A+
Subordinate Lien Income Tax Bonds	A1	AA	N/A
Non-tax Revenue Bonds	A2	AA-	N/A
Stadium Certificates of Participation	NR	NR	N/A
Waterworks Improvement Revenue Bonds	Aa2	AA+	N/A
Second Lien Water Revenue Bonds	Aa3	AA	N/A
Public Power System Revenue Bonds	A3	A-	N/A
Airport System Revenue Bonds**	A2	A-	A-
Parking Facility Refunding Revenue Bonds (Insured Ratings)*	A2	AA	N/A
Water Pollution Control Revenue Bonds	Aa3	A+	N/A

* Parking Facilities' bonds only carry an insured rating.

** Not Rated

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, 2021 was:

Net General Bonded Debt:	$354,499,000
Ratio of Net Bonded Debt to Assessed Valuation:	6.87%
Net General Bonded Debt Per Capita:	$951.36

The ORC 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 $542,185,350 and unvoted debt limit (5.50%) is $284,001,850. At December 31, 2021, the City had capacity under the indirect debt limitation calculation per the ORC to issue approximately $200 million in additional unvoted debt. 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, 2021 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 United States and the State of Ohio declared a state of emergency in March 2020, due to the COVID-19 pandemic. The financial impact of the ongoing COVID-19 pandemic may continue to impact subsequent periods of the City primarily in remote work and its effects on the income tax revenue, economic factors such as inflation and rising interest rates, and income tax due to the remote work. While any future impacts relating to these factors the City cannot fully predict, the City is actively monitoring public health efforts and corresponding impacts to the economy. The City is also monitoring the subject of municipal taxation and remote work.

Other Impacting Factors

- On May 23, 2022, City Council approved legislation authorizing the issuance of not to exceed $50,000,000 of General Obligation Bonds.

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.

BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2021
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,086,889	$ 700,219	$ 1,787,108
Investments	212		212
Receivables:			
Taxes	157,376		157,376
Accounts	8,733	230,637	239,370
Recoverable costs of purchased power		528	528
Grants	10,636		10,636
Loans	97,779		97,779
Unbilled revenue		24,501	24,501
Accrued interest	15	1	16
Assessments	67,408		67,408
Less: Allowance for doubtful accounts	(49,687)	(32,321)	(82,008)
Receivables, net	292,260	223,346	515,606
Internal balances	156	(156)	-
Due from other governments	52,031	12,036	64,067
Inventory of supplies	2,053	21,576	23,629
Prepaid expenses and other assets	3,307	5,067	8,374
Restricted assets:			
Cash and cash equivalents		13,278	13,278
Total restricted assets		13,278	13,278
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents		285,475	285,475
Accrued interest receivable		5	5
Accrued passenger facility charge		2,083	2,083
Total restricted assets		287,563	287,563
Capital assets:			
Land and construction in progress	402,297	593,052	995,349
Other capital assets, net of accumulated depreciation	873,448	2,389,741	3,263,189
Total capital assets	1,275,745	2,982,793	4,258,538
Net OPEB asset	20,509	14,608	35,117
Total assets	2,733,162	4,260,330	6,993,492
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments-interest rate swaps		1	1
Loss on refunding	11,332	58,673	70,005
Pension	104,947	19,779	124,726
OPEB	57,710	7,865	65,575
Total deferred outflows of resources	173,989	86,318	260,307

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

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2021
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	$ 23,666	$ 64,840	$ 88,506
Accrued wages and benefits	37,130	10,384	47,514
Claims payable	11,884		11,884
Due to other governments	75,819	169,934	245,753
Accrued interest payable	5,474	19,891	25,365
Unearned revenue	158,487		158,487
Liabilities payable from restricted assets		13,278	13,278
Long-term obligations:			
Due within one year	103,397	111,561	214,958
Due in more than one year	938,766	1,241,939	2,180,705
Net pension liability	669,174	117,639	786,813
Net OPEB liability	77,160		77,160
Total liabilities	2,100,957	1,749,466	3,850,423
DEFERRED INFLOWS OF RESOURCES			
Property tax	63,757		63,757
Special assessment - TIF	14,873		14,873
Excess recoverable cost of purchased power		6,771	6,771
Pension	135,841	54,832	190,673
OPEB	94,492	44,645	139,137
Total deferred inflows of resources	308,963	106,248	415,211
NET POSITION			
Net investment in capital assets	725,546	1,743,558	2,469,104
Restricted for:			
Capital	84,517	218	84,735
Debt service	47,536	177,078	224,614
Loans	29,128		29,128
Other purposes	57,000	19,546	76,546
Unrestricted	(446,496)	550,534	104,038
Total net position	$ 497,231	$ 2,490,934	$ 2,988,165

CITY OF CLEVELAND, OHIO

STATEMENT OF ACTIVITIES
December 31, 2021
(Amounts in Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Governmental activities:				
General Government	$ 105,239	$ 15,829	$ 116,538	$ 9,140
Public Works	118,315	19,655	18,893	11,056
Public Safety	351,515	16,557	7,916	26
Community Development	55,675	1,043	55,940	
Building and Housing	7,194	22,072	772	
Public Health	15,843	2,863	10,596	
Economic Development	38,358	163	17,609	293
Interest on debt	25,054			
Total governmental activities	717,193	78,182	228,264	20,515
Business-type activities:				
Water	219,063	325,811	497	312
Sewer	21,917	29,625	12	5,105
Electricity	190,647	202,902	48	2
Airport facilities	137,587	111,108		54,075
Nonmajor activities:				
Public Auditorium	1,824	742		
Westside Market	2,208	1,131		
Eastside Market	223			
Municipal Parking Lots	5,297	4,701		2
Cemeteries	1,790	1,936		
Golf Courses	1,415	748	13	
Total business-type activities	581,971	678,704	570	59,496
Total	$ 1,299,164	$ 756,886	$ 228,834	$ 80,011

General revenues:
Income taxes
Property taxes
Other taxes
Unrestricted shared revenues
Unrestricted state local government funds
Unrestricted investment earnings
Other
Transfers
Total general revenues and transfers
Change in net position
Net position at beginning of year
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 Positon		
Governmental Activities	**Business-Type Activities**	**Total**
$ 36,268	$	$ 36,268
(68,711)		(68,711)
(327,016)		(327,016)
1,308		1,308
15,650		15,650
(2,384)		(2,384)
(20,293)		(20,293)
(25,054)		(25,054)
(390,232)	-	(390,232)
	107,557	107,557
	12,825	12,825
	12,305	12,305
	27,596	27,596
	(1,082)	(1,082)
	(1,077)	(1,077)
	(223)	(223)
	(594)	(594)
	146	146
	(654)	(654)
-	156,799	156,799
(390,232)	156,799	(233,433)
495,297		495,297
57,327		57,327
30,505		30,505
23,499		23,499
30,806		30,806
590	479	1,069
25,279	610	25,889
(5,846)	5,846	-
657,457	6,935	664,392
267,225	163,734	430,959
230,006	2,327,200	2,557,206
$ 497,231	$ 2,490,934	$ 2,988,165

CITY OF CLEVELAND, OHIO

BALANCE SHEET-GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(Amounts in Thousands)

	General	Capital/ Urban Renewal Bond Construction	General Government	Public Health	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 315,276	$ 292,780	$ 171,552	$ 5,479	$ 247,422	$ 1,032,509
Investments					212	212
Receivables:						
Taxes	120,015				37,361	157,376
Accounts	8,636			5	92	8,733
Grants	1,075		24	340	9,197	10,636
Loans	46				97,733	97,779
Accrued interest	6	6			3	15
Assessments	57,369		59		9,980	67,408
Less: Allowance for doubtful accounts	(49,687)					(49,687)
Receivables, net	137,460	6	83	345	154,366	292,260
Due from other funds	2,503		35	229	9,820	12,587
Due from other governments	24,857		986	1	26,187	52,031
Prepaid expenditures and other assets	2,712		5	18	122	2,857
TOTAL ASSETS	$ 482,808	$ 292,786	$ 172,661	$ 6,072	$ 438,129	$ 1,392,456
LIABILITIES						
Accounts payable	$ 9,157	$ 6,521	$ 511	$ 1,054	$ 8,839	$ 26,082
Accrued wages and benefits	34,106		36	502	1,701	36,345
Due to other governments	3,835	653	253	1	69,818	74,560
Unearned revenue	63		144,768	1,499	12,157	158,487
Due to other funds	2,997		141	145	11,964	15,247
Total liabilities	50,158	7,174	145,709	3,201	104,479	310,721
DEFERRED INFLOWS OF RESOURCES						
Deferred inflow	109,488		541		64,872	174,901
Total deferred inflows of resources	109,488		541		64,872	174,901
FUND BALANCES						
Nonspendable	11,039		5	18	122	11,184
Restricted		285,612	16,864	2,157	195,796	500,429
Committed			9,542	696	72,860	83,098
Assigned	83,232					83,232
Unassigned	228,891					228,891
Total fund balances	323,162	285,612	26,411	2,871	268,778	906,834
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 482,808	$ 292,786	$ 172,661	$ 6,072	$ 438,129	

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.	1,271,377
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	96,271
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.	(1,021,589)
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.	21,798
The net pension liability and net OPEB liability/(asset) are not due and payable in the current period; (excluding internal service) therefore the liabilities and related deferred inflows/outflows of resources are not reported in governmental funds:	
Pension	(686,084)
OPEB	(91,376)
Net position of governmental activities	$ 497,231

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, 2021

(Amounts in Thousands)

	General	Capital/ Urban Renewal Bond Construction	General Government	Public Health	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Income taxes	$ 440,473	$	$	$	$ 55,059	$ 495,532
Property taxes	39,079				20,359	59,438
State local government funds	29,932					29,932
Other taxes	30,505					30,505
Other shared revenues	19,524		1,924		39,117	60,565
Licenses and permits	19,917			1,242	967	22,126
Charges for services	33,756		1,530	1,624	856	37,766
Fines, forfeits and settlements	7,523		1,482		815	9,820
Investment earnings	322	66	111	1	72	572
Grants	3,424		113,426	9,820	69,703	196,373
Contributions					467	467
Miscellaneous	24,652	2	872	776	3,294	29,596
Total revenues	649,107	68	119,345	13,463	190,709	972,692
EXPENDITURES:						
Current:						
General Government	109,571		3,901		1,067	114,539
Public Works	80,501				28,747	109,248
Public Safety	244,649		108,961		4,438	358,048
Community Development	888				56,320	57,208
Building and Housing	12,984				983	13,967
Public Health				20,493		20,493
Economic Development	1,472				37,493	38,965
Other	8,066					8,066
Capital outlay	16,690	47,484	4,105		32,005	100,284
Debt service:						
Principal retirement					54,472	54,472
Interest					30,426	30,426
General Government		1,237				1,237
Other					1,095	1,095
Total expenditures	474,821	48,721	116,967	20,493	247,046	908,048
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	174,286	(48,653)	2,378	(7,030)	(56,337)	64,644
OTHER FINANCING SOURCES (USES):						
Transfers in		223	84	7,388	125,688	133,383
Transfers out	(65,678)	(9,984)			(61,250)	(136,912)
Issuance of bonds		115,210			13,210	128,420
Premium on bonds		12,104				12,104
Payment to refund bonds		(24,113)				(24,113)
Issuance of refunding debt		22,640				22,640
Total other financing sources (uses)	(65,678)	116,080	84	7,388	77,648	135,522
NET CHANGE IN FUND BALANCES	108,608	67,427	2,462	358	21,311	200,166
FUND BALANCES AT BEGINNING OF YEAR	214,554	218,185	23,949	2,513	247,467	706,668
FUND BALANCES AT END OF YEAR	$ 323,162	$ 285,612	$ 26,411	$ 2,871	$ 268,778	$ 906,834

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 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands)

Amounts reported for governmental activities in the statement of activities (pages 62 and 63) are different because:

Net change in fund balances - total governmental funds (page 65)	$ 200,166
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.	7,584
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	6,917
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.	(79,677)
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.	14,197
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 amounts reported as deferred inflows/outflows of resources, changes in the net pension/OPEB liabilities/(asset) are reported as pension/OPEB expense in the statement of activities:	
Pension	21,805
OPEB	113,736
The net revenue of certain activities of internal service funds is reported with governmental activities.	(17,503)
Change in net position of governmental activities (pages 62 and 63)	$ 267,225

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, 2021

(Amounts in Thousands)

	Original Budget	Final Budget	Actual*	Variance- Positive (Negative)
REVENUES:				
Income taxes	$ 424,000	$ 427,000	$ 429,087	$ 2,087
Property taxes	36,307	36,307	39,079	2,772
State local government funds	26,533	26,533	29,422	2,889
Other taxes	31,238	31,238	28,726	(2,512)
Other shared revenues	14,661	14,661	14,530	(131)
Licenses and permits	19,121	19,121	19,816	695
Charges for services	37,238	37,238	37,135	(103)
Fines, forfeits and settlements	8,468	8,468	7,430	(1,038)
Investment earnings	400	400	285	(115)
Grants	417	109,377	111,272	1,895
Miscellaneous	28,205	28,205	46,839	18,634
Total revenues	626,588	738,548	763,621	25,073
EXPENDITURES:				
Current:				
General Government	117,212	114,812	107,638	7,174
Public Works	80,816	85,141	82,919	2,222
Public Safety	371,535	370,505	363,740	6,765
Community Development	1,962	1,977	1,820	157
Building and Housing	13,884	13,584	12,885	699
Public Health	11,114	10,513	9,475	1,038
Economic Development	1,924	1,924	1,540	384
Other	17,310	18,101	17,680	421
Capital outlay	5,250	15,976	15,976	-
Total expenditures	621,007	632,533	613,673	18,860
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,581	106,015	149,948	43,933
OTHER FINANCING SOURCES (USES):				
Transfers in	9,187	9,187		(9,187)
Transfers out	(44,002)	(67,276)	(67,139)	137
Sale of City assets	1,000	1,000		(1,000)
Total other financing sources (uses)	(33,815)	(57,089)	(67,139)	(10,050)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(28,234)	48,926	82,809	33,883
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			5,425	5,425
NET CHANGE IN FUND BALANCE	(28,234)	48,926	88,234	39,308
FUND BALANCE AT BEGINNING OF YEAR	43,515	43,515	43,515	-
FUND BALANCE AT END OF YEAR	$ 15,281	$ 92,441	$ 131,749	$ 39,308

* 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, 2021
(Amounts in Thousands)

	Business Type Activities - Enterprise Funds						Governmental
	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	$ 410,903	$ 81,703	$ 70,173	$ 132,621	$ 4,223	$ 699,623	$ 54,976
Restricted cash and cash equivalents	5,749	1,788	996	4,745		13,278	
Receivables:							
Accounts	71,974	135,325	21,815	1,448	75	230,637	
Recoverable costs of purchased power			528			528	
Unbilled revenue	10,368	1,832	6,874	5,427		24,501	
Accrued interest		1				1	
Less: Allowance for doubtful accounts	(16,537)	(3,447)	(11,893)	(416)	(28)	(32,321)	
Receivables, net	65,805	133,711	17,324	6,459	47	223,346	-
Due from other funds	2,574	48	2,328	3	22	4,975	2,863
Due from other governments		382		11,654		12,036	
Inventory of supplies	7,448	834	10,155	3,134	5	21,576	2,053
Prepaid expenses and other assets	3,704	62	383	803	23	4,975	542
Total current assets	496,183	218,528	101,359	159,419	4,320	979,809	60,434
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	47,011	3,339	4,063	217,193	13,869	285,475	
Accrued interest receivable	1			4		5	
Accrued passenger facility charges				2,083		2,083	
Total restricted assets	47,012	3,339	4,063	219,280	13,869	287,563	-
Capital assets:							
Land	5,731	295	5,574	166,882	13,431	191,913	663
Land improvements	17,931	243	2,430	102,540	15,481	138,625	276
Utility plant	2,045,726	225,048	606,176			2,876,950	
Buildings, structures and improvements	265,873	11,475	24,655	396,366	122,466	820,835	4,483
Furniture, fixtures, equipment and vehicles	613,050	14,470	92,510	121,861	6,469	848,360	24,307
Infrastructure				1,020,249		1,020,249	
Construction in progress	217,138	21,678	46,962	103,209	12,152	401,139	1,360
Less: Accumulated depreciation	(1,441,732)	(136,956)	(444,350)	(1,201,510)	(91,191)	(3,315,739)	(26,260)
Total capital assets, net	1,723,717	136,253	333,957	709,597	78,808	2,982,332	4,829
Net OPEB Asset	7,375	878	2,177	2,809	350	13,589	2,354
Total noncurrent assets	1,778,104	140,470	340,197	931,686	93,027	3,283,484	7,183
Total assets	2,274,287	358,998	441,556	1,091,105	97,347	4,263,293	67,617
DEFERRED OUTFLOWS OF RESOURCES							
Derivative instruments-interest rate swaps					1	1	
Loss on refunding	21,302		21,813	15,510	48	58,673	
Pension	9,912	1,190	2,706	3,598	533	17,939	3,649
OPEB	4,004	477	1,182	1,526	211	7,400	1,207
Total deferred outflows of resources	35,218	1,667	25,701	20,634	793	84,013	4,856

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2021
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental
	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	$ 15,100	$ 1,576	$ 11,491	$ 36,643	$ 435	$ 65,245	$ 2,359
Accrued wages and benefits	9,330	1,545	3,183	3,392	408	17,858	11,125
Claims payable							11,884
Due to other funds	1,561	2,593	98	760	124	5,136	42
Due to other governments		165,173		4,510	251	169,934	1,259
Accrued interest payable	8,262	185	800	10,584	60	19,891	
Current payable from restricted assets	5,749	1,788	996	4,745		13,278	
Current portion of long-term obligations	43,368	1,030	9,485	44,575	3,930	102,388	
Total current liabilities	83,370	173,890	26,053	105,209	5,208	393,730	26,669
Noncurrent liabilities:							
Accrued wages and benefits	1,851	313	589	1,161	210	4,124	1,533
Construction loans payable	42,215	14,062				56,277	
Accrued interest payable			29,247			29,247	
Revenue bonds payable	403,327	32,597	179,364	535,533	27	1,150,848	
Net pension liability	57,896	7,399	20,179	23,087	3,419	111,980	16,300
Other			805			805	
Total noncurrent liabilities	505,289	54,371	230,184	559,781	3,656	1,353,281	17,833
Total liabilities	588,659	228,261	256,237	664,990	8,864	1,747,011	44,502
DEFERRED INFLOWS OF RESOURCES							
Excess recoverable costs of purchased power			6,771			6,771	
Pension	27,793	3,309	8,206	10,588	1,411	51,307	8,677
OPEB	22,539	2,683	6,654	8,586	1,114	41,576	7,203
Total deferred inflows of resources	50,332	5,992	21,631	19,174	2,525	99,654	15,880
NET POSITION							
Net investment in capital assets	1,259,910	89,592	168,111	147,448	78,036	1,743,097	4,829
Restricted for capital projects		20	177	21		218	
Restricted for debt service	43,210	2,673	2,683	122,710	5,802	177,078	
Restricted for passenger facility charges				19,546		19,546	
Unrestricted	367,394	34,127	18,418	137,850	2,913	560,702	7,262
Total net position	$ 1,670,514	$ 126,412	$ 189,389	$ 427,575	$ 86,751	2,500,641	$ 12,091
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(9,707)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES						$ 2,490,934	

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

CITY OF CLEVELAND, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental
	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
OPERATING REVENUES:							
Charges for services	$ 325,793	$ 29,625	$ 196,958	$ 111,108	$ 9,258	$ 672,742	$ 165,345
Total operating revenue	325,793	29,625	196,958	111,108	9,258	672,742	165,345
OPERATING EXPENSES:							
Operations	70,888	6,308	10,715	45,776	8,378	142,065	172,612
Maintenance	72,240	9,648	17,486	3,792	99	103,265	3,310
Purchased power			125,770			125,770	
Depreciation	69,320	5,242	21,333	61,155	3,722	160,772	551
Total operating expenses	212,448	21,198	175,304	110,723	12,199	531,872	176,473
OPERATING INCOME (LOSS)	113,345	8,427	21,654	385	(2,941)	140,870	(11,128)
NON-OPERATING REVENUES (EXPENSES):							
Investment income (loss)	360	28	27	156	12	583	19
Interest expense	(20,428)	(1,844)	(11,826)	(21,169)	(385)	(55,652)	
Passenger facility charges				15,337		15,337	
Gain (loss) on disposal of capital assets	(291)	(20)	(5,465)	370		(5,406)	
Other revenues (expenses)	8,587	277	8,151	(1,558)	93	15,550	(6)
Total non-operating revenues (expenses)	(11,772)	(1,559)	(9,113)	(6,864)	(280)	(29,588)	13
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	101,573	6,868	12,541	(6,479)	(3,221)	111,282	(11,115)
Capital contributions	291	5,104		34,103	3,031	42,529	6
Transfers in					2,815	2,815	714
Change in net position	101,864	11,972	12,541	27,624	2,625	156,626	(10,395)
NET POSITION AT BEGINNING OF YEAR	1,568,650	114,440	176,848	399,951	84,126		22,486
NET POSITION AT END OF YEAR	$ 1,670,514	$ 126,412	$ 189,389	$ 427,575	$ 86,751		$ 12,091
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						7,108	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES						$ 163,734	

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, 2021
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control	Nonmajor Enterprise Funds	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers	$ 298,919	$ 27,377	$ 196,453	$ 138,035	$ 9,274	$ 670,058	$ 167,505
Cash payments to suppliers for goods or services	(105,632)	(10,402)	(18,070)	(41,498)	(6,753)	(182,355)	(141,223)
Cash payments to employees for services	(86,915)	(9,931)	(18,434)	(31,898)	(4,258)	(151,436)	(55,242)
Cash payments for purchased power			(126,922)			(126,922)	
Cash received on behalf of other communities		427,888				427,888	
Agency activity on behalf of other sewer authorities		(424,348)				(424,348)	
Other	23,585	692	(3,302)			20,975	
Net cash provided by (used for) operating activities	129,957	11,276	29,725	64,639	(1,737)	233,860	(28,960)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Cash received from settlement					240	240	
Cash received through transfers from other funds					2,815	2,815	714
Cash received for royalties					13	13	
Cash received from electric excise tax			5,944			5,944	
Net cash provided by (used for) noncapital financing activities	-	-	5,944	-	3,068	9,012	714
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Cash receipts for passenger facility charges				14,320		14,320	
Proceeds from sale of revenue bonds, loans and notes		1,933				1,933	
Acquisition and construction of capital assets	(64,364)	(11,436)	(10,682)	(28,288)		(114,770)	(1,534)
Principal paid on long-term debt	(30,400)	(1,059)	(9,030)	(44,250)	(3,730)	(88,469)	
Interest paid on long-term debt	(18,571)	(1,871)	(6,847)	(22,222)	(401)	(49,912)	
Cash paid to escrow agent for refunding						-	
Capital grant proceeds	291	5,260		30,310		35,861	
Net cash provided by (used for) capital and related financing activities	(113,044)	(7,173)	(26,559)	(50,130)	(4,131)	(201,037)	(1,534)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received on investments	360	27	27	156	8	578	19
Net cash provided by (used for) investing activities	360	27	27	156	8	578	19
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,273	4,130	9,137	14,665	(2,792)	42,413	(29,761)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	446,390	82,700	66,095	339,894	20,884	955,963	84,737
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 463,663	$ 86,830	$ 75,232	$ 354,559	$ 18,092	$ 998,376	$ 54,976

(Continued)

CITY OF CLEVELAND, OHIO

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental
	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:							
Operating income (loss)	$ 113,345	$ 8,427	$ 21,654	$ 385	$ (2,941)	$ 140,870	$ (11,128)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	69,320	5,242	21,333	61,155	3,722	160,772	551
(Increase) Decrease in Assets:							
Receivables, net	(1,815)	1,328	3,107	(1,494)	(4)	1,122	13
Prepaid expenses and other assets	(658)	3	(2)	(119)	6	(770)	9
Due from other funds	82	(19)	(60)	(1)	(3)	(1)	1,516
Inventory of supplies	1,212	(133)	(1,480)	(393)		(794)	(682)
Net OPEB Asset	(7,375)	(878)	(2,177)	(2,809)	(350)	(13,589)	(2,354)
(Increase) Decrease in Deferred Outflows of Resources:							
Pension	3,553	442	1,306	1,525	166	6,992	203
OPEB	4,859	599	1,485	1,873	240	9,056	1,648
Increase (Decrease) in Liabilities:							
Accounts payable	(1,320)	259	(521)	26,455	90	24,963	(957)
Accrued wages and benefits	(128)	467	192	(321)	131	341	(1,822)
Net pension liability	(20,574)	(2,450)	(6,074)	(7,838)	(980)	(37,916)	(6,563)
Net OPEB liability	(53,900)	(6,715)	(17,316)	(22,219)	(2,906)	(103,056)	(17,568)
Claims payable						-	376
Due to other funds	(230)	(114)	(456)	(495)	1	(1,294)	(63)
Due to other governments		2,066		(6)	(10)	2,050	611
Accrued expenses and other liabilities	(62)	(2)	(252)			(316)	
Increase (Decrease) in Deferred Inflows of Resources:							
Excess purchased power costs			2,157			2,157	
Pension	9,738	1,118	2,772	3,664	448	17,740	2,908
OPEB	13,910	1,636	4,057	5,277	653	25,533	4,342
Total adjustments	16,612	2,849	8,071	64,254	1,204	92,990	(17,832)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 129,957	$ 11,276	$ 29,725	$ 64,639	$ (1,737)	$ 233,860	$ (28,960)
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:							
Contributions of capital assets	$	$	$	$	$ 3,031	$ 3,031	$ 6
Accounts payable related to capital assets	5,749	1,788	996	4,745		13,278	

(Concluded)

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

CITY OF CLEVELAND, OHIO

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
December 31, 2021
(Amounts in Thousands)

	Custodial Funds
Assets	
Cash and cash equivalents	$ 16,267
Taxes receivable	15,304
Accounts receivable	4,004
Due from other governments	1,933
Total assets	37,508
Liabilities	
Accounts payable	2,168
Due to others	1,731
Due to other governments	23,674
Total liabilities	27,573
Deferred Inflows of Resources	4,004
Total Liabilities and Deferred Inflows	31,577
Net Position	
Restricted	5,931
Total net position	$ 5,931

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

CITY OF CLEVELAND, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands)

	Custodial Funds
Additions	
Law enforcement funds	$ 445
Governmental and custodial funds	359
Vital Cert Fees Due State	239
Hilton Contribution Fund	96
Income tax collected for other governments	99,972
Fines collected for other governments	18,045
Other	28
Total additions	119,184
Deductions	
Fire Escrow	694
Vital Cert Fees Due State	198
Hilton Contribution Fund	263
Special assessments	72
Law enforcement funds	59
Payments of income tax to other governments	99,972
Payments of fines to other governments	18,045
Other	18
Total deductions	119,321
Change in net position	(137)
Net position, beginning of year	6,068
Net position, end of year	$ 5,931

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, 2021 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, 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 a blended component unit. It also 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, a sewer 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 Executive and six appointed by the City of Cleveland.

Cleveland Metropolitan School District (Schools) – In September 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 Cuyahoga County and one joint appointment confirmed by both the City and Cuyahoga County.

The following entity is a blended component unit of the City:

Public Health Department - Beginning 2019, the Auditor of the State of Ohio determined that the City's Public Health Department was a legally separate entity. It is being reported as a blended component unit. Previously the City reported the Public Health Department activity in the General Fund and Special Revenue Funds. The City's Public Health Department is managed by the City's Director of Public Health, which is appointed by the Mayor. The City's Public Health Department is governed and budgeted just like all other Departments of the City. Since the City's Public Health Department provides services entirely and only to the City, it is reported as a blended component unit. It is included as a major fund in the governmental statements.

Major Funds – Beginning 2021, the Capital/Urban Renewal Bond Construction and General Government Funds became major funds. Prior to this, they were reported as Other Governmental Funds.

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, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* 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 of resources, liabilities, deferred inflows of resources, 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 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 Funds are the General, Capital/Urban Renewal Bond Construction, General Government, and Public Health Funds. Of the City's business-type activities, the Division of Water Fund, Division of Water Pollution Control 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; 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 Capital/Urban Renewal Bond Construction Fund is a Capital fund used 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. It is not annually appropriated.

   The General Government Fund is a Special Revenue fund used to account for revenue earmarked for general government activities. It is not annually appropriated.

   The Public Health Fund is for all public health activity for the City including operating and grant activity.

   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 Division of Water Pollution Control Fund is a segment of the Department of Public Utilities of the City. The Division of Water Pollution Control was created for the purpose of supplying sewer services to customers within the Cleveland metropolitan area.

   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 that are 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 Custodial Funds that are 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 and 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's pension and other post-employment liabilities 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 of resources, liabilities, deferred inflows of resources, 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 expenditures 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. **Custodial Funds –** Custodial Funds are used to account for assets held by the City for individuals, private organizations, or other governments. The City's more significant Custodial 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, unrestricted 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 unrestricted 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, recorded as unearned revenue 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 forfeits 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 Fund) 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 2021 which reallocated appropriations and increased the budget by 2.0% 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, including the Capital/Urban Renewal Bond Construction Fund, the General Governmental Fund, the Public Health Fund, the Cleveland Stadium Debt Service Fund 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 2021 reported on the budget basis versus the GAAP basis is as follows:

		(Amounts in Thousands)
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses (Budget Basis)	$	82,809
Adjustments:		
Revenue Accruals		(114,514)
Expenditure and other financing sources (uses) Accruals		101,228
Encumbrances and Pre-Encumbrances		39,085
Net Change in Fund Balance	$	108,608

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 (STAR Ohio); 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 follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application,* which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs.

The City has invested funds in STAR Ohio during 2021. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* for the purpose of measuring the value of shares in STAR Ohio. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

***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 enterprise and internal service 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. Inventory purchased by governmental funds are treated as expenditures when acquired.

Prepaid Expenses and Other Assets: Payments made to vendors for services that benefit future periods are recorded as prepayments in both government-wide and fund financial statements. A current asset for the prepaid amount is recorded at the time of purchase and the expenditure is reported in the year in which services are 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 acquisition 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.

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:

Assets	Years
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 average of the highest three years of pay, 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 two swap agreements outstanding at December 31, 2021, one for its Subordinated Income Tax Variable Rate Refunding Bonds and one on the Parking Facilities Refunding Revenue Bonds.

***Grants Revenues*:** Grants and assistance awards made on the basis of entitlement programs are recorded as grant receivables and revenues when entitlement occurs. Reimbursement-type grants are recorded as grant 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. 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, represent a consumption of net assets that applies to future periods 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, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Net Pensions/OPEB Liabilities/(Asset): For purposes of measuring the net pension/OPEB liabilities/(asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

F. ***Accounting Pronouncements***

In June of 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. This Statement is effective for the reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost. As required, the City has implemented GASB Statement No. 89 as of December 31, 2021.

In March of 2020, GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, was issued. This Statement is effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. As required, the City has implemented GASB Statement No. 93 as of December 31, 2021.

In October of 2021, GASB Statement No. 98, *Annual Comprehensive Financial Report*, was issued. This Statement is effective for reporting periods ending after December 15, 2021. The objective of this Statement is to establish the term annual comprehensive financial report and its acronym *ACFR.* That new term and its acronym replace instances of comprehensive annual financial report and its acronym. As required, the City has implemented GASB Statement No. 98 as of December 31, 2021.

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 $1.022 billion difference are as follows:

		(Amounts in Thousands)
Bonds, certificates of participation and loans payables	$	(871,482)
Other payable		(14,000)
Unamortized bond premium/discount		(58,448)
Accrued interest payable		(5,474)
Claims and adjustments		(4,594)
Loss on refunding		11,332
Compensated absences		(78,923)
Net adjustment to *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(1,021,589)

Another element of that reconciliation states that net pension/OPEB liabilities/(asset) are not due and payable in the current period; therefore, the liabilities/(asset) and the related deferred outflows of resources and deferred inflows of resources are not reported in the governmental funds. The details of differences are as follows:

		(Amounts in Thousands)
Deferred outflows of resources - pension	$	103,138
Deferred inflows of resources - pension		(130,689)
Net pension liability		(658,533)
Net adjusment to *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(686,084)

		(Amounts in Thousands)
Deferred outflows of resources - OPEB	$	56,968
Deferred inflows of resources - OPEB		(90,358)
Net OPEB liability		(77,160)
Net OPEB asset		19,174
Net adjusment to *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(91,376)

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 $7.6 million difference are as follows:

		(Amounts in Thousands)
Capital outlay	$	66,937
Contributed Capital		9,168
Depreciation expense		(68,358)
Loss on capital asset disposals		(163)
Net adjustment to *changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	7,584

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 $6.9 million difference are as follows:

		(Amounts in Thousands)
Reversal of prior year deferred inflows of resources	$	(89,354)
Current year deferred inflows of resources		96,271
Net adjustment to *changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	6,917

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 $79.7 million which is detailed as follows:

		(Amounts in Thousands)
Debt issued or incurred:		
Issuance of general obligation bonds and other obligations	$	(151,060)
Accrued interest		4,902
Premium on debt		(12,104)
Principal repayments:		
General obligation debt and other obligations		54,472
Refunding of general obligation bonds and other obligations		24,113
Net adjustment to *changes in fund balances - total* governmental funds to arrive at *change in net position of governmental activities*	$	(79,677)

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 $14.2 million difference are as follows:

		(Amounts in Thousands)
Compensated absences	$	5,452
Claims judgements		8,745
Net adjustment to *changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	14,197

NOTE 4 – POOLED AND SEGREGATED CASH AND INVESTMENTS

Monies for the Debt Service Funds, certain Capital Project Funds, certain Custodial 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, Public Health 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 $152,800,000 and the actual bank balance totaled $160,148,000. 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 Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $160,148,000 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 (STAR Ohio); 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. Fair values of securities fluctuate based on the magnitude of changing market conditions; therefore, significant changes in market conditions could materially affect portfolio value.

The following is a summary of the fair value hierarchy of the fair value of investments of the City (excluding STAR Ohio and money market mutual funds) as of December 31, 2021:

Type of Investment	Fair Value	Fair Value Measurements Using Level 1	Level 2
	(Amounts in Thousands)		
U.S. Treasury Notes	$ 212	$ 212	$
Commercial Paper	31,145		31,145
Manuscript Debt	4,618		4,618
Other	331		331
Total Investments	$ 36,306	$ 212	$ 36,094

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, 2021 include U.S. Treasury Notes, STAR Ohio, commercial paper, money market mutual funds, manuscript debt and other investments. The City maintains the highest ratings for its investments. Investments in the Dreyfus Government Cash Management Mutual Fund, First American Government Obligations Fund, Federated Government Obligations Fund, Government Obligations Fund, Morgan Stanley Government Institutional Mutual Funds and STAR Ohio carry a rating of AAAm, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio 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 Moody's rating of P-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:

Type of Investment	Value	Cost	Investment Maturities: Less than One Year	5 Years or More
		(Amounts in Thousands)		
U.S. Treasury Notes	$ 212	$ 211	$ 212	$
STAR Ohio	1,091,850	1,091,850	1,091,850	
Commercial Paper	31,145	31,145	31,145	
Money Market Mutual Funds	821,384	821,384	821,384	
Manuscript Debt	4,618	4,618		4,618
Other	331	331	331	
Total Investments	1,949,540	1,949,539	1,944,922	4,618
Total Deposits	152,800	152,800	152,800	
Total Deposits and Investments	$ 2,102,340	$ 2,102,339	$ 2,097,722	$ 4,618

STAR Ohio 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 STAR Ohio 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 U.S. Bank, as trustees.

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, 2021, the investments in U.S. Treasury Notes, STAR Ohio, commercial paper, money market mutual funds, manuscript debt and other are approximately 0.01%, 56.00%, 1.60%, 42.13%, 0.24%, and 0.02%, respectively, of the City's total investments.

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

		(Amounts in Thousands)
Government-Wide Financial Statements		
Unrestricted:		
Cash and cash equivalents	$	1,787,108
Investments		212
Restricted:		
Cash and cash equivalents		298,753
Total	$	2,086,073
Fund Financial Statements		
Balance Sheet – Governmental Funds:		
Unrestricted:		
Cash and cash equivalents	$	1,032,509
Investments		212
		1,032,721
Statement of Net Position – Proprietary Funds:		
Enterprise Funds:		
Unrestricted:		
Cash and cash equivalents		699,623
Restricted:		
Cash and cash equivalents		298,753
Internal Service Funds:		
Unrestricted:		
Cash and cash equivalents		54,976
Subtotal		1,053,352
Statement of Fiduciary Net Position:		
Unrestricted:		
Cash and cash equivalents		16,267
Total	$	2,102,340

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, 2021 are as follows:

	Balance January 1, 2021	Additions	(Reductions)	Balance December 31, 2021	Due Within One Year
		(Amounts in Thousands)			
Governmental Long-Term Obligations and Notes					
General Obligation Bonds due through 2049, 2.00% to 5.5%	$ 310,985	$ 56,095	$ (26,005)	$ 341,075	$ 25,905
Other Obligations:					
Subordinated Income Tax Refunding Bonds due through 2024, 5.00%	20,265		(4,690)	15,575	4,935
Subordinate Lien Income Tax Bonds due through 2047, 0.49% to 6.34%	339,850	81,755	(33,015)	388,590	13,580
Non-Tax Revenue Bonds:					
Taxable Economic and Community Dev. (Core City Bonds) due through 2036, 0.60% to 3.75%	21,010	13,210	(3,725)	30,495	4,610
Taxable Economic and Community Dev. (Core City Bonds) due through 2033, .75% to 1.91% - Direct Placement	21,210		(1,165)	20,045	1,240
Lower Euclid Ave. TIF 2003A due through 2032, 2.00% to 4.00%	4,852		(234)	4,618	260
Annual Appropriation Bonds - Flats East Bank due through 2035, 6.00%	8,475		(365)	8,110	385
Certificates of Participation 2010B-Stadium due through 2028, 0.81% -Direct Placement	69,900		(8,035)	61,865	8,275
West 150th Street Improvement Loan - Direct Borrowing	600		(63)	537	63
Ohio Water Development Authority Loan due through 2028, 2.40% -Direct Borrowing	587		(15)	572	15
Cleveland Browns Stadium	16,000		(2,000)	14,000	2,000
Accrued wages and benefits	50,404	37,963	(43,752)	44,615	32,201
Net pension liability:					
Ohio Public Employees Retirement System	229,927		(57,215)	172,712	
Ohio Police and Fire Pension Fund	504,798		(8,336)	496,462	
Net OPEB liability:					
Ohio Public Employees Retirement System	160,357		(160,357)	-	
Ohio Police and Fire Pension Fund	74,018	3,142		77,160	
Police and fire overtime	43,499	9,284	(10,423)	42,360	4,863
Fire deferred vacation	2,029	275	(397)	1,907	214
Estimated claims payable	13,342	2,002	(5,993)	9,351	4,851
	1,892,108	203,726	(365,785)	1,730,049	103,397
Unamortized (discount)/premium - net	54,631	12,104	(8,287)	58,448	
Total Governmental Activities, Net	$ 1,946,739	$ 215,830	$ (374,072)	$ 1,788,497	$ 103,397

	Balance January 1, 2021	Additions	(Reductions)	Balance December 31, 2021	Due Within One Year
		(Amounts in Thousands)			
Business-Type Activities (Enterprise Funds)					
Airport System Revenue Bonds:					
Series 2006A due through 2021, 5.25%	$ 12,480	$	$ (12,480)	$ -	$ -
Series 2007B due through 2027, 5.0%	4,440		(805)	3,635	840
Series 2011A due through 2024, 4.00% to 5.00%	17,600		(7,575)	10,025	7,960
Series 2016A due through 2031, 5.00%	98,920		(3,405)	95,515	3,715
Series 2016B due through 2024, 5.00%	36,235			36,235	11,450
Series 2018A due through 2048, 5.00%	79,260		(8,965)	70,295	8,840
Series 2018B due through 2048, 3.50% to 5.00%	21,745			21,745	
Series 2019A due through 2033, 2.18% to 2.98%	298,725		(4,830)	293,895	5,075
Series 2019B due through 2027, 5.00%	29,120		(4,985)	24,135	5,410
Series 2019C due through 2024, 5.00%	5,405		(1,205)	4,200	1,285
	603,930	-	(44,250)	559,680	44,575
Public Power System Revenue Bonds:					
Series 2008 due through 2038, 5.13% to 5.40%	27,903			27,903	
Series 2008 Accreted Interest Payable	26,331	2,916		29,247	
Series 2016 due through 2024, 5.00%	23,420		(5,410)	18,010	5,710
Series 2018 due through 2038, 5.00%	45,180		(3,620)	41,560	3,775
Series 2020A due through 2038, 4.00% to 5.00%	63,110			63,110	
Series 2020B due through 2038, 2.01% to 2.996%	20,470			20,470	
	206,414	2,916	(9,030)	200,300	9,485
Water Revenue Bonds:					
Series X 2012 due through 2022, 4.00%	1,285			1,285	1,285
Series Y 2015 due through 2028, 4.00% to 5.00%	38,900		(5,015)	33,885	5,275
Series BB 2017 due through 2032, 5.00%	15,715			15,715	
Series CC 2017 due through 2028, 5.00%	42,880			42,880	6,380
Series DD 2019 due through 2033, 2.00% to 5.00%	88,775		(12,700)	76,075	14,225
Series EE 2020 due through 2042, 1.27% to 3.21%	15,815		(95)	15,720	140
Series FF 2020 due through 2033, 5.00%	70,270			70,270	
Series GG 2020 due through 2037, 0.39% to 2.28%	99,145		(185)	98,960	215
Series A Sec. Lien 2012 due through 2022, 4.00% to 5.00%	11,590		(4,205)	7,385	7,385
Series B Sub. Lien 2017 due through 2027, 5.00%	42,495			42,495	
	426,870	-	(22,200)	404,670	34,905
Water Pollution Control Revenue Bonds:					
Series 2016 due through 2045, 4.00% to 5.00%	30,070		(635)	29,435	660
Ohio Water Development Authority and Public Works Commission loans due through 2050, 0.00% to 3.00%, Direct Borrowings	72,254	1,504	(8,648)	65,110	8,833
Parking Facilities Refunding Revenue Bonds:					
Series 2006 due through 2022, 5.25%	7,660		(3,730)	3,930	3,930
Public Power System Other (See Note 7)	1,306	12	(263)	1,055	250
Accrued Wages and Benefits	14,148	12,864	(13,500)	13,512	8,750
Net pension liability:					
Ohio Public Employees Retirement System	158,395		(40,756)	117,639	
Net OPEB liability:					
Ohio Public Employees Retirement System	110,111		(110,111)	-	
Estimated claims payable	208	681	(716)	173	173
	1,631,366	17,977	(253,839)	1,395,504	111,561
Unamortized (discount)/premium - net	91,214		(15,579)	75,635	
Total Business-Type Activities, Net	$1,722,580	$17,977	($269,418)	$1,471,139	$111,561
Total Debt and Other Long-Term Obligations	$3,669,319	$233,807	($643,490)	$3,259,636	$214,958

(Concluded)

Internal Service Funds predominantly serve the governmental funds, except the Utilities Administration Fund, which serves only business-type activity funds. Long-term liabilities for all Internal Service Funds, except the Utilities Administration Fund, are included as part of the totals for governmental activities in the government-wide statement of net position. At December 31, 2021, $1,755,000 and $10,641,000 of the Internal Service Funds, except for Utilities Administration Fund, compensated absences and net pension, 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, 2021, $1,327,000 and $5,659,000 of the Utilities Administration Fund compensated absences and net pension, 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 2021:

	Original Issue Amount	Balance January 1, 2021	Additions	(Reductions)	Balance December 31, 2021
		(Amounts in Thousands)			
Governmental Activities Obligations:					
General Obligation Bonds					
Public Facilities	$ 86,885	$ 42,465	$ 16,930	$ (3,240)	$ 56,155
Bridges and Roadways	177,635	123,500	16,575	(5,475)	134,600
Parks & Recreation	78,895	51,090	21,400	(2,255)	70,235
Neighborhood Development	1,750	1,750		(65)	1,685
Refunding Bonds	215,845	92,180	1,190	(14,970)	78,400
Total Governmental Activities	$ 561,010	$ 310,985	$ 56,095	$ (26,005)	$ 341,075
Business-Type Activities Obligations:					
Revenue Bonds / Notes					
Airports	$ 789,105	$ 603,930	$	$ (44,250)	$ 559,680
Public Power	200,753	180,083		(9,030)	171,053
Waterworks	633,300	426,870		(22,200)	404,670
Parking Facilities	57,520	7,660		(3,730)	3,930
Water Pollution Control	32,390	30,070		(635)	29,435
Loans					
Waterworks (Direct Borrowings)	146,009	58,878		(8,200)	50,678
Water Pollution Control (Direct Borrowings)	15,406	13,376	1,504	(448)	14,432
Total Business-Type Activities	$ 1,874,483	$ 1,320,867	$ 1,504	$ (88,493)	$ 1,233,878

The following is a summary of the City's future debt service requirements as of December 31, 2021:

	Governmental Activities					
	General Obligation Bonds		Construction Loan (Direct Borrowing)		Subordinate Lien Income Tax Bonds	
Year Ending December 31	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2022	$ 25,905	$ 13,227	$ 15	$ 14	$ 18,515	$ 16,425
2023	26,470	12,157	16	13	20,200	15,490
2024	24,245	10,988	16	13	20,755	14,628
2025	20,320	9,925	16	13	20,170	13,835
2026	20,650	9,051	17	12	22,740	13,001
2027-2031	85,610	33,519	492	23	132,725	48,189
2032-2036	69,015	19,103			79,430	24,209
2037-2041	40,670	9,066			54,350	11,818
2042-2046	22,915	2,677			31,560	3,182
2047-2049	5,275	266			3,720	74
	$ 341,075	$ 119,979	$ 572	$ 88	$ 404,165	$ 160,851

	Non-Tax Revenue Bonds		Non-Tax Revenue Bonds (Direct Placement)		City Annual Appropriation Bonds	
Year Ending December 31	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2022	$ 4,870	$ 996	$ 1,240	$ 172	$ 385	$ 487
2023	4,998	869	1,295	160	410	464
2024	5,143	725	1,350	148	435	439
2025	3,761	567	1,425	136	460	413
2026	3,883	450	1,480	123	485	385
2027-2031	6,093	1,343	8,395	400	2,910	1,451
2032-2036	6,365	451	4,860	60	3,025	467
2037-2041						
2042-2046						
2047-2049						
	$ 35,113	$ 5,401	$ 20,045	$ 1,199	$ 8,110	$ 4,106

	Note/Loans Payable (Direct Borrowing)		Certificates of Participation (Direct Placement)		Governmental Activities Total	
Year Ending December 31	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2022	$ 63	$	$ 8,275	$ 501	$ 59,268	$ 31,822
2023	63		8,520	434	61,972	29,587
2024	64		8,780	365	60,788	27,306
2025	63		9,040	294	55,255	25,183
2026	63		9,310	221	58,628	23,243
2027-2031	221		17,940	213	254,386	85,138
2032-2036					162,695	44,290
2037-2041					95,020	20,884
2042-2046					54,475	5,859
2047-2049					8,995	340
	$ 537	$	$ 61,865	$ 2,028	$ 871,482	$ 293,652

Year Ending December 31	Business-Type Activities: Revenue Bonds Principal	Revenue Bonds Interest	Construction Loans (Direct Borrowing) Principal	Construction Loans (Direct Borrowing) Interest
	(Amounts in Thousands)			
2022	$ 93,555	$ 43,864	$ 8,833	$ 1,632
2023	90,660	39,333	9,103	1,386
2024	95,340	34,913	8,972	1,132
2025	96,962	34,599	8,832	887
2026	99,449	30,843	5,328	669
2027-2031	448,030	105,911	13,160	1,928
2032-2036	150,852	56,551	2,804	1,167
2037-2041	63,890	22,882	2,685	852
2042-2046	23,725	4,285	3,035	501
2047-2050	6,305	319	2,358	118
	$ 1,168,768	$ 373,500	$ 65,110	$ 10,272

Year Ending December 31	Business-Type Activities Total Principal	Business-Type Activities Total Interest
(Amounts in Thousands)		
2022	$ 102,388	$ 45,496
2023	99,763	40,719
2024	104,312	36,045
2025	105,794	35,486
2026	104,777	31,512
2027-2031	461,190	107,839
2032-2036	153,656	57,718
2037-2041	66,575	23,734
2042-2046	26,760	4,786
2047-2050	8,663	437
	$ 1,233,878	$ 383,772

The schedule of minimum principal and interest payments for construction loans above includes the amortization for a loan provided to the Division of Water Pollution Control by the Ohio Water Development Authority (OWDA) in 2019. This amortization is based upon the full amount expected to be financed, regardless of whether the City has received all the loan proceeds. At December 31, 2021, the amount financed on the loan, which is reflected in the amortization schedule, equals the actual loan balance shown on the schedule of long-term debt outstanding and changes in long-term debt obligations. However, the amortization schedule is still tentative and will be finalized by OWDA. OWDA loans and Ohio Public Works Commission loans are direct borrowings.

OWDA completed an interest rate buy-down in 2015 which resulted in interest rate savings on the current loans. Market rate loans with interest rates higher than 4.0% saw a reduction in rates to 4.0% while rates over 3.0% on OWDA loans were 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 July 28, 2021, the City issued $56,095,000 Various Purpose and Refunding General Obligation Bonds, Series 2021A. Approximately $54.9 million of the proceeds of these bonds will be used to pay costs of permanent improvements to roads and bridges, to parks and recreation facilities and to various other public facilities. Proceeds in the amount of $1,354,849 were also used to currently refund $1,345,000 of the Series 2011 General Obligation Bonds on July 28, 2021 to achieve debt service savings of approximately $372,000 or 27.7%.

On February 26, 2020, the City issued $69,820,000 Subordinate Lien Income Tax Refunding Bonds, Series 2020A (Federally Taxable). A portion of these bonds were used to refund $17,340,000 of outstanding Various Purpose and Refunding General Obligation Bonds, also an additional portion of $44,545,000 was used to refund outstanding 2014-2015 Subordinate Lien Income Tax Bonds for debt service savings.

Effective July 30, 2020, the City issued $60,685,000 Various Purpose General Obligation Bonds Series 2020A. The proceeds of these bonds will be used to provide funds for public facilities improvements, parks and recreation improvements, road and bridge improvements and for neighborhood development projects.

Under the direct debt limitation imposed by the Ohio Revised Code, the City had the capacity to issue $284,001,850 of additional unvoted debt at December 31, 2021.

Other Governmental Obligations

***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.

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 was 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 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:

<u>*Terms:*</u> 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 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 $15,600,000 at December 31, 2021, 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 2015, and the periodic floating rate payments under the swap agreement.

<u>*Objective*</u>*:* 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 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, 2021 as reported by JPM was approximately $640 which would be payable by the City.

***Subordinated Lien Income Tax Bonds*:** On September 22, 2021, the City issued $81,755,000 Subordinate Lien Income Tax and Refunding Bonds, Series 2021A. These bonds were primarily issued to provide funds for public facility improvements and more specifically, $60,000,000 for the construction of a new police headquarters. A portion of the bond proceeds in the amount of $22,535,785, along with $222,812 from the debt service fund, were placed in an irrevocable escrow account to refund $21,495,000 of outstanding Subordinate Lien Income Tax Bonds issued in 2012 and 2014. As a result, the refunded bonds were defeased and the liability for those bonds was removed from long-term debt. The City completed the refunding in order to achieve debt service savings of $2,437,000 and an economic gain (the difference between the present values of the old and new debt service) of $2,102,000 or 9.8%.

Effective February 26, 2020, the City issued $69,820,000 Subordinate Lien Income Tax Refunding Bonds, Series 2020A (Federally Taxable). The proceeds of these bonds were used to refund $44,545,000 of various outstanding Subordinate Lien Income Tax Bonds (Series 2014A-1, Series 2014 B-3, Series 2015 A-2 and Series 2015 A-3) and $17,340,000 of outstanding Series 2012 Various Purpose and Refunding General Obligation Bonds. Proceeds in the amount of $69,202,375 along with $907,187 from the debt service fund, 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 considered to be defeased and the liability for those bonds has been removed from long-term debt. This refunding resulted in debt service savings of $10.26 million and an economic gain (the difference between the present values of the old and new debt service) of $8.50 million or 13.7%.

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 – 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 November 17, 2021, the City issued $13,210,000 of Taxable Economic and Community Development Revenue Bonds, Series 2021 (Core City Fund). These are taxable bonds issued for eligible industrial and commercial development projects and provided funds for a portion of the City's contribution towards a new downtown headquarters for the Sherwin Williams Company. The principal and interest on these bonds will be paid from non-tax revenues of the City.

On October 9, 2020, the City issued $2,050,000 of Taxable Economic and Community Development Bonds, Series 2020 (Core City Fund) through a private placement with Zions Bancorporation, N.A. These bonds were issued to provide funds for eligible projects including the acquisition, construction, equipping or improvement of multi-unit housing and commercial development and for the preparation or remediation of sites for these purposes. The principal and interest on these bonds are to be paid from the non-tax revenues of the City and net project revenues.

Events of default are those set forth in the indenture and include, but are not limited to, failure to pay principal of or interest on the bonds and failure to perform pursuant to certain covenants and provisions under the indenture. Upon an event of default and subject to certain provisions of the indenture, the Trustee may pursue any available remedy to enforce the payment of principal or interest on the bonds or the observance and performance of any other covenant, agreement or obligation under the Indenture or any other instrument providing security, directly or indirectly, for the bonds. There is no right to accelerate the payment of principal or interest on the bonds under the indenture.

Effective April 9, 2015, the City issued $15,280,000 Taxable Economic and Community Development Revenue Bonds, Series 2015 (Core City Fund). Similar to the 2020 Bonds, 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. The principal and interest on 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 was removed from long-term debt. This refunding resulted in $1,248,000 of debt service savings and an economic gain of $1,219,000 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 May 30, 2013, the City refunded the outstanding variable rate $25,360,000 Series 2008 Taxable Economic and Community Development Refunding Revenue Bonds with $25,360,000 Taxable Economic and Community Development Bonds, Series 2013A. The bonds remained variable rate bonds and were privately place with KeyBank National Association for a period of five years. In May 2018, the City entered into a new three-year direct placement of the Series 2013A Bonds with PNC Bank, National Association upon the expiration of the old direct placement. On May 3, 2021, the City entered into a new three-year direct placement of the then outstanding $19,160,000 Series 2013A Bonds with U.S. Bank National Association. As a result of this transaction, the interest rate on the bonds was converted from a variable Index Rate to a Bank Fixed Rate until May 3, 2024.

Events of default under the agreement with the bank include, but are not limited to, 1) failure to pay principal of or interest on the Series 2013A Bonds or parity debt payable from the City's general fund or failure to pay other obligations under the agreement; 2) failure to perform pursuant to certain covenants and provisions under the indenture or the Continuing Covenants Agreement; 3) certain representations and warranties under the agreement prove untrue in a material respect; 4) occurrence of bankruptcy and insolvency events; and 5) ratings downgrades of parity debt of the City below certain levels. Upon an event of default, the Bonds shall bear interest at a default rate and the bank may cause a special mandatory redemption of the 2013A Bonds in accordance with the terms of the supplemental indenture and agreement. Under the agreement with the bank, no party has a right to accelerate the principal or interest on the 2013A Bonds. However, certain fees and expenses set forth in the agreement can be declared immediately due and payable under certain circumstances. 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 makes 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 April 22, 2010, the City issued $63,225,000 Series 2010A COPS and $69,900,000 Series 2010B COPS to refund all of the outstanding $108,390,000 Series 2007 COPS. Proceeds of the Series 2010 COPS were used to currently refund the Series 2007 COPS 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. The final payment on the Series 2010A COPS was made November 15, 2020. The Series 2010B COPS 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 Series 2010B COPS. 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 Series 2010B COPS were again purchased by Wells Fargo Bank, National Association. Effective March 1, 2018, the City entered into an amended and restated Continuing Covenants Agreement with Wells Fargo Municipal Capital Strategies, LLC on the 2010B Stadium COPS. The agreement extended to March 2021 the period of time during which Wells Fargo Municipal Capital Strategies, LLC will be the owner of the COPS as a direct placement.

On March 18, 2021, the City entered into a Second Amended and Restated Continuing Covenants Agreement with Wells Fargo Municipal Capital Strategies, LLC on the $69,900,000 2010B Stadium Certificates of Participation. Under this new agreement, the COPS were converted from Index Rate Certificates to a long-term rate until November 15, 2023.

Events of default under the agreement with the bank include, but are not limited to, 1) failure to pay principal of or interest on the Series 2010B COPS or parity debt payable from the City's general fund or failure to pay other obligations under the agreement; 2) failure to perform pursuant to certain covenants and provisions under the indenture or the Continuing Covenants Agreement; 3) certain representations and warranties under the agreement prove untrue in a material respect; 4) occurrence of bankruptcy and insolvency events; and 5) ratings downgrades of parity debt of the City below certain levels. Upon an event of default, the 2010B COPS shall bear interest at a default rate and the bank may cause a special mandatory redemption of the 2010B COPS in accordance with the terms of the supplemental indenture and agreement. Under the agreement with the bank, no party has a right to accelerate the principal or interest on the 2010B COPS. However, certain fees and expenses set forth in the agreement can be declared immediately due and payable under certain circumstances.

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.

The assets recorded by the City under Capital Leases were as follows as of December 31, 2021:

		Governmental Activities (Amounts in Thousands)
Furniture, fixtures and equipment	$	41,522
Less – accumulated depreciation		(37,947)
Net book value	$	3,575

West 150th Street Improvement Loan (SIB): 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. The SIB is a direct borrowing.

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.

***Ohio Water Development Authority Loan*:** This loan is payable from Economic Development revenues secured by a separate loan agreement, a promissory note and loan guarantee, as well as other departmental resources. This loan is a direct borrowing.

Lines of Credit: The City has no unused lines of credit.

Pledged Collateral: The City has no assets pledged as collateral for debt.

***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, 2021, follow:

	Overtime		Deferred Vacation	
Division	**Hours**	**Dollars**	**Hours**	**Dollars**
		(Amounts in Thousands)		
Police	985	$ 37,348		$
Fire	130	5,012	47	1,907
Total	1,115	$ 42,360	47	$ 1,907

Business-Type (Enterprise Fund) Obligations

***Airport System Revenue Bonds*:** These bonds are secured by the pledge of airport revenues and moneys in the special funds which include, among others, the bond service fund, bond service reserve fund, the renewal and replacement fund and the airport development fund, 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.

On October 1, 2019, the City issued $341,675,000 Airport System Revenue Bonds Series 2019 A-C. The $301,665,000 Series 2019A Taxable Bonds were issued to advance refund the $235,150,000 Series 2012A Bonds and to currently refund the outstanding $52,050,000 of Series 2013A Bonds. Bond proceeds in the amount of $248,355,650 along with $3,694,402 released from the debt service reserve fund and $2,965,914 released from the Series 2012A Bond Fund, were placed in an irrevocable escrow account for the payment of the principal and interest on the Series 2012A Bonds. Additionally, $51,232,251 of Series 2019A Bonds proceeds, along with $817,749 released from the debt service reserve fund, were deposited into the Series 2013A Bond Fund to redeem the 2013A Bonds on October 1, 2019. The $34,605,000 Series 2019B AMT Bonds currently refunded the variable rate $20,100,000 Series 2009D Bonds and the $18,170,000 Series 2014A Bonds. Lastly, the $5,405,000 Series 2019C Non-AMT Bonds currently refunded the outstanding variable rate $5,975,000 Series 2008D Bonds. 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 $22,494,000 of net present value debt service savings or 6.8% while also eliminating all of Port Control's remaining variable rate bonds and terminating its letters of credit and direct placements on those 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.

On February 19, 2020, Public Power System Revenue Bonds, Series 2020, were issued in the amount of $83,580,000. The $63,110,000 Series 2020A Tax-Exempt Bonds were issued to advance refund $65,325,000 of outstanding Series 2014 Public Power System Refunding Revenue Bonds. The $20,470,000 Federally Taxable Series 2020B Bonds were issued to advance refund $11,560,000 of outstanding Series 2014 Public Power System Refunding Revenue Bonds and $6,510,000 of the outstanding Series 2016 Public Power System Refunding Revenue Bonds. Bond proceeds in the amount of $97,525,417, along with $1,697,178 from the debt service fund, were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds when due. As a result of this refunding, the City realized an economic gain (the difference between the present values of the old and new debt service) of $11,897,000 or 14.3%.

***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.

On June 6, 2020, the City issued $15,815,000 Federally Taxable Water Revenue Bonds, Series EE, 2020 to advance refund $14,565,000 of the outstanding Water Revenue Bonds, Series X, 2012. Net bond proceeds in the amount of $15,677,657, along with $303,438 from the Series X debt service fund, were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds when due. As a result of this refunding, the Division of Water realized an economic gain (the difference between the present values of the old and new debt service) of $2.7 million or 18.7%.

Effective June 11, 2020, the City issued $70,270,000 of tax-exempt Water Revenue Bonds, Series FF, to currently refund all of the outstanding variable rate $90,800,000 Series AA, 2015, Bonds (direct placement). The Series AA Bonds were refunded in order to eliminate the risks associated with potential fluctuations in variable interest rates. The Series FF Bonds refunded the last remaining variable rate bonds issued by Water.

The City issued $99,145,000 Water Revenue Bonds, Series GG, 2020 (Federally Taxable) on August 13, 2020. These bonds advance refunded $11,725,000 of Water Revenue Bonds, Series X, 2012, that did not produce savings at the time of the refunding earlier in the year. The Series GG Bonds also advance refunded $76,060,000 of Water Revenue Bonds, Series Y, 2015. Net bond proceeds in the amount of $98,460,704, along with $293,728 from the Series X and Series Y debt service funds, were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds when due. As a result of this refunding, the City achieved another $8.34 million of net present value debt service savings for the Division of Water or 9.5%.

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.

Water Pollution Control Revenue Bonds: On April 14, 2016, the City issued $32,390,000 Water Pollution Control Revenue Bonds, Series 2016 (Green Bonds). This was the first series of revenue bonds issued by the Division, with the bonds being issued under and secured by a newly created Master Trust Agreement. The proceeds of these bonds were used to pay capital costs relating to the acquisition, construction and improvement of the system along with funding the debt service reserve requirement and paying the costs of issuing the bonds.

In conjunction with the issuance of the Series 2016 Water Pollution Control Revenue Bonds, the City entered into a Master Trust Agreement for the Series 2016 Bonds and any future series of revenue bonds. Under the terms of the Trust Agreement, the Bonds are special obligations payable solely from and secured by a pledge of and lien on the net revenues of the Division and the Special Funds. The Special Funds include the construction fund, the debt service fund, the debt service reserve fund, the rate stabilization fund, the contingency fund and the balance subfund.

***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. OWDA and OPWC loans are direct borrowings.

***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 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 was 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, AG (UBS) which is described below.

On April 16, 2013, the City entered into a novation agreement with UBS 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 or lower for various periods of time due to 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. From 2013 to early 2016, the SIFMA/LIBOR relationship was significantly lower than 67%. In this case, payments received from the counterparty were greater than the amount owed to the counterparty which resulted in a net decrease in debt service. In addition, a reduction in federal income tax rates, such as the one that was approved in late 2017, might increase the percentage relationship between SIFMA and LIBOR and increase the cost of the financing. In 2021, payments owed by the counterparty to the City exceeded payments owed to the counterparty by $1,440.

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, 2021 as reported by PNC totaled approximately $1,000, which would be owed by 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, 2021 is as follows:

(Amounts in Thousands)

Bond Issue			Bond Issue		
Parking Facilities Bonds:			Subordinate Lien Income Tax Bonds:		
Series 2006	$	1,860	Series 2013A	$	12,745
Water Revenue Bonds:			Series 2014A		23,750
Series X, 2012	$	43,125	Series 2014B		23,290
Second Lien Series A, 2012		43,000	Series 2015A		77,615
Series Y, 2015		76,060			
Airport Revenue Bonds:			General Obligation Bonds:		
Series 2012A	$	235,150	Series 2012	$	16,655
			Cleveland Public Power Bonds:		
			Series 2014	$	76,885
			Series 2016		3,320

Airport Special Facilities Revenue Bonds

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 $559,680,000 in various Airport System Revenue Bonds issued in various years since 2007. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport net revenues and are payable through 2048. Annual principal and interest payments on the bonds are expected to require less than 69% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is $692,027,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $65,744,000 and $94,166,000 respectively.

The City has pledged future power system revenues, net of specified operating expenses, to repay $171,053,000 in various Public Power System Revenue Bonds issued in various years since 2008. 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 59% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is $296,926,000. Principal and interest paid for the current year and total net revenues were $15,877,000 and $27,067,000 respectively.

The City has pledged future water system revenues, net of specified operating expenses, to repay $404,670,000 in various Senior Lien Water Revenue Bonds and Subordinate Lien Bonds issued in various years since 2012. Proceeds from the bonds provided financing for Water System improvements. The bonds are payable from Water System net revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require less than 46% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is $497,984,000. Amounts deposited for principal and interest in the current year on the Senior Lien Bonds and total net revenues were $41,550,000 and $133,236,000 respectively.

The City has pledged future water pollution control revenues to repay $29,435,000 in Water Pollution Control Revenue Bonds issued in 2016. Proceeds from the bonds are being used to pay capital costs relating to the acquisition, construction and improvement of the system. The bonds are payable from water pollution control net revenues and are payable through 2045. Annual principal and interest payments on the bonds are expected to require less than 29% of net revenues. The total principal and interest remaining to be paid on the Water Pollution Control Revenue Bonds is $51,195,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $2,132,000 and $7,451,000 respectively.

The City has pledged future revenues from certain parking facilities, net of specified operating expenses and other operating revenues to repay $3,930,000 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 $4,136,000. Principal and interest paid for the current year (including net swap payments) and total net revenues were $4,131,000 and $1,440,000 respectively.

In 2021, no additional pledged revenue was required to meet the debt service on the Parking Facilities Refunding Revenue Bonds. The trust indenture requires, among other things, that the Division will fix parking rates and will charge and collect fees for the use of the parking facilities and will restrict operating expenses. As of December 31, 2021, 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 derivative instruments are classified as Level 2 inputs of the fair value hierarchy and are considered to be significant other observable inputs. The derivative instruments are calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and assumes that the current forward rate implied by the yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the swaps, where future amounts are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money.

The table below presents the fair value balances and notional amounts of the City's derivative instruments outstanding at December 31, 2021, classified by type and the changes in fair value of these derivatives during fiscal year 2021 as reported in the 2021 financial statements. The fair values of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2021 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.

	Changes in Fair Value		Fair Value at December 31, 2021		
	Classification	Amount	Classification	Amount	Notional
		(Amounts in Thousands)			
Investment Derivatives:					
Governmental Activities:					
Fixed to floating interest rate swap					
2003 Subordinated Income Tax Swaption	Investment Loss	$ (1)	Debt	$ (1)	$ 15,600
Business-Type Activities:					
Floating to floating interest rate swap					
2006 Parking Basis Swap	Investment Revenue	5	Debt	1	3,930

The table below presents the objective and significant terms of the City's derivative instruments at December 31, 2021, 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	$ 15,600,000	2/7/2003	5/15/2024	If option is exercised, Receive 4.88%, pay SIFMA	Aa2/A+/AA
2006 Parking Bonds	Basis Swap - Pay Floating/Receive Floating	Exchange floating rate payments on Series 2006 Parking System Bonds	$ 3,930,000	8/15/2006	9/15/2022	Pay SIFMA, receive 67% of LIBOR	A2/A/A+

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, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, 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, 2021 and 2020 were as follows:

	2021	2020
	(Amounts in Thousands)	
Estimated claims payable, January 1	$ 13,550	$ 18,675
Current year claims (including IBNRs) and changes in estimates	2,683	5,963
Claim payments	(6,709)	(11,088)
Estimated claims payable, December 31	$ 9,524	$ 13,550

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 reclassed 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 2021. There was no significant decrease in any insurance coverage in 2021. In addition, there were no insurance settlements in excess of insurance coverage during the past five years.

The City provides the choice of two separate health insurance plans to its employees. 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. 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, 2021 and 2020 were as follows:

	2021	2020
	(Amounts in Thousands)	
Estimated claims payable, January 1	$ 11,508	$ 9,466
Current year claims (including IBNRs) and changes in estimates	109,097	100,788
Claim payments	(108,721)	(98,746)
Estimated claims payable, December 31	$ 11,884	$ 11,508

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, 2021 was $15,637,000. Of this amount, $7,552,000 was recorded as a fund liability within each respective fund. The remaining $8,085,000 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, 2021, the City had $16,721,000 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 was intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's project share was 80,000 kilowatts (kW) of a total 771,281 kW, giving the City a 10.37% project 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. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed impaired and participants were obligated to pay those incurred costs. Prior to 2014, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel Corporation (Bechtel). 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 was $13,813,694. The City received a credit of $6,447,719 related to its 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, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired costs balance 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 the Cleveland Public Power 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 net impaired cost balance either positively or negatively. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a settlement in the Bechtel litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share. Since March 31, 2014, the City has made payments of $2,768,327 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 $170,475 and interest expense incurred on AMP's line-of-credit of $299,353. As part of the Bechtel Settlement, the City received a credit of $394,149 against its stranded cost liability, resulting in a net impaired cost estimate at December 31, 2021, of $1,055,333.

The City does have a potential PHFU liability of $4,109,062 resulting in a net total potential liability of $5,164,395, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) has no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include negative items such as property taxes as well as positive items like revenue from leases or sale of all or a portion of the Meigs County site property.

The City intends to recover these costs and repay AMP over the next 8 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, *Items Previously Reported as Assets and Liabilities*. The City intends to recover 50% of these costs from the customers through the Energy Adjustment Charge passed along to customer's monthly bills.

Cleveland Public Power (CPP) has various claims that could result in a material adverse effect on the CPP fund. This amount is indeterminable at this time.

***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, the Healthy Start Initiative, Federal HOME Program, Youth Opportunity Area Grant, Workforce Innovation and Opportunity Act (WIOA) 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 also received American Rescue Plan Act (ARPA) funds in 2021. These federal funds are subject to financial and compliance audits by the grantor or their representative and are subject to availability.

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:

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, 2021, transfers consisted of the following:

Transfers Out		Transfers In						
	Total	Capital/ Urban Renewal Bond Construction Fund	General Government Fund	Public Health Fund	Other Govern-mental Funds	Total Govern-mental Funds	Non-Major Enterprise Funds	Internal Service Funds
	(Amounts in Thousands)							
Governmental Funds:								
General	$ 65,678	$	$ 84	$ 7,388	$ 54,677	$ 62,149	$ 2,815	$ 714
Capital/Urban Renewal Bond Construction	9,984				9,984	9,984		
Other Governmental	61,250	223			61,027	61,250		
Total Governmental Funds	136,912	223	84	7,388	125,688	133,383	2,815	714
Total	$ 136,912	$ 223	$ 84	$ 7,388	$ 125,688	$ 133,383	$ 2,815	$ 714

Interfund Balances: Interfund balances at December 31, 2021 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.

Reciprocal interfund services provided and used – Purchases and sales of goods and services between funds for a price approximating their external exchange value.

Interfund receivable and payable balances as of December 31, 2021 are as follows:

		Due From												
Due To	Total	General Fund	Public Health Fund	General Government Fund	Other Govern-mental Funds	Total Govern-mental Funds	Division of Water Fund	Division of Water Polution Control Fund	Cleveland Public Power Fund	Department of Port Control Fund	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
						(Amounts in Thousands)							
Governmental Funds:													
General	$ 2,997	$	$	$	$	$ -	$	$ 2	$ 1,007	$ 3	$ 16	$ 1,028	$ 1,969
Public Health	145	7	36		78	121			6			6	18
General Government	141	125			15	140			1			1	
Other Governmental	11,964	1,722	193	35	9,727	11,677		23	7		1	31	256
Total Governmental	$ 15,247												
Enterprise Funds:													
Division of Water	$ 1,561	4				4		13	1,228		1	1,242	315
Division of Water Polution Control	2,593						2,540		8			2,548	45
Cleveland Public Power	98	4				4	34	1				35	59
Department of Port Control	760	600				600		9	16			25	135
Nonmajor Enterprise	124	39				39			49			49	36
Total Enterprise	$ 5,136												
Internal Service Funds	42	2				2			6		4	10	30
Total Due To/Due From	$ 20,425	$2,503	$ 229	$ 35	$ 9,820	$ 12,587	$ 2,574	$ 48	$ 2,328	$ 3	$ 22	$ 4,975	$ 2,863

NOTE 9 – INCOME TAXES

During 2021, the City income tax rate remained at 2.5% and the credit provided to City residents for income taxes paid to other municipalities remained at 100% with a maximum credit limited to 2.5%. 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 2020 levy for collection in 2021 was based upon an assessed valuation of approximately $5.2 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 update was completed in 2021. 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 February 10 and July 15 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 February 10 and July 15 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, represent a consumption of net assets that applies to future periods 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, represent an acquisition of net assets that applies to future periods 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 relating to property taxes and unavailable revenue. Unavailable revenues and property taxes levied to finance 2021 operations have been reported as deferred inflows of resources in the governmental fund balance sheet for the following:

	Governmental Type Funds			
	General	General Government Funds	Other Governmental Funds	Totals
	(Amounts in Thousands)			
Income taxes receivable	$ 20,915	$	$ 2,611	$ 23,526
Property taxes receivable	55,565		29,304	84,869
Special assessments receivable	14,122	39	24,730	38,891
Local government receivable	10,142			10,142
Homestead rollback	3,426		1,807	5,233
Emergency medical service receivable	1,367			1,367
Motor vehicle taxes receivable			1,808	1,808
Municipal gas tax receivable			930	930
State gasoline tax receivable			3,682	3,682
Due from other governments	3,298	502		3,800
Accounts receivable	653			653
Total deferred inflows of resources	$ 109,488	$ 541	$ 64,872	$ 174,901

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 (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The ORC 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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS): City employees, other than full-time police and firefighters, participate in 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 COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. 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 OPERS, 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 Annual Comprehensive Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** 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 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 3.0% 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 (CPI), capped at 3.0%.

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2021, member contribution rates were 10.0% of salary and employer contribution rates were 14.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $43,537,000 for 2021. All required payments have been made.

Ohio Police & Fire Pension Fund (OP&F): City full-time police and firefighters participate in OP&F, a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual COLA 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 ORC. 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 OP&F 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, 2.0% 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 72.0% 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 COLA. 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 3.0% or the percent increase, if any, in the 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 3.0% of their base pension or disability benefit.

Funding Policy: The ORC provides statutory authority for member and employer contributions as follows:

	Police		Firefighters	
2021 Statutory Maximum Contribution Rates				
Employer	19.50	%	24.00	%
Employee	12.25		12.25	
2021 Actual Contribution Rates				
Employer:				
Pension	19.00		23.50	
Post-employment Health Care Benefits	0.50		0.50	
Total Employer	19.50	%	24.00	%
Employee	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 $38,223,000 for 2021. 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, 2020 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, 2020 and was determined by rolling forward the total pension liability as of January 1, 2020 to December 31, 2020. 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:

	OPERS	OP&F	Total
	(Amounts in Thousands)		
Proportionate Share of the Net Pension Liability	$ 290,351	$ 496,462	$ 786,813
Proportion of the Net Pension Liability	1.999777%	7.282615%	
Change in Proportion	0.014203%	(0.210829)%	
Pension Expense	$ (551)	$ 37,341	$ 36,790

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
	(Amounts in Thousands)		
Deferred Outflows of Resources			
Differences between expected and actual experience	$	$ 20,754	$ 20,754
Change in assumptions	346	8,326	8,672
Change in City's proportionate share and difference in employer contributions	3,598	9,942	13,540
Contributions subsequent to the measurement date	43,537	38,223	81,760
Total Deferred Outflows of Resources	$ 47,481	$ 77,245	$ 124,726
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 13,425	$ 19,341	$ 32,766
Net difference between projected and actual earnings on pension plan investments	116,158	24,082	140,240
Change in City's proportionate share and difference in employer contributions	2,767	14,900	17,667
Total Deferred Inflows of Resources	$ 132,350	$ 58,323	$ 190,673

The $81,760,000 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
	(Amounts in Thousands)		
Year Ending December 31:			
2022	$ (48,361)	$ (64)	$ (48,425)
2023	(15,514)	8,836	(6,678)
2024	(47,630)	(23,122)	(70,752)
2025	(16,109)	(4,522)	(20,631)
2026	(262)	(429)	(691)
Thereafter	(530)		(530)
Total	$ (128,406)	$ (19,301)	$ (147,707)

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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25 to 10.75%
COLA or Ad Hoc COLA	3.25%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: .50%, simple
	through 2021, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board 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 2020 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	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. 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 contractually required rates, as actuarially determined. 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 7.2%, 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 (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
		(Amounts in Thousands)	
City's proportionate share of the net pension liability	$ 560,564	$ 290,351	$ 65,819

Actuarial Assumptions – OP&F: OP&F's total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020 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, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, 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, 2020, are presented below:

Valuation Date	January 1, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75%-10.50%
Payroll Increases	3.25%
Inflation Assumptions	2.75%
Cost of Living Adjustments	2.20% per year simple

The most recent experience study was completed December 31, 2016.

Health Mortality: Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120.0%.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Disabled Mortality: Mortality for disabled retirees is based on the RP-2014 Disabled Morality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

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 average 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, 2020 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21 %	4.10 %
Non-US Equity	14	4.80
Private Markets	8	6.40
Core Fixed Income *	23	0.90
High Yield Fixed Income	7	3.00
Private Credit	5	4.50
U.S. Inflation Linked Bonds *	17	0.70
Midstream Energy Infrastructure	5	5.60
Real Assets	8	5.80
Gold	5	1.90
Private Real Estate	12	5.30
Total	125 %	

* levered 2.5x
Note: Assumptions are geometric

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 1.25 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 8.0%. 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 earnings were calculated using the long-term assumed investment rate of return 8.0%. 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 8.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0%), or one percentage point higher (9.0%) than the current rate.

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
		(Amounts in Thousands)	
City's proportionate share of the net pension liability	$ 691,139	$ 496,462	$ 333,538

NOTE 13 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset): The net OPEB liability/(asset) reported on the statement of net position represents a liability/(asset) to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB is 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 OPEB is a present liability/(asset) because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/(asset) represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) 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 these estimates annually.

The ORC limits the City's obligation for this liability/(asset) to annually required payments. The City cannot control benefit terms or the manner in which OPEB is financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability/(asset) is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/(asset) on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description – OPERS: OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans.

This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty 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 OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The ORC 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 ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board, 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 2021, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board 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 0.0% 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 into the RMA for participants in the Member-Directed Plan for 2021 was 4.0%.

For the year ended December 31, 2021, OPERS did not allocate any employer contributions to the OPEB plan.

Plan Description – OP&F: The City contributes to the OP&F sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement 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 OPEB as described in GASB Statement No. 75.

The ORC 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 is codified in Chapter 742 of the ORC.

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

Funding Policy: The ORC 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 24.0% of covered payroll for police and fire employer units, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% 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. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also 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 contractually required contribution to OP&F was $941,000 for 2021. All required payments have been made.

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date as of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020 and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability/(asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
		(Amounts in Thousands)	
Proportionate Share of the Net			
OPEB Liability/(Asset)	$ (35,117)	$ 77,160	$ 42,043
Proportion of the Net OPEB Liability/(Asset)	1.971128%	7.282615%	
Change in Proportionate Share	0.012987%	(0.210829)%	
OPEB Expense	$ (215,807)	$ 6,084	$ (209,723)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
	(Amounts in Thousands)		
Deferred Outflows of Resources			
Changes in assumptions	$ 17,264	$ 42,627	$ 59,891
Changes in proportion and differences between City contributions and proportionate share of contributions	1,419	3,324	4,743
Contributions subsequent to the measurement date		941	941
Total Deferred Outflows of Resources	$ 18,683	$ 46,892	$ 65,575
Deferred Inflows of Resources			
Differences between expected and actual economic experience	$ 31,693	$ 12,727	$ 44,420
Changes of assumptions	56,901	12,301	69,202
Net difference between projected and actual earnings on OPEB plan investments	18,704	2,867	21,571
Changes in proportion and differences between City contributions and proportionate share of contributions	32	3,912	3,944
Total Deferred Inflows of Resources	$ 107,330	$ 31,807	$ 139,137

The $941,000 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/(increase) of the net OPEB liability/(asset) in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:	(Amounts in Thousands)		
2022	$ (45,966)	$ 2,920	$ (43,046)
2023	(32,349)	3,599	(28,750)
2024	(8,128)	2,529	(5,599)
2025	(2,204)	3,032	828
2026		1,182	1,182
Thereafter		882	882
Total	$ (88,647)	$ 14,144	$ (74,503)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date as of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	6.00%
Prior Measurement Date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.00%
Prior Measurement Date	2.75%
Health Care Cost Trend Rate:	
Current Measurement Date	8.50%, initial 3.50%, ultimate in 2035
Prior Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

The allocation of investment assets with the Health Care Portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 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	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate: A single discount rate of 6.00% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the City's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 6.00%, as well as what the City's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
	(Amounts in Thousands)		
City's proportionate share of the net OPEB liability/(asset)	$ (8,735)	$ (35,117)	$ (56,826)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates, and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease (2.50%)	Current Health Care Cost Trend Rate Assumption (3.50%)	1% Increase (4.50%)
	(Amounts in Thousands)		
City's proportionate share of the net OPEB liability/(asset)	$ (35,985)	$ (35,117)	$ (34,171)

Actuarial Assumptions – OP&F: OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 3.25%
Single Discount Rate:	
Current Measurement Date	2.96%
Prior Measurement Date	3.56%
Cost of Living Adjustments	2.20% Simple per year

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120.0%.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB 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 expected. 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, 2020, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21 %	4.10 %
Non-US Equity	14	4.80
Private Markets	8	6.40
Core Fixed Income *	23	0.90
High Yield Fixed Income	7	3.00
Private Credit	5	4.50
U.S. Inflation Lined Bonds *	17	0.70
Master Limited Partnerships	5	5.60
Gold	5	1.90
Real Assets	8	5.80
Private Real Estate	12	5.30
Total	125 %	

* levered 2.5x

Note: Assumptions are geometric

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 the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate: The total OPEB liability was calculated using the discount rate of 2.96%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State Statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.0%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was blended with the long-term rate of 8.0%, which resulted in a blended discount rate of 2.96%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: Net OPEB liability is sensitive to changes in the discount rate and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.96%), or one-percentage-point higher (3.96%) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
		(Amounts in Thousands)	
City's proportionate share of the net OPEB liability	$ 96,215	$ 77,160	$ 61,443

NOTE 14 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
		(Amounts in Thousands)		
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 71,192	$ 1,012	$	$ 72,204
Construction in progress	295,730	58,808	(24,445)	330,093
Total capital assets, not being depreciated	366,922	59,820	(24,445)	402,297
Capital assets, being depreciated:				
Land improvements	228,253	8,191		236,444
Buildings, structures and improvements	715,882	6,000		721,882
Furniture, fixtures, equipment and vehicles	290,554	12,068	(7,562)	295,060
Infrastructure	861,533	19,273	(1,200)	879,606
Total capital assets, being depreciated	2,096,222	45,532	(8,762)	2,132,992
Less accumulated depreciation for:				
Land improvements	(161,581)	(8,134)		(169,715)
Buildings, structures and improvements	(378,765)	(16,765)		(395,530)
Furniture, fixtures, equipment and vehicles	(211,771)	(17,363)	7,432	(221,702)
Infrastructure	(441,965)	(31,800)	1,168	(472,597)
Total accumulated depreciation	(1,194,082)	(74,062)	8,600	(1,259,544)
Total capital assets being depreciated, net	902,140	(28,530)	(162)	873,448
Governmental activities capital assets, net	$ 1,269,062	$ 31,290	$ (24,607)	$ 1,275,745

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
		(Amounts in Thousands)		
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 191,913	$	$	$ 191,913
Construction in progress	372,704	102,335	(73,900)	401,139
Total capital assets, not being depreciated	564,617	102,335	(73,900)	593,052
Capital assets, being depreciated:				
Land improvements	129,989	8,636		138,625
Utility plant	2,865,125	36,557	(24,732)	2,876,950
Buildings, structures and improvements	796,051	25,101		821,152
Furniture, fixtures, equipment and vehicles	861,650	13,155	(24,529)	850,276
Infrastructure	1,018,128	3,374	(1,253)	1,020,249
Total capital assets, being depreciated	5,670,943	86,823	(50,514)	5,707,252
Less accumulated depreciation for:				
Land improvements	(65,617)	(3,960)		(69,577)
Utility plant	(1,183,948)	(64,674)	19,267	(1,229,355)
Buildings, structures and improvements	(497,584)	(16,968)		(514,552)
Furniture, fixtures, equipment and vehicles	(664,886)	(34,418)	24,189	(675,115)
Infrastructure	(789,298)	(40,867)	1,253	(828,912)
Total accumulated depreciation	(3,201,333)	(160,887)	44,709	(3,317,511)
Total capital assets being depreciated, net	2,469,610	(74,064)	(5,805)	2,389,741
Business-Type activities capital assets, net	$ 3,034,227	$ 28,271	$ (79,705)	$ 2,982,793

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:

		(Amounts in Thousands)
Governmental Activities:		
General Government	$	25,983
Public Works		31,830
Public Safety		8,287
Building and Housing		121
Community Development		1,520
Public Health		345
Economic Development		272
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		436
Total depreciation expense charged to governmental activities	$	68,794
Business-Type Activities:		
Water	$	69,320
Sewer		5,242
Electricity		21,333
Airport Facilities		61,155
Nonmajor activities		3,722
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		115
Total depreciation expense charged to business-type activities	$	160,887

Capital Commitments: Significant commitments of the City as of December 31, 2021 are composed of the following:

Project Description	**Spent-to-Date**	**Remaining Commitment**
	(Amounts in Thousands)	
Governmental Activities:		
Police Headquarters Building	$ 5,035	$ 109,971
ARPA ED/CD		80,325
Broadband Network		20,000
East 105 SR 10 Quebec to Chester	8,286	17,566
Demo		15,000
ARPA Police		10,240
Demo 2020	4,680	9,320
Fire Equipment		8,000
ARPA EMS		7,802
Vehicles 2021	982	7,018
Pedestrian Bridge		6,863
Buckeye Road	371	5,983
Ken Johnson Recreation Center	753	5,529
Northcoast Pedestrian Bridge	7,605	5,471
CD Financing		5,000
Pedestrian Connector		5,000

Project Description	**Spent-to-Date**	**Remaining Commitment**
	(Amounts in Thousands)	
Business-Type Activities:		
Suburban Water Main	$ 14,568	$ 13,828
Kirtland Crib	483	9,701
Baldwin Filter Underdrain	60	8,690
Harvard Denison Interconnect		8,500
Water Main Renewal 2021	1,072	6,853
Crown Improvements		6,000
Control System Upgrades		5,500
Engle Road Pump Station		5,500
Trunk Main Renewal 2016	4,648	5,443
Water Main Renewal 2020	6,261	5,433
Secondary Station Improvements Cycle H	1,160	5,261
Green Road Pump Station		5,000
CLE Smart Garage		4,899
Facilities Improvements	370	4,469
Suburban Water Main Renewal	11,472	4,155

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. During 2021, the State funded $4,402,935 of road and bridge improvement projects.

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 vest in the City. Cleveland Metroparks 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 $2,707,000 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
- Water Pollution 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 Thousands)
Assets:		
Current assets	$	2,544
Restricted assets		8,950
Capital assets, net		34,339
Net OPEB asset		105
Total assets		45,938
Deferred outflows of resources		238
Liabilities:		
Current liabilities		4,579
Long-term liabilities		1,021
Total liabilities		5,600
Deferred inflows of resources		719
Net position:		
Net investment in capital assets		33,567
Restricted for debt service		5,802
Unrestricted		488
Total net position	$	39,857

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

		Municipal Parking Lots (Amounts in Thousands)
Charges for services	$	4,701
Depreciation (expense)		(1,720)
Other operating (expenses)		(3,184)
Operating income (loss)		(203)
Non-operating revenues (expenses):		
Investment income (loss)		8
Interest expense		(385)
Other revenue (expenses)		240
Capital contibutions		62
Change in net position		(278)
Net position at beginning of year		40,135
Net position at end of year	$	39,857

Condensed Statement of Cash Flows Information

	Municipal Parking Lots (Amounts in Thousands)
Net cash provided by (used for):	
Operating activities	$ 1,007
Noncapital financing activities	240
Capital and related financing activities	(4,131)
Investing activities	4
Net increase (decrease) in cash and cash equivalents	(2,880)
Beginning cash and cash equivalents	14,303
Ending cash and cash equivalents	$ 11,423

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

Purpose	Division of Water	Cleveland Public Power	Department of Port Control	Municipal Parking Lots	Cemeteries	Water Pollution Control
			(Amounts in Thousands)			
Construction activities	$ 9,550	$ 2,376	$ 22,012	$ 3,148	$	$ 2,454
Debt retirement	43,210	2,683	122,710	5,802		2,673
Accrued passenger facility charges			19,546			
Other	1		59,757		4,919	
Total	$ 52,761	$ 5,059	$ 224,025	$ 8,950	$ 4,919	$ 5,127

NOTE 17 – FUND BALANCES / NET POSITION

Fund Balance Classifications: Fund balance is classified into 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. To establish, modify or rescind committed fund balances legislation must go before administration with passage 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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance. 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, 2021:

	General Fund	Capital/ Urban Renewal Bond Construction	General Government	Public Health	Other Governmental	Total Governmental
			(Amounts in Thousands)			
Fund Balances						
Nonspendable						
Prepaid expenses and other assets	$ 11,039	$	$ 5	$ 18	$ 122	$ 11,184
Nonspendable Total	11,039	-	5	18	122	11,184
Restricted						
Debt Service					109,789	109,789
Recreation capital expenditures		51,068				51,068
Public Facilities capital expenditures		152,201				152,201
Road & Bridges capital expenditures		80,902				80,902
Cemetery capital expenditures		106				106
Stadium capital expenditures					9,518	9,518
Other capital expenditures		1,335			7,821	9,156
Repair & building of streets					18,523	18,523
Health & wellness				2,157		2,157
Protection & enforcement					4,620	4,620
Housing, community & economic development					45,037	45,037
Parks, properties & recreational services					488	488
Municipal Court			7,697			7,697
Casino			6,309			6,309
Neighborhood & sidewalk maintenance			2,464			2,464
Utilities programs			69			69
General governance			325			325
Restricted Total	-	285,612	16,864	2,157	195,796	500,429
Committed						
Health & wellness				696		696
Protection & enforcement					1,191	1,191
Parks, properties & recreational services					834	834
Housing, community & economic development					70,835	70,835
Municipal Court			1,337			1,337
Neighborhood & sidewalk maintenance			4,138			4,138
Lakefront management			3,102			3,102
Utilities programs			192			192
General governance			773			773
Committed Total	-	-	9,542	696	72,860	83,098
Assigned						
General governance	13,446					13,446
Protection & enforcement	8,834					8,834
Parks, properties & recreational services	6,167					6,167
Housing, community & economic development	3,277					3,277
Other purpose	51,508					51,508
Assigned Total	83,232	-	-	-	-	83,232
Unassigned	228,891					228,891
Total Fund Balances	$ 323,162	$ 285,612	$ 26,411	$ 2,871	$ 268,778	$ 906,834

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 is 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), of the Ohio Revised Code, has established by ordinance the Rainy Day Reserve Fund (Rainy Day). The Rainy Day's goal is to accumulate at least 5% for budget stabilization and up to 5% for self-insurance claims liabilities. 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.

In 2021, net revenues generated by the remaining Gateway garage were less than the debt service payments attributed to that garage by $2,328,000. Cumulative debt service payments funded by the City that are due from Gateway totaled $59,399,000 at December 31, 2021. 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, 2021, the City pledged $1,368,375.

NOTE 19 – COMPLIANCE AND ACCOUNTABILITY

At December 31, 2021, the following funds had a net position deficiency. These deficiencies are the result of changes in accounting for net pension and net OPEB liabilities for which there are no repayment schedules.

	Amount (Amounts in Thousands)	
Utilities Administration	$	9,707
Sinking Fund Administration		99
Municipal Income Tax Administration		6,972

NOTE 20 – TAX ABATEMENTS

Pursuant to Governmental Accounting Standards Board Statement No. 77, the City is required to disclose certain information about tax abatements as defined in the Statement. For purposes of GASB Statement No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promise to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the City or the citizens of the City. The City has entered into such agreements. A description of each of the City's abatement programs where the City has promised to forgo taxes follows:

Community Reinvestment Area (CRA)

Pursuant to Ohio Revised Code 3735, the City established a Community Reinvestment Area which includes all land within the boundaries of the City. The City authorizes abatements through passage of public ordinances, based on residential investment criteria and through an application process, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill.

The establishment of the Community Reinvestment Area gave the City the ability to provide incentives for the development of safe and affordable housing in Cleveland's neighborhoods. The City's tax abatement program provides incentives for current residents to rehabilitate their homes and to attract new residents into the City.

Taxes are abated on the improved value of a parcel, where new construction occurs, or on the structure where remodeling applies. The collection of taxes continues on the land and unimproved portion of a remodeled structure. The tax abatement is revoked when the tax abated property has code violations and the property is not maintained and/or when the portion of taxes on a property or parcel that was not abated becomes delinquent.

Ohio Enterprise Zone Program

Pursuant to Ohio Revised Code 5709, the City established an Enterprise Zone in 1995, which included all land within the boundaries of the City. The City authorizes incentives through passage of public ordinances, based upon each project's criteria and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals a percentage of the additional real property tax resulting from the increase in real property tax bill. Abated taxes may be recouped if the project is not completed and/or required job creation is not met. The establishment of the Enterprise Zone gave the City the ability to retain and expand businesses located in the City and create new jobs by partially abating real property taxes of new or improved business real estate including mixed-use and commercial improvements.

The City has offered tax incentives including Enterprise Zone tax abatements of up to 60% for a period of ten years to businesses making a substantial investment in the City with new development or redevelopment of commercial real property. To qualify, the City considers projects where the enterprise must meet one of the following conditions:

- An investment in an expansion must equal at least 10% of the market value of the facility prior to the expenditure.

- The renovation of an existing facility requires expenditures totaling at least 50% of the market value of the subject facility.

- When occupying a vacant facility or site an enterprise must incur expenditures to renovate or expand the facility equal to at least 20% of the market value of the subject facility.

- Establishing a new facility in an Enterprise Zone.

Businesses which submit applications for tax abatement must be willing and able to attest that without abatement, the proposed investment would not take place in the City. The business must justify this statement documenting that the investment would not be cost effective without abatement or that they are considering a more economically advantageous location outside the City. Additionally, to address the existence of food deserts, the City extended the term of the tax abatement to the maximum allowable amount. Accordingly and pursuant to Ohio Revised Code 5709.62, the City offers up to a 15-year, 75% tax abatement to business improving real property with a grocery store.

Tax Increment Financing (TIF)

The City uses tax increment financing authorized by the Ohio Revised Code (ORC) Chapter 5709 as a tool to support development in the City and are often used to support financing to close project funding gaps, without which the project would not be able to move forward. TIFs are analyzed by Department of Economic Development staff to ensure that the project meets a "but-for" test, confirming that the development would not proceed without the incentive, as well as to determine that the City receives an adequate return on its investment in the form of other taxes or policy goals.

A TIF works by locking in the taxable worth of real property at the value it holds at the time the authorizing legislation was approved by City Council. Payments derived from a percentage of the increased assessed value of any improvement to real property beyond that amount are directed towards a separate fund to finance construction of public infrastructure defined within the TIF legislation. While the property holders continue to pay their full property taxes, the incremental payments above the base value are called paid-in-lieu of taxes (PILOT).

Most TIFs authorized by the City are "Non-School" TIFs, providing that the Cleveland Metropolitan School District receives its share of the tax revenues generated by the development, approximately 60% of the total taxes.

As a result of these projects, thousands of jobs have been created, adding millions of dollars to the City in total payroll and income tax revenue generated annually.

Below is the information relevant to the disclosure of these programs for the year ended December 31, 2021.

Tax Abatement Program	Total Amount of Taxes Abated For the year 2021 (Amounts in Thousands)	
Community Reinvestment Area (CRA)	$	5,819
Enterprise Zone Program		250
Tax Increment Financing (TIF)		2,997

NOTE 21 – ASSET RETIREMENT OBLIGATION

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment system and the permit would specify the procedures required to dispose of all or part of the sewage treatment system. At this time, the City does not have an approved permit from Ohio EPA to dispose of all or part of their sewage treatment system. Due to the lack of specific legal requirements for retiring the sewage treatment system, the City has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated.

NOTE 22 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures may continue to impact subsequent periods.

The City was awarded approximately $174.0 million in federal funding to combat the effects of COVID-19 and approximately $512.0 million in the American Rescue Plan Act (ARPA) funding of which $255.9 was received in 2021. As of December 31, 2021, the City spent $144.8 million of the federal funding and $112.0 million of the ARPA funds.

NOTE 23 – SUBSEQUENT EVENTS

On May 23, 2022, City Council approved legislation authorizing the issuance of not to exceed $50,000,000 of General Obligation Bonds. These bonds will be issued to fund park and recreation improvements, public facility improvements, road and bridge improvements and the acquisition of heavy duty trucks and vehicles.

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 Eight Years (1), (2)

	2021	2020	2019	2018	2017	2016	2015	2014
					(Amounts in Thousands)			
City's Proportion of the Net Pension Liability	1.999777%	1.985574%	2.008996%	1.988234%	1.918603%	1.991565%	2.005665%	2.005665%
City's Proportionate Share of the Net Pension Liability	$ 290,351	$ 388,322	$ 547,978	$ 309,209	$ 434,615	$ 343,995	$ 241,132	$ 236,084
City's Covered Payroll	$ 300,679	$ 295,329	$ 287,186	$ 265,054	$ 254,500	$ 253,925	$ 250,992	$ 227,331
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	96.57%	131.49%	190.81%	116.66%	170.77%	135.47%	96.07%	103.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information presented for each year was determined as of the City's measurement date, which is the prior year end.
(2) Information prior to 2014 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

Notes to Schedule:
Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There are no changes for 2020 and 2021.

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

Schedule of Contributions - Net Pension Liability
Ohio Public Employees Retirement System
Last Nine Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
					(Amounts in Thousands)				
Contractually Required Contributions	$ 43,537	$ 42,095	$ 41,346	$ 40,206	$ 34,457	$ 30,540	$ 30,471	$ 30,119	$ 29,553
Contributions in Relation to the Contractually Required Contributions	(43,537)	(42,095)	(41,346)	(40,206)	(34,457)	(30,540)	(30,471)	(30,119)	(29,553)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 310,979	$ 300,679	$ 295,329	$ 287,186	$ 265,054	$ 254,500	$ 253,925	$ 250,992	$ 227,331
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Represents City's calendar year. Information prior to 2013 is 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 (Continued)

Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Eight Years (1), (2)

	2021	2020	2019	2018	2017	2016	2015	2014
	(Amounts in Thousands)							
City's Proportion of the Net Pension Liability	7.282615%	7.493444%	7.414638%	7.316628%	7.413054%	7.121475%	7.672388%	7.672388%
City's Proportionate Share of the Net Pension Liability	$ 496,462	$ 504,798	$ 605,230	$ 449,054	$ 469,535	$ 458,129	$ 397,462	$ 373,669
City's Covered Payroll	$ 192,200	$ 182,586	$ 168,650	$ 156,994	$ 157,731	$ 160,828	$ 154,514	$ 187,096
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	258.30%	276.47%	358.87%	286.03%	297.68%	284.86%	257.23%	199.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Information presented for each year was determined as of the City's measurement date, which is the prior year end.
(2) Information prior to 2014 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

Notes to Schedule:
Change in assumptions. In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ending December 31, 2016. Significant changes included a reduction of the discount rate from 8.25% to 8.00%, a reduction in the wage inflation rate from 3.75% to 3.25% and transition from the RP-2000 mortality tables to the RP-2014 mortality tables. There are no changes for 2020 and 2021.

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

Schedule of Contributions - Net Pension Liability
Ohio Police and Fire Pension Fund
Last Nine Years (1)

(Amounts in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	$ 38,223	$ 38,921	$ 37,704	$ 34,978	$ 32,482	$ 32,808	$ 33,420	$ 32,108	$ 31,956
Contributions in Relation to the Contractually Required Contributions	(38,223)	(38,921)	(37,704)	(34,978)	(32,482)	(32,808)	(33,420)	(32,108)	(31,956)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 188,756	$ 192,200	$ 182,586	$ 168,650	$ 156,994	$ 157,731	$ 160,828	$ 154,514	$ 187,096
Contributions as a Percentage of Covered Payroll	20.25%	20.25%	20.65%	20.74%	20.69%	20.80%	20.78%	20.78%	17.08%

(1) Represents City'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 (Continued)

Schedule of the City's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Five Years (1), (2)

	2021	2020	2019	2018	2017
			(Amounts in Thousands)		
City's Proportion of the Net OPEB Liability/(Asset)	1.971128%	1.958141%	1.985567%	1.955919%	1.884621%
City's Proportionate Share of the Net OPEB Liability/(Asset)	$ (35,117)	$ 270,468	$ 258,873	$ 212,398	$ 190,355
City's Covered Payroll	$ 300,679	$ 295,329	$ 287,186	$ 265,054	$ 254,500
City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	(11.68%)	91.58%	90.14%	80.13%	74.80%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	115.57%	47.80%	46.33%	54.14%	54.04%

(1) Information presented for each year was determined as of the City's measurement date, which is the prior year end.

(2) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:
In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate at return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2020 to 10.5% initial, 3.50% ultimate in 2030. In 2021, the single discount rate changed to 6.00% and the health care cost trend rate changed to 8.5%, initial, 3.50% ultimate in 2035.

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

Schedule of Contributions - Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Six Years (1), (2), (3)

	2021	2020	2019	2018	2017	2016
			(Amounts in Thousands)			
Contractually Required Contributions	$	$	$	$	$ 2,651	$ 5,090
Contributions in Relation to the Contractually Required Contributions					(2,651)	(5,090)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 310,979	$ 300,679	$ 295,329	$ 287,186	$ 265,054	$ 254,500
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
(2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member Directed Plan.
(3) Represents City's calendar year. Information prior to 2016 is 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 (Continued)

Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Police and Fire Pension Fund
Last Five Years (1), (2)

	2021	2020	2019	2018	2017
			(Amounts in Thousands)		
City's Proportion of the Net OPEB Liability	7.282615%	7.493444%	7.414638%	7.316628%	7.413054%
City's Proportionate Share of the Net OPEB Liability	$ 77,160	$ 74,018	$ 67,521	$ 414,550	$ 351,881
City's Covered Payroll	$ 192,200	$ 182,586	$ 168,650	$ 156,994	$ 157,731
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.15%	40.54%	40.04%	264.05%	223.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.40%	47.08%	46.57%	14.13%	15.96%

(1) Information presented for each year was determined as of the City's measurement date, which is the prior year end.

(2) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:
For 2020, the single discount rate changed from 4.66% to 3.56%. In 2021, the single discount rate changed from 3.56% to 2.96%.

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

Schedule of Contributions - Net OPEB Liability
Ohio Police and Fire Pension Fund
Last Six Years (1)

	2021	2020	2019	2018	2017	2016
			(Amounts in Thousands)			
Contractually Required Contributions	$ 941	$ 961	$ 929	$ 866	$ 801	$ 789
Contributions in Relation to the Contractually Required Contributions	(941)	(961)	(929)	(866)	(801)	(789)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 188,200	$ 192,200	$ 182,586	$ 168,650	$ 156,994	$ 157,731
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

(1) Represents City's calendar year. Information prior to 2016 is 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, 2021

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:				
Income taxes	$ 424,000	$ 427,000	$ 429,087	$ 2,087
Property taxes	36,307	36,307	39,079	2,772
State local government funds	26,533	26,533	29,422	2,889
Other taxes	31,238	31,238	28,726	(2,512)
Other shared revenues	14,661	14,661	14,530	(131)
Licenses and permits	19,121	19,121	19,816	695
Charges for services	37,238	37,238	37,135	(103)
Fines, forfeits and settlements	8,468	8,468	7,430	(1,038)
Investment earnings	400	400	285	(115)
Grants	417	109,377	111,272	1,895
Miscellaneous	28,205	28,205	46,839	18,634
TOTAL REVENUES	626,588	738,548	763,621	25,073
EXPENDITURES:				
Current:				
General Government:				
Council and clerk of council:				
Personnel	6,070	6,070	5,839	231
Other	1,852	2,152	1,765	387
Total council and clerk of council	7,922	8,222	7,604	618
Municipal court-judicial division:				
Personnel	19,899	19,449	18,769	680
Other	4,698	4,698	4,568	130
Total municipal court-judicial division	24,597	24,147	23,337	810
Municipal court-clerks division:				
Personnel	10,495	10,045	9,775	270
Other	1,811	1,811	1,739	72
Total municipal court-clerks division	12,306	11,856	11,514	342
Municipal court-housing division:				
Personnel	4,695	4,320	4,058	262
Other	296	321	161	160
Total municipal court-housing division	4,991	4,641	4,219	422
Office of the mayor:				
Personnel	2,575	1,774	1,547	227
Other	125	125	68	57
Total office of the mayor	2,700	1,899	1,615	284
Office of capital projects:				
Personnel	6,170	5,920	5,834	86
Other	699	699	551	148
Total office of capital projects	6,869	6,619	6,385	234

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, 2021

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance-Positive (Negative)
Office of quality control and performance management:				
Personnel	$ 1,119	$ 1,119	$ 1,063	$ 56
Other	38	38	18	20
Total office of quality control and performance management	1,157	1,157	1,081	76
Landmarks commission:				
Personnel	206	206	202	4
Other	12	12	7	5
Total landmarks commission	218	218	209	9
Board of building standards and appeals:				
Personnel	134	134	131	3
Other	25	25	3	22
Total board of building standards and appeals	159	159	134	25
Board of zoning appeals:				
Personnel	219	229	221	8
Other	24	24	13	11
Total board of zoning appeals	243	253	234	19
Civil service commission:				
Personnel	764	764	574	190
Other	594	594	528	66
Total civil service commission	1,358	1,358	1,102	256
Community relations board:				
Personnel	1,738	1,738	1,683	55
Other	296	296	228	68
Total community relations board	2,034	2,034	1,911	123
City planning commission:				
Personnel	1,839	1,839	1,766	73
Other	309	609	566	43
Total city planning commission	2,148	2,448	2,332	116
Boxing and wrestling commission:				
Personnel	29	29	17	12
Total boxing and wrestling commission	29	29	17	12
Office of sustainability:				
Personnel	824	824	789	35
Other	299	299	298	1
Total office of sustainability	1,123	1,123	1,087	36

(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, 2021

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Office of equal opportunity:				
Personnel	$ 740	$ 740	$ 612	$ 128
Other	179	179	141	38
Total office of equal opportunity	919	919	753	166
Office of Prevention, Intervention, and Opportunity:				
Personnel	1,189	889	820	69
Other	2,822	2,822	2,762	60
Total office of equal opportunity	4,011	3,711	3,582	129
Office of budget and management:				
Personnel	736	737	682	55
Other	19	19	16	3
Total office of budget and management	755	756	698	58
Department of aging:				
Personnel	1,241	1,241	1,181	60
Other	360	360	212	148
Total department of aging	1,601	1,601	1,393	208
Office of personnel:				
Personnel	1,968	1,968	1,599	369
Other	1,847	1,847	1,841	6
Total office of personnel	3,815	3,815	3,440	375
Department of law:				
Personnel	7,457	7,007	6,742	265
Other	7,830	9,130	9,116	14
Total department of law	15,287	16,137	15,858	279
Finance administration:				
Personnel	1,464	1,064	942	122
Other	585	585	488	97
Total finance administration	2,049	1,649	1,430	219
Division of accounts:				
Personnel	1,730	1,730	1,365	365
Other	840	840	752	88
Total division of accounts	2,570	2,570	2,117	453
Division of assessments and licenses:				
Personnel	3,792	3,292	3,229	63
Other	1,747	1,497	825	672
Total division of assessments and licenses	5,539	4,789	4,054	735
Division of treasury:				
Personnel	662	677	667	10
Other	143	143	131	12
Total division of treasury	805	820	798	22

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, 2021

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Division of purchases and supplies:				
Personnel	$ 801	$ 801	$ 507	$ 294
Other	34	34	19	15
Total division of purchases and supplies	835	835	526	309
Bureau of internal audit:				
Personnel	572	572	456	116
Other	705	705	549	156
Total bureau of internal audit	1,277	1,277	1,005	272
Division of financial reporting and control:				
Personnel	1,553	1,553	1,408	145
Other	42	42	35	7
Total division of financial reporting and control	1,595	1,595	1,443	152
Division of information system services:				
Personnel	3,135	2,935	2,803	132
Other	5,165	5,240	4,957	283
Total division of information system services	8,300	8,175	7,760	415
TOTAL GENERAL GOVERNMENT	117,212	114,812	107,638	7,174
Public Health:				
Public health administration:				
Personnel	1,394	1,144	995	149
Other	806	806	750	56
Total public health administration	2,200	1,950	1,745	205
Division of health:				
Personnel	3,027	2,476	2,223	253
Other	2,313	2,313	2,286	27
Total division of health	5,340	4,789	4,509	280
Division of environment:				
Personnel	1,838	1,838	1,659	179
Other	479	479	445	34
Total division of environment	2,317	2,317	2,104	213
Division of air quality:				
Personnel	581	581	459	122
Other	449	449	406	43
Total division of air quality	1,030	1,030	865	165
Health equity & social justice:				
Personnel	227	227	52	175
Other		200	200	-
Total health equity & social justice	227	427	252	175
TOTAL PUBLIC HEALTH	11,114	10,513	9,475	1,038

(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, 2021

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Public Safety:				
Public safety administration:				
Personnel	$ 4,115	$ 3,865	$ 3,656	$ 209
Other	3,177	3,177	2,613	564
Total public safety administration	7,292	7,042	6,269	773
Division of police:				
Personnel	202,882	199,932	197,221	2,711
Other	15,321	15,321	14,193	1,128
Total division of police	218,203	215,253	211,414	3,839
Division of fire:				
Personnel	93,512	97,412	97,081	331
Other	4,830	5,105	4,827	278
Total division of fire	98,342	102,517	101,908	609
Division of emergency medical services:				
Personnel	29,551	27,751	27,472	279
Other	4,417	4,602	4,431	171
Total division of emergency medical services	33,968	32,353	31,903	450
Division of animal control services:				
Personnel	2,397	2,397	2,136	261
Other	794	794	723	71
Total division of animal control services	3,191	3,191	2,859	332
Division of correction:				
Personnel	265	265	234	31
Other	4,252	3,852	3,775	77
Total division of correction	4,517	4,117	4,009	108
Office of Professional Standards:				
Personnel	1,313	1,313	1,247	66
Other	189	189	174	15
Total office of professional standards	1,502	1,502	1,421	81
Police Review Board:				
Personnel	168	168	160	8
Other	5	5	1	4
Total police review board	173	173	161	12
Community Police Commission:				
Personnel	432	442	439	3
Other	163	163	89	74
Total community police commission	595	605	528	77

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, 2021

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Police Inspector General:				
Personnel	$ 231	$ 231	$ 23	$ 208
Other	12	12	1	11
Total police inspector general	243	243	24	219
Department of Justice:				
Personnel	1,636	1,636	1,530	106
Other	1,873	1,873	1,714	159
Total department of justice	3,509	3,509	3,244	265
TOTAL PUBLIC SAFETY	371,535	370,505	363,740	6,765
Public Works:				
Division of public works administration:				
Personnel	2,975	2,975	2,662	313
Other	208	208	202	6
Total division of public works administration	3,183	3,183	2,864	319
Division of recreation:				
Personnel	10,479	9,729	9,709	20
Other	5,080	4,680	4,471	209
Total division of recreation	15,559	14,409	14,180	229
Division of parking facilities:				
Personnel	906	906	843	63
Other	96	126	100	26
Total division of parking facilities	1,002	1,032	943	89
Division of property management:				
Personnel	6,148	6,148	6,116	32
Other	2,423	2,073	1,879	194
Total division of property management	8,571	8,221	7,995	226
Division of park maintenance and properties:				
Personnel	10,242	11,092	10,923	169
Other	6,831	6,831	6,391	440
Total division of park maintenance and properties	17,073	17,923	17,314	609
Division of waste collection and disposal:				
Personnel	16,317	17,217	17,137	80
Other	15,175	19,175	18,785	390
Total division of waste collection and disposal	31,492	36,392	35,922	470

(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, 2021

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Division of traffic engineering:				
Personnel	$ 2,987	$ 3,032	$ 2,993	$ 39
Other	949	949	708	241
Total division of traffic engineering	3,936	3,981	3,701	280
TOTAL PUBLIC WORKS	80,816	85,141	82,919	2,222
Community Development:				
Director's office:				
Personnel	430	430	297	133
Other	1,532	1,547	1,523	24
Total director's office	1,962	1,977	1,820	157
TOTAL COMMUNITY DEVELOPMENT	1,962	1,977	1,820	157
Building and Housing:				
Director's office:				
Personnel	2,674	2,324	2,123	201
Other	838	838	821	17
Total director's office	3,512	3,162	2,944	218
Division of code enforcement:				
Personnel	8,551	8,551	8,198	353
Other	310	310	210	100
Total division of code enforcement	8,861	8,861	8,408	453
Division of construction permitting:				
Personnel	1,485	1,535	1,522	13
Other	26	26	11	15
Total division of construction permitting	1,511	1,561	1,533	28
TOTAL BUILDING AND HOUSING	13,884	13,584	12,885	699
Economic Development:				
Economic development administration:				
Personnel	1,907	1,907	1,528	379
Other	17	17	12	5
Total economic development administration	1,924	1,924	1,540	384
TOTAL ECONOMIC DEVELOPMENT	1,924	1,924	1,540	384

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, 2021

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance-Positive (Negative)
Non-Departmental Expenditures:				
Other	$ 17,310	$ 18,101	$ 17,680	$ 421
TOTAL NON-DEPARTMENTAL EXPENDITURES	17,310	18,101	17,680	421
Capital outlay	5,250	15,976	15,976	-
TOTAL EXPENDITURES	621,007	632,533	613,673	18,860
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,581	106,015	149,948	43,933
OTHER FINANCING SOURCES (USES):				
Transfers in	9,187	9,187		(9,187)
Transfers out	(44,002)	(67,276)	(67,139)	137
Sale of City assets	1,000	1,000		(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	(33,815)	(57,089)	(67,139)	(10,050)
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			5,425	5,425
NET CHANGE IN FUND BALANCE	(28,234)	48,926	88,234	39,308
FUND BALANCE AT BEGINNING OF YEAR	43,515	43,515	43,515	-
FUND BALANCE AT END OF YEAR	$ 15,281	$ 92,441	$ 131,749	$ 39,308

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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.
Workforce Innovation and Opportunity Act (WIOA)	To account for revenue and expenditures from the State of Ohio under the Workforce Innovation and Opportunity Act.
Public Works Funds	To account for specific revenue earmarked for the public works activity.
Public Safety Funds	To account for revenue earmarked for public safety activities.
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.

SPECIAL REVENUE FUNDS (Continued)

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.
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.
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.

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:

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.
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, 2021
(Amounts in Thousands)

	Special Revenue Funds - Budgeted			
	Division of Streets	Restricted Income Tax	Cleveland Stadium Operations	Total Budgeted Funds
ASSETS				
Cash and cash equivalents	$ 19,091	$ 30,128	$ 27,469	$ 76,688
Investments				-
Receivables:				
Taxes		8,056		8,056
Accounts	87		5	92
Grants				-
Loans				-
Accrued interest				-
Assessments				-
Receivables, net	87	8,056	5	8,148
Due from other funds		4,551		4,551
Due from other governments	9,201			9,201
Prepaid expenditures and other assets	116			116
TOTAL ASSETS	$ 28,495	$ 42,735	$ 27,474	$ 98,704
LIABILITIES				
Accounts payable	$ 1,842	$ 891	$	$ 2,733
Accrued wages and benefits	1,313			1,313
Due to other governments		32	799	831
Unearned revenue				-
Due to other funds	281			281
Total liabilities	3,436	923	799	5,158
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow	6,420	2,611		9,031
Total deferred inflows of resources	6,420	2,611	-	9,031
FUND BALANCES				
Nonspendable	116			116
Restricted	18,523	39,201	26,675	84,399
Committed				-
Total fund balances	18,639	39,201	26,675	84,515
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 28,495	$ 42,735	$ 27,474	$ 98,704

Special Revenue Funds - Non-Budgeted					
Community Development Block Grants	Community Development Funds	Building and Housing Funds	Urban Development Action Funds	Economic Development Funds	WIOA Grants
$	$ 7,231	$ 1,766	$ 35,296	$ 22,171	$
1,521	5,195				179
5,241	6,406		13,092	49,293	
2,843	1,519	5,618			
9,605	13,120	5,618	13,092	49,293	179
453	311	595		86	
				14,873	
	3			1	
$ 10,058	$ 20,665	$ 7,979	$ 48,388	$ 86,424	$ 179
$ 62	$ 103	$ 957	$ 61	$	$ 12
330	14				25
51	300			49,093	48
1,772	7,351	967		990	
5,058	276	487	3,678		94
7,273	8,044	2,411	3,739	50,083	179
2,785	1,518	5,554		14,873	
2,785	1,518	5,554	-	14,873	-
	3			1	
	9,378	2		15,910	
	1,722	12	44,649	5,557	
-	11,103	14	44,649	21,468	-
$ 10,058	$ 20,665	$ 7,979	$ 48,388	$ 86,424	$ 179

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(Amounts in Thousands)

	Special Revenue Funds - Non-Budgeted		
	Public Works Funds	Public Safety Funds	Gateway Shared Income Tax Funds
ASSETS			
Cash and cash equivalents	$ 1,686	$ 5,145	$ 2,610
Investments			
Receivables:			
Taxes			
Accounts			
Grants	5	1,261	
Loans			
Accrued interest			
Assessments			
Receivables, net	5	1,261	-
Due from other funds	147		
Due from other governments			306
Prepaid expenditures and other assets		2	
TOTAL ASSETS	$ 1,838	$ 6,408	$ 2,916
LIABILITIES			
Accounts payable	$ 162	$ 34	$
Accrued wages and benefits		19	
Due to other governments			1,458
Unearned revenue	354	131	
Due to other funds		411	1,458
Total liabilities	516	595	2,916
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow			
Total deferred inflows of resources	-	-	-
FUND BALANCE			
Nonspendable		2	
Restricted	488	4,620	
Committed	834	1,191	
Total fund balances	1,322	5,813	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,838	$ 6,408	$ 2,916

Special Revenue Funds - Non-Budgeted				
Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non-Budgeted Funds	Total Special Revenue Funds
$ 1,862	$ 21,986	$ 5,452	$ 105,205	$ 181,893
			-	-
			-	8,056
			-	92
			8,161	8,161
3,601	11,174	8,926	97,733	97,733
	1		1	1
			9,980	9,980
3,601	11,175	8,926	115,875	124,023
18		3,659	5,269	9,820
			15,179	24,380
			6	122
$ 5,481	$ 33,161	$ 18,037	$ 241,534	$ 340,238
$	$	$	$ 1,391	$ 4,124
			388	1,701
		18,037	68,987	69,818
			11,565	11,565
			11,462	11,743
-	-	18,037	93,793	98,951
			24,730	33,761
-	-	-	24,730	33,761
			6	122
	19,747		50,145	134,544
5,481	13,414		72,860	72,860
5,481	33,161	-	123,011	207,526
$ 5,481	$ 33,161	$ 18,037	$ 241,534	$ 340,238

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(Amounts in Thousands)

	Debt Service Funds - Budgeted				
	Unvoted Tax Supported Obligations Fund	Subordinated Income Tax Fund	Lower Euclid Avenue TIF	Core City Bonds	Subordinate Lien Income Tax Fund
ASSETS					
Cash and cash equivalents	$ 13,619	$ 3,424	$ 2,321	$ 1,619	$ 13,672
Investments	212				
Receivables:					
Taxes	29,305				
Grants					
Loans					
Accrued interest	2				
Assessments					
Receivables, net	29,307	-	-	-	-
Due from other funds					
Due from other governments	1,807				
Prepaid expenditures and other assets					
TOTAL ASSETS	$ 44,945	$ 3,424	$ 2,321	$ 1,619	$ 13,672
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	31,111				
Total deferred inflows of resources	31,111	-	-	-	-
FUND BALANCE					
Nonspendable					
Restricted	13,834	3,424	2,321	1,619	13,672
Committed					
Total fund balances	13,834	3,424	2,321	1,619	13,672
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 44,945	$ 3,424	$ 2,321	$ 1,619	$ 13,672

	Debt Service Funds Non-Budgeted		
	Total Budgeted Funds	**Cleveland Stadium Debt Service Fund**	**Total Debt Service Funds**
	$ 34,655	$ 9,043	$ 43,698
	212		212
	29,305		29,305
	-		-
	-		-
	2		2
	-		-
	29,307	-	29,307
	-		-
	1,807		1,807
	-		-
	$ 65,981	$ 9,043	$ 75,024
	$ -	$	$ -
	-		-
	-		-
	-		-
	-		-
	-	-	-
	31,111		31,111
	31,111	-	31,111
	-		-
	34,870	9,043	43,913
	-		-
	34,870	9,043	43,913
	$ 65,981	$ 9,043	$ 75,024

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021
(Amounts in Thousands)

	Capital Projects Funds Non-Budgeted		
	Grant Improvement	Capital Improvement	Cleveland Stadium Construction
ASSETS			
Cash and cash equivalents	$	$ 12,313	$ 9,518
Investments			
Receivables:			
Taxes			
Accounts			
Grants	1,036		
Loans			
Accrued interest			
Assessments			
Receivables, net	1,036	-	-
Due from other funds			
Due from other governments			
Prepaid expenditures and other assets			
TOTAL ASSETS	$ 1,036	$ 12,313	$ 9,518
LIABILITIES			
Accounts payable	$ 223	$ 4,492	$
Accrued wages and benefits			
Due to other governments			
Unearned revenue	592		
Due to other funds	221		
Total liabilities	1,036	4,492	-
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow			
Total deferred inflows of resources	-	-	-
FUND BALANCE			
Nonspendable			
Restricted		7,821	9,518
Committed			
Total fund balances	-	7,821	9,518
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,036	$ 12,313	$ 9,518

Total Capital Projects Funds	Total Nonmajor Governmental Funds
$ 21,831	$ 247,422
-	212
-	37,361
-	92
1,036	9,197
-	97,733
-	3
-	9,980
1,036	154,366
-	9,820
-	26,187
-	122
$ 22,867	$ 438,129
$ 4,715	$ 8,839
-	1,701
-	69,818
592	12,157
221	11,964
5,528	104,479
-	64,872
-	64,872
-	122
17,339	195,796
-	72,860
17,339	268,778
$ 22,867	$ 438,129

(Concluded)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands)

	Special Revenue Funds - Budgeted			
	Division of Streets	Restricted Income Tax	Cleveland Stadium Operations	Total Budgeted Funds
REVENUES:				
Income taxes	$	$ 55,059	$	$ 55,059
Property taxes				-
Other shared revenues	17,934		4,870	22,804
Licenses and permits	962			962
Charges for services	13		250	263
Fines, forfeits and settlements				-
Investment earnings	9	24	6	39
Grants				-
Contributions				-
Miscellaneous	827		4	831
Total revenues	19,745	55,083	5,130	79,958
EXPENDITURES:				
Current:				
General Government				-
Public Works	27,125		1,371	28,496
Public Safety				-
Community Development				-
Building and Housing				-
Economic Development				-
Capital outlay	5,514	8,496		14,010
Debt service:				
Principal retirement		428		428
Interest		555		555
Other		1,095		1,095
Total expenditures	32,639	10,574	1,371	44,584
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,894)	44,509	3,759	35,374
OTHER FINANCING SOURCES (USES):				
Transfers in	17,000		10,195	27,195
Transfers out		(36,821)	(21,042)	(57,863)
Issuance of bonds				-
Total other financing sources (uses)	17,000	(36,821)	(10,847)	(30,668)
NET CHANGE IN FUND BALANCES	4,106	7,688	(7,088)	4,706
FUND BALANCES AT BEGINNING OF YEAR	14,533	31,513	33,763	79,809
FUND BALANCES AT END OF YEAR	$ 18,639	$ 39,201	$ 26,675	$ 84,515

Special Revenue Funds - Non-Budgeted					
Community Development Block Grants	Community Development Funds	Building and Housing Funds	Urban Development Action Funds	Economic Development Funds	WIOA Grants
$	$	$	$	$	$
				13,928	
175	69	238			
				1	
31,275	24,201	768	395	1,545	1,042
503	8	2	153	842	25
31,953	24,278	1,008	548	16,316	1,067
					1,067
31,738	24,582				
		983			
			6,499	14,421	
215		18			
				15	
				14	
31,953	24,582	1,001	6,499	14,450	1,067
-	(304)	7	(5,951)	1,866	-
			15,671		
				(2,394)	
-	-	-	15,671	(2,394)	-
-	(304)	7	9,720	(528)	-
	11,407	7	34,929	21,996	
$ -	$ 11,103	$ 14	$ 44,649	$ 21,468	$ -

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands)

	Special Revenue Funds - Non-Budgeted		
	Public Works Funds	Public Safety Funds	Gateway Shared Income Tax Funds
REVENUES:			
Income taxes	$	$	$
Property taxes			
Other shared revenues			
Licenses and permits	5		
Charges for services	111		
Fines, forfeits and settlements		815	
Investment earnings		3	
Grants	215	4,347	
Contributions		1	
Miscellaneous		131	
Total revenues	331	5,297	-
EXPENDITURES:			
Current:			
General Government			
Public Works	251		
Public Safety		4,438	
Community Development			
Building and Housing			
Economic Development			
Capital outlay		324	
Debt service:			
Principal retirement			
Interest			
Other			
Total expenditures	251	4,762	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	80	535	-
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
Issuance of bonds			
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	80	535	-
FUND BALANCES AT BEGINNING OF YEAR	1,242	5,278	
FUND BALANCES AT END OF YEAR	$ 1,322	$ 5,813	$ -

Special Revenue Funds - Non-Budgeted				
Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non-Budgeted Funds	Total Special Revenue Funds
$	$	$	$ -	$ 55,059
			-	-
	219	204	14,351	37,155
			5	967
			593	856
			815	815
	8	2	14	53
		205	63,993	63,993
			1	1
49	123		1,836	2,667
49	350	411	81,608	161,566
			1,067	1,067
			251	28,747
			4,438	4,438
			56,320	56,320
			983	983
1,068	15,094	411	37,493	37,493
	22		579	14,589
			15	443
			14	569
			-	1,095
1,068	15,116	411	101,160	145,744
(1,019)	(14,766)	-	(19,552)	15,822
1,109			16,780	43,975
	(770)		(3,164)	(61,027)
	13,210		13,210	13,210
1,109	12,440	-	26,826	(3,842)
90	(2,326)	-	7,274	11,980
5,391	35,487		115,737	195,546
$ 5,481	$ 33,161	$ -	$ 123,011	$ 207,526

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands)

	Debt Service Funds - Budgeted				
	Unvoted Tax Supported Obligations Fund	Subordinated Income Tax Fund	Lower Euclid Avenue TIF	Core City Bonds	Subordinate Lien Income Tax Fund
REVENUES:					
Income taxes	$	$	$	$	$
Property taxes	20,359				
Other shared revenues	1,669				
Licenses and permits					
Charges for services					
Fines, forfeits and settlements					
Investment earnings	1	2	1	1	4
Grants					
Contributions					
Miscellaneous					627
Total revenues	22,029	2	1	1	631
EXPENDITURES:					
Current:					
General Government					
Public Works					
Public Safety					
Community Development					
Building and Housing					
Economic Development					
Capital outlay					
Debt service:					
Principal retirement	24,660	4,690	234	4,890	11,520
Interest	13,330	896	132	870	14,119
Total expenditures	37,990	5,586	366	5,760	25,639
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,961)	(5,584)	(365)	(5,759)	(25,008)
OTHER FINANCING SOURCES (USES):					
Transfers in	16,136	5,680	613	5,572	30,669
Transfers out					(223)
Issuance of bonds					
Total other financing sources (uses)	16,136	5,680	613	5,572	30,446
NET CHANGE IN FUND BALANCES	175	96	248	(187)	5,438
FUND BALANCES AT BEGINNING OF YEAR	13,659	3,328	2,073	1,806	8,234
FUND BALANCES AT END OF YEAR	$ 13,834	$ 3,424	$ 2,321	$ 1,619	$ 13,672

Total Budgeted Funds	Debt Service Funds Non-Budgeted: Cleveland Stadium Debt Service Fund	Total Debt Service Funds
$ -	$	$ -
20,359		20,359
1,669		1,669
-		-
-		-
-		-
9	3	12
-		-
-		-
627		627
22,664	3	22,667
-		-
-		-
-		-
-		-
-		-
-		-
-		-
45,994	8,035	54,029
29,347	510	29,857
75,341	8,545	83,886
(52,677)	(8,542)	(61,219)
58,670	9,043	67,713
(223)		(223)
-		-
58,447	9,043	67,490
5,770	501	6,271
29,100	8,542	37,642
$ 34,870	$ 9,043	$ 43,913

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands)

	Capital Projects Funds		
	Non-Budgeted		
	Grant Improvement	Capital Improvement	Cleveland Stadium Construction
REVENUES:			
Income taxes	$	$	$
Property taxes			
Other shared revenues		293	
Licenses and permits			
Charges for services			
Fines, forfeits and settlements			
Investment earnings		3	4
Grants	5,710		
Contributions		466	
Miscellaneous			
Total revenues	5,710	762	4
EXPENDITURES:			
Current:			
General Government			
Public Works			
Public Safety			
Community Development			
Building and Housing			
Economic Development			
Capital outlay	5,710	1,839	9,867
Debt service:			
Principal retirement			
Interest			
Other			
Total expenditures	5,710	1,839	9,867
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,077)	(9,863)
OTHER FINANCING SOURCES (USES):			
Transfers in			14,000
Transfers out			
Issuance of bonds			
Total other financing sources (uses)	-	-	14,000
NET CHANGE IN FUND BALANCES	-	(1,077)	4,137
FUND BALANCES AT BEGINNING OF YEAR		8,898	5,381
FUND BALANCES AT END OF YEAR	$ -	$ 7,821	$ 9,518

Total Capital Projects Funds	Total Nonmajor Governmental Funds
$ -	$ 55,059
-	20,359
293	39,117
-	967
-	856
-	815
7	72
5,710	69,703
466	467
-	3,294
6,476	190,709
-	1,067
-	28,747
-	4,438
-	56,320
-	983
-	37,493
17,416	32,005
-	54,472
-	30,426
-	1,095
17,416	247,046
(10,940)	(56,337)
14,000	125,688
-	(61,250)
-	13,210
14,000	77,648
3,060	21,311
14,279	247,467
$ 17,339	$ 268,778

(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, 2021

(Amounts in Thousands)

	Division of Streets			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:				
Income taxes	$	$	$	$ -
Other shared revenues	17,664	17,664	17,857	193
Licenses and permits	895	895	1,096	201
Charges for services	35	35	769	734
Investment earnings	50	50	9	(41)
Total revenues	18,644	18,644	19,731	1,087
EXPENDITURES:				
Current:				
Public Works:				
Personnel	18,972	19,972	19,571	401
Other	10,121	10,121	8,623	1,498
Capital outlay	7,773	7,773	6,903	870
Principal retirement				-
Interest				-
Total expenditures	36,866	37,866	35,097	2,769
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(18,222)	(19,222)	(15,366)	3,856
OTHER FINANCING SOURCES (USES):				
Transfers in	12,073	15,768	17,000	1,232
Transfers out				-
Total other financing sources (uses)	12,073	15,768	17,000	1,232
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(6,149)	(3,454)	1,634	5,088
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			45	45
FUND BALANCES AT BEGINNING OF YEAR	6,156	6,156	6,156	-
FUND BALANCES AT END OF YEAR	$ 7	$ 2,702	$ 7,835	$ 5,133

Restricted Income Tax				Rainy Day Reserve Fund			
Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
$ 53,000	$ 53,375	$ 53,636	$ 261	$	$	$	$ -
			-				-
			-				-
			-				-
100	100	24	(76)	140	140	30	(110)
53,100	53,475	53,660	185	140	140	30	(110)
			-				-
			-				-
14,237	14,612	14,612	-				-
1,460	1,460	1,523	(63)				-
620	620	555	65				-
16,317	16,692	16,690	2	-	-	-	-
36,783	36,783	36,970	187	140	140	30	(110)
			-		7,691	7,691	-
(36,821)	(36,821)	(36,821)	-				-
(36,821)	(36,821)	(36,821)	-	-	7,691	7,691	-
(38)	(38)	149	187	140	7,831	7,721	(110)
		98	98				-
38	38	38	-	37,286	37,286	37,286	-
$ -	$ -	$ 285	$ 285	$ 37,426	$ 45,117	$ 45,007	$ (110)

(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, 2021

(Amounts in Thousands)

	Schools Recreation and Cultural Activities			
	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
REVENUES:				
Income taxes	$	$	$	$ -
Other shared revenues				-
Licenses and permits				-
Charges for services				-
Investment earnings				-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public Works:				
Personnel				-
Other	1,125	1,125	1,125	-
Capital outlay				-
Principal retirement				-
Interest				-
Total expenditures	1,125	1,125	1,125	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,125)	(1,125)	(1,125)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	1,125	1,125	1,125	-
Transfers out				-
Total other financing sources (uses)	1,125	1,125	1,125	-
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)
$	$	$	$ -	$ 53,000	$ 53,375	$ 53,636	$ 261
4,000	4,000	4,870	870	21,664	21,664	22,727	1,063
			-	895	895	1,096	201
250	250	250	-	285	285	1,019	734
100	100	7	(93)	390	390	70	(320)
4,350	4,350	5,127	777	76,234	76,609	78,548	1,939
			-	18,972	19,972	19,571	401
1,361	1,403	1,403	-	12,607	12,649	11,151	1,498
			-	22,010	22,385	21,515	870
			-	1,460	1,460	1,523	(63)
			-	620	620	555	65
1,361	1,403	1,403	-	55,669	57,086	54,315	2,771
2,989	2,947	3,724	777	20,565	19,523	24,233	4,710
10,195	10,195	10,195	-	23,393	34,779	36,011	1,232
(21,084)	(21,042)	(21,042)	-	(57,905)	(57,863)	(57,863)	-
(10,889)	(10,847)	(10,847)	-	(34,512)	(23,084)	(21,852)	1,232
(7,900)	(7,900)	(7,123)	777	(13,947)	(3,561)	2,381	5,942
			-	-	-	143	143
34,590	34,590	34,590	-	78,070	78,070	78,070	-
$ 26,690	$ 26,690	$ 27,467	$ 777	$ 64,123	$ 74,509	$ 80,594	$ 6,085

(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, 2021

(Amounts in Thousands)

	Unvoted Tax Supported Obligations Fund			
	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
REVENUES:				
Property taxes	$ 20,540	$ 20,540	$ 20,359	$ (181)
Other shared revenues	1,690	1,690	1,669	(21)
Investment earnings	200	15	10	(5)
Miscellaneous				-
Total revenues	22,430	22,245	22,038	(207)
EXPENDITURES:				
Principal retirement	24,660	24,660	24,660	-
Interest	12,863	13,513	13,331	182
Total expenditures	37,523	38,173	37,991	182
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,093)	(15,928)	(15,953)	(25)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
From other subfunds		1,660	4,136	2,476
Restricted income tax fund	13,000	12,000	12,000	-
Transfers out:				
To other subfunds				-
Total other financing sources (uses)	13,000	13,660	16,136	2,476
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,093)	(2,268)	183	2,451
FUND BALANCES AT BEGINNING OF YEAR	13,647	13,647	13,647	-
FUND BALANCES AT END OF YEAR	$ 11,554	$ 11,379	$ 13,830	$ 2,451

	Subordinated Income Tax Fund			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
	$	$	$	$ -
				-
	30	2	2	-
				-
	30	2	2	-
	4,690	4,690	4,690	-
	896	896	896	-
	5,586	5,586	5,586	-
	(5,556)	(5,584)	(5,584)	-
				-
	5,710	5,710	5,680	(30)
				-
	5,710	5,710	5,680	(30)
	154	126	96	(30)
	3,328	3,328	3,328	-
	$ 3,482	$ 3,454	$ 3,424	$ (30)

(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, 2021

(Amounts in Thousands)

	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	13	1	1	-	32	2	1	(1)
Miscellaneous				-				-
Total revenues	13	1	1	-	32	2	1	(1)
EXPENDITURES:								
Principal retirement	234	234	234	-	4,890	4,890	4,890	-
Interest	132	132	132	-	1,336	871	870	1
Total expenditures	366	366	366	-	6,226	5,761	5,760	1
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(353)	(365)	(365)	-	(6,194)	(5,759)	(5,759)	
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds	366	366	613	247	5,496	5,096	5,572	476
Restricted income tax fund				-				-
Transfers out:								
To other subfunds				-				-
Total other financing sources (uses)	366	366	613	247	5,496	5,096	5,572	476
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	13	1	248	247	(698)	(663)	(187)	476
FUND BALANCES AT BEGINNING OF YEAR	2,073	2,073	2,073	-	1,806	1,806	1,806	-
FUND BALANCES AT END OF YEAR	$ 2,086	$ 2,074	$ 2,321	$ 247	$ 1,108	$ 1,143	$ 1,619	$ 476

Subordinate Lien Income Tax Bonds				Totals			
Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
$	$	$	$ -	$ 20,540	$ 20,540	$ 20,359	$ (181)
			-	1,690	1,690	1,669	(21)
169	6	4	(2)	444	26	18	(8)
432	590	627	37	432	590	627	37
601	596	631	35	23,106	22,846	22,673	(173)
11,520	11,520	11,520	-	45,994	45,994	45,994	-
14,527	14,119	14,119	-	29,754	29,531	29,348	183
26,047	25,639	25,639	-	75,748	75,525	75,342	183
(25,446)	(25,043)	(25,008)	35	(52,642)	(52,679)	(52,669)	10
		5,848	5,848	5,862	7,122	16,169	9,047
24,804	24,804	24,821	17	43,514	42,514	42,501	(13)
	(223)	(223)	-	-	(223)	(223)	-
24,804	24,581	30,446	5,865	49,376	49,413	58,447	9,034
(642)	(462)	5,438	5,900	(3,266)	(3,266)	5,778	9,044
8,234	8,234	8,234	-	29,088	29,088	29,088	-
$ 7,592	$ 7,772	$ 13,672	$ 5,900	$ 25,822	$ 25,822	$ 34,866	$ 9,044

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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:

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, one of the City golf courses is being leased out. Seneca is being leased by Cleveland Metroparks.

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2021
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
ASSETS			
Current assets:			
Cash and cash equivalents	$ 56	$ 305	$
Receivables:			
Accounts	33		
Less: Allowance for doubtful accounts	(28)		
Receivables, net	5	-	-
Due from other funds			
Inventory of supplies			
Prepaid expenses and other assets	7	2	
Total current assets	68	307	-
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents			
Total restricted assets	-	-	-
Capital assets:			
Land	4,261	198	413
Land improvements		848	484
Buildings, structures and improvements	25,901	15,213	8,241
Furniture, fixtures, equipment and vehicles	1,058	1,829	450
Construction in progress	6,462	1,448	
Less: Accumulated depreciation	(22,602)	(12,785)	(3,107)
Total capital assets, net	15,080	6,751	6,481
Net OPEB Asset	105	35	
Total noncurrent assets	15,185	6,786	6,481
Total assets	15,253	7,093	6,481
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments-interest rate swaps			
Loss on refunding			
Pension	224	61	
OPEB	78	19	
Total deferred outflows of resources	302	80	-

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 2,473	$ 195	$ 1,194	$ 4,223
42			75
			(28)
42	-	-	47
22			22
	5		5
7	7		23
2,544	207	1,194	4,320
8,950	4,919		13,869
8,950	4,919	-	13,869
5,478	1,259	1,822	13,431
4,374	5,692	4,083	15,481
58,908	12,200	2,003	122,466
2,227	571	334	6,469
2,248	1,912	82	12,152
(38,896)	(8,184)	(5,617)	(91,191)
34,339	13,450	2,707	78,808
105	105		350
43,394	18,474	2,707	93,027
45,938	18,681	3,901	97,347
1			1
48			48
132	116		533
57	57		211
238	173	-	793

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2021
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
LIABILITIES			
Current liabilities:			
Accounts payable	$ 86	$ 138	$
Accrued wages and benefits	103	56	
Due to other funds	49	16	
Due to other governments			
Accrued interest payable			
Current portion of long-term obligations			
Total current liabilities	238	210	-
Long-term liabilities:			
Accrued wages and benefits	56	14	
Revenue bonds payable			
Net pension liability	1,387	290	
Total liabilities	1,681	514	-
DEFERRED INFLOWS OF RESOURCES			
Pension	489	131	
OPEB	363	107	
Total deferred inflows of resources	852	238	-
NET POSITION			
Net investment in capital assets	15,080	6,751	6,481
Restricted for debt service			
Unrestricted	(2,058)	(330)	
Total net position	$ 13,022	$ 6,421	$ 6,481

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 161	$ 15	$ 35	$ 435
125	124		408
53	6		124
250		1	251
60			60
3,930			3,930
4,579	145	36	5,208
123	17		210
27			27
871	871		3,419
5,600	1,033	36	8,864
397	394		1,411
322	322		1,114
719	716	-	2,525
33,567	13,450	2,707	78,036
5,802			5,802
488	3,655	1,158	2,913
$ 39,857	$ 17,105	$ 3,865	$ 86,751

(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, 2021

(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
OPERATING REVENUES:			
Charges for services	$ 742	$ 1,131	$
Total operating revenue	742	1,131	-
OPERATING EXPENSES:			
Operations	1,511	1,455	
Maintenance	15	16	
Depreciation	289	565	223
Total operating expenses	1,815	2,036	223
OPERATING INCOME (LOSS)	(1,073)	(905)	(223)
NON-OPERATING REVENUE (EXPENSES):			
Investment income (loss)			
Interest expense			
Other revenues (expenses)		(160)	
Total non-operating revenues (expenses)	-	(160)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,073)	(1,065)	(223)
Capital contributions	1,664	1,186	
Transfers in	1,717	493	
CHANGE IN NET POSITION	2,308	614	(223)
NET POSITION AT BEGINNING OF YEAR	10,714	5,807	6,704
NET POSITION AT END OF YEAR	$ 13,022	$ 6,421	$ 6,481

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 4,701	$ 1,936	$ 748	$ 9,258
4,701	1,936	748	9,258
3,118	989	1,305	8,378
66	1	1	99
1,720	823	102	3,722
4,904	1,813	1,408	12,199
(203)	123	(660)	(2,941)
8	4		12
(385)			(385)
240		13	93
(137)	4	13	(280)
(340)	127	(647)	(3,221)
62		119	3,031
		605	2,815
(278)	127	77	2,625
40,135	16,978	3,788	84,126
$ 39,857	$ 17,105	$ 3,865	$ 86,751

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 754	$ 1,129	$
Cash payments to suppliers for goods or services	(1,239)	(1,207)	
Cash payments to employees for services	(1,287)	(487)	
Net cash provided by (used for) operating activities	(1,772)	(565)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from settlement			
Cash received through transfers from other funds	1,717	493	
Cash received for royalties			
Net cash provided by (used for) noncapital financing activities	1,717	493	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets			
Principal paid on long-term debt			
Interest paid on long-term debt			
Net cash provided by (used for) capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments			
Net cash provided by (used for) investing activities	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(55)	(72)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	111	377	
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 56	$ 305	$ -

	Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
	$ 4,709	$ 1,934	$ 748	$ 9,274
	(2,483)	(473)	(1,351)	(6,753)
	(1,219)	(1,265)		(4,258)
	1,007	196	(603)	(1,737)
	240			240
			605	2,815
			13	13
	240	-	618	3,068
				-
	(3,730)			(3,730)
	(401)			(401)
	(4,131)	-	-	(4,131)
	4	4		8
	4	4	-	8
	(2,880)	200	15	(2,792)
	14,303	4,914	1,179	20,884
	$ 11,423	$ 5,114	$ 1,194	$ 18,092

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	$ (1,073)	$ (905)	$ (223)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	289	565	223
(Increase) Decrease in Assets:			
Receivables, net	10		
Prepaid expenses and other assets	3	1	
Due from other funds			
Net OPEB Asset	(105)	(35)	
(Increase) Decrease in Deferred Outflows of Resources:			
Pension	47	16	
OPEB	72	24	
Increase (Decrease) in Liabilities:			
Accounts payable	(15)	30	
Accrued wages and benefits	(10)	(1)	
Net pension liability	(294)	(98)	
Net OPEB liability	(1,013)	(271)	
Due to other funds	(13)	(1)	
Due to other governments			
Increase (Decrease) in Deferred Inflows of Resources:			
Pension	134	45	
OPEB	196	65	
Total adjustments	(699)	340	223
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (1,772)	$ (565)	$ -
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributions of Capital Assets	$ 1,664	$ 1,186	$

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ (203)	$ 123	$ (660)	$ (2,941)
1,720	823	102	3,722
(14)			(4)
1	1		6
(3)			(3)
(105)	(105)		(350)
45	58		166
72	72		240
119	2	(46)	90
135	7		131
(294)	(294)		(980)
(811)	(811)		(2,906)
26	(11)		1
(11)		1	(10)
134	135		448
196	196		653
1,210	73	57	1,204
$ 1,007	$ 196	$ (603)	$ (1,737)
$ 62	$	$ 119	$ 3,031

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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, 2021
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
ASSETS				
Current assets:				
Cash and cash equivalents	$ 10,094	$ 526	$ 109	$ 596
Due from other funds	1,614	127	50	11
Inventory of supplies	1,906	147		
Prepaid expenses and other assets	38	29		92
Total current assets	13,652	829	159	699
Noncurrent assets:				
Capital assets:				
Land	663			
Land improvements	226			
Buildings, structures and improvements	3,170	884		317
Furniture, fixtures, equipment and vehicles	19,974	1,497		1,916
Construction in progress				
Less: Accumulated depreciation	(21,963)	(1,775)		(1,772)
Total capital assets, net	2,070	606	-	461
Net OPEB Asset	527	70	-	1,019
Total noncurrent assets	2,597	676	-	1,480
TOTAL ASSETS	16,249	1,505	159	2,179
DEFERRED OUTFLOWS OF RESOURCES				
Pension	532	118		1,840
OPEB	263	59		465
Total deferred outflows of resources	795	177	-	2,305

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 373	$ 2,234	$ 2,048	$ 2,112	$ 14,771	$ 15,343	$ 6,770	$ 54,976
19		696	346				2,863
							2,053
1	40	223	119				542
393	2,274	2,967	2,577	14,771	15,343	6,770	60,434
							663
			50				276
			112				4,483
	411	109	400				24,307
			1,360				1,360
	(298)	(109)	(343)				(26,260)
-	113	-	1,579	-	-	-	4,829
35	562	106	35	-	-	-	2,354
35	675	106	1,614	-	-	-	7,183
428	2,949	3,073	4,191	14,771	15,343	6,770	67,617
37	787	208	127				3,649
19	305	77	19				1,207
56	1,092	285	146	-	-	-	4,856

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2021
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
LIABILITIES				
Current liabilities:				
Accounts payable	$ 1,111	$ 78	$	$ 18
Accrued wages and benefits	721	114	8	1,277
Claims payable				
Due to other funds	17	2		6
Due to other governments				
Total current liabilities	1,849	194	8	1,301
Long-term liabilities:				
Accrued wages and benefits	446	37	6	637
Net pension liability	3,807	421		5,659
Total liabilities	6,102	652	14	7,597
DEFERRED INFLOWS OF RESOURCES				
Pension	1,960	340		3,525
OPEB	1,609	256		3,069
Total deferred inflows of resources	3,569	596	-	6,594
NET POSITION				
Net investment in capital assets	2,070	606		461
Unrestricted	5,303	(172)	145	(10,168)
Total net position	$ 7,373	$ 434	$ 145	$ (9,707)

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 9	$ 114	$ 911	$ 118	$	$	$	$ 2,359
23	714	122	61	8,085			11,125
					11,650	234	11,884
	13		2		2		42
	1,239		20				1,259
32	2,080	1,033	201	8,085	11,652	234	26,669
23	307	66	11				1,533
290	4,791	939	393				16,300
345	7,178	2,038	605	8,085	11,652	234	44,502
131	2,118	468	135				8,677
107	1,717	338	107				7,203
238	3,835	806	242	-	-	-	15,880
	113		1,579				4,829
(99)	(7,085)	514	1,911	6,686	3,691	6,536	7,262
$ (99)	$ (6,972)	$ 514	$ 3,490	$ 6,686	$ 3,691	$ 6,536	$ 12,091

(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, 2021

(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
OPERATING REVENUES:				
Charges for services	$ 22,140	$ 2,217	$ 518	$ 14,338
Total operating revenue	22,140	2,217	518	14,338
OPERATING EXPENSES:				
Operations	15,068	1,353	514	6,894
Maintenance	988	97		222
Depreciation	261	70		115
Total operating expenses	16,317	1,520	514	7,231
OPERATING INCOME (LOSS)	5,823	697	4	7,107
NON-OPERATING REVENUES (EXPENSES):				
Investment income	7			1
Other revenue (expenses)				
Total non-operating revenues (expenses)	7	-	-	1
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	5,830	697	4	7,108
Capital contributions				
Transfers in				
CHANGE IN NET POSITION	5,830	697	4	7,108
NET POSITION AT BEGINNING OF YEAR	1,543	(263)	141	(16,815)
NET POSITION AT END OF YEAR	$ 7,373	$ 434	$ 145	$ (9,707)

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 150	$ 9,780	$ 10,055	$ 5,038	$	$ 83,811	$ 17,298	$ 165,345
150	9,780	10,055	5,038	-	83,811	17,298	165,345
388	5,207	8,640	1,023	24,804	92,651	16,070	172,612
	144	34	1,825				3,310
	52		53				551
388	5,403	8,674	2,901	24,804	92,651	16,070	176,473
(238)	4,377	1,381	2,137	(24,804)	(8,840)	1,228	(11,128)
	8	1	2				19
	(6)						(6)
-	2	1	2	-	-	-	13
(238)	4,379	1,382	2,139	(24,804)	(8,840)	1,228	(11,115)
	6						6
714							714
476	4,385	1,382	2,139	(24,804)	(8,840)	1,228	(10,395)
(575)	(11,357)	(868)	1,351	31,490	12,531	5,308	22,486
$ (99)	$ (6,972)	$ 514	$ 3,490	$ 6,686	$ 3,691	$ 6,536	$ 12,091

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 22,106	$ 2,252	$ 501	$ 14,343
Cash payments to suppliers for goods or services	(13,915)	(1,131)	(443)	(2,468)
Cash payments to employees for services	(6,261)	(1,002)	(69)	(12,329)
Net cash provided by (used for) operating activities	1,930	119	(11)	(454)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received through transfers from other funds				
Net cash provided by (used for) noncapital financing activities	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(135)			
Net cash provided by (used for) capital and related financing activities	(135)	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	7			1
Net cash provided by (used for) investing activities	7	-	-	1
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,802	119	(11)	(453)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,292	407	120	1,049
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 10,094	$ 526	$ 109	$ 596

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 171	$ 10,395	$ 11,447	$ 5,169	$	$ 83,823	$ 17,298	$ 167,505
(457)	(2,873)	(8,990)	(2,604)		(92,168)	(16,174)	(141,223)
(234)	(6,991)	(1,504)	(496)	(26,356)			(55,242)
(520)	531	953	2,069	(26,356)	(8,345)	1,124	(28,960)
714							714
714	-	-	-	-	-	-	714
	(22)		(1,377)				(1,534)
-	(22)	-	(1,377)	-	-	-	(1,534)
	8	1	2				19
-	8	1	2	-	-	-	19
194	517	954	694	(26,356)	(8,345)	1,124	(29,761)
179	1,717	1,094	1,418	41,127	23,688	5,646	84,737
$ 373	$ 2,234	$ 2,048	$ 2,112	$ 14,771	$ 15,343	$ 6,770	$ 54,976

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	$ 5,823	$ 697	$ 4	$ 7,107
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	261	70		115
(Increase) Decrease in Assets:				
Receivables, net				
Prepaid expenses and other assets	6			
Due from other funds	(34)	35	(18)	(11)
Inventory of supplies	(608)	(74)		
Net OPEB Asset	(527)	(70)		(1,019)
(Increase) Decrease in Deferred Outflows of Resources:				
Pension	298	16		(410)
OPEB	359	48		695
Increase (Decrease) in Liabilities:				
Accounts payable	(114)	(11)		(38)
Accrued wages and benefits	92	(64)	3	(193)
Net pension liability	(1,470)	(196)		(2,840)
Net OPEB liability	(3,798)	(552)		(7,056)
Claims Payable				
Due to other funds	(8)			1
Due to other governments	(2)			
Increase (Decrease) in Deferred Inflows of Resources:				
Pension	671	89		1,297
OPEB	981	131		1,898
Total adjustments	(3,893)	(578)	(15)	(7,561)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 1,930	$ 119	$ (11)	$ (454)
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributions of Capital Assets	$	$	$	$

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ (238)	$ 4,377	$ 1,381	$ 2,137	$ (24,804)	$ (8,840)	$ 1,228	$ (11,128)
	52		53				551
					13		13
(1)	4	(1)	1				9
22		1,392	130				1,516
							(682)
(35)	(562)	(106)	(35)				(2,354)
(27)	283	31	12				203
24	426	72	24				1,648
(2)	10	(818)	16				(957)
(4)	(77)	(11)	(16)	(1,552)			(1,822)
(98)	(1,567)	(294)	(98)				(6,563)
(270)	(4,598)	(1,024)	(270)				(17,568)
					480	(104)	376
	(57)		(1)		2		(63)
	607		6				611
44	628	134	45				2,908
65	1,005	197	65				4,342
(282)	(3,846)	(428)	(68)	(1,552)	495	(104)	(17,832)
$ (520)	$ 531	$ 953	$ 2,069	$ (26,356)	$ (8,345)	$ 1,124	$ (28,960)
$	$ 6	$	$	$	$	$	$ 6

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CITY OF CLEVELAND, OHIO

CUSTODIAL FUNDS

Custodial 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 Custodial 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 Custodials	To account for miscellaneous assets held by the City for governmental units or individuals.

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
December 31, 2021
(Amounts in Thousands)

	Municipal Courts	Central Collection Agency	Other	Total
Assets				
Cash and cash equivalents	$ 1,731	$ 5,373	$ 9,163	$ 16,267
Taxes receivable		15,304		15,304
Accounts receivable			4,004	4,004
Due from other governments		1,933		1,933
Total assets	1,731	22,610	13,167	37,508
Liabilities				
Accounts payable			2,168	2,168
Due to others	1,731			1,731
Due to other government		22,610	1,064	23,674
Total liabilities	1,731	22,610	3,232	27,573
Deferred Inflow of Resources			4,004	4,004
Total Liabilities and Deferred Inflows	1,731	22,610	7,236	31,577
Net Position				
Restricted	-	-	5,931	5,931
Total net position	$ -	$ -	$ 5,931	$ 5,931

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in Thousands)

	Municipal Courts	Central Collection Agency	Other	Total
Additions				
Law enforcement funds	$	$	$ 445	$ 445
Governmental and custodial funds			359	359
Vital Cert Fees Due State			239	239
Hilton Contribution Fund			96	96
Income tax collected for other governments		99,972		99,972
Fines collected for other governments	18,045			18,045
Other			28	28
Total additions	18,045	99,972	1,167	119,184
Deductions				
Fire Escrow			694	694
Vital Cert Fees Due State			198	198
Hilton Contribution Fund			263	263
Special assessments			72	72
Law enforcement funds			59	59
Payments of income tax to other governments		99,972		99,972
Payments of fines to other governments	18,045			18,045
Other			18	18
Total deductions	18,045	99,972	1,304	119,321
Change in net position	-	-	(137)	(137)
Net position, beginning of year			6,068	6,068
Net position, end of year	$ -	$ -	$ 5,931	$ 5,931

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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, 2021
(Amounts in Thousands)

Governmental Funds Capital Assets:	
Land	$ 71,541
Land improvements	236,168
Buildings, structures and improvements	717,716
Furniture, fixtures, equipment and vehicles	272,669
Infrastructure	879,606
Construction in progress	328,733
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 2,506,433

* 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, 2021
(Amounts in Thousands)

	Total	Land	Land Improvements	Buildings, Structures and Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Construction In Progress
General Government:							
General government	$ 362,931	$ 2,998	$ 2,314	$ 307,081	$ 30,850	$ 6,942	$ 12,746
City Hall	29,538	877		26,004		1,347	1,310
Engineering and construction	516,494		28,083		1,789	486,317	305
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	958,645	4,778	70,198	338,043	32,700	497,603	15,323
Public Works:							
Waste collection	43,305	499		9,999	31,207	1,460	140
Streets	610,805	1,540	11,602	14,393	27,839	351,706	203,725
Traffic engineering	5,508			813	2,478	2,200	17
Park maintenance and properties	185,156	38,737	74,786	27,996	17,983	316	25,338
Recreation	188,959	847	67,535	82,471	2,754		35,352
Other	144,518	2,669		115,673	4,256	74	21,846
Total public works	1,178,251	44,292	153,923	251,345	86,517	355,756	286,418
Public Safety:							
Police	158,510	4,978	1,183	53,739	89,098	162	9,350
Fire	85,234	1,689		37,362	43,724		2,459
Emergency medical service	21,201			1,168	13,048	5,614	1,371
Correction	7,608	249		6,570	766	23	
Dog pound	8,958			8,036	919		3
Other	7,583				1,318		6,265
Total public safety	289,094	6,916	1,183	106,875	148,873	5,799	19,448
Public Health:							
Health and environment	14,734	1,112	208	10,846	2,512	56	
Total public health	14,734	1,112	208	10,846	2,512	56	-
Community Development:							
Community development	47,891	7,138	7,694	9,467	1,563	15,807	6,222
Total community development	47,891	7,138	7,694	9,467	1,563	15,807	6,222
Economic Development:							
Economic development	13,283	7,305	2,962	740		1,004	1,272
Total economic development	13,283	7,305	2,962	740	-	1,004	1,272
Building and Housing:							
Building and housing	4,535			400	504	3,581	50
Total building and housing	4,535	-	-	400	504	3,581	50
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 2,506,433	$ 71,541	$ 236,168	$ 717,716	$ 272,669	$ 879,606	$ 328,733

* 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, 2021
(Amounts in Thousands)

	Balance January 1, 2021	Additions	Deductions	Transfers	Balance December 31, 2021
General Government:					
General government	$ 355,294	$ 7,661	$ (119)	$ 95	$ 362,931
City Hall	29,538				29,538
Engineering and construction	512,799	3,695			516,494
Research, planning and development	49,035				49,035
Charles V. Carr Municipal Center	647				647
Total general government	947,313	11,356	(119)	95	958,645
Public Works:					
Waste collection	43,042	896		(633)	43,305
Streets	585,865	26,914	(1,550)	(424)	610,805
Traffic engineering	5,508				5,508
Park maintenance and properties	184,274	1,480	(385)	(213)	185,156
Recreation	174,246	14,739	(25)	(1)	188,959
Other	136,597	7,911		10	144,518
Total public works	1,129,532	51,940	(1,960)	(1,261)	1,178,251
Public Safety:					
Police	152,823	6,646	(484)	(475)	158,510
Fire	84,462	2,504	(1,070)	(662)	85,234
Emergency medical service	21,211	154	(185)	21	21,201
Correction	7,608				7,608
Dog pound	8,810	148			8,958
Other	6,968	615			7,583
Total public safety	281,882	10,067	(1,739)	(1,116)	289,094
Public Health:					
Health and environment	14,557	254	(77)		14,734
Total public health	14,557	254	(77)	-	14,734
Community Development:					
Community development	47,858	3		30	47,891
Total community development	47,858	3	-	30	47,891
Economic Development:					
Economic development	12,674	609			13,283
Total economic development	12,674	609	-	-	13,283
Building and Housing:					
Building and housing	4,535				4,535
Total building and housing	4,535	-	-	-	4,535
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 2,438,351	$ 74,229	$ (3,895)	$ (2,252)	$ 2,506,433

* 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 Annual Comprehensive 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.

Contents	**Page**

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

City of Cleveland, Ohio

Net Position By Component

Last Ten Years

(Accrual Basis of Accounting)

(Amounts in Thousands)

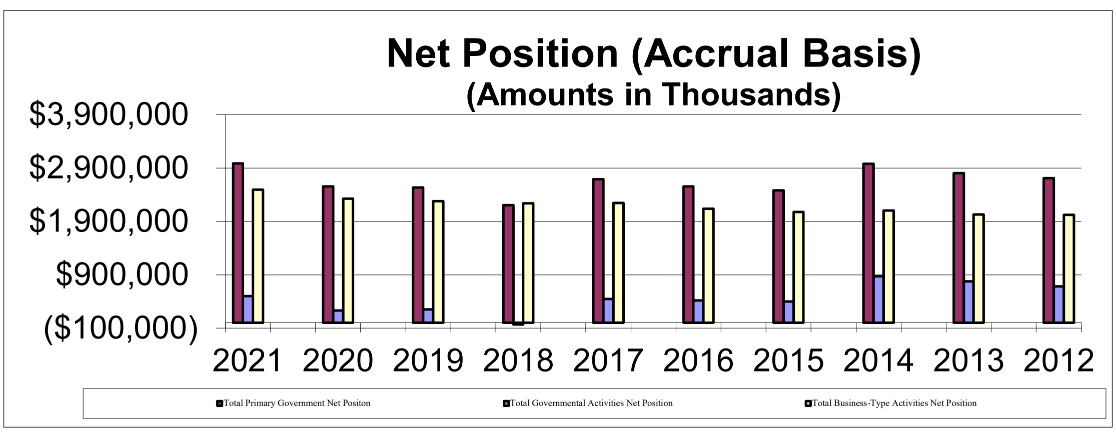
	2021	2020	2019	2018
Governmental Activities				
Net investment in capital assets	$ 725,546	$ 722,806	$ 722,633	$ 714,288
Restricted	218,181	209,288	208,522	188,612
Unrestricted	(446,496)	(702,088)	(677,805)	(933,271)
Total Governmental Activities Net Position	$ 497,231	$ 230,006	$ 253,350	$ (30,371)
Business-Type Activities				
Net investment in capital assets	$ 1,743,558	$ 1,724,704	$ 1,633,097	$ 1,544,414
Restricted	196,842	184,926	207,837	219,202
Unrestricted	550,534	417,570	438,760	474,284
Total Business-Type Activities Net Position	$ 2,490,934	$ 2,327,200	$ 2,279,694	$ 2,237,900
Primary Government				
Net investment in capital assets	$ 2,469,104	$ 2,447,510	$ 2,355,730	$ 2,258,702
Restricted	415,023	394,214	416,359	407,814
Unrestricted	104,038	(284,518)	(239,045)	(458,987)
Total Primary Government Net Position	$ 2,988,165	$ 2,557,206	$ 2,533,044	$ 2,207,529

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.

GASB issued Statement No. 68 and 71 effective for periods beginning after June 15, 2014. These statements 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.

GASB issued Statement No. 75 effective for periods after June 15, 2017. This statement established standards for measuring and recognizing OPEB liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. The City did not restate prior years in this statistical table.

2017	2016	2015	2014	2013	2012
$ 719,579	$ 722,785	$ 653,925	$ 828,002	$ 686,794	$ 572,213
161,003	155,224	167,042	152,360	145,729	122,488
(433,843)	(459,804)	(422,125)	(110,650)	(53,448)	(12,383)
$ 446,739	$ 418,205	$ 398,842	$ 869,712	$ 779,075	$ 682,318
$ 1,482,861	$ 1,367,544	$ 1,354,871	$ 1,335,195	$ 1,307,661	$ 1,303,584
214,161	236,772	240,979	244,937	244,196	227,826
548,411	532,257	482,852	525,970	474,185	492,956
$ 2,245,433	$ 2,136,573	$ 2,078,702	$ 2,106,102	$ 2,026,042	$ 2,024,366
$ 2,202,440	$ 2,090,329	$ 2,008,796	$ 2,163,197	$ 1,994,455	$ 1,875,797
375,164	391,996	408,021	397,297	389,925	350,314
114,568	72,453	60,727	415,320	420,737	480,573
$ 2,692,172	$ 2,554,778	$ 2,477,544	$ 2,975,814	$ 2,805,117	$ 2,706,684



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

	2021	2020	2019 (3)	2018
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government (1)	$ 15,829	$ 13,105	$ 19,447	$ 20,408
Public Works (1)	19,655	18,452	19,395	17,973
Public Safety	16,557	15,853	14,262	15,123
Community Development (1)	1,043	1,167	1,072	359
Building and Housing	22,072	18,827	20,900	19,008
Public Health	2,863	2,389	3,827	3,715
Economic Development	163	142	158	140
Subtotal - Charges for Services	78,182	69,935	79,061	76,726
Operating Grants and Contributions:				
General Government (1)	116,538	9,649	4,293	4,450
Public Works (1)	18,893	22,350	16,228	14,729
Public Safety	7,916	51,911	3,130	5,067
Community Development	55,940	30,668	28,560	30,325
Building and Housing	772	2,390	540	2,360
Public Health	10,596	7,983	8,056	8,327
Economic Development	17,609	14,593	19,487	18,843
Subtotal - Operating Grants and Contributions	228,264	139,544	80,294	84,101
Capital Grants and Contributions:				
General Government	9,140	115	5,918	1,259
Public Works (1)	11,056	12,173	17,121	19,561
Public Safety	26			
Economic Development	293	294	240	308
Subtotal - Capital Grants and Contributions	20,515	12,582	23,279	21,128
Total Governmental Activities Program Revenues	326,961	222,061	182,634	181,955
Business-Type Activities:				
Charges for Services:				
Water	325,811	327,272	320,168	306,159
Sewer	29,625	29,392	32,176	
Electricity	202,902	192,583	209,787	218,096
Airport facilities	111,108	103,088	148,421	145,981
Nonmajor activities	9,258	7,750	14,040	44,352
Subtotal - Charges for Services	678,704	660,085	724,592	714,588
Operating Grants and Contributions:				
Water	497	3,085	3,041	8,346
Sewer	12	222	741	
Electricity	48	188	598	409
Airport facilities		575	1,750	1,399
Nonmajor activities	13	68	199	588
Subtotal - Operating Grants and Contributions	570	4,138	6,329	10,742
Capital Grants and Contributions:				
Water	312	7,816	18,635	17,686
Sewer	5,105	3,967	4,154	
Electricity	2	2,134	1,455	1,458
Airport facilities	54,075	74,313	52,972	53,867
Nonmajor activities	2	50	296	5,318
Subtotal - Capital Grants and Contributions	59,496	88,280	77,512	78,329
Total Business-Type Activities Program Revenues	738,770	752,503	808,433	803,659
Total Primary Government Program Revenues	$ 1,065,731	$ 974,564	$ 991,067	$ 985,614

2017	2016	2015	2014	2013	2012 (2)
$ 19,573	$ 18,636	$ 23,007	$ 31,589	$ 29,983	$ 30,696
18,408	18,301	17,587	17,706	17,561	18,369
17,803	18,075	13,032	15,318	17,078	15,049
777	952	844	1,483		
16,377	17,717	16,408	11,984	11,734	5,757
3,091	3,463	2,544	2,754	2,917	2,967
103	103	103	101	377	100
76,132	77,247	73,525	80,935	79,650	72,938
3,343	3,468	4,349	4,351	5,601	4,345
24,106	14,802	14,753	20,373	29,770	28,342
6,144	46,421	3,806	7,315	9,180	13,805
26,173	28,950	32,729	35,673	42,608	69,004
2,413	4,380	3,609	2,804	9,133	6,679
8,809	8,122	8,974	11,040	9,249	10,321
3,023	8,614	11,752	18,234	14,046	11,387
74,011	114,757	79,972	99,790	119,587	143,883
34	134	415	2,862	56,610	1,330
35,744	87,304	45,581	85,253	38,348	24,515
97	6	91	173		
35,875	87,444	46,087	88,288	94,958	25,845
186,018	279,448	199,584	269,013	294,195	242,666
301,621	310,111	301,283	303,412	272,674	280,323
194,904	192,967	192,861	181,843	170,342	165,227
145,206	142,433	128,033	131,724	113,244	116,694
42,643	42,133	39,351	34,276	34,135	35,188
684,374	687,644	661,528	651,255	590,395	597,432
4,087	1,678	413	301	5,984	4,567
4,105	3,340	3,225	4,030	656	97
314	191	85	73	132	177
648	218	299	161	86	478
9,154	5,427	4,022	4,565	6,858	5,319
50,693	4,326	25,158	34,699	12,446	21,800
189	354	481	2	393	964
56,757	32,280	20,159	19,775	35,089	25,025
4,452	1,092	1,245	3,280	808	5,773
112,091	38,052	47,043	57,756	48,736	53,562
805,619	731,123	712,593	713,576	645,989	656,313
$ 991,637	$ 1,010,571	$ 912,177	$ 982,589	$ 940,184	$ 898,979

(Continued)

City of Cleveland, Ohio

Changes in Net Position

Last Ten Years

(Amounts in Thousands)

	2021	2020	2019 (3)	2018
Expenses				
Governmental Activities:				
General Government (1)	$ 105,239	$ 160,148	$ 191,388	$ 157,730
Public Works (1)	118,315	156,576	172,526	151,476
Public Safety	351,515	397,692	75,355	415,703
Community Development (1)	55,675	33,643	31,523	33,464
Building and Housing	7,194	15,320	16,974	15,294
Public Health	15,843	18,321	21,269	19,189
Economic Development	38,358	20,454	28,428	27,251
Interest on debt	25,054	27,198	27,059	26,286
Total Governmental Activities Expenses	717,193	829,352	564,522	846,393
Business-Type Activities				
Water	219,063	300,180	316,588	302,725
Sewer	21,917	29,358	31,318	
Electricity	190,647	199,950	220,883	218,261
Airport facilities	137,587	168,310	187,779	173,624
Nonmajor activities	12,757	14,916	17,834	44,863
Total Business-Type Activities Expenses	581,971	712,714	774,402	739,473
Total Primary Government Program Expenses	1,299,164	1,542,066	1,338,924	1,585,866
Net (Expense)/Revenue				
Governmental Activities	(390,232)	(607,291)	(381,888)	(664,438)
Business-Type Activities	156,799	39,789	34,031	64,186
Total Primary Government Net Expense	(233,433)	(567,502)	(347,857)	(600,252)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Income taxes	495,297	458,943	487,077	480,966
Property taxes	57,327	57,955	58,252	53,839
Other taxes	30,505	16,349	44,633	45,235
Unrestricted shared revenues	23,499	15,556	20,894	19,338
Unrestricted state and local government funds	30,806	25,936	26,658	25,191
Unrestricted investment earnings	590	3,827	14,997	10,730
Other	25,279	13,022	20,210	19,070
Transfers	(5,846)	(7,641)	(7,112)	(4,852)
Total Governmental Activities	657,457	583,947	665,609	649,517
Business-Type Activities				
Unrestricted investment earnings	479	11	26	24
Other	610	65	625	
Special items - gain on sale of capital assets				
Transfers	5,846	7,641	7,112	4,852
Total Business-Type Activities Expenses	6,935	7,717	7,763	4,876
Total Primary Government General Revenues and Other Changes in Net Position	664,392	591,664	673,372	654,393
Change in Net Position				
Governmental Activities	267,225	(23,344)	283,721	(14,921)
Business-Type Activities	163,734	47,506	41,794	69,062
Total Primary Government Change in Net Position	$ 430,959	$ 24,162	$ 325,515	$ 54,141

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. In years 2018 and prior these include Sewer, Public Auditorium, West Side Market, East Side Market, Municipal Parking Lots, Cemeteries and Golf Courses. In 2019, Sewer was reclassified as a major enterprise fund.

(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) 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 amoritzed over the life of the related debt issued. The City did not restate prior years in this statisistical table.

(3) In 2019, the Division of Water Polution Control (Sewer) was reclassified as a major enterprise fund. Previously the fund was included with Nonmajor Business-Type Activities.

2017	2016	2015	2014	2013	2012 (2)
$ 160,117	$ 139,022	$ 140,946	$ 121,050	$ 115,793	$ 106,141
137,256	119,019	117,040	129,551	130,108	128,276
357,248	383,453	328,453	298,768	310,246	310,745
28,555	32,173	35,026	39,099	44,337	70,705
14,240	14,111	13,433	11,059	17,694	14,729
18,038	16,110	16,841	18,236	15,405	17,385
36,189	37,913	29,474	32,508	18,142	13,845
28,630	27,596	36,489	26,333	24,913	26,153
780,273	769,397	717,702	676,604	676,638	687,979
293,148	270,014	259,892	253,822	258,014	244,647
197,613	196,092	197,823	181,862	171,669	163,547
172,383	172,254	162,499	161,021	155,343	153,627
41,990	39,501	37,088	38,430	35,235	39,671
705,134	677,861	657,302	635,135	620,261	601,492
1,485,407	1,447,258	1,375,004	1,311,739	1,296,899	1,289,471
(594,255)	(489,949)	(518,118)	(407,591)	(382,443)	(445,313)
100,485	53,262	55,291	78,441	25,728	54,821
(493,770)	(436,687)	(462,827)	(329,150)	(356,715)	(390,492)
451,929	359,668	346,797	337,933	332,719	330,863
51,985	28,634	55,017	52,327	45,055	56,086
46,704	48,945	38,904	35,851	37,765	28,680
37,428	35,888	34,974	37,240	34,434	27,338
24,331	24,061	26,567	23,846	30,081	25,966
4,392	1,801	1,060	1,193	683	692
14,374	14,906	8,760	11,454	21,194	18,141
(8,354)	(4,591)	(1,957)	(1,616)	(1,527)	(1,589)
622,789	509,312	510,122	498,228	500,404	486,177
13	7	4	3	3	
8	11				
8,354	4,591	1,957	1,616	1,527	1,589
8,375	4,609	1,961	1,619	1,530	1,589
631,164	513,921	512,083	499,847	501,934	487,766
28,534	19,363	(7,996)	90,637	117,961	40,864
108,860	57,871	57,252	80,060	27,258	56,410
$ 137,394	$ 77,234	$ 49,256	$ 170,697	$ 145,219	$ 97,274

(Concluded)

City of Cleveland, Ohio

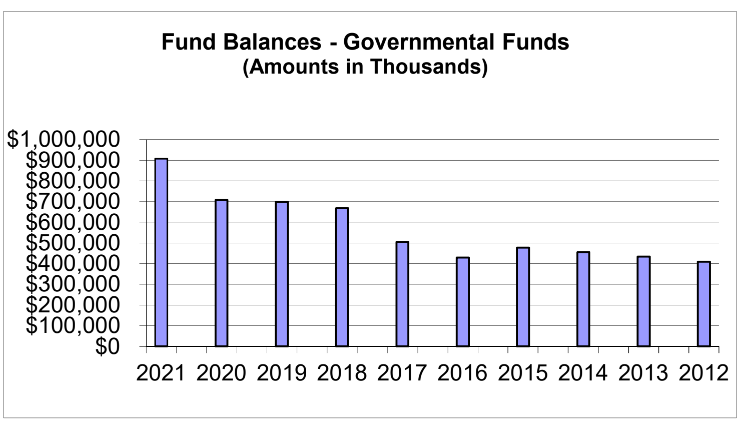
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(Amounts in Thousands)

	2021	2020	2019	2018	2017
General Fund					
Nonspendable	$ 11,039	$ 8,082	$ 3,069	$ 3,035	$
Assigned	83,232	84,600	85,953	67,388	42,168
Unassigned	228,891	121,872	114,870	116,486	92,692
Total General Fund	323,162	214,554	203,892	186,909	134,860
Capital/Urban Renewal Bond Construction (2)					
Nonspendable					
Restricted	285,612				
Committed					
Total Capital/Urban Renewal Bond Construction	285,612				
General Government (2)					
Nonspendable	5				
Restricted	16,864				
Committed	9,542				
Total General Government	26,411				
Public Health (1)					
Nonspendable	18	32	32		
Restricted	2,157	1,897	1,446		
Committed	696	548	387		
Total Public Health	2,871	2,513	1,865		
All Other Governmental Funds					
Nonspendable	122	128	138	168	
Restricted	195,796	420,543	427,063	416,726	296,361
Committed	72,860	68,930	64,813	62,927	72,770
Assigned			11	9	11
Unassigned					
Total All Other Governmental Funds	268,778	489,601	492,025	479,830	369,142
Total Governmental Funds	$ 906,834	$ 706,668	$ 697,782	$ 666,739	$ 504,002

(1) Beginning in 2019, the Auditor of the State of Ohio determined that the City's Public Health Department is a legally separate entity. Prior to this the City reported the Public Health Department activity in the General Fund and Special Revenue Funds.

(2) In 2021, General Government and Capital/Urban Renewal Bond Construction were determined to be major funds. Prior to this the City reported the General Government and Capital/Urban Renewal Bond Construction activities in Other Governmental Funds.

2016	2015	2014	2013	2012
$	$ 740	$ 885	$ 648	$ 632
15,631	11,979	15,041	13,209	9,239
66,091	68,490	78,401	75,891	61,879
81,722	81,209	94,327	89,748	71,750
	865	1,387	355	495
287,250	312,089	268,905	245,015	233,832
70,597	82,189	90,739	98,806	102,901
2	6	8	3	2
(11,514)				
346,335	395,149	361,039	344,179	337,230
$ 428,057	$ 476,358	$ 455,366	$ 433,927	$ 408,980



City of Cleveland, Ohio

Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(Amounts in Thousands)

	2021	2020	2019	2018
Revenues				
Income taxes	$ 495,532	$ 466,699	$ 486,792	$ 473,306
Property taxes	59,438	58,364	57,580	52,665
State and local government funds	29,932	25,616	26,304	24,970
Other taxes and shared revenues (2)				
Other taxes (2)	30,505	16,349	44,739	45,149
Other shared revenues (2)	60,565	53,053	55,319	53,866
Licenses and permits	22,126	18,120	21,892	21,196
Charges for services	37,766	36,905	38,158	39,194
Fines, forfeits and settlements	9,820	8,186	14,292	15,296
Investment earnings	572	3,671	14,277	10,186
Grants	196,373	112,741	52,890	60,385
Contributions	467	377	1,787	4,398
Miscellaneous	29,596	16,844	25,437	15,068
Total Revenues	972,692	816,925	839,467	815,679
Expenditures				
Current:				
General Government (1)	114,539	110,683	107,996	97,343
Public Works (1)	109,248	104,711	109,612	104,949
Public Safety	358,048	354,729	345,025	332,423
Community Development (1)	57,208	30,929	27,857	30,876
Building and Housing	13,967	14,146	14,019	13,829
Public Health	20,493	17,019	18,343	17,735
Economic Development	38,965	19,846	27,718	26,850
Other	8,066	9,032	8,255	9,030
Capital outlay	100,284	120,315	113,170	88,812
Inception of capital lease				
Debt service:				
Principal retirement	54,472	55,103	55,423	55,368
Interest	30,426	31,353	34,968	31,006
General Government	1,237	1,088	450	1,485
Other	1,095	1,088	1,080	1,077
Total Expenditures	908,048	870,042	863,916	810,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,644	(53,117)	(24,449)	4,896
Other Financing Sources (Uses)				
Transfers in	133,383	101,945	123,680	112,956
Transfers out	(136,912)	(107,597)	(126,729)	(116,926)
Issuance of bonds	129,610	132,555	51,015	135,680
Issuance of refunding bonds	21,450			
Premium on bonds and notes	12,104	5,200	5,740	16,868
Discount on bonds and notes				
Payment to refund bonds and notes	(24,113)	(70,109)		
Issuance of Loans			601	15
Sale of City assets		9	1,185	9,248
Capital leases				
Total Other Financing Sources (Uses)	135,522	62,003	55,492	157,841
Net Change in Fund Balances	$ 200,166	$ 8,886	$ 31,043	$ 162,737
Debt Service as a Percentage of Noncapital Expenditures	10.1%	11.1%	11.5%	11.6%

(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.

2017	2016	2015	2014	2013	2012
$ 447,259	$ 355,092	$ 350,524	$ 336,743	$ 333,359	$ 331,118
51,473	49,311	49,697	49,198	49,740	55,312
24,375	24,431	26,433	25,077	28,439	31,821
					86,084
46,683	48,945	38,904	35,851	37,764	
61,079	49,108	48,864	54,329	59,907	
19,407	21,236	18,884	15,404	16,034	15,070
39,177	37,620	35,169	36,120	39,297	41,436
14,299	14,295	18,864	28,928	27,020	26,830
4,147	1,725	927	858	865	468
80,077	125,956	102,257	111,935	115,851	129,724
1,704	1,844	2,803	2,571	15,948	1,364
11,618	16,067	13,565	18,534	27,770	18,770
801,298	745,630	706,891	715,548	751,994	737,997
100,372	98,102	86,686	91,199	85,638	85,125
98,228	93,148	90,961	89,042	86,576	85,753
322,483	347,426	311,177	294,605	303,234	303,767
25,827	29,990	33,076	37,191	42,677	69,238
13,216	13,710	13,419	10,885	17,444	14,542
16,382	15,410	16,462	17,722	14,983	16,986
35,748	37,552	29,393	32,360	18,030	12,794
6,640	7,388	8,635	10,580	11,877	10,992
85,888	99,622	127,001	100,868	115,170	69,945
		571	6,044	5,046	5,648
49,041	49,370	48,648	47,752	46,252	48,115
30,000	30,365	28,627	27,935	30,380	33,741
971	476	2,462	1,114	615	1,264
1,069	1,070	1,071	1,077	1,176	1,168
785,865	823,629	798,189	768,374	779,098	759,078
15,433	(77,999)	(91,298)	(52,826)	(27,104)	(21,081)
81,122	72,227	92,273	77,659	56,516	59,830
(83,188)	(74,118)	(94,734)	(79,766)	(58,466)	(62,145)
	28,125	101,385	69,200	35,840	82,945
142,850	23,680	117,325	20,110	25,360	
21,916	7,497	30,085	6,666	4,415	8,770
			(13)		(145)
(108,761)	(28,150)	(135,757)	(20,635)	(25,360)	(28,910)
				2,786	
6,573	437	1,713	1,044	4,425	324
				6,535	6,507
60,512	29,698	112,290	74,265	52,051	67,176
$ 75,945	$ (48,301)	$ 20,992	$ 21,439	$ 24,947	$ 46,095
10.8%	10.8%	11.1%	11.7%	11.5%	11.8%

City of Cleveland, Ohio

Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years
(Amounts in Thousands)

	Real Property			Tangible Personal Property	
	Assessed Value			Public Utility	
Collection Year	Residential/ Agricultural	Commercial Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value
2021	$ 2,184,072	$ 2,483,157	$ 13,334,939	$ 496,441	$ 564,138
2020	2,158,209	2,506,117	13,326,645	468,023	531,844
2019	2,161,965	2,664,334	13,789,426	436,992	496,582
2018	1,987,511	2,325,434	12,322,700	415,800	472,500
2017	2,002,109	2,238,298	12,115,449	387,919	440,817
2016	2,002,439	2,255,156	12,164,557	331,843	377,094
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

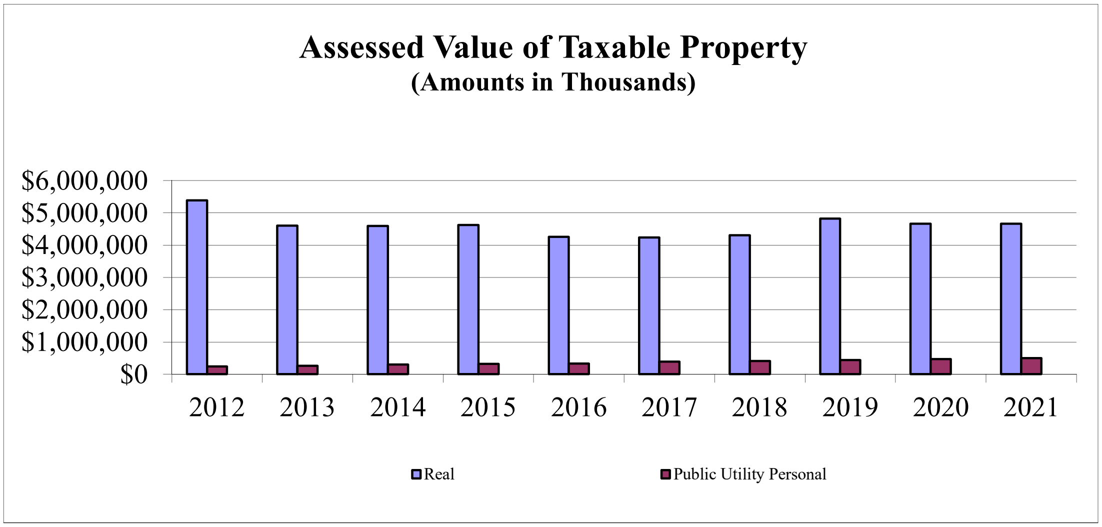
The assessed valuation level for real property in Cuyahoga County is 35% of appraised market value, except for certain agricultural land and public utility property.

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 2021 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.

	Total		
Assessed Value	Estimated Actual Value	Total Direct Tax Rate	Ratio
$ 5,163,670	$ 13,899,077	12.70	37.2 %
5,132,348	13,858,489	12.70	37.0
5,263,291	14,286,008	12.70	36.8
4,728,745	12,795,200	12.70	37.0
4,628,326	12,556,266	12.70	36.9
4,589,438	12,541,651	12.70	36.6
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



City of Cleveland, Ohio

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

	2021	2020	2019	2018
Unvoted Millage				
Debt	4.350000	4.350000	4.350000	4.350000
Fire Pension	0.050000	0.050000	0.050000	0.050000
Total Unvoted Millage	4.400000	4.400000	4.400000	4.400000
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
Total Charter Millage	8.300000	8.300000	8.300000	8.300000
Total Millage	12.700000	12.700000	12.700000	12.700000
Overlapping Rates by Taxing District				
City School District				
Residential/Agricultural Real	45.750328	54.635189	49.324018	49.475411
Commercial/Industrial and Public Utility Real	59.268791	61.877129	56.853103	55.336037
General Business and Public Utility Personal	84.100000	84.300000	79.100000	79.300000
County				
Residential/Agricultural Real	12.255221	14.006317	12.801150	12.797318
Commercial/Industrial and Public Utility Real	13.670579	14.303665	13.230331	13.077038
General Business and Public Utility Personal	14.850000	14.850000	14.050000	14.050000
Special Taxing Districts (1)				
Residential/Agricultural Real	12.483336	14.874736	14.830000	14.431850
Commercial/Industrial and Public Utility Real	14.388187	15.075454	15.080000	14.324894
General Business and Public Utility Personal	16.580000	16.580000	16.580000	16.180000

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.

2017	2016	2015	2014	2013	2012
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
52.627462	52.527150	52.479460	52.699898	52.427248	52.116544
61.103106	61.578271	61.740058	61.107741	60.124573	60.128798
79.300000	79.300000	79.300000	79.900000	79.800000	79.800000
13.914095	13.880201	13.869781	14.050000	14.050000	13.220000
14.006049	14.012362	14.050000	14.019470	13.949465	12.996761
14.050000	14.050000	14.050000	14.050000	14.050000	13.220000
13.636727	13.116607	13.112910	13.202292	12.298441	11.391842
13.760521	13.322508	13.363153	13.312617	12.339767	11.418198
14.180000	13.680000	13.680000	13.680000	12.780000	11.880000

City of Cleveland, Ohio

Property Tax Levies and Collections

Last Ten Years

Year	Current Tax Levy (1)	Current Tax Collections (2)	Percent of Current Tax Collections To Current Tax Levy	Delinquent Tax Collections	Total Tax Collections
2021	$ 80,573,965	$ 74,434,601	92.38 %	$ 4,674,084	$ 79,108,685
2020	78,536,205	71,810,777	91.44	4,691,071	76,501,848
2019	72,955,931	71,218,160	97.62	5,828,919	77,047,080
2018	74,752,362	66,628,584	89.13	4,538,024	71,166,608
2017	72,023,002	64,982,553	90.22	4,280,681	69,263,234
2016	70,861,467	61,490,574	86.78	3,862,554	65,353,128
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

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

(1) The current tax levy is the total amount of taxes assessed for the year.

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

(3) Total levy includes the delinquent levy.

Source: Cuyahoga County Fiscal Officer.

Total Tax Levy (3)	Percent of Total Tax Collections To Total Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
$ 102,816,932	76.94 %	$ 22,853,906	22.23 %
103,132,280	74.18	25,397,758	24.63
98,584,152	78.15	24,209,291	24.56
97,367,860	73.09	24,479,163	25.14
94,787,217	73.07	23,227,032	24.50
87,924,969	74.33	23,066,836	26.23
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

City of Cleveland, Ohio

Principal Taxpayers - Real Estate Tax

2021 and 2012

Taxpayer	2021 Real Property Assessed Valuation (1)	2021 Percentage of Real Assessed Valuation
Cleveland Electric Illuminating Co.	$ 251,813,740	5.40 %
East Ohio Gas Co.	144,364,760	3.09
American Transmission System	122,255,040	2.62
City of Cleveland, Ohio	111,025,260	2.38
127 PS Fee Owner, LLC	87,820,780	1.88
K&D Properties	78,570,760	1.68
Cleveland-Cuyahoga Port Authority	70,328,010	1.51
G&I IX 200 Public Square Garage, LLC	51,380,950	1.10
Hertz Cleveland	49,079,890	1.05
Cleveland Propco II, LLC	36,835,990	0.79
Total	$ 1,003,475,180	21.50 %
Total Real Property Assessed Valuation	$ 4,667,229,000	

Taxpayer	2012 Real Property Assessed Valuation (1)	2012 Percentage of Real Assessed Valuation
Cleveland Clinic Foundation	$ 198,799,720	3.69 %
Cleveland Electric Illuminating Co.	188,580,610	3.50
City of Cleveland, Ohio	86,018,410	1.60
Key Center Properties LLC	80,559,150	1.50
East Ohio Gas Co.	55,008,190	1.02
Cleveland Financial Associates, LLC	51,485,990	0.96
City of Cleveland Executive	35,139,800	0.65
Hub North Point Properties LLC	35,123,770	0.65
National City Bank	34,413,150	0.64
Optima 1375, LLC	23,054,650	0.43
Total	$ 788,183,440	14.64 %
Total Real Property Assessed Valuation	$ 5,385,180,000	

(1) The amounts presented represent the assessed values upon which 2021 and 2012 collections were based.

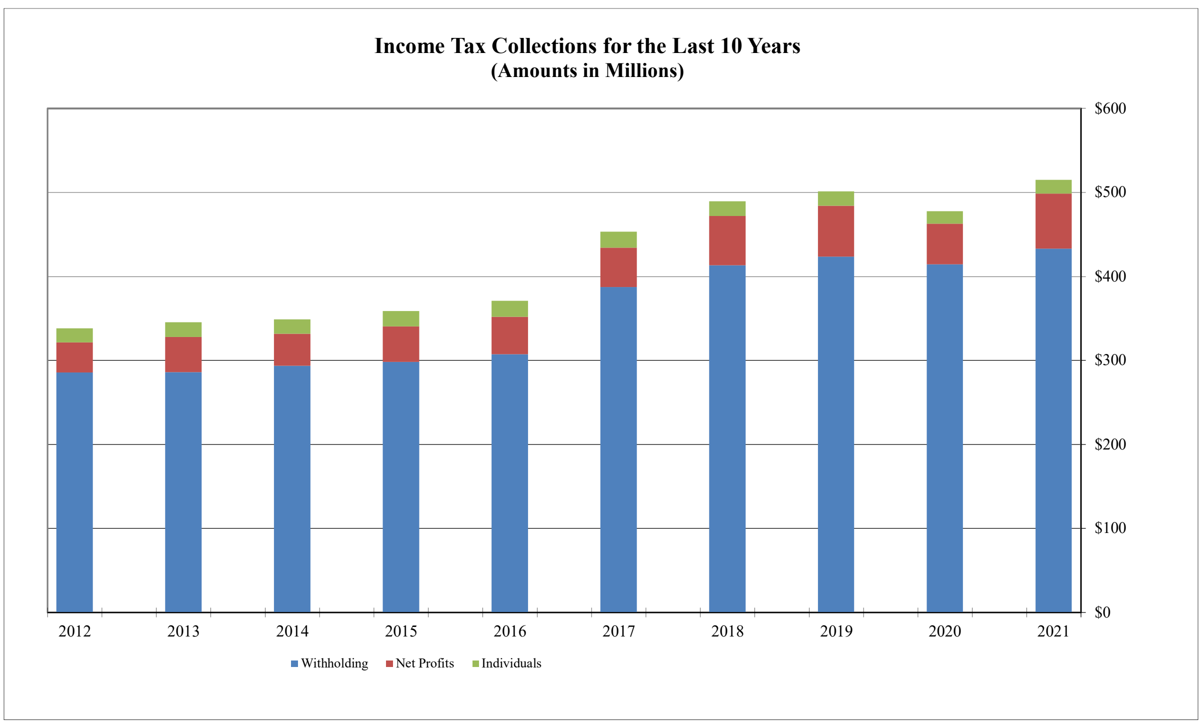
Source: Cuyahoga County Fiscal Officer.

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
2021	2.50%	$ 515,026,273	$ 432,797,541	84.04%	$ 65,636,165	12.74%	$ 16,592,567	3.22%
2020	2.50	477,455,352	414,445,798	86.80	48,378,491	10.13	14,631,063	3.07
2019	2.50	501,323,695	423,375,271	84.45	60,595,378	12.09	17,353,046	3.46
2018	2.50	489,235,527	413,232,659	84.47	58,623,924	11.98	17,378,944	3.55
2017	2.00	453,091,275	387,201,556	85.46	46,757,836	10.32	19,131,883	4.22
2016	2.00	370,753,947	307,143,756	82.84	44,644,300	12.04	18,965,891	5.12
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



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

	Governmental Activities						
Year	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
2021	$ 368,333,000	$	$ 55,156,000	$	$ 16,360,000	$ 61,865,000	$ 419,089,000
2020	337,202,000		47,069,000		21,552,000	69,900,000	367,083,000
2019	318,912,000		49,122,000	488,000	26,630,000	77,750,000	361,740,000
2018	291,055,000		53,107,000	1,874,000	31,593,000	85,266,000	377,853,000
2017	230,353,000	835,000	56,968,000	4,363,000	36,346,000	92,506,000	329,359,000
2016	256,139,000	1,615,000	60,751,000	7,344,000	39,458,000	99,438,000	280,057,000
2015	247,235,000	2,345,000	64,438,000	11,354,000	43,910,000	106,095,000	289,810,000
2014	270,033,000	3,030,000	51,004,000	15,262,000	44,927,000	112,471,000	198,462,000
2013	297,178,000	3,670,000	53,202,000	19,185,000	48,421,000	118,581,000	129,551,000
2012	325,676,000	4,270,000	56,018,000	16,236,000	51,769,000	124,749,000	93,320,000

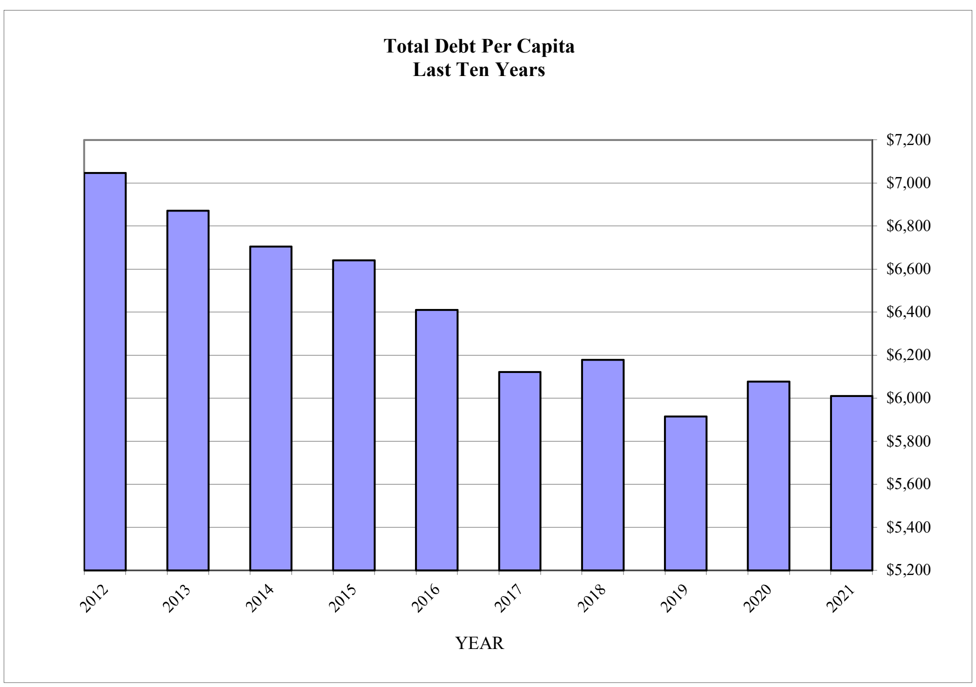
Note:

Population and Personal Income data are presented on page S21.

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

In 2018, this table recalculated all figures that had premiums and discounts. The premiums and discounts are now reflected in the type of debt.

		Business-Type Activities				
Annual Appropriation Bonds	Note / Loans Payable	Revenue Bonds	OWDA / OPWC Loans	Total Debt	Percentage of Personal Income	Per Capita
$ 8,018,000	$ 1,109,000	$ 1,244,403,000	$ 65,110,000	$ 2,239,443,000	26.78%	$ 6,010
8,372,000	1,187,000	1,339,827,000	72,254,000	2,264,446,000	26.89	6,077
8,705,000	1,266,000	1,429,751,000	72,750,000	2,347,114,000	29.45	5,915
9,018,000	1,024,000	1,525,350,000	75,545,000	2,451,685,000	32.79	6,178
9,315,000	1,344,000	1,584,033,000	83,478,000	2,428,900,000	34.00	6,121
9,592,000	1,671,000	1,696,483,000	91,316,000	2,543,864,000	36.56	6,411
9,854,000	2,240,000	1,758,793,000	99,220,000	2,635,294,000	38.09	6,641
10,100,000	2,801,000	1,845,740,000	106,815,000	2,660,645,000	39.46	6,705
10,331,000		1,931,909,000	114,372,000	2,726,400,000	40.87	6,871
10,557,000		2,003,727,000	109,742,000	2,796,064,000	43.22	7,046



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 Thousands)			
2021	372,624	(a)	$ 5,163,670	$ 354,499	6.87 %	$ 951.36
2020	372,624	(a)	5,132,348	323,543	6.30	868.28
2019	396,815	(b)	5,263,291	305,732	5.81	770.46
2018	396,815	(b)	4,728,745	279,415	5.91	704.14
2017	396,815	(b)	4,628,326	225,338	4.87	567.87
2016	396,815	(b)	4,589,438	251,060	5.47	632.69
2015	396,815	(b)	4,948,114	244,111	4.93	615.18
2014	396,815	(b)	4,899,952	266,952	5.45	672.74
2013	396,815	(b)	4,868,768	293,752	6.03	740.27
2012	396,815	(b)	5,631,261	319,460	5.67	805.06

Note:

Net Bonded Debt includes all general obligation bonded debt less balance in debt service fund, plus bond premium.

In 2018, the City restated prior years net bonded debt to include bond premium. As a result, this also affected the ratio of net bonded debt to assessed value of taxable property and net bonded debt to assessed value of taxable property and net bonded debt per capita.

Sources:

(1) U.S. Bureau of Census, Census of Population.
(a) 2020 Federal Census
(b) 2010 Federal Census

(2) Cuyahoga County Fiscal Officer's Office.

City of Cleveland, Ohio

Computation of Direct and Overlapping Governmental Activities Debt

December 31, 2021

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Cleveland			
General Obligation Bonds	$ 368,333,000	100.00 %	$ 368,333,000
Subordinated Income Tax Refunding Bonds	16,360,000	100.00	16,360,000
Subordinate Lien Income Tax Bonds	419,089,000	100.00	419,089,000
Non-Tax Revenue Bonds	55,156,000	100.00	55,156,000
Certificates of Participation	61,865,000	100.00	61,865,000
Annual Appropriation Bonds	8,018,000	100.00	8,018,000
Note/Loans Payable	1,109,000	100.00	1,109,000
Total Direct Debt	929,930,000		929,930,000
Overlapping			
Cleveland Municipal School District			
General Obligation Bonds	212,351,471	96.90	205,768,575
Cuyahoga County			
General Obligation Bonds	254,150,000	16.81	42,722,615
Cuyahoga Community College	195,825,000	16.81	32,918,183
Berea School District	107,751,500	3.46	3,728,202
Shaker Heights School District	31,110,000	6.16	1,916,376
Total	$ 1,731,117,971		$ 1,216,983,951

(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

	2021	2020	2019	2018
Total Assessed Property Value	$ 5,163,670,000	$ 5,132,348,420	$ 5,263,290,660	$4,728,745,440
Overall Legal Debt Limit				
(10½% of Assessed Valuation)	542,185,350	538,896,584	552,645,519	496,518,271
Debt Outstanding:				
General Obligation Bonds	341,075,000	310,985,000	292,810,000	267,135,000
Revenue Bonds	1,168,768,000	1,248,613,000	1,352,593,000	1,439,068,000
Urban Renewal Bonds				
Subordinated Income Tax Refunding Bonds	15,575,000	20,265,000	24,730,000	28,975,000
Subordinate Lien Income Tax Bonds	388,590,000	339,850,000	327,260,000	339,690,000
OWDA/OPWC Loans	65,682,000	72,841,000	73,352,000	75,560,000
Non-tax Revenue Bonds	55,158,000	47,072,000	49,078,000	52,971,000
Annual Appropriation Bonds	8,110,000	8,475,000	8,820,000	9,145,000
Total Gross Indebtedness	2,042,958,000	2,048,101,000	2,128,643,000	2,212,544,000
Less:				
General Obligation Bonds	341,075,000	310,985,000	292,810,000	267,135,000
Revenue Bonds	1,168,768,000	1,248,613,000	1,352,593,000	1,439,068,000
Urban Renewal Bonds				
Subordinated Income Tax Refunding Bonds	15,575,000	20,265,000	24,730,000	28,975,000
Subordinate Lien Income Tax Bonds	388,590,000	339,850,000	327,260,000	339,690,000
OWDA/OPWC Loans	65,682,000	72,841,000	73,352,000	75,560,000
Non-tax Revenue Bonds	55,158,000	47,072,000	49,078,000	52,971,000
Annual Appropriation Bonds	8,110,000	8,475,000	8,820,000	9,145,000
General Obligation Bond Retirement Fund Balance	13,834,000	13,659,000	13,180,000	11,640,000
Total Net Debt Applicable to Debt Limit*	-	-	-	-
Legal Debt Margin Within 10½% Limitations	$ 542,185,350	$ 538,896,584	$ 552,645,519	$ 496,518,271
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation	$ 284,001,850	$ 282,279,163	$ 289,480,986	$ 260,080,999
(5½% of Assessed Valuation)				
Total Gross Indebtedness	2,042,958,000	2,048,101,000	2,128,643,000	2,212,544,000
Less:				
General Obligation Bonds	341,075,000	310,985,000	292,810,000	267,135,000
Revenue Bonds	1,168,768,000	1,248,613,000	1,352,593,000	1,439,068,000
Urban Renewal Bonds				
Subordinated Income Tax Refunding Bonds	15,575,000	20,265,000	24,730,000	28,975,000
Subordinate Lien Income Tax Bonds	388,590,000	339,850,000	327,260,000	339,690,000
OWDA/OPWC Loans	65,682,000	72,841,000	73,352,000	75,560,000
Non-tax Revenue Bonds	55,158,000	47,072,000	49,078,000	52,971,000
Annual Appropriation Bonds	8,110,000	8,475,000	8,820,000	9,145,000
General Obligation Bond Retirement Fund Balance	13,834,000	13,659,000	13,180,000	11,640,000
Net Debt Within 5½% Limitations*	-	-	-	-
Unvoted Legal Debt Margin Within 5½% Limitations	$ 284,001,850	$ 282,279,163	$ 289,480,986	$ 260,080,999
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.

2017	2016	2015	2014	2013	2012
$4,628,325,790	$4,589,437,780	$4,948,113,550	$4,899,952,220	$4,868,767,980	$5,631,261,380
485,974,208	481,890,967	519,551,923	514,494,983	511,220,638	591,282,445
211,400,000	233,900,000	228,740,000	257,565,000	282,550,000	308,700,000
1,501,493,000	1,617,778,000	1,699,688,000	1,786,283,000	1,863,588,000	1,926,203,000
835,000	1,615,000	2,345,000	3,030,000	3,670,000	4,270,000
32,960,000	35,275,000	38,885,000	43,650,000	46,915,000	50,020,000
296,285,000	258,160,000	265,995,000	188,335,000	124,490,000	92,380,000
83,478,000	91,316,000	99,220,000	106,815,000	114,372,000	109,742,000
56,705,000	60,328,000	63,829,000	50,203,000	53,108,000	55,894,000
9,455,000	9,745,000	10,020,000	10,280,000	10,525,000	10,765,000
2,192,611,000	2,308,117,000	2,408,722,000	2,446,161,000	2,499,218,000	2,557,974,000
211,400,000	233,900,000	228,740,000	257,565,000	282,550,000	308,700,000
1,501,493,000	1,617,778,000	1,699,688,000	1,786,283,000	1,863,588,000	1,926,203,000
835,000	1,615,000	2,345,000	3,030,000	3,670,000	4,270,000
32,960,000	35,275,000	38,885,000	43,650,000	46,915,000	50,020,000
296,285,000	258,160,000	265,995,000	188,335,000	124,490,000	92,380,000
83,478,000	91,316,000	99,220,000	106,815,000	114,372,000	109,742,000
56,705,000	60,328,000	63,829,000	50,203,000	53,108,000	55,894,000
9,455,000	9,745,000	10,020,000	10,280,000	10,525,000	10,765,000
5,015,000	5,079,000	3,124,000	3,081,000	3,426,000	6,216,000
-	-	-	-	-	-
$ 485,974,208	$ 481,890,967	$ 519,551,923	$ 514,494,983	$ 511,220,638	$ 591,282,445
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
$ 254,557,918	$ 252,419,078	$ 272,146,245	$ 269,497,372	$ 267,782,239	$ 309,719,376
2,192,611,000	2,308,117,000	2,408,722,000	2,446,161,000	2,499,218,000	2,557,974,000
211,400,000	233,900,000	228,740,000	257,565,000	282,550,000	308,700,000
1,501,493,000	1,617,778,000	1,699,688,000	1,786,283,000	1,863,588,000	1,926,203,000
835,000	1,615,000	2,345,000	3,030,000	3,670,000	4,270,000
32,960,000	35,275,000	38,885,000	43,650,000	46,915,000	50,020,000
296,285,000	258,160,000	265,995,000	188,335,000	124,490,000	92,380,000
83,478,000	91,316,000	99,220,000	106,815,000	114,372,000	109,742,000
56,705,000	60,328,000	63,829,000	50,203,000	53,108,000	55,894,000
9,455,000	9,745,000	10,020,000	10,280,000	10,525,000	10,765,000
5,015,000	5,079,000	3,124,000	3,081,000	3,426,000	6,216,000
-	-	-	-	-	-
$ 254,557,918	$ 252,419,078	$ 272,146,245	$ 269,497,372	$ 267,782,239	$ 309,719,376
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 Principal	Debt Service Interest	Coverage
2021	$ 164,262,000	$ 70,096,000	$ 94,166,000	$ 44,575,000	$ 21,168,624	1.43
2020	172,662,000	75,896,000	96,766,000	44,250,000	22,338,666	1.45
2019	189,211,000	81,118,000	108,093,000	41,585,000	23,263,000	1.67
2018	185,477,000	81,551,000	103,926,000	39,970,000	28,633,914	1.51
2017	183,268,000	85,399,000	97,869,000	38,535,000	29,902,274	1.43
2016	178,723,000	81,501,000	97,222,000	39,765,000	29,907,925	1.40
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

(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	
2021	$ 196,985,000	$ 169,918,000	$ 27,067,000	$ 9,030,000	$ 6,847,766	1.70
2020	186,957,000	162,529,000	24,428,000	3,740,000	6,142,349	2.47
2019	204,286,000	179,977,000	24,309,000	5,640,000	8,453,175	1.73
2018	212,383,000	181,141,000	31,242,000	7,705,000	8,569,901	1.92
2017	195,188,000	167,923,000	27,265,000	8,785,000	9,116,666	1.52
2016	193,194,000	166,591,000	26,603,000	8,055,000	9,859,269	1.49
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

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

(2) Direct operating expenses are calculated in accordance with the bond 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)	
2021	$ 326,153,000	$ 192,917,000	$ 133,236,000	$ 27,520,000	$ 14,029,824	3.21
2020	330,316,000	189,864,000	140,452,000	17,995,000	14,572,634	4.31
2019	323,043,000	217,352,000	105,691,000	27,540,000	15,092,505	2.48
2018	315,296,000	197,901,000	117,395,000	30,640,000	16,950,832	2.47
2017	305,971,000	185,367,000	120,604,000	29,700,000	15,664,601	2.66
2016	311,882,000	162,618,000	149,264,000	44,720,000	15,100,291	2.50
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

(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 was reduced by amount released from reserve fund at the start of year through 2019.

City of Cleveland, Ohio

Pledged Revenue Coverage

Water Pollution Control Revenue Bonds

Last Six Years

Year (3)	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Principal	Debt Service Interest	Coverage
2021	$ 29,653,000	$ 22,202,000	$ 7,451,000	$ 635,000	$ 1,497,150	3.49
2020	29,608,000	21,890,000	7,718,000	610,000	1,521,550	3.62
2019	32,956,000	21,742,000	11,214,000	590,000	1,545,150	5.25
2018	30,443,000	20,136,000	10,307,000	570,000	1,562,250	4.83
2017	29,847,000	21,075,000	8,772,000	550,000	1,584,250	4.11
2016	28,861,000	19,010,000	9,851,000		928,547	10.61

(1) Gross revenues include operating revenues plus interest income, except for interest on the construction funds.

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

(3) Pledged revenue debt was first issued in 2016. The City will continue to present information until a full ten-year is compiled.

City of Cleveland, Ohio
Principal Employers
2021 and 2012

2021

Employer	Employees	Percentage of Total City Employment
Cleveland Clinic	44,665	31.21%
University Hospitals	24,636	17.22
U.S. Office of Personnel Management	15,342	10.72
Cuyahoga County	7,336	5.13
City of Cleveland	7,244	5.06
The MetroHealth System	6,948	4.85
Cleveland Metropolitan School District	5,791	4.05
KeyCorp	5,648	3.95
Case Western Reserve University	4,606	3.22
Sherwin-Williams Co.	4,569	3.19
Total	126,785	88.60%
Total Employment within the City	143,100	

2012

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

Note:
Largest employers headquartered in the City ranked by FTE employees.

Source:
Number of employees from Crain's Cleveland:
Book of Lists 2022, Largest Cuyahoga County Employers; FTEs as of 6/30/2021
Book of Lists 2013, Largest Cuyahoga County Employers; FTEs as of 6/30/2012

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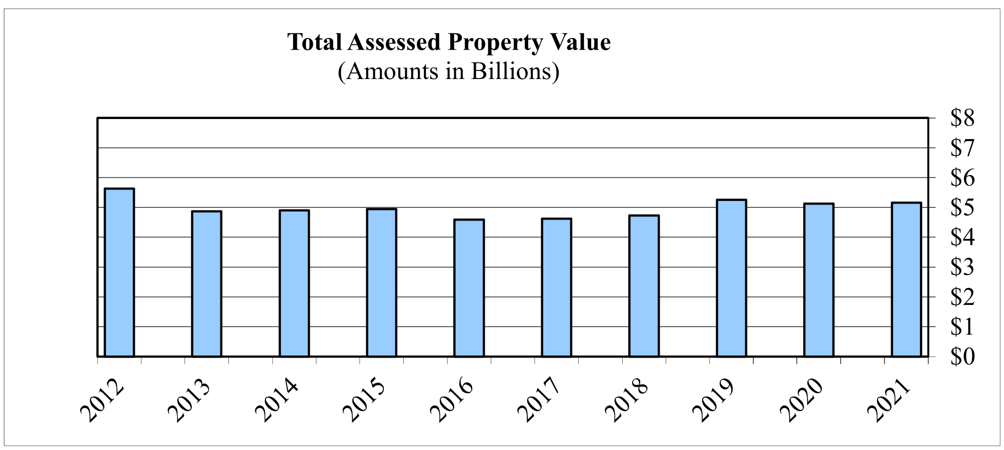
City of Cleveland, Ohio
Demographic and Economic Statistics
Last Ten Years

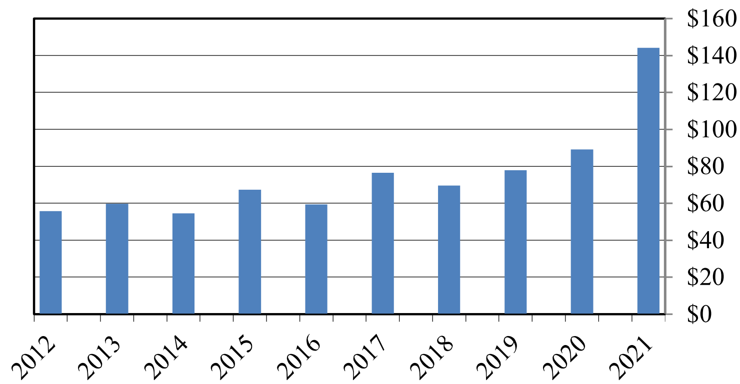
Year	Population		Total Personal Income (5)	Personal Income Per Capita		Median Household Income		Median Age	
2021	372,624	(1)A	$ 8,362,427,808	$ 22,442	(14)	$ 31,838	(14)	36.3	(14)
2020	372,624	(1)A	8,421,604,745	21,223	(13)	30,907	(13)	35.5	(1)
2019	396,815	(1)	7,970,029,275	20,085	(12)	29,008	(12)	35.7	(1)
2018	396,815	(1)	7,477,581,860	18,844	(11)	27,854	(11)	35.7	(1)
2017	396,815	(1)	7,143,860,445	18,003	(10)	26,583	(10)	35.7	(1)
2016	396,815	(1)	6,958,944,655	17,537	(9)	26,150	(9)	35.7	(1)
2015	396,815	(1)	6,918,866,340	17,436	(8)	26,179	(8)	35.7	(1)
2014	396,815	(1)	6,742,680,480	16,992	(7)	26,217	(7)	35.7	(1)
2013	396,815	(1)	6,671,253,780	16,812	(6)	26,556	(6)	35.7	(1)
2012	396,815	(1)	6,468,878,130	16,302	(1)	27,349	(1)	35.7	(1)



(1) Source: U. S. Census Bureau. 2010 Census, (1)A Population total was updated to reflect 2020 U.S. Census Bureau results.
(2) Source: Ohio Department of Education Website: "http://www.ode.state.oh.us/".
(3) Source: Ohio Labor Market Info, Website: "http://ohiolmi.com".
(4) Source: Cuyahoga County Auditor's Office.
(5) Computation of per capita personal income multiplied by population.
(6) Source: U. S. Census Bureau. 2012 dollars years 2008-2012.
(7) Source: U. S. Census Bureau. 2013 dollars years 2009-2013.
(8) Source: U. S. Census Bureau. 2014 dollars years 2010-2014.
(9) Source: U. S. Census Bureau. 2015 dollars years 2011-2015.
(10) Source: U. S. Census Bureau. 2016 dollars years 2012-2016.
(11) Source: U. S. Census Bureau. 2017 dollars years 2013-2017.
(12) Source: U. S. Census Bureau. 2018 dollars years 2014-2018.
(13) Source: U. S. Census Bureau. 2019 dollars years 2015-2019.
(14) Source: U. S. Census Bureau. 2020 dollars years 2016-2020.

Educational Attainment: Bachelor's Degree or Higher		School Enrollment (2)	City Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4) (Amounts in Thousands)
18.6%	(14)	34,511	8.5%	$ 144,100	$ 5,163,670
17.5	(13)	37,158	13.9	89,100	5,132,348
16.9	(12)	37,701	5.2	77,900	5,263,291
16.4	(11)	38,645	6.5	69,500	4,728,745
16.1	(10)	38,949	7.7	76,458	4,628,326
15.6	(9)	39,125	6.9	59,403	4,589,438
15.2	(8)	38,555	5.2	67,280	4,948,114
14.9	(7)	37,967	7.8	54,549	4,899,952
14.0	(6)	38,725	9.3	59,737	4,868,768
13.1	(1)	42,883	8.5	55,774	5,631,261

Average Sales Price of Residential Property
(Amounts in Thousands)



City of Cleveland, Ohio

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Years

Function/Program	2021	2020	2019	2018
General Government				
Council	62.00	61.00	64.00	65.50
Mayor's Office	6.00	19.50	19.50	18.50
Office of Capital Projects	58.00	59.50	61.50	57.00
Mayor's Office of Sustainability	7.00	10.00	8.00	8.00
Mayor's Office of Quality Control	10.00	12.00	11.50	9.50
Landmarks Commission	5.50	4.50	5.00	5.50
Building Standards and Appeals	3.00	3.00	3.00	5.50
Board of Zoning Appeals	4.00	4.50	4.50	4.00
Civil Service Commission	7.50	8.50	7.50	8.50
Community Relations Board	24.50	26.50	26.00	24.00
City Planning Commission	22.00	23.50	23.00	21.50
Equal Employment Opportunity	6.00	7.00	7.00	7.00
Prevention Intervention and Opportunity	12.00	5.00		
Court	384.00	410.00	436.50	441.50
Office of Budget Administration	7.00	7.00	7.00	8.00
Aging	20.50	25.00	25.50	26.00
Personnel and Human Resources	19.00	17.50	18.50	17.50
Law	74.00	74.00	78.00	80.00
Finance	245.00	252.50	264.00	267.50
Security of Persons and Property				
Administration	37.00	38.00	37.00	36.00
Police	1,817.00	1,934.00	2,013.00	1,972.00
Fire	740.00	681.00	718.00	722.00
EMS	280.00	279.00	305.00	310.00
Dog Pound	30.50	32.00	33.50	26.50
House of Corrections	2.00	1.50	1.00	1.00
Department of Justice Compliance	30.00	32.00	36.00	27.50
Public Health Services	124.00	118.00	139.50	138.50
Leisure Time Activities				
Recreation	194.00	200.00	230.50	230.00
Public Auditorium, Westside Market and Cleveland Stadium	57.50	59.00	64.00	61.50
Parking Facilities	33.50	33.00	37.50	40.50
Property Management	69.00	68.50	72.50	71.50
Parks Maintenance	139.00	143.00	145.00	140.00
Community Development	77.50	78.00	77.00	71.50
Building and Housing	135.00	146.00	148.00	142.00
Economic Development	19.00	22.00	24.00	24.00
Public Works				
Public Works Administration	31.00	32.00	32.00	36.00
Waste Collection and Disposal	213.50	206.50	217.50	199.50
Motor Vehicle Maintenance	76.00	75.00	75.00	79.00
Streets	265.00	263.00	266.00	270.00
Traffic Engineering	29.00	30.00	31.00	33.00
Port Control	317.50	366.50	408.00	387.50
Basic Utility Services				
Water	1,104.00	1,174.00	1,150.50	1,126.50
Cleveland Public Power	223.00	237.00	249.00	253.00
Water Pollution Control	136.00	134.50	140.00	133.00
Totals:	7,157.00	7,414.00	7,720.50	7,607.00

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(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.

Source: City Payroll Department.

2017	2016	2015	2014	2013	2012
60.00	65.50	60.50	61.00	60.00	61.50
24.00	25.00	23.00	22.50	25.50	25.50
54.00	49.00	55.50	50.50	49.50	46.00 (1)
8.00					
10.50					
4.00	3.00	3.50	4.00	5.00	5.00
5.50	5.50	5.50	5.50	6.00	6.00
4.50	4.50	4.00	4.50	4.50	4.50
8.50	8.50	8.50	9.50	10.00	10.00
22.00	22.00	23.00	24.00	22.00	24.00
20.50	20.50	21.50	22.50	20.50	20.50
8.00	6.00	8.50	10.00	8.50	8.00
443.50	446.00	448.00	457.50	465.50	461.00
7.00	7.00	7.00	7.00	8.00	7.00
23.50	19.00	23.50	21.00	22.00	22.00
16.50	12.00	15.50	17.00	19.00	18.00
78.50	73.50	71.50	76.50	77.00	72.50
248.50	239.50	238.50	226.00	222.50	232.00
36.00	37.00	35.00	48.50	42.50	36.50
1,822.50	1,826.50	1,903.00	1,901.00	1,913.50	1,873.00
702.00	696.00	705.00	707.00	730.00	729.00
288.00	244.00	238.00	224.00	232.00	232.00
22.00	18.00	18.00	17.00	17.00	14.50
106.00	117.50	117.50	127.00	131.50	133.00
26.00	13.50	8.50			
127.50	135.00	139.00	138.00	133.00	125.50
222.00	203.00	202.50	200.50	191.50	190.50
53.50	53.00	55.00	54.50	54.00	42.50
37.50	40.00	42.50	40.00	40.50	39.50
70.50	64.50	67.50	73.50	72.50	70.50
138.00	132.00	128.00	133.00	130.00	119.00
62.00	61.50	63.00	74.00	76.00	78.50
129.00	119.00	109.00	115.00	117.00	113.00
23.00	26.00	26.00	25.00	29.00	26.00
32.00	34.00	36.00	38.00	37.00	34.00
206.50	179.50	171.00	192.50	199.50	206.50
76.00	70.00	72.00	66.00	68.00	68.00
263.00	252.00	257.00	249.00	248.00	260.00
32.00	29.00	30.00	29.00	29.00	29.00
392.50	393.50	410.00	383.00	392.00	404.50
1,067.50	980.00	1,013.00	1,008.00	1,042.50	1,093.00
242.00	248.00	244.00	266.00	316.00	335.00
116.00	123.00	121.00	134.50	135.00	136.00
7,340.00	7,102.00	7,229.00	7,263.00	7,402.50	7,412.50

City of Cleveland, Ohio

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2021	2020	2019	2018	2017
General Government					
Council and Clerk					
Number of ordinances passed	479	451	573	573	621
Number of resolutions adopted	346	293	575	543	554
Number of other actions (communications, tabled legislation, etc.)	325	242	313	365	330
Number of planning commission docket items	348	326	544	344	283
Zoning board of appeals docket items	206	207	324	290	379
Finance Department					
Number of payments issued	33,053	32,463	39,486	40,932	37,683
Total amount of payments	$ 1,796,197,886	$ 1,736,678,895	$ 1,791,913,475	$ 1,712,667,992	$ 1,645,342,974
Interest earnings for fiscal year (cash basis)	$ 1,174,985	$ 9,479,564	$ 34,234,237	$ 26,062,457	$ 11,609,282
Number of receiving warrants	29,566	26,342	31,786	37,061	35,563
Number of journal entries issued	158,025	154,009	194,878	206,659	201,067
Number of budget adjustments issued	2	2	2	3	5
Agency ratings - S&P Global (1)	AA+	AA+	AA+	AA+	AA+
Agency ratings - Moody's Financial Services (1)	A1	A1	A1	A1	A1
Health insurance costs vs. General Fund expenditures %	19%	19%	16%	16%	17%
General Fund receipts (in thousands)	$ 649,107	$ 581,864	$ 648,273	$ 623,090	$ 591,969
General Fund expenditures (in thousands)	$ 474,821	$ 514,770	$ 564,761	$ 533,048	$ 508,535
General Fund cash balances (in thousands)	$ 315,276	$ 203,399	$ 190,621	$ 173,275	$ 117,631
Income Tax Department					
Number of individual returns	125,006	102,387	134,391	131,908	158,124
Number of business returns	31,865	16,381	23,373	28,396	24,982
Number of business withholding accounts	15,032	14,730	14,599	15,015	14,640
Amount of penalties and interest collected	$ 2,619,579	$ 1,598,475	$ 2,366,212	$ 2,169,049	$ 2,357,037
Annual number of corporate withholding forms processed	190,445	147,777	168,213	166,191	159,442
Annual number of balance due statements forms processed	19,824	14,451	24,247	26,382	31,261
Annual number of estimated payment forms processed	25,476	22,317	28,329	28,448	35,319
Annual number of reconciliations of withholdings processed	13,047	2,429	12,461	12,898	11,494
Engineer Contracted Services					
Dollar amount of construction overseen by engineer (2)	$ 36,777,103	$ 40,005,457	$ 26,128,469	$ 18,489,204	$ 26,721,178
Municipal Court					
Number of civil cases	12,775	11,868	20,360	19,599	19,146
Number of criminal cases	37,672	37,722	59,535	60,525	64,371
Vital Statistics					
Certificates filed (3)					
Number of births	19,101	18,406	18,993	18,765	19,878
Number of deaths	17,762	16,505	15,077	15,302	15,158
Number of fetal deaths	136	109	150	308	348
Certificates issued (3)					
Number of births	30,535	30,449	55,464	56,102	58,805
Number of deaths	62,475	32,805	63,979	65,338	64,265
Civil Service					
Number of police entry tests administered	4	1	2	3	1
Number of fire entry tests administered	1			1	1
Number of police promotional tests administered	3			1	
Number of fire promotional tests administered					1
Number of hires of police officers from certified lists	62	86	40	248	52
Number of hires of fire/medics from certified lists	84		55	40	
Number of promotions from police certified lists		40	35	24	44
Number of promotions from fire certified lists		11	22	52	

2016	2015	2014	2013	2012
526	621	582	642	631
587	564	696	686	739
353	399			
310	127	232	267	359
325	274	256	276	237
37,602	37,931	37,689	37,257	38,010
$ 1,526,411,690	$ 1,463,635,524	$ 1,423,313,034	$ 1,454,825,245	$ 1,236,189,641
$ 4,638,092	$ 1,669,023	$ 2,004,466	$ 2,922,320	$ 3,283,638
33,848	34,912	36,245	33,006	32,087
189,424	260,377	206,253	176,343	190,554
2	2	4	5	4
AA	AA	AA	AA	AA
A1	A1	A1	A1	A1
18%	17%	15%	15%	15%
$ 513,561	$ 495,331	$ 502,860	$ 511,253	$ 501,018
$ 483,971	$ 481,730	$ 487,584	$ 485,912	$ 468,543
$ 61,405	$ 79,239	$ 92,693	$ 89,988	$ 84,869
174,471	181,382	181,811	188,767	192,362
22,352	28,502	29,866	22,601	25,140
13,867	13,863	13,857	13,914	14,414
$ 1,980,758	$ 2,010,333	$ 1,848,347	$ 1,880,485	$ 1,771,088
156,603	153,640	149,291	143,976	147,175
41,688	41,837	38,059	39,012	37,642
40,598	39,577	42,027	40,932	41,813
11,728	12,248	11,851	10,737	11,416
$ 59,585,941	$ 104,493,079	$ 52,004,000	$ 30,424,253	$ 25,400,000
18,646	19,411	18,910	7,534	9,451
64,050	78,238	103,098	109,740	110,754
18,607	18,524	17,061	16,448	17,264
14,832	14,349	13,509	13,460	13,016
385	407	337	380	384
58,611	58,513	55,753	57,935	57,297
63,348	63,930	60,897	61,717	60,173
1	1	1	1	
		1		
		3		
		4	4	
56	45	103	47	50
29	40	37	33	
30	48	4	36	33
33	16	49	29	42

(Continued)

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

Function/Program	2021	2020	2019	2018	2017
Building Department Indicators					
Construction permits issued	14,613	13,533	19,947	17,173	17,865
Estimated value of construction	$ 1,092,815,108	$ 873,031,083	$ 1,194,734,824	$ 1,461,758,104	$ 1,338,571,317
Number of other permits issued	1,010	1,134	2,026	2,235	2,871
Amount of revenue generated from permits	$ 12,180,779	$ 8,329,511	$ 13,146,280	$ 12,550,454	$ 10,985,010
Number of contract registrations issued	3,104	2,502	2,441	3,330	3,261
Annual apartment/rooming house license fees	$ 4,564,031	$ 4,293,764	$ 2,339,748	$ 2,307,275	$ 2,144,227
Security of Persons and Property					
Police					
Number of traffic citations issued	32,302	28,042	41,747	41,095	45,734
Number of parking citations issued	20,777	17,075	24,017	26,970	30,966
Number of criminal arrests	9,257	9,217	12,790	15,584	18,975
Number of accident reports completed	16,525	15,237	17,282	17,982	17,876
Part 1 offenses (major offenses)	23,536	24,291	23,229	24,557	31,163
OVI arrests (7)	167	44	318	472	505
Prisoners	8,979	5,723	12,299	13,025	12,536
Motor vehicle accidents	16,525	15,237	17,282	17,982	17,876
Fatalities from motor vehicle accidents	73	74	54	46	61
Community diversion program youths	33	83	104	82	141
Fire					
Fire calls - incoming for services	74,657	65,724	70,005	70,213	71,663
Fires	2,057	2,228	1,896	2,078	2,732
Fires with loss	232	519	518	935	1,489
Fires with losses exceeding $10K	77	200	168	284	323
Fire losses $	$ 4,765,800	$ 8,664,535	$ 8,541,535	$ 14,374,870	$ 19,714,210
Fire safety inspections	2,020	2,706	2,988	7,900	20,660
Number of times mutual aid given to fire			3		
EMS					
EMS calls - incoming for service	124,842	119,272	123,364	120,487	116,751
Ambulance billing collections (net)	$ 15,718,538	$ 13,189,469	$ 16,250,754	$ 14,470,837	$ 14,633,032
Public Health and Welfare					
Number of health inspections					
Barber shops	187	168	109	165	156
Food	4,286	4,029	7,800	7,800	7,200
Hotels/motels	43	44	38	40	43
Mobile home parks					
Laundries	23	32	30	30	38
Nuisance	5,993	4,030	12,000	1,909	1,186
Pools	113	40	130	125	127
Schools	325	397	330	235	330
Day care inspections	158	186	183	181	180
Maternity inspections			1	1	1
Abortion inspections	4	4	3	3	4
Cemetery cremations	178	204	268	259	279

2016	2015	2014	2013	2012
16,125	15,038	14,002	15,760	16,245
$ 1,468,917,169	$ 1,430,231,410	$ 951,833,168	$ 898,217,589	$ 1,033,330,550
2,820	3,274	4,560	4,632	4,854
$ 12,799,847	$ 11,580,333	$ 8,318,937	$ 8,727,385	$ 7,867,168
3,202	3,262	2,395	2,357	2,802
$ 1,582,496	$ 1,515,849	$ 1,340,845	$ 1,382,001	$ 1,305,182
49,084	64,565	89,835	111,271	121,474
32,516	39,862	37,569	36,678	42,404
19,670	24,308	31,633	33,742	35,730
18,256	17,712	15,575	15,806	14,549
34,158	29,048	33,975	37,125	39,028
491	387	693	779	790
14,214	17,284	21,201	23,935	35,251
18,256	17,712	15,575	15,806	14,549
56	48	21	32	31
119	108	105	98	152
70,988	68,983	64,357	61,728	65,040
2,752	2,469	2,431	2,478	2,846
1,035	1,591	1,441	1,403	1,372
344	346	310	247	259
$ 15,495,855	$ 18,625,607	$ 16,936,874	$ 9,634,925	$ 13,128,848
9,059	12,963	12,730	10,110	13,380
		5	2	30
116,056	115,303	109,045	106,385	96,359
$ 13,157,301	$ 10,348,422	$ 12,214,724	$ 11,589,324	$ 12,051,964
124	211	360	303	333
7,041	7,356	7,187	7,796	7,674
42	36	35	22	38
				5
77	54	68	81	62
1,176	2,450	17,117	22,375	21,118
114	165	147	132	161
293	398	417	547	419
181	187	194	188	161
1		1	2	
4	4	4	5	5
263	260	249	179	196

(Continued)

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

Function/Program	2021	2020	2019	2018	2017
Leisure Time Activities					
Recreation men and women leagues receipts	$	$	$ 14,585	$ 13,318	$ 795
Economic Development					
Grant amounts received (Amounts in Thousands) (6)	$ 3,187	$ 1,692	$ 3,180	$ 3,238	$ 4,310
Public Works					
Street improvements - asphalt overlay (square yards)	413,567	406,698	401,772	422,485	476,296
Crackseal coating program (linear feet)	330,106	302,000	422,097	476,296	318,415
Street repair (curbs, aprons, berms, asphalt) (hours)	56,134	34,043	102,400	183,040	106,080
Guardrail repair (hours)	908	1,244	1,093	1,320	1,061
Paint striping					
Lane line (miles)	333	345	455	526	630
Crosswalks (each)	3,672	4,211	4,800	5,476	5,356
Arrows (each)	2,877	4,000	3,650	3,528	3,695
Street sweeper (hours) (5)	9,582	11,310	1,904	1,120	1,257
Cold patch (hours)	4,122	5,893	10,693	5,760	7,680
Snow and ice removal regular hours	76,048	72,453	76,834	75,564	72,015
Snow and ice removal overtime hours	13,766	12,303	12,152	13,342	7,843
Leaf collection (hours)	4,545	4,720	432	1,200	240
Holiday lights setup (hours)				120	220
Equipment repair/body shop (hours)	6,240	4,200	4,421	3,960	1,643
Tons of snow melting salt purchased November-March	44,000	50,779	54,000	61,089	31,422
Cost of salt purchased	$ 2,208,800	$ 3,706,873	$ 3,957,120	$ 1,778,889	$ 918,490
Refuse disposal per year (in tons) (8)	298,054	266,793	243,825	222,559	241,250
Refuse disposal costs per year (8)	$ 8,462,138	$ 6,988,485	$ 6,542,835	$ 5,612,889	$ 5,660,667
Annual recycling tonnage (excluding leaf, and compost items)			23,743	19,152	26,915
Percentage of waste recycled			8.87%	7.90%	10.04%
Port Control					
Cleveland Hopkins Airport					
Landed weight (in thousands of pounds)	4,609,992	3,514,736	5,928,580	5,686,461	5,455,096
Total operations	91,605	71,141	126,999	116,333	122,392
Total passengers	7,283,896	4,122,517	10,040,817	9,642,729	9,140,445
Total enplaned passengers	3,646,410	2,059,668	5,023,316	4,836,580	4,562,740
Burke Lakefront Airport					
Total operations	48,831	39,000	50,022	46,765	50,789
Total passengers	151,225	105,453	174,382	229,172	178,521
Total enplaned passengers	76,175	53,598	86,408	113,843	89,051
Water Department					
Water rates per 1st 600 cubic feet of water used (4)	$ 21.85	$ 21.85	$ 20.57	$ 19.26	$ 19.26
Average number of water accounts billed monthly (9)	432,446	432,372	433,000	428,778	430,478
Total water collections annually (including P&I)	$ 289,322,817	$ 287,016,260	$ 283,912,463	$ 273,421,478	$ 295,099,937
Payments to Cleveland for bulk water purchases	$ 10,230,008	$ 9,919,477	$ 9,519,525	$ 9,489,107	$ 9,979,059
Wastewater Department					
Sewer and sanitary calls for service	4,540	5,193	3,906	4,810	5,342
After hours sewer calls (hours)	321	499	306	358	270
Electric Power					
KWH Sold	1,579,054,792	1,528,489,824	1,589,109,934	1,657,523,780	1,588,113,898
Average accounts billed per month	74,000	73,998	75,064	75,287	73,363
Receipts	$ 196,598,920	$ 188,350,724	$ 208,987,691	$ 212,797,846	$ 190,495,223

(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) 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.
(5) Street sweeping was limited in 2012 due to state imposed budget cuts.
(6) 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.
(7) 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.
(8) Prior to 2015, Public Works reported the refuse disposal and it's cost as of August through July. Public Works provides calculations base on the calendar year.
(9) Beginning in 2017, the Water Department switched to monthly billing for its customers.

2016	2015	2014	2013	2012
$ 1,305	$ 1,425	$ 2,940	$ 3,407	$ 9,862
$ 10,107	$ 8,244	$ 12,856	$ 3,045	$ 5,856
279,170	244,774	244,500	297,183	212,032
252,160	320,785	662,225		
118,560	136,993	152,214	138,034	117,239
380	765	114	131	100
629	485	640	672	661
6,007	3,783	4,476	4,227	4,952
3,853	3,664	3,684	3,928	4,273
672	744	992	1,132	2,176
6,400	12,960	11,376	9,143	19,271
70,137	88,865	89,234	86,978	87,369
16,244	14,876	18,791	19,212	18,912
240	240	275	300	500
2,060	2,110	2,200	2,215	4,196
57,424	61,447	73,888	57,966	40,236
$ 3,037,155	$ 3,147,313	$ 2,538,951	$ 1,972,003	$ 1,834,359
241,911	217,083	209,410	214,561	212,367
$ 5,552,840	$ 5,729,541	$ 5,466,793	$ 5,258,741	$ 5,723,227
25,600	21,809	17,900	15,893	14,146
9.45%	9.54%	11.00%	13.00%	10.06%
5,117,105	5,118,972	4,773,831	5,732,142	5,732,148
118,653	117,773	137,363	181,340	180,944
8,422,676	8,100,073	7,609,404	9,072,045	9,010,077
4,205,739	4,046,634	3,797,261	4,525,612	4,495,353
53,495	63,603	66,862	68,665	72,916
163,696	161,006	155,583	148,294	184,427
81,934	80,724	77,984	74,385	92,160
$ 19.26	$ 19.26	$ 17.34	$ 15.51	$ 13.76
138,816	139,823	139,460	139,201	139,023
$ 282,194,878	$ 273,223,067	$ 261,928,659	$ 250,250,867	$ 246,046,531
$ 21,309,226	$ 21,889,987	$ 21,810,862	$ 20,194,830	$ 21,271,504
4,537	3,919	5,859	4,856	4,035
180	438	381	227	167
1,612,905,829	1,616,459,441	1,618,081,248	1,620,996,815	1,617,569,577
73,340	73,661	73,746	74,208	74,238
$ 191,759,714	$ 194,358,017	$ 183,571,523	$ 170,397,373	$ 170,009,696

(Concluded)

City of Cleveland, Ohio

Capital Assets Statistics by Function/Program

Last Ten Years

Function/Program	2021	2020	2019	2018	2017
General Government					
Square footage occupied (4)	3,998,701	3,874,685	3,177,900	3,177,900	3,177,900
Administrative vehicles	35	35	35	35	35
Police					
Stations	5	5	5	5	5
Square footage of buildings (1)	770,169	770,169	770,169	756,846	756,846
Vehicles	952	945	921	924	899
Fire					
Stations	26	26	26	26	26
Square footage of buildings	311,655	311,655	311,655	311,655	311,655
Vehicles	132	132	126	126	113
EMS					
Stations (headquarters)	1	1	1	1	1
Square footage of buildings	52,776	52,776	52,776	52,776	52,776
Vehicles	70	69	68	66	52
Port Control (Hopkins)					
Runways	3	3	3	3	3
Terminal area (approximate square footage)	1,142,810	1,142,810	1,142,810	1,142,810	935,000
Gates (7)	58	58	58	58	58
Parking spaces (approximately)					
CLE Smart Park Garage (6)	4,305	4,059	3,674	3,811	3,811
Long-term					
Short-term					
Surface	1,675	1,680	2,095	2,095	2,095
Total parking spaces	5,980	5,739	5,769	5,906	5,906
Vehicles	337	364	355	362	358
Other Public Works					
Streets (miles)	1,300	1,300	1,300	1,300	1,300
Service vehicles (5)	2,428	2,428	2,433	2,249	2,179

2016	2015	2014	2013	2012
3,075,124	3,659,100	3,659,100	3,659,100	3,690,000
36	35	41	38	37
5	5	5	5	5
783,546	614,500	553,100	553,100	553,100
805	842	867	823	825
26	26	26	26	26
311,655	313,224	313,224	313,224	313,224
135	92	95	91	104
1	1	1	1	1
52,776	33,000	33,000	33,000	33,000
56	46	47	47	45
3	3	3	3	3
935,000	935,000	935,000	935,000	935,000
65	65	65	96	96
3,811	3,811	3,997	3,959	
				2,600
				3,900
2,095	2,055	1,544	1,100	640
5,906	5,866	5,541	5,059	7,140
329	313	320	315	335
1,300	1,300	1,300	1,300	1,300
1,686	1,646	1,500	1,539	1,906

(Continued)

City of Cleveland, Ohio

Capital Assets Statistics by Function/Program

Last Ten Years

Function/Program	2021	2020	2019	2018	2017
Recreation					
Number of parks	168	168	168	168	168
Number of playgrounds	108	108	108	108	108
Number of baseball diamonds	130	130	130	130	130
Number of tennis courts	92	92	92	92	92
Number of basketball courts					
Full	96	96	96	96	96
Half	11	11	11	11	11
Number of soccer fields	5	5	5	4	4
Number of recreation centers	21	21	21	21	21
Number of pools					
Indoor	19	19	19	19	19
Outdoor	20	20	20	22	22
Number of aquatic playgrounds	25	25	25	25	25
Number of golf courses (3)	2	2	2	2	2
Number of ice rinks	1	1	1	1	1
Number of roller rinks	1	1	1	1	1
Number of fine arts centers	1	1	1	1	1
Number of greenhouses	1	1	1	1	1
Number of camps	1	1	1	1	1
Number of Historical Baseball Parks	1	1	1	1	1
Total park acreage	1,863	1,863	1,863	1,863	1,863
Vehicles	86	88	77	74	80
Wastewater					
Sanitary sewers (miles)	173	173	170	170	170
Storm sewers (miles)	214	214	199	199	199
Combined sewers (miles)	1,057	1,057	1,066	1,065	1,065
Vehicles	139	137	179	139	152
Electric Power					
Total Distribution lines (miles)	900	900	900	900	900
Total Transmission lines (miles)	50	50	50	50	50
Vehicles	84	80	78	43	79
Water Department					
Water lines (miles) (2)	3,928	3,933	3,945	3,878	3,544
Vehicles	774	761	722	719	748

(1) Includes Dog Kennels and Inspection Garage.

(2) These are calculated totals of all trunk mains [20" diameter and larger] (433 miles), distribution mains [16" and smaller] within the City of Cleveland (1,284 miles) plus distribution mains within certain suburbs with updated service agreements (2,161 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 2012, the City leased both golf courses. In 2018, the City took back the operations of Highland Park Golf Course.

(4) 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). In 2021, the new Frederick Douglass Rec Center, the fire training tower and the pool houses were added.

(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.

2016	2015	2014	2013	2012
168	168	168	154	154
108	109	109	110	110
130	133	133	138	138
92	90	90	119	119
96	110	110	103	103
11	10	10	10	10
4	4	4	4	3
21	21	21	21	21
19	19	19	19	19
22	22	22	21	20
25	25	25	22	10
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				
1,863	1,863	1,863	1,489	1,489
91	85	86	91	97
170	170	170	170	170
199	199	199	199	199
1,065	1,065	1,065	1,065	1,065
117	110	104	108	116
900	900			
50	50			
265	217	221	216	284
3,315	3,300	3,139	3,051	2,839
740	596	675	658	736

(Concluded)

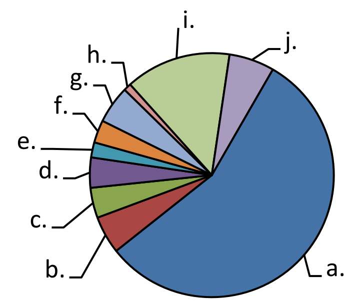
CITY OF CLEVELAND, OHIO

SCHEDULE OF STATISTICS-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

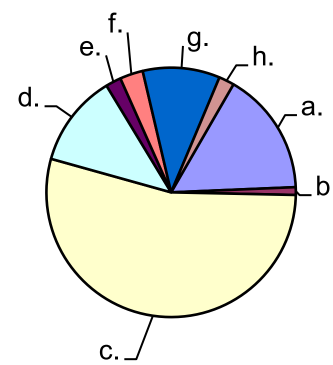
REVENUE DOLLAR BY SOURCE
Where the money came from

a. Income taxes	a.	$0.56
b. Property taxes	b.	0.05
c. State local government funds	c.	0.04
d. Other taxes	d.	0.04
e. Other shared revenues	e.	0.02
f. Licenses and permits	f.	0.03
g. Charges for services	g.	0.05
h. Fines, forfeits and settlements	h.	0.01
i. Grant Revenue	i.	0.14
j. Miscellaneous	j.	0.06
		$1.00



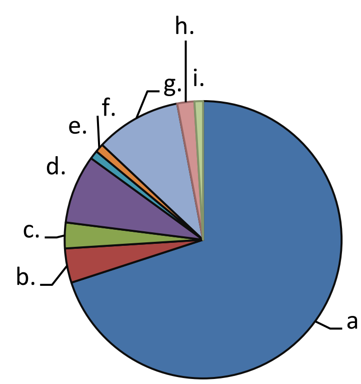
EXPENDITURE DOLLAR BY FUNCTION
Where the money was spent

a. General Government	a.	$0.16
b. Public Health	b.	0.01
c. Public Safety	c.	0.54
d. Public Works	d.	0.12
e. Building and Housing	e.	0.02
f. Economic and Community Development and other	f.	0.03
g. Transfers out	g.	0.10
h. Capital Outlay	h.	0.02
		$1.00



EXPENDITURE DOLLAR BY OBJECT
What the money was spent on

a. Salaries, wages and related benefits	a.	$0.70
b. Interdepartmental charges	b.	0.04
c. Utilities	c.	0.03
d. Contractual services	d.	0.08
e. Materials and supplies	e.	0.01
f. Maintenance	f.	0.01
g. Transfers out	g.	0.10
h. Capital Outlay	h.	0.02
i. Claims/Refunds	i.	0.01
		$1.00



SPECIAL THANKS TO:

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CITY OF CLEVELAND, OHIO

CENTRAL COLLECTION AGENCY

DEPARTMENT OF FINANCE
DIVISION OF TAXATION

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2021

CITY OF CLEVELAND, OHIO

CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Finance
Division of Taxation
Central Collection Agency
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Finance, Division of Taxation, Central Collection Agency:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Internal Service and Custodial Funds of the Department of Finance, Division of Taxation, Central Collection Agency of the City of Cleveland, Cuyahoga County, Ohio (the Agency), as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Finance, Division of Taxation, Central Collection Agency of the City of Cleveland as of December 31, 2021, and the respective changes in financial position and where applicable, cash flows, thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Central Collection Agency, Division of Taxation of the City of Cleveland, are intended to present the financial position, the changes in financial position, and where applicable cash flows, of only that portion of the aggregate remaining fund information of the City of Cleveland that is attributable to the transactions of the Department of Finance, Division of Taxation, Central Collection Agency. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2021, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related 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 and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Cash Receipts and Distribution of Funds, the Schedule of Allocation of Net Operating Expenses, and the Schedule of Income Taxes Receivable (the schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

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CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the City) Department of Finance, Division of Taxation, Central Collection Agency (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the year ended December 31, 2021. Please read this information in conjunction with the Agency's financial statements and footnotes starting on page 14.

The Division of Taxation was created in 1966 by the enactment of the City of Cleveland's Income Tax Ordinance providing the City's Income Tax Administrator with the authority to enter into agreements with any other municipal corporation to administer income tax laws and to provide a central income tax collection facility. Initially, in 1966, the Agency provided service for 14 member communities. By 2021, the Agency was providing a full range of tax collection services for 65 member communities throughout 35 Ohio counties. The Agency employs an average of 100 individuals to process approximately 700,000 returns, estimated payments and tax assessments.

COMPARISON OF CURRENT YEAR'S AND PRIOR YEAR'S DATA

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources for the internal service of the Agency are $3,987,000 and $3,705,305 at December 31, 2021 and 2020, respectively. The Agency's total assets and deferred outflows of resources increased by $281,695 in 2021. The change is primarily due to an increase in the Net OPEB asset.

- The charges for services are $9,780,142 and $9,925,787 at December 31, 2021 and 2020, respectively.

- The Agency's total operating expenses were $6,215,967 in 2021 and $11,254,905 in 2020. In 2021, operating expenses consisted of $3,337,936 for employee's wages and benefits, $1,376,001 for allocated charges and $1,502,030 for other expenses.

- The Agency provides the opportunity for member municipalities to maximize efficiencies, minimize costs and capitalize from economies of scale. Pooling tax collections and investing at current market rates allows the operating expenses of the Agency to be reduced by interest income. The Agency's member municipalities also benefit by the Agency printing, mailing and delivering large volumes of income tax information and forms in bulk to local community public buildings and their taxpayers. This information is also available on the Agency's website – www.ccatax.ci.cleveland.oh.us.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's financial statements. The accompanying financial statements present financial information for the City of Cleveland's Division of Taxation Fund, in which the City accounts for the operations of the Department of Finance, Division of Taxation. 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.

The Agency operates two funds. The operating fund is considered an internal service proprietary fund because the operations of this fund are similar to a private-sector business enterprise. Accordingly, in accounting for the operating activities within this fund, the economic resources measurement focus and the accrual basis of accounting is used. The second fund is a custodial fund, which is used to account for the collection and remittance of income taxes for the member municipalities. For accounting measurement purposes, the custodial fund does not involve the measurement of operations.

The financial statements of the Agency can be found on pages 14-19 this report.

The notes to the financial statements and accompanying schedules provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements, required supplementary information, and supplementary information can be found on pages 21-49 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is condensed statement of net position information for the internal service of the Agency as of December 31, 2021 and 2020:

	2021	2020
Assets:		
Cash and cash equivalents	$ 2,233,781	$ 1,717,105
Prepaid expenses	39,823	43,714
Capital assets, net of accumulated depreciation	113,735	143,268
Net pension asset	88,782	
Net OPEB asset	561,876	
Total assets	3,037,997	1,904,087
Deferred outflows of resources	949,003	1,801,218
Liabilities:		
Accounts payable	114,449	104,064
Due to CCA custodial fund	1,238,860	632,715
Due to the City of Cleveland	12,851	69,537
Accrued wages and benefits - current	714,084	924,879
Accrued wages and benefits - long-term	307,095	172,892
Net pension liability	4,734,395	6,357,970
Net OPEB liability		4,597,992
Total liabilities	7,121,734	12,860,049
Deferred inflows of resources	4,650,005	2,202,064
Net Position:		
Investment in capital assets	113,735	143,268
Unrestricted	(7,898,474)	(11,500,076)
Total net position	$ (7,784,739)	$ (11,356,808)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Assets: The Agency collects and disburses income tax receipts monthly, except for the Cities of Cleveland, Clayton, Hamilton, Montpelier, Riverside and Union that receive advances intermittently during the month; the remaining tax receipts balance is disbursed on the scheduled monthly distribution date. Assets primarily consist of cash on hand. The total assets and deferred outflows of resources were increased by $281,695 in 2021.

Capital Assets: The Agency's capital assets as of December 31, 2021 amounted to $113,735. Capital assets include equipment and vehicles. A summary of the Agency's capital assets during the year ended December 31, 2021 is as follows:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
Furniture, fixtures, equipment and vehicles	$ 557,188	$ 22,580	$ (168,480)	$ 411,288
Total	557,188	22,580	(168,480)	411,288
Less: Accumulated depreciation	(413,920)	(52,113)	168,480	(297,553)
Total net capital assets	$ 143,268	$ (29,533)	$ -	$ 113,735

Liabilities: Liabilities primarily consist of amounts due for pension funding responsibilities. During 2021, the net decrease in liabilities resulted from significant decreases in net pension liability and net OPEB liability.

***Net Pension/Other Postemployment Benefits (OPEB) Liabilities/(Assets)*:** The net pension and net OPEB liabilities/(assets) are reported by the Agency at December 31, 2021 and are reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27.* In 2018, the Agency adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which significantly revised accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Agency's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset, net OPEB asset and deferred outflows of resources related to pension and OPEB.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*) and postemployment benefits (GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/(asset) or net OPEB liability/(asset). GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's State-wide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability/(asset) and the net OPEB liability/(asset) to equal the Agency's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and OPEB. GASB noted that the unfunded portion of this promise are present liabilities/(assets) of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability/(asset) since they received the benefit of the exchange. However, the Agency is not responsible for certain key factors affecting the balance of these liabilities/(assets). 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 Ohio Revised Code (the ORC) permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans 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 retirement system is responsible for the administration of the pension and OPEB plans.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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/(asset) or the net OPEB liability/(asset). As explained above, changes in benefits, contribution rates and return on investments affect the balance of these liabilities, but are outside the control of the Agency. In the event that contributions, investment returns and other changes are insufficient to keep up with required 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/(asset) and the net OPEB liability/(asset) are satisfied, these liabilities/(assets) are separately identified within the long-term liabilities/(assets) section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Agency's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability/(asset) and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB Statement No's 68 & 75, the Agency is reporting net pension liability/(asset) and net OPEB liability/(asset) and deferred inflows/outflows of resources related to pension and OPEB on the accrual basis of accounting.

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Provided below are the statements of revenue, expenses and changes in net position for the internal service fund of the Agency for the years ended December 31, 2021 and 2020:

	Internal Service Fund	
	2021	**2020**
Operating Revenues		
Charges for services	$ 9,780,142	$ 9,925,787
Total operating revenues	9,780,142	9,925,787
Operating Expenses		
Salaries and wages and Employee benefits	3,337,936	8,160,943
Postage and office supplies	123,824	144,840
Allocation of City of Cleveland costs	1,376,001	1,451,465
Other administrative expenses	1,319,253	1,419,945
Property rental	6,840	18,720
Depreciation	52,113	58,992
Total operating expense	6,215,967	11,254,905
Operating income (loss)	3,564,175	(1,329,118)
Non-operating Activity		
Interest income	7,894	90,414
Other revenue (expense)	(5,670)	
Capital Contributions	5,670	
Change in net position	3,572,069	(1,238,704)
Net position at beginning of year	(11,356,808)	(10,118,104)
Net position at end of year	$ (7,784,739)	$ (11,356,808)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)

Operating Revenues: In 2021, charges for services decreased by $145,645. Charges for services are shared proportionately among all the members.

Operating Expenses: Salaries and wages and Employee benefits decreased by $4,823,007 as a result of a large decrease in net pension liability expenses and net OPEB expenses.

ADDITIONAL INFORMATION

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures may continue to impact subsequent periods of the Agency.

This financial report is designed to provide a general overview of the Agency'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.

FINANCIAL STATEMENTS

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
December 31, 2021

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	2,233,781
Prepaid expenses		39,823
TOTAL CURRENT ASSETS		2,273,604
CAPITAL ASSETS:		
Furniture, fixtures, equipment and vehicles		411,288
Less: Accumulated depreciation		(297,553)
CAPITAL ASSETS, NET		113,735
Net pension asset		88,782
Net OPEB asset		561,876
DEFERRED OUTFLOWS OF RESOURCES		
Pension		667,010
OPEB		281,993
TOTAL DEFERRED OUTFLOWS OF RESOURCES		949,003

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
December 31, 2021

LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$	114,449
Due to CCA custodial fund		1,238,860
Due to the City of Cleveland		12,851
Accrued wages and benefits - current		714,084
TOTAL CURRENT LIABILITIES		2,080,244
LONG-TERM LIABILITIES		
Net pension liability		4,734,395
Accrued wages and benefits		307,095
TOTAL LONG-TERM LIABILITIES		5,041,490
DEFERRED INFLOWS OF RESOURCES		
Pension		2,603,727
OPEB		2,046,278
TOTAL DEFERRED INFLOWS OF RESOURCES		4,650,005
NET POSITION		
Investment in capital assets		113,735
Unrestricted		(7,898,474)
TOTAL NET POSITION	$	(7,784,739)

See notes to financial statements.

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
For the Year Ended December 31, 2021

OPERATING REVENUES		
Charges for services		$ 9,780,142
	TOTAL OPERATING REVENUES	9,780,142
OPERATING EXPENSES		
Salaries and wages and Employee benefits		3,337,936
Postage and office supplies		123,824
Allocation of City of Cleveland costs		1,376,001
Other administrative expenses		1,319,253
Property rental		6,840
Depreciation		52,113
	TOTAL OPERATING EXPENSES	6,215,967
	OPERATING INCOME (LOSS)	3,564,175
NON-OPERATING ACTIVITY		
Interest income		7,894
Other revenue (expense)		(5,670)
	TOTAL NON-OPERATING REVENUE (EXPENSE) - NET	2,224
	INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	3,566,399
Capital Contributions		5,670
	CHANGE IN NET POSITION	3,572,069
	NET POSITION AT BEGINNING OF YEAR	(11,356,808)
	NET POSITION AT END OF YEAR	$ (7,784,739)

See notes to financial statements.

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from member municipalities	$ 10,394,661
Cash payments to suppliers of goods and services	(2,872,219)
Cash payments for employee services and benefits	(6,991,080)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	531,362
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(22,580)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED ACTIVITIES	(22,580)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	7,894
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	7,894
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	516,676
Cash and cash equivalents at beginning of year	1,717,105
Cash and cash equivalents at end of year	$ 2,233,781
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATIONS	
Operating income (loss)	$ 3,564,175
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	52,113
Changes in assets:	
Prepaid expense	3,891
Net pension asset	(88,782)
Net OPEB asset	(561,876)
Changes in deferred outflows of resources:	
Pension	402,814
OPEB	449,401
Changes in liabilities:	
Accounts payable	10,385
Due to CCA custodial fund	606,145
Due to City of Cleveland	(56,686)
Accrued wages and benefits	(76,592)
Net pension liability	(1,623,575)
Net OPEB liability	(4,597,992)
Changes in deferred inflows of resources:	
Pension	1,113,783
OPEB	1,334,158
Total adjustments	(3,032,813)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 531,362
SCHEDULE OF NONCASH CAPITAL RELATED ACTIVITIES	
Contributions of Capital Assets	$ 5,670

See notes to financial statements.

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
December 31, 2021

Assets		
Cash and cash equivalents	$	20,865,644
Taxes receivable		88,212,284
Due from CCA internal service fund		1,238,860
Due from member municipalities		694,070
Total assets		111,010,858
Liabilities		
Due to the City of Cleveland	$	88,915,899
Due to member municipalities		22,094,959
Total liabilities		111,010,858
Net Position	$	-

See notes to financial statements.

CITY OF CLEVELAND, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Central Collection Agency
Additions	
Income tax collected for other governments	$ 606,783,313
Total additions	606,783,313
Deductions	
Payments of income tax to other governments	606,783,313
Total deductions	606,783,313
Change in net position	-
Net position, beginning of year	-
Net position, end of year	$ -

See notes to financial statements.

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CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A - DESCRIPTION OF OPERATIONS AND BASIS OF PRESENTATION

The Central Collection Agency, Division of Taxation, City of Cleveland, Ohio (the Agency) is reported as part of the City of Cleveland's primary government and was created for the purpose of collecting city income taxes and disbursing those funds to the respective member municipalities (members) after payment of related expenses. Allocations of tax collections to members are based upon information provided by the taxpayers on the returns and supporting data. Such allocations are subject to adjustments in the subsequent year, dependent upon final returns filed by taxpayers and final review by the Agency. Refunds for overpayments are offset against allocated collections as amounts are determined.

Basis of Presentation: The financial statements are presented in accordance with Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) which requires financial statements by fund type. These financial statements present a columnar total for all fund types included in the statement of assets and liabilities.

The following fund types are used by the Agency:

Proprietary Fund Type - Internal Service Fund: This fund is used to account for the services provided to members on a cost-reimbursement basis.

Fiduciary Fund Type - Custodial Fund: This fund is used to account for assets held by the Agency as an agent for others.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and financial reporting practices of the Agency comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* was issued. This Statement is effective for the reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost. The Agency has determined that GASB Statement No. 89 has no impact on its financial statements as of December 31, 2021.

In March of 2020, GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* was issued. This Statement is effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The Agency has determined that GASB Statement No. 93 has no impact on its financial statements as of December 31, 2021.

The Agency's net position is accounted for in the accompanying statement of net position and is divided into amounts in investment in capital assets and unrestricted. The negative unrestricted amount is primarily the unfunded net pension and OPEB liabilities/(asset) and will not be passed along to members of the Agency.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Basis of Accounting**:* All financial transactions of the Agency are reported on the accrual basis of accounting. Under this accounting method, assets and the related liabilities at the end of the year primarily consist of individual income taxes receivable arising from payroll tax withholdings in December and a receivable for quarterly and annual payments of income taxes pertaining to net profits, self-employment and residents' taxes earned in the prior years. Financial transactions for the internal service fund are reported on the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized as incurred. For accounting purposes, the operations of the internal service fund are similar to a private-sector business enterprise. Accordingly, in accounting for the operating activities, the economic resources measurement focus is used.

Supplies: Supplies are expensed when purchased.

Statement of Cash Flows: The Agency utilizes the direct method of reporting for the statement of cash flows as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* for its internal service fund. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing and investing activities.

For purposes of this statement, cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased and all of the Agency's share of the City of Cleveland's pooled cash accounts.

Allocation of Expenses: The Agency allocates all operating expenses, net of interest income and changes to unfunded pension and OPEB liabilities/(asset), to members based upon the arithmetic mean of the percentage of each municipality's transactions to total transactions and the percentage of each municipality's revenue to total revenue.

Allocation of Interest Income: Excess funds are invested on a daily basis and interest income earned on such investments is allocated to members based on the percentage of each municipality's revenue to total revenue. The City of Cleveland receives collections of tax receipts in advance of the regular monthly distribution date and accordingly, interest income is allocated exclusively to the other members.

***Investments*:** The Agency follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application,* which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Agency's investments in money market mutual funds and State Treasurer Asset Reserve Fund (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Agency has invested funds in STAR Ohio during 2021. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* for the purpose of measuring the value of shares in STAR Ohio. The Agency measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Prepaid Expenses and Other Assets: Payments made to vendors for services that benefit future periods are recorded as prepayments in the financial statements. A current asset for the prepaid amount is recorded at the time of purchase and the expense is reported in the year in which services are consumed.

Interfund Transactions: During the course of normal operations, the Agency has numerous transactions between other city divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost, or if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a 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. When capital assets are disposed, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Furniture, fixtures, equipment and vehicles	3 to 60 years

Deferred Outflows/Inflows 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 a deferred outflow of resources (expense) 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 a future period(s) and so will not be recognized as a deferred inflow of resources (revenue) until that time.

Net Pension/OPEB Liabilities/(Assets)**:** For purposes of measuring the net pension/OPEB liabilities/(assets), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: The Agency 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*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. Normally, all vacation time is to be taken in the year available. The Agency 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.

NOTE C – LONG TERM LIABILITIES

Summary: Changes in long-term obligations for the Internal Service Fund for the year ended December 31, 2021 are as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021	Due Within One Year
Accrued wages and benefits	$ 1,097,771	$ 848,287	$ (924,879)	$ 1,021,179	$ 714,084
Net pension liability	6,357,970		(1,623,575)	4,734,395	
Net OPEB liability	4,597,992		(4,597,992)	-	
Total	$ 12,053,733	$ 848,287	$ (7,146,446)	$ 5,755,574	$ 714,084

NOTE D - DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Agency's deposits at December 31, 2021 totaled $3,594,119 and the Agency's bank balances were $4,398,306. The differences represent outstanding warrants payable, positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $4,398,306 of the bank balances at December 31, 2021, respectively, 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 Agency will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the Agency'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 110.0% of the carrying value of the deposits being secured.

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

Investments: In accordance with GASB Statement No. 72, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments is recorded in investment earnings in the year in which the change occurs. 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; STAR Ohio; 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 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 and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the Agency, apart from the assets of the depository institution. Ohio statute prohibits the use of reverse repurchase agreements.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Agency invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

Credit Risk: The Agency's investments as of December 31, 2021 include STAR Ohio and money market mutual funds. Investments in STAR Ohio and the Federated Government Obligations Fund carry a rating of AAAm, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Agency places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. The Agency had the following investments at December 31, 2021, which include those classified as cash and cash equivalents in the statement of net position in accordance with the provisions of GASB Statement No. 9 since they have a maturity of three months or less:

Type of Investment	2021 Value	2021 Cost	Investment Maturities Less Than One Year
STAR Ohio	$ 2,015,117	$ 2,015,117	$ 2,015,117
Money Market Mutual Funds	17,490,189	17,490,189	17,490,189
Total Investments	19,505,306	19,505,306	19,505,306
Total Deposits	3,594,119	3,594,119	3,594,119
Total Deposits and Investments	$ 23,099,425	$ 23,099,425	$ 23,099,425

These amounts are monies invested by the City Treasurer on behalf of the Agency and are used in daily operations with excess monies invested daily in STAR Ohio and money market mutual funds. These investments are carried at cost which approximates fair value. Monies due to member agencies are disbursed from these funds on a monthly basis.

As of December 31, 2021, the investments in STAR Ohio and money market mutual funds are approximately 10.3% and 89.7%, of the Agency’s total investments.

NOTE E - CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the Internal Service Fund for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
Capital assets, being depreciated				
Furniture, fixtures, equipment and vehicles	$ 557,188	$ 22,580	$ (168,480)	$ 411,288
Total capital assets, being depreciated	557,188	22,580	(168,480)	411,288
Less: Total accumulated depreciation	(413,920)	(52,113)	168,480	(297,553)
Total capital assets, being depreciated, net	143,268	(29,533)	-	113,735
Capital assets, net	$ 143,268	$ (29,533)	$ -	$ 113,735

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE F - DUE TO AND DUE FROM TRANSACTIONS

During the course of normal operations, the Agency has numerous transactions between its own funds and the municipalities which it serves, including transfers of resources to provide services. Such transactions are generally reflected as due to or due from account balances in the accompanying financial statements.

Individual due to and due from and certain payable balances as of December 31, 2021 are as follows:

	Internal Service Fund	Custodial Fund	Total
Due from CCA internal service fund	$	$ 1,238,860	$ 1,238,860
Due from member municipalities		694,070	694,070
Total Due From	$ -	$ 1,932,930	$ 1,932,930
Due to CCA custodial fund	$ 1,238,860	$	$ 1,238,860
Due to the City of Cleveland	12,851	88,915,899	88,928,750
Due to member municipalities		22,094,959	22,094,959
Total Due To	$ 1,251,711	$ 111,010,858	$ 112,262,569

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE G - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/(Asset): The net pension liability/(asset) reported on the statement of net position represents a liability/(asset) 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 liability/(asset) because it was created as a result of employment exchanges that already have occurred.

The net pension liability/(asset) represents the Agency'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/(asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The ORC limits the Agency's obligation for this liability to annually required payments. The Agency cannot control benefit terms or the manner in which pensions are financed; however, the Agency 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/(asset). Resulting adjustments to the net pension liability/(asset) 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/(asset) on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS): The Agency's employees participate in the 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. Agency's 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.

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. 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 OPERS, 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 Annual Comprehensive Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** 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 and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	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 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 3.0% 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 3.0%.

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2021, member contribution rates were 10.0% and employer contribution rates were 14.0%.

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Agency's contractually required contribution was $656,544 for 2021. All required payments have been made.

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability/(asset) for OPERS was measured as of December 31, 2020 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability/(asset) was based on the Agency'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:

	Traditional	Combined
Proportionate Share of the Net Pension Liability/(Asset)	$ 4,734,395	$ (88,782)
Proportion of the Net Pension Liability/(Asset)	0.031972%	0.030756%
Change in Proportion	(0.003768)%	0.030756%
Pension Expense	$ 595,907	$ (85,193)

At December 31, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined
Deferred outflows:		
Change in assumptions	$	$ 5,544
Change in Agency's proportionate share and difference in employer contributions		4,922
Agency's contributions subsequent to the measurement date	637,752	18,792
Total deferred outflows	$ 637,752	$ 29,258
Deferred inflows:		
Differences between expected and actual experience	$ 198,044	$ 16,751
Net difference between projected and actual earnings on pension plan investment	1,845,329	13,203
Change in Agency's proportionate share and difference in employer contributions	527,506	2,894
Total deferred inflows	$ 2,570,879	$ 32,848

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

The $656,544 reported as deferred outflows of resources related to pension resulting from the Agency's contributions subsequent to the measurement date which will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	Traditional	Combined
2022	$ (1,132,863)	$ (6,221)
2023	(434,121)	(3,901)
2024	(752,219)	(6,947)
2025	(251,676)	(3,134)
2026		(1,207)
Thereafter		(972)
Total	$ (2,570,879)	$ (22,382)

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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
Wage Inflation	3.25%
Future Salary Increases, including wage inflation	3.25 to 10.75%
COLA or Ad Hoc COLA	3.25%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and female, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and female, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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.

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) 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 following table displays the Board approved asset allocation policy for 2020 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	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. 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 Agency's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following table presents the Agency's proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 7.2% as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Agency's proportionate share of the net pension liability/(asset):			
Traditional Pension Plan	$ 9,030,939	$ 4,734,395	$ 1,161,999
Combined Pension Plan	(61,759)	(88,782)	(108,969)

NOTE H – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset): The net OPEB liability/(asset) reported on the statement of net position represents a liability/(asset) to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB 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 OPEB is a present liability/(asset) because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/(asset) represents the Agency's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, COLA and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The ORC limits the Agency's obligation for this liability to annually required payments. The Agency cannot control benefit terms or the manner in which OPEB are financed; however, the Agency does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/(asset) on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description – OPERS: OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty 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 OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The ORC 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 ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, 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 2021 state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board 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 0.0% for both plans in 2021. 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 into the RMA for participants in the Member-Directed Plan for 2021 was 4.0%.

For the year ended December 31, 2021, OPERS allocated $5,252 to the OPEB plan.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liabilities/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Agency's proportion of the net OPEB liability/(asset) was based on the Agency's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

		OPERS
Proportionate Share of the Net OPEB Liability/(Asset)	$	(561,876)
Proportion of the Net OPEB Liability/(Asset)		0.031538%
Change in Proportionate Share		(0.001750)%
OPEB Expense	$	(3,376,309)

At December 31, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		OPERS
Deferred outflows:		
Change in assumptions	$	276,224
Change in Agency's proportionate share and difference in employer contributions		517
Employer contributions		5,252
Total deferred outflows	$	281,993
Deferred inflows:		
Differences between expected and actual experience	$	507,089
Net difference between projected and actual earnings on OPEB plan investment		299,263
Change in assumptions		910,407
Change in Agency's proportionate share and difference in employer contributions		329,519
Total deferred inflows	$	2,046,278

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB as follows:

Year Ending December 31:	OPERS
2022	$ (959,702)
2023	(644,525)
2024	(130,047)
2025	(35,263)
Total	$ (1,769,537)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	6.00%
Prior Measurement Date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.00%
Prior Measurement Date	2.75%
Health Care Cost Trend Rate:	
Current Measurement Date	8.50%, initial 3.50%, ultimate in 2035
Prior Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board approved asset allocation policy for 2020 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	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate: A single discount rate of 6.00% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Agency's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Agency's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 6.00%, as well as what the Agency's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Agency's proportionate share of the net OPEB liability/(asset)	$ (139,779)	$ (561,876)	$ (908,807)

Sensitivity of the Agency's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is one percentage-point-lower or one-percentage-point higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease (2.50%)	Current Health Care Cost Trend Rate Assumption (3.50%)	1% Increase (4.50%)
Agency's proportionate share of the net OPEB liability/(asset)	$ (575,511)	$ (561,876)	$ (546,459)

NOTE I - RELATED PARTY TRANSACTIONS

The Agency is provided various services by the City of Cleveland. Charges are based on actual use or on a reasonable pro rata basis. These costs, as reported in the statement of revenues and expenses and changes in net position of the internal service fund for the year ended December 31, 2021 were as follows:

City Administration	$	554,888
Office Rent		425,000
Telephone		50,099
Utilities		165,517
Parking Facilities		1,320
Printing Services		172,811
Motor Vehicle Maintenance		6,366
Total	$	1,376,001

NOTE J - DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling $694,070 at December 31, 2021 as accrued wages and benefits. These amounts are recorded as due from member municipalities in the custodial fund.

NOTE K - CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Agency for personal injuries, property damage and other matters, which the City is responsible for. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Agency's financial position, results of operations or cash flows.

Risk Management: The Agency 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 Agency is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2021.

The City provides the choice of two separate health insurance plans to its employees The Agency is charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio Worker's Compensation retrospective rating program.

NOTE K - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* 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. 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. Claims liability for the Agency is immaterial.

NOTE L - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures may continue to impact subsequent periods of the Agency.

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1), (2)

	Agency's Proportion of the Net Pension Liability/(Asset)	Agency's Proportionate Share of the Net Pension Liability/(Asset)	Agency's Covered Payroll	Agency's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)
Traditional:					
2014	0.030085%	$ 3,541,261	$ 3,409,992	103.85%	0.86
2015	0.030085	3,617,001	3,764,833	96.07	86.45
2016	0.033857	5,365,647	4,316,792	124.30	81.08
2017	0.032616	6,906,177	4,326,558	159.62	77.25
2018	0.033800	4,774,282	4,565,446	104.57	84.66
2019	0.036162	9,072,105	5,124,500	177.03	74.70
2020	0.035740	6,357,970	5,084,007	125.06	82.17
2021	0.031972	4,734,395	4,919,314	96.24	86.88
Combined:					
2021	0.030756	(88,782)	4,919,314	(1.80)	157.67

(1) Information presented for each year was determined as the Agency's measurement date, which is the prior year end.

(2) Information prior to 2014 is not available. The Agency will continue to present information for years available until a full ten-year is compiled.

Notes to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020 and 2021.

In 2021, the Agency presented the Combined Pension Plan separately. In prior years it was netted with the Traditional Pension Plan.

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF CONTRIBUTIONS - NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Agency's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 443,299	$ (443,299)	$ -	$ 3,409,992	13.00 %
2014	451,780	(451,780)	-	3,764,833	12.00
2015	518,015	(518,015)	-	4,316,792	12.00
2016	519,187	(519,187)	-	4,326,558	12.00
2017	593,508	(593,508)	-	4,565,446	13.00
2018	717,430	(717,430)	-	5,124,500	14.00
2019	711,761	(711,761)	-	5,084,007	14.00
2020	688,704	(688,704)	-	4,919,314	14.00
2021	656,544	(656,544)	-	4,689,600	14.00

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

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE YEARS (1), (2)

	Agency's Proportion of the Net OPEB Liability/(Asset)	Agency's Proportionate Share of the Net OPEB Liability/ (Asset)	Agency's Covered Payroll	Agency's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2017	0.032039 %	$ 3,236,001	$ 4,326,558	74.79 %	54.04 %
2018	0.033251	3,610,773	4,565,446	79.09	54.14
2019	0.033755	4,400,808	5,124,500	85.88	46.33
2020	0.033288	4,597,992	5,084,007	90.44	47.80
2021	0.031538	(561,876)	4,919,314	(11.42)	115.57

(1) Information presented for each year was determined as of the Agency's measurement date, which is the prior year end.
(2) Information prior to 2017 is not available. The Agency will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset.

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX YEARS (1), (2), (3)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Agency's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 86,531	$ (86,531)	$ -	$ 4,326,558	2.00 %
2017	45,654	(45,654)	-	4,565,446	1.00
2018	-	-	-	5,124,500	0.00
2019	-	-	-	5,084,007	0.00
2020	-	-	-	4,919,314	0.00
2021	5,252	(5,252)	-	4,689,600	0.00

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member-Directed Plan.

(3) Represents Agency's calendar year. Information prior to 2016 is not available. The Agency will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF CASH RECEIPTS AND DISTRIBUTION OF FUNDS
FOR YEAR ENDED DECEMBER 31, 2021

Members	Balance Collected and Due Members January 1, 2021	Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses	Total Disbursements and Expenses	Balance Collected And Due Members December 31, 2021
ADA	$ 140,733.44	$ -	$ 140,733.44	$ 140,733.44	$ -	$ 140,733.44	$ -
AKRON	60.00	325.00	385.00	270.00	81.25	351.25	33.75
ALGER	12,252.92		12,252.92	12,252.92		12,252.92	-
ALLIANCE	85.00	650.00	735.00	535.00	162.50	697.50	37.50
BARBERTON	875,209.01		875,209.01	875,209.01		875,209.01	-
BRATENAHL	198,255.47		198,255.47	198,255.47		198,255.47	-
BURTON	44,272.62	791,976.50	836,249.12	689,909.87	36,275.30	726,185.17	110,063.95
CHILLICOTHE	(22.87)		(22.87)				(22.87)
CLAYTON	196,741.94	5,360,530.32	5,557,272.26	4,982,636.52	198,465.75	5,181,102.27	376,169.99
CLEVELAND	5,605,026.61	502,906,497.65	508,511,524.26	485,396,717.53	7,106,756.90	492,503,474.43	16,008,049.83
DALTON		189,489.55	189,489.55	151,820.21	5,233.69	157,053.90	32,435.65
DAYTON	24.50	366.64	391.14	276.14	91.66	367.80	23.34
DRESDEN	18,583.95	338,757.63	357,341.58	306,249.97	22,672.89	328,922.86	28,418.72
EAST LIVERPOOL	11.33		11.33	11.33		11.33	-
ELIDA	37,427.51	531,679.73	569,107.24	498,398.11	34,714.39	533,112.50	35,994.74
ENGLEWOOD	(112.26)		(112.26)				(112.26)
FRAZEYSBURG	9,053.67		9,053.67	9,817.12	(763.45)	9,053.67	-
GATES MILLS	(3,722.63)		(3,722.63)		(3,722.63)	(3,722.63)	-
GENEVA-ON-THE-LAKE	12,873.28	272,552.94	285,426.22	251,533.75	16,352.74	267,886.49	17,539.73
GERMANTOWN	143,156.10	2,014,690.17	2,157,846.27	1,844,231.17	95,792.31	1,940,023.48	217,822.79
GRAND RAPIDS	8,645.07	231,586.58	240,231.65	207,564.43	22,825.81	230,390.24	9,841.41
GRAND RIVER	22,079.97	335,256.18	357,336.15	306,436.84	9,399.42	315,836.26	41,499.89
HAMILTON	291,779.56	32,661,380.09	32,953,159.65	31,057,004.34	769,510.82	31,826,515.16	1,126,644.49
HARTVILLE	(146.28)		(146.28)				(146.28)
HIGHLAND HILLS	336,532.67	4,915,690.96	5,252,223.63	4,700,970.61	56,030.20	4,757,000.81	495,222.82
LAKEWOOD	(3.00)		(3.00)				(3.00)
LINNDALE	3,647.37	58,112.59	61,759.96	55,622.08	2,109.49	57,731.57	4,028.39
LORAIN	36.72	5,115.47	5,152.19	4,207.19	1,278.87	5,486.06	(333.87)
MARBLE CLIFF	120,135.94	1,603,341.33	1,723,477.27	1,579,586.89	26,533.04	1,606,119.93	117,357.34
MENTOR-ON-THE-LAKE	72,445.72	1,234,654.18	1,307,099.90	1,147,129.98	66,315.37	1,213,445.35	93,654.55
MONTGOMERY	(715.26)		(715.26)				(715.26)
MONTPELIER	84,135.43	2,176,007.62	2,260,143.05	2,104,381.68	56,200.46	2,160,582.14	99,560.91
MUNROE FALLS	118,481.37	1,675,268.77	1,793,750.14	1,598,496.28	70,894.12	1,669,390.40	124,359.74
NEW CARLISLE	134,031.89	1,835,683.45	1,969,715.34	1,739,964.82	87,971.34	1,827,936.16	141,779.18
NEW MADISON	6,907.87	164,046.12	170,953.99	150,935.49	10,366.53	161,302.02	9,651.97
NEW MIAMI	19,816.98	138,879.37	158,696.35	137,563.43	14,881.65	152,445.08	6,251.27
NEW PARIS	4,909.09	186,508.57	191,417.66	159,460.47	16,174.93	175,635.40	15,782.26
NORTH BALTIMORE	83,541.66	1,226,265.25	1,309,806.91	1,164,108.45	53,457.38	1,217,565.83	92,241.08
NORTH PERRY VILLAGE	65,178.72		65,178.72	65,178.72		65,178.72	-
NORTH RANDALL	622,834.81	8,411,874.73	9,034,709.54	8,223,514.49	83,509.56	8,307,024.05	727,685.49
NORTON	496,144.05		496,144.05	496,144.05		496,144.05	-
OBETZ	1,133,916.04	13,542,532.71	14,676,448.75	13,619,872.80	158,422.21	13,778,295.01	898,153.74
ORWELL	105,835.11	1,524,161.53	1,629,996.64	1,496,847.32	31,411.77	1,528,259.09	101,737.55
PARMA HEIGHTS	283,088.81		283,088.81	283,088.81		283,088.81	-
PAULDING	93,382.00	1,234,952.66	1,328,334.66	1,169,120.03	55,813.15	1,224,933.18	103,401.48
PHILLIPSBURG	2,525.13	86,920.64	89,445.77	78,445.35	9,126.32	87,571.67	1,874.10
PRAIRIE OBETZ JEDZ		4,810,203.80	4,810,203.80	4,317,631.31	45,029.71	4,362,661.02	447,542.78
RIVERSIDE	200,164.15	6,334,568.63	6,534,732.78	5,924,491.48	233,936.20	6,158,427.68	376,305.10
ROCK CREEK	7,700.45	92,122.32	99,822.77	87,706.74	8,092.45	95,799.19	4,023.58
RUSHSYLVANIA	6,016.94	81,897.67	87,914.61	74,534.54	7,188.78	81,723.32	6,191.29
RUSSELLS POINT	19,273.30	351,419.59	370,692.89	326,989.31	23,893.90	350,883.21	19,809.68
SEVILLE	94,746.36	1,143,277.76	1,238,024.12	1,057,666.35	56,359.93	1,114,026.28	123,997.84
SHREVE	17,251.76	305,062.94	322,314.70	278,351.83	18,648.95	297,000.78	25,313.92
SOUTH RUSSELL	150,760.65	1,963,078.48	2,113,839.13	1,847,473.96	78,160.12	1,925,634.08	188,205.05
SPRINGFIELD	85.40	497.00	582.40	422.40	124.25	546.65	35.75
STOW	55.00	50.00	105.00	105.00	12.50	117.50	(12.50)
TIMBERLAKE	630.44		630.44	630.44		630.44	-
TROTWOOD	472.79	8,747.13	9,219.92	8,114.92	2,186.78	10,301.70	(1,081.78)
TROY	(32.00)		(32.00)				(32.00)
UNION	118,035.90	2,670,494.86	2,788,530.76	2,475,388.36	85,996.97	2,561,385.33	227,145.43
VILLAGE OF OAKWOOD	9,215.20	130,338.97	139,554.17	120,457.32	9,166.46	129,623.78	9,930.39
WARREN	58.75	200.00	258.75	188.75	50.00	238.75	20.00
WARRENSVILLE HEIGHTS	1,490,186.78		1,490,186.78	1,490,186.78		1,490,186.78	-
WAYNESFIELD	11,499.20	159,776.98	171,276.18	148,278.12	10,667.23	158,945.35	12,330.83
WEST ALEXANDRIA	19,649.53	173,967.22	193,616.75	183,426.75	12,161.84	195,588.59	(1,971.84)
WEST MILTON	110,663.56	1,419,997.99	1,530,661.55	1,354,998.98	74,120.45	1,429,119.43	101,542.12
WILMINGTON	9.71		9.71	9.71		9.71	-
Totals	$ 13,655,520.90	$ 605,301,456.27	$ 618,956,977.17	$ 586,601,555.16	$ 9,780,142.26	$ 596,381,697.42	$ 22,575,279.75

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE ENTIRE YEAR ENDED DECEMBER 31, 2021

Members	Cost Allocation Percent	Interest Allocation Percent	Cost Allocation Before Interest Income	Interest Income of Municipalities (Excluding Cleveland)	Allocation of Net Operating Expenses
ALLIANCE	0.000000%	0.000000%	$ 162.50	$ -	$ 162.50
AKRON	0.000000%	0.000000%	81.25		81.25
BURTON	0.444275%	0.770216%	36,336.10	60.80	36,275.30
CLAYTON	2.431686%	5.266419%	198,881.51	415.76	198,465.75
CLEVELAND	67.210414%	0.000000%	7,106,756.90		7,106,756.90
DALTON	0.064167%	0.182411%	5,248.09	14.40	5,233.69
DAYTON	0.000000%	0.000000%	91.66		91.66
DRESDEN	0.277537%	0.330976%	22,699.02	26.13	22,672.89
ELIDA	0.424946%	0.518358%	34,755.31	40.92	34,714.39
FRAZEYSBURG	0.000000%	0.000000%	(763.45)		(763.45)
GATES MILLS	0.000000%	0.000000%	(3,722.63)		(3,722.63)
GENEVA-ON-THE-LAKE	0.200201%	0.268488%	16,373.94	21.20	16,352.74
GERMANTOWN	1.173142%	1.976732%	95,948.36	156.05	95,792.31
GRAND RAPIDS	0.279306%	0.226575%	22,843.70	17.89	22,825.81
GRAND RIVER	0.115242%	0.328955%	9,425.39	25.97	9,399.42
HAMILTON	9.439473%	31.921541%	772,030.86	2,520.04	769,510.82
HIGHLAND HILLS	0.689693%	4.789207%	56,408.28	378.08	56,030.20
LINNDALE	0.025846%	0.055897%	2,113.90	4.41	2,109.49
LORAIN	0.000000%	0.000000%	1,278.87		1,278.87
MARBLE CLIFF	0.325963%	1.604253%	26,659.69	126.65	26,533.04
MENTOR-ON-THE-LAKE	0.811979%	1.194751%	66,409.69	94.32	66,315.37
MONTPELIER	0.689191%	2.111814%	56,367.18	166.72	56,200.46
MUNROE FALLS	0.868379%	1.626445%	71,022.52	128.40	70,894.12
NEW CARLISLE	1.077327%	1.780352%	88,111.89	140.55	87,971.34
NEW MADISON	0.126902%	0.158166%	10,379.02	12.49	10,366.53
NEW MIAMI	0.182086%	0.135577%	14,892.35	10.70	14,881.65
NEW PARIS	0.197947%	0.185975%	16,189.61	14.68	16,174.93
NORTH BALTIMORE	0.654761%	1.189325%	53,551.27	93.89	53,457.38
NORTH RANDALL	1.028916%	8.144023%	84,152.49	642.93	83,509.56
OBETZ	1.949824%	13.288150%	159,471.24	1,049.03	158,422.21
ORWELL	0.385483%	1.468328%	31,527.69	115.92	31,411.77
PAULDING	0.683575%	1.199783%	55,907.87	94.72	55,813.15
PHILLLIPSBURG	0.111667%	0.084072%	9,132.96	6.64	9,126.32
PRAIRIE OBETZ JEDZ	0.555121%	4.715529%	45,401.98	372.27	45,029.71
RIVERSIDE	2.866263%	6.185368%	234,424.50	488.30	233,936.20
ROCK CREEK	0.099033%	0.091593%	8,099.68	7.23	8,092.45
RUSHSYLVANIA	0.087972%	0.079141%	7,195.03	6.25	7,188.78
RUSSELLS POINT	0.292474%	0.339165%	23,920.68	26.78	23,893.90
SEVILLE	0.690178%	1.114350%	56,447.90	87.97	56,359.93
SHREVE	0.228302%	0.294863%	18,672.23	23.28	18,648.95
SOUTH RUSSELL	0.957516%	1.934319%	78,312.82	152.70	78,160.12
SPRINGFIELD	0.000000%	0.000000%	124.25		124.25
STOW	0.000000%	0.000000%	12.50		12.50
TROTWOOD	0.000000%	0.000000%	2,186.78		2,186.78
UNION	1.053975%	2.596679%	86,201.96	204.99	85,996.97
VILLAGE OF OAKWOOD	0.112201%	0.129205%	9,176.66	10.20	9,166.46
WARREN	0.000000%	0.000000%	50.00		50.00
WAYNESFIELD	0.130575%	0.154001%	10,679.39	12.16	10,667.23
WEST ALEXANDRIA	0.148863%	0.168510%	12,175.14	13.30	12,161.84
WEST MILTON	0.907599%	1.390488%	74,230.22	109.77	74,120.45
Totals	100.000000%	100.000000%	$ 9,788,036.75	$ 7,894.49	$ 9,780,142.26

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF INCOME TAXES RECEIVABLE
FOR YEAR ENDED DECEMBER 31, 2021

AKRON	$	75.00
ALLIANCE		150.00
BURTON		197,137.27
CLAYTON		1,759,484.96
CLEVELAND		72,907,849.67
DALTON		74,866.97
DAYTON		20.00
ELIDA		164,147.26
GENEVA-ON-THE LAKE		73,875.29
GERMANTOWN		559,908.70
GRAND RAPIDS		76,995.59
GRAND RIVER		59,055.27
HIGHLAND HILLS		568,125.54
LINNDALE		10,000.76
MARBLE CLIFF		226,201.71
MENTOR-ON-THE LAKE		309,032.94
MONTPELIER		426,136.18
MUNROE FALLS		436,184.84
NEW CARLISLE		511,861.30
NEW MADISON		34,725.47
NEW MIAMI		49,388.71
NEW PARIS		68,703.90
NORTH BALTIMORE		315,420.65
NORTH RANDALL		2,027,819.72
OBETZ		2,420,657.19
ORWELL		223,088.67
PAULDING		290,550.38
PHILLIPSBURG		37,986.62
PRAIRIE OBETZ JEDZ		402,992.91
RIVERSIDE		1,588,986.10
ROCK CREEK		26,160.57
RUSHSYLVANIA		39,232.05
RUSSELLS POINT		100,520.62
SEVILLE		323,222.67
SHREVE		89,624.27
SOUTH RUSSELL		629,034.63
SPRINGFIELD		50.00
TROTWOOD		413.93
UNION		638,944.33
VILLAGE OF OAKWOOD		28,375.07
WAYNESFIELD		36,900.63
WEST MILTON		478,376.15
Total	**$**	**88,212,284.49**

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2021

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Public Works
Division of Parking Facilities
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Public Works, Division of Parking Facilities:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Public Works, Division of Parking Facilities of the City of Cleveland, Cuyahoga County, Ohio (the Division), as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Public Works, Division of Parking Facilities of the City of Cleveland as of December 31, 2021, and the changes in financial position and its cash flows thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Public Works, Division of Parking Facilities of the City of Cleveland, are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities and the aggregate remaining fund information of the City of Cleveland that is attributable to the transactions of the Department of Public Works, Division of Parking Facilities. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2021, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 Division's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related 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 and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the City) Department of Public Works, Division of Parking Facilities (the Division), we offer readers of the Division's financial statements this narrative overview and analysis of the financial activities of the Division for the year ended December 31, 2021. Please read this information in conjunction with the Division's financial statements and footnotes which begin on page 14.

The Division was created for the purpose of providing moderately priced off-street parking facilities and on-street metered parking to citizens, visitors and those who work in the City. The Division's operating revenues are derived primarily from charges for parking at its facilities and from parking meter collections. In 2021, the Division's facilities included two parking garages and five surface lots, including West Side Market and Hicks lots.

COMPARISON OF CURRENT YEAR'S AND PRIOR YEAR'S DATA

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Division exceeded its liabilities and deferred inflows of resources (net position) by $39,857,000 and $40,135,000 at December 31, 2021 and 2020, respectively. Of these amounts, $488,000 and $2,801,000 (unrestricted net position) at December 31, 2021 and 2020, respectively, may be used to meet the Division's ongoing obligations to customers and creditors.

- The Division's total net position decreased by $278,000 during 2021. In 2021, operating revenues increased $826,000 as workers returned to the workplace and entertainment venues reopened to some extent. Investment income decreased by $55,000 due to lower cash balances and decreased interest rates. Capital contributions decreased by $115,000 related to minimal improvements on the Willard Garage elevators.

- The Division's total bonded debt decreased by $3,730,000 (48.7%) during 2021. This amount represents the principal payment made in 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The accompanying financial statements present financial information for the City of Cleveland's Division of Parking Facilities Fund, in which the City accounts for the activities of off-street parking operations and meter revenue collections. 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.

The Division of Parking Facilities Fund is considered an Enterprise Fund because the operations of the Division are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Division, the economic resources measurement focus and the accrual basis of accounting is used.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The basic financial statements of the Division can be found on pages 14-19 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 21-45 of this report. Required supplementary information can be found on pages 47-50 of this report.

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is a condensed statement of net position information for the Division as of December 31, 2021 and 2020:

	2021	2020
	(Amounts in Thousands)	
Assets and deferred outflows of resources:		
Assets:		
Current assets	$ 2,544	$ 5,413
Restricted assets	8,950	8,945
Capital assets, net	34,339	35,998
Net OPEB asset	105	
Total assets	45,938	50,356
Deferred outflows of resources	238	448
Liabilities, deferred inflows of resources and net position:		
Liabilities:		
Current liabilities	4,579	4,275
Long-term liabilities	1,021	6,001
Total liabilities	5,600	10,276
Deferred inflows of resources	719	393
Net positon:		
Net investment in capital assets	30,431	31,537
Restricted for capital projects	3,136	
Restricted for debt service	5,802	5,797
Unrestricted	488	2,801
Total net position	$ 39,857	$ 40,135

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Assets:

Current, Restricted and Other Non-Capital Assets: From 2020 to 2021, the Division's current and restricted assets have decreased 19.9%. This decrease is primarily related to a decrease in cash and cash equivalents due to decreased operating transfers in from the General Fund.

***Capital Assets**:* The Division's capital assets (net of accumulated depreciation) as of December 31, 2021 amounted to $34,339,000. The total decrease in the Division's capital assets was $1,659,000 (4.6%) in 2021. The decrease in 2021 was due to depreciation expense exceeding asset additions and deletions. During 2021, major projects included Willard Garage Elevators and 1st District Parking Lot.

A summary of the activity in the Division's capital assets during the year ended December 31, 2021 is as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
	(Amounts in Thousands)			
Land	$ 5,478	$	$	$ 5,478
Land improvements	4,374			4,374
Buildings, structures and improvements	56,483	2,425		58,908
Furniture, fixtures, equipment and vehicles	2,213	28	(14)	2,227
Construction in progress	4,640	33	(2,425)	2,248
Total	73,188	2,486	(2,439)	73,235
Less: Accumulated depreciation	(37,190)	(1,720)	14	(38,896)
Capital assets, net	$ 35,998	$ 766	$ (2,425)	$ 34,339

Additional information on the Division's capital assets can be found in Note A – Summary of Significant Accounting Policies and Note E – Capital Assets.

Liabilities:

Net Pension/Other Postemployment Benefits (OPEB) Liabilities/(Assets): The net pension liability is reported by the Division at December 31, 2021 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows of resources related to pension and OPEB.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*) and postemployment benefits (GASB Statement No. 45, *Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions*) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability/(asset). GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Division's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB liabilities/(assets), 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 and OPEB. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability/(asset) since they received the benefit of the exchange. However, the Division is not responsible for certain key factors affecting the balance of these liabilities. 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 Ohio Revised Code (the ORC) permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability/(asset). As previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities/(asset), but are outside the control of the Division. In the event that contributions, investment returns and other changes are insufficient to keep up with required 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 and the net OPEB liability/(asset) are satisfied, these liabilities/(asset) are separately identified within the long-term liabilities/(assets) section of the statement of net position.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Division's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows of resources.

Long-Term Debt: At the end of 2021, the Division had total bonded debt outstanding of $3,930,000. This is a reduction of approximately 48.7%. This reduction is the result of the annual principal payment on the Division's outstanding bonds. This current debt was incurred to refund debt previously issued to construct two new parking garages around the Gateway site and a new Willard Park Garage behind City Hall. The City's first garage on the Gateway site was completed in January 1994. The second garage was completed in August 1994 and was subsequently sold in 2011. The Willard Park Garage construction was completed in April 1996. The bonds are backed by the net revenues from these facilities. In addition, the City has pledged additional revenues, which consist of various non-tax revenues, to meet debt service requirements, if necessary. In 2021, no additional pledged revenue was required to meet the debt service requirements on the parking bonds.

The activity in the Division's debt obligations outstanding during the year ended December 31, 2021 is summarized below:

	Balance January 1, 2021	Debt Retired	Balance December 31, 2021
	(Amounts in Thousands)		
Parking Facilities Refunding Revenue Bonds:			
Series 2006	$ 7,660	$ (3,730)	$ 3,930

The bond ratings at December 31, 2021 for the Division's revenue bonds are as follows:

	Moody's Investors Service	S&P Global
Parking Facilities Refunding Revenue Bonds:		
Series 2006	A2	AA

The bond ratings indicated above are insured ratings only, reflecting the ratings of Assured Guaranty Municipal Corporation (formerly Financial Security Assurance, Inc.).

In addition, the Division entered into a derivative or hedging agreement in 2003. 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 the outstanding derivative, including its terms, objectives, risks and fair value, can be found in Note B – Long-Term Debt and Other Obligations.

The Division has reported deferred outflows of resources in the amount of the fair value of the interest rate swap, which reflects the prevailing interest rate environment at December 31, 2021. The fair value of the swap has been provided by the counterparty and confirmed by the City's financial advisor.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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

Net Position: Net position serves as a useful indicator of a government's financial position. In the case of the Division, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $39,857,000 at December 31, 2021.

Of the Division's net position at December 31, 2021, $8,938,000 represents resources that are subject to external restrictions on how they may be used. In addition, the Division had a net balance of $30,431,000 that reflects its investment in capital assets (e.g., land, buildings, furniture) net of accumulated depreciation, less any related, still-outstanding debt used to acquire those assets. The $488,000 balance of unrestricted net position may be used to meet the Division's ongoing obligations to customers and creditors.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

The Division's operations during 2021 decreased net position by $278,000. Provided below are key elements of the Division's results of operations as of and for the years ended December 31, 2021 and 2020:

	2021	2020
	(Amounts in Thousands)	
Operating revenues	$ 4,701	$ 3,875
Operating expenses	4,904	5,416
Operating income (loss)	(203)	(1,541)
Non-operating revenue (expense):		
Investment income (loss)	8	63
Interest expense	(385)	(614)
Other revenue (expenses)	240	
Total non-operating revenue (expense), net	(137)	(551)
Income (loss) before capital contributions	(340)	(2,092)
Capital contributions	62	177
Operating transfers in		2,000
Change in net position	(278)	85
Net position at beginning of year	40,135	40,050
Net position at end of year	$ 39,857	$ 40,135

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION (Continued)

Operating Revenues: From 2020 to 2021, operating revenues increased $826,000 or 21.3%. The increase is related to the increased usage of the City's parking facilities as workers returned to the workplace and entertainment venues reopened.

Operating Expenses: In 2021, operating and maintenance expenses decreased $511,000 or 13.8%. This decrease is due to expenses related to pension and OPEB.

Non-Operating Revenues: From 2020 to 2021, investment income decreased by $55,000 or 87.3%. This decrease is related to decreased cash position and low interest rates.

Non-Operating Expenses: From 2020 to 2021, interest expense decreased by $229,000 or 37.3%; resulting from reduction to outstanding principal in 2021.

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

Operating revenues are derived primarily from fees charged to users of City-owned parking garages and facilities operated by the Division including the net income from the Gateway garage and on-street parking meter revenue.

The Division continues to assess their operations to improve efficiencies, identify additional revenue sources and improve existing revenue sources. City Council has the authority to further increase parking fees when deemed necessary to assist the Division in meeting operational and debt commitments as economic circumstances dictate.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures may continue to impact subsequent periods of the Division.

ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the Division'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
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF NET POSITION
December 31, 2021
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and cash equivalents	$ 2,473
Accounts receivable - net of allowance	42
Due from other City of Cleveland departments, divisions or funds	22
Prepaid expenses	7
TOTAL CURRENT ASSETS	2,544
RESTRICTED ASSETS	
Cash and cash equivalents	8,950
TOTAL RESTRICTED ASSETS	8,950
CAPITAL ASSETS	
Land	5,478
Land improvements	4,374
Buildings, structures and improvements	58,908
Furniture, fixtures, equipment and vehicles	2,227
Construction in progress	2,248
	73,235
Less: Accumulated depreciation	(38,896)
CAPITAL ASSETS, NET	34,339
NET OPEB ASSET	105
TOTAL ASSETS	45,938
DEFERRED OUTFLOWS OF RESOURCES	
Derivative instruments - interest rate swaps	1
Loss on refunding	48
Pension	132
OPEB	57
TOTAL DEFERRED OUTFLOWS OF RESOURCES	238

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF NET POSITION
December 31, 2021
(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 161
Accrued wages and benefits	125
Due to other City of Cleveland departments, divisions or funds	53
Due to other governments	250
Accrued interest payable	60
Current portion of long-term debt, due within one year	3,930
TOTAL CURRENT LIABILITIES	4,579
LONG-TERM LIABILITIES	
Revenue bonds - excluding amount due within one year	27
Accrued wages and benefits	123
Net pension liability	871
TOTAL LONG-TERM LIABILITIES	1,021
TOTAL LIABILITIES	5,600
DEFERRED INFLOWS OF RESOURCES	
Pension	397
OPEB	322
TOTAL DEFERRED INFLOWS OF RESOURCES	719
NET POSITION	
Net investment in capital assets	30,431
Restricted for capital projects	3,136
Restricted for debt service	5,802
Unrestricted	488
TOTAL NET POSITION	$ 39,857

See notes to financial statements.

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2021
(Amounts in Thousands)

OPERATING REVENUES	
Charges for services	$ 4,701
TOTAL OPERATING REVENUES	4,701
OPERATING EXPENSES	
Operations	3,118
Maintenance	66
Depreciation	1,720
TOTAL OPERATING EXPENSES	4,904
OPERATING INCOME (LOSS)	(203)
NON-OPERATING REVENUE (EXPENSE)	
Investment income (loss)	8
Interest expense	(385)
Other revenue (expense)	240
TOTAL NON-OPERATING REVENUE (EXPENSE) - NET	(137)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(340)
Capital contributions	62
INCREASE (DECREASE) IN NET POSITION	(278)
NET POSITION, beginning of year	40,135
NET POSITION, end of year	$ 39,857

See notes to financial statements.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 4,709
Cash payments to suppliers for goods or services	(2,483)
Cash payments to employees for services	(1,219)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	1,007
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from settlement	240
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	240
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(3,730)
Interest paid on long-term debt	(401)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(4,131)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	4
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,880)
CASH AND CASH EQUIVALENTS, beginning of year	14,303
CASH AND CASH EQUIVALENTS, end of year	$ 11,423

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(Amounts in Thousands)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

Operating Income	$ (203)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,720
Changes in assets:	
Accounts receivable, net	(14)
Due from other City of Cleveland departments, divisions or funds	(3)
Prepaid expenses	1
Net OPEB asset	(105)
Changes in deferred outflows of resources:	
Pension	45
OPEB	72
Changes in liabilities:	
Accounts payable	119
Due to other governments	(11)
Due to other City of Cleveland departments, divisions or funds	26
Accrued wages and benefits	135
Net pension liability	(294)
Net OPEB liability	(811)
Changes in deferred inflows of resources:	
Pension	134
OPEB	196
TOTAL ADJUSTMENTS	1,210
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,007

SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Contributions of capital assets	$ 62

See notes to financial statements.

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Parking Facilities (the Division) is reported as an Enterprise Fund of the City of Cleveland's (the City) Department of Public Works and is a part of the City's primary government. The Division was created for the purpose of providing moderately priced off-street parking facilities and on-street metered parking to citizens, visitors and those who work in the City. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Division comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. This Statement is effective for the reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred. The Division has determined that GASB Statement No. 89 has no impact on its financial statements as of December 31, 2021.

In March of 2020, GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* was issued. This Statement is effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. As required, the Division has implemented GASB Statement No. 93 as of December 31, 2021.

The Division's net position is accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Restricted for capital projects
- Amount restricted for debt service
- Remaining unrestricted amount

In addition, certain additional financial information regarding the Division is included in these footnotes.

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable 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, capital and related financing and investment activities.

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

Investments: The Division follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application,* which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Division's investments in money market mutual funds and State Treasury Reserve of Ohio (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Division has invested funds in the STAR Ohio during 2021. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

Prepaid Expenses and Other Assets: Payments made to vendors for services that benefit future periods are recorded as prepayments in the financial statements. A current asset for the prepaid amount is recorded at the time of purchase and the expense is reported in the year in which services are consumed.

Interfund Transactions: During the course of normal operations, the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

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

Inventory of Supplies: Inventory is valued at cost using the first in/first out method. Inventory costs are charged to operations when consumed.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a 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. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations.

The estimated useful lives are as follows:

Land improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

Compensated Absences: The Division 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*. These amounts are recorded as accrued wages and benefits in the accompanying statements of net position. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability.

Normally, all vacation time is to be taken in the year available. The Division 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.

Deferred Outflows/Inflows 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) 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Net Pension/OPEB Liabilities/(Asset)*:** For purposes of measuring the net pension/OPEB liabilities/(asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Issuance Costs, Discounts/Premiums and Unamortized Loss on Debt Refunding: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resource and is amortized over the shorter of the defeased bond or the newly issued bond.

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt outstanding at December 31, 2021 is as follows:

	Interest Rate	Original Issuance	2021
	(Amounts in Thousands)		
Parking Facilities Refunding Revenue Bonds:			
Series 2006, due through 2022	5.25%	$ 57,520	$ 3,930
Unamortized (discount) premium			27
Current portion (due within one year)			(3,930)
Total Long-Term Debt			$ 27

Summary: Changes in long-term obligations for the year ended December 31, 2021 are as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021	Due Within One Year
	(Amounts in Thousands)				
Parking Facilities Refunding Revenue Bonds:					
Series 2006, due through 2022	$ 7,660	$	$ (3,730)	$ 3,930	$ 3,930
Accrued wages and benefits	113	232	(97)	248	125
Net pension liability	1,165		(294)	871	
Net OPEB liability	811		(811)	-	
Total	$ 9,749	$ 232	$ (4,932)	$ 5,049	$ 4,055

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Minimum principal and interest payments on outstanding long-term debt are as follows:

Year	Principal	Interest	Total
	(Amounts in Thousands)		
2022	$ 3,930	$ 206	$ 4,136
Total	$ 3,930	$ 206	$ 4,136

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

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

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

On April 16, 2013, the City entered into a novation agreement with UBS 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.

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

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 Securities Industry and Financial Markets Association (SIFMA) index. The counterparty is also a floating rate payor, paying the City 67.0% 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 the 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 67.0%, this relationship may not always apply. Since late 2008, this relationship has been significantly higher or lower for various periods of time due to 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. From 2013 to early 2016, the SIFMA/LIBOR relationship was significantly lower than 67.0%. In this case payments received from the counterparty were greater than the amount owed to the counterparty which resulted in a net decrease in debt service. In addition, a reduction in federal income tax rates such as the one that was approved in late 2017, might increase the percentage relationship between SIFMA and LIBOR and potentially increase the cost of the financing. In 2021, payments received from the counterparty exceeded payments owed to the counterparty by approximately $1,400.

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 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 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.

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Fair Value: The fair value of the swap at December 31, 2021 as reported by PNC was $976, which would be owed by the City.

The City has pledged future revenues from certain parking facilities, net of specified operating expenses and other operating revenues to repay $3,930,000 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 $4,136,000. Principal and interest paid for the current year (including net swap payments) and total net revenues were $4,131,000 and $1,440,000, respectively. There was a significant drop in net revenues in 2020 due to the COVID-19 pandemic. With most sporting and entertainment venues shut down and a large number of employees working from home, usage of the City's parking facilities was dramatically reduced. However, net revenues rebounded somewhat in 2021 as many workers returned to the office and most entertainment venues reopened to some extent.

In 2021, no additional pledged revenue was required to meet the debt service on the Parking Facilities Refunding Revenue Bonds. However, due to the reduced net revenues being generated, funds on hand in the surplus fund were used to meet debt service requirements. The trust indenture requires, among other things, that the Division will fix parking rates and will charge and collect fees for the use of the parking facilities and will restrict operating expenses. As of December 31, 2021, the Division was in compliance with the terms and requirements of the trust indenture.

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 Division entered into a derivative or hedging agreement in 2003. A detailed description of the outstanding derivative, including its terms, objectives, risks and fair value, can be found in the preceding section.

Derivative Instruments

The Division has reported an asset and/or a liability as appropriate in the amount of the fair value of the interest rate swap, which reflects the prevailing interest rate environment at December 31, 2021. The fair value of the swap has been provided by the counterparty and confirmed by the City's financial advisor. The Division recognized a $5,000 investment revenue pursuant to this swap in 2021.

The following table presents the fair value balance and notional amount of the Division's derivative instrument outstanding at December 31, 2021, classified by type and the change in fair value of this derivative during fiscal year 2021 as reported in the respective financial statements. The fair value of the interest rate swap, which reflects the prevailing interest rate environment at December 31, 2021 and the specific terms and conditions of the swap, have been provided by the counterparty and confirmed by the City's financial advisor.

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

The derivative instrument is classified as a Level 2 input of the fair value hierarchy and is considered to be a significant other observable input. The derivative instrument is calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and assumes that the current forward rate implied by the yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the swap, where future amounts are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money.

	Changes in Fair Value		Fair Value at December 31, 2021		
	Classification	Amount	Classification	Amount	Notional
	(Amounts in Thousands)				
Floating to floating interest rate swap					
2006 Parking Basis Swap	Investment Revenue	$ 5	Debt	$ 1	$ 3,930

The table below presents the objective and significant terms of the Division's derivative instrument at December 31, 2021, along with the credit rating of the swap counterparty.

Bonds	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
			(Amounts in Thousands)				
2006 Parking Bonds	Basis Swap - Pay Floating / Receive Floating	Exchange floating rate payments on Series 2006 Parking System Revenue Bonds	$ 3,930	8/15/2006	9/15/2022	Pay SIFMA, receive 67% of LIBOR	A2/A/A+

Defeasance of Debt: The Division 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 Division's financial statements.

In conjunction with the sale of the Gateway North Garage, the Division defeased some of the Parking Facilities Refunding Revenue Bonds, Series 2006, by placing a portion of the proceeds of the sale into an irrevocable trust to provide for all future debt service payments on the defeased bonds. The Division had $1,860,000 of defeased debt outstanding at December 31, 2021.

NOTE C – 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.

In 2021, net revenues generated by the remaining Gateway garage were less than the debt service payments attributed to that garage by $2,328,000. Cumulative debt service payments funded by the City that are due from Gateway totaled $59,399,000 at December 31, 2021. 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.

NOTE D – DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Division's deposits at December 31, 2021 totaled $1,662,000 and the Division's bank balances were $1,725,000. The differences represent positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $1,725,000 of the bank balances at December 31, 2021 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 Division will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the Division'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 110.0% of the carrying value of the deposits being secured.

Investments: In accordance with GASB Statement No. 72, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. 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; STAR Ohio, 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 or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained.

NOTE D – DEPOSITS AND INVESTMENTS (Continued)

Generally, investments are recorded and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the City, apart from the assets of the depository institution. Ohio statutes prohibit 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: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Division invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

Credit Risk: The Division's investments as of December 31, 2021 include STAR Ohio and money market mutual funds. The Division maintains the highest ratings for their investments. Investments in STAR Ohio, Dreyfus Government Cash Management Mutual Fund and Morgan Stanley Government Institutional Mutual Funds carry a rating of AAAm, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk: The Division places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. The Division had the following investments at December 31, 2021, which include those classified as cash and cash equivalents in the statement of net position in accordance with the provisions of GASB Statement No. 9*,* since they have a maturity of three months or less:

Type of Investment	2021 Value	2021 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 2	$ 2	$ 2
Money Market Mutual Funds	9,759	9,759	9,759
Total Investments	9,761	9,761	9,761
Total Deposits	1,662	1,662	1,662
Total Deposits and Investments	$ 11,423	$ 11,423	$ 11,423

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE D – DEPOSITS AND INVESTMENTS (Continued)

These amounts are monies invested by the City Treasurer on behalf of the Division and are used in daily operations with excess monies invested daily in STAR Ohio and money market mutual funds. These investments are carried at cost which approximates fair value.

As of December 31, 2021, the investments in STAR Ohio and money market mutual funds are less than 0.1% and approximately 99.9%, respectively, of the Division's total investments.

NOTE E – CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
	(Amounts in Thousands)			
Capital assets, not being depreciated:				
Land	$ 5,478	$	$	$ 5,478
Construction in progress	4,640	33	(2,425)	2,248
Total capital assets, not being depreciated	10,118	33	(2,425)	7,726
Capital assets, being depreciated:				
Land improvements	4,374			4,374
Buildings, structures and improvements	56,483	2,425		58,908
Furniture, fixtures, equipment and vehicles	2,213	28	(14)	2,227
Total capital assets, being depreciated	63,070	2,453	(14)	65,509
Less: Accumulated depreciation	(37,190)	(1,720)	14	(38,896)
Total capital assets being depreciated, net	25,880	733	-	26,613
Capital assets, net	$ 35,998	$ 766	$ (2,425)	$ 34,339

NOTE F – 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 Division'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 (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The ORC limits the Division's obligation for this liability to annually required payments. The Division cannot control benefit terms or the manner in which pensions are financed; however, the Division 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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS): The Division's employees participate in the 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. Division's 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.

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. 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 OPERS, 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 Annual Comprehensive Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** 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 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 3.0% 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 3.0%.

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2021, member contribution rates were 10.0% and employer contribution rates were 14.0%.

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Division's contractually required contribution was $120,000 for 2021. All required payments have been made.

Pension Liability, 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, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Division's proportion of the net pension liability was based on the Division'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:

	OPERS (Amounts in Thousands)	
Proportionate Share of the Net Pension Liability	$	871
Proportion of the Net Pension Liability		0.005999%
Change in Proportion		0.000042%
Pension Expense	$	5

At December 31, 2021, the Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Change in assumptions	$	1
Change in proportionate share and difference in employer contributions		11
Division's contributions subsequent to the measurement date		120
Total Deferred Outflows of Resources	$	132
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	40
Differences in projected and actual investment earnings		349
Change in Division's proportionate share and difference in employer contributions		8
Total Deferred Inflows of Resources	$	397

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

The $120,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS (Amounts in Thousands)
2022	$ (145)
2023	(47)
2024	(143)
2025	(48)
2026	(1)
Thereafter	(1)
Total	$ (385)

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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
Wage Inflation	3.25%
Future Salary Increases, including wage inflation	3.25 to 10.75 %
COLA or Ad Hoc COLA	3.25%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: 0.5%, simple through 2021, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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.

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) 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 2020 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	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

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 Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability	$ 1,680	$ 871	$ 198

NOTE G – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset): The net OPEB liability/(asset) reported on the statement of net position represents a liability/(asset) to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB 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 OPEB is a present liability/(asset) because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/(asset) represents the Division's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, COLA and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The ORC limits the Division's obligation for this liability/(asset) to annually required payments. The Division cannot control benefit terms or the manner in which OPEB are financed; however, the Division does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability/(asset) is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/(asset) on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description – OPERS: OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty 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 OPEB as described in GASB Statement No. 75. See OPERS Annual Comprehensive Financial Report referenced below for additional information.

The ORC 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 OPERS Board in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, 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 2021, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the Board 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 0.0% for both plans in 2021. 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 into the RMA for participants in the member-directed plan for 2020 was 4.0%.

For the year ended December 31, 2021, OPERS did not allocate any employer contributions to the OPEB plan.

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Division's proportion of the net OPEB liability/(asset) was based on the Division's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS (Amounts in Thousands)
Proportionate Share of the Net OPEB Liability/(Asset)	$ (105)
Proportion of the Net OPEB Liability/(Asset)	0.005913%
Change in Proportion	0.000039%
OPEB Expense/(Revenue)	$ (649)

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2021, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Changes of assumptions	$	52
Changes in proportion and differences between Division contributions and proportionate share of contributions		5
Total Deferred Outflows of Resources	$	57
Deferred Inflows of Resources		
Differences between expected and actual experience	$	95
Net difference between projected and actual earnings on OPEB plan investments		56
Changes of assumptions		171
Total Deferred Inflows of Resources	$	322

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	**OPERS (Amounts in Thousands)**	
2022	$	(137)
2023		(97)
2024		(24)
2025		(7)
Total	$	(265)

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.

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date as of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	6.00%
Prior Measurement Date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.00%
Prior Measurement Date	2.75%
Health Care Cost Trend Rate:	
Current Measurement Date	8.50%, initial 3.50%, ultimate in 2035
Prior Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 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	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate: A single discount rate of 6.00% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 6.00%, as well as what the Division's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	$ (26)	$ (105)	$ (170)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease (2.50%)	Current Health Care Cost Trend Rate Assumption (3.50%)	1% Increase (4.50%)
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	$ (108)	$ (105)	$ (103)

NOTE H – RELATED PARTY TRANSACTIONS

Operating Expenses: The Division is provided various services by other City divisions. Charges are based on actual usage or on a reasonable pro-rata basis. The more significant expenses included in the statements of operations for the year ended December 31, 2021 is as follows:

Division	Amount (Amounts in Thousands)
Telephone	$ 40
Motor Vehicle Maintenance	24
Printing	14
Waste Collection	1
	$ 79

NOTE I – CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Division for personal injuries, property damage and other matters, which the City is responsible for. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

Risk Management: The Division 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 Division is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2021.

The City provides the choice of two separate health insurance plans to its employees. The Division is charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, 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. 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. Claims liability for the Division is immaterial.

NOTE J – LEASES

The Division leases the land for various parking facilities to management companies under non-cancelable lease agreements, which expire at various times through the year 2056. Revenues generated from such leases totaled $180,000 in 2021. Future minimum rentals on non-cancelable leases are as follows:

Year	Amount
	(Amounts in Thousands)
2022	$ 180
2023	180
2024	180
2025	180
2026	180
Thereafter	2,940
	$ 3,840

NOTE K – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures may continue to impact subsequent periods of the Division.

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DIVISION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1), (2)

	Division's Proportion of the Net Pension Liability	Division's Proportionate Share of the Net Pension Liability	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	(Amounts in Thousands)				
2014	0.006017%	$ 708	$ 685	103.36%	86.36%
2015	0.006017	723	750	96.40	86.45
2016	0.005975	1,032	758	136.15	81.08
2017	0.005756	1,304	767	170.01	77.25
2018	0.005965	928	715	129.79	84.66
2019	0.006027	1,644	764	215.18	74.70
2020	0.005957	1,165	800	145.63	82.17
2021	0.005999	871	779	111.81	86.88

(1) Information presented for each year was determined as of the Division's measurement date, which is the prior year-end.

(2) Information prior to 2014 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020 and 2021.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF CONTRIBUTIONS - NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
		(Amounts in Thousands)			
2013	$ 89	$ (89)	$ -	$ 685	13.00%
2014	90	(90)	-	750	12.00
2015	91	(91)	-	758	12.00
2016	92	(92)	-	767	12.00
2017	93	(93)	-	715	13.00
2018	107	(107)	-	764	14.00
2019	112	(112)	-	800	14.00
2020	109	(109)	-	779	14.00
2021	120	(120)	-	857	14.00

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

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF THE DIVISION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE YEARS (1), (2)

	Division's Proportion of the Net OPEB Liability/(Asset)	Division's Proportionate Share of the Net OPEB Liability/(Asset)	Division's Covered Payroll	Division's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
		(Amounts in Thousands)			
2017	0.005654%	$ 571	$ 767	74.45%	54.04%
2018	0.005868	637	715	89.09	54.14
2019	0.005957	777	764	101.70	46.33
2020	0.005874	811	800	101.38	47.80
2021	0.005913	(105)	779	(13.48)	115.57

(1) Information presented for each year was determined as of the Division's measurement date, which is the prior year end.

(2) Information prior to 2017 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.50% initial to 10.00% initial. In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030. In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX YEARS (1), (2), (3)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2016	$ 15	$ (15)	$ -	$ 767	2.00%
2017	7	(7)	-	715	1.00
2018	-	-	-	764	0.00
2019	-	-	-	800	0.00
2020	-	-	-	779	0.00
2021	-	-	-	857	0.00

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member-Directed Plan.

(3) Represents Division's calendar year. Information prior to 2016 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2021

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Public Utilities
Division of Cleveland Public Power
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Public Utilities, Division of Cleveland Public Power:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Public Utilities, Division of Cleveland Public Power of the City of Cleveland, Cuyahoga County, Ohio (the Division), as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Public Utilities, Division of Cleveland Public Power of the City of Cleveland as of December 31, 2021, and the changes in financial position and its cash flows thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Public Utilities, Division of Cleveland Public Power of the City of Cleveland, are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities and the major fund of the City of Cleveland that is attributable to the transactions of the Department of Public Utilities, Division of Cleveland Public Power. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2021, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 Division's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related 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 and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the City) Department of Public Utilities, Division of Cleveland Public Power (the Division), we offer readers of the Division's financial statements this narrative overview and analysis of the financial activities of the Division for the year ended December 31, 2021. Please read this information in conjunction with the Division's financial statements and footnotes that begin on page 20.

The Division was created in 1906 and charged with the responsibility for the distribution of electricity and related electric service to customers within its service areas. The Division operates a municipal electric system that is the largest in the State of Ohio and the 41st largest by customers served in the United States according to the American Public Power Association's statistics for 2019. The Division serves an area that is bound by the City limits and presently serves approximately 74,000 customers.

The Division is one of the very few municipal electric companies in the United States that competes with an investor-owned utility, in this case FirstEnergy Corporation's Cleveland Electric Illuminating Company (CEI).

According to the 2020 census, the City's population is approximately 373,000 people. The Division has distribution facilities in about 60% of the geographical area of the City, primarily on the east side.

The Division obtains substantially all of its power and energy requirements through agreements with various regional utilities and other power suppliers for power delivered through CEI interconnections. The balance of the Division's power and energy requirements are satisfied with production from the Division's three combustion turbine generating units and various arrangements for the exchange of short-term power and energy through CEI's interconnections. To reduce its reliance on the wholesale market, the Division's long-term base load supply will include a mix of power provided by participation in American Municipal Power (AMP) Inc. hydroelectric projects, the Fremont Energy Center, the Prairie State Energy Campus project and the Blue Creek Wind project.

COMPARISON OF CURRENT YEAR'S AND PRIOR YEAR'S DATA

FINANCIAL HIGHLIGHTS

- The Division's net position was $189,389,000 and $176,848,000 at December 31, 2021 and 2020, respectively. Of these amounts, $18,418,000 and ($1,103,000) are unrestricted net position at December 31, 2021 and 2020, respectively, which may be used to meet the Division's ongoing obligations to customers and creditors.

- Operating income increased by $23,352,000, primarily due to a $15,927,000 decrease in other post-employment benefits (OPEB) expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL HIGHLIGHTS (Continued)

- The Division's total long-term bonded debt decreased by $9,030,000 for the year ended December 31, 2021. The decrease is due to scheduled payments to bondholders on the outstanding Series 2016 and Series 2018 Bonds.

- Unrestricted cash increased by $9,140,000 or 15.0%, primarily due to a decrease of $5,356,000 in capital outlays.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The accompanying financial statements present financial information for the City's Division of Cleveland Public Power Fund, in which the City accounts for the operations of the Department of Public Utilities, Division of Cleveland Public Power. 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.

The Division is considered an enterprise fund because the operations of the Division are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Division, the economic resources measurement focus and accrual basis of accounting are used. This is similar to businesses in the private sector.

The basic financial statements of the Division can be found on pages 20 - 25 of this report. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 27 – 53 of this report. Required supplementary information can be found on pages 54 - 57.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is condensed statement of net position information for the Division as of December 31, 2021 and 2020:

	2021	2020
	(Amounts in Thousands)	
Assets:		
Capital assets, net of accumulated depreciation	$ 333,957	$ 350,025
Net OPEB asset	2,177	
Restricted assets	4,063	4,066
Current assets	101,359	93,784
Total assets	441,556	447,875
Deferred outflows of resources	25,701	30,611
Net Position:		
Net investment in capital assets	168,111	175,109
Restricted for capital projects	177	179
Restricted for debt service	2,683	2,663
Unrestricted	18,418	(1,103)
Total net position	189,389	176,848
Liabilities:		
Long-term obligations	230,184	262,455
Current liabilities	26,053	26,538
Total liabilities	256,237	288,993
Deferred inflows of resources	21,631	12,645

Restricted assets*:* The Division's restricted assets decreased by $3,000. The decrease is due to a reduction in cash and cash equivalents in the debt service fund.

Current assets: The Division's current assets increased by $7,575,000 in 2021. The increase is mainly due to an increase of $9,140,000 in unrestricted cash and cash equivalents and $1,480,000 in materials and supplies. These increases were partially offset by decreases of $2,337,000 in net accounts receivable and $645,000 in unbilled revenue. The decrease is primarily attributed to an increase of $1,878,000 in allowance for doubtful accounts due to a customer account shut-off moratorium related to the COVID-19 pandemic.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

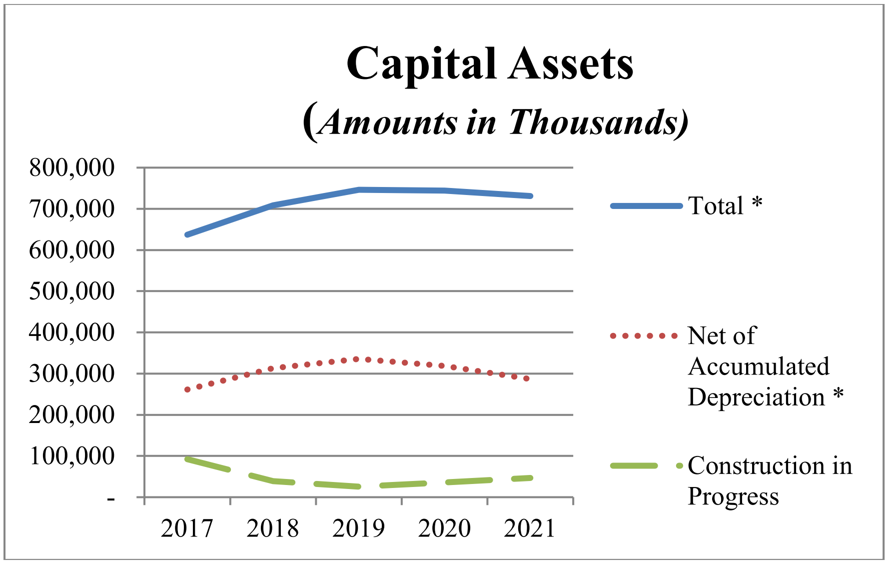
Capital assets: The Division's capital assets as of December 31, 2021, amounted to $333,957,000 (net of accumulated depreciation). The total decrease in the Division's net capital assets for the current year was $16,068,000. A summary of the activity in the Division's capital assets during the year ended December 31, 2021, is as follows:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
	(Amounts in Thousands)			
Land	$ 5,574	$	$	$ 5,574
Land improvements	1,723	707		2,430
Utility plant	623,613	3,985	(21,422)	606,176
Buildings, structures and improvements	23,536	1,119		24,655
Furniture, fixtures, equipment and vehicles	91,814	1,123	(427)	92,510
Construction in progress	43,167	4,914	(1,119)	46,962
Total	789,427	11,848	(22,968)	778,307
Less: Accumulated depreciation	(439,402)	(21,333)	16,385	(444,350)
Capital assets, net	$ 350,025	$ (9,485)	$ (6,583)	$ 333,957

The principal additions to construction in progress during 2021 included the following:

- Southern Transmission Line
- Installation of underground duct lines
- General engineering services
- Auto transformers

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)



* Construction in Progress not included

Additional information on the Division's capital assets, including commitments made for future capital expenditures, can be found in Note D – Capital Assets to the basic financial statements.

Deferred outflows of resources: There was a decrease of $4,910,000 in deferred outflows of resources. Unamoritzed loss on debt refundings decreased by $2,119,000, due to scheduled amortization. Deferred outflows of resources related to (OPEB) decreased by $1,485,000, primarily due to a $1,584,000 decrease in change of assumptions regarding future economic and demographic factors. Deferred pension outflows decreased by $1,306,000, mainly due to a change of assumptions regarding future economic and demographic factors.

Current liabilities: The decrease in current liabilities of $485,000 is primarily due to a $521,000 decrease in accounts payable and a $456,000 decrease in due to other funds. The decreases were partially offset by an increase of $455,000 in the current portion of long-term debt, due within one year, due to scheduled debt service.

Net pension/OPEB liabilities/(assets)**:** The net pension liability is reported by the Division at December 31, 2021 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. For fiscal year 2019, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows of resources related to pension and OPEB.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27*, Accounting for Pensions by State and Local Governmentmental Employers*) and postemployment benefits (GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability/asset. GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Division's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Division is not responsible for certain key factors affecting the balance of these liabilities. 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 Ohio Revised Code (ORC) permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans 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 retirement system is responsible for the administration of the pension and OPEB plans.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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 or the net OPEB liability/(asset). As previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities/(asset), but are outside the control of the Division. In the event that contributions, investment returns and other changes are insufficient to keep up with required 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 and the net OPEB liability/(asset) are satisfied, these liabilities/(asset) are separately identified within the long-term liability/(assets) section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Division's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB Statement No. 75, the Division is reporting a net OPEB liability/(asset) and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Long-term obligations: The long-term obligations decrease of $32,271,000 is mainly due to decreases of $17,316,000 in net OPEB liability / (asset) and $11,644,000 in revenue bonds payable. The decrease in net OPEB liability is primarily due to changes in health care terms as well as changes in assumptions, while the reduction in revenue bonds payable is due to scheduled debt payments and associated amortizations.

At December 31, 2021, the Division had total bonded debt outstanding of $171,053,000. All bonds are backed by the revenues generated by the Division.

The Division issued revenue bonds in the public capital markets in the late 1980's and early 1990's to finance a substantial expansion to its service territory. The Division also issued bonds in April 2008 for system expansion. In 2006, 2010, 2012, 2016, 2018 and 2020 the Division issued bonds to refinance a portion of its long-term debt. In 2014, the Division issued refunding bonds for the purpose of leveling the Division's debt service payments over the life of the debt. This outstanding debt is being retired in accordance with repayment schedules through 2038.

Accreted interest payable will increase every year until 2025, due to interest accruing on the Division's 2008B Capital Appreciation Bonds (CABs). Payments of the accreted amount will begin in 2025.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

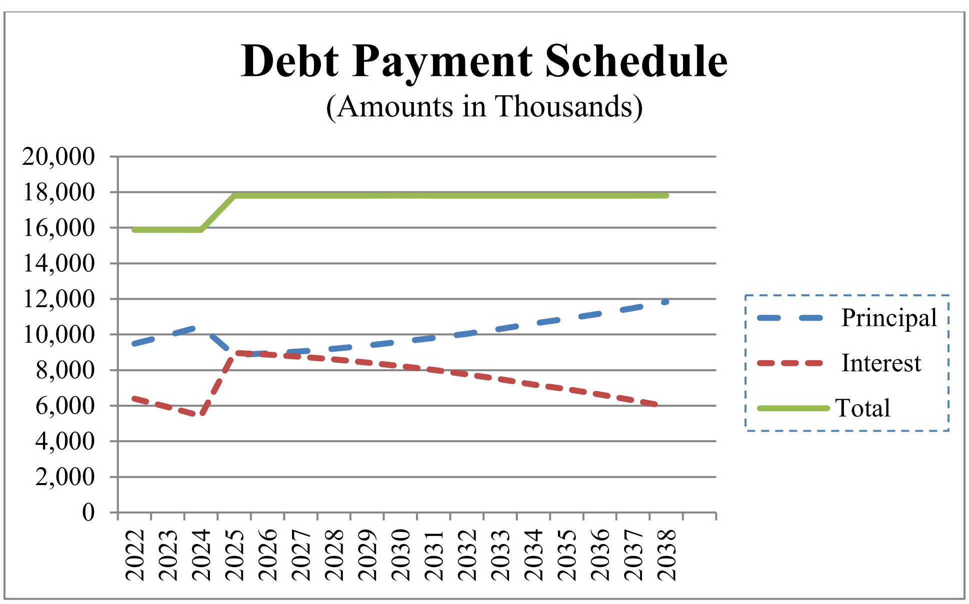
The activity in the Division's debt obligations outstanding during the year ended December 31, 2021, is summarized in the following table (excluding unamortized discounts, premiums and accreted interest):

	Balance January 1, 2021	Debt Issued	Debt Retired	Balance December 31, 2021
	(Amounts in Thousands)			
Revenue Bonds:				
Revenue Bonds 2008 B-2	$ 27,903	$	$	$ 27,903
Revenue Bonds 2016	23,420		(5,410)	18,010
Revenue Bonds 2018	45,180		(3,620)	41,560
Revenue Bonds 2020	83,580			83,580
Total	$ 180,083	$ -	$ (9,030)	$ 171,053

The bond ratings for the Division's outstanding revenue bonds are as follows:

Moody's Investors Service	S&P Global
A3	A-

The ratio of net revenue available for debt service to debt service requirements (revenue bond coverage) is a useful indicator of the Division's debt position to management, customers and creditors. The Division's revenue bond coverage for 2021 and 2020 was 170% and 247%, respectively. Additional information on the Division's long-term debt can be found in Note B – Debt and Other Long-term Obligations to the basic financial statements on pages 31 - 35.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Deferred inflows of resources: There was a $8,986,000 increase in deferred inflows of resources. The increase is primarily due to increases of $4,057,000 in OPEB inflows and $2,772,000 in pension inflows. The increase in OPEB inflows is mainly due to a $3,528,000 change of assumptions regarding future economic and demographic factors. The increase in pension inflows is primarily attributed to a $2,320,000 increase in the net difference between projected and actual earnings on pension plan investments. Excess purchased power costs increased by $2,157,000, primarily due to an overprojection in anticipated purchased power costs.

Net Position: Net position serves as a useful indicator of a government's financial position. In the case of the Division, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $189,389,000 and $176,848,000 at December 31, 2021 and 2020, respectively.

Of the Division's net position at December 31, 2021, $168,111,000 reflects the Division's investment in capital assets (e.g., land, buildings, utility plant, furniture, fixtures, vehicles and equipment), net of accumulated depreciation, less any related, still-outstanding debt used to acquire those assets. The Division uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Division'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.

In addition, $177,000 denotes funds restricted for use in capital projects and $2,683,000 represents resources subject to debt service restrictions.

The remaining $18,418,000 reflects unrestricted funds available to meet the Division's ongoing obligations to customers and creditors.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

The Division had a net increase of $12,541,000 in net position in 2021. Provided below are key elements of the Division's results of operations as of and for the years ended December 31, 2021 and 2020:

	2021	2020
	(Amounts in Thousands)	
Operating revenues	$ 196,958	$ 186,792
Operating expenses	175,304	188,490
Operating income (loss)	21,654	(1,698)
Non-operating revenue (expense):		
Investment income	27	168
Interest expense	(11,826)	(9,554)
Amortization of bond premiums and discounts	2,159	2,087
Gain (loss) on disposal of assets	(5,465)	
Other	5,992	4,775
Total non-operating revenue (expense), net	(9,113)	(2,524)
Increase (decrease) in net position	12,541	(4,222)
Net position, beginning of year	176,848	181,070
Net position, end of year	$ 189,389	$ 176,848

Operating revenues: In 2021, operating revenues increased by $10,166,000, primarily due to an increase of 2.5% in kilowatt-hour (kWh) demand.

Operating expenses: Operating expenses decreased by $13,186,000 in 2021, primarily due to decreases of $15,927,000 in OPEB expense and $3,747,000 in pension expense. The OPEB reduction is primarily attributed to changes in health care terms as well as changes in assumptions. Pension decreased mainly due to investment returns exceeding expectations.

These decreases were partially offset by increases of $3,798,000 in bad debt expense and $3,655,000 in purchased power costs. The increase in bad debt expense is mainly due to the continuing economic impact associated with the COVID-19 pandemic.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION (Continued)

Non-operating revenues: Other non-operating revenue increased by $1,217,000, primarily due to not issuing refunding bonds in 2021. Amortization of bond premiums and discounts increased $72,000 due to scheduled amortization. Investment income decreased by $141,000, mainly due to declining interest rates.

Non-operating expenses: Loss on disposal of assets increased by $5,465,000 due to the replacement of the Division's incandescent streetlights bulbs with the more efficient LED technology. Interest expense increased by $2,272,000, primarily due to the implementation of GASB Statement No. 89, which eliminated the capitalization of interest during the construction period of capital assets.

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

As a municipally owned utility, the Division's mission is to improve the quality of life in the City by providing reliable, affordable energy and energy services to the residents and businesses of the City. The following sections describe major projects likely to affect the Division over the next several years.

Capacity Expansion Program

The Division's Capacity Expansion Program, which includes three major components, was designed to support and improve the Division's electric system reliability and, through increasing system capacity by 80 MW (Megawatt), provide for future load growth opportunities. This program includes the addition of a fourth 138 kV interconnection with the FirstEnergy transmission system (Fourth Interconnect), which was energized in 2011; the extension of the southern 138 kV transmission system (Southern Project); and the expansion of the Lake Road 11.5 kV Substation and the 11.5 kV system downtown (Lake Road Project). In 2008, the Division issued the Series 2008B-1 Bonds to fund the Capacity Expansion Program. In 2020, two major projects of the program were completed and energized; the expansion of the Lake Road 11.5 kV Substation and the 11.5 kV system downtown (Lake Road Project).

The Lake Road Project includes the construction of a duct line and feeder cables to the 11th Street Substation. The re-feeding of the 11th Street Substation, which increases the capacity in the downtown area and along the corridor between the Lake Road Substation, and the 11th Street Substation were completed and put in service in 2020. In addition, a new step-up substation known as the South Marginal Substation is complete. It provides capacity from the 11.5kV distribution system located downtown to a portion of the 13.8 kV distribution system situated east and southeast of downtown. The South Marginal Substation was completed and will be energized when the Division's new Supervisory Control and Data Acquisition (SCADA) System is placed into service.

The overhead portion of the 138 kV Southern Project was completed in 2020 and the Division plans to complete regulatory standards and put it into service by the second quarter of 2022. The Southern Project includes the modification of the Ridge Road Substation to create a ring bus to support the new 138 kV transmission loop, which will run from the Ridge Road Substation to the Pofok Substation. The Division has successfully collaborated with the City, Cuyahoga County and the Ohio Department of Transportation to combine the construction of an underground segment of the transmission line with a roadway project.

FACTORS EXPECTED TO IMPACT THE DIVISION'S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS (Continued)

Power Supply

The Division participates in a diverse mix of resources including coal-fired, natural gas-fueled, hydroelectric, bioenergy, solar and wind generation. Participation in many of these resources is through the Division's membership in American Municipal Power (AMP) including: the Prairie State Energy Campus coal-fired generation project, AMP Hydro Phase 1 units (Cannelton/Smithland/Willow Island) and Phase 2 units (Meldahl/Greenup), AMP Fremont Energy Center (AFEC) combined cycle facility and the Blue Creek Wind Project. All five AMP hydroelectric projects are in commercial operation. Additionally, the Division has allocations of power from two New York Power Authority hydroelectric projects and several behind-the-meter resources including the Collinwood bioenergy generator, CV Kinsman solar, and Division-owned diesel generators. For 2021, about 27.4% of the Division's energy is being supplied from renewable sources including hydroelectric, wind and bioenergy and the Division has voluntarily pursued renewable goals, which are consistent with the Ohio state-mandated Renewable Portfolio Standard (RPS) targets applicable to investor-owned utilities (IOUs).

The Division's power supply portfolio is also made up of a variety of market energy purchases of various sizes, terms and delivery locations. These market purchases, often referred to as "block power" purchases because of their standard market types, are often procured as part of the Division's current market purchases, including block power purchased around-the-clock (7x24), weekday peak periods (5x16), weekend peak periods (2x16) and off-peak periods at night (7x8). AMP can procure these blocks on the Division's behalf with the cost plus a service charge directly passed through to the Division. Alternatively, the Division has the option to contract directly with third parties.

Generation Projects

The Division has chosen to participate in generation projects in order to (i) diversify its power supply portfolio and increase use of renewable energy, (ii) secure long-term stable sources of power, (iii) explore local generation opportunities where transmission congestion costs are mostly avoided and (iv) mitigate the costs of meeting its resource adequacy obligations.

The generation projects through AMP in which the Division participates are Blue Creek Wind, AMP Fremont Energy Center, AMP Hydro Phase 1/Phase 2 and Prairie State. The following sections describe these projects.

Blue Creek Wind Project

In June 2012, the Division entered into an agreement with AMP to purchase 10 MW of energy, capacity and Renewable Energy Credits (REC's) from the Blue Creek Wind Project. The 304 MW Blue Creek Wind Project was developed and is owned, by Iberdrola Renewables, LLC and is located in northwestern Ohio in Van Wert and Paulding counties. The project began commercial operation in June 2012. AMP purchases up to 54 MW from the project on behalf of its members through a Renewable Wind Energy Power Purchase Agreement with Blue Creek Wind Farm, LLC.

FACTORS EXPECTED TO IMPACT THE DIVISION'S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS (Continued)

AMP Fremont Energy Center
AMP and two of its member agencies in Michigan and Virginia own the AMP Fremont Energy Center (AFEC), a 707 MW natural gas-fired combined cycle generating plant in Fremont, Ohio. Of the 707 MW, 544 MW is available as an intermediate power source during on-peak hours and an additional 163 MW of duct firing is available for use during peak demand times. AMP purchased the facility in 2011 from FirstEnergy Generation Corporation and completed construction and commissioning. The plant went into commercial operation in January 2012. The Division, through a membership participation agreement with AMP, has entitlement to approximately 79 MW of intermediate and peaking power output from AFEC.

AMP Hydro Projects
In December 2007, the Division entered into an agreement with AMP to purchase 35 MW of hydroelectric power from three planned AMP run-of-the-river hydroelectric projects (AMP Hydro Phase 1) to be constructed on the Ohio River. These include both the Cannelton and Smithland projects in Kentucky, as well as the Willow Island project in West Virginia.

The Cannelton project is located on the Kentucky south shore of the Ohio River at the existing U.S. Army Corps of Engineers Cannelton Locks and Dam. The Cannelton project includes three 29.3 MW bulb-type generators with a combined capacity of approximately 88 MW. In addition to the powerhouse and other equipment, the project includes a 1,000-foot transmission line to the point of interconnection. The first unit of the Cannelton Project entered commercial operation in January 2016, the second unit entered commercial operation in March 2016 and the third entered commercial operation in June 2016.

The Smithland project is located at the existing U.S. Army Corps of Engineers Smithland Navigation Locks and Dam. The plant's configuration and equipment is similar to Cannelton's, but includes three 25.3 MW bulb-type generators with a total capacity of approximately 76 MW and a two mile transmission line to the point of interconnection. The Smithland Project entered commercial operation in summer of 2017.

The Willow Island project in West Virginia is located at the existing U.S. Army Corps of Engineers Willow Island Lock and Dam. The plant design and technology is similar to the other two projects but includes two 22 MW generators with a total capacity of approximately 44 MW. The project includes a 1.6-mile transmission line to the point of interconnection. Willow Island Project entered commercial operation in 2016.

Together these projects are expected to produce 208 MW, of which 35 MW is allocated to the Division. In March 2010, the Division executed agreements with AMP to participate in two additional AMP run-of-the-river hydroelectric projects (AMP Hydro Phase 2) on the Ohio River. The first is the Meldahl Project, a 105 MW three-unit hydroelectric generation facility located on the Kentucky side of the Ohio River. The Meldahl Project entered commercial operation in April 2016. The second project is the Greenup Project, an existing 70 MW plant majority-owned by the City of Hamilton, Ohio. The Division has contracted to receive 15 MW from the Meldahl-Greenup Projects, for a total of 50 MW (when combined with AMP Hydro Phase 1) from the five AMP hydroelectric projects.

FACTORS EXPECTED TO IMPACT THE DIVISION'S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS (Continued)

Prairie State Energy Campus

AMP has a 23% ownership interest in the Prairie State Energy Campus in Illinois, a pulverized coal plant consisting of two generating units with a total rating of 1,582 MW. AMP is entitled to 368 MW as an owner of the facility in partnership with public power agencies and cooperatives in Illinois, Indiana, Kentucky and Missouri. The project is a "mouth-of-the mine" project that includes entitlement to 200 million tons of coal reserves in an adjacent coalmine. The project was developed by Peabody Energy and went into commercial operation in 2012. The Division purchases 25 MW from the Prairie State project through a participation agreement with AMP.

ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the Division'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.

BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF NET POSITION
December 31, 2021
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CAPITAL ASSETS	
Land	$ 5,574
Land improvements	2,430
Utility plant	606,176
Buildings, structures and improvements	24,655
Furniture, fixtures, equipment and vehicles	92,510
	731,345
Less: Accumulated depreciation	(444,350)
	286,995
Construction in progress	46,962
CAPITAL ASSETS, NET	333,957
NET OPEB ASSET	2,177
RESTRICTED ASSETS	
Cash and cash equivalents	4,063
TOTAL RESTRICTED ASSETS	4,063
CURRENT ASSETS	
Cash and cash equivalents	70,173
Restricted cash and cash equivalents	996
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of $11,893	9,922
Recoverable costs of purchased power	528
Unbilled revenue	6,874
Due from other City of Cleveland departments, divisions or funds	2,328
Materials and supplies	10,155
Prepaid expenses	383
TOTAL CURRENT ASSETS	101,359
TOTAL ASSETS	441,556
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on debt refunding	21,813
Pension	2,706
OPEB	1,182
TOTAL DEFERRED OUTFLOWS OF RESOURCES	25,701

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF NET POSITION
December 31, 2021
(Amounts in Thousands)

NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
NET POSITION	
Net investment in capital assets	$ 168,111
Restricted for capital projects	177
Restricted for debt service	2,683
Unrestricted	18,418
TOTAL NET POSITION	189,389
LIABILITIES	
LONG-TERM OBLIGATIONS-excluding amounts due within one year	
Accrued wages and benefits	589
Accreted interest payable	29,247
Revenue bonds	179,364
Net pension liability	20,179
Other	805
TOTAL LONG-TERM OBLIGATIONS	230,184
CURRENT LIABILITIES	
Accounts payable	10,640
Other accrued expenses	427
Customer deposits and other liabilities	424
Current portion of accrued wages and benefits	3,183
Due to other City of Cleveland departments, divisions or funds	98
Accrued interest payable	800
Current payable from restricted assets	996
Current portion of long-term debt, due within one year	9,485
TOTAL CURRENT LIABILITIES	26,053
TOTAL LIABILITIES	256,237
DEFERRED INFLOWS OF RESOURCES	
Excess purchased power costs	6,771
Pension	8,206
OPEB	6,654
TOTAL DEFERRED INFLOWS OF RESOURCES	21,631

See notes to financial statements.

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CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2021
(Amounts in Thousands)

OPERATING REVENUES		
Charges for services	$	196,958
TOTAL OPERATING REVENUES		196,958
OPERATING EXPENSES		
Purchased power		125,770
Operations		10,715
Maintenance		17,486
Depreciation		21,333
TOTAL OPERATING EXPENSES		175,304
OPERATING INCOME (LOSS)		21,654
NON-OPERATING REVENUE (EXPENSE)		
Investment income		27
Interest expense		(11,826)
Amortization of bond premiums and discounts		2,159
Gain (loss) on disposal of assets		(5,465)
Other		5,992
TOTAL NON-OPERATING REVENUE (EXPENSE), NET		(9,113)
INCREASE (DECREASE) IN NET POSITION		12,541
NET POSITION AT BEGINNING OF YEAR		176,848
NET POSITION END OF YEAR	$	189,389

See notes to financial statements.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 196,453
Cash payments to suppliers for goods or services	(18,070)
Cash payments to employees for services	(18,434)
Cash payments for purchased power	(126,922)
Electric excise tax payments to custodial fund and other	(3,302)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	29,725
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Electric excise tax receipts	5,944
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	5,944
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(10,682)
Principal paid on long-term debt	(9,030)
Interest paid on long-term debt	(6,847)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(26,559)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	27
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	27
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,137
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	66,095
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 75,232

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(Amounts in Thousands)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
OPERATING INCOME (LOSS)	$ 21,654
Adjustments:	
Depreciation	21,333
(Increase) decrease in assets:	
Accounts receivable, net	2,337
Recoverable costs of purchased power	125
Unbilled revenue	645
Due from other City of Cleveland departments, divisions or funds	(60)
Materials and supplies, net	(1,480)
Prepaid expenses	(2)
Net OPEB asset	(2,177)
(Increase) decrease in deferred outflows of resources:	
Pension	1,306
OPEB	1,485
Increase (decrease) in liabilities:	
Accounts payable	(521)
Other accrued expenses	(3)
Customer deposits and other liabilities	2
Accrued wages and benefits	192
Due to other City of Cleveland departments, divisions or funds	(456)
Other long-term liabilities	(251)
Net pension liability	(6,074)
Net OPEB liability	(17,316)
Increase (decrease) in deferred inflows of resources:	
Excess purchased power costs	2,157
Pension	2,772
OPEB	4,057
TOTAL ADJUSTMENTS	8,071
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 29,725
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:	
Accounts payable related to capital assets	$ 996

See notes to financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Cleveland Public Power (the Division) is reported as an Enterprise Fund of the City of Cleveland's (the City) Department of Public Utilities and is a part of the City's primary government. The Division was created for the purpose of supplying electrical services to customers within the City. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Division comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. This Statement is effective for the reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. As required, the Division has implemented GASB Statement No. 89 as of December 31, 2021.

In March of 2020, GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* was issued. This Statement is effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The Division has determined that GASB Statement No. 93 has no impact on its financial statements as of December 31, 2021.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's net position is accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Remaining unrestricted amount

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

Revenues: Revenues are derived primarily from sales of electricity to residential, commercial and industrial customers based upon actual consumption. Electricity rates are authorized by City Council and billings are made on a cyclical basis. Estimates for services between the end of the various cycles and the end of the year are recorded as unbilled revenue.

Inventory of Supplies: The Division's inventory is valued at average cost. Inventory costs are charged to operations when consumed.

Prepaid Expenses and Other Assets: Payments made to vendors for services that benefit future periods are recorded as prepayments in the financial statements. A current asset for the prepaid amount is recorded at the time of purchase and the expense is reported in the year in which services are consumed.

Interfund Transactions: During the course of normal operations, the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year-end are generally reflected as due to or due from in the accompanying financial statements.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing and investment activities.

The Division transfers electric excise tax revenue from billed customers on a monthly basis to a custodial fund in the City. Additional electric excise tax revenue from large customers is invoiced separately and deposited directly into a custodial fund in the City.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments: The Division follows the provisions of GASB Statement No. 72 *Fair Value Measurement and Application*, which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Division's investments in money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Division has invested funds in STAR Ohio during 2021. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pools Participants* for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

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

Recoverable Costs of Purchased Power: The Division 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.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a 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. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility plant	5 to 100 years
Land improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Issuance Costs, Discounts, Premiums and Unamortized Losses on Debt Refundings*:* Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resources and is amortized over the shorter of the defeased bond or the newly issued bond.

Deferred Outflows/Inflows 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) 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Pension/OPEB Liabilities/(Asset): For purposes of measuring the net pension/OPEB liabilities/(asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

Compensated Absences: The Division 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*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. The portion of the compensated absence liability that is not expected to be paid out within one year is reported as a long-term liability.

Normally, all vacation time is to be taken in the year available. The Division allows employees to carryover vacation 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 base salary rate, with the balance being forfeited.

NOTE B - DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt outstanding at December 31, 2021, is as follows:

	Interest Rate	Original Issuance	2021
		(Amounts in Thousands)	
Revenue Bonds:			
Series 2008 B-2, due through 2038	5.13%-5.40%	$ 27,903	$ 27,903
Series 2016, due through 2024	5.00%	42,025	18,010
Series 2018, due through 2038	5.00%	47,245	41,560
Series 2020, due through 2038	2.01-5.00%	83,580	83,580
		$ 200,753	171,053
Less:			
Unamortized premium (discount)-current interest bonds (net)			17,796
Current portion			(9,485)
Total long-term debt			$ 179,364

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE B - DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2021, are as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021	Due Within One Year
	(Amounts in Thousands)				
Revenue Bonds:					
Series 2008 B-2, due through 2038	$ 27,903	$	$	$ 27,903	$
Series 2016, due through 2024	23,420		(5,410)	18,010	5,710
Series 2018, due through 2038	45,180		(3,620)	41,560	3,775
Series 2020, due through 2038	83,580			83,580	
Total revenue bonds	180,083		(9,030)	171,053	9,485
Accrued wages and benefits	3,580	3,281	(3,089)	3,772	3,183
Net pension liability	26,253		(6,074)	20,179	
Net OPEB liability	17,316		(17,316)	-	
Total	$ 227,232	$ 3,281	$ (35,509)	$ 195,004	$ 12,668

NOTE B - DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Minimum principal and interest payments on long-term debt are as follows:

	Principal	Interest	Total
	(Amounts in Thousands)		
2022	$ 9,485	$ 6,396	$ 15,881
2023	9,960	5,922	15,882
2024	10,455	5,424	15,879
2025	8,842	8,964	17,806
2026	8,939	8,870	17,809
2027-2031	47,015	42,017	89,032
2032-2036	53,032	35,995	89,027
2037-2038	23,325	12,285	35,610
	$ 171,053	$ 125,873	$ 296,926

The City has pledged future power system revenues, net of specified operating expenses, to repay $171,053,000 in Public Power System Revenue Bonds issued in various years since 2008. 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 59% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is $296,926,000. Principal and interest paid for the current year and total net revenues were $15,877,000 and $27,067,000, respectively.

The Division has, at various times, defeased certain revenue bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Division's financial statements.

The Division had the following amounts of defeased debt outstanding at December 31, 2021.

Series 2014	$76,885,000
Series 2016	$ 3,320,000

NOTE B - DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Revenue bonds are payable from the revenues derived from operations of the Public Power System, after the payment of all operating and maintenance expenses (net revenues). The bonds are collateralized by a pledge of and lien on such net revenues and the special funds described below.

On February 19, 2020, Public Power System Revenue Refunding Bonds, Series 2020, were issued in the amount of $83,580,000. The $63,110,000 Series 2020A Tax-Exempt Bonds were issued to advance refund $65,325,000 of outstanding Series 2014 Public Power System Refunding Revenue Bonds. The $20,470,000 Federally Taxable Series 2020B Bonds were issued to advance refund $11,560,000 of outstanding Series 2014 Public Power System Refunding Revenue Bonds and $6,510,000 of the outstanding Series 2016 Public Power System Refunding Revenue Bonds. Bond proceeds in the amount of $97,525,417, along with $1,697,178 from the debt service fund, were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds when due. As a result of this refunding, the City realized an economic gain (the difference between the present values of the old and new debt service) of $11,897,000 or 14.3%.

The indenture requires that, at all times, the Division will charge rates and fees for the products and services of the Public Power System. Revenues will be at least sufficient to provide funds for the payment in each year of the necessary operating and maintenance expenses of the power system and an amount equal to 1.25 times the payments of principal and interest on the revenue bonds then outstanding and due in that year. As of December 31, 2021, the Division was in compliance with the terms and requirements of the bond indenture. The indenture establishes the following fund accounts for the application of revenues:

Revenue Fund: All revenues will be deposited into this fund and will be used for payment of current operating expenses and deposits into other funds.

Debt Service Fund: Monthly deposits will be made from the revenue fund to cover succeeding principal and interest payments as they become due on the revenue bonds.

Debt Service Reserve Fund: Deposits will be made to this fund if the required amount in the debt service reserve fund at any time is less than the debt service reserve requirement. In the past, however, the Division has elected pursuant to provisions of the indenture governing the Division's bonds, to satisfy the bond reserve requirement with a surety bond in an aggregate amount at least equal to the bond reserve requirement. The Series 2016 Bonds, Series 2018 Bonds and Series 2020 Bonds are not secured by the debt service reserve fund.

Renewal and Replacement Fund: The balance in this fund is maintained at a minimum of $1,000,000 and is to be applied against the cost of repair or replacement of capital assets in order to maintain the system.

Construction Fund: The proceeds from Series 1991, Series 1994 and Series 2008 Bonds of $12,050,000, $79,386,000 and $72,608,000, respectively, were deposited into this fund to be used, along with earnings from investments of amounts held therein, for the payment of capital costs. As of December 31, 2021, the Division did not have any outstanding commitments for future construction costs that will be funded by available bond proceeds. Capital costs include all costs of additions, extensions, renewals, replacements, alterations, betterments and any other capital improvements to the system. Amounts held in this fund are subject to a lien in favor of bondholders and may be used to pay principal of outstanding bonds to the extent that amounts in all other funds are insufficient. No payment needs to be made into a fund if the amounts in such fund are equal to the required fund balance, if any.

NOTE B - DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Amounts held in trust may be invested by the City Treasurer or the trustee in permitted investments. However, the use of funds is limited by the bond indenture and, accordingly, the amounts are classified as restricted assets in the financial statements.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits: At December 31, 2021, the Division's carrying amount of deposits totaled $41,864,000 and the Division's bank balances totaled $40,875,000. The differences represent positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $40,875,000 of the bank balances at December 31, 2021, 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 Division will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year-end, the Division'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: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. 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 (STAR Ohio); commercial paper; US 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 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 and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the City, apart from the assets of the depository institution. Ohio Statute prohibits the use of reverse repurchase agreements.

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

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the Division (excluding STAR Ohio and money market mutual funds) as of December 31, 2021:

Type of Investment	Fair Value	Fair Value Measurements Using Level 2
	(Amounts in Thousands)	
Commercial Paper	$ 352	$ 352
Total Investments	$ 352	$ 352

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Division invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

Credit Risk: The Division's investments as of December 31, 2021, include STAR Ohio, commercial paper and money market mutual funds. Investments in STAR Ohio and the First American Government Obligations Fund carry a rating of AAAm, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Division's investment in U.S. Bank N.A. Open Commercial Paper carries a Moody's rating of P-1.

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Division places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. The Division had the following investments at December 31, 2021, which include those classified as cash and cash equivalents in the statement of net position in accordance with the provisions of GASB Statement No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Accounting,* since they have a maturity of three months or less:

Type of Investment	2021 Value	2021 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 29,495	$ 29,495	$ 29,495
Commercial Paper	352	352	352
Money Market Mutual Funds	3,521	3,521	3,521
Total Investments	33,368	33,368	33,368
Total Deposits	41,864	41,864	41,864
Total Deposits and Investments	$ 75,232	$ 75,232	$ 75,232

These amounts are monies invested by the City Treasurer on behalf of the Division and are used in daily operations with excess monies invested daily in STAR Ohio and money market mutual funds. These investments are carried at cost, which approximates fair value.

As of December 31, 2021, the investments in STAR Ohio, commercial paper and money market mutual funds are approximately 88.4%, 1.0% and 10.6%, respectively, of the Division's total investments.

NOTE D - CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2021, was as follows:

	January 1, 2021	Additions	Reductions	December 31, 2021
		(Amounts in Thousands)		
Capital assets, not being depreciated:				
Land	$ 5,574	$	$	$ 5,574
Construction in progress	43,167	4,914	(1,119)	46,962
Total capital assets, not being depreciated	48,741	4,914	(1,119)	52,536
Capital assets, being depreciated:				
Land improvements	1,723	707		2,430
Utility plant	623,613	3,985	(21,422)	606,176
Buildings, structures and improvements	23,536	1,119		24,655
Furniture, fixtures, equipment and vehicles	91,814	1,123	(427)	92,510
Total capital assets, being depreciated	740,686	6,934	(21,849)	725,771
Less: Accumulated depreciation	(439,402)	(21,333)	16,385	(444,350)
Total capital assets being depreciated, net	301,284	(14,399)	(5,464)	281,421
Capital assets, net	$ 350,025	$ (9,485)	$ (6,583)	$ 333,957

Commitments: The Division has outstanding commitments of approximately $18,700,000 for future capital expenditures at December 31, 2021. It is anticipated that these commitments will be financed from the Division's cash balances; however, at the discretion of the Division, additional long-term debt may be issued in the future to finance a portion of the costs.

NOTE E - 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 Division'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 (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The ORC limits the Division's obligation for this liability to annually required payments. The Division cannot control benefit terms or the manner in which pensions are financed; however, the Division 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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS): The Division's employees participate in 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. Division's 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.

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. 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 OPERS, 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 Annual Comprehensive Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** 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 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 3.0% 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 3.0%.

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2021, member contribution rates were 10.0% and employer contribution rates were 14.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Division's contractually required contribution was $2,461,000 for 2021. 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, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Following is information related to the proportionate share and pension expense:

	OPERS (Amounts in Thousands)	
Proportionate Share of the Net Pension Liability	$	20,179
Proportion of the Net Pension Liability		0.123986%
Change in proportion		0.002866%
Pension Expense	$	429

At December 31, 2021, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Change in Division's proportionate share and difference in employer contributions	$	223
Change in assumptions		22
Division's contributions subsequent to the measurement date		2,461
Total Deferred Outflows of Resources	$	2,706
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	832
Net difference between projected and actual earnings on pension plan investments		7,202
Change in Division's proportionate share and difference in employer contributions		172
Total Deferred Inflows of Resources	$	8,206

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

The $2,461,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS (Amounts in Thousands)	
Year Ending December 31:		
2022	$	(2,999)
2023		(962)
2024		(2,953)
2025		(999)
2026		(16)
Thereafter		(32)
Total	$	(7,961)

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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	3.25%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: .50%, simple through 2022, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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.

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) 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 2020 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	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. 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 contractually required rates, as actuarially determined. 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 Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.2%	Discount Rate 7.2%	1% Increase 8.2%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability	$ 38,236	$ 20,179	$ 5,170

NOTE F – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset): The net OPEB liability/(asset) reported on the statement of net position represents a liability/(asset) to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB 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 OPEB is a present liability/(asset) because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/(asset) represents the Division's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) 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 these estimates annually.

The ORC limits the Division's obligation for this liability/(asset) to annually required payments. The Division cannot control benefit terms or the manner in which OPEB are financed; however, the Division does receive the benefit of employees' services in exchange for compensation including OPEB.

NOTE F – DEFINED BENEFIT OPEB PLANS *(*Continued)

GASB Statement No. 75 assumes the liability/(asset) is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees, which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/(asset) on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description – OPERS: OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed plan, a Defined Contribution Plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty 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 OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The ORC 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 OPERS Board of Trustees (Board) in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, 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 2021, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

NOTE F – DEFINED BENEFIT OPEB PLANS *(*Continued)

Each year, the Board 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 0.0% for both plans in 2021. 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 into the RMA for participants in the Member-Directed Plan for 2020 was 4.0%.

For the year ended December 31, 2021, OPERS did not allocate any employer contributions to the OPEB plan.

OPEB Liabilities/(Assets), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability / (asset) and total OPEB liability / (asset) for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Division's proportion of the net OPEB liability / (asset) was based on the Division's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS (Amounts in Thousands)	
Proportionate Share of the Net OPEB Liability/(Asset)	$	(2,177)
Proportion of the Net OPEB Liability/(Asset):		0.122210%
Change in Proportionate Share		0.002763%
OPEB Expense	$	(13,951)

NOTE F – DEFINED BENEFIT OPEB PLANS *(*Continued)

At December 31, 2021, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		OPERS
Deferred Outflows of Resources		**(Amounts in Thousands)**
Changes in assumptions	$	1,070
Changes in Division's proportionate share and difference in employer contibutions		112
Total Deferred Outflows of Resources	$	1,182
Deferred Inflows of Resources		
Differences between expected and actual experience	$	1,965
Net difference between projected and actual earnings on pension plan investments		1,159
Change in assumptions		3,528
Changes in proportion and differences between Division's contributions and proportionate share of contributions		2
Total Deferred Inflows of Resources	$	6,654

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		OPERS
Year Ending December 31:		**(Amounts in Thousands)**
2022	$	(2,835)
2023		(1,996)
2024		(504)
2025		(137)
Total	$	(5,472)

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.

NOTE F – DEFINED BENEFIT OPEB PLANS *(*Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	6.00%
Prior Measurement Date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.00%
Prior Measurement Date	2.75%
Health Care Cost Trend Rate:	
Current Measurement Date	8.50%, initial 3.50%, ultimate in 2035
Prior Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

NOTE F – DEFINED BENEFIT OPEB PLANS *(*Continued)

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 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	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate: A single discount rate of 6.00% was used to measure the total OPEB liability / (asset) on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

NOTE F – DEFINED BENEFIT OPEB PLANS *(*Continued)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 6.00%, as well as what the Division's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower 5.00% or one-percentage-point higher 7.00% than the current rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability / (asset)	$ (541)	$ (2,177)	$ (3,522)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease 2.50%	Current Health Care Cost Trend Rate Assumption 3.50%	1% Increase 4.50%
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	$ (2,231)	$ (2,177)	$ (2,118)

NOTE G - CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: The Division is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Division's project share was 80,000 kilowatts (kW) of a total 771,281 kW, giving the City a 10.37% project 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. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed impaired and participants were obligated to pay those incurred costs. Prior to 2014, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel Corporation (Bechtel). As a result of a March 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 Division's estimated share of the impaired costs at March 31, 2014, was $13,813,694. The Division 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, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired costs balance of $3,747,981. Because payment is now probable and reasonably estimable, the Division 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 Division's net impaired cost balance either positively or negatively. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a settlement in the Bechtel litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014, the Division has made payments of $2,768,327 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Division's allocation of additional costs incurred by the project is $170,475 and interest expense incurred on AMP's line-of-credit of $299,353. As part of the Bechtel Settlement, the Division received a credit of $394,149 against its stranded cost liability, resulting in a net impaired cost estimate at December 31, 2021, of $1,055,333. The Division does have a potential PHFU Liability of $4,109,062 resulting in a net total potential liability of $5,164,395, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) has no value and also assuming the Division's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include negative items such as property taxes as well as positive items like revenue from leases or sale of all or a portion of the Meigs County site property.

The Division intends to recover these costs and repay AMP over the next 8 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, *Items Previously Reported as Assets and Liabilities*. The Division intends to recover 50% of these costs from the customers through the Energy Adjustment Charge passed along to customer's monthly bills.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE G - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

In addition, various claims are pending against the City involving the Division for personal injuries, property damage and other matters, which the City is responsible for. The City's management is of the opinion that ultimate resolution of such claims could result in a material adverse effect on the Division's financial position, results of operations or cash flows. This amount is indeterminable at this time.

Risk Management: The Division 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 Division is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2021.

The City provides the choice of two separate health insurance plans to its employees. The operating funds are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, 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. 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. Claims liability for the Division is reported as part of accounts payable on the statement of net position and is immaterial.

NOTE H - RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides services to the City, including its various departments and divisions. The usual and customary rates are charged to all City departments and divisions.

Operating Expenses: The Division is provided various intra-city services. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the year ended December 31, 2021, are as follows:

	(Amounts in Thousands)	
Telephone Exchange	$	2,314
Utilities Administration and Fiscal Control		2,251
City Administration		1,802
Division of Water		427
Motor Vehicle Maintenance		356

NOTE I - CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately $1,174,000 for the year ended December 31, 2021.

NOTE J - KILOWATT PER HOUR TAX

In May 2001, the Division started billing its customers the electric deregulation kilowatt-hour tax according to the laws of the State of Ohio. This law requires the Division to remit the proceeds to the City's General Fund, except for any proceeds attributable to sales outside the City which are remitted to the State of Ohio. The Division remitted $5,244,000 for this tax in 2021, of which $13,684 was paid to the State. Ordinance No. 779-2021, passed October 25, 2021, directed that 100% of the proceeds go to the Division in 2022 and 2023.

NOTE K – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures may continue to impact subsequent periods of the Division.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

Required Supplementary Information

Schedule of the Division's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Eight Years (1), (2)

	Division's Proportion of the Net Pension Liability	Division's Proportionate Share of the Net Pension Liability	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(Amounts in Thousands)			
2014	0.136385 %	$ 16,054	$ 15,462	103.83%	86.36%
2015	0.136385	16,397	17,067	96.07	86.45
2016	0.139410	23,597	17,775	132.75	81.08
2017	0.124709	29,488	16,542	178.26	77.55
2018	0.125259	21,587	16,769	128.73	84.66
2019	0.122549	36,152	17,543	206.08	74.70
2020	0.121120	26,253	18,200	144.25	82.17
2021	0.123986	20,179	18,729	107.74	86.88

(1) Information presented for each year was determined as of the Division’s measurement date, which is the prior year end.
(2) Information prior to 2014 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020 and 2021.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

Required Supplementary Information (Continued)

Schedule of Contributions - Net Pension Liability
Ohio Public Employees Retirement System
Last Nine Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2013	$ 2,010	$ (2,010)	$ -	$ 15,462	13.00%
2014	2,048	(2,048)	-	17,067	12.00
2015	2,133	(2,133)	-	17,775	12.00
2016	1,985	(1,985)	-	16,542	12.00
2017	2,180	(2,180)	-	16,769	13.00
2018	2,456	(2,456)	-	17,543	14.00
2019	2,548	(2,548)	-	18,200	14.00
2020	2,622	(2,622)	-	18,729	14.00
2021	2,461	(2,461)	-	17,579	14.00

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

DIVISION OF CLEVELAND PUBLIC POWER

Required Supplementary Information (Continued)

Schedule of the Division's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Five Years (1), (2)

	Division's Proportion of the Net OPEB Liability/(Asset)	Division's Proportionate Share of the Net OPEB Liability/(Asset)	Division's Covered Payroll	Division's Proportional Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
		(Amounts in Thousands)			
2017	0.122500 %	$ 12,374	$ 16,542	74.80%	54.04%
2018	0.123223	13,762	16,769	82.07	54.14
2019	0.121120	16,597	17,543	94.61	46.33
2020	0.119447	17,316	18,200	95.14	47.80
2021	0.122210	(2,177)	18,729	(11.62)	115.57

(1) Information presented for each year was determined as of the Division’s measurement date, which is the prior year end.
(2) Information prior to 2017 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.50% initial to 10.0% initial. In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030. In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

Required Supplementary Information (Continued)

Schedule of Contributions - Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Six Years (1), (2), (3)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2016	$ 331	$ (331)	$ -	$ 16,542	2.00%
2017	168	(168)	-	16,769	1.00
2018	-	-	-	17,543	0.00
2019	-	-	-	18,200	0.00
2020	-	-	-	18,729	0.00
2021	-	-	-	17,579	0.00

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member-Directed Plan.

(3) Represents Division’s calendar year. Information prior to 2016 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2021

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Public Utilities
Division of Water
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Public Utilities, Division of Water:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Public Utilities, Division of Water of the City of Cleveland, Cuyahoga County, Ohio (the Division), as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Public Utilities, Division of Water of the City of Cleveland as of December 31, 2021, and the changes in financial position and its cash flows thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Public Utilities, Division of Water of the City of Cleveland, are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities and the major fund of the City of Cleveland that is attributable to the transactions of the Department of Public Utilities, Division of Water. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2021, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 Division's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related 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 and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the City) Department of Public Utilities, Division of Water (the Division), we offer readers of the Division's financial statements this narrative overview and analysis of the financial activities of the Division for the year ended December 31, 2021. Please read this information in conjunction with the Division's financial statements and footnotes that begin on page 18.

The Division services not only the City, but also 69 direct service communities, seven master meter communities and three emergency standby communities. They provide water to approximately 432,000 city and suburban accounts in the Cleveland metropolitan area. They also sell 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.

During 2021, the Division provided services to approximately 117,000 accounts located within Cleveland and approximately 315,000 accounts located in direct service communities. Water provided to each master meter community is metered at community's boundary. Consumers within the City of Cleveland accounted for 23.25% of the Division's metered sales revenue, while the direct service communities accounted for 72.70% and master meter and emergency communities accounted for 4.05% of metered sales revenue.

The Division, along with the Division of Utilities Fiscal Control (UFC), provides a complete array of processing services including billing, payment processing, mailing delinquency notices, terminating water service on delinquent accounts and distributing the money collected to the communities.

COMPARISON OF CURRENT YEAR'S AND PRIOR YEAR'S DATA

FINANCIAL HIGHLIGHTS

- The Division's net position was $1,670,514,000 and $1,568,650,000 at December 31, 2021 and 2020, respectively. Of these amounts, $367,394,000 and $309,456,000 are unrestricted net position at December 31, 2021 and 2020, respectively and may be used to meet the Division's ongoing obligations to customers and creditors.

- The Division's overall net position increased by $101,864,000 during 2021. The increase is primarily attributed to a $62,492,000 decrease in operating expenses.

- The total long-term revenue bonds and loans payable of the Division decreased by $30,400,000 due to scheduled principal payments on the bonds and loans.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The accompanying financial statements present financial information for the City's Division of Water Fund, in which the City accounts for the operations of the Department of Public Utilities, Division of Water.

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.

The Division is considered an Enterprise Fund because the operations of the Division are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Division, the economic resources measurement focus and the accrual basis of accounting is used. This is similar to businesses in the private sector.

The basic financial statements of the Division can be found on pages 18 – 23 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to financial statements can be found on pages 25 – 51 of this report. Required supplementary information can be found on pages 52 – 55.

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is condensed statement of net position information for the Division as of December 31, 2021 and 2020:

	2021	2020
	(Amounts in Thousands)	
Assets:		
Capital assets, net	$ 1,723,717	$ 1,728,408
Net OPEB asset	7,375	
Restricted assets	47,012	34,945
Current assets	496,183	489,798
Total assets	2,274,287	2,253,151
Deferred outflows of resources	35,218	46,027
Net position:		
Net investment in capital assets	1,259,910	1,228,048
Restricted for capital projects		68
Restricted for debt service	43,210	31,078
Unrestricted	367,394	309,456
Total net position	1,670,514	1,568,650
Liabilities:		
Long-term obligations	505,289	631,537
Current liabilities	83,370	72,307
Total liabilities	588,659	703,844
Deferred inflows of resources	50,332	26,684

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Current Assets: The Division had an increase in current assets of $6,385,000, primarily due to an increase of $4,691,000 in unrestricted cash and cash equivalents. Cash received from fees for services increased by $2,407,000, while cash received from customers increased by $1,726,000.

Restricted Assets: The Division's restricted assets increased by $12,067,000, primarily attributable to an increase of $12,132,000 in the debt service fund. The rise in the debt service fund is due to an increase of $12,705,000 in scheduled bond principal payments in 2022.

Deferred Outflows of Resources: The Division's deferred outflows of resources decreased by $10,809,000. Other postemployment benefits (OPEB) outflows decreased $4,859,000, primarily due to a reduction in change in assumptions of $5,195,000. Pension outflows decreased by $3,553,000, again primarily due to a $4,325,000 decrease in change in assumptions. Unamortized loss on debt refunding decreased by $2,397,000 due to scheduled amortization.

Capital Assets: The Division's capital assets, as of December 31, 2021, amounted to $1,723,717,000 (net of accumulated depreciation). The total net decrease in the Division's capital assets was $4,691,000. A summary of the activity in the Division's capital assets during December 31, 2021, is as follows:

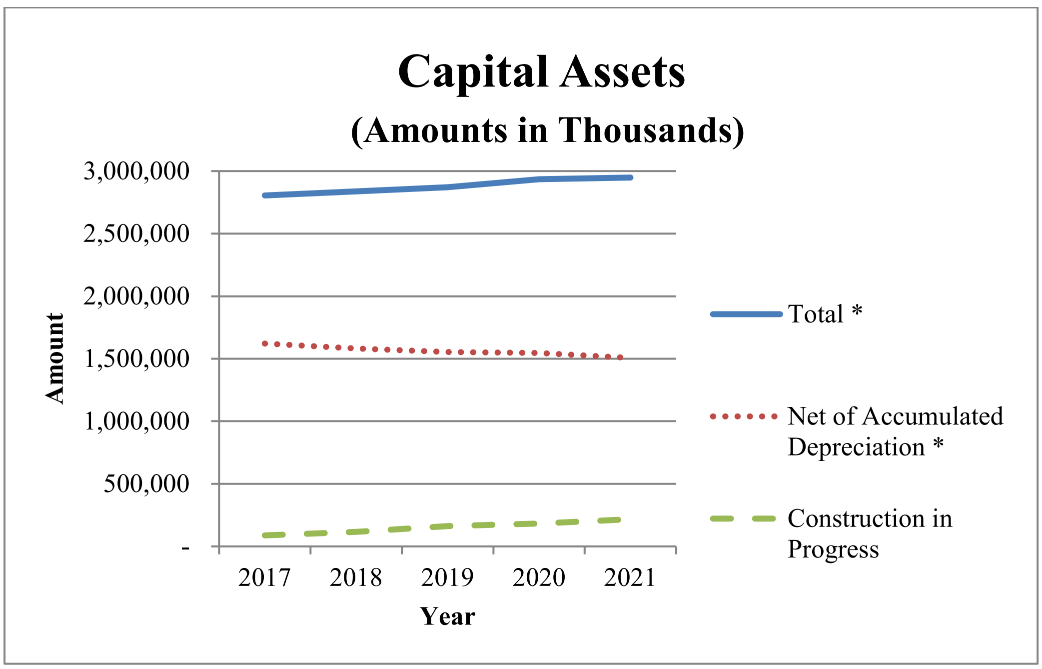
	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
		(Amounts in Thousands)		
Land	$ 5,731	$	$	$ 5,731
Land improvements	17,666	265		17,931
Utility plant	2,026,345	22,691	(3,310)	2,045,726
Buildings, structures and improvements	265,740	133		265,873
Furniture, fixtures, equipment and vehicles	618,828	6,911	(12,689)	613,050
Construction in progress	182,218	59,443	(24,523)	217,138
Total	3,116,528	89,443	(40,522)	3,165,449
Less: Accumulated depreciation	(1,388,120)	(69,320)	15,708	(1,441,732)
Capital assets, net	$ 1,728,408	$ 20,123	$ (24,814)	$ 1,723,717

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Construction in progress had additions and reductions of $59,443,000 and $24,523,000, respectively, resulting in a net increase of $34,920,000. The increase was related to additional spending on water main renewals, plant enhancement program, Nottingham sedimentation basins, enhancements to the Crown Plant water system and back-up generators. Additionally, the reductions are related to assets being placed into service. Utility plant had a net increase of $19,381,000, primarily due to the completion of utility plant projects including various suburban water main renewals.

Major projects still under construction chiefly consist of suburban water main renewals, Nottingham sedimentation basins, phase two of the automated meter reading implementation and general engineering services.

Additional information on the Division's capital assets, including commitments made for future capital expenditures, can be found in Note D – Capital Assets to the basic financial statements.



* Construction in Progress not included

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

***Long-Term Obligations*:** In 2021, the most significant factor contributing to the Division’s net decrease in long-term obligations of $126,248,000 is primarily due to a decrease of $53,900,000 in net OPEB liability. The reduction is primarily attributed to changes in health care terms and changes in assumptions. In addition, revenue bonds and OWDA loans payable decreased by $51,915,000. The decrease is attributed to scheduled principal payments and premium amortization. Net pension liability decreased by $20,574,000, mainly due to investment returns exceeding expectations.

Current Liabilities: In 2021, total current liabilities increased by $11,063,000. The significant component of the change was an increase in the current portion of long-term debt due within one year of $12,968,000, which is related to a rise in required principal payments compared to 2020. This was partially offset by a decrease in accounts payable of $1,320,000.

Deferred Inflows of Resources: The Division’s deferred inflows of resources increased by $23,648,000 in 2021. Pension inflows increased by $9,738,000, primarily due to investment returns exceeding expectations. OPEB inflows increased by $13,910,000, primarily due to a change in assumptions.

***Net Pension/OPEB Liabilities/(Assets)*:** The net pension liability is reported by the Division at December 31, 2021 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. In 2018, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows of resources related to pension and OPEB.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*) and postemployment benefits (GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s net pension liability or net OPEB liability/(asset). GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Division’s proportionate share of each plan’s collective:

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

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

GASB notes that pension and OPEB 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 and OPEB. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Division is not responsible for certain key factors affecting the balance of these liabilities. 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 Ohio Revised Code (ORC) permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability/(asset). As previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities, but are outside the control of the Division. In the event that contributions, investment returns and other changes are insufficient to keep up with required 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 and the net OPEB liability/(asset) are satisfied, these liabilities/(asset) are separately identified within the long-term liability/(assets) section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Division's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB Statement No. 75, the Division is reporting a net OPEB liability/(asset) and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Long-Term Debt: At the end of 2021, the Division had total long-term debt outstanding of $455,348,000. All bonds are backed by the revenues generated by the Division. The Ohio Water Development Authority (OWDA) loans do not have a lien on revenues of the Division.

The activity in the Division's debt obligations outstanding during the year ended December 31, 2021, is summarized below (excluding unamortized discounts and premiums):

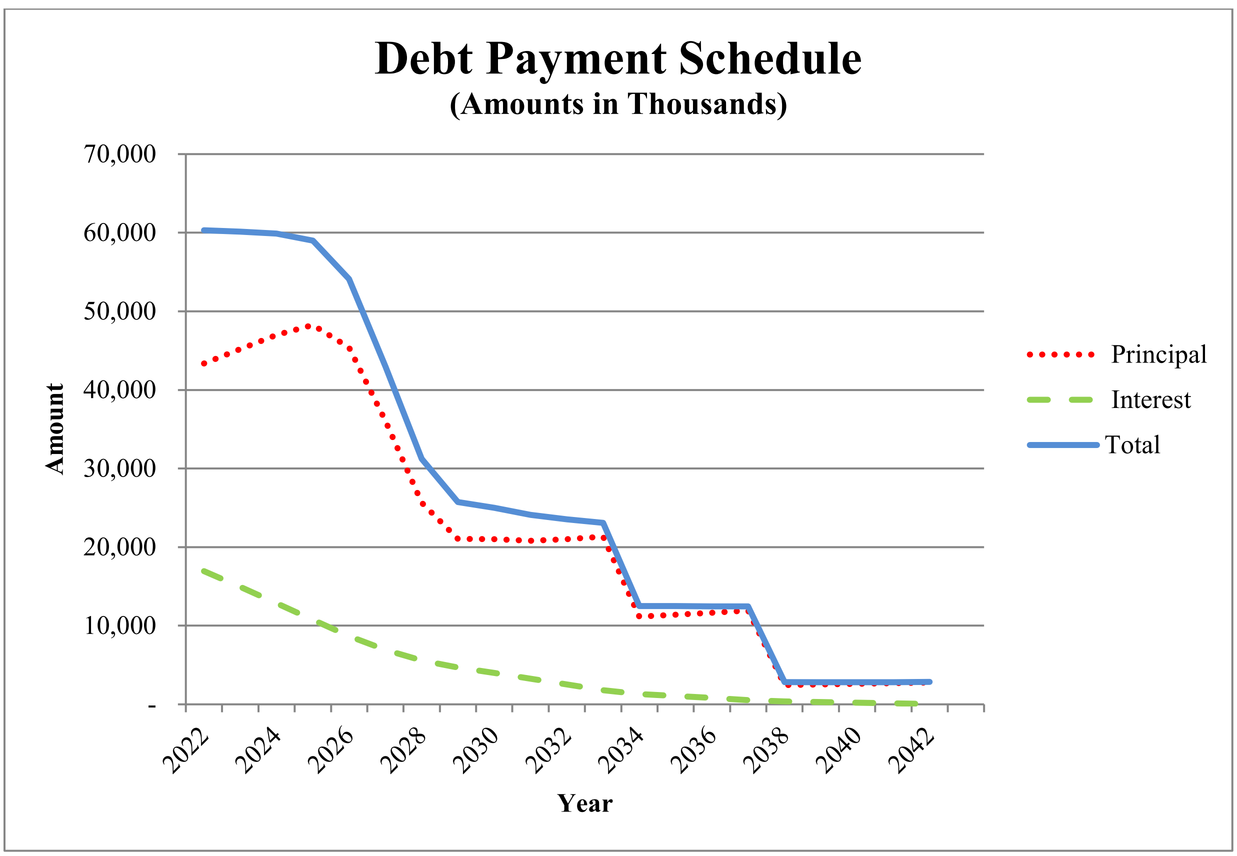
	Balance January 1, 2021	Debt Issued	Debt Retired	Balance December 31, 2021
		(Amounts in Thousands)		
Water Revenue Bonds:				
Series X 2012	$ 1,285	$	$	$ 1,285
Series Y 2015	38,900		(5,015)	33,885
Series BB 2017	15,715			15,715
Series CC 2017	42,880			42,880
Series DD 2019	88,775		(12,700)	76,075
Series EE 2020	15,815		(95)	15,720
Series FF 2020	70,270			70,270
Series GG 2020	99,145		(185)	98,960
Second Lien Series A 2012	11,590		(4,205)	7,385
Second Lien Series B 2017	42,495			42,495
Ohio Water Development Authority Loans	58,878		(8,200)	50,678
Total	$ 485,748	$ -	$ (30,400)	$ 455,348

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The bond ratings for the Division's outstanding revenue bonds as of December 31, 2021, are as follows:

	Moody's Investors Services	S&P Global
Waterworks Revenue Bonds	Aa2	AA+
Second Lien Water Revenue Bonds	Aa3	AA

The ratio of net revenue available for debt service to debt service requirements (revenue bond coverage) is a useful indicator of the Division's debt position to management, customers, investors and creditors. The Division's revenue bond coverage for 2021 and 2020 was 321% and 431%, respectively.



CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Debt service on the Division’s bonded debt began declining in 2018 and is expected to minimally impact its operations.

Additional information on the Division’s long-term debt can be found in Note B – Debt and Other Long-Term Obligations on pages 29 – 34.

Net Position: Net position serves as a useful indicator of a government’s financial position. In the case of the Division, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $1,670,514,000 and $1,568,650,000 at December 31, 2021 and 2020, respectively.

Of the Division’s net position, $1,259,910,000 at December 31, 2021, reflects its investment in capital assets, net of accumulated depreciation, less any related, still-outstanding debt used to acquire those assets. The Division uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Division’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 portion of the Division’s net position, $43,210,000 at December 31, 2021, represents resources that are subject to external restrictions. These funds are set aside for the payment of revenue bonds.

The remaining balance of unrestricted net position, $367,394,000 at December 31, 2021, may be used to meet the Division’s ongoing obligations to customers and creditors.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

The Division's net position increased during 2021 by $101,864,000. The following table identifies the key elements of the Division's results of operations for the years ended December 31, 2021 and 2020:

	2021	2020
	(Amounts in Thousands)	
Operating revenues	$ 325,793	$ 327,261
Operating expenses	212,448	274,940
Operating income (loss)	113,345	52,321
Non-operating revenue (expense):		
Investment income	360	3,055
Interest expense	(20,428)	(21,569)
Amortization of bond premiums and discounts	8,547	7,715
Gain (loss) on disposal of capital assets	(291)	(147)
Other	40	(1,322)
Total non-operating revenue (expense), net	(11,772)	(12,268)
Income (loss) before capital and other contributions	101,573	40,053
Capital and other contributions	291	
Change in net position	101,864	40,053
Beginning net position	1,568,650	1,528,597
Ending net position	$ 1,670,514	$ 1,568,650

Operating Revenue: In 2021, total operating revenues of the Division decreased by $1,468,000 or 0.4%. The reduction is primarily attributed to a decrease in metered service revenue of $4,434,000 due to slightly lower consumption. This was partially offset by an increase in ancillary revenue.

Operating Expenses: The overall decrease in operating expenses of $62,492,000 in 2021 was primarily attributed to $65,614,000 decrease in operations expense. OPEB expense decreased by $49,080,000, primarily related to changes in health care terms as well as changes in assumptions. Pension expense decreased by $12,362,000, mainly due to investment returns exceeding expectations. Also, depreciation expense decreased by $3,778,000.

These decreases were offset by a $6,900,000 increase in maintenance expenses. Costs associated with maintaining computers increased by $2,542,000, while payroll costs increased by $1,435,000.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION (Continued)

Non-Operating Revenue: Investment income decreased by $2,695,000, primarily due to declining interest rates. Amortization of bond premiums increased by $832,000, mainly attributed to the refunding of various bonds that occurred in 2020.

Non-Operating Expense: Interest expense decreased $1,141,000 in 2021 due to scheduled principal payments on bonds and loans. Loss on disposal of capital assets was $144,000 greater than in 2020.

ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the Division’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.

BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENT OF NET POSITION
December 31, 2021
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CAPITAL ASSETS	
Land	$ 5,731
Land improvements	17,931
Utility plant	2,045,726
Buildings, structures and improvements	265,873
Furniture, fixtures, equipment and vehicles	613,050
	2,948,311
Less: Accumulated depreciation	(1,441,732)
	1,506,579
Construction in progress	217,138
CAPITAL ASSETS, NET	1,723,717
NET OPEB ASSET	7,375
RESTRICTED ASSETS	
Cash and cash equivalents	47,011
Accrued interest receivable	1
TOTAL RESTRICTED ASSETS	47,012
CURRENT ASSETS	
Cash and cash equivalents	410,903
Restricted cash and cash equivalents	5,749
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of $16,537	55,437
Unbilled revenue	10,368
Due from other City of Cleveland departments, divisions or funds	2,574
Materials and supplies - at average cost	7,448
Prepaid expenses	3,704
TOTAL CURRENT ASSETS	496,183
TOTAL ASSETS	2,274,287
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on bond refunding	21,302
Pension	9,912
OPEB	4,004
TOTAL DEFERRED OUTFLOWS OF RESOURCES	35,218

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENT OF NET POSITION
December 31, 2021
(Amounts in Thousands)

NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
NET POSITION	
Net investment in capital assets	$ 1,259,910
Restricted for debt service	43,210
Unrestricted	367,394
TOTAL NET POSITION	1,670,514
LIABILITIES	
LONG-TERM OBLIGATIONS-excluding amounts due within one year:	
Accrued wages and benefits	1,851
OWDA loans	42,215
Revenue bonds	403,327
Net pension liability	57,896
TOTAL LONG-TERM OBLIGATIONS	505,289
CURRENT LIABILITIES	
Accounts payable	12,385
Customer deposits and other liabilities	2,715
Accrued wages and benefits	9,330
Due to other City of Cleveland departments, divisions or funds	1,561
Accrued interest payable	8,262
Payable from restricted assets	5,749
Current portion of long-term debt, due within one year	43,368
TOTAL CURRENT LIABILITIES	83,370
TOTAL LIABILITIES	588,659
DEFERRED INFLOWS OF RESOURCES	
Pension	27,793
OPEB	22,539
TOTAL DEFERRED INFLOWS OF RESOURCES	50,332

See notes to financial statements.

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CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended December 31, 2021
(Amounts in Thousands)

OPERATING REVENUES	
Charges for services	$ 325,793
TOTAL OPERATING REVENUES	325,793
OPERATING EXPENSES	
Operations	70,888
Maintenance	72,240
Depreciation	69,320
TOTAL OPERATING EXPENSES	212,448
OPERATING INCOME (LOSS)	113,345
NON-OPERATING REVENUE (EXPENSE)	
Investment income	360
Interest expense	(20,428)
Amortization of bond premiums and discounts	8,547
Gain (loss) on disposal of assets	(291)
Other	40
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	(11,772)
INCOME (LOSS) BEFORE CAPITAL AND OTHER CONTRIBUTIONS	101,573
Capital and other contributions	291
INCREASE (DECREASE) IN NET POSITION	101,864
NET POSITION, BEGINNING OF YEAR	1,568,650
NET POSITION, END OF YEAR	$ 1,670,514

See notes to financial statements.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 298,919
Cash payments to suppliers for goods or services	(105,632)
Cash payments to employees for services	(86,915)
Cash received from fees for services	23,585
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	129,957
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(64,364)
Principal paid on long-term debt	(30,400)
Interest paid on long-term debt	(18,571)
Capital grant proceeds	291
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(113,044)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	360
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	360
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,273
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	446,390
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 463,663

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021
(Amounts in Thousands)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

OPERATING INCOME (LOSS)	$ 113,345
Adjustments	
Depreciation	69,320
(Increase) decrease in assets:	
Accounts receivable, net	(2,376)
Unbilled revenue	561
Due from other City of Cleveland departments, divisions or funds	82
Materials and supplies, net	1,212
Prepaid expenses	(658)
Net OPEB asset	(7,375)
(Increase) decrease in deferred outflows of resources:	
Pension	3,553
OPEB	4,859
Increase (decrease) in liabilities:	
Accounts payable	(1,320)
Customer deposits and other liabilities	(62)
Accrued wages and benefits	(128)
Due to other City of Cleveland departments, divisions or funds	(230)
Net pension liability	(20,574)
Net OPEB liability	(53,900)
Increase (decrease) in deferred inflows of resources:	
Pension	9,738
OPEB	13,910
TOTAL ADJUSTMENTS	16,612
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 129,957

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	$ 5,749

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Water (the Division) is reported as an Enterprise Fund of the City of Cleveland's Department of Public Utilities and is a part of the City of Cleveland's (the City) primary government. The Division was created for the purpose of supplying water services to customers within the metropolitan area. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Division comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. This Statement is effective for the reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost. As required, the Division has implemented GASB Statement No. 89 as of December 31, 2021.

In March of 2020, GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* was issued. This Statement is effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The Division has determined that GASB Statement No. 93 has no impact on its financial statements as of December 31, 2021.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's net position is accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Remaining unrestricted amount

In addition, certain financial information regarding the Division is included in these footnotes.

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

Revenues: Revenues are derived primarily from sales of water to residential, commercial and industrial customers based upon actual water consumption and from a fixed charge based upon meter size. Water rates are authorized by City Council and billings are made on a cyclical basis. Estimates for services between the ends of the various cycles and the end of the year are recorded as unbilled revenue.

Inventory of Supplies: The Division's inventory is valued at average cost. Inventory costs are charged to operations when consumed.

Prepaid Expenses and Other Assets: Payments made to vendors for services that benefit future periods are recorded as prepayments in the financial statements. A current asset for the prepaid amount is recorded at the time of purchase and the expense is reported in the year in which services are consumed.

Interfund Transactions: During the course of normal operations the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In a statement of cash flows, cash receipts and cash payments are classified according to operating, noncapital financing, capital and related financing and investment activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Investments: The Division follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application,* which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Division's investments in money market mutual funds and the State Treasury Asset Reserve of Ohio (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Division has invested funds in the STAR Ohio during 2021. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

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

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost, or if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a 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. When capital assets are disposed, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility Plant	5 to 100 years
Land improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Issuance Costs, Discounts, Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resources and is amortized over the shorter of the defeased bond or the newly issued bond.

Compensated Absences: The Division 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*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability.

Normally, all vacation time is to be taken in the year available. The Division allows employees to carryover vacation 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 highest year average base salary rate, with the balance being forfeited.

Deferred Outflows/Inflows 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 future period(s) and so will not be recognized as an outflow of resources (expense) 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 (revenues) until that time.

Net Pension/OPEB Liabilities/(Asset): For purposes of measuring the net pension/OPEB liabilities/(assets), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS

Debt outstanding at December 31, 2021, is as follows:

	Interest Rate	Original Issuance	2021
		(Amounts in Thousands)	
Water Revenue Bonds:			
Series X 2012 due through 2022	4.00%	$ 44,410	$ 1,285
Series Y 2015 due through 2028	4.00% - 5.00%	116,205	33,885
Series BB 2017 due through 2032	5.00%	15,760	15,715
Series CC 2017 due through 2028	5.00%	54,730	42,880
Series DD 2019 due through 2033	2.00% - 5.00%	97,160	76,075
Series EE 2020 due through 2042	1.27% - 3.21%	15,815	15,720
Series FF 2020 due through 2033	5.00%	70,270	70,270
Series GG 2020 due through 2037	0.39% - 2.28%	99,145	98,960
Second Lien Series A 2012 due through 2022	4.00% - 5.00%	76,710	7,385
Second Lien Series B 2017 due through 2027	5.00%	43,095	42,495
Ohio Water Development Authority Loans payable annually through 2032, direct borrowing	0.00% - 3.00%	146,009	50,678
		$ 779,309	455,348
Adjustments:			
Unamortized discount and premium			33,562
Current portion			(43,368)
Total Long-Term Debt			$ 445,542

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2021, are as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021	Due Within One Year
			(Amounts in Thousands)		
Water Revenue Bonds:					
Series X 2012 due through 2022	$ 1,285	$	$	$ 1,285	$ 1,285
Series Y 2015 due through 2028	38,900		(5,015)	33,885	5,275
Series BB 2017 due through 2032	15,715			15,715	
Series CC 2017 due through 2028	42,880			42,880	6,380
Series DD 2019 due through 2033	88,775		(12,700)	76,075	14,225
Series EE 2020 due through 2042	15,815		(95)	15,720	140
Series FF 2020 due through 2033	70,270			70,270	
Series GG 2020 due through 2037	99,145		(185)	98,960	215
Second Lien Series A 2012 due through 2022	11,590		(4,205)	7,385	7,385
Second Lien Series B 2017 due through 2027	42,495			42,495	
Ohio Water Development Authority Loans payable annually through 2032, direct borrowing	58,878		(8,200)	50,678	8,463
Total revenue bonds/loans	485,748		(30,400)	455,348	43,368
Accrued wages and benefits	11,309	9,471	(9,599)	11,181	9,330
Net pension liability	78,470		(20,574)	57,896	
Net OPEB liability	53,900		(53,900)		
Total	$ 629,427	$ 9,471	$ (114,473)	$ 524,425	$ 52,698

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

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

	Bonds Principal	OWDA Loans (Direct Borrowing) Principal	Interest	Total
		(Amounts in Thousands)		
2022	$ 34,905	$ 8,463	$ 16,943	$ 60,311
2023	36,470	8,735	14,943	60,148
2024	38,395	8,601	12,886	59,882
2025	39,805	8,452	10,756	59,013
2026	40,470	4,939	8,682	54,091
2027-2031	113,465	11,059	24,498	149,022
2032-2036	76,160	429	7,507	84,096
2037-2041	22,210		1,578	23,788
2042	2,790		45	2,835
Total	$ 404,670	$ 50,678	$ 97,838	$ 553,186

The above schedule of minimum principal and interest payments on long-term debt includes the amortization on ten loans provided to the City by the Ohio Water Development Authority (OWDA).

OWDA provided the City with the amount expected to be financed, the interest rate, initial repayment date and other significant items(s) for each of the ten loans. From the information received, the City prepared a detailed amortization schedule for each loan based upon the amount expected to be financed. However, the amortization schedule is tentative and is adjusted if and when, OWDA revises the amount to be financed.

Further, OWDA requires the City to begin making semi-annual payments for each loan based on the agreed upon initial repayment date, regardless of whether the City has received all loan proceeds or has completed the project(s).

At December 31, 2021, the amount financed on these ten loan projects, less principal payments made, totaled $50,678,000 and is reflected in the debt service payment schedule.

The Division has, from time to time, defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Division's financial statements.

The Division had the following amounts of defeased debt outstanding at December 31, 2021:

Series X, 2012	$43,125,000
Second Lien Series A, 2012	$43,000,000
Series Y, 2015	$76,060,000

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

In 1996, the City authorized the adoption of the eighth supplemental indenture to amend and restate the existing indenture, subject to the receipt of consent of the requisite number of bondholders. With the issuance of the Series J bonds, the City reached the 66.7% consent required to enact the Amended and Restated Indenture. Effective October 5, 2001, all outstanding bonds and any future bonds were secured by the Amended and Restated Indenture. Under the new indenture, the bonds are no longer secured by a mortgage lien. All bonds are secured by the Division's net revenues and by the pledged funds.

The Division's indentures have certain restrictive covenants and principally require that bond reserve funds may be maintained for certain series of bonds and charges for fees to customers must be sufficient in amount, 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.

The indenture requires that at all times the Division will charge rates and fees for the products and services of the waterworks system, so that revenues will be at least sufficient to provide funds for the payment in each year of the necessary operating and maintenance expenses of the waterworks system and the greater of (1) an amount equal to 1.25 times the payments of principal, premium, if any and interest on the revenue bonds then outstanding due in that year or (2) an amount sufficient to maintain the required balances in all funds and accounts created under the indenture. As of December 31, 2021, the Division was in compliance with the terms and requirements of the bond indenture.

The indenture establishes the following fund accounts for the application of revenues:

Revenue Fund: All revenues will be deposited into this fund and will be used for payment of current operating expenses and deposits into other funds. An amount equal to one-sixth of the operating expenses, before depreciation, for the preceding fiscal year must be maintained in this fund.

Debt Service Fund: Deposits will be made from the revenue fund to cover succeeding principal and interest payments as they become due on the revenue bonds.

Debt Service Reserve Fund: Deposits will be made to this fund if the amount in the debt service fund reserve at any time is less than the debt service reserve requirement. Amounts in the fund were deposited from the proceeds of the revenue bonds secured by the reserve fund and represent the maximum annual debt service requirement of these bonds. Not all series of bonds are covered by the reserve fund. At December 31, 2019, only the Series G, 1993 Bonds were covered by the reserve fund. On May 7, 2020, the City and the Escrow Trustee entered into an escrow agreement relating to the defeasance of the Series G Bonds with funds available in the debt service reserve fund and the debt service fund. Pursuant to the agreement, the balance in the debt service reserve fund of $13,049,512 along with $122,163 from Series G principal account were transferred to the Escrow Fund to defease the remaining Series G Bonds. As a result, there were no series of bonds covered by a reserve fund after that point.

Contingency Fund: The balance in this fund must be maintained at $3,500,000.

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Construction Fund: Proceeds from the various series of revenue bonds were deposited into this fund to be used, along with earnings from investments of amounts held therein, for the payment of capital costs. Capital costs include all costs of additions, extensions, renewals, replacements, alterations, betterments and any other capital improvements to the waterworks system. Amounts held in this fund are subject to a lien in favor of bondholders and may be used to pay principal of outstanding revenue bonds to the extent that amounts in all other funds are insufficient. No payments need be made into a fund if the amounts in such fund are equal to the required fund balance, if any.

Amounts held in any fund may be invested by the City Treasurer or the trustee in permitted investments. However, the use of funds is limited by the bond indenture and accordingly, the funds are classified as restricted assets in the accompanying financial statements.

On June 6, 2020, the City issued $15,815,000 Federally Taxable Water Revenue Bonds, Series EE, 2020 to advance refund $14,565,000 of the outstanding Water Revenue Bonds, Series X, 2012. Net bond proceeds in the amount of $15,677,657, along with $303,438 from the Series X debt service fund, were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds when due. As a result of this refunding, the Division of Water realized an economic gain (the difference between the present values of the old and new debt service) of $2.7 million or 18.7%.

Effective June 11, 2020, the City issued $70,270,000 of tax-exempt Water Revenue Bonds, Series FF, to currently refund all of the outstanding variable rate $90,800,000 Series AA, 2015, Bonds. The Series AA Bonds were refunded in order to eliminate the risks associated with potential fluctuations in variable interest rates. The Series FF Bonds refunded the last remaining variable rate bonds issued by Water.

The City issued $99,145,000 Water Revenue Bonds, Series GG, 2020 (Federally Taxable) on August 13, 2020. These bonds advance refunded $11,725,000 of Water Revenue Bonds, Series X, 2012, that did not produce savings at the time of the refunding earlier in the year. The GG Bonds also advance refunded $76,060,000 of Water Revenue Bonds, Series Y, 2015. Net bond proceeds in the amount of $98,460,704, along with $293,728 from the Series X and Series Y debt service funds, were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds when due. As a result of this refunding, the City achieved another $8.34 million of net present value debt service savings for the Division of Water or 9.5%.

In conjunction with the issuance of the Water Revenue Bonds, Second Lien Series A 2012 in October 2012, the Division established a Subordinate Bonds Indenture. 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’s Amended and Restated Indenture.

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

The City has pledged future water system revenues, net of specified operating expenses, to repay $404,670,000 in various Senior Lien Water Revenue Bonds and Subordinate Lien Bonds issued in various years since 2012. Proceeds from the bonds provided financing for Water System improvements. The bonds are payable from Water System net revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require less than 46.0% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is $497,984,000. Amounts deposited for principal and interest in the current year on the Senior Lien Bonds and total net revenues were $41,550,000 and $133,236,000, respectively.

NOTE C – DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Division's deposits at December 31, 2021, totaled $12,781,000 and the Division's bank balances were $9,805,000 respectively. The differences represent positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $9,805,000 of the bank balances at December 31, 2021, 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 Division will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the Division'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: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. 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 (STAR Ohio); commercial paper; US 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 or registered broker/dealers and are not to exceed a period of one year and confirmation of securities pledged must be obtained.

Generally, investments are recorded 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.

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

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

The following is a summary of the fair value hierarchy of the fair value of investments of the Division (excluding Star Ohio and money market mutual funds) as of December 31, 2021:

Type of Investment	Fair Value	Fair Value Measurement Level 2
	(Amounts in Thousands)	
Commercial Paper	$ 1	$ 1
	$ 1	$ 1

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Division invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

Credit Risk: The Division's investments as of December 31, 2021, include STAR Ohio, commercial paper and money market mutual funds. Investments in STAR Ohio, Government Obligations Fund and the First American Government Obligations Fund carry a rating of AAAm, which is the highest money market fund rating given by S & P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Division's investment in U.S. Bank N.A. Open Commercial Paper carries a Moody's rating of P-1.

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Division places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. The Division had the following investments at December 31, 2021, which include those classified as cash and cash equivalents in the statement of net position in accordance with the provisions of GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Accounting*, since they have a maturity of three months or less:

Type of Investment	2021 Value	2021 Cost	Investment Maturities Less than One Year
		(Amounts in Thousands)	
STAR Ohio	$ 398,293	$ 398,293	$ 398,293
Commercial Paper	1	1	1
Money Market Mutual Funds	52,588	52,588	52,588
Total Investments	450,882	450,882	450,882
Total Deposits	12,781	12,781	12,781
Total Deposits and Investments	**$** 463,663	**$** 463,663	**$** 463,663

These amounts are monies invested by the City Treasurer on behalf of the Division and are used in daily operations with excess monies invested daily in STAR Ohio and money market mutual funds. These investments are carried at cost which approximates fair value.

As of December 31, 2021, the investments in STAR Ohio, commercial paper and money market mutual funds are approximately 88.3%, less than 0.01% and 11.7%, respectively, of the Division's total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE D – CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
	(Amounts in Thousands)			
Capital assets, not being depreciated				
Land	$ 5,731	$	$	$ 5,731
Construction in progress	182,218	59,443	(24,523)	217,138
Total capital assets, not being depreciated	187,949	59,443	(24,523)	222,869
Capital assets, being depreciated				
Land improvements	17,666	265		17,931
Utility plant	2,026,345	22,691	(3,310)	2,045,726
Buildings, structures and improvements	265,740	133		265,873
Furniture, fixtures, equipment and vehicles	618,828	6,911	(12,689)	613,050
Total capital assets, being depreciated	2,928,579	30,000	(15,999)	2,942,580
Less: Accumulated depreciation	(1,388,120)	(69,320)	15,708	(1,441,732)
Total capital assets being depreciated, net	1,540,459	(39,320)	(291)	1,500,848
Capital assets, net	$ 1,728,408	$ 20,123	$ (24,814)	$ 1,723,717

Commitments: The Division has outstanding commitments at December 31, 2021, of approximately $165,310,000 for future capital expenditures. It is anticipated that these commitments will be financed from the Division's cash balances; however, at the discretion of the Division, additional long-term debt may be issued in the future to finance a portion of the costs.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE E – 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 Division'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 (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The ORC limits the Division's obligation for this liability to annually required payments. The Division cannot control benefit terms or the manner in which pensions are financed; however, the Division 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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS): The Division's employees participate in 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. Division's 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.

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. 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 OPERS, 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' Annual Comprehensive Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** 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 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 3.0% 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 3.0%.

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2021, member contribution rates were 10.0% and employer contribution rates were 14.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Division's contractually required contribution was $9,083,000 for 2021. 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, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Following is information related to the proportionate share and pension expense:

		OPERS (Amounts in Thousands)
Proportionate Share of the Net Pension Liability	$	57,896
Proportion of the Net Pension Liability		0.419953%
Changes in Proportion		0.016882%
Pension Expense	$	1,691

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2021, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Changes in assumptions	$	73
Change in Division's proportionate share and difference in employer contributions		756
Division's contributions subsequent to the measurement date		9,083
Total Deferred Outflows of Resources	$	9,912
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	2,819
Net difference between projected and actual earnings on pension plan investments		24,393
Change in Division's proportionate share and difference in employer contributions		581
Total Deferred Inflows of Resources	$	27,793

The $9,083,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS (Amounts in Thousands)	
Year Ending December 31:		
2022	$	(10,155)
2023		(3,258)
2024		(10,002)
2025		(3,383)
2026		(55)
Thereafter		(111)
Total	$	(26,964)

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	3.25%, simple
	Pre 1/7/2013 retirees: 3.00%, simple
	Post 1/7/2013 retirees: .50%, simple
	Through 2021, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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.

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) 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 2019 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	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. 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 contractually required rates, as actuarially determined. 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 Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability	$ 163,308	$ 57,896	$ 11,807

NOTE F – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability /(Asset): The net OPEB liability/(asset) reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/(asset) represents the Division's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) 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 these estimates annually.

The ORC limits the Division's obligation for this liability to annually required payments. The Division cannot control benefit terms or the manner in which OPEB are financed; however, the Division does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability / (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability / (asset) on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description – OPERS: OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty 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 OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The ORC 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 ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, 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 2021, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board 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 0.0% for both plans in 2021. 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 into the RMA for participants in the Member-Directed Plan for 2020 was 4.0%.

For the year ended December 31, 2021, OPERS did not allocate any employer contributions to the OPEB plan.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liabilities/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Division's proportion of the net OPEB liability/(asset) was based on the Division's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS (Amounts in Thousands)	
Proportionate Share of the Net:		
OPEB Liability / (Asset)	$	(7,375)
Proportion of Net OPEB Liability /(Asset):		0.413937%
Change in Proportion Share		0.016434%
OPEB Expense	$	(42,507)

At December 31, 2021, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Change in assumptions	$	3,625
Change in Division's proportionate share and difference in employer contributions		379
Total Deferred Outflows of Resources	$	4,004
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	6,655
Net difference between projected and actual earnings on OPEB plan investments		3,928
Change in assumptions		11,949
Change in Division's proportionate share and difference in employer contributions		7
Total Deferred Inflows of Resources	$	22,539

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS (Amounts in Thousands)
Year Ending December 31:	
2022	$ (9,603)
2023	(6,762)
2024	(1,707)
2025	(463)
Total	$ (18,535)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date as of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	6.00%
Prior Measurement Date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.00%
Prior Measurement Date	2.75%
Health Care Cost Trend Rate:	
Current Measurement Date	8.50%, initial 3.50% ultimate in 2035
Prior Measurement Date	10.50%, initial 3.50% ultimate in 2030
Actuarial Cost Method	Individual Entry Age

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 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	34 %	1.07 %
Domestic Equities	25	5.64
Real Estate Investment Trust	7	6.48
International Equities	25	7.36
Other Investments	9	4.02
Total	100 %	4.43 %

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Discount Rate: A single discount rate of 6.00% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 6.00%, as well as what the Division's proportionate share of the net OPEB liability / (asset) would be if it were calculated using a discount rate that is one-percentage-point lower 5.00% or one-percentage-point higher 7.00% than the current rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
		(Amounts in Thousands)	
Division's proportionate share of the net OPEB liability/(asset)	$ (1,834)	$ (7,375)	$ (11,934)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability / (asset). The following table presents the net OPEB liability / (asset) calculated using the assumed trend rates and the expected net OPEB liability / (asset) if it were calculated using a health care cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
		(Amounts in Thousands)	
Division's proportionate share of the net OPEB liability/(asset)	$ (7,556)	$ (7,375)	$ (7,175)

NOTE G – CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Division for personal injuries, property damage and other matters, which the City is responsible for. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

Risk Management: The Division 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 Division is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2021.

The City provides the choice of two separate health insurance plans to its employees. The operating funds are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, 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.

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. Claims liability for the Division is immaterial.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE H – RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides water services to the City, including its various departments and divisions. Standard consumption rates are charged, except for the Division of Fire, public buildings and certain other facilities owned by the City, which by ordinance are provided free water services.

The Division performs billing, collection and various services for the Division of Water Pollution Control for a fee. This fee is based on the number of billings made on behalf of that division during the year at the same rates as charged to other users of the billing system. Revenue from the Division of Water Pollution Control for such services was approximately $2,257,000 in 2021. The Division also provides miscellaneous services to other departments and divisions of the City. Revenue realized from such services was approximately $595,000 in 2021.

Operating Expenses: The Division utilizes various intra-city services. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the year ended December 31, 2021 was as follows:

		(Amounts in Thousands)
Electricity Purchases	$	17,073
Utilities Administration and Utilities Fiscal Control		9,079
City Administration		4,752
Motor Vehicle Maintenance		3,164
Telephone Exchange		1,804

NOTE I – CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately $4,507,000 for December 31, 2021.

NOTE J – COVID 19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures may continue to impact subsequent periods of the Division.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

Required Supplementary Information

Schedule of the Division's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Eight Years (1), (2)

	Division's Proportion of the Net Pension Liability	Division's Proportionate Share of the Net Pension Liability	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	(Amounts in Thousands)				
2014	0.411161 %	$ 48,397	$ 46,600	103.86 %	86.36 %
2015	0.411161	49,432	51,458	96.06	86.45
2016	0.396321	69,902	50,533	138.33	81.08
2017	0.379883	87,844	50,392	174.32	77.25
2018	0.395659	62,889	52,731	119.26	84.66
2019	0.407826	111,359	58,257	191.15	74.70
2020	0.403071	78,470	60,729	129.21	82.17
2021	0.419953	57,896	63,193	91.62	86.88

(1) Information presented for each year was determined as of the Division's measurement date, which is the prior year end.

(2) Information prior to 2014 was not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:
Change in assumptions. There were no changes in the methods or assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes in assumptions that affected the total pension liability since the prior measurement date: (a) a reduction of the discount rate from 8.0% to 7.5%, (b) for defined benefit investments, decreasing the wage inflation rate from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumption in 2018. For 2019, the following were the most significant changes that affected the total pension since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% to 7.2%. There were no changes in assumptions in 2020 and 2021.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

Required Supplementary Information (Continued)

Schedule of Contributions - Net Pension Liability
Ohio Public Employees Retirement System
Last Nine Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2013	$ 6,058	$ (6,058)	$ -	$ 46,600	13.00 %
2014	6,175	(6,175)	-	51,458	12.00
2015	6,064	(6,064)	-	50,533	12.00
2016	6,047	(6,047)	-	50,392	12.00
2017	6,855	(6,855)	-	52,731	13.00
2018	8,156	(8,156)	-	58,257	14.00
2019	8,502	(8,502)	-	60,729	14.00
2020	8,847	(8,847)	-	63,193	14.00
2021	9,083	(9,083)	-	64,879	14.00

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

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

Required Supplementary Information (Continued)

Schedule of the Division's Proportionate Share of the Net OPEB Liability / (Asset)
Ohio Public Employees Retirement System
Last Five Years (1), (2)

	Division's Proportion of the Net OPEB Liability / (Asset)	Division's Proportionate Share of the Net OPEB Liability / (Asset)	Division's Covered Payroll	Division's Proportionate Share of the Net OPEB Liability / (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability / (Asset)
		(Amounts in Thousands)			
2017	0.373155 %	$ 37,690	$ 50,392	74.79 %	54.04 %
2018	0.389228	42,077	52,731	79.80	54.14
2019	0.403070	51,511	58,257	88.42	46.33
2020	0.397503	53,900	60,729	88.75	47.80
2021	0.413937	(7,375)	63,193	(11.67)	115.57

(1) Information presented for each year was determined as of the Division's measurement date, which is the prior year-end.

(2) Information prior to 2017 was not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.5% initial to 10.0% initial. In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030. In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

Required Supplementary Information (Continued)

Schedule of Contributions - Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Six Years (1), (2), (3)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2016	$ 1,008	$ (1,008)	$ -	$ 50,392	2.00 %
2017	527	(527)	-	52,731	1.00
2018	-	-	-	58,257	0.00
2019	-	-	-	60,729	0.00
2020	-	-	-	63,193	0.00
2021	-	-	-	64,879	0.00

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member-Plan.

(3) Represents Division's calendar year. Information prior to 2016 was not available. The Division will present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2021

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Public Utilities
Division of Water Pollution Control
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Public Utilities, Division of Water Pollution Control:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Public Utilities, Division of Water Pollution Control of the City of Cleveland, Cuyahoga County, Ohio (the Division), as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Public Utilities, Division of Water Pollution Control of the City of Cleveland as of December 31, 2021, and the changes in financial position and its cash flows thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Division and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Public Utilities, Division of Water Pollution Control of the City of Cleveland, are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities and the major fund of the City of Cleveland that is attributable to the transactions of the Department of Public Utilities, Division of Water Pollution Control. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2021, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 Division's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related 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 and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the City) Department of Public Utilities, Division of Water Pollution Control (the Division), we offer readers of the Division's financial statements this narrative overview and analysis of the financial activities of the Division for the year ended December 31, 2021. Please read this information in conjunction with the Division's basic financial statements and footnotes that begin on page 18.

The Division was created for the purpose of supplying sewer services to customers within the Cleveland metropolitan area. Embarking with a rudimentary system in the late 1800's, the Cleveland Sewer System developed as the City itself expanded. Until the early 1970's, the City operated the entire system and managed all aspects of sewage treatment and disposal.

In 1972, a court order created the Northeast Ohio Regional Sewer District (NEORSD) and transferred the operation of all wastewater treatment plants and interceptors to the NEORSD in December 1973.

The City retained responsibility for the sewer collector system in Cleveland. The Division serves a significant portion of the entire metropolitan area by managing the sanitary sewage and storm water drainage collection system. The sewer collection system transfers sanitary and storm sewage from its point of origin to an interceptor sewer or treatment plant for processing. The system is comprised of 1,444 miles of sewer lines with attendant catch basins and includes 12 pump/lift stations. The Division is also responsible for the cleaning of 44,000 catch basins and for maintaining two storm detention basins.

The Division currently has approximately 117,500 customer accounts in the City, of which 96.0% are residential and 4.0% commercial. Also, in 2021 the Division's sewers transported 1,567,961 Mcf's (thousand cubic feet) of water.

The Division acts as a custodian of billings and receipts for 17 other agencies including the NEORSD, other municipalities and HomeServe USA's residential service line protection plan. Accounts are billed monthly and payments collected each month are remitted to the appropriate agency by the 15th of the subsequent month.

COMPARISON OF CURRENT YEAR'S AND PRIOR YEAR'S DATA

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Division exceeded its liabilities and deferred inflows of resources (net position) by $126,412,000 and $114,440,000 at December 31, 2021 and 2020, respectively. Of these amounts, $34,127,000 and $27,999,000 are unrestricted net position at December 31, 2021 and 2020, respectively and may be used to meet the Division's ongoing obligations to customers and creditors.

- The Division's net position rose by $11,972,000 in 2021, primarily due to operating income of $8,427,000.

- Capital and other contributions revenue increased by $1,426,000 to $5,104,000.

FINANCIAL HIGHLIGHTS (Continued)

- The Division's total debt increased in 2021 by $421,000 due to the receipt of an Ohio Water Development Authority (OWDA) loan which was offset by payment of principal on the Division's revenue bonds and outstanding loans.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The accompanying financial statements present financial information for the City's Division of Water Pollution Control Fund, in which the City accounts for the operations of the Department of Public Utilities, Division of Water Pollution Control. 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.

The Division is considered an enterprise fund because the operations of the Division are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Division, the economic resources measurement focus and the accrual basis of accounting is used.

The basic financial statements of the Division can be found on pages 18 - 23 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 25 - 50 of this report. Required supplementary information can be found on pages 51 - 54 of this report.

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below are the statements of net position information for the Division as of December 31, 2021 and December 31, 2020:

	2021	2020
	(Amounts in Thousands)	
Assets:		
Capital assets, net	$ 136,253	$ 130,246
Net OPEB asset	878	
Restricted assets	3,339	2,651
Current assets	218,528	216,420
Total assets	358,998	349,317
Deferred outflows of resources	1,667	2,708
Net position:		
Net investment in capital assets	89,592	83,751
Restricted for capital projects	20	18
Restricted for debt service	2,673	2,672
Unrestricted	34,127	27,999
Total net position	126,412	114,440
Liabilities:		
Long-term obligations	54,372	63,257
Current liabilities	173,889	171,090
Total liabilities	228,261	234,347
Deferred inflows of resources	5,992	3,238

Current assets: The Division's current assets increased by $2,108,000. Unrestricted cash and cash equivalent increased by $3,192,000, primarily due to an increase of $3,540,000 in the custodial portion of the balance. The increase was partially offset by a decrease of $1,213,000 in net accounts receivable.

Restricted assets: The Division's restricted assets increased by $688,000, primarily due to an increase of $790,000 in monies restricted to construction-related expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Capital assets: At December 31, 2021, net capital assets amounted to $136,253,000. A summary of the activity in the Division's capital assets during the year ended December 31, 2021, is as follows:

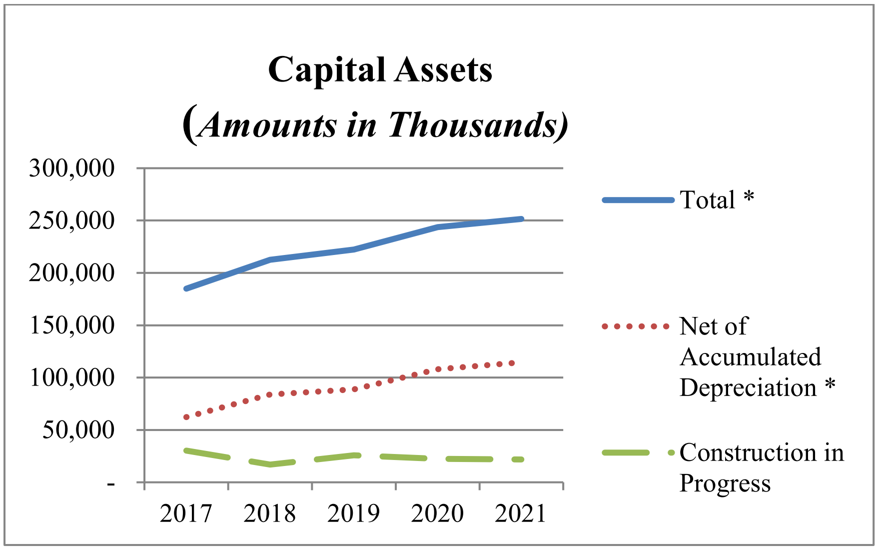
	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
	(Amounts in Thousands)			
Land	$ 295	$	$	$ 295
Land improvements	188	55		243
Utility plant	215,167	9,881		225,048
Buildings, structures and improvements	11,475			11,475
Furniture, fixture, equipment and vehicles	16,610	1,971	(4,111)	14,470
Construction in progress	22,315	10,516	(11,153)	21,678
Total	266,050	22,423	(15,264)	273,209
Less: Accumulated depreciation	(135,804)	(5,242)	4,090	(136,956)
Capital assets, net	$ 130,246	$ 17,181	$ (11,174)	$ 136,253

In 2021, the principal outlays for construction in progress included rehabilitation of the East 185th and Marcella Road sewer lines, rehabilitation of Edgewater Drive sewer lines, rehabilitation of East 85th Street, and additional sewer installations.

The major capital additions for the year included:

- Professional services related to various sewer rehabilitations
- East 185th Street and Marcella Road rehabilitation
- East 105th Street rehabilitation
- Memphis Avenue rehabilitation

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)



* Construction in Progress not included

Additional information on the Division's capital assets, including commitments made for future capital expenditures, can be found in Note D – Capital Assets.

Deferred outflows of resources: Deferred outflows of resources decreased by $1,041,000 in 2021, primarily due to a decrease of $599,000 in deferred outflows of resources related to OPEB outflows. The majority of the OPEB decrease is attributed to a $432,000 decrease in change in assumptions.

Current liabilities: Current liabilities increased by $2,799,000 in 2021, mainly due to an increase in amounts due for billings on behalf of others of $2,066,000. The growth is primarily attributed to rising sewer account balances associated with the NEORSD.

Net pension/Other Postemployment Benefits (OPEB) liabilities/(asset)**:** The net pension liability is reported by the Division at December 31, 2021 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows of resources related to pension and OPEB.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*) and postemployment benefits (GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability/(asset). GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability / (asset) to equal the Division's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the Division, part of a bargained-for benefit to the employee and should accordingly be reported by the Division as a liability/(asset) since they received the benefit of the exchange. However, the Division is not responsible for certain key factors affecting the balance of these liabilities/(asset). 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 Ohio Revised Code (ORC) permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability / (asset) of the pension/OPEB plan 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 retirement system is responsible for the administration of the pension and OPEB plans.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Most long-term liabilities/(asset) 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 or the net OPEB liability/(asset). As previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities/(asset), but are outside the control of the Division. In the event that contributions, investment returns and other changes are insufficient to keep up with required 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 and the net OPEB liability/(asset) are satisfied, these liabilities/(asset) are separately identified within the long-term liability/(assets) section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Division's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability / (asset), respectively, not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB Statement No. 75, the Division is reporting a net OPEB liability/(asset) and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Long-term debt: At the end of 2021, the Division had total debt outstanding of $43,867,000 associated with its issuance of revenue bonds, one Ohio Public Works Commission (OPWC) construction loan and one OWDA loan. The revenue bonds are backed by the net revenues of the Division. The loans are payable from revenues generated by the Division but do not have a lien on the revenues.

The activity in the Division's debt obligations outstanding during the year ended December 31, 2021 is summarized below:

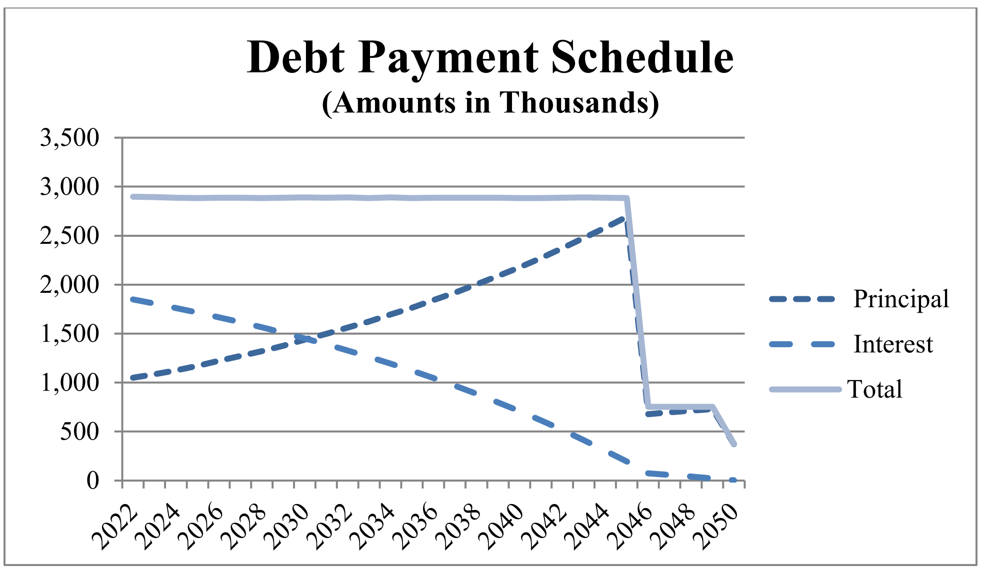
	Balance January 1, 2021	Debt Issued	Debt Retired	Balance December 31, 2021
	(Amounts in Thousands)			
Water Pollution Control Revenue Bonds, Series 2016	$ 30,070	$	$ (635)	$ 29,435
Ohio Water Development Authority Loan (OWDA)	13,342	1,504	(436)	14,410
Ohio Public Works Commission Loans (OPWC)	34		(12)	22
Total	$ 43,446	$ 1,504	$ (1,083)	$ 43,867

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The bonds ratings for the Division's outstanding revenue bonds as of December 31, 2021, are as follows:

	Moody's Investors Service	S&P Global
Water Pollution Control Revenue Bonds	Aa3	A+

The ratio of net revenue available for debt service to debt service requirements (revenue bond coverage) is a useful indicator of the Division's debt position to management, customers and creditors and investors. The Division's revenue bond coverage for 2021 and 2020 was 349% and 362%, respectively.



Additional information on the Division's long-term debt can be found in Note B – Long-term Obligations on pages 29 - 33.

Deferred inflows of resources: Deferred inflows of resources increased by $2,754,000 in 2021. OPEB deferred inflows increased by $1,636,000, primarily due to a change in assumptions. Pension deferred inflows increased by $1,118,000, primarily due to investment returns exceeding expectations.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Net position: Net position serves as a useful indicator of a government's financial position. In the case of the Division, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $126,412,000 and $114,440,000 at December 31, 2021 and 2020, respectively.

The largest portion of the Division's net position, $89,592,000 at December 31, 2021, reflects its investment in capital assets (e.g., land, buildings, utility plant, machinery and equipment), net of accumulated depreciation, less any related outstanding debt used to acquire those assets. The Division uses these capital assets to provide services to its customers. Consequently, these assets are not available for future spending. Although the Division'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 sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Division's net position, $2,693,000 at December 31, 2021, represents resources that are subject to external restrictions. These funds are set aside for the payment of revenue bonds and capital projects.

The remaining balance of net position, $34,127,000 at December 31, 2021, is unrestricted and may be used to meet the Division's ongoing obligations to customers and creditors.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

During 2021, the Division's operations increased its net position by $11,972,000. Provided below are the key elements of the Division's results of operations for the years ended December 31, 2021 and 2020:

	2021	2020
	(Amounts in Thousands)	
Operating revenues	$ 29,625	$ 29,392
Operating expenses	21,198	27,873
Operating income (loss)	8,427	1,519
Non-operating revenue (expense):		
Investment income	28	223
Interest expense	(1,844)	(1,199)
Amortization of bond premiums and discounts	265	269
Gain (loss) on the disposal of assets	(20)	(2)
Other	12	19
Total non-operating revenue (expense), net	(1,559)	(690)
Income (loss) before capital and other contributions	6,868	829
Capital and other contributions	5,104	3,678
Change in net position	11,972	4,507
Net position, beginning of year	114,440	109,933
Net position, end of year	$ 126,412	$ 114,440

Operating revenues: Operating revenues amounted to $29,625,000 in 2021, which was an increase of $233,000 from the previous year. The increase is primarily attributed to a 0.5% increase in consumption.

Operating expenses: In 2021, total operating expenses decreased by $6,675,000. OPEB expense decreased by $6,142,000, primarily related to changes in health care terms as well as changes in assumptions. Pension expense declined by $1,317,000, primarily due to investment returns exceeding expectations. These decreases were partially offset by a $521,000 increase in depreciation expense due to several large construction projects assets being placed into service in 2020.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION (Continued)

Non-operating revenues: From 2020 to 2021, non-operating revenues decreased by $206,000 or 40.3%. This decrease is primarily related to a decrease in interest revenue of $195,000 due to lower interest rates.

Non-operating expenses: From 2020 to 2021, non-operating expenses increased by $663,000. The growth is primarily attributed to increased interest costs related to the Division's OWDA loan.

Capital and other contributions: The Division was the recipient of multiple grants totaling $5,104,000, an increase of $1,426,000 from the prior year. The rise is primarily attributed to an increase of $1,771,000 in a grant provided by the NEORSD to address water quality and quantity issues associated with sewer infrastructure that adversely impact human health and the environment through cost-effective sewer infrastructure projects. This increase was partially offset by a decrease of $340,000 in a NEORSD grant intended to help mitigate the detrimental effects of storm water runoff.

ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the Division'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

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF NET POSITION
December 31, 2021
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CAPITAL ASSETS	
Land	$ 295
Land improvements	243
Utility plant	225,048
Buildings, structures and improvements	11,475
Furniture, fixtures, equipment and vehicles	14,470
	251,531
Less: Accumulated depreciation	(136,956)
	114,575
Construction in progress	21,678
CAPITAL ASSETS, NET	136,253
NET OPEB ASSET	878
RESTRICTED ASSETS	
Cash and cash equivalents	3,339
TOTAL RESTRICTED ASSETS	3,339
CURRENT ASSETS	
Cash and cash equivalents	81,703
Restricted cash and cash equivalents	1,788
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of $3,447	131,878
Unbilled revenue	1,832
Accrued interest receivable	1
Due from other governments	382
Due from other City of Cleveland departments, divisions or funds	48
Materials and supplies	834
Prepaid expenses	62
TOTAL CURRENT ASSETS	218,528
TOTAL ASSETS	358,998
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,190
OPEB	477
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,667

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF NET POSITION
December 31, 2021
(Amounts in Thousands)

NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
NET POSITION	
Net investment in capital assets	$ 89,592
Restricted for capital projects	20
Restricted for debt service	2,673
Unrestricted	34,127
TOTAL NET POSITION	126,412
LIABILITIES	
LONG-TERM OBLIGATIONS-excluding amounts due within one year:	
OWDA loans	14,057
OPWC loans	5
Accrued wages and benefits	313
Revenue bonds	32,597
Net pension liability	7,399
TOTAL LONG-TERM OBLIGATIONS	54,371
CURRENT LIABILITIES	
Accounts payable	1,397
Customer deposits and other liabilities	179
Payable from restricted assets	1,788
Accrued wages and benefits	1,545
Due to other City of Cleveland departments, divisions or funds	2,593
Amounts due for billing on behalf of others	165,173
Accrued interest payable	185
Current portion of long-term debt, due within one year	1,030
TOTAL CURRENT LIABILITIES	173,890
TOTAL LIABILITIES	228,261
DEFERRED INFLOWS OF RESOURCES	
Pension	3,309
OPEB	2,683
TOTAL DEFERRED INFLOWS OF RESOURCES	5,992

See notes to financial statements.

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CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended December 31, 2021
(Amounts in Thousands)

OPERATING REVENUES	
Charges for services	$ 29,625
TOTAL OPERATING REVENUES	29,625
OPERATING EXPENSES	
Operations	6,308
Maintenance	9,648
Depreciation	5,242
TOTAL OPERATING EXPENSES	21,198
OPERATING INCOME (LOSS)	8,427
NON-OPERATING REVENUE (EXPENSE)	
Investment income	28
Interest expense	(1,844)
Amortization of bond premiums and discounts	265
Gain (loss) on disposal of assets	(20)
Other	12
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	(1,559)
INCOME (LOSS) BEFORE CAPITAL AND OTHER CONTRIBUTIONS	6,868
Capital and other contributions	5,104
INCREASE (DECREASE) IN NET POSITION	11,972
NET POSITION, BEGINNING OF YEAR	114,440
NET POSITION, END OF YEAR	$ 126,412

See notes to financial statements.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 27,377
Cash payments to suppliers for goods or services	(10,402)
Cash payments to employees for services	(9,931)
Cash receipts on behalf of other communities	427,888
Cash payments on behalf of other communities	(424,348)
Other	692
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	11,276
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of revenue bonds, loans and notes	1,933
Acquisition and construction of capital assets	(11,436)
Principal paid on long-term debt	(1,059)
Interest paid on long-term debt	(1,871)
Capital grant proceeds	5,260
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(7,173)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	27
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	27
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,130
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	82,700
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 86,830

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021
(Amounts in Thousands)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

OPERATING INCOME (LOSS)	$	8,427
Adjustments		
Depreciation		5,242
(Increase) decrease in assets:		
Accounts receivable, net		1,213
Accrued and Unbilled revenue		115
Due from other City of Cleveland departments, divisions or funds		(19)
Materials and supplies, net		(133)
Prepaid expenses		3
Net OPEB asset		(878)
(Increase) decrease in deferred outflows of resources:		
Pension		442
OPEB		599
Increase (decrease) in liabilities:		
Accounts payable		259
Customer deposits and other liabilities		(2)
Accrued wages and benefits		467
Due to other City of Cleveland departments, divisions or funds		(114)
Amounts due for billings on behalf of others		2,066
Net pension liability		(2,450)
Net OPEB liability		(6,715)
Increase (decrease) in deferred inflows of resources:		
Pension		1,118
OPEB		1,636
TOTAL ADJUSTMENTS		2,849
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	11,276

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	$	1,788

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Water Pollution Control (the Division) is reported as an Enterprise Fund of the City of Cleveland's Department of Public Utilities and is a part of the City of Cleveland's (the City) primary government. The Division was created for the purpose of supplying sewer services to customers within the metropolitan area. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Division comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. This Statement is effective for the reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost. As required, the Division has implemented GASB Statement No. 89 as of December 31, 2021.

In March of 2020, GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* was issued. This Statement is effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The Division has determined that GASB Statement No. 93 has no impact on its financial statements as of December 31, 2021.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's net position is accounted for in the accompanying statements of net position and is divided into the following categories:

- Net investment in capital assets
- Restricted for capital projects
- Amount restricted for debt service
- Remaining unrestricted amount

In addition, certain additional financial information regarding the Division is included in these footnotes.

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

Revenues: Revenues are derived primarily from sales of sewer services to residential, commercial and industrial customers based upon actual water consumption. Sewer rates are authorized by City Council and billings are made on a cyclical basis. Estimates for services between the end of the various cycles and the end of the year are recorded as unbilled revenue.

Inventory of Supplies: The Division's inventory is valued at average cost. Inventory costs are charged to operations when consumed.

Prepaid Expenses and Other Assets: Payments made to vendors for services that benefit future periods are recorded as prepayments in the financial statements. A current asset for the prepaid amount is recorded at the time of purchase and the expense is reported in the year in which services are consumed.

Interfund Transactions: During the course of normal operations the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivables: The Division’s share of the accounts receivable balance is $13,217,000, net of allowance for doubtful accounts of $3,447,000. The remaining net accounts receivable balance of $118,661,000 belongs to the Northeast Ohio Regional Sewer District (NEORSD), other municipalities in the Greater Cleveland Region and to HomeServe USA, and is offset by corresponding amounts in due for billings on behalf of others.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In a statement of cash flows, cash receipts and cash payments are classified according to operating, noncapital financing, capital and related financing and investment activities.

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

Investments: The Division follows the provisions of GASB Statement No. 72 *Fair Value Measurement and Application* which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City’s investment managers. Level 3 inputs are significant unobservable inputs. The Division’s investments in money market mutual funds and the State Treasury Asset Reserve of Ohio (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Division has invested funds in STAR Ohio during 2021. STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than $5,000 for furniture, fixtures, equipment and vehicles and $10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility plant	5 to 100 years
Land improvements	15 to 100 years
Building, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Issuance Costs, Discounts, Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resources and is amortized over the shorter of the defeased bond or the newly issued bond.

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) 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.

Net Pension/OPEB Liabilities / (Asset): For purposes of measuring the net pension/OPEB liabilities / (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

Compensated Absences: The Division 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*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability.

Normally, all vacation time is to be taken in the year available. The Division 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.

Amounts Due for Billing on Behalf of Others: The Division includes custodial balances in both its accounts receivable and unrestricted cash and cash equivalents balances. The total amount of these balances comprises the balance in amounts due for billing on behalf of others.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE B - LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2021 as follows:

	Interest Rate	Original Issuance	2021
		(Amounts in Thousands)	
Water Pollution Control Revenue Bonds, Series 2016 due through 2045	4.00% - 5.00%	$ 32,390	$ 29,435
Ohio Water Development Authority (OWDA) Loans payable annually through 2050, direct borrowing	2.47%	14,925	14,410
Ohio Public Works Commission (OPWC) Loans payable annually through 2022, direct borrowing	0.00%	481	22
		$ 47,796	43,867
Less:			
Unamortized discount and premium			3,822
Current portion			(1,030)
Total Long-Term Debt			$ 46,659

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE B - LONG-TERM OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2021, are as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021	Due Within One Year
	(Amounts in Thousands)				
Water Pollution Control Revenue Bonds, Series 2016 due through 2045	$ 30,070	$	$ (635)	$ 29,435	$ 660
Ohio Water Development Authority (OWDA) Loans payable annually through 2050, direct borrowing	13,342	1,504	(436)	14,410	353
Ohio Public Works Commission (OPWC) Loans payable annually through 2022, direct borrowing	34		(12)	22	17
Total bonds and loans	43,446	1,504	(1,083)	43,867	1,030
Accrued wages and benefits	1,391	1,678	(1,211)	1,858	1,545
Net pension liability	9,849		(2,450)	7,399	
Net OPEB liability	6,715		(6,715)		
Total	$ 61,401	$ 3,182	$ (11,459)	$ 53,124	$ 2,575

NOTE B - LONG-TERM OBLIGATIONS (Continued)

Minimum principal and interest payments on long-term debt are as follows:

	Bond Principal	OPWC (Direct Borrowing) Principal	OWDA (Direct Borrowing) Principal	Interest	Total
			(Amounts in Thousands)		
2022	$ 660	$ 17	$ 353	$ 1,826	$ 2,856
2023	695	5	363	1,784	2,847
2024	730		371	1,740	2,841
2025	765		380	1,693	2,838
2026	805		389	1,646	2,840
2027-2031	4,665		2,101	7,438	14,204
2032-2036	5,955		2,375	5,874	14,204
2037-2041	7,595		2,685	3,919	14,199
2042-2046	7,565		3,035	1,470	12,070
2047-2050			2,358	118	2,476
Total	$ 29,435	$ 22	$ 14,410	$ 27,508	$ 71,375

The above schedule of minimum principal and interest payments on long-term debt includes the amortization on one OPWC loan and one OWDA loan provided to the City.

On January 31, 2019, the Ohio Water Development Authority approved a loan for phase one of the E. 185th Street and Marcella Rd relief sewer. The total loan amount is $14,925,000 and repayment began on January 1, 2021.

OWDA provided the City with the amount expected to be financed, the interest rate, initial repayment date and other significant terms of the new loan. From the information received, the City prepared a detailed amortization schedule for the loan based upon the amount expected to be financed, regardless of whether the City has received all of the loan proceeds. At December 31, 2021, the amount financed on this loan, which is reflected in the amortization schedule, equals the actual loan balance shown in the long-term debt outstanding. However, the amortization schedule is tentative and will be revised when the final amount financed is determined.

The Ohio Public Works Commission Loans and the Ohio Water Development Authority Loan are being paid from the revenues derived from operations of the Division.

On April 14, 2016, the City issued $32,390,000 Water Pollution Control Revenue Bonds, Series 2016 (Green Bonds). This was the first series of revenue bonds issued by the Division, with the bonds being issued under and secured by a newly created Master Trust Agreement. The proceeds of these bonds were used to pay capital costs relating to the acquisition, construction and improvement of the system along with funding the debt service reserve requirement and paying the costs of issuing the bonds.

NOTE B - LONG-TERM OBLIGATIONS (Continued)

In conjunction with the issuance of the Water Pollution Control Revenue Bonds, Series 2016, the City entered into a Master Trust Agreement for the Series 2016 Bonds and any future series of revenue bonds. Under the terms of the Trust Agreement, the Bonds are special obligations payable solely from and secured by a pledge of and lien on the net revenues of the Division and the Special Funds. The Special Funds include the construction fund, the debt service fund, the debt service reserve fund, the rate stabilization fund, the contingency fund and the balance sub fund.

The indenture requires that the City will at all times prescribe, charge and collect such rates, rental and other charges for the use of the services of the system and will restrict the operating expenses of the system in such a way that the net revenues available for debt service in each fiscal year shall be not less than the greater of i) 120.0% of debt service on all bonds then outstanding and payable during the fiscal year or ii) 100.0% of the sum of (a) debt service on all bonds then outstanding payable during that fiscal year, (b) all required deposits to the debt service reserve fund during that fiscal year, (c) all required deposits to the subordinated debt service fund and to any reserve fund securing subordinated indebtedness during the fiscal year, (d) all required deposits to the contingency fund during the fiscal year and (e) debt service payable on any other obligations payable from the balance sub fund and deposits to any reserve funds securing such other obligations. As of December 31, 2021, the Division was in compliance with the terms and requirements of the indenture.

The indenture establishes the following fund accounts for the application of revenues:

***Revenue Fund*:** All revenues of the system are required to be deposited first into the revenue fund. Every month, amounts in the fund are first applied to the payment of operating expenses. A reasonable amount is also maintained in this fund as a working capital reserve.

***Debt Service Fund*:** Deposits are made from the revenue fund on a monthly basis to cover succeeding principal and interest payments as they become due on the revenue bonds.

***Debt Service Reserve Fund*:** Deposits will be made to this fund if the amount in the fund at any given time is less than the debt service reserve requirement. Amounts in the fund were deposited from the proceeds of the revenue bonds secured by the reserve fund and represent the maximum annual debt service requirement of these bonds. The City may elect not to secure any series of bonds with the reserve fund.

***Contingency Fund*:** The balance in this fund must be maintained at a minimum of $1,000,000. Amounts in this fund may be used for the payment of capital costs or for redeeming bonds.

***Balance Subfund*:** Amounts in this fund may be used for any lawful purpose of the water pollution control system.

***Construction Fund*:** Proceeds of the various series of revenue bonds are deposited into this fund to be used, along with earnings from investments of amounts held therein, for the payment of capital costs and issuance costs. Amounts held in any fund may be invested by the City Treasurer or the trustee in permitted investments. However, the use of funds is limited by the bond indenture and accordingly, the funds are classified as restricted assets in the accompanying financial statements.

NOTE B - LONG-TERM OBLIGATIONS (Continued)

The City has pledged future water pollution control revenues to repay $29,435,000 in Water Pollution Control Revenue Bonds issued in 2016. Proceeds from the bonds were used to pay capital costs relating to the acquisition, construction and improvement of the system. The bonds are payable from water pollution control net revenues and are payable through 2045. Annual principal and interest payments on the bonds are expected to require less than 29.0% of net revenues.

The total principal and interest remaining to be paid on the Water Pollution Control Revenue Bonds is $51,195,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $2,132,000 and $7,450,000 respectively.

Water Pollution Control Loans: Under Title VI of the Clean Water Act, Congress created the State Revolving Fund (SRF). The SRF program provides federal capitalization grants to states, in addition to the 20% state matching funds, in order to capitalize state level revolving loan funds. Besides the traditional types of municipal wastewater treatment projects, Congress expanded the potential use of SRF funds to include correction of combined sewer overflows, major sewer rehabilitation and new collector sewers.

In Ohio, this SRF program is known as the Water Pollution Control Loan Fund and is jointly administered by the Ohio EPA and the Ohio Water Development Authority. Principal balances on loans increase as project costs are incurred. Interest accrues on principal amounts outstanding during the construction period and is combined with the principal balance upon completion of the project. The repayment period for each loan commences no later than the 1st of January or July following the expected completion dates of the project to which it relates utilizing an estimate of total eligible project costs as the preliminary loan amount. Construction loans and design loans are to be repaid in semi-annual payments of principal and interest over a period of twenty years and five years, respectively.

In addition, the Division had one OPWC loan award as of December 31, 2021. The loan related project is for a storm water detention basin project at Kerruish Park. The loan is interest-free and principal repayment will be made from the Division's operating revenues.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits: The Division's carrying amount of deposits at December 31, 2021, totaled $15,734,000 and the Division's bank balances were approximately $16,969,000. The differences represent positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $16,969,000 of the bank balances at December 31, 2021, was insured or collateralized with securities held by the City or by its agent in the City's name.

NOTE C – DEPOSIT AND INVESTMENTS (Continued)

Custodial credit risk for deposits is the risk that in the event of bank failure, the Division will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the Division'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 110.0% of the carrying value of the deposits being secured.

Investments: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. 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 (STAR Ohio); 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 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 and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the City, apart from the assets of the depository institution. Ohio Statute prohibits the use of reverse repurchase agreements.

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

***Interest Rate Risk*:** As a means of limiting its exposure to fair value losses caused by rising interest rates, the Division invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

***Credit Risk*:** The Division's investments as of December 31, 2021 include STAR Ohio and money market mutual funds. The Division maintains the highest ratings for their investments. Investments in STAR Ohio, First American Government Obligations Fund and the Government Obligations Fund carry a rating of AAAm, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE C – DEPOSIT AND INVESTMENTS (Continued)

***Concentration of Credit Risk*:** The Division places a limitation on the amount it may invest in any one issuer to minimize the concentration of credit risk. The Division had the following investments at December 31, 2021, which include those classified as cash and cash equivalents in the statement of net position in accordance with the provisions of GASB Statement No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Accounting,* since they have a maturity of three months or less:

Type of Investment	2021 Value	2021 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 36,126	$ 36,126	$ 36,126
Money Market Mutual Funds	34,970	34,970	34,970
Total Investments	71,096	71,096	71,096
Total Deposits	15,734	15,734	15,734
Total Deposits and Investments	$ 86,830	$ 86,830	$ 86,830

These amounts are monies invested by the City Treasurer on behalf of the Division and are used in daily operations with excess monies invested daily in STAR Ohio and money market mutual funds. These investments are carried at cost which approximates fair value.

As of December 31, 2021, the investments in STAR Ohio and money market mutual funds are 50.8% and 49.2%, respectively, of the Division's total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE D - CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
		(Amounts in Thousands)		
Capital assets, not being depreciated:				
Land	$ 295	$	$	$ 295
Construction in progress	22,315	10,516	(11,153)	21,678
Total capital assets, not being depreciated	22,610	10,516	(11,153)	21,973
Capital assets, being depreciated:				
Land improvements	188	55		243
Utility plant	215,167	9,881		225,048
Buildings, structures and improvements	11,475			11,475
Furniture, fixtures, equipment and vehicles	16,610	1,971	(4,111)	14,470
Total capital assets, being depreciated	243,440	11,907	(4,111)	251,236
Less: Accumulated depreciation	(135,804)	(5,242)	4,090	(136,956)
Total capital assets being depreciated, net	107,636	6,665	(21)	114,280
Capital assets, net	$ 130,246	$ 17,181	$ (11,174)	$ 136,253

Commitments: The Division had outstanding commitments of approximately $10,096,000 for future capital expenses at December 31, 2021. It is anticipated that these commitments will be financed from the Division's cash balances. However, at the discretion of the Division, additional long-term debt may be issued in the future to finance a portion of the costs.

NOTE E – DEFINED BENEFIT PENSION PLAN

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 Division'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 (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code (ORC) limits the Division's obligation for this liability to annually required payments. The Division cannot control benefit terms or the manner in which pensions are financed; however, the Division 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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS): The Division's employees participate in 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. Division's 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.

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments (COLA) to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. 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 OPERS, 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 Annual Comprehensive Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** 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 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 3.0% 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 3.0%.

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy: The Ohio Revised Code (ORC) provides statutory authority for member and employer. For 2021, member contribution rates were 10.0% and employer contribution rates were 14.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payrolls. The Division's contractually required contribution was $1,092,000 for 2021. 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Division's proportion of the net pension liability was based on the Division'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:

	OPERS (Amounts in Thousands)	
Proportionate Share of the Net Pension Liability	$	7,399
Proportion of the Net Pension Liability		0.049994%
Change in proportion		(0.00234%)
Pension Expense	$	198

At December 31, 2021, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Change in assumptions	$	8
Change in Division's proportionate share and difference in employer contributions		90
Division's contributions subsequent to the measurement date		1,092
Total Deferred Outflows of Resources	$	1,190
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	336
Net difference between projected and actual earnings on pension plan investments		2,904
Change in Division's proportionate share and difference in employer contributions		69
Total Deferred Inflows of Resources	$	3,309

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

The $1,092,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

		OPERS (Amounts in Thousands)
Year Ending December 31:		
2022	$	(1,209)
2023		(388)
2024		(1,191)
2025		(403)
2026		(7)
Thereafter		(13)
Total	$	(3,211)

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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	3.25%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: .50% simple through 2021, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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.

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) 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 2020 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	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. 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 contractually required rates, as actuarially determined. 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 Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability	$ 14,542	$ 7,399	$ 1,461

NOTE F – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset): The net OPEB liability/(asset) reported on the statement of net position represents a liability/(asset) to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB 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 OPEB is a present liability/(asset) because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/(asset) represents the Division's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, COLA and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The ORC limits the Division's obligation for this liability/(asset) to annually required payments. The Division cannot control benefit terms or the manner in which OPEB are financed; however, the Division does receive the benefit of employees' services in exchange for compensation including OPEB.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

GASB Statement No. 75 assumes the liability/(asset) is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/(asset) on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description – OPERS: OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer Defined Benefit Pension Plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty 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 OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The ORC 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 OPERS Board of Trustees (Board) in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board 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 0.0% for both plans in 2021. 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 into the RMA for participants in the Member-Directed Plan for 2020 was 4.0%.

For the year ended December 31, 2021, OPERS did not allocate any employer contributions to the OPEB plan.

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability / (asset) and total OPEB liability / (asset) for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Division's proportion of the net OPEB liability / (asset) was based on the Division's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS (Amounts in Thousands)	
Proportionate share of the Net OPEB Liability/(Asset)	$	(878)
Proportion of the Net OPEB Liability/(Asset)		0.049278%
Change in Proportion Share		0.002283%
OPEB Expense/(Revenue)	$	(5,358)

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2021, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Changes in assumptions	$	432
Change in Division's proportionate share and difference in employer contributions		45
Total Deferred Outflows of Resources	$	477
Deferred Inflows of Resources		
Differences between expected and actual experience	$	792
Net difference between projected and actual earnings on OPEB plan investments		468
Change in assumptions		1,422
Change in Division's proportionate share and difference in employer contributions		1
Total Deferred Inflows of Resources	$	2,683

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS (Amounts in Thousands)	
2022	$	(1,143)
2023		(805)
2024		(203)
2025		(55)
Total	$	(2,206)

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.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	6.00%
Prior Measurement Date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.00%
Prior Measurement Date	2.75%
Health Care Cost Trend Rate:	
Current Measurement Date	8.50%, initial 3.50%, ultimate in 2035
Prior Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

The long-term expected rate of return on health care 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.

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 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	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate: A single discount rate of 6.00% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability / (Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability / (asset) calculated using the single discount rate of (6.00%), as well as what the Division's proportionate share of the net OPEB liability / (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	$ (218)	$ (878)	$ (1,420)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease 2.50%	Cost Trend Rate Assumption 3.50%	1% Increase 4.50%
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	$ (900)	$ (878)	$ (854)

NOTE G - CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Division for personal injuries, property damage and other matters, which the City is responsible for. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

Risk Management: The Division 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 Division is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2021.

The City provides the choice of two separate health insurance plans to its employees. The operating funds are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* 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. 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. Claims liability for the Division is immaterial.

NOTE H - RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides sewer services to the City, including its various departments and divisions. Standard consumption rates are charged, except for the Division of Fire, public buildings and certain other facilities owned by the City, which by ordinance are provided free sewer services.

Operating Expenses*:* The Division is provided various intra-city services. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the year ended December 31, 2021, was as follows:

	(Amounts in Thousands)
Division of Water	$ 2,257
Utilities Administration and Utilities Fiscal Control	1,251
City Administration	1,003
Motor Vehicle Maintenance	285
Electricity purchases	161

NOTE H - RELATED PARTY TRANSACTIONS (Continued)

Billing, collection and various other services for the Division are performed by the Division of Water for a fee. This fee is primarily based on the number of billings made on behalf of the Division during the year at the same rates as charged to other users of the billing system. These fees were approximately $2,257,000 in 2021.

NOTE I - CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately $24,000 for the year ended December 31, 2021.

NOTE J – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures may impact subsequent periods of the Division.

NOTE K – ASSET RETIREMENT OBLIGATION

Ohio Revised Code Section 6111.44 requires the Division to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the Division would be responsible to address any public safety issues associated with their sewage treatment system and the permit would specify the procedures required to dispose of all or part of the sewage treatment system. At this time, the Division does not have an approved permit from Ohio EPA to dispose of all or part of their sewage treatment system. Due to the lack of specific legal requirements for retiring the sewage treatment system, the Division has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information

Schedule of the Division's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Eight Years (1), (2)

	Division's Proportion of the Net Pension Liability	Division's Proportionate Share of the Net Pension Liability	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(Amounts in Thousands)			
2014	0.054153%	$ 6,375	$ 6,138	103.86%	86.36%
2015	0.054153	6,511	6,783	95.99	86.45
2016	0.047798	8,979	6,092	147.39	81.08
2017	0.047965	11,245	6,367	176.61	77.25
2018	0.049706	8,110	6,585	123.16	84.66
2019	0.048216	13,840	6,850	202.04	74.70
2020	0.047654	9,849	7,443	132.33	82.17
2021	0.049994	7,399	7,657	96.63	86.88

(1) Information presented for each year was determined as of the Division’s measurement date, which is the prior year end.
(2) Information prior to 2014 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020 and 2021.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information (Continued)

Schedule of Contributions - Net Pension Liability
Ohio Public Employees Retirement System
Last Nine Years (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2013	$ 798	$ (798)	$ -	$ 6,138	13.00%
2014	814	(814)	-	6,783	12.00
2015	731	(731)	-	6,092	12.00
2016	764	(764)	-	6,367	12.00
2017	856	(856)	-	6,585	13.00
2018	959	(959)	-	6,850	14.00
2019	1,042	(1,042)	-	7,443	14.00
2020	1,072	(1,072)	-	7,657	14.00
2021	1,092	(1,092)	-	7,800	14.00

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

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information (Continued)

Schedule of the Division's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Five Years (1), (2)

	Division's Proportion of the Net OPEB Liability/(Asset)	Division's Proportionate Share of the Net OPEB Liability/(Asset)	Division's Covered Payroll	Division's Proportional Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
		(Amounts in Thousands)			
2017	0.047116 %	$ 4,758	$ 6,367	74.73%	54.05%
2018	0.048898	5,310	6,585	80.64	54.14
2019	0.047654	6,425	6,850	93.80	46.33
2020	0.046995	6,715	7,443	90.22	47.80
2021	0.049278	(878)	7,657	(11.47)	115.57

(1) Information presented for each year was determined as of the Division’s measurement date, which is the prior year end.

(2) Information prior to 2017 in not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.5% initial to 10.0% initial. In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030. In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend changed from 10.5% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information (Continued)

Schedule of Contributions - Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Six Years (1), (2), (3)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2016	$ 127	$ (127)	$ -	$ 6,367	2.00%
2017	66	(66)	-	6,585	1.00
2018	-	-	-	6,850	0.00
2019	-	-	-	7,443	0.00
2020	-	-	-	7,657	0.00
2021	-	-	-	7,800	0.00

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members of the Traditional Plan, the Combined Plan and the Member-Directed Plan.

(3) Represents Division's calendar year. Information prior to 2016 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2021

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Port Control
Divisions of Cleveland Hopkins International
and Burke Lakefront Airports
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland, Cuyahoga County, Ohio (the Divisions), as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland as of December 31, 2021, and the changes in financial position and its cash flows thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Divisions and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland, are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities and the major fund of the City of Cleveland that is attributable to the transactions of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2021, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related 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 and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Divisions' basic financial statements. The Schedule of Airport Revenues and Operating Expenses As Defined in the Airline Use Agreements, the Schedule of Passenger Facility Revenue and Interest and the Schedule of Expenditures of Passenger Facility Charges (the schedules), as required by the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the City) Department of Port Control, Divisions of Cleveland Hopkins International (CLE) and Burke Lakefront (BKL) Airports (the Divisions), we offer readers of the Divisions' financial statements this narrative overview and analysis of the financial activities of the Divisions for the year ended December 31, 2021. Please read this information in conjunction with the Divisions' basic financial statements and notes that begin on page 18.

The Divisions are charged with the administration and control of, among other facilities, the municipally owned airports of the City. The Divisions operate a major public airport and a reliever airport serving not only the City, but also suburban municipalities in Cuyahoga, Medina, Summit and Geauga counties. In 2021, the Divisions were served by eight scheduled United States (U.S.) based airlines, one foreign based airlines, ten regional U.S. based airlines, three regularly scheduled charters and five U.S. based all – cargo airlines. There were 37,000 scheduled landings with landed weight amounting to 4,609,992,000 pounds. There were approximately 3,646,000 passengers enplaned at Cleveland Hopkins International Airport and 76,000 passengers enplaned at Burke Lakefront Airport during 2021.

COMPARISON OF CURRENT YEAR AND PREVIOUS YEAR DATA

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Divisions exceeded its liabilities and deferred inflows of resources (net position) by $427,575,000 and $399,951,000 at December 31, 2021 and 2020, respectively. Of these amounts, $137,850,000 and $95,476,000 (unrestricted net position) at December 31, 2021 and 2020, respectively, may be used to meet the Divisions' ongoing obligations to customers and creditors.

- The Divisions' total net position increased by $27,624,000 in 2021. The main factor attributed to this increase was decreased operating expenses.

- Additions to construction in progress totaled $24,750,000 in 2021.

- The major capital projects during 2021 were the North Airfield Improvement Projects, Cooling Chiller Replacement, Sanitary Sewer Improvements, the CLE Master Plan, CLE Ground Transportation Center Upgrades, Primary Road Fire and Domestic Waterline Improvements.

- The Divisions' total bonded debt decreased by $44,250,000 in 2021. This was the result of the regularly scheduled principal payments made on the Divisions' outstanding bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Divisions' basic financial statements. The accompanying financial statements present financial information for the City of Cleveland's Divisions of Cleveland Hopkins International and Burke Lakefront Airports Fund, in which the City accounts for the operations of the Department of Port Control. 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.

The Divisions are considered an Enterprise Fund because the operations of the Divisions are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Divisions, the economic resources measurement focus and the accrual basis of accounting is used. This is similar to businesses in the private sector.

The basic financial statements of the Divisions can be found on pages 18-23 of this report.

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 25-53 of this report. The required supplementary information can be found on pages 55-58 of this report. The Schedule of Airport Revenues and Operating Expenses as Defined in the Airline Use Agreement can be found on page 59 of this report. The Schedule of Passenger Facility Revenue and Interest Report can be found on page 60 and the Schedule of Passenger Facility Charges can be found on page 61. The remaining Notes to Schedules of Revenue, Interest, and Expenditure of Passenger Facility Charges can be found on page 63. The Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance with 14 CFR Part 158 can be found on pages 65-66 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSTION INFORMATION

Provided below is condensed statement of net position information for the Divisions as of December 31, 2021 and 2020:

	2021	2020
	(Amounts in Thousands)	
Assets and deferred outflows of resources:		
Assets:		
Current assets	$ 159,419	$ 132,478
Restricted assets	219,280	224,738
Non-current assets	2,809	
Capital assets, net	709,597	745,315
Total assets	1,091,105	1,102,531
Deferred outflows of resources	20,634	26,586
Liabilities, deferred inflows of resources and net position:		
Liabilities:		
Current liabilities	105,209	80,415
Long-term obligations	559,781	638,518
Total liabilities	664,990	718,933
Deferred inflows of resources	19,174	10,233
Net position:		
Net investment in capital assets	147,448	162,024
Restricted for debt service	122,710	123,710
Restricted for capital projects	21	21
Restricted for passenger facility charges	19,546	18,720
Unrestricted	137,850	95,476
Total net position	$ 427,575	$ 399,951

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Assets and Deferred Outflow of Resources: Total assets and deferred outflows of resources decreased $17,378,000 or 1.5% in 2021. The changes are primarily due to a decrease in capital assets and deferred outflows of resources offset by increases in current assets. Current assets increased as a result of increased cash and cash equivalents resulting from increased cash received from customers. Deferred outflows of resources related to pension and OPEB decreased resulting from changes in assumptions.

Capital Assets: The Divisions' capital assets as of December 31, 2021 amounted to $709,597,000 (net of accumulated depreciation), which is a decrease of 4.8%. These capital assets include: land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; infrastructure; vehicles; and construction in progress. There was a net increase in vehicles of $2,929,000. Furniture, fixtures and equipment had a net decrease of $7,052,000 of which $6,252,000 was attributable to the disposal of snow removal equipment. New snow removal equipment was purchased in 2020. There was an increase in buildings, structures and improvements of $21,332,000, which is due to the completion of the Snow Removal Equipment and Vehicle Maintenance Buildings projects. There was an increase of $7,609,000 in land improvements due to the shoreline restoration at Burke Lakefront Airport.

A summary of the activity in the Divisions' capital assets during the year ended December 31, 2021 is as follows:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
	(Amounts in Thousands)			
Land	$ 166,882	$	$	$ 166,882
Land improvements	94,931	7,609		102,540
Buildings, structures and improvements	375,034	21,332		396,366
Furniture, fixtures and equipment	106,830	111	(7,163)	99,778
Infrastructure	1,018,128	3,374	(1,253)	1,020,249
Vehicles	19,154	2,970	(41)	22,083
Total	1,780,959	35,396	(8,457)	1,807,898
Less: Accumulated depreciation	(1,148,783)	(61,155)	8,428	(1,201,510)
Total	632,176	(25,759)	(29)	606,388
Construction in progress	113,139	24,750	(34,680)	103,209
Capital assets, net	$ 745,315	$ (1,009)	$ (34,709)	$ 709,597

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Major events during 2021 affecting the Divisions' capital assets included the following:

- CLE Master Plan: The City of Cleveland began work to develop a new Master Plan for Cleveland Hopkins International Airport. CLE conducted a Master Plan Update in 2012. Since then, the airport has experienced significant changes in passenger traffic, operations, and industry practices and therefore a new plan is needed at this time. An Airport Master Plan is a dynamic, long-term plan that provides a conceptual layout and guidance for future growth and development. It will include airfield planning, terminal planning, landside planning, other facilities and environmental considerations. Work on the new plan began in the fourth quarter of 2019 and continued through 2020 and 2021. The final draft of the plan was completed and submitted to the Federal Aviation Administration (FAA) in August 2021. Final approvals are expected in the fall of 2022.

- Primary Road Fire and Domestic Waterline Improvements: This project consists of rehabilitation of the Primary Road Fire and Domestic Waterline Improvements at CLE. The project consists of removing and replacing the pavement along the south side of Primary Hangar and the installation of new waterlines, sanitary lines and storm sewers associated with the roadway. The project also includes the construction of a new Fire Pump room within Primary Hangar and associated piping to connect the fire pumps to the existing hangar sprinkler system. Work began in 2020 and was mostly completed in 2021. Final work will be completed in the spring of 2022.

- CLE Ground Transportation Center Upgrades Project: This is a design-build project consisting of designing and constructing a new ground transportation center at the north end of the terminal, directly adjacent to the existing terminal. The project includes demolition and removal of existing pavement and other obstructions in the project area. The new facility includes canopies and all major upgrades including underground utilities, electrical, mechanical, plumbing, fire protection, architectural, landscaping, signage and any other necessary systems. Work began in 2020 and was mostly completed in 2021. Final work will be completed in the spring of 2022.

- North Airfield Improvements Projects: This project will look to eliminate two CLE airfield safety-related hot spot locations as determined by the FAA Runway Safety Action Team. This project will provide geometric upgrades to current FAA standards and eliminate direct aircraft access into the runway environment in an effort to greatly enhance safety. There are four construction phases to this project. Phase I was related to the design of the project. Phase II occurred in 2018, focusing on areas on the west side of the airfield only. This phase includes the removal of Taxiway C, which will allow for easier underground utility installation in this area plus enhance safety on the airfield with fewer paved areas. Phase III commenced in 2019, includes removal and replacement of a new Taxiway A. Construction of new Taxiways J3, J4, along with a new midfield access road. It also includes removal of Taxiways R, C, L1. Phase III was substantially completed in 2020. Phase IV took place and was substantially completed in 2021. Final work will be completed in the spring of 2022.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

- Airfield Sanitary Sewer Improvement Project: The project consists of installing new sanitary sewer conduit and decommissioning an existing sanitary sewer conduit. The project has five phases to minimize disruption in airport operations. The new sewer conduit was installed mainly outside of the Airport Operations Area (AOA) with a portion inside of the AOA southeast of Taxiway L. The contractor completed installation of the new sewer line in 2021. The contractor will decommission the existing sewer conduit and sewer vault beginning on the east side of the airfield, moving in phases across the airfield to end at the Perimeter Road on the west side of the airfield in 2022.

- Cooling Chiller Replacement: The purpose of this project is to replace the existing aging Main Terminal Chilled Water Units and associated piping with newer more efficient units and updated automated controls. Additional work performed on this project is the replacement of an existing non-functional cooling tower and associated chiller unit on the Ramp Level of Concourse C located between Gates C-8 and C-10. Work began with the replacement of the cooling tower and removal of the existing chiller unit on Concourse C starting in January of 2021 and ending in August of 2021. Replacement of the Main Terminal Chillers started in November of 2021 and is expected to be mostly completed by spring of 2022.

Additional information on the Divisions' capital assets, including commitments made for future capital expenses can be found in Note A – Summary of Significant Accounting Policies and Note E – Capital Assets to the basic financial statements.

Liabilities: In 2021, total liabilities decreased $53,943,000 or 7.5%. Current liabilities increased $24,794,000 or 30.8% as a result of an increase in the landing fee settlement payable to airlines. The landing fee settlement liability is mostly a result of the net OPEB calculation. The landing fee adjustment without the net OPEB expense was $7,202,000 and the OPEB and pension expense portion was $20,527,000. Long-term liabilities decreased due to decrease in revenue bonds payable and net OPEB liability. The net OPEB reduction is primarily attributed to changes in health care terms and changes in assumptions.

Net Pension/OPEB Liabilities/(Asset): The net pension liability is reported by the Divisions at December 31, 2021 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the Divisions adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Divisions' actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows of resources related to pension and OPEB.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*) and postemployment benefits (GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability/(asset). GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Divisions' proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and OPEB. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Divisions are not responsible for certain key factors affecting the balance of these liabilities. 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 Ohio Revised Code (the ORC) permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability/(asset). As previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities, but are outside the control of the Divisions. In the event that contributions, investment returns and other changes are insufficient to keep up with required 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 and the net OPEB liability/(asset) are satisfied, these liabilities/(assets) are separately identified within the long-term liability or non-current assets section of the statement of net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Divisions' statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB Statement No. 75, the Divisions are reporting a net OPEB liability/(asset) and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Long-Term Debt: At December 31, 2021 and 2020, the Divisions had $559,680,000 and $603,930,000 respectively, in total bonded debt outstanding. The Airport System Revenue Bonds are secured by the pledge of all airport revenues, as defined in the revenue bond indenture.

The activity in the Divisions' debt obligations outstanding during the year ended December 31, 2021 is summarized below:

	Balance January 1, 2021	Debt Issued	Debt Retired	Balance December 31, 2021
	(Amounts in Thousands)			
Airport System Revenue Bonds:				
Series 2006	$ 12,480	$	$ (12,480)	$ -
Series 2007	4,440		(805)	3,635
Series 2011	17,600		(7,575)	10,025
Series 2016	135,155		(3,405)	131,750
Series 2018	101,005		(8,965)	92,040
Series 2019	333,250		(11,020)	322,230
Total	$ 603,930	$ -	$ (44,250)	$ 559,680

The bond ratings from Moody's Investors Service, S&P Global Ratings and Fitch Ratings are as follows:

Moody's Investors Service	S&P Global Ratings	Fitch Ratings
A2	A-	A-

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

On November 5, 2020, S&P Global Ratings lowered its rating on the Divisions' revenue bonds from A to A- (negative). This downgrade was the result of the impacts on the airline industry from the Covid-19 pandemic.

The ratio of net revenue available for debt service to debt service requirements (revenue bond coverage) is a useful indicator of the Divisions' debt position to management, customers and creditors. The Divisions' revenue bond coverage for 2021 was 143%.

Additional information on the Divisions' long-term debt can be found in Note B – Long-Term Debt and Other Obligations to the basic financial statements.

Net Position: Net position serves as a useful indicator of an entity's financial position. In the case of the Divisions, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $427,575,000 and $399,951,000 at December 31, 2021 and 2020, respectively. Of the Divisions' net position at December 31, 2021 and 2020, $147,448,000 and $162,024,000, respectively, reflects its investment in capital assets (e.g., construction in progress; land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; vehicles; and infrastructure) net of accumulated depreciation, less any related, still-outstanding debt used to acquire those assets. The Divisions use these capital assets to provide services to their customers. Consequently, these assets are not available for future spending.

Although the Divisions' 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 portion of the Divisions' net position represents resources that are subject to external restrictions. At December 31, 2021 and 2020, the restricted net position amounted to $142,277,000 and $142,451,000, respectively. The restricted net position include amounts set aside in various fund accounts for capital projects and for payment of revenue bonds, which are limited by the bond indentures and passenger facility charges imposed and collected at CLE based on an approved FAA application. Passenger facility charges are restricted for designated capital projects and approved debt service. The remaining balance of unrestricted net position, $137,850,000 and $95,476,000 for December 31, 2021 and 2020, respectively, may be used to meet the Divisions' ongoing obligations to customers and creditors.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

The Divisions' net position increased by $27,624,000 in 2021. Provided below are key elements of the Divisions' results of operations as of and for the years ended December 31, 2021 and 2020:

	2021	2020
	(Amounts in Thousands)	
Operating revenues:		
Landing fees, terminal and concourse rentals	$ 62,581	$ 71,555
Concessions	42,388	28,385
Utility sales and other	6,139	3,148
Total operating revenues	111,108	103,088
Operating expenses	110,723	141,300
Operating income (loss)	385	(38,212)
Non-operating revenue (expense):		
Passenger facility charges revenue	15,337	8,230
Non-operating revenue (expense)	(3,560)	(2,144)
Gain (loss) on disposal of capital asset	370	65
Investment income (loss)	156	1,338
Interest expense	(21,169)	(22,417)
Amortization of bond discounts/premiums and loss on debt refundings	2,002	2,092
Total non-operating revenue (expense), net	(6,864)	(12,836)
Capital and other contributions	34,103	60,282
Change in net position	27,624	9,234
Net position, beginning of year	399,951	390,717
Net position, end of year	$ 427,575	$ 399,951

***Operating Revenues**:* Operating revenues for 2021 were $111,108,000. There was a loss on landing fee revenue. This loss was related to the Divisions having a payable to the airlines at year-end. Scheduled terminal rentals accounted for $49,331,000 or 44.4% of total operating revenues. Parking revenues increased $10,626,000 or 65.8% from 2020 due to an increase in demand for services. Parking revenues amounted to $26,782,000 or 24.1% of total operating revenues for 2021. The fourth largest airport revenue source, rental cars, accounted for 8.8% of total operating revenues. The increases of operating revenues are due to increased passengers and flights.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION (Continued)

***Operating Expenses**:* Total operating expenses for 2021 decreased $30,577,000 or 21.6%. The decrease is primarily due to reduction in salaries, wages and benefits of $26,827,000 or 70.9%. This is a result of the net pension and OPEB expenses. The Net OPEB expense component of salaries, wages and benefits reduced due to changes in health care terms as well as changes in assumptions.

Non-Operating Revenue: Non-operating revenues increased $6,140,000 or 52.4%. The main factor that attributed to this change was the increase in passenger facility charges of $7,107,000 offset by a decrease in interest income of $1,182,000. Interest rates were lower in 2021 than in 2020.

Non-Operating Expenses: Non-operating expenses increased $168,000 or 0.7%. This increase is attributed to fluctuations in capital and debt service expenses.

Capital and Other Contributions: In 2021 and 2020, the Divisions received $34,103,000 and $60,282,000 respectively, in CARES Act, Airport Coronavirus Response Grant Program (CRRSA), Federal Airport Improvement, Transportation Security Administration Law Enforcement Officer and Canine Grants. In both 2021 and 2020, Airport Improvement Program Grant revenue primarily consisted of proceeds from the 2000, amended in 2017, Letter of Intent and airfield safety improvements.

FACTORS EXPECTED TO IMPACT THE DIVISIONS' FINANCIAL POSITION OR RESULTS OF OPERATIONS

The recovery in air travel, fueled primarily by leisure market segment, continued through 2021 into 2022. Although rising fuel prices and the emergence of a new COVID-19 variant presented some unexpected headwinds.

Despite the challenges, in-terminal concessions sales increased in 2021. An additional increase in concession sales is projected to occur in 2022.

The rebound in passenger traffic and the overall economic recovery presented some opportunities for new business ventures in 2022. CLE executed a space agreement with Jets FBO, an Ohio based Fixed Base Operator, to expand their operation to CLE. Concessions developer Fraport Cleveland welcomed the opening of The CLE Club (Concourse B). In addition, CLE also entered into an agreement with a new company to redevelop the former 100^{th} Bomber Restaurant into a new event center called the Aviator.

ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the Divisions' 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
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

STATEMENT OF NET POSITION
DECEMBER 31, 2021
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 132,621
Restricted cash and cash equivalents	4,745
Receivables:	
Accounts-net of allowance for doubtful accounts of $416	1,032
Unbilled revenue	5,427
Total receivables	6,459
Prepaid expenses	803
Due from other funds	3
Due from other governments	11,654
Materials and supplies-at cost	3,134
TOTAL CURRENT ASSETS	159,419
RESTRICTED ASSETS	
Cash and cash equivalents	217,193
Accrued interest receivable	4
Accrued passenger facility charges	2,083
TOTAL RESTRICTED ASSETS	219,280
NON-CURRENT ASSETS	
Net OPEB asset	2,809
TOTAL NON-CURRENT ASSETS	2,809
CAPITAL ASSETS	
Land	166,882
Land improvements	102,540
Buildings, structures and improvements	396,366
Furniture, fixtures and equipment	99,778
Infrastructure	1,020,249
Vehicles	22,083
	1,807,898
Less: Accumulated depreciation	(1,201,510)
	606,388
Construction in progress	103,209
CAPITAL ASSETS, NET	709,597
TOTAL ASSETS	1,091,105
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding	15,510
Pension	3,598
OPEB	1,526
TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,634

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

STATEMENT OF NET POSITION
DECEMBER 31, 2021
(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt, due within one year	$	44,575
Accounts payable		8,914
Landing fee settlement payable to airlines		27,729
Due to other funds		760
Current portion of accrued wages and benefits		3,392
Accrued interest payable		10,584
Accrued property taxes		4,510
Construction fund payable from restricted assets		4,745
TOTAL CURRENT LIABILITIES		105,209
LONG-TERM OBLIGATIONS - excluding amounts due within one year		
Revenue bonds		535,533
Net pension liability		23,087
Accrued wages and benefits		1,161
TOTAL LONG-TERM OBLIGATIONS		559,781
TOTAL LIABILITIES		664,990
DEFERRED INFLOWS OF RESOURCES		
Pension		10,588
OPEB		8,586
TOTAL DEFERRED INFLOWS OF RESOURCES		19,174
NET POSITION		
Net investment in capital assets		147,448
Restricted for debt service		122,710
Restricted for capital projects		21
Restricted for passenger facility charges		19,546
Unrestricted		137,850
TOTAL NET POSITION	$	427,575

See notes to financial statements.

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2021
(Amounts in Thousands)

OPERATING REVENUES	
Landing fees, terminal rentals, and concourse rentals:	
Scheduled airlines	$ 47,450
Other	15,131
	62,581
Concessions	42,388
Utility sales and other	6,139
TOTAL OPERATING REVENUES	111,108
OPERATING EXPENSES	
Operations	45,776
Maintenance	3,792
Depreciation	61,155
TOTAL OPERATING EXPENSES	110,723
OPERATING INCOME (LOSS)	385
NON-OPERATING REVENUE (EXPENSE)	
Passenger facility charges revenue	15,337
Non-operating revenue (expense)	(3,560)
Gain (loss) on disposal of capital asset	370
Investment income (loss)	156
Interest expense	(21,169)
Amortization of bond discounts/premiums and loss on debt refundings	2,002
TOTAL NON-OPERATING REVENUE (EXPENSE) - NET	(6,864)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(6,479)
Capital and other contributions	34,103
INCREASE (DECREASE) IN NET POSITION	27,624
NET POSITION, BEGINNING OF YEAR	399,951
NET POSITION, END OF YEAR	$ 427,575

See notes to financial statements.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 138,035
Cash payments to suppliers for goods and services	(41,498)
Cash payments to employees for services	(31,898)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	64,639
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(28,288)
Cash receipts for passenger facility charges	14,320
Principal paid on long-term debt	(44,250)
Interest paid on long-term debt	(22,222)
Capital grant proceeds	30,310
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(50,130)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	156
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITES	156
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,665
Cash and cash equivalents, beginning of year	339,894
Cash and cash equivalents, end of year	$ 354,559

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(Amounts in Thousands)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

OPERATING INCOME (LOSS)	$	385
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation		61,155
Changes in assets:		
Accounts receivables		813
Unbilled revenue		(2,307)
Prepaid expenses		(119)
Due from other City of Cleveland departments, divisions or funds		(1)
Materials and supplies, at cost		(393)
Net OPEB asset		(2,809)
Changes in deferred outflows of resources:		
Pension		1,525
OPEB		1,873
Changes in liabilities:		
Accounts payable		2,090
Due to other City of Cleveland departments, divisions or funds		(495)
Accrued wages and benefits		(321)
Landing fee adjustment		24,365
Accrued property taxes		(6)
Net pension liability		(7,838)
Net OPEB liability		(22,219)
Changes in deferred inflows of resources:		
Pension		3,664
OPEB		5,277
TOTAL ADJUSTMENTS		64,254
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	64,639

Schedule of Noncash Capital and Related Financing Activities:		
Accounts payable related to capital assets	$	4,745

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Divisions of Cleveland Hopkins International and Burke Lakefront Airports (the Divisions) are reported as an Enterprise Fund of the City of Cleveland, Department of Port Control and are part of the City of Cleveland's (the City) primary government. The Divisions were created for the purpose of operating the airports within the Cleveland Metropolitan Area. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Divisions comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. This Statement is effective for the reporting periods beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost. As required, the Divisions have implemented GASB Statement No. 89 as of December 31, 2021.

In March of 2020, GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* was issued. This Statement is effective for reporting periods beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. The Divisions have determined that GASB Statement No. 93 has no impact on its financial statements as of December 31, 2021.

The Divisions' net position accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Amount restricted for passenger facility charges
- Remaining unrestricted amount

In addition, certain additional financial information regarding the Divisions is included in these notes.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Cash Flows: The Divisions utilize the direct method of reporting for the statement of cash flows as defined by the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable 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, non-capital financing, capital and related financing and all investment activities.

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

Investments: The Divisions follow the provisions of GASB Statement No. 72, *Fair Value Measurement and Application,* which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Divisions' investments in money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Divisions have invested funds in STAR Ohio during 2021. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Divisions measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

Inventory of Supplies: The Divisions' inventory is valued at cost using the first in/first out method. Inventory costs are charged to operations when consumed.

Prepaid Expenses and Other Assets: Payments made to vendors for services that benefit future periods are recorded as prepayments in the financial statements. A current asset for the prepaid amount is recorded at the time of purchase and the expense is reported in the year in which services are consumed.

***Interfund Transactions*:** During the course of normal operations, the Divisions' have numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted for Passenger Facility Charges: These assets are for passenger facility charges imposed and collected at CLE based on an approved FAA application. These are restricted for designated capital projects or debt service.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as a tangible item with a useful life in excess of one year and an individual cost of more than $5,000 for furniture, fixtures, equipment and vehicles and $10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Land Improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures and equipment	3 to 35 years
Infrastructure	3 to 50 years
Vehicles	3 to 35 years

Bond Issuance Costs, Discounts/Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resource and is amortized over the shorter of the defeased bond or the newly issued bond.

Compensated Absences: The Divisions accrue 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*. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability. These amounts are recorded as accrued wages and benefits in the accompanying statements of net position.

Normally, all vacation time is to be taken in the year available. The Divisions allow 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.

Environmental Expenses: Environmental expenses consist of costs incurred for remediation efforts to airport property. Environmental expenses that relate to current operations are expensed or capitalized, as appropriate. Environmental expenses that relate to existing conditions caused by past operations and which do not contribute to future revenues are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows 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 resource (expense) 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 a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time.

Net Pension/OPEB Liabilities/(Asset): For purposes of measuring the net pension/OPEB liabilities/(asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

Non-Operating Revenues (Expenses): Non-operating expenses relate to expenses of the Divisions incurred for purposes other than the operations of the airports and consist primarily of interest costs incurred on the Divisions' long-term debt. The funding for non-operating expenses is non-operating revenue (passenger facility charges, revenue bonds and federal grants).

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt outstanding at December 31, 2021 is as follows:

	Interest Rate	Original Issuance	2021
		(Amounts in Thousands)	
Airport System Revenue Bonds:			
Series 2007, due through 2027	5.00%	$ 11,255	$ 3,635
Series 2011, due through 2024	4.00%-5.00%	74,385	10,025
Series 2016, due through 2031	5.00%	144,355	131,750
Series 2018, due through 2048	3.50%-5.00%	109,685	92,040
Series 2019, due through 2033	2.18%-5.00%	341,675	322,230
		$ 681,355	559,680
Unamortized (discount) premium			20,428
Current portion (due within one year)			(44,575)
Total Long-Term Debt			$ 535,533

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2021 are as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021	Due Within One Year
	(Amounts in Thousands)				
Airport System Revenue Bonds:					
Series 2006	$ 12,480	$	$ (12,480)	$ -	$
Series 2007	4,440		(805)	3,635	840
Series 2011	17,600		(7,575)	10,025	7,960
Series 2016	135,155		(3,405)	131,750	15,165
Series 2018	101,005		(8,965)	92,040	8,840
Series 2019	333,250		(11,020)	322,230	11,770
Total revenue bonds	603,930	-	(44,250)	559,680	44,575
Accrued wages and benefits	4,874	3,843	(4,164)	4,553	3,392
Net pension liability	30,925		(7,838)	23,087	
Net OPEB liability	22,219		(22,219)	-	
Total	$ 661,948	$ 3,843	$ (78,471)	$ 587,320	$ 47,967

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Minimum principal and interest payments on long-term debt are as follows:

	Principal	Interest	Total
	(Amounts in Thousands)		
2022	$ 44,575	$ 20,125	$ 64,700
2023	43,535	18,070	61,605
2024	45,760	15,995	61,755
2025	47,550	14,073	61,623
2026	49,235	12,314	61,549
2027-2031	282,885	33,886	316,771
2032-2036	15,705	8,342	24,047
2037-2041	10,760	5,952	16,712
2042-2046	13,370	3,271	16,641
2047-2048	6,305	319	6,624
Total	$ 559,680	$ 132,347	$ 692,027

The Airport System Revenue 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 interest in and rights to the airline use agreements under the revenue bond indenture. Amounts held in trust may be invested by the City Treasurer or the trustee in permitted investments. However, the use of funds is limited by the bond indenture and, accordingly, is classified as restricted assets in these financial statements.

As of December 31, 2021, the Divisions were in compliance with the terms and requirements of the bond indenture.

The indenture, as amended, requires, among other things, that the Divisions (1) make equal monthly deposits to the Bond Service Fund to have sufficient assets available to meet debt service requirements on the next payment date; (2) maintain the Bond Service Reserve Fund equal in amount to the maximum annual debt service to be paid in any year; and (3) as long as any revenue bonds are outstanding, charge such rates, fees and charges for use of the airport system to produce in each year, together with other available funds, net revenues (as defined) at least equal to the greater of (a) 116.0% of the annual debt service due in such year on all outstanding revenue bonds and general obligation debt or (b) 125.0% of the annual debt service due in such year on all outstanding bonds.

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Effective October 1, 2019, the City issued $341,675,000 Airport System Revenue Bonds, Series 2019A-C. The $301,665,000 Series 2019A Taxable Bonds were issued to advance refund the $235,150,000 Series 2012A Bonds and to currently refund the outstanding $52,050,000 of Series 2013A Bonds. Bond proceeds in the amount of $248,355,650 along with $3,694,402 released from the debt service reserve fund and $2,965,914 released from the Series 2012A Bond Fund, were placed in an irrevocable escrow account for the payment of the principal and interest on the Series 2012A Bonds. The $34,605,000 Series 2019B AMT Bonds currently refunded the variable rate $20,100,000 Series 2009D Bonds and the $18,170,000 Series 2014A Bonds. Finally, the $5,405,000 Series 2019C Non-AMT Bonds currently refunded the outstanding variable rate $5,975,000 Series 2008D Bonds. 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 $22,494,000 of net present value debt service savings or 6.8% while also eliminating all of Port Control's remaining variable rate bonds and terminating its letters of credit and direct placements on those bonds.

From time to time, the Divisions have defeased certain Revenue Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. At December 31, 2021, the Airport System had $235,150,000 of defeased Series 2012A Airport System Revenue Bonds outstanding.

The City has pledged future airport revenues to repay $559,680,000 in Airport System Revenue Bonds issued in various years since 2007. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport revenues and are payable through 2048. Annual principal and interest payments on the bonds are expected to require less than 69.0% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is $692,027,000. Principal and interest funded for the current year and total net revenues (including other available funds) were $65,744,000 and $94,166,000, respectively.

NOTE C – SPECIAL FACILITY REVENUE BONDS

Airport Special Revenue Bonds, Series 1998, totaling $75,120,000 were issued in 1998 to finance the design and construction of certain airport facilities leased to Continental Airlines, now United Continental Holdings, Inc., including a new regional jet concourse. Because all principal and interest on these bonds is unconditionally guaranteed by United Airlines and paid directly by United 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.

NOTE D – DEPOSITS AND INVESTMENTS

Deposits: The Divisions' carrying amount of deposits at December 31, 2021, totaled approximately $21,134,000 and the Divisions' bank balance was approximately $31,569,000. The difference represents positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $31,569,000 of the bank balances at December 31, 2021 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 Divisions will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the Divisions' 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: In accordance with GASB Statement No. 72, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. 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; STAR Ohio; 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 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 and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the City, apart from the assets of the depository institution. Ohio Statutes prohibit the use of Reverse Repurchase Agreements.

NOTE D – DEPOSITS AND INVESTMENTS (Continued)

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

The following is a summary of the fair value hierarchy of the fair value of investments of the Divisions (excluding STAR Ohio and money market mutual funds) as of December 31, 2021.

Type of Investment	Fair Value	Fair Value Measurement Using Level 2
	(Amounts in Thousands)	
Other Investments	$ 331	$ 331
Total Investments	$ 331	$ 331

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Divisions invest primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Divisions will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party.

Credit Risk: The Divisions' investments as of December 31, 2021 include STAR Ohio, money market mutual funds and other. The Divisions maintain the highest ratings for their investments. Investments in STAR Ohio, the Dreyfus Government Cash Management Fund, Morgan Stanley Government Institutional Mutual Funds and the Federated Government Obligations Fund carry a rating of AAAm, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE D – DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Divisions place a limitation on the amount that may be invested in any one issuer to help minimize the concentration of credit risk. The Divisions had the following investments at December 31, 2021, which include those classified as cash and cash equivalents in the statement of net position in accordance with the provisions of GASB Statement No. 9, since they have a maturity of three months or less:

Type of Investment	2021 Value	2021 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 126,896	$ 126,896	$ 126,896
Money Market Mutual Funds	206,198	206,198	206,198
Other Investments	331	331	331
Total Investments	333,425	333,425	333,425
Total Deposits	21,134	21,134	21,134
Total Deposits and Investments	$ 354,559	$ 354,559	$ 354,559

These amounts are monies invested by the City Treasurer on behalf of the Divisions and are used in daily operations with excess monies invested daily in STAR Ohio and money market mutual funds. These investments are carried at cost which approximates fair value. Investment type Other Investments consist of deposits into collective cash escrow pools managed by either Bank of New York or U.S. Bank National Association, as trustees.

As of December 31, 2021, the investments in STAR Ohio, money market mutual funds and other investments are approximately 38.1%, 61.8% and 0.1%, respectively, of the Divisions' total investments.

NOTE E – CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
	(Amounts in Thousands)			
Capital Assets, not being depreciated:				
Land	$ 166,882	$	$	$ 166,882
Construction in progress	113,139	24,750	(34,680)	103,209
Total capital assets, not being depreciated	280,021	24,750	(34,680)	270,091
Capital assets, being depreciated:				
Land improvements	94,931	7,609		102,540
Buildings, structures and improvements	375,034	21,332		396,366
Furniture, fixtures and equipment	106,830	111	(7,163)	99,778
Infrastructure	1,018,128	3,374	(1,253)	1,020,249
Vehicles	19,154	2,970	(41)	22,083
Total capital assets, being depreciated	1,614,077	35,396	(8,457)	1,641,016
Less: Total accumulated depreciation	(1,148,783)	(61,155)	8,428	(1,201,510)
Total capital assets being depreciated, net	465,294	(25,759)	(29)	439,506
Capital assets, net	$ 745,315	$ (1,009)	$ (34,709)	$ 709,597

Commitments: As of December 31, 2021, the Divisions had capital expenditure purchase commitments outstanding of approximately $34,172,000.

NOTE F – LEASES AND CONCESSIONS

The Divisions lease specific terminal and concourse areas to the various airlines under terms and conditions of the airline use agreements. The Divisions have various concession agreements that permit the concessionaires and certain others to operate on airport property. These agreements usually provide for payments based on a percentage of the revenues, with an annual minimum payment guarantee and in certain circumstances for the offset of percentage rents to the extent of certain improvements made to the leased property.

NOTE F – LEASES AND CONCESSIONS (Continued)

Portions of the building costs in the statement of net position are held by the Divisions for the purpose of rental use. The net book value of property held for operating leases as of December 31, 2021 is approximately $92,533,000.

Minimum future rental on non-cancelable operating leases to be received is as follows:

		(Amounts in Thousands)
2022	$	13,063
2023		15,444
2024		12,934
2025		7,960
2026		8,034
Thereafter		31,511
	$	88,946

NOTE G – CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Divisions for personal injuries, property damage and other matters. The City is responsible for the suits. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Divisions' financial position, results of operations or cash flows.

Risk Management: The Divisions are 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 Divisions carry insurance to cover particular liabilities and property protection. Otherwise, the Divisions are generally self-insured. No material losses, including incurred but not reported losses, occurred in 2021. There was no significant decrease in any insurance coverage in 2021. In addition, there were no material insurance settlements in excess of insurance coverage during the past three years.

NOTE G – CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

The City provides the choice of two separate health insurance plans to its employees. The Divisions are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio's Worker's Compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* 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. 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. Claims payable has been included with accounts payable and is considered to be immaterial for the Divisions.

NOTE H – 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 Divisions' 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 (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The ORC limits the Divisions' obligation for this liability to annually required payments. The Divisions cannot control benefit terms or the manner in which pensions are financed; however, the Divisions do receive the benefit of employees' services in exchange for compensation including pension.

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS): The Divisions' employees participate in the 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. Divisions' 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 COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. 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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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 Annual Comprehensive Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** 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 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 3.0% 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 3.0%.

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2021, member contribution rates were 10.0% and employer contribution rates were 14.0%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Divisions' contractually required contribution was $3,283,000 for 2021. All required payments have been made.

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liability, 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, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Divisions' proportion of the net pension liability was based on the Divisions' 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:

	OPERS (Amounts in Thousands)	
Proportionate Share of the Net Pension Liability	$	23,087
Proportion of the Net Pension Liability		0.159982%
Change in Proportion		0.001136%
Pension Expense	$	555

At December 31, 2021, the Divisions reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Change in assumptions	$	27
Change in Divisions' proportionate share and difference in employer contributions		288
Contributions subsequent to the measurement date		3,283
Total Deferred Outflows of Resources	$	3,598
Deferred Inflows of Resources		
Differences between expected and actual experience	$	1,074
Net difference between projected and actual earnings on pension plan investments		9,293
Change in Divisions' proportionate share and difference in employer contributions		221
Total Deferred Inflows of Resources	$	10,588

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

The $3,283,000 reported as deferred outflows of resources related to pension resulting from the Divisions' contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS (Amount in Thousands)
2022	$ (3,869)
2023	(1,241)
2024	(3,810)
2025	(1,289)
2026	(21)
Thereafter	(43)
Total	$ (10,273)

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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% to 10.75 %
COLA or Ad Hoc COLA	3.25%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: 0.5%, simple through 2021, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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.

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) 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 2020 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	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. 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 contractually required rates, as actuarially determined. 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 Divisions' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Divisions' proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Divisions' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
		(Amounts in Thousands)	
Divisions' proportionate share of the net pension liability	$ 44,663	$ 23,087	$ 5,177

NOTE I – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/(Asset): The net OPEB liability/(asset) reported on the statement of net position represents a liability/(asset) to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB 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 OPEB is a present liability/(asset) because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/(asset) represents the Divisions' proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/(asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, COLA and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The ORC limits the Divisions' obligation for this liability/(asset) to annually required payments. The Divisions cannot control benefit terms or the manner in which OPEB are financed; however, the Divisions do receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability/(asset) is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability/(asset) on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description – 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.

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty 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 OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The ORC 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 ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, 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 2021, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board 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 0.0% for both plans in 2021. 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 into the RMA for participants in the Member-Directed Plan for 2021 was 4.0%.

For the year ended December 31, 2021, OPERS did not allocate any employer contributions to the OPEB plan.

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date as of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Divisions' proportion of the net OPEB liability/(asset) was based on the Divisions' share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

		OPERS (Amounts in Thousands)
Proportion of the Net OPEB Liability/(Asset):		
Current Measurement Date		0.157690%
Prior Measurement Date		0.156651%
Change in Proportionate Share		0.001039%
Proportionate Share of the Net OPEB Liability/(Asset)	$	(2,809)
OPEB Expense/(Revenue)	$	(17,878)

At December 31, 2021, the Divisions reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		OPERS (Amounts in Thousands)
Deferred Outflows of Resources		
Change in assumptions	$	1,381
Change in Divisions' proportion share and difference in employers contributions		145
Total Deferred Outflows of Resources	$	1,526
Deferred Inflows of Resources		
Differences between expected and actual experience	$	2,535
Net difference between projected and actuals earnings on OPEB plan investments		1,496
Change in assumptions		4,552
Change in Divisions' proportion share and difference in employers contributions		3
Total Deferred Inflows of Resources	$	8,586

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS (Amounts in Thousands)
2022	$ (3,658)
2023	(2,576)
2024	(650)
2025	(176)
Total	$ (7,060)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date as of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	6.00%
Prior Measurement Date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate	
Current Measurement Date	2.00%
Prior Measurement Date	2.75%
Health Care Cost Trend Rate:	
Current Measurement Date	8.50%, initial 3.50%, ultimate in 2035
Prior Measurement Date	10.50% initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 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	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate: A single discount rate of 6.00% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Divisions' Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Divisions' proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 6.00%, as well as what the Divisions' proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
	(Amounts in Thousands)		
Divisions' proportionate share of the net OPEB liability/(asset)	$ (699)	$ (2,809)	$ (4,545)

Sensitivity of the Divisions' Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/(asset). The following table presents the net OPEB liability/(asset) calculated using the assumed trend rates, and the expected net OPEB liability/(asset) if it were calculated using a health care cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease (2.50%)	Current Health Care Cost Trend Rate Assumption (3.50%)	1% Increase (4.50%)
	(Amounts in Thousands)		
Divisions' proportionate share of the net OPEB liability/(asset)	$ (2,878)	$ (2,809)	$ (2,733)

NOTE J – RELATED PARTY TRANSACTIONS

The Divisions are provided various intra-city services. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the years ended December 31, 2021 are as follows:

	(Amounts in Thousands)	
City Central Services, including police	$	9,892
Telephone Exchange		1,456
Electricity purchased		249
Motor vehicle maintenance		38
Radio Communication		441

NOTE K – LANDING FEE ADJUSTMENT AND INCENTIVE COMPENSATION

Under the terms of the airline use agreements, if the annual statement for the preceding term demonstrates that airport revenues over expenses (both as defined) is greater or less than that used in calculating the landing fee for the then current term, such difference shall be charged or credited to the airlines over the remaining billing periods in the current term. The landing fee adjustment for 2021 was a payable to the airlines from the Division in the amount of $27,729,000.

The Divisions collected $25,848,000 landing fee revenue and it was offset by a $27,729,000 reduction to the scheduled airlines. This resulted in difference of $1,881,000. The reduction to landing fee revenue consisted of $20,527,000 net OPEB and pension liability changing to an asset for 2021 due to changes in health care terms and changes in assumptions. The remaining portion $7,202,000 is the landing fee adjustment based on budgeted versus actual calculations, excluding the net OPEB figure.

As a result of the OPEB activity resulting in an asset airline revenue, terminal and concourse rentals were netted together for scheduled airlines. Salaries, wages and employee benefits were also netted together.

The airline use agreements also provide an incentive for the City to provide the highest quality management for the airport system. There was no incentive compensation expense in 2021.

NOTE L – PASSENGER FACILITY CHARGES

On November 1, 1992, CLE began collecting Passenger Facility Charges (PFC's) subject to title 14, Code of Federal Regulations, Part 158. PFC's are fees imposed on passengers enplaned by public agencies controlling commercial service airports for the strict purpose of supporting airport planning and development projects. The charge is collected by the airlines and remitted to the airport operator net of an administrative fee to be retained by the airline and refunds to passengers.

NOTE L – PASSENGER FACILITY CHARGES (Continued)

As of December 31, 2021, CLE had the authority from the FAA to collect approximately $587,000,000. This is a reduction from 2020 of $2,000,000 related to the in-line baggage system design that was removed from the approved budget. Of the $587,000,000, an estimated 14.5% was spent on noise abatement for the residents of communities surrounding the airport. An additional 59.8% was spent on runway expansion and improvements with the remaining 25.7% was spent on airport development. PFC revenues and related interest earnings are recorded as non-operating revenues and non-capitalized expenses funded by PFC revenues are recorded as non-operating expenses.

NOTE M – MAJOR CUSTOMER

In 2021, operating revenues from one airline group for landing fees, rental and other charges amounted to approximately 35.7% of total operating revenue.

NOTE N – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures may continue to impact subsequent periods of the Division.

The Division received $46,458,000 in Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding and $9,792,000 in the Airport Coronavirus Response Grant Program funding. As of December 31, 2021, the Division has expended $56,250,000 of these funds.

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DIVISIONS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1), (2)

	Divisions' Proportion of the Net Pension Liability	Divisions' Proportionate Share of the Net Pension Liability	Divisions' Covered Payroll	Divisions' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(Amounts in Thousands)			
2014	0.158448 %	$ 18,650	$ 17,962	103.83 %	86.36 %
2015	0.158448	19,049	19,825	96.09	86.45
2016	0.155342	27,073	19,800	136.73	81.08
2017	0.159244	34,594	21,125	163.76	77.25
2018	0.161047	24,436	21,508	113.61	84.66
2019	0.160720	43,538	21,508	202.43	74.70
2020	0.158846	30,925	23,393	132.20	82.17
2021	0.159982	23,087	23,936	96.45	86.88

(1) Information presented for each year was determined as of the Divisions' measurement date, which is the prior year-end.

(2) Information prior to 2014 is not available. The Divisions will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

Change in assumptions. In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25% and transition from the RP-2000 mortality tables to the RP-2014 mortality tables. There were no changes in assumptions in 2020 and 2021.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

SCHEDULE OF CONTRIBUTIONS - NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Divisions' Covered Payroll	Contributions as a Percentage of Covered Payroll
			(Amounts in Thousands)		
2013	$ 2,335	$ (2,335)	$ -	$ 17,962	13.00 %
2014	2,379	(2,379)	-	19,825	12.00
2015	2,376	(2,376)	-	19,800	12.00
2016	2,535	(2,535)	-	21,125	12.00
2017	2,796	(2,796)	-	21,508	13.00
2018	3,224	(3,224)	-	23,029	14.00
2019	3,275	(3,275)	-	23,393	14.00
2020	3,351	(3,351)	-	23,936	14.00
2021	3,283	(3,283)	-	23,450	14.00

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

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

SCHEDULE OF THE DIVISIONS' PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE YEARS (1), (2)

	Divisions' Proportion of the Net OPEB Liability/(Asset)	Divisions' Proportionate Share of the Net OPEB Liability/(Asset)	Divisions' Covered Payroll	Divisions' Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB OPEB Liability/(Asset)
		(Amounts in Thousands)			
2017	0.156424 %	$ 15,800	$ 21,125	74.79 %	54.05 %
2018	0.158429	17,585	21,508	81.76	54.14
2019	0.158845	21,303	23,029	92.51	46.33
2020	0.156651	22,219	23,393	94.98	47.80
2021	0.157690	(2,809)	23,936	(11.74)	115.57

(1) Information presented for each year was determined as of the Divisions' measurement date, which is the prior year-end.

(2) Information prior to 2017 is not available. The Divisions will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate change from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.50% initial to 10.00% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX YEARS (1), (2), (3)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Divisions' Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2016	$ 423	$ (423)	$ -	$ 21,125	2.00 %
2017	215	(215)	-	21,508	1.00
2018	-	-	-	23,029	0.00
2019	-	-	-	23,393	0.00
2020	-	-	-	23,936	0.00
2021	-	-	-	23,450	0.00

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented

(2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member- Directed Plan.

(3) Represents Divisions' calendar year. Information prior to 2016 is not available. The Divisions will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

SCHEDULE OF AIRPORT REVENUES AND OPERATING EXPENSES AS DEFINED IN THE AIRLINE USE AGREEMENTS
For the Year Ended December 31, 2021
(Amounts in Thousands)

	Cleveland Hopkins International	Burke Lakefront	Total
REVENUE			
Airline revenue:			
Landing fees and terminal rentals	$ 47,450	$	$ 47,450
Other	2,504		2,504
	49,954	-	49,954
Operating revenues from other sources:			
Concessions	41,826	562	42,388
Rentals	11,143	488	11,631
Landing fees	1,295	211	1,506
Other	5,385	244	5,629
	59,649	1,505	61,154
Non-operating revenue:			
Interest income	76		76
TOTAL REVENUE	$ 109,679	$ 1,505	$ 111,184
OPERATING EXPENSES			
Salaries, wages and employee benefits	$ 9,661	$ 1,365	$ 11,026
City Central Services, including police	12,438	125	12,563
Materials and supplies	5,738	191	5,929
Contractual services	19,339	711	20,050
TOTAL OPERATING EXPENSES	$ 47,176	$ 2,392	$ 49,568

Note to Schedule:

The Divisions collected $25,848,000 landing fee revenue and it was offset by a $27,729,000 reduction to the scheduled airlines. This resulted in difference of $1,881,000. The reduction to landing fee revenue consisted of $20,527,000 net OPEB and pension liability changing to an asset for 2021 due to changes in health care terms and changes in assumptions. The remaining portion $7,202,000 is the landing fee adjustment based on budgeted versus actual calculations, excluding the net OPEB figure.

As a result of the OPEB activity resulting in a net OPEB asset, airline revenue, terminal and concourse rentals were netted together for scheduled airlines. Salaries, wages and employee benefits were also netted together.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS
SCHEDULE OF PASSENGER FACILITY REVENUE AND INTEREST
For The Year Ended December 31, 2021

	PFC Revenues	Interest	Expenditures	Unliquidated PFC Revenue
Cumulative Balances at January 1, 2021	$ 499,873,551	$ 32,713,691	$ (515,405,242)	$ 17,182,000
1st quarter activity 2021 activity	2,068,359	2,786	(2,475,000)	(403,855)
2nd quarter activity 2021 activity	3,919,586	2,424	(2,475,000)	1,447,010
3rd quarter activity 2021 activity	4,262,469	2,403	(3,875,000)	389,872
4th quarter activity 2021 activity	4,069,781	2,556	(4,675,000)	(602,663)
2021 totals	14,320,195	10,169	(13,500,000)	830,364
Cumulative Balances at December 31, 2021	$ 514,193,746	$ 32,723,860	$ (528,905,242)	$ 18,012,364

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS

SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Year Ended December 31, 2021

Projects	Approved Project Budget	Cumulative Expenditures thru 2020	2021 1st Quarter Expenditures	2021 2nd Quarter Expenditures	2021 3rd Quarter Expenditures	2021 4th Quarter Expenditures	2021 YTD Expenditures	Cumulative Expenditures thru 2021
Insulate Residences - Full Program Phase I	$ 16,960,400	$ 16,960,400	$	$	$	$	$ -	$ 16,960,400
Extension of Taxiway "Q"	2,155,743	2,155,743					-	2,155,743
Land Acquisition-Resident Relocation	14,689,459	14,689,459					-	14,689,459
Asbestos Removal in Terminal CHIA	729,842	729,842					-	729,842
Acquisition of Analex Office Bldg & Vacant Land	13,025,000	13,025,000					-	13,025,000
Waste Water - Glycol Collection System Construction	5,835,921	5,835,921					-	5,835,921
NASA Feasibility & Pre-Engineering Study	355,000	355,000					-	355,000
Sewers for Confined Disposal Facility-BKL (app 1)	5,500,000	5,500,000					-	5,500,000
Sound Insulation	8,595,641	8,595,641					-	8,595,641
Land Acquisition - Midvale, Brysdale, Forestwood, Rocky River	25,282,298	25,282,298					-	25,282,298
Environmental Assessment / Impact Studies	1,725,000	1,725,000					-	1,725,000
Part 150 Noise Compatibility Program Update	584,570	584,570					-	584,570
Brook Park Land Transfer	8,750,000	8,750,000					-	8,750,000
Analex Demolition	1,229,000	1,229,000					-	1,229,000
Sound Insulation	20,000,000	20,000,000					-	20,000,000
Baggage Claim/Expansion	9,526,087	9,526,087					-	9,526,087
Tug Road Replacement	1,019,000	668,553					-	668,553
Interim Commuter Ramp	5,560,338	5,560,338					-	5,560,338
Concourse D Ramp/Site Utilities	51,305,804	51,305,804					-	51,305,804
Burke Runway Overlay 6L/24R	530,286	530,286					-	530,286
Burke ILS	2,181,400	2,181,400					-	2,181,400
Runway 6L/23R	270,550,360	211,968,074				954,689	954,689	212,922,763
Runway 6R/24L Uncoupling	2,148,000	2,148,000					-	2,148,000
Runway 28 Safety Improvements	2,200,000	2,010,454					-	2,010,454
Midfield Deicing Pad	39,100,000	39,100,000					-	39,100,000
Taxiway M Improvements	10,000,000	9,579,060					-	9,579,060
Doan Brook Restoration	1,727,796	1,727,796					-	1,727,796
Deicing Environmental Upgrades	2,800,222	2,800,222					-	2,800,222
Main Terminal Roof Replacement	992,986	992,986					-	992,986
Roadway Expansion Joint Repair/Replacement	1,985,973	1,985,973					-	1,985,973
Airport-wide Flight Information Display System (FIDS)/Baggage Information Display System (BIDS) and Signage Replacement	7,681,742	7,681,742					-	7,681,742
Airport Master Plan Update	4,170,543	4,170,543					-	4,170,543
Runway 10/28- Runway Safety Area Improvements	23,155,051	14,249,358		1,310,382	3,875,000	3,720,311	8,905,693	23,155,051
South Cargo Ramp Rehabilitation	5,957,918	5,957,918					-	5,957,918
Taxiway N Rehabilitation	8,738,280	5,098,662	2,475,000	1,164,618			3,639,618	8,738,280
SIDA Security System Enhancements	1,985,973	1,985,973					-	1,985,973
Interactive Part 139 Airport Operations Training Program	496,493	496,493					-	496,493
Main Substation (MS1 & MS2) Redundant Electrical Power Feed & Emergency Generators	8,261,646	8,261,646					-	8,261,646
Total	$ 587,493,772	$ 515,405,242	$ 2,475,000	$ 2,475,000	$ 3,875,000	$ 4,675,000	$ 13,500,000	$ 528,905,242

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

NOTES TO SCHEDULES OF REVENUE, INTEREST, AND EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Year Ended December 31, 2021

GENERAL

The accompanying schedule presents all activity of the Divisions' PFC program. The Divisions' reporting entity is defined in Note A – Summary of Significant Accounting Policies to the Divisions' financial statement.

BASIS OF PRESENTATION

The accompanying schedule is presented on the cash basis of accounting.

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 14 CFR PART 158

City of Cleveland
Department of Port Control
Divisions of Cleveland Hopkins International
and Burke Lakefront Airports
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports:

Report on Compliance on the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports' (the Divisions') of the City of Cleveland compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for the Passenger Facility Charge Program, for the year ended December 31, 2021.

In our opinion, the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge Program, for the year ended December 31, 2021.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guide. Our responsibilities under those standards and the Guide are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Divisions and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Passenger Facility Charge Program. Our audit does not provide a legal determination of the Divisions' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Division’s Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Divisions’ Passenger Facility Charge program.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Divisions’ compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Division's compliance with the requirements of the Passenger Facility Charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Division’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Divisions’ internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Passenger Facility Charge Audit Guide for Public Agencies, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the passenger facility charge program’s applicable compliance requirements on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with the passenger facility charge program compliance requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the passenger facility charge program’s applicable compliance requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

June 29, 2022

OHIO AUDITOR OF STATE
KEITH FABER

CITY OF CLEVELAND

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 7/19/2022

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