OHIO AUDITOR OF STATE
KEITH FABER

CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2023

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Attachments: Annual Comprehensive Financial Report

Separately Issued Financial Statements
Department of Public Utilities, Division of Cleveland Public Power
Department of Public Utilities, Division of Water
Department of Public Utilities, Division of Water Pollution Control
Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports
Central Collection Agency, Department of Finance, Division of Taxation

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR / *Pass Through Grantor* / Program / Cluster Title	Federal Assistance Listing 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	-	22,372
Total Child Nutrition Cluster			-	22,372
Total Department of Agriculture			**-**	**22,372**
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Healthy Start Initiative:				
Healthy Start Initiative - 22	93.926	N/A	377,924	551,542
Healthy Start Initiative - 23	93.926	N/A	227,184	523,751
Total Healthy Start Initiative			605,108	1,075,293
Substance Abuse and Mental Health Services	93.243	N/A	-	230,554
Immunization Cooperative Agreements:				
COVID-19 Vaccination	93.268	N/A	-	404,025
Total Immunization Cooperative Grants			-	404,025
Pass through Cuyahoga County District Board of Health				
Public Health Emergency Preparedness:			-	
Public Health Emergency Preparedness - 2022-2023	93.069	18-100-12-PH-1423	-	90,273
Public Health Emergency Preparedness - 2023-2024	93.069	18-100-12-PH-1524	-	12,914
Total Public Health Emergency Preparedness			-	103,187
Passed through the Ohio Department of Public Health:				
Public Health Preparedness				
City Readiness Initiative - 2023	93.069	18-200-12-PH-1423	-	6,242
City Readiness Initiative - 2024	93.069	18-200-12-PH-1524	-	56,432
Total Public Health Preparedness			-	62,674
Family Planning Services:				
Family Planning Services Title X FY 2023	93.217	18-200-11-RH-0923	48,285	419,815
Family Planning Services Title X FY 2024	93.217	18-200-11-RH-1024	-	227,629
Total Family Planning Services			48,285	647,444
Epidemiology and Labatory Capacity for Infectious Diseases (ELC):				
COVID-19 Enhanced Operations- 2022-2023	93.323	18-200-12-EO-0222	-	536,022
COVID-19 Enhanced Operations- 2023-2024	93.323	18-200-12-EO-0323	-	25,429
Total Epidemiology and Labatory Capacity for Infectious Diseases			-	561,451
Public Health Emergency Response: Cooperative Agreement for Emergency Response:				
Public Health Crisis Response:				
Public Health Workforce	93.354	18-200-12-WF-0122	-	361,413
Total Public Health Emergency Response			-	361,413
Maternal and Child Health Services Block Grants to the States:				
Maternal and Child Health Services Title X FY 2023	93.994	18-200-11-RH-0923	5,550	48,255
Maternal and Child Health Services Title X FY 2024	93.994	18-200-11-RH-1024	-	26,469
Total Maternal and Child Health Services			5,550	74,724
Passed through the Western Reserve Area Agency on Aging (WRAAA)				
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers:				
WRAAA ADRN 2022	93.044	N/A	-	7,291
WRAAA ADRN 2023	93.044	N/A	-	242,920
Total Special Programs for Aging			-	250,211
Total Aging Cluster			-	250,211
Medicare Enrollment Assistance Program:				
WRAAA MIPPA 2023	93.071	20-01OHMIAA-00 & 20-01OHMIDR-00	-	9,736
Total Medicare Enrollment Assistantce Program			-	9,736

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR / ***Pass Through Grantor*** / **Program / Cluster Title**	**Federal Assistance Listing 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	AG1400113	-	23,546
Total Department of Health and Human Services			**658,943**	**3,804,258**
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Direct Programs:				
CDBG Entitlement Grant Cluster:				
Community Development Block Grants/Entitlements:				
CDBG YR 42	14.218	N/A	27,316	32,558
CDBG YR 43	14.218	N/A	30,470	177,836
CDBG YR 44	14.218	N/A	215,454	552,189
CDBG YR 45	14.218	N/A	590,664	1,060,171
CDBG YR 46	14.218	N/A	276,672	820,219
CDBG YR 47	14.218	N/A	1,243,304	1,438,248
CDBG YR 48	14.218	N/A	6,281,965	11,212,652
CDBG YR 49	14.218	N/A	2,498,658	5,438,945
COVID-19 Cares Act CDBG 2020	14.218	N/A	589,265	589,265
Total CDBG Entitlement Grant Cluster			11,753,768	21,322,083
HOME Investment Partnerships Programs:				
HOME Investment Partnership Program 1992	14.239	N/A	-	1,866
HOME Investment Partnership Program 2015	14.239	N/A	220,581	220,581
HOME Investment Partnership Program 2016	14.239	N/A	348,689	348,689
HOME Investment Partnership Program 2017	14.239	N/A	66,137	66,137
HOME Investment Partnership Program 2018	14.239	N/A	944,543	1,082,833
HOME Investment Partnership Program 2019	14.239	N/A	321,867	321,867
HOME Investment Partnership Program 2020	14.239	N/A	809,466	809,466
HOME Investment Partnership Program 2021	14.239	N/A	2,760,747	2,801,659
HOME Investment Partnership Program 2022	14.239	N/A	744,000	1,209,478
HOME Investment Partnership Program 2023	14.239	N/A	-	210,571
Total HOME Investment Partnership Program			6,216,030	7,073,147
Emergency Solutions Grant Program:				
Emergency Shelter Grants Program 2021	14.231	N/A	380,221	380,221
Emergency Shelter Grants Program 2022	14.231	N/A	1,301,502	1,350,357
COVID-19 CARES Act Emergency Shelter Program 2020	14.231	N/A	5,256,568	5,256,568
Total Emergency Solutions Grant Program			6,938,291	6,987,146
Housing Opportunities for Persons with AIDS:				
Housing Opportunities for Persons with AIDS 2022	14.241	N/A	1,328,724	1,380,645
Housing Opportunities for Persons with AIDS 2023	14.241	N/A	472,358	478,856
Total Housing Opportunities for Persons with AIDS			1,801,082	1,859,501
Community Development Block Grants Section 108 Loan Guarantees				
Fairmount Properties HUD 108 Loan	14.248	N/A	-	4,390,355
Lead- Based Paint Hazard Control in Privately-Owned Housing:				
Lead-Based Paint Hazard Control in Privately-Owned Housing 2020	14.900	N/A	502,554	738,233
Lead-Based Paint Hazard Control in Privately-Owned Housing 2022	14.900	N/A	99,037	902,604
Lead-Based Paint Hazard Control in Privately-Owned Housing 2023	14.900	N/A	-	264,218
Total Emergency Solutions Grant Program			601,591	1,905,055
Total Department of Housing & Urban Development			**27,310,762**	**43,537,287**

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Community Based Violence Intervention and Prevention Initiative	16.045	N/A	-	8,898
Drug Court Discretionary Grant Program				
Recovery Project IV	16.585	N/A	-	65,311
Grants to Encourage Arrest Policies and Enforcement Protection Orders Program:				
Cleveland Improving Criminal Justice Response Project 2019	16.590	N/A	10,376	10,376
Public Safety Partnership and Community Policing Grants:				
COPS Hiring Program (CHP) 2020	16.710	N/A	-	2,402,646
Byrne Criminal Justice Innovation Program:				
2018-Edward Byrne Crime Justice Innovations	16.817	N/A	115,812	115,812
2021-Edward Byrne Crime Justice Innovations	16.817	N/A	87,130	177,577
Total Edward Bryne Crime Justice Innovations			202,942	293,389
Criminal and Juvenile Justice and Mental Health Collaboration Program:				
2020 Justice and Mental Health Collaboration Program	16.745	N/A	110,420	110,420
National Sexual Assault Kit Initiative:				
FY 2017 Sexual Assault Kit	16.833	N/A	752,219	752,219
Edward Byrne Memorial Justice Assistance Grant Program				
2020- Edward Byrne Memorial JAG-NOLETF	16.738	N/A	25,206	253,720
2020 - Operation Legend - JAG	16.738	N/A	-	252,501
2021 - Edward Bryne Memorial - JAG	16.738	N/A	-	228,401
Total Edward Byrne Memorial Justice Assistance Grant Program			25,206	734,622
Passed through the Ohio Department of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant Program				
2022 - Edward Byrne Memorial JAG - CGNL	16.738	2022-JG-A01-6444	-	27,057
Equitable Sharing Program:				
Equitable Sharing Program - DOJ Asset Forfeiture Program	16.922	N/A	-	14,746
Passed through Cuyahoga County:				
Violence Against Woman Formula Grants:				
FY 21 VAWA Prosecution	16.588	2021-VP-VA2-V041	-	10,543
FY 22 VAWA Prosecution	16.588	2022-VP-VA2-V041	-	105,303
FY 22 VAWA Law Enforcement	16.588	2022-VP-VA2-V042	-	84,731
FY 21 VAWA Sexual Assault	16.588	2021-VP-VA2-V045	46,084	46,084
FY 22 VAWA Sexual Assualt	16.588	2022-VP-VA2-V045	18,028	18,028
Total Violence Against Woman Formula Grants			64,112	264,689
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program:				
Cleveland Improving Criminal Justice Response Project 2020	16.590	2020- WE-AX-0017		7,389
TOTAL U.S. DEPARTMENT OF JUSTICE			**1,165,275**	**4,691,762**

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal Assistance Listing 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-2223-15-0050	-	50,519
WIOA Cluster:				
WIOA Adult Program:				
WIOA Adult Admin	17.258	G-2223-15-0050	-	169,397
WIOA Adult Program	17.258	G-2223-15-0050	-	290,432
Total WIOA Adult Program			-	459,829
WIOA Youth Activities:				
WIOA Youth Admin	17.259	G-2223-15-0050	-	131,303
WIOA Youth Program	17.259	G-2223-15-0050	-	225,120
Total WIOA Youth Program			-	356,423
WIOA Dislocated Workers Formula Grants:				
WIOA Dislocated Worker Admin	17.278	G-2223-15-0050		29,637
WIOA Dislocated Worker Program	17.278	G-2223-15-0050		50,814
Total WIOA Dislocated Workers Formula Grants			-	80,451
Total WIOA Cluster			-	896,703
WIOA National Dislocated Worker Grants/WIA National Emergency Grants				
WIOA National Dislocated Worker Grants	17.277	G-2223-15-0050	-	6,570
Employment Service Cluster				
Employment Service/Wagner Peyser Funded Activities	17.207	G-2223-15-0050	-	54,899
Total Employment Service Cluster				54,899
Trade Adjustment Assistance	17.245	G-2223-15-0050	-	38,429
TOTAL U.S. DEPARTMENT OF LABOR			-	**1,047,120**
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Airport Improvement Programs and COVID Airport Programs:				
COVID-19 Airport Coronavirus Response Grant Program - CLE	20.106	N/A	-	43,446
Total Airport Improvement Programs			-	43,446
TOTAL DEPARTMENT OF TRANSPORTATION			-	43,446

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal Assistance Listing Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
CLEAN in CLE	66.034	N/A	-	90,276
Passed through the Ohio Environmental Protection Agency:				
Air Pollution Control Program Support:				
Air Pollution Control Program Support 2023	66.001	EPAFFG22	-	647,439
Air Pollution Control Program Support 2024	66.001	EPAFFG24	-	35
Total Air Pollution Control Program Support			-	647,474
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act:				
Air Pollution Control Program Support 2022	66.034	EPAFPM22	-	57,333
Air Pollution Control Program Support 2023	66.034	EPAFPM22	-	104,121
Total Survey, Studies, Research, Investigation Demonstrations and Special Activities			-	161,454
Passed through the Ohio Water Development Authority:				
Capitalization Grants for Drinking Water State Revolving Loans				
10278-LSLR 2022-1	66.468	HZJEJR2ENJK4	-	2,949,855
10277-LSLR 2022-2	66.468	HZJEJR2ENJK4	-	26,622
10272-LSLR 2022-3	66.468	HZJEJR2ENJK4	-	28,557
10284-LSLR 2022-4	66.468	HZJEJR2ENJK4	-	30,523
10281-LSLR 2022-5	66.468	HZJEJR2ENJK4	-	32,833
10518-LSLR 2022-6	66.468	HZJEJR2ENJK4	-	31,104
10170-LSLR 2022-Special Cases	66.468	HZJEJR2ENJK4	-	53,962
10217-LSLR 2022-Supplies	66.468	HZJEJR2ENJK4	-	2,270,739
10280-LSLR 2022-WMR	66.468	HZJEJR2ENJK4	-	15,224
10577-LSLR-2023-10-Supplies-Curb Boxes	66.468	HZJEJR2ENJK4	-	5,609
Total Water Deveopement			-	5,445,028
TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			**-**	**6,344,232**
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
Port Security Grant Program:				
FY 19 Port Security Grant	97.056	N/A	-	90,000
Homeland Security Biowatch Program:				
Bio-Watch Program 2022	97.091	N/A	-	162,274
Bio-Watch Program 2023	97.091	N/A	-	193,868
Bio-Watch Emergency Preparedness- 2022	97.091	N/A	-	17,608
Bio-Watch Emergency Preparedness- 2023	97.091	N/A	-	1,428
Total Homeland Security Biowatch Program			-	375,178
TOTAL U.S DEPARTMENT OF HOMELAND SECURITY			**-**	**465,178**
U.S. DEPARTMENT OF TREASURY				
Direct Programs:				
Coronavirus Relief Grant Program:				
COVID-19 2020 Remote Technology Grant Oppurtunity- Housing	21.019	N/A	-	38
Coronavirus State and Local Fiscal Recovery Funds:				
COVID-19 American Rescue Plan Act 2021	21.027	N/A	140,493	148,966,359
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	6,414,666
Total Coronavirus State and Local Fiscal Recovery Funds			140,493	155,381,025
Emergency Rental Assistance Program:				
COVID-19 CARES Act Emergency Rental Program	21.023	N/A	12,779	12,779
COVID-19 CARES Act Emergency Rental Program 2	21.023	N/A	6,000,000	6,000,000
Total Emergency Rental Assistance Program			6,012,779	6,012,779
Passed the through the Ohio Department of Public Safety				
Coronavirus State and Local Fiscal Recovery Funds				
COVID-19 FY22 State ARPA Retention Bonus	21.027	2022-AR-LEP-1031	-	4,210,424
COVID-19 OCJS Pretrial Services	21.027	2022-AR-CCB-1108	-	90,024
COVID-19 Mentoring, Community Engagement Violence Initiative	21.027	2022-AR-CVI-1156	-	122,152
			-	4,422,600
TOTAL U.S. DEPARTMENT OF TREASURY			**6,153,272**	**165,816,442**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**35,288,252**	**225,772,097**

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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, 2023

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) under programs of the federal government for the year ended December 31, 2023. 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.

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 Health and Human Services, Department of the Treasury, Department of Housing and Urban Development, Department of Justice, Ohio Department of Public Health, and Cuyahoga County 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 pass-through entity, 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 - CHILD NUTRITION CLUSTER

The City commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the City assumes it expends federal monies first.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023
(CONTINUED)

NOTE F – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed below are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at December 31, 2023 consist of:

AL Number	Program/Cluster Name	Outstanding Balance at December 31, 2023
14.248	Community Development Block Grants Section 108 Loan Guarantees	$4,390,355

NOTE G - 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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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 the 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 *(Government Auditing Standards)*, 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, 2023, 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 27, 2024.

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 purpose 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
Auditor of State
Columbus, Ohio

June 27, 2024

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
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800-282-0370

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, Cuyahoga County, (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, 2023. 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, 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, 2023.

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, Cuyahoga County, (the City) as of and for the year ended December 31, 2023, 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 27, 2024. 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 27, 2024

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SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023

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# 66.468 Capitalization Grants for Drinking Water State Revolving Funds AL# 21.027 - COVID-19 American Rescue Plan Act AL# 21.023 - COVID-19 Emergency Rental Assistance Program
(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

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, OHIO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2023

CITY OF CLEVELAND

Annual Comprehensive Financial Report

For the year ended December 31, 2023

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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FOR THE YEAR ENDED DECEMBER 31, 2023

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INTRODUCTORY SECTION

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June 27, 2024

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, 2023. 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 2023 activities. Our intention is to provide a clear, comprehensive and materially accurate overview of the City's financial position as of December 31, 2023. 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, 2023, 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, 2023, 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 Auditors' 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 2014 through 2023.

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 3rd 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 Music Center, 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, Cuyahoga Community College, 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 rewards, 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, the City Charter, and the City's Codified Ordinances. 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 March of 2020, GASB Statement No. 94, *Public-Private Public-Public Partnerships and Availability Payment Arrangements*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2022. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The City has determined that GASB Statement No. 94 has no impact on its financial statements as of December 31, 2023.

In May of 2020, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA) w*as issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As required, the City has implemented GASB Statement No. 96 as of December 31, 2023.

In April of 2022, GASB Statement No. 99, *Omnibus 2022,* was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) establishes accounting and financial reporting for financial guarantees. The City has determined that GASB Statement No. 99 has no impact on its financial statements as of December 31, 2023.

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 may 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 65 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 3.3% in 2023 as a result of lower unemployment rates than in 2022 and continued economic recovery 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.

For 2023, 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	20.26	%
Trade, transportation and utilities	17.24	
Professional and business services	14.32	
Government	12.40	
Manufacturing	11.26	
Leisure and hospitality	9.03	
Financial activities	6.50	
Mining, logging and construction	3.78	
Information	1.49	
Other Services	3.72	
	100.00	%

Current Projects and 2023 Accomplishments

The 2023 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 2023 programmatic goals and projects:

Department of Community Development

- The Department continued following its Ten-Year Housing and Investment Plan by funding numerous programs according to the plan's high-level strategic priorities:

    - Housing Equity Plan: The goal of the Ten-Year Housing and Investment Plan is to foster a robust housing market that will ensure everyone has access to a decent home, provide a full range of housing choices for existing residents, and attract new residents to Cleveland's neighborhoods.

    - Economic Opportunities: Cleveland's objectives for expanding economic opportunities involve both the creation of more jobs for low-income residents and helping those residents with the least skills to improve their employability. The Department of Community Development and the Department of Economic Development work together towards these objectives through a variety of program strategies.

    - Ending Poverty and Racial Disparities: Ending systemic causes that allow poverty and racism to persist will continue the disparate outcomes that we see in Cleveland. Under this priority, the City will invest in numerous initiatives to alleviate/eradicate these systemic causes.

    - Neighborhood Improvements: Cleveland neighborhoods have seen a persistent cycle of disinvestment that has resulted in most of the City designated as being affected by slum and blight. In order to address slum, blight, and the needs of the residents of Cleveland's neighborhoods investment in public facilities, public infrastructure, and reutilization of vacant land for interim or permanent uses is key to reposition for the needs of residents.

- The U.S. Department of Housing and Urban Development (HUD) approved its priorities to focus our resources to help 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.

- 16 affordable multi-family and scatter-site projects with 180 units were completed in 2023. Included in these projects were The Moreland House, a 23 unit mixed-income building in Shaker Square, East Cedar, a 12 unit affordable project and the Bristol, a 23 unit mixed-income project. In addition, the development of Detroit Shoreway/Cudell Homes which consists of 30 single-family homes in the Detroit Shoreway and Cudell neighborhoods. In total, the Department completed 16 projects with a total development cost of over $40 million.

- The commercial revitalization team completed 38 Storefront Renovation Program projects in 2023, which included 12 comprehensive building rehabilitations, 18 neighborhood business signs, and eight downtown projects.

- The Department addressed lead hazards in 51 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 property owners understand and remove environmental hazards and bring homes into housing code compliance. In addition, the program supports the Department's Exterior Paint Program by helping residents and property owners apply for and complete the paint program.

Department of Building and Housing

- Issued 14,366 construction permits valued at $1,800,849,667.
- Filed a total of 599 prosecutions.
- Issued 4,118 violation notices.
- Registered 18,283 rental properties housing 64,027 units.
- Issued 1,687 Lead Safe Certificates for 5,530 units.
- Demolished 556 structures and condemned 602 additional structures.
- Boarded and secured 1,117 vacant structures.
- Received and followed up on 7,001 complaints.

Department of Economic Development

- The Department utilized 45 economic development incentives to create and retain 1,185 jobs. These incentives also aided in the creation of 529 homes and 442 hospitality suites through mixed-used development projects. This work led to over $487 million of investment in the City.
- The Department created a new tool called the Job Creation Incentive Tax Credit program (JCITC). This tool provides a 50% income tax credit to all companies creating 50 or more new high quality jobs in the City.
- The Department invested $50 million in the Site Readiness for Good Jobs Fund. The Department collaborates with this new non-profit organization in efforts to acquire and remediate over 1,000 acres of disinvested property in the City, which will result in the creation of up to 25,000 high quality jobs.
- The Department assisted in launching Mayor Bibb's Strategy for Cleveland's Southeast Side with the creation of a $5 million fund to revitalize key strategic commercial corridors. Working with key non-profit partners the Department will create programs related to white boxing retail storefronts, storefront renovation, strategic acquisition of buildings on commercial corridors and grants for public realm improvements along commercial corridors.
- The Department invested $3.5 million in continued acquisition and environmental remediation along the Opportunity Corridor. The funds will continue to assist in the creation of "shovel ready" industrial development sites on land that is adjacent to the Opportunity Corridor, a $300 million investment in connecting Cleveland's University Circle to the I-490 interchange.

Department of Public Health (CDPH)

- The Division of Environment completed 5,871 inspections, responded to 350 food complaints, 3,862 public health nuisance complaints and completed 316 other inspections including pools, laundromats, barbershops, and tattoo parlors. The Division also addressed 1,353 lead poisoning referrals from the Ohio Department of Health.
- The Division of Air Quality performed 143 inspections, investigated 493 complaints, completed 216 air quality permits and participated in 81 community events and presentations.
- The Bureau of Vital Statistics issued approximately 45,000 birth certificates and 66,000 death certificates.
- The Division of Health administered 1,238 COVID vaccine doses, 618 childhood immunizations and administered and processed 1,517 HIV tests.

- The MomsFirst program performed 4,438 face-to-face visits, and their infant mortality reduction program had 182 new participants.

- The HOPWA (Housing Opportunities for Persons with AIDS) program helped 508 clients receive rental or mortgage assistance and 744 clients received nutrition, transportation or other assistance.

Department of Aging

- Provided core services to 5,147 unduplicated residents including both older adults and adults with disabilities.

- Secured approximately $830,000 in grants to support programs for seniors and adults with disabilities.

- 189 home repair jobs for residents were approved by December 31, 2023 in the 5th year of the Age Friendly Home Investment Program. This program allows older adults and adults with disabilities to age in place. The most common jobs are roof replacement, porch repairs and bathroom modifications.

- Utilized the City's Code Red Communication system to provide 56 different informational robocalls to Cleveland seniors to leverage a range of city services. 321,924 telephone connections were made by live answer or voicemail and provided education and information to older adult residents.

- 7,214 residents through the Chore program received assistance with their outdoor home maintenance including grass cutting, leaf raking and snow shoveling services.

- 191 residents received a daily wellness call through the Cleveland Care Calls Program. This is a collaborative effort with Public Safety.

- 10 Neighborhood Senior Walks were held throughout the City to provide opportunities for older adults to get active and to get access to health information including information about COVID-19.

- 2,915 residents received services from one or more of the core services of the Aging and Disability Resource Center. Services include long term care options, counseling, economic security, information and benefits assistance.

- 118 households received assistance from the cross departmental team on the Mayor's Senior Initiative. The initiative is a cooperative effort between Building and Housing, Health, Community Development, Law and Aging to help address and resolve some of the most complex home repair and health issues for older adults and adults with disabilities.

- The Annual Senior Day program in May 2023 attracted more than 2,000 older adults along with more than 260 individuals attending annual Hispanic Senior Day in October 2023. More than 100 individuals attended the Disability Awareness Day Luncheon.

The Office of Equal Opportunity (OEO)

- OEO is the contractor certification and contract compliance department of the City of Cleveland. OEO was established in 1977, and has been a fundamental component of putting equity in action in the City's contracting process for 46 years.

- OEO maintains a registry of certified Minority-Owned Business Enterprises (MBEs), Female-owned Business Enterprises (FBEs) and Cleveland-Area Small Businesses (CSBs). In 2023, there were 662 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 the Fannie M. Lewis Cleveland Resident Employment Law, requiring 20% resident worker hour participation and 4% low income worker hour participation on applicable contracts. 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, B2GNow and LCPtracker. All certification application and contract compliance reporting is submitted electronically through these systems. B2GNow and LCPtracker 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 over 53,000 nutritious meals.

- The Cleveland Cavaliers renovated Collinwood and Gunning Park recreation center gym floors and in collaboration with the Cleveland Guardians and Jose Ramirez a synthetic turf baseball field named Jose Ramirez Field was opened at the Clark Fields complex.

- The Division of Motor Vehicle Maintenance (MVM) performed 15 in-house technical training classes. They also trained four drivers who passed the Commercial Driver's License (CDL) test. Each driver had an average of 80 hours of training. In addition to technical training, MVM performed 16 Public Employee Risk Prevention Program (PERPP)/Health and Safety classes.

- The Division of Streets resurfaced a total of 247,101 sq/yds of street paving and serviced 4,060 illegal dumping complaints.

- The Division of Waste Collection processed 256,445 tons of solid waste and 3,679 tons of recyclable materials.

- The Division of Park Maintenance, Cemetery section performed 1,142 internments, completed 1,588 service requests and set 723 headstones.

- The Division of Park Maintenance, Greenhouse Section, grew, planted and maintained 18,330 annual flowers in Greenhouse and downtown beds.

- The Division of Park Maintenance provided assistance for over 1,063 permitted special events, including Mayor's Night Out and "Councilmatic" events Citywide. The Enhancement Team completed repairs and dragged and lined ballfields Citywide.

- The Division of Park Maintenance, Vacant Properties section serviced 26,489 unique parcels and completed 66,073 work orders.

- 1,356 tree emergencies services were provided.

- 3,851 Urban Forestry service requests were investigated.

- 1,375 Right of Way (ROW) trees were pruned.

- 483 ROW trees were removed.

- The Division of Traffic upgraded and automated 165 school zone timers to automated programming, installed countdown pedestrian signals at 45 intersections, upgraded three midblock crossings from a flasher to a motion sensor system stopping vehicular traffic only as needed and installed bike and vehicle separation on the new bike lanes on Lorain Road.

Department of Public Safety

- The Raising Investment in Safety for Everyone (RISE) Initiative is a portfolio of multiple strategic investments, partnerships, enforcement efforts, and technology championed by Mayor Bibb and his administration. RISE is focused on investing in police and public safety, regional partnerships, aggressive enforcement, increased police visibility and using technology to address crime.

- The Cleveland Division of Police (CDP) enhanced our ability to join forces with the community in fighting crime through the Safe Smart CLE camera-sharing program. This video sharing program allows for sharing of public and private cameras in the furtherance of making Cleveland a safer place to live and work.

- CDP continued data collection in the areas of Community Engagement, Crisis Intervention Teams, Stops and Community Problem-Oriented Policing.

- CDP has increased our violent crime response through the expansion of the Violent Crime Reduction Details targeting identified high crime hotspots. CDP is focused on targeting and removing those individuals who are responsible for committing crimes of violence in our community.

- In 2023, CDP expanded the gunshot detection technology software to all five Police Districts. This technology assists officers with responses to and investigations of gunshot-related incidents.

- The Cleveland Police Training Academy continues to bring new and progressive training to our officers. Some of the training included working collaboratively with the Alcohol Drug Addiction Mental Health Services (ADAMHS) Board of Cuyahoga County through the Mental Health Response Advisory Committee to develop and facilitate comprehensive crisis intervention training for all CDP members. The Police Academy has developed exercises utilizing a progressive approach incorporating integrated reality-based training through scenario learning relating to the use of force; search and seizure; and bias-free policing strategies. CDP training exceeds the Ohio Peace Officer Training Commission's requirements for continuing education hours.

- The Department of Public Safety continued its partnership with the MetroHealth system to provide Public Safety Medical Director services, which include oversight for CDP, CFD and EMS.

- Multiagency training with the Cleveland Division of Fire (CFD) and the Division of Emergency Medical Service (EMS) has been implemented for response to active shooter and threat incidents. Moreover, the Ohio Peace Officer Training Academy (OPOTA) designated the Cleveland Police Training Academy as a Star Training Academy. The designation was for exceeding State mandated Basic Academy requirements, including training hours, recruit evaluations and assessments, and achieving high academic and physical fitness standards.

- In 2023, CFD deployed their new Fire Boat, the *Garrett A. Morgan*, which has a cutting-edge electronics and technology package supporting radar, sonar and night operations. The *Garrett A. Morgan* provides CFD with additional operational capabilities and support operations in waterborne search and rescue, watercraft fires, land-band shoreline fires, large volume water supply, dive rescue operations, maritime traffic control, and underwater security sweeps.

- CFD broke ground on a new Fire Station that will serve the Mount Pleasant and Kinsman neighborhoods. This facility will include public meeting spaces for interaction with residents on a non-emergency basis while providing value-added services to improve their daily lives.

- In addition to CFD's smoke detector distribution program, CFD will implement a grant-funded program to provide carbon monoxide detectors to City residents. The goal of these programs is to ensure all City residents have these critical life-saving devices.

- The Division of Emergency Medical Services (EMS) continues to partner with the Department of Aging in multiple programs including the File of Life, which is an emergency preparedness magnetic file that promotes safety and peace of mind by having important information about medical history, emergency contacts and medications all in one place in the event of an emergency and is designed to hang on the outside of a refrigerator and is available to responders when seconds matter. In addition, the Division of EMS participates in the Department of Aging Senior Power initiative presentations and provides information in regard to how to avoid and overcome hazards that can lead to falls.

- EMS started the first Emergency Medical Technician (EMT) training academy in 2019 and it continues to be a successful program training EMS and Fire EMT's.

- EMS participates in the CARES Registry (Cardiac Arrest Registry to Enhance Survival) and NCDR (National Cardiovascular Data Registry) and our Division ranks among the best in the region.

- EMS continues to enhance the training that is received by all employees of the division with an increased focus on collaborative training within the Department of Public Safety to ensure that all first responders are prepared for the daily emergency calls. In 2023, EMS received accreditation through the State of Ohio for the new Emergency Medical Responder program, created an in-house Paramedic program and implemented a new Lateral Transfer Program.

- EMS continues to partner 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 the 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 City continued its agreement with the Cuyahoga County Sheriff assuming all jail duties for the City.

- The Division of Animal Care & Control (ACC) works diligently to reunite lost dogs with owners, educate the community on the importance of pet identification, provide support and guidance with resources to help pet owners in need, ensure City ordinances are followed, and adopt dogs into successful homes.

- ACC's efforts overall have been successful. In 2023, more than 900 dogs were adopted and more than 1,000 were transferred to other agencies. The length of stay of animals at ACC is well under the state and national averages, which means animals are spending fewer days on average at the kennel by being reunited with their owners, adopted, or transferred to other agencies.

- ACC continued its partnership with the Cleveland Municipal Court for individuals who have committed animal-related offenses. The program has been named "AROC" (Animal Related Offenses Class) and the goal is to help educate and create more responsible pet owners.

- ACC is a member of the National Animal Control Association (NACA) allowing our staff to take part in animal control related webinars and trainings.

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 435,000 city and suburban accounts in the Cleveland metropolitan area. Of these 435,000 accounts, approximately 117,000 accounts were located within the City, accounting for 23.87% of the Division's metered sales revenue.

- The Division of Cleveland Public Power (CPP) provided approximately 73,000 residential, business and governmental customers in the City with reliable and affordable power in 2023. CPP sold approximately 1.528 billion Kilowatt hours (kWh) of electricity.

- Division of Water Pollution Control (WPC) maintains the local sanitary and storm water collection system within the City. The system is comprised of 1,436 miles of sewer lines, more than 43,500 catch basins and 11 pumps/lift stations. In 2023, the Division's sewers transported 1,440,150 cubic feet (Mcf) of water.

Department of Port Control

- Cleveland Hopkins International Airport (CLE) enplaned 4,939,279 passengers, a 13.6% increase from 2022 and had aircraft landed weight of 5,949,755,000 pounds.

- Concessions developer Fraport USA fully remodeled four concession locations in CLE. This included 800 Degrees Woodfired Kitchen, Cantina, Shake Shack and Wow Bao. The concessions program achieved the highest annual sales to date in 2023.

- In-terminal concession sales increased to $62,013,505 compared to $52,281,551 in 2022. Also, the average spend per enplanement for 2023 was $12.56 compared to $12.02 for 2022.

- CLE added nonstop service destinations to Dublin, Ireland via Air Lingus and San Juan, Puerto Rico via Frontier Airlines, increasing the number of nonstop destinations to 39.

- CLE completed the Smart Parking Garage Project two months ahead of schedule allowing the garage to offer approximately 4,000 parking spaces.

- CLE had several ongoing projects including Pavement Management, Network Hardware Upgrade and Jet Bridges and Gates.

Department of Law

- Drafted approximately 749 contracts and other instruments.

- Reviewed approximately 896 contracts for legal form and correctness.

- Prepared and processed 437 requests for legislation for introduction to City Council.

- Obtained 111 search warrants for Housing Court enforcement actions.

- Assisted Department of Building & Housing to obtain legal authorization for 607 demolitions of unsafe structures in the City.

- Prosecuted 599 criminal complaints in Housing Court for failing to comply with Building & Housing administrative orders at sites with code violations.

- Processed 451 claims for property damage and other losses.

- Represented the City in 40 liquor permit hearings and processed 140 liquor permit requests.

- The City's web-based records-request-system (GOVQA) processed 33,182 requests.

- Responded to 125 subpoenas for City records.

- Represented the City in 522 civil cases pending in various state and federal courts.

- Processed 1,255 citizen complaints in the Prosecutors' office.

- Prosecuted 8,721 misdemeanor charges, of which 648 were domestic-violence misdemeanor charges.

- Reviewed 14,930 felony offenses for determination of referral to Cuyahoga County Prosecutor's Office. From this number, 3,333 felony charges were issued, of which 648 were domestic-violence felony charges.

- Addressed 828 operating vehicle impaired (OVI) charges.

- Addressed 19,183 traffic offense charges.

- Represented the City in 145 various labor and employment matters.

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

- Partnered with approximately 40 providers to offer over 48 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 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.

- Implemented new E Sports program at five Neighborhood Resource and Recreation Centers (NRRC).

- 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. The Social Support Services (S3) Unit, consisting of one director, two supervisors and nine specialists connected 2,621 unique patrons of the centers to community-based resources and support services. The S3 unit strengthened relationships with community partners to provide doable supportive services to the community utilizing a warm-handoff approach.

- Provided online trauma-informed care professional development to staff members of the NRRC.

- Provided summer employment opportunities, job and career readiness training and life skills training in collaboration with Youth Opportunities Unlimited to approximately 240 youth; 80 youth with a stipend-based community service project and year-round employment opportunities to 40 youth, this included 11 youth trained as lifeguards.

- In collaboration with Cleveland Municipal School District (CMSD), co-sponsored Cross Systems Training for over 745 partners who provide resources and support to the community during times of crisis. The purpose of this training was to share resources, streamline and align the process of engagement and ensure that all partners were speaking the same language.

- In support of a shared youth agenda, our partner Little Tiger Strategic Storytelling presented workshops aimed at socializing a new narrative about children, youth, and how we want to serve them. During these workshops attendees learned how to craft narratives that shift public narratives in a positive direction, center voice of the people closest to the work (children, youth, families, and providers), and communicate the work of a shared youth agenda. 64 people have received the workshop trainings.

- In collaboration with youth serving organizations and schools, we hosted the first Thriving Youth Series that included a Youth Summit, a Youth Advocacy Leadership Coalition Health & Wellness Summit, CMSD Anti-Bully Summit, Open Doors Academy Policy Forum, the Starting Point Out-of-School Time Symposium, and the 2023 Future Shades in Medicine Summit. Approximately 1,495 attendees participated in these events.

- Collaborated with the Cleveland Cavaliers for season two of Hoops After Dark. PIOYYA in partnership with recreation staff supported 116 young men, ages 18-26 years, with an eight-week program across three NRRC host sites for development workshops and competitive basketball.

- Hired two program staff to support direct oversight of Cleveland Thrive, the U.S. Bureau of Justice Assistance Community Based Violence Intervention and Prevention Initiative (CVIPI) grant. This team hosted 6 meetings with over 30 partners.

- Developed and passed legislation for the first donor advised violence prevention fund, Neighborhood Safety Fund. In partnership with the Cleveland Foundation awarded $1 million in grants to 29 grassroots organizations and programs operating in neighborhoods across the City.

- Managed $4.5 million in American Rescue Plan Act (ARPA) related funds to Starting Point for staff retention, attraction bonuses and the family scholarship program. Serving 827 staff, 130 children, and 88 families.

Office of Capital Projects

- In 2023, the Division of Engineering & Construction (E&C) resurfaced 23 asphalt streets and installed 330 Americans with Disabilities Act (ADA) ramps as part of the Residential Resurfacing Program. Performed median improvements on the following medians:

    - West 154th (RTA Rapid Station to on-ramp for I-71 South)
    - Fleet Avenue at East 49th Street

- The Division also reconstructed 3.14 centerline miles of roadway, and 42 ADA ramps. Resurfaced portions of seven streets listed below:

    - East 12th Street (Euclid to Chester)
    - Hickory Court (East 12th to West end)
    - East 123rd (Superior to Durant)
    - East 80th Street (Kinsman to Bessemer)
    - London Avenue(Euclid to St. Clair)
    - Lee Road (Miles to McCracken)
    - West 20th Place (Smith Court to North End)

- The Back to Basics Program funded with amounts made available to the City as a result of ARPA paved 47 streets and installed 154 ADA ramps.

- Complete and Green Streets Program reconstructed approximately 5.84 centerline miles of roadway and installed 14.6 miles of bicycle lanes, 39 enhanced crosswalk, 19 bump outs, 15 pedestrian refuge islands, 13 yield to pedestrian flashing beacon signs, 331 ADA ramps, 27 intersection count down signals, 209,468 square feet of sidewalks, and planted 170 trees.

- The Bridge Section performed 51 required inspections of bridges and completed the Center Street Swing Bridge Rehabilitation Project.

- The Sidewalk & Permits Section issued over 2,356 permits allowing for work in the ROW and subsequent inspection to ensure quality control. They also coordinated the installation and repair of over 121,876 square feet of sidewalks and removed or pruned 1,216 trees in 2023 as part of the 50/50 Sidewalk & Tree Damaged Sidewalk Programs.

- The Survey Section completed 111 survey reviews, 12 street vacations requests, three street dedications, five encroachments, 22 ROW monuments reset, ten in-house field surveys and 450 legal descriptions reviewed.

- The Division of Architecture and Site Development (DASD) furthered the City's neighborhood revitalization efforts through the implementation, construction and/or rehabilitation of City facilities and infrastructure. The division completed the following projects 2023:

    - Roof replacements at Woodland, Cudell and Fairfax Recreation Centers.
    - Renovations of Heritage Park and Clark Field.
    - Camp Forbes Pond and Dock replacement.
    - Gunning Park Baseball Field Renovation.
    - Kerruish Park Basketball Courts (4) and Tennis Courts (3) Renovations.

- Public Safety Facilities - DASD conducts capital repairs and improvements to Police, Fire, and EMS facilities throughout the City. Capital needs are developed in collaboration with Public Safety and based on periodic assessments.

- In addition to the projects listed below, DASD is managing the design and construction process for the new Police Headquarters:

    - Roof replacements at Fire Stations 13 and 39
    - Fire Stations 1, 10, 20, 31, 36 and 39 renovations for mixed-gender accommodations

- Public Works Facilities - DASD is engaged in numerous improvement efforts for workplaces throughout City facilities, including major planning efforts such as a comprehensive workspace assessment of City Hall, Public Auditorium, 205 St. Clair, façade renovation phase II, tipping wall and scales at the Ridge Road Transfer Station and Willard Park Garage Phase III.

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

    - Obtained tax exemption for City-owned properties saving $1,877,709.
    - Paid real estate taxes for non-exempt City properties totaling $6,373,808.
    - Continued oversight of ROW 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:
        - Cleveland Metropolitan School District's master facilities plan.
        - Cleveland Public Library master facilities plan.
        - Northeast Ohio Regional Sewer District (NEORSD) Project Clean Lake infrastructure projects.
        - NEORSD storm water management projects.
        - Various projects with the Cleveland Metroparks and the City's department of Public Utilities.

Office of Sustainability

- Hosted the Greater Cleveland Decarbonization Summit, April 2023, engaging more than 260 participants and had more than 100 participants in deep dive technical decarbonization modeling workshops.

- Earned an A- scorecard rating from the Carbon Disclosure Project in 2023, which acknowledges the City's continued and transparent reporting on mitigation and adaptation actions that tackle climate change.

- Improved score and ranking in the American Council for an Energy-Efficient Economy (ACEEE)'s 2023 City Clean energy scorecard (to be published in 2024).

- 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 11% less energy per square foot, saving approximately $4 million per year in utility costs.

- Continued to support community choice municipal electricity aggregation, resulting in cost savings, rate stability, and 100% renewable energy for approximately 50,000 residents and small businesses.

- Cost savings and 100% renewable electricity for 60% of City facilities for 2023-2024.

- Recognized by the US Environmental Protection Agency (EPA) as a Green Power Community (GPC) for meeting or exceeding EPA's GPC usage requirements.

- Completed installation of a Level 2 electric vehicle charging station at the Cleveland-Hopkins Airport and two at Canal Basin parking lots, to be activated in 2024.

- Completed six month Food Rescue and Composting Pilot program at West Side Market (WSM) with local business Rust Belt Riders and the Hunger Network. Results: diverted nearly 40,000 lbs. (20 tons) of material from entering landfills, preventing over 14 tons of greenhouse gas emissions, working with roughly 30 Market vendors; saved 2,269 pounds of food for distribution to those in hunger; created a residential food waste composting program roadmap.

- Supported on-going food waste composting program at the WSM, June through December 2023.

- Continued implementation of the Cleveland Tree Plan with a focus on policy, funding allocations, grant applications for Inflation Reduction Act (IRA) funding, the standing up of a revitalized tree commission, as well as strategic planning for the Cleveland Tree Coalition.

- Supported quarterly Urban Forestry Commission meetings, commissioner training through the Ohio Department of Natural Resources (Tree Commission Academy, Freshman and Sophomore years).

- Continued sustainability outreach through social media channels (21,974 followers, posts reaching 236,334), e-newsletters (68.21% open rate), 11 monthly meetings (approximately 30 attendees average), and targeted campaigns (93,257 webpage visits).

- Conducted a new Urban Forestry-focused Sustainability Youth Employment Program, employing four youths who conducted a neighborhood tree inventory verification (928 trees, Buckeye-Shaker), trained in physical and Geographic Information System (GIS) tool based tree identification and reporting.

- Supported and included in two grant submissions related to the Inflation Reduction Act's US EPA Solar for All applications (OH EPA application; Multi-city, Multi-state application)

- Grant funding - Secured 2023 – Total $1,050,000 and managed – Total $610,000:
  - $600,000 from the US EPA (Climate Pollution Reduction Planning Grant), 2023 – 2025 for implementation – sub-award from Northeast Ohio Coordinating Agency.
  - $340,000 from the US Department of Agriculture, Compost and Food Waste Reduction program for food waste composting program for Cleveland residents, 2024-2026 for implementation.
  - $100,000 from US Department of Energy Built Infrastructure Law Resilient and Efficient Codes Implementation grant program – sub-award from University of Cincinnati, 2026-2028 for implementation.
  - $10,000 (2022) from the Ohio Department of Natural Resources to plant trees on residential tree lawns; trees were planted in 2023.

2024 Budget

The City submitted a structurally balanced budget to Council on February 1, 2024, which reflects revenue estimates of $779,306,140 and anticipated expenditures of $778,689,177. For the second year in a row this is a structurally balanced budget, a notable achievement, which is possible for Fiscal Year 2024 thanks to modest but consistent revenue growth, a continuation of last year's efforts to strategically budget staffing levels, and the use of $17 million from the City's Payroll Reserve Fund to cover the costs of a 27th pay period occurring in 2024. Four years after the worst fiscal shock in recent memory, the City's financial condition is healthy and stable.

A structurally balanced budget allows the City of Cleveland to make strategic investments to enhance City services and create the conditions for residents and businesses to thrive. Major investments made possible with the fiscal stability provided by a structurally balanced budget include paid parental leave for employees, investments in public safety, full-time security at all NRRC's, additional funding for the Tree-Damaged-Sidewalk Program, and additional resources to support the Department of Economic Development's efforts to grow the City's economy.

As of the end of November 2023, the City's labor market continued its steady post-pandemic recovery expanding 8.1% since November 2020 and unemployment was at its lowest recorded level since 1990. These employment figures are key to the City's modest yet steady 3.3 % income tax revenue growth in 2023. As with any forecast, there is no guarantee growth will continue but conservative estimates project a 2024 growth rate of 2.75 % using the historical average growth rate for income tax since 2001. In addition to income tax revenue growth, we project property tax, admissions tax, hotel tax, and interest earnings, among other sources of revenue, to increase modestly in 2024.

Despite the steady revenue growth of the past several years, expenses continue to rise and uncertainty and risks continue to impact City operations. Supply chain constraints; inflationary pressures on the costs of labor, supplies, and services; political uncertainty at the federal level; conflicts in Europe and the Middle East; and climate change are matters of global importance that affect us locally. Though less acute than in prior years, both population decline and the persistence of remote work continue to act as a drag on the City's fiscal health.

In 2023, there was a high level of interest in the City's budget and the process by which we develop, adopt, and implement the budget. To promote broader civic engagement with the budget process, the Finance Department held its first-ever series of seven community budget meetings. Attendees of these meetings received a high-level overview of the City's revenues and expenses and the process of developing the budget, and had the opportunity to ask any questions they had about the City's finances. At the end of these sessions, attendees participated in an exercise in which they used stickers to identify what City functions they would prioritize given finite resources.

The City continues to make key ARPA investments in a variety of near- and long-term initiatives to revitalize the City. In 2023, the City made some of its most ambitious investments to date, allocating and/or advancing roughly $225 million to more than 40 projects in priority areas including but not limited to: economic recovery, violence prevention, digital equity, and neighborhood amenities. More information on ARPA investments is available on the mayor's website under the Initiatives section of Mayor Bibb's Rescue & Transformation Plan.

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 was able to transfer dollars to the Rainy Day Fund in the amount of $20 million and establish and fund the Payroll Reserve Fund by $90 million. These transfers were able to be made due to ARPA dollars received in 2021 and 2022. The Payroll Reserve Fund will transfer $17 million to help the City fund payroll related obligations in future years, notably a 27th pay period in 2024. On July 18, 2022, Moody's Investors Service upgraded its rating on the City's General Obligation and Subordinate Lien Income Tax Bonds from A1 to Aa3. The rating on the City's Non-tax Revenue Bonds were also upgraded from A2 to A1. It had been more than 12 years since the City had received a bond rating upgrade. On June 30, 2023, Fitch ratings upgraded its rating on the City's General Obligation Bonds from A+ to AA-.

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 2011-2023 have leveraged nearly $3.4 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, 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, construction has steadily progressed during 2023. 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 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's 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 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's Department of Building and Housing on property located in the City 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 May 25, 2022, pursuant to Ordinance # 482-2022, passed May 25, 2022 and effective May 25, 2022, 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 28,615 units of housing dating back to 1994. Since 2010 (the first year of the GBS) 6,873 GBS units were completed. In 2022, 1,344 units met the GBS.

- Single family – 178 new constructions, 68 rehabs

- Multi-family – 881 new constructions, 217 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 ARPA funds, totaling $512 million over two years. The City received half of these dollars in June 2021 and received the remainder in May, 2022. Mayor Bibb's Rescue & Transformation Plan outlines a priorities and 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 most urgent challenges. The Center for Economic Recovery will equitably and strategically assess applications for ARPA-funding using the same evaluation criteria to make strategic decisions to achieve the long-term vision. 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, A Safer Cleveland, Closing the Digital Divide, a Modern & Transparent City Hall, Education for Everyone, Lead-safe Cleveland and Arts & Neighborhood Amenities initiative.

- *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.

- *Raising Investment in Safety for Everyone (RISE)* – In 2023, the City launched the RISE initiative aimed at fighting crime through collaboration and improving police recruitment and retention. The City also established the Cleveland Neighborhood Safety Fund, which recently awarded its first $1 million in grantmaking to grassroots organizations focused on critical violence prevention work in our neighborhoods.

- *West Side Market* - The West Side Market is a historic institution that must be preserved and protected for future generations. The City has budgeted $20 million dollars for capital improvements at the WSM in 2024.

- *A Safer Cleveland* - Everyone deserves to feel safe in our neighborhoods, at school or at the grocery store. The Bibb administration is committed to taking a comprehensive approach to improve public safety to address gun violence and prevent violent crime.

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, 2023, represents the 43rd 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 internal audits 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, 2022. 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 39 years (years ended 1984 – 2022). 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

CITY OF CLEVELAND, OHIO

City Officials
Justin M. Bibb, Mayor

EXECUTIVE STAFF

Bradford J. Davy	Chief of Staff
Mark D. Griffin	Chief Legal Officer/Director, Department of Law
Sarah N. Johnson	Chief Communications Officer
Ryan M. Puente	Deputy Chief of Staff, Chief Government Affairs Officer
Ahmed Abonamah	Chief Finance Officer/Director, Department of Finance
Bonnie Teeuwen	Chief Operating Officer
Michele Pomerantz	Chief of Education
Jeff Epstein	Chief Integrated Development Officer
Dornat A. Drummond	Interim Chief Public Safety Officer/Director, Department of Public Safety
Dorothy A. Todd	Chief of Police
Anthony P. Luke	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 O'Toole	Director, Department of Building and Housing
Joyce Pan Huang	Director, City Planning Commission
Rachon Long	Executive Director, Civil Service Commission
Alyssa Hernandez	Director, Department of Community Development
Angela Shute-Woodson	Director, Community Relations Board
Thomas S. McNair	Director, Department of Economic Development
Matthew J. Cole	Director, Department of Human Resources
James DeRosa	Director, Mayor's Office of Capital Projects
Tyson Mitchell	Director, Office of Equal Opportunity
Elizabeth Crowe, Ph.D.	Director, Urban Analytics & Innovation
Bryant L. Francis	Director, Department of Port Control
Dr. David Margolius	Director, Department of Public Health
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-Jones	Ward 7
Michael D. Polensek	Ward 8
Kevin Conwell	Ward 9
Anthony T. Hairston	Ward 10
Danny Kelly	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

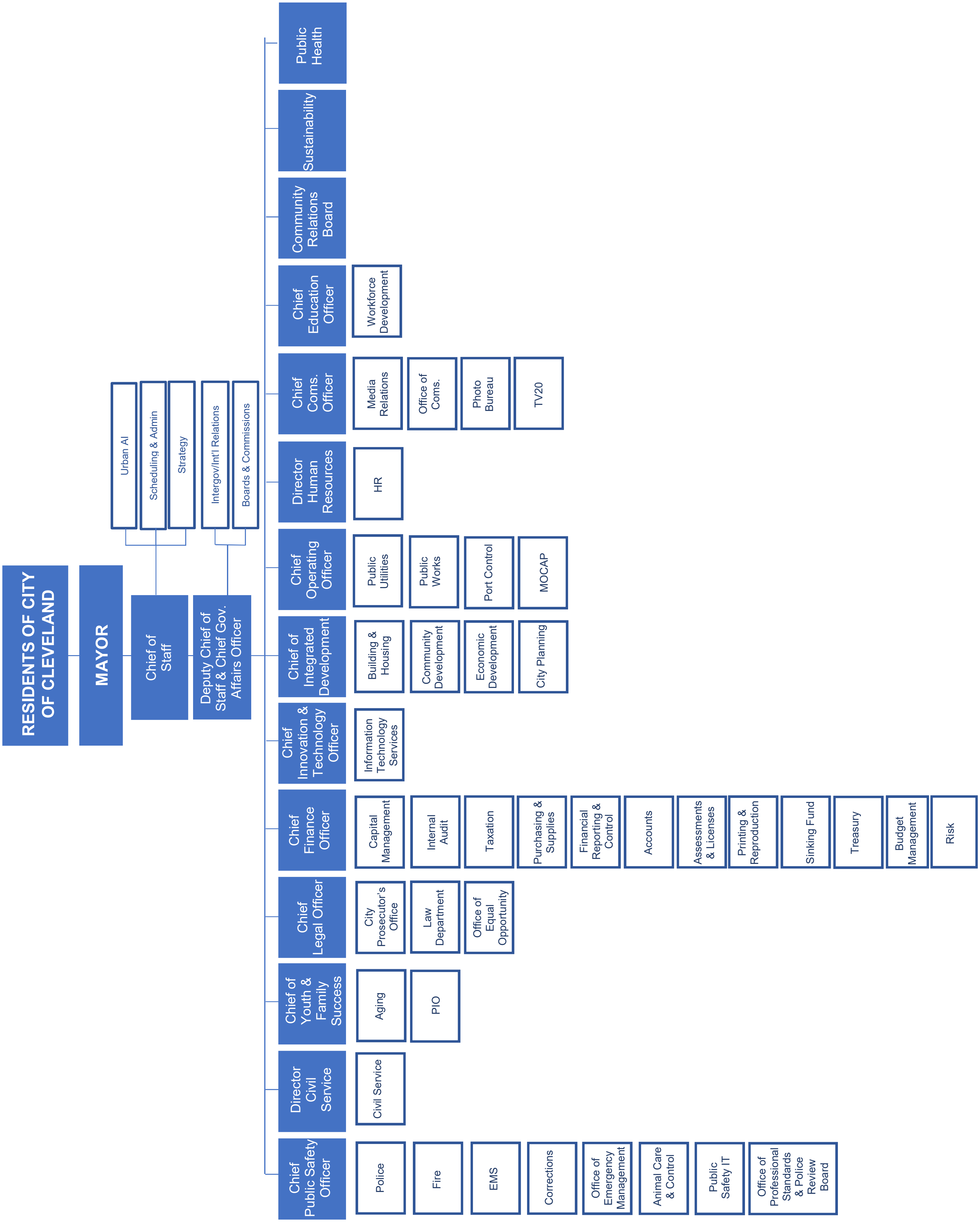
City of Cleveland
Ohio

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

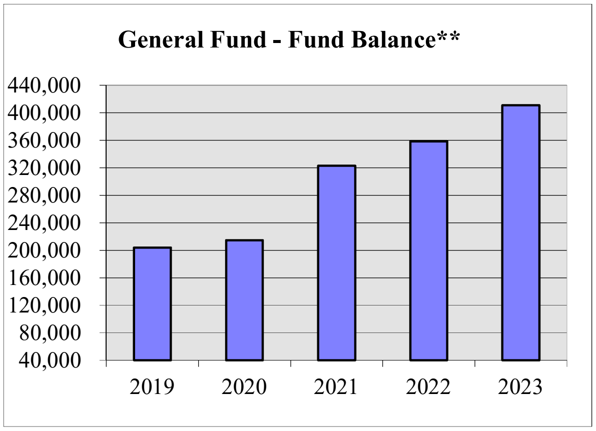
Christopher P. Morrill

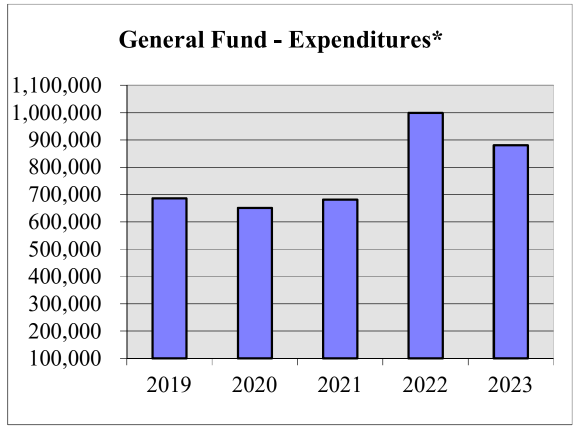
Executive Director/CEO

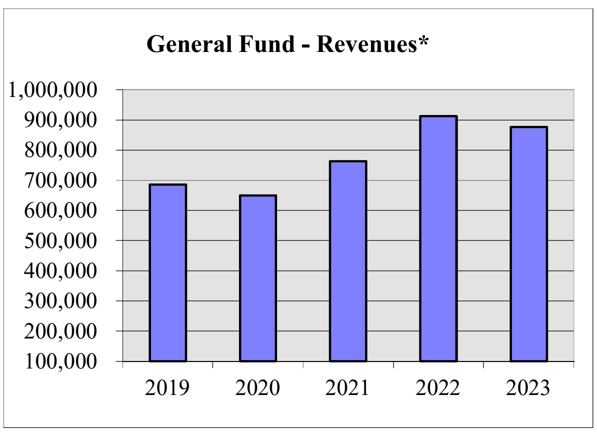

RESIDENTS OF CITY OF CLEVELAND
MAYOR
Chief of Staff
Deputy Chief of Staff & Chief Gov. Affairs Officer
Urban AI
Scheduling & Admin
Strategy
Intergov/Int'l Relations
Boards & Commissions
Chief Public Safety Officer
Police
Fire
EMS
Corrections
Office of Emergency Management
Animal Care & Control
Public Safety IT
Office of Professional Standards & Police Review Board
Director Civil Service
Civil Service
Chief of Youth & Family Success
Aging
PIO
Chief Legal Officer
City Prosecutor's Office
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
Risk
Chief Innovation & Technology Officer
Information Technology Services
Chief of Integrated Development
Building & Housing
Community Development
Economic Development
City Planning
Chief Operating Officer
Public Utilities
Public Works
Port Control
MOCAP
Director Human Resources
HR
Chief Coms. Officer
Media Relations
Office of Coms.
Photo Bureau
TV20
Chief Education Officer
Workforce Development
Community Relations Board
Sustainability
Public Health

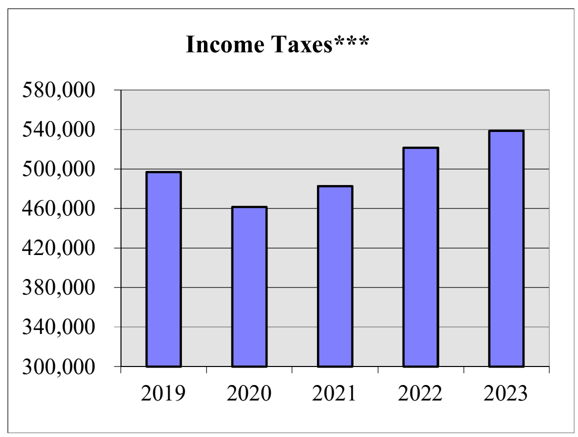
CITY OF CLEVELAND, OHIO

FINANCIAL HIGHLIGHTS
(Amounts in Thousands)









For Year Ended	General Fund Fund Balance**	General Fund Revenues*	General Fund Expenditures*	Income Taxes***
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
2022	358,729	912,704	998,270	521,343
2023	410,913	876,385	879,657	538,471

* *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

65 East State 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, 2023, 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, 2023, 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.

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, the 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 27, 2024, 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 27, 2024

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CITY OF CLEVELAND, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cleveland (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2023. Please read this information in conjunction with the City's financial statements and footnotes that begin on page 58.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2023 by approximately $3.793 billion (net position).

- Of the approximately $3.793 billion of net position, governmental activities accounted for approximately $1.065 million of net position, while business-type activities net position accounted for approximately $2.728 billion.

- The City's net position increased by $323.3 million as compared to 2022. The governmental activities net position increased by $186.9 million and the business-type activities net position increased by $136.4 million.

- At the end of the current year, unassigned fund balance for the General Fund was $187.8 million, which represents the amount available for spending at the City's discretion. The unassigned fund balance equals 27.5% of the total General Fund expenditures and other financing uses.

- In 2023, the City's total long-term debt and other long-term debt-related obligations, excluding premiums, accreted interest and discounts decreased by $95.7 million. The decrease is due to payments made on debt of $209.1 million offset by new debt issues for General Obligation bonds of $63.0 million, Certificates of Participation of $40.2 million and $10.2 million related to new loan issues.

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 58-61 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 62-65 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 66-70 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 71-72 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 73-132 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, 2023 and 2022

	Governmental Activities		Business-Type Activities (Amounts in Thousands)		Total	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Assets:						
Current and other assets	$ 1,777,420	$ 1,757,925	$ 1,372,011	$ 1,303,698	$ 3,149,431	$ 3,061,623
Capital assets, net	1,341,770	1,299,919	2,873,140	2,899,438	4,214,910	4,199,357
Net pension asset	2,326	4,320	1,560	2,930	3,886	7,250
Net OPEB asset		36,055		24,463	-	60,518
Total assets	3,121,516	3,098,219	4,246,711	4,230,529	7,368,227	7,328,748
Deferred outflows of resources	388,362	229,957	147,062	81,025	535,424	310,982
Liabilities:						
Net pension liability	950,174	544,363	213,822	68,990	1,163,996	613,353
Net OPEB liability	54,020	77,665	4,505		58,525	77,665
Long-term obligations	1,030,706	1,028,315	1,145,414	1,242,288	2,176,120	2,270,603
Other liabilities	189,408	363,402	280,846	285,787	470,254	649,189
Total liabilities	2,224,308	2,013,745	1,644,587	1,597,065	3,868,895	3,610,810
Deferred inflows of resources		436,378	20,687	122,462	20,687	558,840
Net position:						
Net investment in capital assets	799,523	751,679	1,833,433	1,776,111	2,632,956	2,527,790
Restricted	234,787	230,517	216,013	192,072	450,800	422,589
Unrestricted	30,619	(104,143)	679,053	623,844	709,672	519,701
Total net position	$ 1,064,929	$ 878,053	$ 2,728,499	$ 2,592,027	$ 3,793,428	$ 3,470,080

The net pension liability/(asset) is reported by the City at December 31, 2023 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 pension asset, 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/(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 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/(asset) 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/(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 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/(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. Payments of Pension and OPEB liabilities are paid out of the funds that incurred the liabilities.

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/(asset) 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 $3.793 billion at the close of the most recent fiscal year. This represents an increase of 9.3% in 2023. Of the net position from governmental activities, $799.5 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, $234.8 million, represents resources that are subject to external restrictions on how they may be used.

In 2023, the total assets and deferred outflows of resources from governmental activities increased by $181.7 million. This increase is primarily attributed to an increase in deferred outflow of resources mainly due to $152.8 million increase in pension and an $11.5 million increase in OPEB. The increase in deferred outflow of resources is mainly due to changes in assumptions regarding future economic and geographic factors for pension and OPEB.

Also in 2023, the total liabilities and deferred inflows of resources from governmental activities decreased by $5.2 million. This decrease is primarily due to a decrease in inflows of resources of $215.7 million which was offset by an increase in net pension liability of $405.8 million and a decrease of $174.0 million in other liabilities related to a decrease of $159.8 million in unearned revenue mainly from $153.3 million decrease in the General Government Fund.

Of the business-type net position, $1.833 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 $216.0 million of net position is subject to external restrictions on their use. The remaining balance of $679.1 million is unrestricted and may be used to meet the City's ongoing obligations to customers and creditors.

In 2023, business-type total assets and deferred outflows of resources increased by $82.2 million. This increase is primarily attributed to an increase in deferred outflows of resources of $66.0 million and an increase of $68.3 million in current and other assets offset by a $24.5 million decrease in net OPEB asset.

Business-type total liabilities and deferred inflows of resources decreased by $54.3 million mainly due to a decrease in deferred inflows of resources of $101.8 million mainly due to decreases in deferred inflows of pensions and OPEB.

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

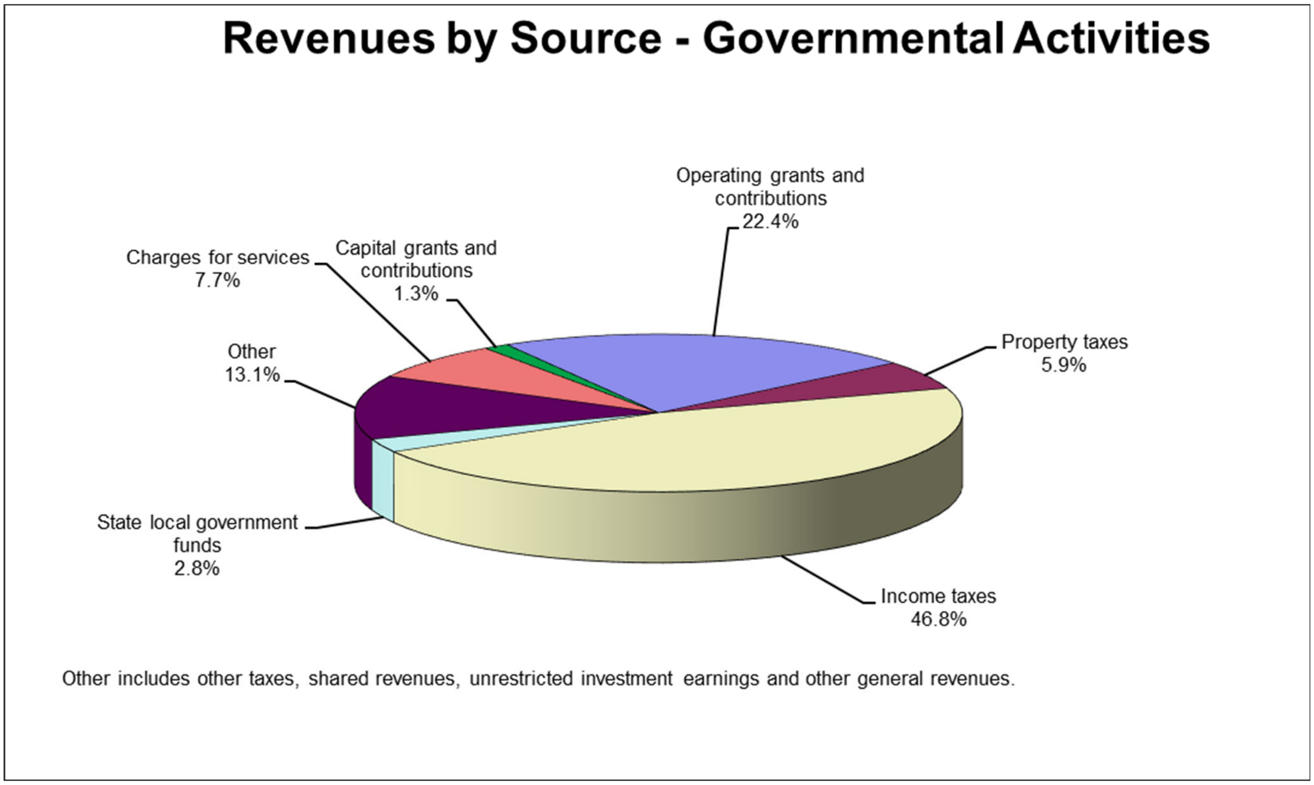
Changes in Net Position

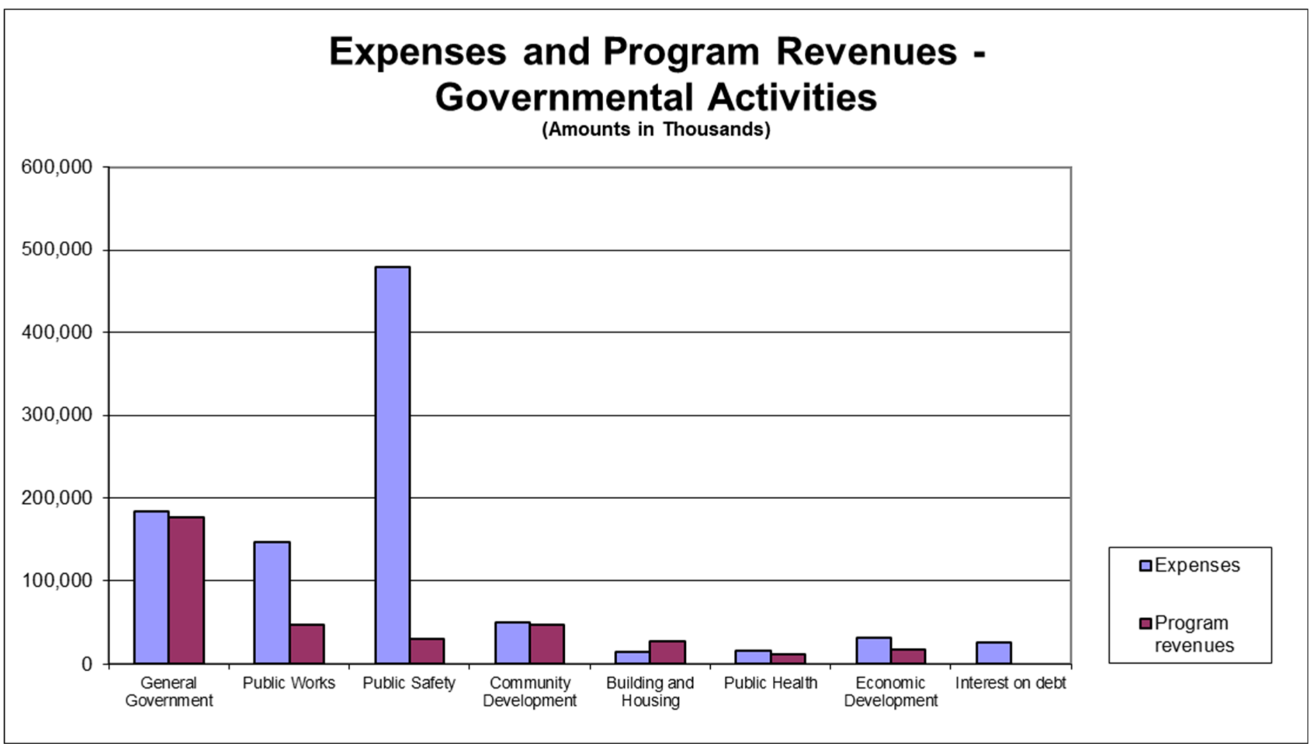
For the Years Ended December 31, 2023 and 2022

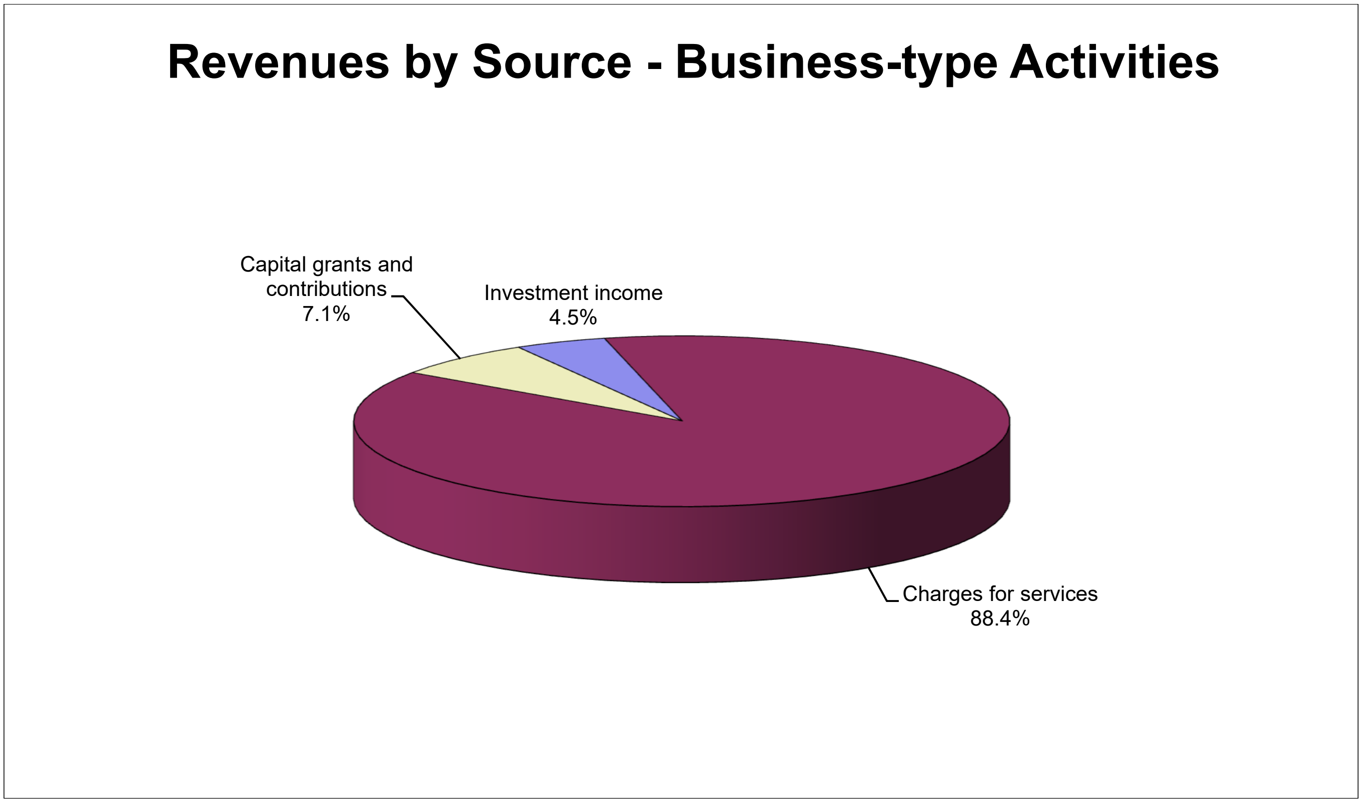
	Governmental Activities		Business-Type Activities (Amounts in Thousands)		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 87,526	$ 79,743	$ 695,300	$ 687,170	$ 782,826	$ 766,913
Operating grants and contributions	255,694	324,662	118	149	255,812	324,811
Capital grants and contributions	15,423	26,284	55,161	41,005	70,584	67,289
General revenues:						
Income taxes	534,003	518,824			534,003	518,824
Property taxes	66,831	69,754			66,831	69,754
Other taxes	46,453	40,115			46,453	40,115
Unrestricted shared revenues	23,134	22,428			23,134	22,428
State local government funds	31,766	31,546			31,766	31,546
Unrestricted investment earnings	70,399	20,555	35,520	9,443	105,919	29,998
Other	9,225	7,315	100		9,325	7,315
Total revenues	1,140,454	1,141,226	786,199	737,767	1,926,653	1,878,993
Expenses:						
General Government	184,057	151,424			184,057	151,424
Public Works	147,377	136,627			147,377	136,627
Public Safety	478,912	347,142			478,912	347,142
Community Development	49,951	42,259			49,951	42,259
Building and Housing	14,326	9,063			14,326	9,063
Public Health	15,683	15,765			15,683	15,765
Economic Development	31,682	22,757			31,682	22,757
Interest on debt	26,074	25,134			26,074	25,134
Water			270,012	250,686	270,012	250,686
Sewer			27,540	25,703	27,540	25,703
Electricity			187,428	196,200	187,428	196,200
Airport facilities			150,477	149,774	150,477	149,774
Nonmajor activities			19,786	16,810	19,786	16,810
Total expenses	948,062	750,171	655,243	639,173	1,603,305	1,389,344
Changes in net position before transfers	192,392	391,055	130,956	98,594	323,348	489,649
Transfers	(5,516)	(10,233)	5,516	10,233	-	-
Changes in net position	186,876	380,822	136,472	108,827	323,348	489,649
Beginning net position	878,053	497,231	2,592,027	2,483,200	3,470,080	2,980,431
Ending net position	$ 1,064,929	$ 878,053	$ 2,728,499	$ 2,592,027	$ 3,793,428	$ 3,470,080

Governmental activities increased the City's net position by $186.9 million as compared to a $380.8 million increase in 2022. This increase is primarily due to an increase of $49.8 million in unrestricted investment earnings due to the turnaround of the market and higher returns. Also, there was an increase of $15.2 million in income taxes due more people returning to work.

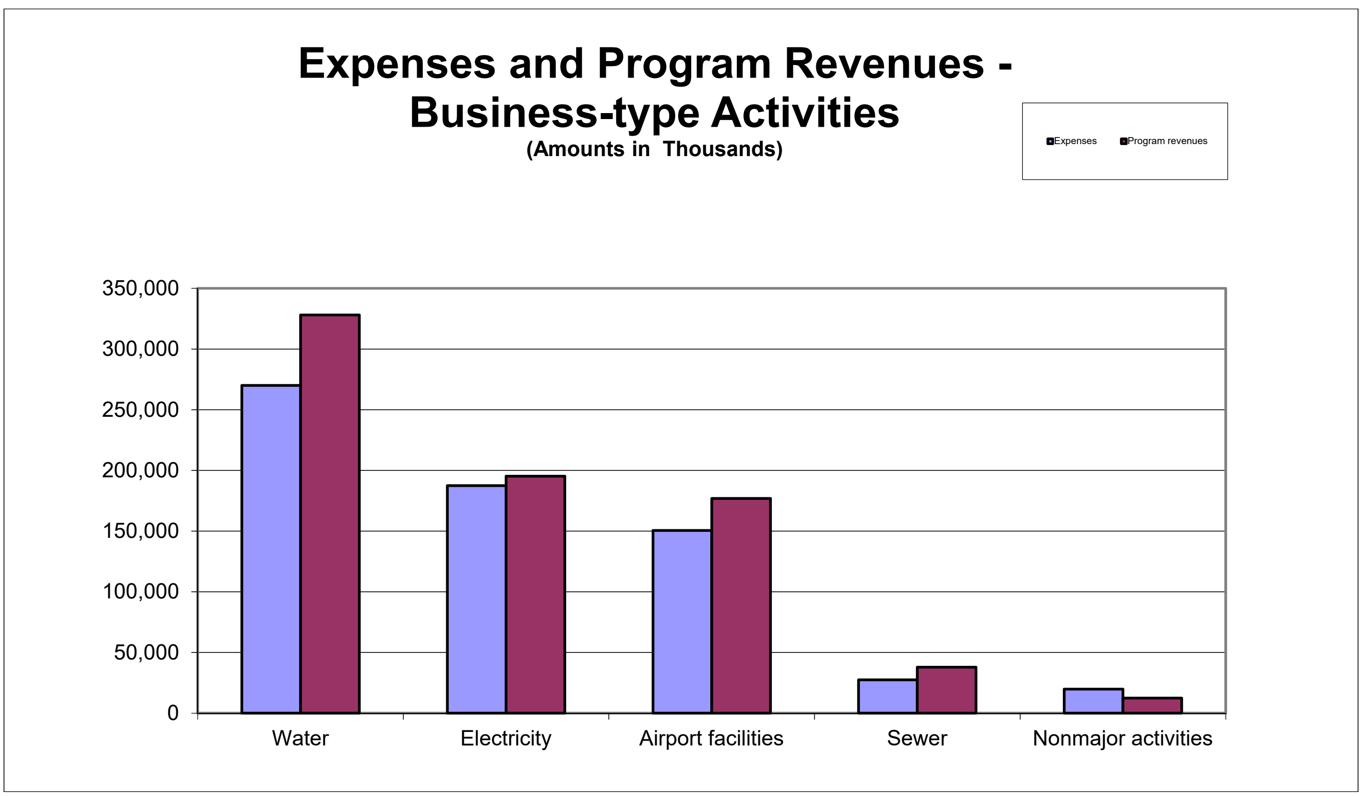
Business-type activities increased the City's net position by $136.5 million in 2023 compared to an increase of $108.8 million in 2022. The change is mainly attributed to an increase of $14.2 million in capital grants and contributions related largely to the Division of Water and Division of Port Control. Also an increase of $8.1 million in charges for services related to the Division of Port Control offsetting this increase in revenue was a $19.3 million increase in expenses for the Division of Water.


Revenues by Source - Governmental Activities
Operating grants and contributions 22.4%
Capital grants and contributions 1.3%
Charges for services 7.7%
Other 13.1%
Property taxes 5.9%
State local government funds 2.8%
Income taxes 46.8%
Other includes other taxes, shared revenues, unrestricted investment earnings and other general revenues.


Expenses and Program Revenues - Governmental Activities
(Amounts in Thousands)
600,000
500,000
400,000
300,000
200,000
100,000
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 7.1%
Investment income 4.5%
Charges for services 88.4%



Expenses and Program Revenues - Business-type Activities
(Amounts in Thousands)
Expenses
Program revenues
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 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 435,000 city and suburban accounts in the Cleveland Metropolitan Area. Operating revenue in 2023 slightly decreased to $317.4 million from $319.7 million in 2022. The reduction is primarily attributed to a slight decrease in metered consumption of $2.3 million. Operating expenses, exclusive of depreciation and amortization, increased approximately 13.4% to $189.1 million compared to $166.7 million in 2022.

Division of Cleveland Public Power: The Division supplies electrical service to approximately 73,000 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 2023 operating revenue decreased by 5.4% to $189.1 million from $199.8 million in 2022. Purchased power expense decreased by 7.1% to $120.7 million in 2023 from $129.9 million in 2022. Operating expenses, exclusive of depreciation, amortization and purchased power increased 18.7% to $38.7 million in 2023 compared to $32.6 million in 2022.

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 117,000 customer accounts in the City, of which 96.0% are residential and 4.0% commercial. The Division's 2023 operating revenue increased by 8.0% to $35.2 million from $32.6 million in 2022. The increase is primarily attributed to a 10.0% increase in rates per MCF. Operating expenses, exclusive of depreciation and amortization, increased 9.7% to $20.4 million in 2023 compared to $18.6 million in 2022.

Department of Port Control: The City's Department of Port Control includes the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport. During 2023, 23 passenger airlines provided scheduled airline service at Cleveland Hopkins International Airport. Burke Lakefront Airport, a federally certified commercial and general aviation reliever airport, provides the majority of its services to air taxi operators serving the City's downtown business activities. The Divisions' change in net position for 2023 was $29.6 million. There were 46,000 scheduled landings in 2023. Operating revenues increased due to the increased number of passengers and flights. This resulted in increased parking and other concessions revenue. Total operating expenses for 2023 increased primarily due to increases in salaries, wages and benefits as a result of the net pension and OPEB expenses. Non-operating revenues increased due to an increase in interest income as a result of higher interest rates.

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 $1.334 billion, an increase of $165.7 million and approximately 14.2% in comparison with the prior year. The components of the governmental fund balances include an unassigned balance of $187.8 million, which indicates the amount available for spending at the City's discretion. An additional $525.7 million of fund balance is available for expenditures that are legally restricted for a particular purpose. The non-spendable portion of fund balance has $14.9 million of funds that are not in a spendable form, such as pre-paid expenditures. An additional $397.3 million is committed to fund specific purposes and cannot be reassigned without legislative approval. The remaining assigned balance of $208.4 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 $187.8 million and the total fund balance was $410.9 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 27.5% of total General Fund expenditures and other financing uses, while total fund balance represents approximately 60.2% 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

2023 and 2022

(Amounts in Thousands)

	2023	2022
Revenues:		
Income taxes	$ 475,687	$ 455,770
Property taxes	45,246	44,868
State local government funds	31,674	31,276
Other taxes	46,453	40,115
Other shared revenues	21,515	20,316
Licenses and permits	23,466	23,209
Charges for services	24,991	32,993
Fines, forfeits and settlements	6,978	6,624
Investment earnings	44,118	9,261
Grants	1,101	1,865
Miscellaneous	8,879	6,938
Total revenues	730,108	673,235
Expenditures:		
General Government	119,063	105,316
Public Works	67,385	53,850
Public Safety	248,433	178,211
Community Development	1,802	1,176
Building and Housing	9,036	5,955
Economic Development	1,927	1,539
Other	10,728	10,043
Capital outlay	20,392	8,798
Principal retirement	2,049	
Interest	131	
Total expenditures	480,946	364,888
Excess (deficiency) of revenues over (under) expenditures	249,162	308,347
Other financing sources (uses):		
Transfers in	213	
Transfers out	(202,187)	(272,780)
Inception of subscriptions	4,586	
Sale of city assets	410	
	(196,978)	(272,780)
Net change in fund balance	52,184	35,567
Fund balance at beginning of year	358,729	323,162
Fund balance at end of year	$ 410,913	$ 358,729

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 $10.6 million and $48.8 million in 2023, respectively. The increase in General Government fund balance is primarily due to a $103.9 million decrease in cash and cash equivalents and a $153.3 million decrease in unearned revenue. The decrease in cash and cash equivalents relates to a decrease in revenue recovery from the American Rescue Plan Act (ARPA) funds. The Public Health Fund is a blended component unit. The Public Health Fund's fund balance increased by $1.5 million in 2023, primarily due to $685,000 increase in cash and cash equivalents, $375,000 increase in due from other funds and a $316,000 decrease in accounts payable.

Analysis of General Fund Revenues

General Fund revenues and other financing sources totaled $735.3 million in 2023, an increase of approximately $62.1 million from 2022. 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 2023, approximately 91.1% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

In 2023, income tax revenue increased by $19.9 million, primarily due to an increase in tax collection as a result of a lower unemployment rate than in 2022.

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)		
2023	$	5,365,526	$	553,233	$	5,918,759
2022	$	5,329,360	$	520,673	$	5,850,033

Property tax revenue increased by approximately $378,000 in 2023 from 2022 levels due to collections remaining fairly consistent.

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 $398,000 or 1.3% in 2023. Other Taxes increased by $6.3 million or 15.8% from 2022 levels as a result of sports, entertainment, and hotel revenues returning to more normal levels after the pandemic closures. Investment earnings increased significantly by $34.9 million in 2023 due to an increase in interest rates, higher cash balances, and earnings on treasury investments. Licenses and Permits Revenues increased by $257,000 or 1.1% from 2022 levels mostly due to an increase in building permits and housing certificates of occupancy.

Ohio subdivisions share in a portion of the State Local Government Funds (LGF) 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 $683.1 million in 2023, an increase of 7.1% from 2022. 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 2023	% of Total	Actual 2022	% of Total	Increase (Decrease)	% Change
			(Amounts in 000's)			
Current:						
General Government	$ 119,063	17.43	$ 105,316	16.52	$ 13,747	13.05
Public Works	67,385	9.86	53,850	8.45	13,535	25.13
Public Safety	248,433	36.37	178,211	27.95	70,222	39.40
Community Development	1,802	0.26	1,176	0.18	626	53.23
Building and Housing	9,036	1.32	5,955	0.93	3,081	51.74
Economic Development	1,927	0.28	1,539	0.24	388	25.21
Other	12,908	1.89	10,043	1.57	2,865	28.53
Capital Outlay	20,392	2.99	8,798	1.38	11,594	131.78
Transfers Out	202,187	29.60	272,780	42.78	(70,593)	(25.88)
Total Expenditures and Other Financing Uses	$ 683,133		$ 637,668		$ 45,465	

The increase in Public Safety of $70.2 million, which was due to salary increases was offset by the decrease of $70.6 million in transfers out. Capital outlay increased $11.6 million due to the implementation of GASB 96 while Public Works increased by $13.5 million and General Government increased by $13.7 million.

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 $425.9 million, $48.9 million, $34.4 million and $164.2 million, respectively, at December 31, 2023. The change in net position for each of the respective funds amounted to an increase of $84.1 million, an increase of $12.3 million, an increase of $10.0 million and an increase of $29.6 million during 2023. 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, 2023 and 2022, the City had approximately 6,670 and 6,609 full-time employees, respectively. Of the 6,670 full-time employees, approximately 4,525 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 – 886 members; Cleveland Police Patrolmen's Association (CPPA) – 956 members; the Association of Cleveland Firefighters – 743 members; Municipal Foreman and Laborers Union, Local 860 – 370 members; and Local 507 – 217 members.

There have been no significant labor disputes or work stoppages in the City within the last 40 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)	
2023	$	525,082
2022	$	499,813

In 2023, there was an increase of 5.1% from the prior year due to retroactive pay increases from union negotiations and division of police retention bonuses.

GENERAL FUND BUDGETARY ANALYSIS

In 2023, the primary differences between the original and final budgeted expenditures and other financing uses included a $188.4 million increase in transfers out and other expenditures due to a $140.9 million transfer to the strategic priority subfund, a $1.15 million provision to the Golf course Fund being added, a $10.1 million increase in the subsidy to Street Construction, Maintenance and Repair, a $1.2 million provision to the Restricted Income Tax Fund and a $33.5 million transfer to capital.

The major differences between the final amended budget and the actual total revenues were an increase of $8.2 million in income tax revenues, a decrease of $8 million in charges for services, an increase of $5 million in other taxes, a decrease of $4.3 million in transfers in, a $3.3 million increase in property tax and a decrease of $1.2 million in investment income.

The major differences between the final amended budget and the actual total expenses were decreases of $5.1 million in Public Safety, $4.8 million in non-departmental, and $6.7 million in general government.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City's capital assets for its governmental and business-type activities as of December 31, 2023, amounts to $4.215 billion (net of accumulated depreciation and amortization). This capital assets balance includes land; land improvements; utility plant; buildings, structures and improvements; furniture, fixtures, equipment and vehicles, infrastructure, right to use assets and construction in progress.

In 2023, the City's net capital assets increased slightly from 2022. A Summary of the City's capital assets at December 31, 2023 is as follows:

	Capital Assets, Net of Accumulated Depreciation and Amortization		
	Governmental Activities	Business-Type Activities	Total
		(Amounts in Thousands)	
Land	$ 73,137	$ 191,374	$ 264,511
Land Improvements	60,193	66,123	126,316
Utility plant		1,615,491	1,615,491
Buildings, structures and improvements	294,872	304,704	599,576
Furniture, fixtures, equipment and vehicles	92,440	147,951	240,391
Infrastructure	379,021	182,071	561,092
Construction in progress	427,117	362,554	789,671
Right to use assets	14,990	2,872	17,862
Total	$ 1,341,770	$ 2,873,140	$ 4,214,910

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 2023 included Southern Transmission Line, Hayden substation, general engineering services, and high voltage switch equipment. The Division's net capital assets decreased by over $5.8 million in 2023 due to normal depreciation expense.

- The Division of Water incurred a net increase of almost $48 million for construction in progress in 2023. Major additions to construction in progress included in the increase was related to additional spending on; suburban water main renewals, Richfield Tower, enhancements to the Baldwin Plant filtration and sedimentation basins and improvements to the Crown Plant water system. Overall, the Division's investment in capital assets had a net increase of $23.8 million from 2022 due to an enhanced capital plan.

- The Department of Port Control had a net decrease of $44.8 million in net capital assets due to depreciation expense in 2023. Major project spending in 2023 included the CLE Ground Transportation Center Upgrades Project, Smart Parking Garage Projects, Cooling Chiller Replacement, a Jet Bridge, Fire Suppression Systems and the Hotel Road Improvement Projects.

- The Division of Water Pollution Control's principal spending for construction in progress in 2023 included sewer installations and connections, catch basins and manholes, and pavement and drainage improvements.

- Construction in progress spending for Governmental Activities had a net increase of $51.0 million in 2023. Major projects included improvements to various recreational centers, parks and playgrounds, Stadium Improvements, infrastructure improvements, demolition, 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 $1.895 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, 2023 is summarized below (excluding unamortized discounts, premiums and accreted interest).

	Balance January 1, 2023	Debt Issued	Debt Refunded or Defeased	Debt Retired	Balance December 31, 2023
	(Amounts in Thousands)				
Governmental Activities:					
General Obligation Bonds	$ 361,080	$ 63,015	$	$ (28,455)	$ 395,640
Subordinated Income Tax Refunding Bonds	10,640			(5,190)	5,450
Subordinate Lien Income Tax Bonds	375,010			(15,010)	360,000
Non-Tax Revenue Bonds	49,048			(6,293)	42,755
Annual Appropriation Bonds	7,725			(410)	7,315
Certificates of Participation	53,590	40,220	(45,070)	(8,520)	40,220
Note/Loans Payable	1,031			(79)	952
Total Governmental Activities	858,124	103,235	(45,070)	(63,957)	852,332
Business –Type Activities:					
Revenue Bonds	1,075,213			(90,660)	984,553
Loans Payable	56,867	10,196		(9,407)	57,656
Total Business –Type Activities	1,132,080	10,196	-	(100,067)	1,042,209
Total	$ 1,990,204	$ 113,431	$ (45,070)	$ (164,024)	$ 1,894,541

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 $23.5 million in 2023 which represents approximately 54.1% 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 45.9% 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, 2023:

	Moody's Investors Service	S&P Global	Fitch Ratings
General Obligation Bonds*	Aa3	AA+	AA-
Subordinate Lien Income Tax Bonds	Aa3	AA	N/A
Non-tax Revenue Bonds	A1	AA-	N/A
Stadium Certificates of Participation**	NR	A+	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-
Water Pollution Control Revenue Bonds	Aa3	A+	N/A

* On June 30, 2023, Fitch Ratings upgraded its rating on the City's General Obligation Bonds from A+ to AA-. The City's Issuer Default Rating (IDR) was also upgraded from A+ to AA- with a stable outlook.

** In conjunction with the issuance of the 2023 Stadium Certificates of Participation (COPS), the City applied for a rating from S&P Global ratings. S&P assigned a rating of A+ to the COPS.

NR=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, 2023 was:

Net General Bonded Debt:	$406,284,000
Ratio of Net Bonded Debt to Assessed Valuation:	6.86%
Net General Bonded Debt Per Capita:	$1,090.33

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 $621,469,793 and unvoted debt limit (5.50%) is $325,531,796. At December 31, 2023, the City had capacity under the indirect debt limitation calculation per the ORC to issue approximately $175 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 the one remaining 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 any interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2023 and an investment loss or gain as appropriate, based on the change in fair value. The specific terms and conditions of the one remaining swap have been provided by the counterparty for the 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, a potential recession, 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 continues to monitor the subject of municipal taxation and remote work.

Other Impacting Factors

- On April 1, 2024, City Council approved legislation authorizing the establishment and issuance of Airport System subordinated debt in a principal amount not to exceed $175,000,000 in the form of revolving lines of credit and/or a commercial paper program.

- On May 20, 2024, City Council approved legislation authorizing the termination of the On-Site Parking Garage (Gateway East) Base Lease no longer needed for the City's use and convey the property to the Cleveland-Cuyahoga County Port Authority.

- On June 3, 2024, legislation was introduced authorizing the issuance of not to exceed $67,500,000 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, vehicles and equipment.

- The Division of Water was the recipient of multiple new loan awards from the OWDA in early 2024.

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, 2023
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,362,073	$ 436,480	$ 1,798,553
Investments	6,722	312,329	319,051
Receivables:			
Taxes	163,157		163,157
Accounts	21,603	243,614	265,217
Recoverable costs of purchased power		320	320
Grants	17,697		17,697
Loans	106,705		106,705
Leases	3,122	7,552	10,674
Unbilled revenue		23,356	23,356
Accrued interest	8,752	4,232	12,984
Assessments	80,596		80,596
Less: Allowance for doubtful accounts	(52,401)	(31,186)	(83,587)
Receivables, net	349,231	247,888	597,119
Internal balances	138	(138)	-
Due from other governments	52,760	9,448	62,208
Inventory of supplies	2,346	25,962	28,308
Prepaid expenses and other assets	4,150	3,944	8,094
Restricted assets:			
Cash and cash equivalents		9,411	9,411
Total restricted assets		9,411	9,411
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents		322,635	322,635
Accrued interest receivable		886	886
Accrued passenger facility charge		2,541	2,541
Accrued customer facility charge		625	625
Total restricted assets		326,687	326,687
Capital assets:			
Land and construction in progress	500,254	553,928	1,054,182
Other capital assets, net of accumulated depreciation	826,526	2,316,340	3,142,866
Right to use asset, net of accumulated amoritization	14,990	2,872	17,862
Total capital assets	1,341,770	2,873,140	4,214,910
Net pension asset	2,326	1,560	3,886
Total assets	3,121,516	4,246,711	7,368,227
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments-interest rate swaps		1	1
Loss on refunding	3,513	45,409	48,922
Pension	331,763	88,305	420,068
OPEB	53,086	13,347	66,433
Total deferred outflows of resources	388,362	147,062	535,424

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

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2023
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	$ 26,162	$ 60,066	$ 86,228
Accrued wages and benefits	34,848	10,090	44,938
Claims payable	14,348		14,348
Due to other governments	70,216	185,392	255,608
Accrued interest payable	5,379	15,887	21,266
Unearned revenue	38,455		38,455
Liabilities payable from restricted assets		9,411	9,411
Long-term obligations:			
Due within one year	115,567	114,954	230,521
Due in more than one year	915,139	1,030,460	1,945,599
Net pension liability	950,174	213,822	1,163,996
Net OPEB liability	54,020	4,505	58,525
Total liabilities	2,224,308	1,644,587	3,868,895
DEFERRED INFLOWS OF RESOURCES			
Property tax	64,562		64,562
Special assessment - TIF	14,765		14,765
Excess recoverable cost of purchased power		3,411	3,411
Leases	3,014	7,455	10,469
Pension	79,413	8,203	87,616
OPEB	58,887	1,618	60,505
Total deferred inflows of resources	220,641	20,687	241,328
NET POSITION			
Net investment in capital assets	799,523	1,833,433	2,632,956
Restricted for:			
Capital	84,503	13,112	97,615
Debt service	47,853	177,203	225,056
Loans	37,532		37,532
Other purposes	64,899	25,698	90,597
Unrestricted	30,619	679,053	709,672
Total net position	$ 1,064,929	$ 2,728,499	$ 3,793,428

CITY OF CLEVELAND, OHIO

STATEMENT OF ACTIVITIES
December 31, 2023
(Amounts in Thousands)

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Functions/Programs:				
Governmental activities:				
General Government	$ 184,057	$ 13,892	$ 158,380	$ 3,663
Public Works	147,377	18,809	17,899	11,316
Public Safety	478,912	21,863	7,798	
Community Development	49,951	1,491	45,967	
Building and Housing	14,326	27,282	810	
Public Health	15,683	4,069	7,862	
Economic Development	31,682	120	16,978	444
Interest on debt	26,074			
Total governmental activities	948,062	87,526	255,694	15,423
Business-type activities:				
Water	270,012	317,380	35	10,663
Sewer	27,540	35,189	11	2,719
Electricity	187,428	194,750	72	411
Airport facilities	150,477	135,556		41,368
Nonmajor activities:				
Public Auditorium	3,391	876		
Westside Market	2,052	1,239		
Eastside Market	223			
Municipal Parking Lots	9,328	7,774		
Cemeteries	2,472	1,371		
Golf Courses	2,320	1,165		
Total business-type activities	655,243	695,300	118	55,161
Total	$ 1,603,305	$ 782,826	$ 255,812	$ 70,584

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
$ (8,122)	$	$ (8,122)
(99,353)		(99,353)
(449,251)		(449,251)
(2,493)		(2,493)
13,766		13,766
(3,752)		(3,752)
(14,140)		(14,140)
(26,074)		(26,074)
(589,419)	-	(589,419)
	58,066	58,066
	10,379	10,379
	7,805	7,805
	26,447	26,447
	(2,515)	(2,515)
	(813)	(813)
	(223)	(223)
	(1,554)	(1,554)
	(1,101)	(1,101)
	(1,155)	(1,155)
-	95,336	95,336
(589,419)	95,336	(494,083)
534,003		534,003
66,831		66,831
46,453		46,453
23,134		23,134
31,766		31,766
70,399	35,520	105,919
9,225	100	9,325
(5,516)	5,516	-
776,295	41,136	817,431
186,876	136,472	323,348
878,053	2,592,027	3,470,080
$ 1,064,929	$ 2,728,499	$ 3,793,428

CITY OF CLEVELAND, OHIO

BALANCE SHEET-GOVERNMENTAL FUNDS
DECEMBER 31, 2023
(Amounts in Thousands)

	General	Capital/ Urban Renewal Bond Construction	General Government	Public Health	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 378,032	$ 301,375	$ 317,197	$ 5,697	$ 296,435	$ 1,298,736
Investments	6,528				194	6,722
Receivables:						
Taxes	125,275				37,882	163,157
Accounts	21,592			6	1	21,599
Grants			424	870	16,403	17,697
Loans	43				106,662	106,705
Leases			374		1,120	1,494
Accrued interest	6,980	1,378	1		387	8,746
Assessments	64,493		50		16,053	80,596
Less: Allowance for doubtful accounts	(50,761)				(1,640)	(52,401)
Receivables, net	167,622	1,378	849	876	176,868	347,593
Due from other funds	4,829		285	512	10,242	15,868
Due from other governments	25,879		986	1	25,894	52,760
Prepaid expenditures and other assets	3,423		12	72	180	3,687
TOTAL ASSETS	$ 586,313	$ 302,753	$ 319,329	$ 7,158	$ 509,813	$ 1,725,366
LIABILITIES						
Accounts payable	$ 4,666	$ 6,047	$ 3,411	$ 234	$ 9,758	$ 24,116
Accrued wages and benefits	33,269		143	599	2,308	36,319
Due to other governments	1,240		237	9	67,661	69,147
Unearned revenue	64		22,694	1,165	14,532	38,455
Due to other funds	2,525		84	101	15,323	18,033
Total liabilities	41,764	6,047	26,569	2,108	109,582	186,070
DEFERRED INFLOWS OF RESOURCES						
Deferred inflow	133,636		541	1	70,571	204,749
Deferred inflow - leases			356			356
Total deferred inflows of resources	133,636		897	1	70,571	205,105
FUND BALANCES						
Nonspendable	14,683		12	72	180	14,947
Restricted		296,706	17,995	2,783	208,234	525,718
Committed			273,856	2,194	121,246	397,296
Assigned	208,389					208,389
Unassigned	187,841					187,841
Total fund balances	410,913	296,706	291,863	5,049	329,660	1,334,191
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 586,313	$ 302,753	$ 319,329	$ 7,158	$ 509,813	

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.	1,322,313
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	138,467
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.	(1,019,855)
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.	33,359
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	(683,051)
OPEB	(60,495)
Net position of governmental activities	$ 1,064,929

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, 2023

(Amounts in Thousands)

	General	Capital/ Urban Renewal Bond Construction	General Government	Public Health	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Income taxes	$ 475,687	$	$	$	$ 59,461	$ 535,148
Property taxes	45,246				23,548	68,794
State local government funds	31,674					31,674
Other taxes	46,453					46,453
Other shared revenues	21,515		2,003		39,057	62,575
Licenses and permits	23,466			1,223	436	25,125
Charges for services	24,991		1,670	2,152	657	29,470
Fines, forfeits and settlements	6,978		1,188	698	4,212	13,076
Investment earnings	44,118	14,018	376	100	9,756	68,368
Grants	1,101		155,706	7,235	60,275	224,317
Contributions				15	112	127
Miscellaneous	8,879		1,386	612	3,669	14,546
Total revenues	730,108	14,018	162,329	12,035	201,183	1,119,673
EXPENDITURES:						
Current:						
General Government	119,063		16,935		1,247	137,245
Public Works	67,385		17,291		35,644	120,320
Public Safety	248,433		129,362		7,290	385,085
Community Development	1,802		2,000		45,874	49,676
Building and Housing	9,036		8,588		31	17,655
Public Health				18,577		18,577
Economic Development	1,927		5,244		24,762	31,933
Other	10,728					10,728
Capital outlay	20,392	66,554	24,790	98	37,211	149,045
Debt service:						
Principal retirement	2,049	72	1,230		64,127	67,478
Interest	131	5	78		32,532	32,746
General Government		560			428	988
Total expenditures	480,946	67,191	205,518	18,675	249,146	1,021,476
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	249,162	(53,173)	(43,189)	(6,640)	(47,963)	98,197
OTHER FINANCING SOURCES (USES):						
Transfers in	213		141,426	8,101	158,278	308,018
Transfers out	(202,187)	(5,260)	(50,340)		(54,543)	(312,330)
Inception of subscriptions	4,586	243	909		543	6,281
Payment of refunding C.O.P.S.					(45,070)	(45,070)
Issuance of refunding C.O.P.S.					40,220	40,220
C.O.P.S. Premium					1,092	1,092
Issuance of bonds		63,015				63,015
Premium on bonds		5,824				5,824
Sale of City assets	410					410
Total other financing sources (uses)	(196,978)	63,822	91,995	8,101	100,520	67,460
NET CHANGE IN FUND BALANCES	52,184	10,649	48,806	1,461	52,557	165,657
FUND BALANCES AT BEGINNING OF YEAR	358,729	286,057	243,057	3,588	277,103	1,168,534
FUND BALANCES AT END OF YEAR	$ 410,913	$ 296,706	$ 291,863	$ 5,049	$ 329,660	$ 1,334,191

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, 2023

(Amounts in Thousands)

Amounts reported for governmental activities in the statement of activities (pages 60 and 61) are different because:	
Net change in fund balances - total governmental funds (page 63)	$ 165,657
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.	33,005
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	7,758
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.	463
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.	9,558
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	(47,542)
OPEB	8,250
The net revenue of certain activities of internal service funds is reported with governmental activities.	9,727
Change in net position of governmental activities (pages 60 and 61)	$ 186,876

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, 2023

(Amounts in Thousands)

	Original Budget	Final Budget	Actual*	Variance- Increase (Decrease)
REVENUES:				
Income taxes	$ 470,400	$ 470,400	$ 478,641	$ 8,241
Property taxes	41,980	41,980	45,241	3,261
State local government funds	31,760	31,760	32,000	240
Other taxes	40,691	40,691	45,767	5,076
Other shared revenues	16,755	16,755	16,072	(683)
Licenses and permits	24,020	24,020	23,515	(505)
Charges for services	36,266	36,266	28,247	(8,019)
Fines, forfeits and settlements	6,247	6,247	7,071	824
Investment earnings	8,000	30,000	28,832	(1,168)
Grants	1,917	142,828	142,555	(273)
Miscellaneous	28,440	28,440	27,821	(619)
Total revenues	706,476	869,387	875,762	6,375
EXPENDITURES:				
Current:				
General Government	138,220	135,765	129,104	6,661
Public Works	88,888	88,848	87,700	1,148
Public Safety	380,920	384,270	379,179	5,091
Community Development	2,101	2,101	2,006	95
Building and Housing	15,015	13,285	12,967	318
Public Health	14,049	11,974	10,659	1,315
Economic Development	1,921	1,921	1,911	10
Other	23,145	23,495	23,413	82
Capital outlay	1,275	37,556	37,556	-
Total expenditures	665,534	699,215	684,495	14,720
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	40,942	170,172	191,267	21,095
OTHER FINANCING SOURCES (USES):				
Transfers in	4,500	4,500	213	(4,287)
Transfers out	(45,246)	(199,946)	(195,162)	4,784
Sale of City assets			410	410
Total other financing sources (uses)	(40,746)	(195,446)	(194,539)	907
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	196	(25,274)	(3,272)	22,002
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			1,287	1,287
NET CHANGE IN FUND BALANCE	196	(25,274)	(1,985)	23,289
FUND BALANCE AT BEGINNING OF YEAR	48,315	48,315	48,315	-
FUND BALANCE AT END OF YEAR	$ 48,511	$ 23,041	$ 46,330	$ 23,289

* 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, 2023
(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	$ 134,080	$ 93,319	$ 78,147	$ 123,488	$ 2,989	$ 432,023	$ 67,794
Restricted cash and cash equivalents	5,440	564		3,407		9,411	
Investments	312,329					312,329	
Receivables:							
Accounts	73,960	150,684	16,297	2,473	200	243,614	4
Leases				7,552	-	7,552	1,629
Recoverable costs of purchased power			320			320	
Unbilled revenue	9,527	2,046	6,660	5,123		23,356	
Accrued interest	4,077	136		19		4,232	6
Less: Allowance for doubtful accounts	(18,775)	(4,189)	(7,791)	(406)	(25)	(31,186)	
Receivables, net	68,789	148,677	15,486	14,761	175	247,888	1,639
Due from other funds	2,107	29	2,429	5	44	4,614	2,457
Due from other governments		845		8,603		9,448	
Inventory of supplies	11,439	1,172	10,622	2,727	2	25,962	2,346
Prepaid expenses and other assets	1,867	72	415	1,460	32	3,846	562
Total current assets	536,051	244,678	107,099	154,451	3,242	1,045,521	74,798
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	49,618	3,112	4,651	252,939	12,315	322,635	
Accrued interest receivable	191	12	15	667		885	
Accrued passenger facility charges				2,541		2,541	
Accrued customer facility charges				625		625	
Total restricted assets	49,809	3,124	4,666	256,772	12,315	326,686	-
Capital assets:							
Land	5,731	295	5,035	166,882	13,431	191,374	663
Land improvements	17,466	289	3,194	107,098	15,481	143,528	276
Utility plant	2,095,594	244,884	613,632			2,954,110	
Buildings, structures and improvements	287,672	11,592	25,478	405,582	123,198	853,522	4,640
Furniture, fixtures, equipment and vehicles	620,355	17,506	94,065	124,523	6,559	863,008	21,096
Infrastructure				1,080,732		1,080,732	
Construction in progress	248,106	10,645	52,195	32,299	19,309	362,554	1,432
Right to use assets	3,337	66	761	877	123	5,164	1,247
Less: Accumulated depreciation and amortization	(1,546,941)	(147,256)	(476,277)	(1,311,962)	(98,804)	(3,581,240)	(23,692)
Total capital assets, net	1,731,320	138,021	318,083	606,031	79,297	2,872,752	5,662
Net Pension Asset	792	104	232	286	41	1,455	250
Total noncurrent assets	1,781,921	141,249	322,981	863,089	91,653	3,200,893	5,912
Total assets	2,317,972	385,927	430,080	1,017,540	94,895	4,246,414	80,710
DEFERRED OUTFLOWS OF RESOURCES							
Derivative instruments-interest rate swaps					1	1	
Loss on refunding	16,811		17,582	11,016		45,409	
Pension	44,803	5,862	13,109	16,167	2,419	82,360	14,171
OPEB	6,776	888	1,986	2,445	354	12,449	2,143
Total deferred outflows of resources	68,390	6,750	32,677	29,628	2,774	140,219	16,314

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2023
(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	$ 15,042	$ 1,461	$ 10,808	$ 30,558	$ 629	$ 58,498	$ 2,078
Accrued wages and benefits	9,447	1,291	2,781	3,523	493	17,535	10,749
Claims payable						-	14,348
Due to other funds	1,606	2,124	185	731	122	4,768	138
Due to other governments		180,403		4,739	250	185,392	1,069
Unearned revenue				2,028		2,028	
Accrued interest payable	6,504	176	678	8,529		15,887	3
Leases	44					44	23
Subscriptions	348	19	58	126	40	591	181
Current payable from restricted assets	5,440	564		3,407		9,411	
Current portion of long-term obligations	47,682	1,101	10,455	45,760		104,998	
Total current liabilities	86,113	187,139	24,965	99,401	1,534	399,152	28,589
Noncurrent liabilities:							
Accrued wages and benefits	1,986	339	598	1,401	227	4,551	1,543
Construction loans payable	34,675	13,323				47,998	
Leases	1,258					1,258	762
Subscriptions	250	28	106	248		632	49
Accrued interest payable			35,558			35,558	
Revenue bonds payable	314,872	30,658	155,073	438,789		939,392	
Net pension liability	108,563	14,230	31,817	39,172	5,650	199,432	34,323
Net OPEB liability	2,287	300	670	825	120	4,202	723
Other			391			391	
Total noncurrent liabilities	463,891	58,878	224,213	480,435	5,997	1,233,414	37,400
Total liabilities	550,004	246,017	249,178	579,836	7,531	1,632,566	65,989
DEFERRED INFLOWS OF RESOURCES							
Excess recoverable costs of purchased power			3,411			3,411	
Leases				7,455		7,455	1,521
Pension	4,820	164	447	1,768	104	7,303	1,785
OPEB	826	105	236	298	42	1,507	262
Total deferred inflows of resources	5,646	269	4,094	9,521	146	19,676	3,568
NET POSITION							
Net investment in capital assets	1,349,001	92,892	170,053	141,802	79,297	1,833,045	5,662
Restricted for capital projects	9,513	1,657	1,880	21	41	13,112	
Restricted for debt service	45,546	2,865	2,902	125,890		177,203	
Restricted for passenger and customer facility charges				25,593		25,593	
Restricted for pension and OPEB asset	792	104	232	286		1,414	250
Unrestricted	425,860	48,873	34,418	164,219	10,654	684,024	21,555
Total net position	$ 1,830,712	$ 146,391	$ 209,485	$ 457,811	$ 89,992	$ 2,734,391	$ 27,467
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(5,892)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES						$ 2,728,499	

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, 2023

(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	$ 317,379	$ 35,189	$ 189,050	$ 135,556	$ 12,425	$ 689,599	$ 180,584
Total operating revenue	317,379	35,189	189,050	135,556	12,425	689,599	180,584
OPERATING EXPENSES:							
Operations	118,160	10,822	20,978	80,182	15,820	245,962	167,651
Maintenance	70,940	9,625	17,750	3,182	85	101,582	3,430
Purchased power			120,686			120,686	
Depreciation and amortization	71,142	5,651	18,739	54,314	3,896	153,742	767
Total operating expenses	260,242	26,098	178,153	137,678	19,801	621,972	171,848
OPERATING INCOME (LOSS)	57,137	9,091	10,897	(2,122)	(7,376)	67,627	8,736
NON-OPERATING REVENUES (EXPENSES):							
Investment income (loss)	28,661	2,303	2,998	16,919	298	51,179	2,167
Interest revenue (expense)	(16,325)	(1,781)	(11,227)	(17,059)	(3)	(46,395)	27
Gain (loss) on disposal of capital assets	(1,017)	(92)	(263)	100		(1,272)	
Amortization of bond premiums and discounts	6,285	254	1,862	1,218		9,619	
Other revenues (expenses)	35	11	5,772	2,979	-	8,797	99
Total non-operating revenues (expenses)	17,639	695	(858)	4,157	295	21,928	2,293
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	74,776	9,786	10,039	2,035	(7,081)	89,555	11,029
Capital contributions - passenger and customer facility charges				24,260		24,260	
Capital contributions	9,307	2,536		3,264	1,936	17,043	
Transfers in					3,581	3,581	731
Change in net position	84,083	12,322	10,039	29,559	(1,564)	134,439	11,760
NET POSITION AT BEGINNING OF YEAR	1,746,629	134,069	199,446	428,252	91,556		15,707
NET POSITION AT END OF YEAR	$ 1,830,712	$ 146,391	$ 209,485	$ 457,811	$ 89,992		$ 27,467
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						2,033	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES						$ 136,472	

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, 2023
(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
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers	$ 294,068	$ 32,809	$ 195,325	$ 129,293	$ 12,301	$ 663,796	$ 181,170
Cash payments to suppliers for goods or services	(108,833)	(10,563)	(18,204)	(52,817)	(10,122)	(200,539)	(142,554)
Cash payments to employees for services	(81,979)	(9,510)	(17,995)	(31,607)	(5,928)	(147,019)	(27,403)
Cash payments for purchased power			(118,960)			(118,960)	
Cash received on behalf of other communities		457,802				457,802	
Agency activity on behalf of other sewer authorities		(455,715)				(455,715)	
Other	20,744	369	(4,402)			16,711	
Net cash provided by (used for) operating activities	124,000	15,192	35,764	44,869	(3,749)	216,076	11,213
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Cash received through transfers from other funds					3,581	3,581	731
Cash received for royalties						-	
Cash received from electric excise tax			5,699			5,699	
Net cash provided by (used for) noncapital financing activities	-	-	5,699	-	3,581	9,280	731
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Cash receipts for passenger facility charges				19,050		19,050	
Cash receipts for customer facility charges				4,184		4,184	
Proceeds from sale of revenue bonds, loans and notes	13,225					13,225	
Acquisition and construction of capital assets	(87,589)	(8,407)	(13,127)	(6,993)	(123)	(116,239)	(940)
Principal paid on long-term debt	(45,509)	(1,063)	(9,960)	(43,535)		(100,067)	
Principal paid on long-term lease agreement	(44)		(254)			(298)	(36)
Revenue from leases						-	172
Principal paid on long term subscription obligations	(1,344)	(18)	(80)			(1,442)	(9)
Interest paid on long-term debt	(14,943)	(1,783)	(5,922)	(18,070)	(3)	(40,721)	
Interest paid on long-term lease agreement	(62)		(8)			(70)	
Interest paid on subscription obligations	(39)	(1)	(6)			(46)	
Sale of land			298			298	
Capital grant proceeds		2,051		1,265		3,316	
Net cash provided by (used for) capital and related financing activities	(136,305)	(9,221)	(29,059)	(44,099)	(126)	(218,810)	(813)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchase of investment securities	(361,793)		(14,763)			(376,556)	
Proceed from sale and maturity of investment security	83,704		14,763			98,467	
Interest received on investments	19,346	2,219	2,994	16,734	298	41,591	2,167
Net cash provided by (used for) investing activities	(258,743)	2,219	2,994	16,734	298	(236,498)	2,167
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(271,048)	8,190	15,398	17,504	4	(229,952)	13,298
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	460,186	88,805	67,400	362,330	15,300	994,021	54,496
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 189,138	$ 96,995	$ 82,798	$ 379,834	$ 15,304	$ 764,069	$ 67,794

(Continued)

CITY OF CLEVELAND, OHIO

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	$ 57,137	$ 9,091	$ 10,897	$ (2,122)	$ (7,376)	$ 67,627	$ 8,736
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation and amortization	71,142	5,651	18,739	54,314	3,896	153,742	767
(Increase) Decrease in Assets:							
Receivables, net	770	(5,313)	6,542	(4,468)	(78)	(2,547)	122
Leases				(317)		(317)	35
Prepaid expenses and other assets	692	10	30	(312)	2	422	19
Due from other funds	555	8	353	(2)	(12)	902	(28)
Inventory of supplies	(2,467)	(256)	(85)	(63)	3	(2,868)	(370)
Net Pension Asset	720	78	178	261	28	1,265	237
Net OPEB Asset	12,624	1,519	3,419	4,563	589	22,714	4,067
(Increase) Decrease in Deferred Outflows of Resources:							
Pension	(29,873)	(4,067)	(9,044)	(10,753)	(1,713)	(55,450)	(9,049)
OPEB	(6,687)	(877)	(1,960)	(2,411)	(348)	(12,283)	(2,073)
Increase (Decrease) in Liabilities:							
Accounts payable	(2,834)	(696)	(2,471)	972	(49)	(5,078)	(1,961)
Accrued wages and benefits	(4)	(36)	(387)	24	(200)	(603)	910
Unearned revenue				913		913	
Claims payable						-	2,528
Due to other funds	(254)	(544)	107	20	(7)	(678)	110
Due to other governments		7,075		(788)		6,287	338
Lease liability							3
Long term lease liability							(23)
Current subscription liability				126	40	166	181
Long term subscription liability				248		248	49
Net pension liability	72,959	9,946	22,173	26,303	3,994	135,375	22,851
Net OPEB liability	2,287	300	670	825	119	4,201	723
Accrued expenses and other liabilities	(234)	(41)	(296)	(2,640)		(3,211)	
Increase (Decrease) in Deferred Inflows of Resources:							
Excess purchased power costs			3,411			3,411	
Leases				289		289	(90)
Pension	(40,133)	(5,178)	(12,996)	(15,494)	(2,055)	(75,856)	(12,851)
OPEB	(12,400)	(1,478)	(3,516)	(4,619)	(582)	(22,595)	(4,018)
Total adjustments	66,863	6,101	24,867	46,991	3,627	148,449	2,477
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 124,000	$ 15,192	$ 35,764	$ 44,869	$ (3,749)	$ 216,076	$ 11,213
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:							
Contributions of capital assets	$	$	$	$	$ 1,936	$ 1,936	$
Accounts payable related to capital assets	5,440	564		3,407		9,411	

(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, 2023
(Amounts in Thousands)

	Custodial Funds
Assets	
Cash and cash equivalents	$ 15,156
Taxes receivable	17,111
Accounts receivable	9,083
Due from other governments	1,716
Total assets	43,066
Liabilities	
Accounts payable	1,718
Due to others	2,043
Due to other governments	24,735
Total liabilities	28,496
Deferred Inflows of Resources	9,083
Total Liabilities and Deferred Inflows	37,579
Net Position	
Restricted	5,487
Total net position	$ 5,487

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, 2023
(Amounts in Thousands)

	Custodial Funds
Additions	
Law enforcement funds	$ 1,410
Governmental and custodial funds	955
Vital Cert Fees Due State	290
Hilton Contribution Fund	248
Income tax collected for other governments	75,380
Fines collected for other governments	18,998
Special assessments	152
Fire escrow	94
Other	39
Total additions	97,566
Deductions	
Fire Escrow	97
Vital Cert Fees Due State	295
Hilton Contribution Fund	248
Special assessments	151
Governmental and custodial funds	374
Law enforcement funds	1,342
Payments of income tax to other governments	75,380
Payments of fines to other governments	18,998
Other	37
Total deductions	96,922
Change in net position	644
Net position, beginning of year	4,843
Net position, end of year	$ 5,487

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, 2023 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 major revenue sources are from the ARPA.

The Public Health Fund is for all public health activity for the City including operating and grant activity. The major revenue sources are the Healthy Start Grant, the Ohio Environmental Protection Agency (EPA) grant and state mandated programs.

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 as 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 five appropriation amendments during 2023 which reallocated appropriations and increased the budget by 10.3% 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 2023 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)	$	(3,272)
Adjustments:		
Revenue Accruals		(145,654)
Expenditure and other financing sources (uses) Accruals		130,522
Encumbrances and Pre-Encumbrances		70,588
Net Change in Fund Balance	$	52,184

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 2023. 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.

Right-to-use assets are amortized over the shorter of the lease term or useful life of the underlying asset.

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, less salvage values, 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 one swap agreement for its Subordinated Income Tax Variable Rate Refunding Bonds outstanding at December 31, 2023.

***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 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 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 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.

Leases: the City follows the provisions of *GASB Statement No. 87, Leases*, which requires governmental entities to recognize their long-term lease agreements and related right-to-use (RTU) asset on the financial statements.

Subscription-Based Information Technology Arrangements: The City follows the provisions of *GASB Statement No. 96, Subscription-Based Information Technology Arrangements,* which requires governmental entities to recognize their long-term Subscription-Based Information Technology Arrangements, related right to use asset and related revenue and expenditures on the financial statements.

F. ***Accounting Pronouncements***

In March of 2020, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2022. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The City has determined that GASB Statement No. 94 has no impact on its financial statements as of December 31, 2023.

In May of 2020, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to (1) define a subscription-based information technology arrangement (SBITA); (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. As required, the City has implemented GASB Statement No. 96 as of December 31, 2023.

In April of 2022, GASB Statement No. 99, *Omnibus 2022*, was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. As required, the City has implemented GASB Statement No. 99 as of December 31, 2023.

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 $1.007 billion difference are as follows:

		(Amounts in Thousands)
Bonds, certificates of participation and loans payables	$	(852,332)
Other payable		(10,000)
Unamortized bond premium/discount		(56,587)
Accrued interest payable		(5,379)
Claims and adjustments		(5,161)
Loss on refunding		3,513
Compensated absences		(80,752)
Net adjustment to *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(1,006,698)

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	$	323,537
Deferred inflows of resources - pension		(78,528)
Net pension liability		(930,241)
Net pension asset		2,181
Net adjusment to *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(683,051)

		(Amounts in Thousands)
Deferred outflows of resources - OPEB	$	51,841
Deferred inflows of resources - OPEB		(58,736)
Net OPEB liability		(53,600)
Net adjusment to *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(60,495)

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 less any applicable salvage value and reported as depreciation expense. The details of this $33.0 million difference are as follows:

	(Amounts in Thousands)
Capital outlay	$ 98,323
Contributed Capital	3,663
Depreciation expense	(68,537)
Loss on capital asset disposals	(444)
Net adjustment to *changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$ 33,005

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 $7.8 million difference are as follows:

	(Amounts in Thousands)
Lease Revenue	$ (25)
Subscription Revenue	(6,281)
Reversal of prior year deferred inflows of resources	(110,220)
Current year deferred inflows of resources	124,284
Net adjustment to *changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$ 7,758

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 $463,000 which is detailed as follows:

	(Amounts in Thousands)
Debt issued or incurred:	
Issuance of general obligation bonds and other obligations	$ (103,235)
Accrued interest	1,587
Premium on debt	(6,916)
Principal repayments:	
General obligation debt and other obligations	63,957
Refunding of general obligation bonds and other obligations	45,070
Net adjustment to *changes in fund balances - total* governmental funds to arrive at *change in net position of governmental activities*	$ 463

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 $9.6 million difference are as follows:

	(Amounts in Thousands)
Compensated absences	$ 934
Claims judgements	1,213
Lease expense	(167)
Subscription expense	7,578
Net adjustment to *changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$ 9,558

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, Capital/Urban Renewal Bond Construction Fund, General Governmental 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 fair 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 fair 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 $145,258,000 and the actual bank balance totaled $162,634,000. 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*, $162,634,000 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 valuation for level 2 investments are based on current market pricing with the information provided through the Bloomberg system or broker pricing.

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, 2023:

	Fair	Fair Value Measurements Using	
Type of Investment	Value	Level 1	Level 2
		(Amounts in Thousands)	
U.S. Agency Obligations	$ 424,781	$	$ 424,781
U.S. Treasury Bills	206,889	206,889	
U.S. Treasury Notes	265,546	265,546	
Commercial Paper	17,246		17,246
Manuscript Debt	4,105		4,105
Other	329		329
Total Investments	$ 918,896	$ 472,435	$ 446,461

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, 2023 include U.S. Agency Obligations, U.S. Treasury Bills, 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, 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. Investments in the Federal Home Loan Bank carry a rating of AA+. 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	1 - 5 Years	5 Years or More
	(Amounts in Thousands)				
U.S. Agency Obligations	$ 424,781	$ 418,153	$ 404,660	$ 20,121	$
U.S. Treasury Bills	206,889	202,891	206,889		
U.S. Treasury Notes	265,546	265,608	99,370	166,176	
STAR Ohio	587,980	587,980	587,980		
Commercial Paper	17,246	17,246	17,246		
Money Market Mutual Funds	812,672	812,672	812,672		
Manuscript Debt	4,105	4,105			4,105
Other	329	329	329		
Total Investments	2,319,548	2,308,984	2,129,146	186,297	4,105
Total Deposits	145,258	145,258	145,258		
Total Deposits and Investments	$ 2,464,806	$ 2,454,242	$ 2,274,404	$ 186,297	$ 4,105

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, 2023, the investments in U.S. Agency Obligations, U.S. Treasury Bills, U.S. Treasury Notes, STAR Ohio, commercial paper, money market mutual funds, manuscript debt and other are approximately 18.31%, 8.92%, 11.45%, 25.35%, 0.74%, 35.04%, 0.18% and 0.01%, 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	$	1,798,553
Investments		319,051
Restricted:		
Cash and cash equivalents		332,046
Total	$	2,449,650
Fund Financial Statements		
Balance Sheet – Governmental Funds:		
Unrestricted:		
Cash and cash equivalents	$	1,298,736
Investments		6,722
		1,305,458
Statement of Net Position – Proprietary Funds:		
Enterprise Funds:		
Unrestricted:		
Cash and cash equivalents		432,023
Investments		312,329
Restricted:		
Cash and cash equivalents		332,046
Internal Service Funds:		
Unrestricted:		
Cash and cash equivalents		67,794
Subtotal		1,144,192
Statement of Fiduciary Net Position:		
Unrestricted:		
Cash and cash equivalents		15,156
Total	$	2,464,806

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, 2023 are as follows:

	Balance January 1, 2023	Additions	(Reductions)	Balance December 31, 2023	Due Within One Year
		(Amounts in Thousands)			
Governmental Long-Term Obligations and Notes					
General Obligation Bonds due through 2051, 2.00% to 5.5%	$ 361,080	$ 63,015	$ (28,455)	$ 395,640	$ 30,000
Other Obligations:					
Subordinated Income Tax Refunding Bonds due through 2024, 5.00%	10,640		(5,190)	5,450	5,450
Subordinate Lien Income Tax Bonds due through 2047, 0.49% to 6.34%	375,010		(15,010)	360,000	15,305
Non-Tax Revenue Bonds:					
Taxable Economic and Community Dev. (Core City Bonds) due through 2036, 0.72% to 3.75%	25,885		(4,745)	21,140	4,880
Taxable Economic and Community Dev. (Core City Bonds) due through 2033, .75% to 1.91% - Direct Placement	18,805		(1,295)	17,510	1,350
Lower Euclid Ave. TIF 2003A due through 2032, 2.00% to 4.00%	4,358		(253)	4,105	263
Annual Appropriation Bonds - Flats East Bank due through 2035, 6.00%	7,725		(410)	7,315	435
Certificates of Participation 2010B-Stadium due through 2028, 0.81% -Direct Placement	53,590		(53,590)		
Certificates of Participation 2023-Stadium due through 2028, 5.00%		40,220		40,220	7,275
West 150th Street Improvement Loan - Direct Borrowing	474		(64)	410	63
Ohio Water Development Authority Loan due through 2028, 2.40% -Direct Borrowing	557		(15)	542	16
Cleveland Browns Stadium	12,000		(2,000)	10,000	2,000
Leases	4,417	3,126		7,543	2,556
Subscriptions		6,592		6,592	2,523
Compensated Absences	44,532	45,447	(42,755)	47,224	33,022
Net pension liability:					
Ohio Public Employees Retirement System	101,692	217,442		319,134	
Ohio Police and Fire Pension Fund	442,671	188,369		631,040	
Net OPEB liability:					
Ohio Public Employees Retirement System		6,722		6,722	
Ohio Police and Fire Pension Fund	77,665		(30,367)	47,298	
Police and fire overtime	44,854	10,498	(12,065)	43,287	4,814
Fire deferred vacation	823	1,988	(833)	1,978	452
Estimated claims payable	6,375	8,349	(9,561)	5,163	5,163
	1,593,153	591,768	(206,608)	1,978,313	115,567
Unamortized (discount)/premium - net	57,190	6,916	(7,519)	56,587	
Total Governmental Activities, Net	$ 1,650,343	$ 598,684	$ (214,127)	$ 2,034,900	$ 115,567

	Balance January 1, 2023	Additions	(Reductions)	Balance December 31, 2023	Due Within One Year
		(Amounts in Thousands)			
Business-Type Activities (Enterprise Funds)					
Airport System Revenue Bonds:					
Series 2007B due through 2027, 5.0%	$ 2,795		$ (885)	$ 1,910	$ 930
Series 2011A due through 2024, 4.00%	2,065		(1,015)	1,050	1,050
Series 2016A due through 2031, 5.00%	91,800		(8,200)	83,600	8,600
Series 2016B due through 2024, 5.00%	24,785		(12,060)	12,725	12,725
Series 2018A due through 2048, 5.00%	61,455		(8,920)	52,535	9,190
Series 2018B due through 2048, 3.50% to 5.00%	21,745			21,745	
Series 2019A due through 2033, 2.26% to 2.98%	288,820		(5,290)	283,530	5,535
Series 2019B due through 2027, 5.00%	18,725		(5,765)	12,960	6,215
Series 2019C due through 2024, 5.00%	2,915		(1,400)	1,515	1,515
	515,105	-	(43,535)	471,570	45,760
Public Power System Revenue Bonds:					
Series 2008 due through 2038, 5.13% to 5.40%	27,903			27,903	
Series 2008 Accreted Interest Payable	32,320	3,238		35,558	
Series 2016 due through 2024, 5.00%	12,300		(6,005)	6,295	6,295
Series 2018 due through 2038, 5.00%	37,785		(3,955)	33,830	4,160
Series 2020A due through 2038, 4.00% to 5.00%	63,110			63,110	
Series 2020B due through 2038, 2.01% to 3.00%	20,470			20,470	
	193,888	3,238	(9,960)	187,166	10,455
Water Revenue Bonds:					
Series Y 2015 due through 2028, 4.00% to 5.00%	28,610		(5,535)	23,075	5,200
Series BB 2017 due through 2032, 5.00%	15,715		(1,240)	14,475	1,305
Series CC 2017 due through 2028, 5.00%	36,500		(6,710)	29,790	7,780
Series DD 2019 due through 2033, 2.00% to 5.00%	61,850		(14,950)	46,900	15,675
Series EE 2020 due through 2042, 1.42% to 3.21%	15,580		(145)	15,435	150
Series FF 2020 due through 2033, 5.00%	70,270			70,270	
Series GG 2020 due through 2037, 0.52% to 2.28%	98,745		(220)	98,525	220
Series B Sub. Lien 2017 due through 2027, 5.00%	42,495		(7,670)	34,825	8,065
	369,765	-	(36,470)	333,295	38,395
Water Pollution Control Revenue Bonds:					
Series 2016 due through 2045, 5.00%	28,775		(695)	28,080	730
Ohio Water Development Authority and Public Works Commission loans due through 2050, 0.00% to 3.00%, Direct Borrowings	56,867	10,196	(9,407)	57,656	9,658
Public Power System Other (See Note 7)	828	63	(250)	641	250
Accrued wages and benefits	13,450	13,181	(12,609)	14,022	8,789
Leases	1,600		(298)	1,302	44
Subscriptions		1,262		1,262	632
Net pension liability:					
Ohio Public Employees Retirement System	68,990	144,832		213,822	
Net OPEB liability:					
Ohio Public Employees Retirement System		4,505		4,505	
Estimated claims payable	41	916	(716)	241	241
	1,249,309	178,193	(113,940)	1,313,562	114,954
Unamortized (discount)/premium - net	61,969		(11,790)	50,179	
Total Business-Type Activities, Net	$1,311,278	$178,193	($125,730)	$1,363,741	$114,954
Total Debt and Other Long-Term Obligations	$2,961,621	$776,877	($339,857)	$3,398,641	$230,521

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, 2023, $1,755,000, and $20,353,000 of the Internal Service Funds, except for Utilities Administration Fund, compensated absences, net pension and net OPEB liabilities, 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, 2023, $1,412,000 and $14,693,000 of the Utilities Administration Fund compensated absences, net pension and net OPEB liabilities, 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 2023:

	Original Issue Amount	Balance January 1, 2023	Additions	(Reductions)	Balance December 31, 2023
			(Amounts in Thousands)		
Governmental Activities Obligations:					
General Obligation Bonds					
Public Facilities	$ 101,420	$ 66,530	$ 13,890	$ (4,440)	$ 75,980
Bridges and Roadways	188,290	133,430	20,370	(6,820)	146,980
Parks & Recreation	101,285	82,935	10,470	(2,295)	91,110
Neighborhood Development	1,750	1,615	-	(70)	1,545
Vehicles	30,085	11,800	18,285	(1,345)	28,740
Refunding Bonds	198,325	64,770	-	(13,485)	51,285
Total Governmental Activities	$ 621,155	$ 361,080	$ 63,015	$ (28,455)	$ 395,640
Business-Type Activities Obligations:					
Revenue Bonds / Notes					
Airports	$ 681,355	$ 515,105	$	$ (43,535)	$ 471,570
Public Power	200,753	161,568		(9,960)	151,608
Waterworks	512,180	369,765		(36,470)	333,295
Water Pollution Control	32,390	28,775		(695)	28,080
Loans					
Waterworks (Direct Borrowings)	184,231	42,805	10,196	(9,039)	43,962
Water Pollution Control (Direct Borrowings)	15,148	14,062		(368)	13,694
Total Business-Type Activities	$ 1,626,057	$ 1,132,080	$ 10,196	$ (100,067)	$ 1,042,209

The following is a summary of the City's future debt service requirements as of December 31, 2023:

Year Ending	General Obligation Bonds		Construction Loan (Direct Borrowing)		Subordinate Lien Income Tax Bonds	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2024	$ 30,000	$ 16,335	$ 16	$ 13	$ 20,755	$ 14,628
2025	26,365	14,984	16	13	20,170	13,835
2026	27,005	13,808	17	12	22,740	13,001
2027	26,205	12,606	17	12	26,480	12,104
2028	23,960	11,448	475	11	27,595	10,928
2029-2033	103,900	43,631			110,995	36,665
2034-2038	80,010	24,854			73,510	18,623
2039-2043	50,790	11,707			46,025	7,978
2044-2048	21,880	3,574			17,180	1,174
2049-2051	5,525	437				
	$ 395,640	$ 153,384	$ 541	$ 61	$ 365,450	$ 128,936

Year Ending	Non-Tax Revenue Bonds		Non-Tax Revenue Bonds (Direct Placement)		City Annual Appropriation Bonds	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
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	1,145	322	1,560	110	515	356
2028	1,181	304	1,640	95	550	325
2029-2033	7,127	993	10,055	255	3,270	1,092
2034-2038	3,005	175			1,600	145
2039-2043						
2044-2048						
2049-2051						
	$ 25,245	$ 3,536	$ 17,510	$ 867	$ 7,315	$ 3,155

Year Ending	Note/Loans Payable (Direct Borrowing)		Certificates of Participation (Direct Placement)		Governmental Activities Total	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2024	$ 64	$	$ 7,275	$ 2,017	$ 65,038	$ 34,305
2025	63		7,645	1,647	59,905	31,595
2026	63		8,025	1,265	63,698	29,044
2027	63		8,425	864	64,410	26,374
2028	63		8,850	442	64,314	23,553
2029-2033	95				235,442	82,636
2034-2038					158,125	43,797
2039-2043					96,815	19,685
2044-2048					39,060	4,748
2049-2051					5,525	437
	$ 411	$	$ 40,220	$ 6,235	$ 852,332	$ 296,174

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)							
2024	$	95,340	$	34,913	$	9,658	$	1,132
2025		96,962		34,599		9,597		887
2026		99,449		30,843		6,986		1,225
2027		92,551		27,220		6,478		1,064
2028		88,421		23,956		4,415		939
2029-2033		341,872		79,996		15,923		3,669
2034-2038		120,558		48,624		12,066		2,580
2039-2043		30,755		7,945		12,832		1,510
2044-2048		18,645		2,206		6,102		436
2049-2051						1,035		26
	$	984,553	$	290,302	$	85,092	$	13,468

Year Ending December 31	Business-Type Activities Total Principal		Interest	
	(Amounts in Thousands)			
2024	$	104,998	$	36,045
2025		106,559		35,486
2026		106,435		32,068
2027		99,029		28,284
2028		92,836		24,895
2029-2033		357,795		83,665
2034-2038		132,624		51,204
2039-2043		43,587		9,455
2044-2048		24,747		2,642
2049-2051		1,035		26
	$	1,069,645	$	303,770

The schedule of minimum principal and interest payments for construction loans above includes the amortization for a number of loans provided to the Division of Water by the Ohio Water Development Authority (OWDA) in 2023. These amortizations are based upon the full amount expected to be financed, regardless of whether the City has received all the loan proceeds. At December 31, 2023, the amounts financed on the loans, which are reflected in the amortization schedule, exceed the actual loan balances shown on the schedule of long-term debt outstanding and changes in long-term debt obligations by $27,436,000. However, the amortization schedules are 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 some of 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 September 21, 2023, the City issued $63,015,000 Various Purpose General Obligation Bonds, Series 2023A. The proceeds of these bonds will be used for paying costs of permanent improvements to roads and bridges, parks and recreation facilities and various other public facilities as well as to purchase light and heavy duty vehicles for various general government divisions.

Effective August 10, 2022, the City issued $45,910,000 Various Purpose General Obligation Bonds, Series 2022A. The proceeds of these bonds will be used for paying costs of permanent improvements to roads and bridges, parks and recreation facilities and various other public facilities as well as to purchase light and heavy duty vehicles for various general government divisions.

Under the direct debt limitation imposed by the Ohio Revised Code, the City had the capacity to issue $325,531,796 of additional unvoted debt at December 31, 2023.

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:

Terms: On February 7, 2003, the City sold an option to JPMorgan Chase Bank (JPM) that gives JPM the right to execute an interest rate swap at its discretion at any time until the option expires on May 15, 2024 on a declining notional amount equal to the outstanding principal amount of the City's Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994. The swaption is now associated with portions of the Series 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 $5,500,000 at December 31, 2023, 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.

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

Basis Risk: There is no basis risk for the City associated with this transaction with the exception of the risk inherent in all variable rate debt. If the option is exercised, the City will receive a fixed rate of 4.88% which is 12 basis points less than the fixed rate being paid on the Series 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, 2023 as reported by JPM was approximately $1 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%.

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 the 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 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 or general obligation 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; 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 or general obligation 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 COPS Series 2010A 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 was 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 was 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 included, but were not limited to, 1) failure to pay principal of, or interest on, the Series 2010B COPS or parity debt or general obligation 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; 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 or general obligation 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.

Effective November 14, 2023, the City issued $40,220,000 Refunding Certificates of Participation, Series 2023, to currently refund $45,070,000 of the outstanding principal amount of the Series 2010B Certificates upon the expiration of the long-term rate agreement with Wells Fargo. The remaining $8,520,000 of outstanding Series 2010B Certificates of Participation was paid by mandatory sinking fund redemption on November 15, 2023. A portion of the funds in the Series 2010 Reserve Account in the amount of $4,193,263 was applied toward the redemption of the Series 2010B Certificates. The remaining amount in the reserve account ($4,131,187) was deposited into the Series 2023 Reserve account to satisfy the reserve requirement with respect to the Series 2023 Certificates.

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 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, 2023, follow:

	Overtime		Deferred Vacation	
Division	Hours	Dollars	Hours	Dollars
	(Amounts in Thousands)			
Police	915	$ 37,773		$
Fire	130	5,514	45	1,978
Total	1,045	$ 43,287	45	$ 1,978

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 debt service savings of $32,239,000 and an economic gain (the difference between the present values of the old and new debt service) of $22,494,000 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 debt service savings in the amount of $13,788,000 and 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 10, 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 debt service savings of $4,229,000 and 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 debt service savings of $8,926,000 and another $8,340,000 or 9.5% of net present value debt service savings for the Division of Water.

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.

***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, 2023 is as follows:

Bond Issue	(Amounts in Thousands)	Bond Issue	
Water Revenue Bonds:		Cleveland Public Power Bonds:	
Series Y, 2015	$ 76,060	Series 2014	$ 76,885
		Series 2016	1,160

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 $471,570,000 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 62.7% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is $565,722,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $62,819,000 and $98,237,000 respectively.

The City has pledged future power system revenues, net of specified operating expenses, to repay $151,608,000 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 57% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is $265,163,000. Principal and interest paid for the current year and total net revenues were $15,882,000 and $31,500,000 respectively.

The City has pledged future water system revenues, net of specified operating expenses, to repay $333,295,000 in various Senior Lien Water Revenue Bonds and Subordinate Lien Bonds issued in various years since 2015. 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 32% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is $397,041,000. Amounts deposited for principal and interest in the current year on the Senior Lien Bonds and total net revenues were $41,587,000 and $156,439,000 respectively.

The City has pledged future water pollution control revenues to repay $28,080,000 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 12.4% of net revenues. The total principal and interest remaining to be paid on the Water Pollution Control Revenue Bonds is $46,930,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $2,134,000 and $17,289,000 respectively.

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 the one outstanding derivative, including its terms, objectives, risks and fair value, can be found in the section discussing the Subordinated Income Tax Variable Rate Refunding Bonds to which the derivative relates.

The derivative instruments are classified as a Level 2 inputs of the fair value hierarchy and are considered to be significant other observable inputs. The derivative instrument 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 balance and notional amount of the City's one remaining derivative instrument outstanding at December 31, 2023, classified by type and the changes in fair value of this derivative during fiscal year 2023 as reported in the 2023 financial statements. The fair value of the interest rate swap, which reflects the prevailing interest rate environment at December 31, 2023 and the specific terms and conditions of the swap, have been provided by the counterparty for the swap and confirmed by the City's municipal advisor.

	Changes in Fair Value		Fair Value at December 31, 2023		
	Classification	Amount	Classification	Amount	Notional
			(Amounts in Thousands)		
Investment Derivatives:					
Governmental Activities:					
Fixed to floating interest rate swap					
2003 Subordinated Income Tax Swaption	Investment Revenue	$ -	Debt	$ -	$ 5,500

The table below presents the objective and significant terms of the City's derivative instruments at December 31, 2023, 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	$ 5,500,000	2/7/2003	5/15/2024	If option is exercised, Receive 4.88%, pay SIFMA	Aa2/A+/AA

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, 2023 and 2022 were as follows:

	2023	2022
	(Amounts in Thousands)	
Estimated claims payable, January 1	$ 6,416	$ 9,524
Current year claims (including IBNRs) and changes in estimates	9,265	2,644
Claim payments	(10,277)	(5,752)
Estimated claims payable, December 31	$ 5,404	$ 6,416

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 2023. There was no significant decrease in any insurance coverage in 2023. 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, 2023 and 2022 were as follows:

	2023	2022
	(Amounts in Thousands)	
Estimated claims payable, January 1	$ 11,820	$ 11,884
Current year claims (including IBNRs) and changes in estimates	112,113	109,828
Claim payments	(109,585)	(109,892)
Estimated claims payable, December 31	$ 14,348	$ 11,820

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, 2023 was $13,602,000. Of this amount, $5,989,000 was recorded as a fund liability within each respective fund. The remaining $7,613,000 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, 2023, the City had $20,300,000 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 $3,268,058 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 $173,440 and interest expense incurred on AMP's line-of-credit of $381,601. 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, 2023, of $640,815.

The City does have a potential PHFU liability of $4,438,132 resulting in a net total potential liability of $5,078,947, 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 6 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.

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:

The most significant amounts for Transfers in and Out are $140.9 million from General Fund to General Government for Strategic Priorities, $50 million from General Government to Economic Development to create a Site Readiness for Good Jobs Fund to be used to remediate, redevelop and acquire sites, $27 million from Restricted Income Tax Fund to the Subordinated Lien Income Tax Fund for the 2023 subordinate income tax bond payments.

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, 2023, transfers consisted of the following:

Transfers Out	Transfers In							
	Total	General Fund	Public Health Fund	General Government Fund	Other Govern-mental Funds	Total Govern-mental Funds	Non-Major Enterprise Funds	Internal Service Funds
	(Amounts in Thousands)							
Governmental Funds:								
General	$ 202,187	$	$ 8,101	$ 141,426	$ 48,348	$ 197,875	$ 3,581	$ 731
Capital/Urban Renewal Bond Construction	5,260				5,260	5,260		
General Government	50,340				50,340	50,340		
Other Governmental	54,543	213			54,330	54,543		
Total Governmental Funds	312,330	213	8,101	141,426	158,278	308,018	3,581	731
Total	$ 312,330	$ 213	$ 8,101	$ 141,426	$ 158,278	$ 308,018	$ 3,581	$ 731

Interfund Balances: Interfund balances at December 31, 2023 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.

The most significant amounts for Due to Due From are $4.9 million from Restricted Income Tax to CDBG for the 2023 Reclass of Negative Cash, $4 million from Empowerment Zone to UDAG for loan repayments and $2.3 million from General Fund to Safety for 2023 retention bonus payments.

Interfund receivable and payable balances as of December 31, 2023 are as follows:

Due To	Total	Due From: General Fund	Public Health Fund	General Government Fund	Other Governmental Funds	Total Governmental 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	$ 2,525	$	$	$ 133	$	$ 133	$	$ 1	$ 1,011	$ 5	$ 29	$ 1,046	$ 1,346
Public Health	101	15	70			85			7			7	9
General Government	84	75			8	83							1
Other Governmental	15,323	4,000	442	152	10,212	14,806			7		10	17	500
Total Governmental	$ 18,033												
Enterprise Funds:													
Division of Water	$ 1,606	8				8		20	1,319			1,339	259
Division of Water Polution Control	2,124				22	22	2,055		9			2,064	38
Cleveland Public Power	185	2				2	34	1				35	148
Department of Port Control	731	663				663		7	19			26	42
Nonmajor Enterprise	122	56				56			52			52	14
Total Enterprise	$ 4,768												
Internal Service Funds	138	10				10	18		5		5	28	100
Total Due To/Due From	$ 22,939	$ 4,829	$ 512	$ 285	$ 10,242	$ 15,868	$ 2,107	$ 29	$ 2,429	$ 5	$ 44	$ 4,614	$ 2,457

NOTE 9 – INCOME TAXES

During 2023, 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 2022 levy for collection in 2023 was based upon an assessed valuation of approximately $5.9 billion. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Under current procedures, the City's share is 4.4 mills, of which 4.35 mills is dedicated to debt service and .05 mills is dedicated to the payment of fire pension obligations. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. The last 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 — Feb 15 and July 18 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 — Feb 15 and July 18 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 2024 operations have been reported as deferred inflows of resources in the governmental fund balance sheet for the following:

	Governmental Type Funds				
	General	Public Health Funds	General Government Funds	Other Governmental Funds	Totals
	(Amounts in Thousands)				
Income taxes receivable	$ 25,301	$	$	$ 3,163	$ 28,464
Property taxes receivable	56,118			29,235	85,353
Special assessments receivable	21,236		50	29,075	50,361
Local government receivable	10,505				10,505
Homestead rollback	3,556			1,853	5,409
Emergency medical service receivable	13,044				13,044
Motor vehicle taxes receivable				1,413	1,413
Municipal gas tax receivable				929	929
State gasoline tax receivable				3,777	3,777
Leases receivable			356	1,126	1,482
Due from other governments	2,769	1	491		3,261
Accounts receivable	1,107				1,107
Total deferred inflows of resources	$ 133,636	$ 1	$ 897	$ 70,571	$ 205,105

NOTE 12 – 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 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/(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 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/(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): 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.

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 2023, 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 $42,022,000 for 2023. 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
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25	12.25
2023 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 $40,144,000 for 2023. 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, 2022 and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022 and was determined by rolling forward the total pension liability/(asset) as of January 1, 2022 to December 31, 2022. The City's proportion of the net pension liability/(asset) 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:

	Traditional	Combined	OP&F	Total
	(Amounts in Thousands)			
Proportionate Share of the Net Pension Liability/(Asset)	$ 532,956	$ (3,886)	$ 631,040	$ 1,160,110
Proportion of the Net Pension Liability/(Asset)	1.804180%	1.648675%	6.643201%	
Change in Proportion	(0.157587)%	(0.191463)%	(0.442463)%	
Pension Expense	$ 63,376	$ 802	$ 72,056	$ 136,234

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined	OP&F	Total
		(Amounts in Thousands)		
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 17,703	$ 239	$ 9,465	$ 27,407
Net difference between projected and actual earnings on pension plan investments	151,909	1,416	91,872	0 245,197
Change in assumptions	5,630	257	56,918	62,805
Change in City's proportionate share and difference in employer contributions	-	657	1,836	2,493
Contributions subsequent to the measurement date	40,722	1,300	40,144	82,166
Total Deferred Outflows of Resources	$ 215,964	$ 3,869	$ 200,235	$ 420,068
Deferred Inflows of Resources				
Differences between expected and actual experience	$	$ 555	$ 14,377	$ 14,932
Changes of assumptions			12,305	12,305
Change in City's proportionate share and difference in employer contributions	17,935	158	42,286	60,379
Total Deferred Inflows of Resources	$ 17,935	$ 713	$ 68,968	$ 87,616

The $82,166,000 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined	OP&F	Total
		(Amounts in Thousands)		
Year Ending December 31:				
2024	$ 8,063	$ 114	$ 4,756	$ 12,933
2025	30,114	318	21,662	52,094
2026	44,714	421	25,469	70,604
2027	74,416	679	44,938	120,033
2028		80	(5,702)	(5,622)
Thereafter		244		244
Total	$ 157,307	$ 1,856	$ 91,123	$ 250,286

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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2022
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional	2.75 to 10.75%
Combined	2.75 to 8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 3%, simple
	through 2023, then 2.05%, simple
Investment Rate of Return	6.9%
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.9%. 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/(asset).

Sensitivity of the City's Proportionate Share of the Net Pension Liability/(Asset) 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 6.9%, 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 (5.9%) or one-percentage-point higher (7.9%) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
		(Amounts in Thousands)	
City's proportionate share of the net pension liability/(asset)			
Traditional Plan	$ 798,350	$ 532,956	$ 312,195
Combined Plan	(2,028)	(3,886)	(5,358)

Actuarial Assumptions – OP&F: OP&F's total pension liability as of December 31, 2022 is based on the results of an actuarial valuation date of January 1, 2022 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, 2022, are presented below:

Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50%
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, 2021.

Health Mortality: Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount- Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality: Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality: Mortality for contingent annuitants is based on the Pub- 2010 Below- Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality: Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

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, 2022 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	19 %	4.80 %
Non-US Equity	12	5.50
Private Markets	10	7.90
Core Fixed Income *	25	2.50
High Yield Fixed Income	7	4.40
Private Credit	5	5.90
U.S. Inflation Linked Bonds *	15	2.00
Midstream Energy Infrastructure	5	5.90
Real Assets	8	5.90
Gold	5	3.60
Private Real Estate	12	5.30
Commodities	2	3.60
Total	125 %	

* levered 2.5x

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 7.5%. 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 7.5%. 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/(Asset) to Changes in the Discount Rate: Net pension liability/(asset) is sensitive to changes in the discount rate and to illustrate the potential impact the following table presents the net pension liability/(asset) calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
		(Amounts in Thousands)	
City's proportionate share of the net pension liability	$ 832,463	$ 631,040	$ 463,596

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. Effective January 1, 2022 the Combined Plan is no longer available for member selection.

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 2023, 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 was 0.0% and Combined Plan was 2.0%. 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 2022 was 4.0%.

For the year ended December 31, 2023, 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 2022, 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 $983,000 for 2023. 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, 2021, rolled forward to the measurement date as of December 31, 2022, 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, 2022 and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. 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)	$ 11,227	$ 47,298	$ 58,525
Proportion of the Net OPEB Liability/(Asset)	1.780435%	6.643201%	
Change in Proportionate Share	(0.151731)%	(0.442463)%	
OPEB Expense	$ (20,248)	$ 3,717	$ (16,531)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources	(Amounts in Thousands)		
Differences between expected and actual economic expreience	$	$ 2,822	$ 2,822
Changes in assumptions	10,965	23,571	34,536
Net difference between projected and actual earnings on OPEB plan investments	22,295	4,057	26,352
Changes in proportion and differences between City contributions and proportionate share of contributions		1,740	1,740
Contributions subsequent to the measurement date		983	983
Total Deferred Outflows of Resources	$ 33,260	$ 33,173	$ 66,433
Deferred Inflows of Resources			
Differences between expected and actual economic experience	$ 2,800	$ 9,326	$ 12,126
Changes of assumptions	902	38,686	39,588
Changes in proportion and differences between City contributions and proportionate share of contributions	323	8,468	8,791
Total Deferred Inflows of Resources	$ 4,025	$ 56,480	$ 60,505

The $983,000 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 2024. 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)		
2024	$ 3,395	$ (1,774)	$ 1,621
2025	8,117	(1,306)	6,811
2026	6,952	(3,004)	3,948
2027	10,771	(2,162)	8,609
2028		(5,046)	(5,046)
Thereafter		(10,998)	(10,998)
Total	$ 29,235	$ (24,290)	$ 4,945

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, 2021, rolled forward to the measurement date as of December 31, 2022. 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	2.75%
Projected Salary Increases, including wage inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.22%
Prior Measurement Date	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	4.05%
Prior Measurement Date	1.84%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial 3.50%, ultimate in 2036
Prior Measurement Date	8.50%, initial 5.50%, ultimate in 2034
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	**Target Allocation**	**Weighted Average Long-Term Expected Real Rate of Return (Geometric)**
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00 %	

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

Discount Rate: A single discount rate of 5.22% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2022. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 5.22%, 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 (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share	(Amounts in Thousands)		
of the net OPEB liability/(asset)	$ 38,208	$ 11,227	$ 11,039

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 2023 is 5.50%. 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%)
City's proportionate share	(Amounts in Thousands)		
of the net OPEB liability/(asset)	$ 10,522	$ 11,227	$ 12,018

Actuarial Assumptions – OP&F: OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022 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, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 3.25%
Single Discount Rate:	
Current Measurement Date	4.27%
Prior Measurement Date	2.84%
Cost of Living Adjustments	2.20% Simple per year
Projected Depletion Year	2036

The most recent experience study was completed for the five year period ended December 31, 2021, the prior experience study was completed December 31, 2016.

Healthy Mortality: Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality: Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality: Mortality for contingent annuitants is based on the Pub- 2010 Below- Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality: Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

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, 2022, are summarized below:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic Equity	18.60 %	3.60 %
Non-US Equity	12.40	4.40
Private Markets	10.00	6.80
Core Fixed Income *	25.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Lined Bonds *	15.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Gold	5.00	2.40
Real Assets	8.00	5.90
Private Real Estate	12.00	4.80
Commodities	2.00	3.60
Total	125.00 %	

* levered 2.5x

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 4.27%. 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 7.5%. 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 3.65% at December 31, 2022 and 2.05% at December 31, 2021, was blended with the long-term rate of 7.5%, which resulted in a blended discount rate of 4.27%.

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 4.27%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.27%), or one-percentage-point higher (5.27%) than the current rate.

	1% Decrease (3.27%)	**Current Discount Rate (4.27%)**	**1% Increase (5.27%)**
		(Amounts in Thousands)	
City's proportionate share of the net OPEB liability	$ 58,243	$ 47,298	$ 38,057

NOTE 14 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
		(Amounts in Thousands)		
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 73,004	$ 371	$ (238)	$ 73,137
Construction in progress	376,151	62,521	(11,555)	427,117
Total capital assets, not being depreciated	449,155	62,892	(11,793)	500,254
Capital assets, being depreciated:				
Land improvements	241,519	4,798		246,317
Buildings, structures and improvements	723,473	447		723,920
Furniture, fixtures, equipment and vehicles	307,758	24,352	(10,574)	321,536
Infrastructure	895,800	20,472	(929)	915,343
Right to use assets	4,922	17,984		22,906
Total capital assets, being depreciated	2,173,472	68,053	(11,503)	2,230,022
Less accumulated depreciation and amortization:				
Land improvements	(177,915)	(8,209)		(186,124)
Buildings, structures and improvements	(412,354)	(16,694)		(429,048)
Furniture, fixtures, equipment and vehicles	(227,614)	(12,011)	10,529	(229,096)
Infrastructure	(504,172)	(32,896)	746	(536,322)
Right to use assets	(653)	(7,263)		(7,916)
Total accumulated depreciation and amortization	(1,322,708)	(77,073)	11,275	(1,388,506)
Total capital assets being depreciated, net	850,764	(9,020)	(228)	841,516
Governmental activities capital assets, net	$ 1,299,919	$ 53,872	$ (12,021)	$ 1,341,770

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
		(Amounts in Thousands)		
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 191,913	$	$ (539)	$ 191,374
Construction in progress	316,594	95,069	(49,109)	362,554
Total capital assets, not being depreciated	508,507	95,069	(49,648)	553,928
Capital assets, being depreciated:				
Land improvements	139,742	4,482	(696)	143,528
Utility plant	2,913,173	44,777	(3,840)	2,954,110
Buildings, structures and improvements	843,284	10,596	(41)	853,839
Furniture, fixtures, equipment and vehicles	850,905	21,842	(7,823)	864,924
Infrastructure	1,078,975	1,757		1,080,732
Right to use asset	1,913	3,346		5,259
Total capital assets, being depreciated	5,827,992	86,800	(12,400)	5,902,392
Less accumulated depreciation and amortization for:				
Land improvements	(73,556)	(3,977)	128	(77,405)
Utility plant	(1,276,693)	(62,136)	210	(1,338,619)
Buildings, structures and improvements	(531,540)	(17,625)	30	(549,135)
Furniture, fixtures, equipment and vehicles	(689,864)	(34,469)	7,360	(716,973)
Infrastructure	(865,037)	(33,624)		(898,661)
Right to use assets	(371)	(2,016)		(2,387)
Total accumulated depreciation and amortization	(3,437,061)	(153,847)	7,728	(3,583,180)
Total capital assets being depreciated, net	2,390,931	(67,047)	(4,672)	2,319,212
Business-Type activities capital assets, net	$ 2,899,438	$ 28,022	$ (54,320)	$ 2,873,140

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

		(Amounts in Thousands)
Governmental Activities:		
General Government	$	27,059
Public Works		34,180
Public Safety		11,795
Building and Housing		214
Community Development		1,519
Public Health		511
Economic Development		233
Depreciation and amortization 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		682
Total depreciation and amortization expense charged to governmental activities	$	76,193
Business-Type Activities:		
Water	$	71,142
Sewer		5,651
Electricity		18,739
Airport Facilities		54,314
Nonmajor activities		3,896
Depreciation and amortization 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		85
Total depreciation and amortization expense charged to business-type activities	$	153,827

Capital Commitments: Significant commitments of the City as of December 31, 2023 are composed of the following:

Project Description		Spent-to-Date		Remaining Commitment
		(Amounts in Thousands)		
Governmental Activities:				
Police Headquarters Building	$	16,450	$	90,552
Site Acquisition & Development		1,003		48,997
Broadband Network				20,000
East 105 SR 10 Quebec to Chester		8,286		17,566
Fire Station #26 Design		3,852		17,078
City Hall Improvements		456		15,944
Misc Capital				14,481
Back to Basics - Roads		4,128		12,622
HR System		47		11,512
Heavy Vehicles		644		11,396
Woodhill Choice				10,806
Demo		4,716		10,285
Westside Market				10,000
Down Payment Assistance				10,000
Westside Market Improvments				10,000
Ohio Means Jobs		244		9,756

Project Description		Spent-to-Date		Remaining Commitment
		(Amounts in Thousands)		
Business-Type Activities:				
Water Main Renewal 2023	$	2,373	$	24,329
Suburban Water Main Renewal		10,247		14,272
Baldwin Filter Underdrain II				13,200
Richfield Pump Station		245		10,139
Kirtland Crib		1,102		9,082
General Engineering Service XIV				8,096
Baldwin Filter Underdrain		1,697		7,821
Independence Pump Station				7,000
Engle Road Pump Station		419		6,973
10518 - LSLR Special Cases		54		6,581
Highland Trebisky Trunk Main		657		5,876
Large Valve Renewal				5,598
Baldwin Sedimentation Basin Roof		7,295		5,562
Pleasant Valley Pump Station				5,500
Pearl Road Pump Station				5,137

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 2023, the State funded $4,926,165 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 $2,526,000 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

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

All for the City's enterprise activity that has issued long-term obligations are reported as major funds in the business type activities enterprise funds financial statements:

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	$ 9,513	$ 1,749	$ 20,768	$ 7,151	$	$ 811
Debt retirement	45,545	2,902	125,890			2,865
Accrued passenger facility charges			21,406			
Accrued passenger facility charges			4,187			
Other	191	15	87,928		5,164	12
Total	$ 55,249	$ 4,666	$ 260,179	$ 7,151	$ 5,164	$ 3,688

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, 2023:

	General Fund	Capital/ Urban Renewal Bond Construction	General Government	Public Health	Other Governmental	Total Governmental
			(Amounts in Thousands)			
Fund Balances						
Nonspendable						
Prepaid expenditures and other assets	$ 14,683	$	$ 12	$ 72	$ 180	$ 14,947
Nonspendable Total	14,683	-	12	72	180	14,947
Restricted						
Debt Service					110,196	110,196
Recreation capital expenditures		48,024				48,024
Public Facilities capital expenditures		165,305				165,305
Road & Bridges capital expenditures		71,556				71,556
Stadium capital expenditures					12,747	12,747
Other capital expenditures		11,821			7,810	19,631
Repair & building of streets					18,397	18,397
Health & wellness				2,783		2,783
Protection & enforcement					8,398	8,398
Housing, community & economic development					50,140	50,140
Parks, properties & recreational services					546	546
Municipal Court			7,907			7,907
Casino			7,185			7,185
Neighborhood & sidewalk maintenance			2,349			2,349
Utilities programs			66			66
General governance			488			488
Restricted Total	-	296,706	17,995	2,783	208,234	525,718
Committed						
Health & wellness				2,194		2,194
Protection & enforcement					1,799	1,799
Parks, properties & recreational services					1,144	1,144
Housing, community & economic development					118,303	118,303
Municipal Court			1,199			1,199
Neighborhood & sidewalk maintenance			4,279			4,279
Lakefront management			4,412			4,412
Utilities programs			129			129
General governance			263,837			263,837
Committed Total	-	-	273,856	2,194	121,246	397,296
Assigned						
General governance	18,571					18,571
Protection & enforcement	13,452					13,452
Parks, properties & recreational services	7,361					7,361
Housing, community & economic development	4,410					4,410
Other purpose	164,595					164,595
Assigned Total	208,389	-	-	-	-	208,389
Unassigned	187,841					187,841
Total Fund Balances	$ 410,913	$ 296,706	$ 291,863	$ 5,049	$ 329,660	$ 1,334,191

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 were calculated based upon the net revenues of the remaining garage and remaining applicable bonds outstanding. As of September 15, 2022 the Bonds were completely repaid.

The first garage on the Gateway site was completed in January 1994. The second garage was completed in August 1994.

Cumulative debt service payments funded by the City that are due from Gateway totaled $61,623,000 at December 31, 2023. 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 bonds issued by the County for the construction and subsequent improvements of facilities at Gateway, the City agreed to pledge annually a percentage of admissions taxes on all events held at the Rocket Mortgage Fieldhouse arena to pay debt service if other revenue sources are not sufficient. The City's current admissions tax rate is 8%. For the year ended December 31, 2023, the City pledged $5,287,662.

In 2021, to enhance the security of the bonds issued by the County for the improvements at Progressive Field baseball stadium, the City agreed to pledge annually a percentage of admissions taxes on all events held at Progressive Field, current admissions tax rate is 8%. For the year ended December 31, 2023, the City pledged $2,229,871. The City also agreed to other required payments totaling $2,683,000 from certain City parking revenues, to pay debt service if other revenue sources are not sufficient.

NOTE 19 – COMPLIANCE AND ACCOUNTABILITY

At December 31, 2023, 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	$ 5,892
Sinking Fund Administration	6
Municipal Income Tax Administration	5,060

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, 2023.

Tax Abatement Program	Total Amount of Taxes Abated For the year 2023 (Amounts in Thousands)
Community Reinvestment Area (CRA)	$ 7,656
Enterprise Zone Program	112
Tax Increment Financing (TIF)	3,201

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 – LEASES

In June 2017, the GASB issued Statement No. 87, *Leases.* This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources (*based on contract provisions*). Under this statement, a lessor is required to recognize a lease receivable and deferred inflow of resources while a lessee is required to recognize a lease liability and a right-to-use (RTU) asset for each contract whose terms meet the definition of a lease. This recognition is intended to enhance the relevance and consistency of information about governments' leasing activities.

Leases Scope:

GASB Statement No. 87 – Scope: Per GASB Statement No. 87, a lease is defined as, A contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. A contract conveys control if the user of the underlying asset possesses both: the right to obtain present service capacity and the right to determine the nature and manner of its use. The transaction is "exchange-like" when both parties receive and sacrifice something of approximate equal value.

Accounting treatment for leases required by the Statement applies to non-financial assets. Assets that are non-financial in nature including intangible assets, biological assets, inventory leases, supply contracts, and service concession arrangements are considered out of scope.

Accounting Treatment at Adoption: The City is a lessor and a lessee in various noncancellable leases. In accordance with GASB Statement No. 87, leases that commenced before the adoption date of January 1, 2022 are considered to have commenced on this date. All leases with base rent payments adjusted by an index or rate (e.g., CPI) have measured their receivables and liabilities based upon the most recent adjustment as of January 1, 2022, unless otherwise noted. In accordance with the GASB Statement No. 87, the City does not recognize a lease receivable and a deferred inflow of resources for certain regulated leases. Instead, inflows of resources are recognized in the period in which payments are received. See "Certain Regulated Leases" section for required disclosures.

Measurement of Lease Amounts as a Lessor: As a lessor for in-scope leasing arrangements, at the beginning of the lease term, the City recognizes a lease receivable for leases based on the net present value of future, fixed lease payments to be received for the lease term and a deferred inflow of resources based on net present value calculated using the rate explicit in the contract, the rate implicit in the contract, or the City's incremental borrowing rate which is estimated using the FHLB CDA rate + 2.00% plus the net impact of any payments to be received at or before the commencement of the lease term that relate to future periods as well as lease incentives payable to the lessee. Leases that meet the GASB's definition of 'Certain Regulated Leases' are the exception to this measurement treatment. Amortization of the receivable is reported as lease and interest revenues. Deferred inflows of resources are amortized on a straight-line basis over the term of the lease.

Measurement of Lease Amounts as a Lessee: As a lessee, the City recognizes a lease liability and an intangible RTU asset at the beginning of a lease. Lease liabilities are measured based on net present value of the future lease payments at inception using the rate explicit in the contract, the rate implicit in the contract, or the City's incremental borrowing rate which is estimated using the FHLB CDA rate + 2.00% plus any lease incentives from the lessor. The lease liability is also measured with the inclusion of amounts required to be paid by the lessee under residual value guarantees, exercise price of a purchase option, and lease termination penalties – these are included only if there is reasonable certainty in the requirement to make such payments.

The RTU asset is measured at inception by adding to the lease liability initial direct costs as well as net amounts exchanged with the lessor at or before commencement of the lease term. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Other Conditions: The City assumes optional extension terms present in lease agreements will be exercised unless optional extension periods have undefined future payment terms - these terms are excluded in the calculation of lease term length unless otherwise noted. The City did not record revenue or expense related to residual value guarantees nor did the City exercise a purchase option.

Short-term Leases: For short-term lease contracts, defined as having a maximum possible term of 12 months or less, the City recognizes revenue or expense based on the payment provisions of the lease contract.

City as a Lessor:

General Description of Lessor Leasing Arrangements: The City leases space to various non-governmental and governmental lessees for various uses. The City leases space for use as: office space, combined-use space, communications sites, sporting facilities, harbors, parking operations hub, and restaurants. These leases have term end dates ranging from October 31, 2023 to May 30, 2053. Most leases require fixed rent payments that escalate on the basis of CPI or a fixed percentage year-over-year.

The City maintains separate leases classified as certain regulated leases – see 'Certain Regulated Leases' section for these required disclosures.

Inflows Recognized in FY23 from Leases: The table below represents the total amount of inflows for business-type and governmental activities for existing, in-scope GASB Statement No. 87 leases. These amounts exclude inflows for certain regulated leases and variable payments not fixed in substance.

City-Wide Inflows

	Governmental Activities		Business-Type Activities	
Lease Category	Lease Revenue	Interest Revenue	Lease Revenue	Interest Revenue
	(Amounts in Thousands)			
Combined Use Space	$	$	$ 126	$ 55
Office Space			157	22
Harbors	62	16		
Communication Sites	90	73		
Special Purpose Property				
Parking Operations Space			2,274	125
Sporting Facilities	221	44		
Other			49	37
Total	$ 373	$ 133	$ 2,606	$ 239

Schedule of Future Payments: The table below represents the future expected minimum principal and interest amounts to be received for business-type and governmental activities from existing, in-scope GASB Statement No. 87 leases:

City-Wide Maturity

	Governmental Activites			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
	(Amounts in Thousands)					
2024	$ 304	$ 121	$ 425	$ 2,756	$ 204	$ 2,960
2025	326	108	434	517	143	660
2026	342	95	437	311	156	467
2027	356	81	437	319	161	480
2028	372	67	439	251	150	401
2029 - 2033	490	261	751	658	657	1,315
2034 - 2038	404	161	565	705	509	1,214
2039 - 2043	274	82	356	738	338	1,076
2044 - 2048	258	28	286	588	202	790
2049 - 2053				603	58	661

City Wide Variable Inflows: The table below represents variable inflows not included in the calculation of lease receivable values for business-type and governmental activities. Variable inflows for business-type activities are based on percentage of lessee gross revenues and, for site-leases, are based upon number of equipment installations; municipal facilities are used by lessees for installation of equipment that utilize airspace. Fees are charged to the lessee based upon the number of municipal sites at which equipment has been used over the trailing twelve-month period. Variable inflows for governmental activities are related to an early termination penalty as well as docking fees; a lessee rents marina space from the City and makes fixed payments during operational, summer months. During the winter months, a separate rate is charged to the lessee only if the lessee utilizes the docks for storage. See variable inflows for certain regulated leases within the "Certain Regulated Leases" section.

	City-Wide Variable Inflows			
	Governmental Activities		Business-Type Activities	
Lease Category	Amount		Amount	
	(Amounts in Thousands)			
Combined Use Space	$		$	5
Office Space				793
Harbors		14		
Communication Sites				67
Other				240
Parking Operations Space				888
Total	$	14	$	1,993

***Certain Regulated Leases*:**

Definition: Certain leases are subject to external laws, regulations or legal rulings that prohibit lessors from denying potential lessees the right to enter into leases (contingent upon facility availability) and require fees imposed on lessees be fair, reasonable, and non-discriminatory. Such leases are termed "certain regulated leases" by the GASB. The Statement provides an exception to its general lessor recognition and measurement requirements for certain regulated leases but requires disclosure of specified quantitative and qualitative information.

These lease agreements are subject to the non-discriminatory criteria outlined in paragraph 43 of GASB 87 by the Federal Aviation Administration's (FAA) *Rates and Charges Policy.* The principals of this policy apply to all aeronautical users of the airport. Paragraph 18.3a of FAA Order 5190.6B (FAA compliance manual) directs the Department's classification of leases as certain regulated leases by noting: "all activities that involve or are directly related to the operation of the aircraft, including activities that make the operation of the aircraft possible and safe. Services located on the airport that are directly and substantially related to the movement of passengers, baggage, mail, and cargo are considered aeronautical uses."

General Description of Certain Regulated Leasing Arrangements: The Department maintains certain regulated leasing arrangements for air cargo facilities, airlines, aircraft maintenance operations, Fixed-Base Operators (FBOs), flight schools, fuel farms, ground handling operations, hangars, and passenger services. The leases have term end dates ranging from May 31, 2023 to August 31, 2051 and have escalating rent payment terms. There are 9 agreements – 8 Airlines and 1 Air Cargo Facility – of the 38 CRL agreements whose lessees have been granted preferential or exclusive use of Airport space (e.g., terminal and/or concourse space). All other agreements only grant lessees non-exclusive use of common Airport space.

CRL Quantitative Disclosures: The following table represents the inflows recognized for fiscal year 2023 for certain regulated leasing arrangements:

Airports - Inflows Recognized in FY23 from CRLs

CRL Category	**Total Inflows**	
	(Amounts in Thousands)	
Air Cargo Facilities	$	1,320
Airlines		90,917
FBOs		2,376
Flight School		93
Fuel Farm		100
Ground Handling Operation		971
Hangars & Aircraft Maintenance		1,370
Passenger Services		856
Total	$	98,003

The following table represents the future expected minimum payments for certain regulated leasing arrangements:

Schedule of Future Payments for CRLs

(Amounts in Thousands)		Amount
2024	$	97,873
2025		97,776
2026		7,073
2027		7,061
2028		6,287
2029 - 2033		9,048
2034 - 2038		4,403
2039 - 2043		1,909
2044 - 2048		464
2049 - 2053		248

CRL Variable Inflows: Variable inflows not fixed in substance are based on various lessee performance indicators such as: number of planes landed, aircraft parking, and percentage of lessee gross revenues. The variable inflows amounted to $13,246,000 for fiscal year 2023.

City as Lessee:

General Description of Lessee Leasing Arrangements: The City leases space and equipment from various nongovernmental and governmental lessors for various uses. The City leases space for use as: office space, combined use space, warehouse space and communications sites. These leases have terms ranging from September 8, 2023 to November 30, 2045. The leases require fixed rent payments – most of which escalating on the basis of CPI or a fixed percentage year-over-year.

Outflows Recognized in FY23 from Leases: The table below represents the total amount of outflows for business-type and governmental activities for existing, in-scope GASB Statement No. 87 leases. These amounts exclude outflows for variable payments not fixed in substance.

City-Wide Outflows

	Governmental Activities		Business-Type Activities	
Lease Category	Lease Expense	Interest Expense	Lease Expense	Interest Expense
	(Amounts in Thousands)			
Combined Use Space	$ 100	$ 15	$	$
Communication Sites	47	36	76	61
Warehouse			194	5
Office Space	2,812	265		
Equipment	79	7		
Total	$ 3,038	$ 323	$ 270	$ 66

Total Amount of Lease Assets and Accumulated Amortization: The table below represents the amount of lease assets and related accumulated amortization for existing, in-scope GASB Statement No. 87 leases for governmental and business-type activities:

City-Wide Lease Assets and Accumulated Amortization

	Governmental Activities		Business-Type Activities	
Lease Category	RTU Asset	Acc. Amortization	RTU Asset	Acc. Amortization
	(Amounts in Thousands)			
Combined Use Space	$ 450	$ (200)	$	$
Communication Sites	780	(94)	1,318	(144)
Warehouse			323	(388)
Office Space	8,136	(4,625)		
Equipment	405	(79)		
Total	$ 9,771	$ (4,998)	$ 1,641	$ (532)

Schedule of Future Payments: The table below represents the future expected minimum principal and interest amounts to be paid for the existing, in-scope GASB Statement No. 87 leases for business-type and governmental activities:

City-Wide Future Maturity

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
	(Amounts in Thousands)			
2024	$ 2,556	$ 249	$ 43	$ 60
2025	2,060	161	47	57
2026	289	123	50	55
2027	191	114	53	53
2028	148	107	57	50
2029 - 2033	938	420	326	209
2034 - 2038	1,237	174	397	126
2039 - 2043	142	18	300	34
2044 - 2048			28	1

Variable Outflows: Variable outflows not fixed in substance are excluded from the measurement of the lease liability and are recognized as lease expenses in the period in which the obligation for those payments is incurred. For fiscal year 2023, the City recognized $27,000 in variable outflows related to CPI adjustments.

NOTE 23 – Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The City uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments, payable during the remaining SBITA term. A SBITA is presented as a right to use asset in the Capital Assets section, on the government-wide *Statement of Net Position* and presented as part of right to use assets in the Capital Assets footnote.

The City has a variety of variable payment clauses, within its SBITA arrangements, including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The City did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

Furthermore, the City does not have commitments under SBITA that have not commenced as of December 31, 2023.

As of December 31, 2023, the City had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
Government Activities		(in thousands)	
2024	$ 2,523	$ 147	$ 2,670
2025	2,039	78	2,117
2026	1,045	31	1,076
2027	984		984
SBITA Liability:	$ 6,591	$ 256	$ 6,847

Business-Type Activities	Total Principal	Total Interest	Total
	(in thousands)		
2024	$ 631	$ 25	$ 656
2025	306	12	318
2026	260	4	264
2027	65	1	66
SBITA Liability:	$ 1,262	$ 42	$ 1,304

The governmental activities funds had SBITA assets in the amount of $10,710,000 net of accumulated amortization of $2,928,000, for a net SBITA asset of $7,782,000. The business-type activities funds had SBITA assets in the amount of $3,346,000 net of $1,746,000 of accumulated amortization, for a net SBITA asset of $1,600,000.

NOTE 24 – SUBSEQUENT EVENTS

On April 1, 2024, City Council approved legislation authorizing the establishment and issuance of Airport System subordinated debt in a principal amount not to exceed $175,000,000 in the form of revolving lines of credit and/or a commercial paper program. On June 27th, 2024, the Airport System entered into a $175,000,000 revolving line of credit with PNC Bank, National Association.

On May 20, 2024, City Council approved legislation authorizing the termination of the On-Site Parking Garage (Gateway East) Base Lease no longer needed for the City's use and conveying the property to the Cleveland-Cuyahoga County Port Authority.

On June 3, 2024, legislation was introduced authorizing the issuance of not to exceed $67,500,000 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, vehicles and equipment.

The Division of Water was the recipient of multiple new loan awards from the OWDA in early 2024.

On June 8, 2024, certain City Systems were infected by malware. The City's Division of Information Technology promptly detected and verified the incident and severed the City's systems technologies from the internet to stop further infection or data exfiltration and mitigate further disruption. The City's Division of Information Technology and Mayor's Office are working with state and federal law enforcement agencies to investigate, resolve and remediate the Cyber incident. The Division's systems technologies, as well as the systems technologies of the divisions of the Department of Public Utilities, Department of Port Control and the Division of Taxation were unaffected by the Cyber incident; and the City's primary operational systems technologies were also unaffected (e.g., employee timekeeping, payroll, financial and email). In the first several business days following the Cyber incident, City Hall was closed for citizen services, but non-affected departments and divisions remained open and billing collection and other systems remained operational.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1)

(Amounts in Thousands)

	City's Proportion of the Net Pension Liability/(Asset)	City's Proportionate Share of the Net Pension Liability/(Asset)	City's Covered Payroll	City'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/(Asset)
Traditional:					
2014	2.005665 %	$ 236,084	$ 227,331	103.85 %	86.36 %
2015	2.005665	241,132	250,992	96.07	86.45
2016	1.991565	343,995	253,925	135.47	81.08
2017	1.918603	434,615	254,500	170.77	77.25
2018	1.988234	309,209	265,054	116.66	84.66
2019	2.008996	547,978	287,186	190.81	74.70
2020	1.985574	388,322	295,329	131.49	82.17
2021	1.999777	290,351	300,679	96.57	86.88
2022	1.961767	170,682	310,979	54.89	92.62
2023	1.804180	532,956	287,443	185.41	75.74
Combined:					
2022	1.840138	(7,250)	310,979	(2.33)	169.88
2023	1.648675	(3,886)	287,443	(1.35)	137.14

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

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 for 2020 and 2021. For 2022, the following were the most significant changes of assumpsions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.20% down to 6.90%. (b) for defined benefit investments, decreasesing the wage inflation from 3.25% to 2.75%. (c) changing the future salary increases from 3.25%-10.75% to 2.75%-10.75%. There were no changes for 2023.

In 2022, the City presented the Combined Pension Plan separately. In prior years it was netted with the Traditional Pension Plan.

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

SCHEDULE OF CONTRIBUTIONS - NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2014	$ 30,119	$ (30,119)	$ -	$ 250,992	12.00 %
2015	30,471	(30,471)	-	253,925	12.00
2016	30,540	(30,540)	-	254,500	12.00
2017	34,457	(34,457)	-	265,054	13.00
2018	40,206	(40,206)	-	287,186	14.00
2019	41,346	(41,346)	-	295,329	14.00
2020	42,095	(42,095)	-	300,679	14.00
2021	43,537	(43,537)	-	310,979	14.00
2022	40,242	(40,242)	-	287,443	14.00
2023	42,022	(42,022)	-	300,157	14.00

(1) Represents City's calendar year.

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 TEN YEARS (1)

	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City'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	7.672388 %	$ 373,669	$ 187,096	199.72 %	73.00 %
2015	7.672388	397,462	154,514	257.23	71.71
2016	7.121475	458,129	160,828	284.86	66.77
2017	7.413054	469,535	157,731	297.68	68.36
2018	7.316628	449,054	156,994	286.03	70.91
2019	7.414638	605,230	168,650	358.87	63.07
2020	7.493444	504,798	182,586	276.47	69.89
2021	7.282615	496,462	192,200	258.30	70.65
2022	7.085664	442,671	188,756	234.52	75.03
2023	6.643201	631,040	183,872	343.20	62.90

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

Note 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 were no changes for 2020 and 2021. In 2022, the most significant changes were a reduction in the wage inflation rate from 3.25% to 2.75% and the total discount rate went down from 8.00% to 7.50%. There were no changes for 2023.

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

SCHEDULE OF CONTRIBUTIONS - NET PENSION LIABILITY
OHIO POLICE AND FIRE PENSION FUND
LAST TEN YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2014	$ 32,108	$ (32,108)	$ -	$ 154,514	20.78 %
2015	33,420	(33,420)	-	160,828	20.78
2016	32,808	(32,808)	-	157,731	20.80
2017	32,482	(32,482)	-	156,994	20.69
2018	34,978	(34,978)	-	168,650	20.74
2019	37,704	(37,704)	-	182,586	20.65
2020	38,921	(38,921)	-	192,200	20.25
2021	38,223	(38,223)	-	188,756	20.25
2022	38,227	(38,227)	-	183,872	20.79
2023	40,144	(40,144)	-	189,091	21.23

(1) Represents City's calendar year.

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 SEVEN YEARS (1), (2)

	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City'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	1.884621 %	$ 190,355	$ 254,500	74.80 %	54.04 %
2018	1.955919	212,398	265,054	80.13	54.14
2019	1.985567	258,873	287,186	90.14	46.33
2020	1.958141	270,468	295,329	91.58	47.80
2021	1.971128	(35,117)	300,679	(11.68)	115.57
2022	1.932166	(60,518)	310,979	(19.46)	128.23
2023	1.780435	11,227	287,443	3.91	94.79

(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 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 to 10.50% 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 8.50% initial, 3.50% ultimate in 2035. In 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034. In 2023 the single discount rate charged from 6.00% to 5.22%. The municipal bond rate changed from 1.84% to 4.05%. The health care cost trend changed from 8.50% initial, 5.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1), (2), (3)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2016	$ 5,090	$ (5,090)	$ -	$ 254,500	2.00 %
2017	2,651	(2,651)	-	265,054	1.00
2018	-	-	-	287,186	0.00
2019	-	-	-	295,329	0.00
2020	-	-	-	300,679	0.00
2021	-	-	-	310,979	0.00
2022	-	-	-	287,443	0.00
2023	-	-	-	300,157	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 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 SEVEN YEARS (1), (2)

	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's 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 Liability
		(Amounts in Thousands)			
2017	7.413054 %	$ 351,881	$ 157,731	223.09 %	15.96 %
2018	7.316628	414,550	156,994	264.05	14.13
2019	7.414638	67,521	168,650	40.04	46.57
2020	7.493444	74,018	182,586	40.54	47.08
2021	7.282615	77,160	192,200	40.15	45.40
2022	7.085664	77,665	188,200	41.27	46.90
2023	6.643201	47,298	188,400	25.11	52.60

(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%. In 2022, the single discount rate changed from 2.96% to 2.84%. In 2023 the single discount rate changes from 2.84% to 4.27%

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY
OHIO POLICE AND FIRE PENSION FUND
LAST EIGHT YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2016	$ 789	$ (789)	$ -	$ 157,731	0.50 %
2017	801	(801)	-	156,994	0.50
2018	866	(866)	-	168,650	0.50
2019	929	(929)	-	182,586	0.50
2020	961	(961)	-	192,200	0.50
2021	941	(941)	-	188,200	0.50
2022	942	(942)	-	188,400	0.50
2023	983	(983)	-	196,600	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, 2023

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Increase (Decrease)
REVENUES:				
Income taxes	$ 470,400	$ 470,400	$ 478,641	$ 8,241
Property taxes	41,980	41,980	45,241	3,261
State local government funds	31,760	31,760	32,000	240
Other taxes	40,691	40,691	45,767	5,076
Other shared revenues	16,755	16,755	16,072	(683)
Licenses and permits	24,020	24,020	23,515	(505)
Charges for services	36,266	36,266	28,247	(8,019)
Fines, forfeits and settlements	6,247	6,247	7,071	824
Investment earnings	8,000	30,000	28,832	(1,168)
Grants	1,917	142,828	142,555	(273)
Miscellaneous	28,440	28,440	27,821	(619)
TOTAL REVENUES	706,476	869,387	875,762	6,375
EXPENDITURES:				
Current:				
General Government:				
Council and clerk of council:				
Personnel	6,586	6,586	6,513	73
Other	1,914	1,914	1,778	136
Total council and clerk of council	8,500	8,500	8,291	209
Municipal court-judicial division:				
Personnel	19,469	18,194	18,018	176
Other	5,128	5,128	4,761	367
Total municipal court-judicial division	24,597	23,322	22,779	543
Municipal court-clerks division:				
Personnel	11,110	10,335	10,248	87
Other	1,748	2,023	2,016	7
Total municipal court-clerks division	12,858	12,358	12,264	94
Municipal court-housing division:				
Personnel	4,913	4,563	4,341	222
Other	447	447	246	201
Total municipal court-housing division	5,360	5,010	4,587	423
Office of the mayor:				
Personnel	2,934	2,484	2,317	167
Other	199	219	215	4
Total office of the mayor	3,133	2,703	2,532	171
Office of capital projects:				
Personnel	6,844	6,344	6,118	226
Other	730	975	935	40
Total office of capital projects	7,574	7,319	7,053	266
Office of urban analytics and innovation:				
Personnel	1,625	1,475	1,346	129
Other	117	117	100	17
Total office of urban analytics and innovation	1,742	1,592	1,446	146

(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, 2023

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Increase (Decrease)
Landmarks commission:				
Personnel	$ 338	$ 338	$ 317	$ 21
Other	23	23	4	19
Total landmarks commission	361	361	321	40
Board of building standards and appeals:				
Personnel	244	244	223	21
Other	37	37	9	28
Total board of building standards and appeals	281	281	232	49
Board of zoning appeals:				
Personnel	222	222	221	1
Other	25	25	23	2
Total board of zoning appeals	247	247	244	3
Civil service commission:				
Personnel	886	811	732	79
Other	621	321	182	139
Total civil service commission	1,507	1,132	914	218
Community relations board:				
Personnel	1,799	1,709	1,707	2
Other	572	572	410	162
Total community relations board	2,371	2,281	2,117	164
City planning commission:				
Personnel	2,379	2,019	2,017	2
Other	537	797	797	-
Total city planning commission	2,916	2,816	2,814	2
Boxing and wrestling commission:				
Personnel	32	32	9	23
Total boxing and wrestling commission	32	32	9	23
Office of sustainability:				
Personnel	1,010	1,010	847	163
Other	354	354	205	149
Total office of sustainability	1,364	1,364	1,052	312
Office of equal opportunity:				
Personnel	1,009	909	809	100
Other	179	179	153	26
Total office of equal opportunity	1,188	1,088	962	126
Office of prevention, intervention, and opportunity:				
Personnel	1,703	1,603	1,524	79
Other	2,753	2,753	2,742	11
Total office of prevention, intervention, and opportunity	4,456	4,356	4,266	90
Office of budget and management:				
Personnel	771	771	704	67
Other	15	90	79	11
Total office of budget and management	786	861	783	78

(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, 2023

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Increase (Decrease)
Office of Professional Standards:				
Personnel	$ 1,716	$ 1,716	$ 955	$ 761
Other	261	261	238	23
Total office of professional standards	1,977	1,977	1,193	784
Police Review Board:				
Personnel	165	165	149	16
Other	39	39	27	12
Total police review board	204	204	176	28
Community Police Commission:				
Personnel	822	822	566	256
Other	1,268	1,268	1,190	78
Total community police commission	2,090	2,090	1,756	334
Department of aging:				
Personnel	1,268	993	887	106
Other	600	620	560	60
Total department of aging	1,868	1,613	1,447	166
Department of personnel:				
Personnel	2,858	2,758	2,552	206
Other	2,504	2,504	2,372	132
Total office of personnel	5,362	5,262	4,924	338
Department of law:				
Personnel	9,476	9,476	9,261	215
Other	9,148	13,348	13,332	16
Total department of law	18,624	22,824	22,593	231
Finance administration:				
Personnel	817	817	775	42
Other	165	165	165	-
Total finance administration	982	982	940	42
Division of accounts:				
Personnel	1,780	1,505	1,454	51
Other	850	850	774	76
Total division of accounts	2,630	2,355	2,228	127
Division of assessments and licenses:				
Personnel	3,784	3,034	3,032	2
Other	1,504	1,229	1,071	158
Total division of assessments and licenses	5,288	4,263	4,103	160
Division of treasury:				
Personnel	718	718	666	52
Other	123	123	109	14
Total division of treasury	841	841	775	66

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, 2023

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance-Increase (Decrease)
Division of purchases and supplies:				
Personnel	$ 989	$ 689	$ 578	$ 111
Other	33	33	19	14
Total division of purchases and supplies	1,022	722	597	125
Bureau of internal audit:				
Personnel	521	521	384	137
Other	713	413	260	153
Total bureau of internal audit	1,234	934	644	290
Division of financial reporting and control:				
Personnel	1,753	1,503	1,429	74
Other	151	151	132	19
Total division of financial reporting and control	1,904	1,654	1,561	93
Division of information system services:				
Personnel	3,785	3,385	3,253	132
Other	9,637	9,637	8,925	712
Total division of information system services	13,422	13,022	12,178	844
Division of risk managment:				
Personnel	973	873	872	1
Other	526	526	451	75
Total division of risk management	1,499	1,399	1,323	76
TOTAL GENERAL GOVERNMENT	138,220	135,765	129,104	6,661
Public Health:				
Public health administration:				
Personnel	1,830	1,630	1,425	205
Other	498	548	461	87
Total public health administration	2,328	2,178	1,886	292
Division of health:				
Personnel	3,203	2,653	2,492	161
Other	2,907	2,507	2,232	275
Total division of health	6,110	5,160	4,724	436
Division of environment:				
Personnel	1,916	1,566	1,470	96
Other	510	510	425	85
Total division of environment	2,426	2,076	1,895	181
Division of air quality:				
Personnel	635	635	595	40
Other	475	475	419	56
Total division of air quality	1,110	1,110	1,014	96
Health equity & social justice:				
Personnel	1,154	629	628	1
Other	921	821	512	309
Total health equity & social justice	2,075	1,450	1,140	310
TOTAL PUBLIC HEALTH	14,049	11,974	10,659	1,315

(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, 2023

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Increase (Decrease)
Public Safety:				
Public safety administration:				
Personnel	$ 5,217	$ 4,667	$ 4,542	$ 125
Other	3,681	2,981	2,481	500
Total public safety administration	8,898	7,648	7,023	625
Division of police:				
Personnel	201,538	200,078	200,057	21
Other	16,404	15,904	13,605	2,299
Total division of police	217,942	215,982	213,662	2,320
Division of fire:				
Personnel	103,508	107,838	107,838	-
Other	5,205	5,280	4,759	521
Total division of fire	108,713	113,118	112,597	521
Division of emergency medical services:				
Personnel	29,045	32,645	32,641	4
Other	4,969	4,384	3,759	625
Total division of emergency medical services	34,014	37,029	36,400	629
Division of animal control services:				
Personnel	2,914	2,349	2,174	175
Other	775	825	792	33
Total division of animal control services	3,689	3,174	2,966	208
Division of correction:				
Personnel	238	258	249	9
Other	3,002	3,002	3,000	2
Total division of correction	3,240	3,260	3,249	11
Police Inspector General:				
Personnel	224	9		9
Other	12	12		12
Total police inspector general	236	21	-	21
Department of Justice:				
Personnel	1,679	2,129	2,129	-
Other	2,509	1,909	1,153	756
Total department of justice	4,188	4,038	3,282	756
TOTAL PUBLIC SAFETY	380,920	384,270	379,179	5,091

(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, 2023

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Increase (Decrease)
Public Works:				
Division of public works administration:				
Personnel	$ 3,101	$ 2,601	$ 2,591	$ 10
Other	300	300	255	45
Total division of public works administration	3,401	2,901	2,846	55
Division of recreation:				
Personnel	10,537	10,752	10,750	2
Other	5,179	5,479	5,337	142
Total division of recreation	15,716	16,231	16,087	144
Division of parking facilities:				
Personnel	887	887	798	89
Other	103	103	72	31
Total division of parking facilities	990	990	870	120
Division of property management:				
Personnel	6,552	6,552	6,542	10
Other	2,544	2,704	2,535	169
Total division of property management	9,096	9,256	9,077	179
Division of park maintenance and properties:				
Personnel	11,040	10,490	10,424	66
Other	8,265	8,450	8,082	368
Total division of park maintenance and properties	19,305	18,940	18,506	434
Division of waste collection and disposal:				
Personnel	17,899	18,419	18,415	4
Other	18,465	18,015	17,889	126
Total division of waste collection and disposal	36,364	36,434	36,304	130
Division of traffic engineering:				
Personnel	3,056	3,056	3,040	16
Other	960	1,040	970	70
Total division of traffic engineering	4,016	4,096	4,010	86
TOTAL PUBLIC WORKS	88,888	88,848	87,700	1,148

(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, 2023
(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance-Increase (Decrease)
Community Development:				
Director's office:				
Personnel	$ 530	$ 530	$ 443	$ 87
Other	1,571	1,571	1,563	8
Total director's office	2,101	2,101	2,006	95
TOTAL COMMUNITY DEVELOPMENT	2,101	2,101	2,006	95
Building and Housing:				
Director's office:				
Personnel	2,854	2,524	2,507	17
Other	1,574	874	810	64
Total director's office	4,428	3,398	3,317	81
Division of code enforcement:				
Personnel	8,636	7,936	7,936	-
Other	298	298	210	88
Total division of code enforcement	8,934	8,234	8,146	88
Division of construction permitting:				
Personnel	1,627	1,627	1,499	128
Other	26	26	5	21
Total division of construction permitting	1,653	1,653	1,504	149
TOTAL BUILDING AND HOUSING	15,015	13,285	12,967	318
Economic Development:				
Economic development administration:				
Personnel	1,858	1,858	1,855	3
Other	63	63	56	7
Total economic development administration	1,921	1,921	1,911	10
TOTAL ECONOMIC DEVELOPMENT	1,921	1,921	1,911	10

(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, 2023

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Increase (Decrease)
Non-Departmental Expenditures:				
Other	$ 23,145	$ 23,495	$ 23,413	$ 82
TOTAL NON-DEPARTMENTAL EXPENDITURES	23,145	23,495	23,413	82
Capital outlay	1,275	37,556	37,556	-
TOTAL EXPENDITURES	665,534	699,215	684,495	14,720
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	40,942	170,172	191,267	21,095
OTHER FINANCING SOURCES (USES):				
Transfers in	4,500	4,500	213	(4,287)
Transfers out	(45,246)	(199,946)	(195,162)	4,784
Sale of City assets			410	410
TOTAL OTHER FINANCING SOURCES (USES)	(40,746)	(195,446)	(194,539)	907
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			1,287	1,287
NET CHANGE IN FUND BALANCE	196	(25,274)	(1,985)	23,289
FUND BALANCE AT BEGINNING OF YEAR	48,315	48,315	48,315	-
FUND BALANCE AT END OF YEAR	$ 48,511	$ 23,041	$ 46,330	$ 23,289

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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.
Payroll Reserve Fund	To accumulate the necessary resources for payments of the 27th pay period and accumulated sick and/or vacation leave.

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, 2023
(Amounts in Thousands)

	Special Revenue Funds - Budgeted			
	Division of Streets	Restricted Income Tax	Cleveland Stadium Operations	Total Budgeted Funds
ASSETS				
Cash and cash equivalents	$ 19,004	$ 33,449	$ 24,757	$ 77,210
Investments				-
Receivables:				
Taxes		8,645		8,645
Accounts	1			1
Grants				-
Loans				-
Leases			1,120	1,120
Accrued interest			131	131
Assessments				-
Receivables, net	1	8,645	1,251	9,897
Due from other funds	22	5,365		5,387
Due from other governments	8,952			8,952
Prepaid expenditures and other assets	165			165
TOTAL ASSETS	$ 28,144	$ 47,459	$ 26,008	$ 101,611
LIABILITIES				
Accounts payable	$ 1,054	$ 2,443	$	$ 3,497
Accrued wages and benefits	1,909			1,909
Due to other governments			797	797
Unearned revenue				-
Due to other funds	499			499
Total liabilities	3,462	2,443	797	6,702
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow	6,120	3,163	1,126	10,409
Total deferred inflows of resources	6,120	3,163	1,126	10,409
FUND BALANCES				
Nonspendable	165			165
Restricted	18,397	41,853	24,085	84,335
Committed				-
Total fund balances	18,562	41,853	24,085	84,500
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 28,144	$ 47,459	$ 26,008	$ 101,611

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
$	$ 11,651	$ 3,449	$ 18,441	$ 76,557	$
941	10,416				356
4,864	5,549		27,777	46,870	
4,058	2,015	7,530			
9,863	17,980	7,530	27,777	46,870	356
187	402				
				14,765	
	12				
$ 10,050	$ 30,045	$ 10,979	$ 46,218	$ 138,192	$ 356
$ 131	$ 3	$ 8	$ 48	$	$ 7
310	37				34
51				51,691	96
	11,385	1,108		654	
5,522	306	589	3,994		219
6,014	11,731	1,705	4,042	52,345	356
4,036	2,014	7,450		14,765	
4,036	2,014	7,450	-	14,765	-
	12				
	10,489	3		12,617	
	5,799	1,821	42,176	58,465	
-	16,300	1,824	42,176	71,082	-
$ 10,050	$ 30,045	$ 10,979	$ 46,218	$ 138,192	$ 356

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023
(Amounts in Thousands)

	Special Revenue Funds - Non-Budgeted		
	Public Works Funds	Public Safety Funds	Gateway Shared Income Tax Funds
ASSETS			
Cash and cash equivalents	$ 1,809	$ 9,654	$ 3,176
Investments			
Receivables:			
Taxes			
Accounts			
Grants	60	3,282	
Loans			
Leases			
Accrued Interest			
Assessments			
Receivables, net	60	3,282	-
Due from other funds	273		
Due from other governments			325
Prepaid expenditures and other assets		3	
TOTAL ASSETS	$ 2,142	$ 12,939	$ 3,501
LIABILITIES			
Accounts payable	$ 93	$ 46	$
Accrued wages and benefits		18	
Due to other governments		4	1,752
Unearned revenue	359	226	
Due to other funds		2,445	1,749
Total liabilities	452	2,739	3,501
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow			
Total deferred inflows of resources	-	-	-
FUND BALANCE			
Nonspendable		3	
Restricted	546	8,398	
Committed	1,144	1,799	
Total fund balances	1,690	10,200	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,142	$ 12,939	$ 3,501

	Special Revenue Funds - Non-Budgeted				
	Neighborhood Development Investment Fund	**Core City Program Funds**	**Supplemental Empowerment Zone**	**Total Non-Budgeted Funds**	**Total Special Revenue Funds**
	$ 610	$ 19,431	$ 4,654	$ 149,432	$ 226,642
				-	-
				-	8,645
				-	1
				15,055	15,055
	3,151	13,828	4,623	106,662	106,662
					1,120
		53		53	184
				13,603	13,603
	3,151	13,881	4,623	135,373	145,270
			3,993	4,855	10,242
				15,090	24,042
				15	180
	$ 3,761	$ 33,312	$ 13,270	$ 304,765	$ 406,376
	$	$	$	$ 336	$ 3,833
				399	2,308
			13,270	66,864	67,661
				13,732	13,732
				14,824	15,323
	-	-	13,270	96,155	102,857
				28,265	38,674
	-	-	-	28,265	38,674
				15	180
		27,031		59,084	143,419
	3,761	6,281		121,246	121,246
	3,761	33,312	-	180,345	264,845
	$ 3,761	$ 33,312	$ 13,270	$ 304,765	$ 406,376

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023
(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	$ 20,732	$ 3,804	$ 2,981	$ 1,679	$ 10,073
Investments	194				
Receivables:					
Taxes	29,237				
Accounts					
Grants					
Loans					
Accrued interest	92	15	13	6	38
Assessments					
Receivables, net	29,329	15	13	6	38
Due from other funds					
Due from other governments	1,852				
Prepaid expenditures and other assets					
TOTAL ASSETS	$ 52,107	$ 3,819	$ 2,994	$ 1,685	$ 10,111
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	31,087				
Total deferred inflows of resources	31,087	-	-	-	-
FUND BALANCE					
Nonspendable					
Restricted	21,020	3,819	2,994	1,685	10,111
Committed					
Total fund balances	21,020	3,819	2,994	1,685	10,111
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 52,107	$ 3,819	$ 2,994	$ 1,685	$ 10,111

Debt Service Funds		
	Non-Budgeted	
Total Budgeted Funds	Cleveland Stadium Debt Service Fund	Total Debt Service Funds
$ 39,269	$ 4,608	$ 43,877
194		194
29,237		29,237
-		-
-		-
-		-
164	21	185
-		-
29,401	21	29,422
-		-
1,852		1,852
-		-
$ 70,716	$ 4,629	$ 75,345
$ -	$	$ -
-		-
-		-
-		-
-		-
-	-	-
31,087		31,087
31,087	-	31,087
-		-
39,629	4,629	44,258
-		-
39,629	4,629	44,258
$ 70,716	$ 4,629	$ 75,345

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023
(Amounts in Thousands)

	Capital Projects Funds Non-Budgeted		
	Grant Improvement	Capital Improvement	Cleveland Stadium Construction
ASSETS			
Cash and cash equivalents	$ 399	$ 12,770	$ 12,747
Investments			
Receivables:			
Taxes			
Accounts			
Grants	1,348		
Loans			
Leases			
Accrued interest			18
Assessments		2,450	
Less: Allowance for doubtful accounts		(1,640)	
Receivables, net	1,348	810	18
Due from other funds			
Due from other governments			
Prepaid expenditures and other assets			
TOTAL ASSETS	$ 1,747	$ 13,580	$ 12,765
LIABILITIES			
Accounts payable	$ 947	$ 4,620	$ 358
Accrued wages and benefits			
Due to other governments			
Unearned revenue	800		
Due to other funds			
Total liabilities	1,747	4,620	358
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow		810	
Total deferred inflows of resources	-	810	-
FUND BALANCE			
Nonspendable			
Restricted		8,150	12,407
Committed			
Total fund balances	-	8,150	12,407
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,747	$ 13,580	$ 12,765

Total Capital Projects Funds	Total Nonmajor Governmental Funds
$ 25,916	$ 296,435
-	194
-	37,882
-	1
1,348	16,403
-	106,662
-	1,120
18	387
2,450	16,053
(1,640)	(1,640)
2,176	176,868
-	10,242
-	25,894
-	180
$ 28,092	$ 509,813
$ 5,925	$ 9,758
-	2,308
-	67,661
800	14,532
-	15,323
6,725	109,582
810	70,571
810	70,571
-	180
20,557	208,234
-	121,246
20,557	329,660
$ 28,092	$ 509,813

(Concluded)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands)

	Special Revenue Funds - Budgeted			
	Division of Streets	Restricted Income Tax	Cleveland Stadium Operations	Total Budgeted Funds
REVENUES:				
Income taxes	$	$ 59,461	$	$ 59,461
Property taxes				-
Other shared revenues	17,821		4,567	22,388
Licenses and permits	420			420
Charges for services	5			5
Fines, forfeits and settlements				-
Investment earnings	417	1,306	880	2,603
Grants				-
Contributions				-
Miscellaneous	3		193	196
Total revenues	18,666	60,767	5,640	85,073
EXPENDITURES:				
Current:				
General Government		1		1
Public Works	34,051		1,498	35,549
Public Safety				-
Community Development				-
Building and Housing				-
Economic Development				-
Capital outlay	5,352	17,038		22,390
Debt service:				
Principal retirement	7	625		632
Interest	1	498		499
Total expenditures	39,411	18,162	1,498	59,071
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,745)	42,605	4,142	26,002
OTHER FINANCING SOURCES (USES):				
Transfers in	21,119	340	9,000	30,459
Transfers out		(41,910)	(11,803)	(53,713)
Inception of subscriptions	19	483		502
Issuance of bonds				-
Total other financing sources (uses)	21,138	(41,087)	(2,803)	(22,752)
NET CHANGE IN FUND BALANCES	393	1,518	1,339	3,250
FUND BALANCES AT BEGINNING OF YEAR	18,169	40,335	22,746	81,250
FUND BALANCES AT END OF YEAR	$ 18,562	$ 41,853	$ 24,085	$ 84,500

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
$	$	$	$	$	$
				13,787	
12	77	390			
		1,451			
24	40			1,496	
20,388	24,666		180	275	1,246
913	231		109	960	
21,337	25,014	1,841	289	16,518	1,246
					1,246
21,141	24,733				
		31			
			6,092	16,901	
224					
12				15	
1				14	
21,378	24,733	31	6,092	16,930	1,246
(41)	281	1,810	(5,803)	(412)	-
			3,303	51,300	
				(830)	
41					
41	-	-	3,303	50,470	-
-	281	1,810	(2,500)	50,058	-
	16,019	14	44,676	21,024	
$ -	$ 16,300	$ 1,824	$ 42,176	$ 71,082	$ -

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2023

(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	16		
Charges for services	173		
Fines, forfeits and settlements		2,761	
Investment earnings	17	204	
Grants	74	6,697	
Contributions			
Miscellaneous	1	4	
Total revenues	281	9,666	-
EXPENDITURES:			
Current:			
General Government			
Public Works	95		
Public Safety		7,290	
Community Development			
Building and Housing			
Economic Development			
Capital outlay		257	
Debt service:			
Principal retirement			
Interest			
Total expenditures	95	7,547	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	186	2,119	-
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
Inception of subscriptions			
Issuance of bonds			
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	186	2,119	-
FUND BALANCES AT BEGINNING OF YEAR	1,504	8,081	
FUND BALANCES AT END OF YEAR	$ 1,690	$ 10,200	$ -

Special Revenue Funds - Non-Budgeted				
Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non-Budgeted Funds	Total Special Revenue Funds
$	$	$	$ -	$ 59,461
			-	-
	75	511	14,373	36,761
			16	436
			652	657
			4,212	4,212
	792	245	2,818	5,421
			53,526	53,526
			-	-
17	1,064		3,299	3,495
17	1,931	756	78,896	163,969
			1,246	1,247
			95	35,644
			7,290	7,290
			45,874	45,874
			31	31
1,013		756	24,762	24,762
	252		733	23,123
			27	659
			15	514
1,013	252	756	80,073	139,144
(996)	1,679	-	(1,177)	24,825
			54,603	85,062
			(830)	(54,543)
			41	543
			-	-
-		-	53,814	31,062
(996)	1,679	-	52,637	55,887
4,757	31,633		127,708	208,958
$ 3,761	$ 33,312	$ -	$ 180,345	$ 264,845

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2023

(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	23,548				
Other shared revenues	1,964				
Licenses and permits					
Charges for services					
Fines, forfeits and settlements					
Investment earnings	1,736	140	134	235	699
Grants					
Contributions					
Miscellaneous					174
Total revenues	27,248	140	134	235	873
EXPENDITURES:					
Current:					
General Government					
Public Works					
Public Safety					
Community Development					
Building and Housing					
Economic Development					
Capital outlay					
Debt service:					
Principal retirement	28,455	5,190	253	6,040	15,010
Interest	15,065	402	132	897	15,088
General Government					
Total expenditures	43,520	5,592	385	6,937	30,098
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,272)	(5,452)	(251)	(6,702)	(29,225)
OTHER FINANCING SOURCES (USES):					
Transfers in	19,410	5,682	618	5,943	27,760
Transfers out					
Payment of refunding C.O.P.S.					
Issuance of refunding C.O.P.S.					
C.O.P.S. Premium					
Issuance of bonds					
Total other financing sources (uses)	19,410	5,682	618	5,943	27,760
NET CHANGE IN FUND BALANCES	3,138	230	367	(759)	(1,465)
FUND BALANCES AT BEGINNING OF YEAR	17,882	3,589	2,627	2,444	11,576
FUND BALANCES AT END OF YEAR	$ 21,020	$ 3,819	$ 2,994	$ 1,685	$ 10,111

Total Budgeted Funds	Debt Service Funds Non-Budgeted: Cleveland Stadium Debt Service Fund	Total Debt Service Funds
$ -	$	$ -
23,548		23,548
1,964		1,964
-		-
-		-
-		-
2,944	617	3,561
-		-
-		-
174		174
28,630	617	29,247
-		-
-		-
-		-
-		-
-		-
-		-
-		-
54,948	8,520	63,468
31,584	434	32,018
-	428	428
86,532	9,382	95,914
(57,902)	(8,765)	(66,667)
59,413	7,172	66,585
-		-
-	(45,070)	(45,070)
-	40,220	40,220
-	1,092	1,092
-		-
59,413	3,414	62,827
1,511	(5,351)	(3,840)
38,118	9,980	48,098
$ 39,629	$ 4,629	$ 44,258

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands)

	Capital Projects Funds Non-Budgeted		
	Grant Improvement	Capital Improvement	Cleveland Stadium Construction
REVENUES:			
Income taxes	$	$	$
Property taxes			
Other shared revenues		332	
Licenses and permits			
Charges for services			
Fines, forfeits and settlements			
Investment earnings		158	616
Grants	6,749		
Contributions		112	
Miscellaneous			
Total revenues	6,749	602	616
EXPENDITURES:			
Current:			
General Government			
Public Works			
Public Safety			
Community Development			
Building and Housing			
Economic Development			
Capital outlay	6,749	374	6,965
Debt service:			
Principal retirement			
Interest			
General Government			
Total expenditures	6,749	374	6,965
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	228	(6,349)
OTHER FINANCING SOURCES (USES):			
Transfers in			6,631
Transfers out			
Incepton of subscriptions			
Payment of refunding C.O.P.S.			
Issuance of refunding C.O.P.S.			
C.O.P.S. Premium			
Issuance of bonds			
Total other financing sources (uses)	-	-	6,631
NET CHANGE IN FUND BALANCES	-	228	282
FUND BALANCES AT BEGINNING OF YEAR		7,922	12,125
FUND BALANCES AT END OF YEAR	$ -	$ 8,150	$ 12,407

Total Capital Projects Funds	Total Nonmajor Governmental Funds
$ -	$ 59,461
-	23,548
332	39,057
-	436
-	657
-	4,212
774	9,756
6,749	60,275
112	112
-	3,669
7,967	201,183
-	1,247
-	35,644
-	7,290
-	45,874
-	31
-	24,762
14,088	37,211
-	64,127
-	32,532
-	428
14,088	249,146
(6,121)	(47,963)
6,631	158,278
-	(54,543)
-	543
-	(45,070)
-	40,220
-	1,092
-	-
6,631	100,520
510	52,557
20,047	277,103
$ 20,557	$ 329,660

(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, 2023

(Amounts in Thousands)

	Division of Streets			
	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
REVENUES:				
Income taxes	$	$	$	$ -
Other shared revenues	18,075	18,075	17,888	(187)
Licenses and permits	895	895	397	(498)
Charges for services	35	35	11	(24)
Investment earnings	210	210	417	207
Total revenues	19,215	19,215	18,713	(502)
EXPENDITURES:				
Current:				
Public Works:				
Personnel	20,492	23,292	23,031	261
Other	9,588	11,768	11,649	119
Capital outlay	6,630	11,770	11,739	31
Principal retirement				-
Interest				-
Total expenditures	36,710	46,830	46,419	411
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,495)	(27,615)	(27,706)	(91)
OTHER FINANCING SOURCES (USES):				
Transfers in	11,000	21,119	21,119	-
Transfers out				-
Total other financing sources (uses)	11,000	21,119	21,119	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(6,495)	(6,496)	(6,587)	(91)
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			38	38
FUND BALANCES AT BEGINNING OF YEAR	6,719	6,719	6,719	-
FUND BALANCES AT END OF YEAR	$ 224	$ 223	$ 170	$ (53)

Restricted Income Tax				Rainy Day Reserve Fund				Payroll Reserve Fund			
Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
$ 58,800	$ 58,800	$ 59,830	$ 1,030	$	$	$	$ -	$	$	$	$ -
			-				-				-
			-				-				-
			-				-				-
400	400	1,306	906			1,767	1,767				-
59,200	59,200	61,136	1,936	-	-	1,767	1,767	-	-	-	-
			-				-				-
			-				-				-
20,991	22,223	22,223	-				-				-
474	498	474	24				-				-
463	463	488	(25)				-				-
21,928	23,184	23,185	(1)	-	-	-	-	-	-	-	-
37,272	36,016	37,951	1,935	-	-	1,767	1,767	-	-	-	-
	1,220	340	(880)				-				-
(41,947)	(41,911)	(41,910)	1				-				-
(41,947)	(40,691)	(41,570)	(879)	-	-	-	-	-	-	-	-
(4,675)	(4,675)	(3,619)	1,056			1,767	1,767				-
			-				-				-
5,281	5,281	5,281	-	65,832	65,832	65,832	-	90,000	90,000	90,000	-
$ 606	$ 606	$ 1,662	$ 1,056	$ 65,832	$ 65,832	$ 67,599	$ 1,767	$ 90,000	$ 90,000	$ 90,000	$ -

(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, 2023
(Amounts in Thousands)

	Schools Recreation and Cultural Activities			
	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
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- Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
$	$	$	$ -	$ 58,800	$ 58,800	$ 59,830	$ 1,030
4,000	4,000	4,567	567	22,075	22,075	22,455	380
			-	895	895	397	(498)
250	250	250	-	285	285	261	(24)
100	100	741	641	710	710	4,231	3,521
4,350	4,350	5,558	1,208	82,765	82,765	87,174	4,409
			-	20,492	23,292	23,031	261
1,474	1,524	1,498	26	12,187	14,417	14,272	145
			-	27,621	33,993	33,962	31
			-	474	498	474	24
			-	463	463	488	(25)
1,474	1,524	1,498	26	61,237	72,663	72,227	436
2,876	2,826	4,060	1,234	21,528	10,102	14,947	4,845
10,290	10,290	9,000	(1,290)	22,415	33,754	31,584	(2,170)
(13,225)	(13,175)	(11,803)	1,372	(55,172)	(55,086)	(53,713)	1,373
(2,935)	(2,885)	(2,803)	82	(32,757)	(21,332)	(22,129)	(797)
(59)	(59)	1,257	1,316	(11,229)	(11,230)	(7,182)	4,048
			-	-	-	38	38
23,497	23,497	23,497	-	191,329	191,329	191,329	-
$ 23,438	$ 23,438	$ 24,754	$ 1,316	$ 180,100	$ 180,099	$ 184,185	$ 4,086

(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, 2023

(Amounts in Thousands)

	Unvoted Tax Supported Obligations Fund			
	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
REVENUES:				
Property taxes	$ 23,582	$ 21,632	$ 23,545	$ 1,913
Other shared revenues	1,950	1,950	1,964	14
Investment earnings	275	475	1,698	1,223
Miscellaneous				-
Total revenues	25,807	24,057	27,207	3,150
EXPENDITURES:				
Principal retirement	28,455	28,455	28,455	-
Interest	15,453	15,453	15,065	388
Total expenditures	43,908	43,908	43,520	388
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(18,101)	(19,851)	(16,313)	3,538
OTHER FINANCING SOURCES (USES):				
Transfers in:				
From other subfunds	1,000	2,500	5,260	2,760
Restricted income tax fund	14,150	14,150	14,150	-
Transfers out:				
To other subfunds				-
Total other financing sources (uses)	15,150	16,650	19,410	2,760
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,951)	(3,201)	3,097	6,298
FUND BALANCES AT BEGINNING OF YEAR	17,846	17,846	17,846	-
FUND BALANCES AT END OF YEAR	$ 14,895	$ 14,645	$ 20,943	$ 6,298

Subordinated Income Tax Fund			
Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
$	$	$	$ -
			-
15	75	136	61
			-
15	75	136	61
5,190	5,190	5,190	-
402	402	402	-
5,592	5,592	5,592	-
(5,577)	(5,517)	(5,456)	61
5,722	5,722	5,682	(40)
			-
			-
5,722	5,722	5,682	(40)
145	205	226	21
3,578	3,578	3,578	-
$ 3,723	$ 3,783	$ 3,804	$ 21

(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, 2023

(Amounts in Thousands)

	Lower Euclid Avenue TIF				Core City Bonds			
	Original Budget	Revised Budget	Actual	Variance-Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance-Increase (Decrease)
REVENUES:								
Property taxes	$	$	$	$ -	$	$	$	$ -
Other shared revenues				-				-
Investment earnings	20	20	130	110	47	95	236	141
Miscellaneous				-				-
Total revenues	20	20	130	110	47	95	236	141
EXPENDITURES:								
Principal retirement	253	253	253	-	6,040	6,040	6,040	-
Interest	133	133	133	-	897	897	897	-
Total expenditures	386	386	386	-	6,937	6,937	6,937	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(366)	(366)	(256)	110	(6,890)	(6,842)	(6,701)	141
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds	385	385	618	233	6,941	6,941	5,943	(998)
Restricted income tax fund				-				-
Transfers out:								
To other subfunds				-				-
Total other financing sources (uses)	385	385	618	233	6,941	6,941	5,943	(998)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	19	19	362	343	51	99	(758)	(857)
FUND BALANCES AT BEGINNING OF YEAR	2,619	2,619	2,619	-	2,437	2,437	2,437	-
FUND BALANCES AT END OF YEAR	$ 2,638	$ 2,638	$ 2,981	$ 343	$ 2,488	$ 2,536	$ 1,679	$ (857)

Subordinate Lien Income Tax Bonds				Totals			
Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
$	$	$	$ -	$ 23,582	$ 21,632	$ 23,545	$ 1,913
			-	1,950	1,950	1,964	14
133	340	693	353	490	1,005	2,893	1,888
377	349	174	(175)	377	349	174	(175)
510	689	867	178	26,399	24,936	28,576	3,640
15,010	15,010	15,010	-	54,948	54,948	54,948	-
15,087	15,087	15,087	-	31,972	31,972	31,584	388
30,097	30,097	30,097	-	86,920	86,920	86,532	388
(29,587)	(29,408)	(29,230)	178	(60,521)	(61,984)	(57,956)	4,028
			-	14,048	15,548	17,503	1,955
27,797	27,760	27,760	-	41,947	41,910	41,910	-
			-	-	-	-	-
27,797	27,760	27,760	-	55,995	57,458	59,413	1,955
(1,790)	(1,648)	(1,470)	178	(4,526)	(4,526)	1,457	5,983
11,543	11,543	11,543	-	38,023	38,023	38,023	-
$ 9,753	$ 9,895	$ 10,073	$ 178	$ 33,497	$ 33,497	$ 39,480	$ 5,983

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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, 2023
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
ASSETS			
Current assets:			
Cash and cash equivalents	$ 84	$ 585	$
Receivables:			
Accounts	134	3	
Less: Allowance for doubtful accounts	(25)		
Receivables, net	109	3	-
Due from other funds			
Inventory of supplies			
Prepaid expenses and other assets	11	3	
Total current assets	204	591	-
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	26,535	15,311	8,241
Furniture, fixtures, equipment and vehicles	1,091	1,821	450
Construction in progress	6,922	5,897	
Right to use asset			
Less: Accumulated depreciation and amoritization	(23,172)	(13,888)	(3,554)
Total capital assets, net	15,637	10,187	6,034
Net Pension Asset	14	4	
Total noncurrent assets	15,651	10,191	6,034
Total assets	15,855	10,782	6,034
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments-interest rate swaps			
Pension	874	198	
OPEB	124	30	
Total deferred outflows of resources	998	228	-

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 1,249	$ 43	$ 1,028	$ 2,989
58	5		200
			(25)
58	5	-	175
44			44
	2		2
10	8		32
1,361	58	1,028	3,242
7,151	5,164		12,315
7,151	5,164	-	12,315
5,478	1,259	1,822	13,431
4,374	5,692	4,083	15,481
58,908	12,200	2,003	123,198
2,355	508	334	6,559
4,467	1,937	86	19,309
123			123
(42,677)	(9,711)	(5,802)	(98,804)
33,028	11,885	2,526	79,297
12	11		41
40,191	17,060	2,526	91,653
41,552	17,118	3,554	94,895
1			1
731	616		2,419
107	93		354
839	709	-	2,774

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2023
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
LIABILITIES			
Current liabilities:			
Accounts payable	$ 103	$ 142	$
Accrued wages and benefits	178	37	
Due to other funds	40	15	
Due to other governments			
Subscriptions			
Total current liabilities	321	194	-
Long-term liabilities:			
Accrued wages and benefits	32	9	
Net pension liability	1,972	480	
Net OPEB liability	42	10	
Total liabilities	2,367	693	-
DEFERRED INFLOWS OF RESOURCES			
Pension	8	38	
OPEB	14	4	
Total deferred inflows of resources	22	42	-
NET POSITION			
Net investment in capital assets	15,637	10,187	6,034
Restricted for pension and OPEB asset	14	4	
Unrestricted	(1,187)	84	
Total net position	$ 14,464	$ 10,275	$ 6,034

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 369	$ 15	$	$ 629
151	127		493
57	10		122
250			250
40			40
867	152		1,534
169	17		227
1,706	1,492		5,650
36	32		120
2,778	1,693	-	7,531
6	52		104
13	11		42
19	63	-	146
33,028	11,885	2,526	79,297
12	11		41
6,554	4,175	1,028	10,654
$ 39,594	$ 16,071	$ 3,554	$ 89,992

(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, 2023

(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
OPERATING REVENUES:			
Charges for services	$ 876	$ 1,239	$
Total operating revenue	876	1,239	-
OPERATING EXPENSES:			
Operations	3,064	1,497	
Maintenance	9		
Depreciation and amortization	318	557	223
Total operating expenses	3,391	2,054	223
OPERATING INCOME (LOSS)	(2,515)	(815)	(223)
NON-OPERATING REVENUE (EXPENSES):			
Investment income (loss)	7	23	
Interest expense			
Other revenues (expenses)			
Total non-operating revenues (expenses)	7	23	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(2,508)	(792)	(223)
Capital contributions	154	1,522	
Transfers in	2,261	180	
CHANGE IN NET POSITION	(93)	910	(223)
NET POSITION AT BEGINNING OF YEAR	14,557	9,365	6,257
NET POSITION AT END OF YEAR	$ 14,464	$ 10,275	$ 6,034

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 7,774	$ 1,371	$ 1,165	$ 12,425
7,774	1,371	1,165	12,425
7,312	1,707	2,240	15,820
75	1		85
1,934	784	80	3,896
9,321	2,492	2,320	19,801
(1,547)	(1,121)	(1,155)	(7,376)
1	267		298
(3)			(3)
			-
(2)	267	-	295
(1,549)	(854)	(1,155)	(7,081)
260			1,936
	41	1,099	3,581
(1,289)	(813)	(56)	(1,564)
40,883	16,884	3,610	91,556
$ 39,594	$ 16,071	$ 3,554	$ 89,992

(Concluded)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 821	$ 1,236	$
Cash payments to suppliers for goods or services	(399)	(1,084)	
Cash payments to employees for services	(2,665)	(522)	
Net cash provided by (used for) operating activities	(2,243)	(370)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received through transfers from other funds	2,261	180	
Net cash provided by (used for) noncapital financing activities	2,261	180	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets			
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	7	23	
Net cash provided by (used for) investing activities	7	23	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25	(167)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	59	752	
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 84	$ 585	$ -

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 7,707	$ 1,371	$ 1,166	$ 12,301
(5,754)	(520)	(2,365)	(10,122)
(1,465)	(1,276)		(5,928)
488	(425)	(1,199)	(3,749)
	41	1,099	3,581
-	41	1,099	3,581
(123)			(123)
(3)			(3)
(126)	-	-	(126)
1	267		298
1	267	-	298
363	(117)	(100)	4
8,037	5,324	1,128	15,300
$ 8,400	$ 5,207	$ 1,028	$ 15,304

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	$ (2,515)	$ (815)	$ (223)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	318	557	223
(Increase) Decrease in Assets:			
Receivables, net	(54)	(3)	
Prepaid expenses and other assets	1		
Due from other funds			
Inventory of supplies			
Net Pension Asset	8	3	
Net OPEB Asset	188	61	
Subscription (net of accumulated amortization)			
(Increase) Decrease in Deferred Outflows of Resources:			
Pension	(642)	(127)	
OPEB	(121)	(30)	
Increase (Decrease) in Liabilities:			
Accounts payable	13	(8)	
Accrued wages and benefits	(104)	(82)	
Net pension liability	1,443	309	
Net OPEB liability	42	10	
Subscription liability			
Due to other funds	1	(10)	
Due to other governments			
Increase (Decrease) in Deferred Inflows of Resources:			
Pension	(641)	(176)	
OPEB	(180)	(59)	
Total adjustments	272	445	223
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (2,243)	$ (370)	$ -
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributions of Capital Assets	$ 154	$ 1,522	$

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ (1,547)	$ (1,121)	$ (1,155)	$ (7,376)
1,934	784	80	3,896
(21)			(78)
	1		2
(12)			(12)
	3		3
8	9		28
170	170		589
			-
(530)	(414)		(1,713)
(105)	(92)		(348)
63	7	(124)	(49)
35	(49)		(200)
1,228	1,014		3,994
36	31		119
40			40
2			(7)
			-
(642)	(596)		(2,055)
(171)	(172)		(582)
2,035	696	(44)	3,627
$ 488	$ (425)	$ (1,199)	$ (3,749)
$ 260	$	$	$ 1,936

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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, 2023
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
ASSETS				
Current assets:				
Cash and cash equivalents	$ 18,738	$ 975	$ 101	$ 4,457
Receivables:				
Accounts				
Leases				
Accrued interest				
Due from other funds	2,011	255	24	27
Inventory of supplies	2,260	86		
Prepaid expenses and other assets	44	30		99
Total current assets	23,053	1,346	125	4,583
Noncurrent assets:				
Capital assets:				
Land	663			
Land improvements	226			
Buildings, structures and improvements	3,327	884		317
Furniture, fixtures, equipment and vehicles	16,673	1,620		1,916
Construction in progress				
Right to use assets				95
Less: Accumulated depreciation and amortization	(18,625)	(1,921)		(1,940)
Total capital assets, net	2,264	583	-	388
Net Pension Assets	56	9	1	105
Net OPEB Asset				
Total noncurrent assets	2,320	592	1	493
TOTAL ASSETS	25,373	1,938	126	5,076
DEFERRED OUTFLOWS OF RESOURCES				
Pension	3,142	527	44	5,945
OPEB	476	80	7	898
Total deferred outflows of resources	3,618	607	51	6,843

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 232	$ 2,199	$ 3,035	$ 4,009	$ 14,797	$ 16,583	$ 2,668	$ 67,794
			4				4
			1,629				1,629
			6				6
		140					2,457
							2,346
2	43	225	119				562
234	2,242	3,400	5,767	14,797	16,583	2,668	74,798
							663
			50				276
			112				4,640
	421	44	422				21,096
			1,432				1,432
		321	831				1,247
	(375)	(285)	(546)				(23,692)
-	46	80	2,301	-	-	-	5,662
2	61	13	3				250
							-
2	107	93	2,304	-	-	-	5,912
236	2,349	3,493	8,071	14,797	16,583	2,668	80,710
132	3,477	705	199				14,171
20	526	106	30				2,143
152	4,003	811	229	-	-	-	16,314

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2023
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
LIABILITIES				
Current liabilities:				
Accounts payable	$ 1,297	$ 38	$	$ 29
Accrued wages and benefits	756	102	8	1,347
Claims payable				
Due to other funds	12	1		11
Due to other governments				
Accrued interest payable				
Leases				
Subscriptions				41
Total current liabilities	2,065	141	8	1,428
Long-term liabilities:				
Accrued wages and benefits	515	2	9	679
Lease liability				
Subscription liability				
Net pension liability	7,621	1,279	106	14,390
Net OPEB liability	161	27	2	303
Total liabilities	10,362	1,449	125	16,800
DEFERRED INFLOWS OF RESOURCES				
Lease				
Pension	204	24	4	900
OPEB	57	10	1	111
Total deferred inflows of resources	261	34	5	1,011
NET POSITION				
Net investment in capital assets	2,264	583		388
Restricted for pension and OPEB asset	56	9	1	105
Unrestricted	16,048	470	46	(6,385)
Total net position	$ 18,368	$ 1,062	$ 47	$ (5,892)

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 8	$ 173	$ 492	$ 41	$	$	$	$ 2,078
26	705	137	55	7,613			10,749
					13,605	743	14,348
	95		19				138
	1,063		6				1,069
			3				3
			23				23
		139	1				181
34	2,036	768	148	7,613	13,605	743	28,589
20	252	53	13				1,543
			762				762
		47	2				49
320	8,421	1,706	480				34,323
7	177	36	10				723
381	10,886	2,610	1,415	7,613	13,605	743	65,989
			1,521				1,521
11	462	122	58				1,785
2	64	13	4				262
13	526	135	1,583	-	-	-	3,568
	46	80	2,301				5,662
2	61	13	3				250
(8)	(5,167)	1,466	2,998	7,184	2,978	1,925	21,555
$ (6)	$ (5,060)	$ 1,559	$ 5,302	$ 7,184	$ 2,978	$ 1,925	$ 27,467

(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, 2023
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
OPERATING REVENUES:				
Charges for services	$ 28,059	$ 2,656	$ 577	$ 14,141
Total operating revenue	28,059	2,656	577	14,141
OPERATING EXPENSES:				
Operations	20,985	2,339	579	12,018
Maintenance	1,122	21		139
Depreciation and amoritization	245	76		85
Total operating expenses	22,352	2,436	579	12,242
OPERATING INCOME (LOSS)	5,707	220	(2)	1,899
NON-OPERATING REVENUES (EXPENSES):				
Investment income	574	37	1	135
Interest revenue (expense)				(1)
Other revenue (expenses)				
Total non-operating revenues (expenses)	574	37	1	134
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	6,281	257	(1)	2,033
Transfers in				
CHANGE IN NET POSITION	6,281	257	(1)	2,033
NET POSITION AT BEGINNING OF YEAR	12,087	805	48	(7,925)
NET POSITION AT END OF YEAR	$ 18,368	$ 1,062	$ 47	$ (5,892)

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 45	$ 9,457	$ 9,983	$ 4,670	$ 26	$ 93,320	$ 17,650	$ 180,584
45	9,457	9,983	4,670	26	93,320	17,650	180,584
772	10,555	8,760	1,260	798	91,432	18,153	167,651
	205	8	1,935				3,430
	28	241	92				767
772	10,788	9,009	3,287	798	91,432	18,153	171,848
(727)	(1,331)	974	1,383	(772)	1,888	(503)	8,736
	1,218	77	125				2,167
		(8)	36				27
			99				99
-	1,218	69	260	-	-	-	2,293
(727)	(113)	1,043	1,643	(772)	1,888	(503)	11,029
731							731
4	(113)	1,043	1,643	(772)	1,888	(503)	11,760
(10)	(4,947)	516	3,659	7,956	1,090	2,428	15,707
$ (6)	$ (5,060)	$ 1,559	$ 5,302	$ 7,184	$ 2,978	$ 1,925	$ 27,467

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 28,263	$ 2,544	$ 582	$ 14,141
Cash payments to suppliers for goods or services	(17,095)	(1,439)	(453)	(789)
Cash payments to employees for services	(6,318)	(992)	(69)	(11,403)
Net cash provided by (used for) operating activities	4,850	113	60	1,949
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	(396)	(123)		(95)
Principal paid on long term lease obligations				
Revenue from leases				
Principal paid on long term subscription obligations				(1)
Net cash provided by (used for) capital and related financing activities	(396)	(123)	-	(96)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	574	37	1	135
Net cash provided by (used for) investing activities	574	37	1	135
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,028	27	61	1,988
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,710	948	40	2,469
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 18,738	$ 975	$ 101	$ 4,457

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 61	$ 9,803	$ 9,847	$ 4,809	$ 26	$ 93,422	$ 17,672	$ 181,170
(652)	(4,448)	(7,661)	(2,960)		(89,328)	(17,729)	(142,554)
(244)	(6,453)	(1,508)	(416)				(27,403)
(835)	(1,098)	678	1,433	26	4,094	(57)	11,213
731							731
731	-	-	-	-	-	-	731
		(321)	(5)				(940)
			(36)				(36)
			172				172
		(8)					(9)
-	-	(329)	131	-	-	-	(813)
	1,218	77	125				2,167
-	1,218	77	125	-	-	-	2,167
(104)	120	426	1,689	26	4,094	(57)	13,298
336	2,079	2,609	2,320	14,771	12,489	2,725	54,496
$ 232	$ 2,199	$ 3,035	$ 4,009	$ 14,797	$ 16,583	$ 2,668	$ 67,794

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	$ 5,707	$ 220	$ (2)	$ 1,899
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	245	76		85
(Increase) Decrease in Assets:				
Receivables, net	2			
Leases				
Prepaid expenses and other assets	4	1	1	7
Due from other funds	201	(112)	5	(11)
Inventory of supplies	(354)	(16)		
Net pension assets	46	8		105
Net OPEB Asset	847	139	12	1,749
(Increase) Decrease in Deferred Outflows of Resources:				
Pension	(2,136)	(299)	19	(3,877)
OPEB	(469)	(71)	(1)	(886)
Increase (Decrease) in Liabilities:				
Accounts payable	(878)	(117)		9
Accrued wages and benefits	136	(37)	2	90
Claims payable				
Due to other funds	4			1
Due to other governments				
Lease liability				
Long term lease liability				
Current subscription liability				41
Long term subscription liability				
Net pension liability	5,232	886	72	9,457
Net OPEB liability	161	27	2	303
Increase (Decrease) in Deferred Inflows of Resources:				
Leases				
Pension	(3,037)	(458)	(38)	(5,305)
OPEB	(861)	(134)	(12)	(1,718)
Total adjustments	(857)	(107)	62	50
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 4,850	$ 113	$ 60	$ 1,949

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
$ (727)	$ (1,331)	$ 974	$ 1,383	$ (772)	$ 1,888	$ (503)	$ 8,736
	28	241	92				767
			(4)		102	22	122
			35				35
	6						19
16		(136)	9				(28)
							(370)
2	59	13	4				237
36	1,005	212	67				4,067
(88)	(2,219)	(348)	(101)				(9,049)
(19)	(510)	(90)	(27)				(2,073)
(10)	(277)	(691)	3				(1,961)
(4)	(70)	(9)	4	798			910
					2,104	424	2,528
	87		18				110
	346		(8)				338
			3				3
			(23)				(23)
		139	1				181
		47	2				49
217	5,587	1,108	292				22,851
7	177	36	10				723
			(90)				(90)
(216)	(3,013)	(612)	(172)				(12,851)
(49)	(973)	(206)	(65)				(4,018)
(108)	233	(296)	50	798	2,206	446	2,477
$ (835)	$ (1,098)	$ 678	$ 1,433	$ 26	$ 4,094	$ (57)	$ 11,213
$	$	$	$	$	$	$	$ -

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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 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 other municipalities.
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, 2023
(Amounts in Thousands)

	Municipal Courts	Central Collection Agency	Other	Total
Assets				
Cash and cash equivalents	$ 2,043	$ 4,149	$ 8,964	$ 15,156
Taxes receivable		17,111		17,111
Accounts receivable			9,083	9,083
Due from other governments		1,716		1,716
Total assets	2,043	22,976	18,047	43,066
Liabilities				
Accounts payable			1,718	1,718
Due to others	2,043			2,043
Due to other government		22,976	1,759	24,735
Total liabilities	2,043	22,976	3,477	28,496
Deferred Inflow of Resources			9,083	9,083
Total Liabilities and Deferred Inflows	2,043	22,976	12,560	37,579
Net Position				
Restricted for individuals, organizations and other governments			5,487	5,487
Total net position	$ -	$ -	$ 5,487	$ 5,487

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands)

	Municipal Courts	Central Collection Agency	Other	Total
Additions				
Law enforcement funds	$	$	$ 1,410	$ 1,410
Governmental and custodial funds			955	955
Vital Cert Fees Due State			290	290
Hilton Contribution Fund			248	248
Income tax collected for other governments		75,380		75,380
Fines collected for other governments	18,998			18,998
Special Assessments			152	152
Fire escrow			94	94
Other			39	39
Total additions	18,998	75,380	3,188	97,566
Deductions				
Fire Escrow			97	97
Vital Cert Fees Due State			295	295
Hilton Contribution Fund			248	248
Special assessments			151	151
Governmental and custodial funds			374	374
Law enforcement funds			1,342	1,342
Payments of income tax to other governments		75,380		75,380
Payments of fines to other governments	18,998			18,998
Other			37	37
Total deductions	18,998	75,380	2,544	96,922
Change in net position	-	-	644	644
Net position, beginning of year			4,843	4,843
Net position, end of year	$ -	$ -	$ 5,487	$ 5,487

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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, 2023
(Amounts in Thousands)

Governmental Funds Capital Assets:	
Land	$ 72,474
Land improvements	246,041
Buildings, structures and improvements	719,597
Furniture, fixtures, equipment and vehicles	302,356
Infrastructure	915,343
Construction in progress	425,685
Right to use assets	21,754
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 2,703,250

* 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 position.

CITY OF CLEVELAND, OHIO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY*
DECEMBER 31, 2023
(Amounts in Thousands)

	Total	Land	Land Improvements	Buildings, Structures and Improvements	Furniture, Fixtures, Equipment Vehicles	Infrastructure	Construction In Progress	Right To Use Assets
General Government:								
General government	410,895	$ 2,998	$ 2,329	$ 307,131	$ 27,640	$ 26,695	$ 35,797	$ 8,305
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	1,006,609	4,778	70,213	338,093	29,490	517,356	38,374	8,305
Public Works:								
Waste collection	47,678	499		9,999	33,428	1,460	2,292	
Streets	651,181	1,540	15,856	14,393	31,933	367,690	218,813	956
Traffic engineering	5,620			813	2,590	2,200	17	
Park maintenance and properties	190,108	38,737	79,739	27,996	18,545	316	24,775	
Recreation	216,717	631	68,186	83,923	3,124		60,853	
Other	153,941	2,669		115,963	4,303	74	30,863	69
Total public works	1,265,245	44,076	163,781	253,087	93,923	371,740	337,613	1,025
Public Safety:								
Police	187,020	5,429	1,183	53,739	94,902	162	23,527	8,078
Fire	97,531	1,689		37,451	53,917		4,474	
Emergency medical service	29,096			1,168	20,942	5,614	1,372	
Correction	7,581	249		6,570	739	23		
Dog pound	8,893			8,036	854		3	
Other	13,204				1,318		10,427	1,459
Total public safety	343,325	7,367	1,183	106,964	172,672	5,799	39,803	9,537
Public Health:								
Health and environment	18,598	1,112	208	10,846	4,052	56		2,324
Total public health	18,598	1,112	208	10,846	4,052	56	-	2,324
Community Development:								
Community development	48,319	7,138	7,694	9,467	1,737	15,807	6,408	68
Total community development	48,319	7,138	7,694	9,467	1,737	15,807	6,408	68
Economic Development:								
Economic development	16,146	8,003	2,962	740		1,004	3,437	
Total economic development	16,146	8,003	2,962	740	-	1,004	3,437	-
Building and Housing:								
Building and housing	5,008			400	482	3,581	50	495
Total building and housing	5,008	-	-	400	482	3,581	50	495
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 2,703,250	$ 72,474	$ 246,041	$ 719,597	$ 302,356	$ 915,343	$ 425,685	$ 21,754

* 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, 2023
(Amounts in Thousands)

	Balance January 1, 2023	Additions	Deductions	Transfers	Balance December 31, 2023
General Government:					
General government	$ 389,076	$ 31,712	$ (4,375)	$ (5,518)	$ 410,895
City Hall	29,538				29,538
Engineering and construction	516,494				516,494
Research, planning and development	49,035				49,035
Charles V. Carr Municipal Center	647				647
Total general government	984,790	31,712	(4,375)	(5,518)	1,006,609
Public Works:					
Waste collection	45,211	3,442	(963)	(12)	47,678
Streets	629,541	17,267	(1,656)	6,029	651,181
Traffic engineering	5,505	115			5,620
Park maintenance and properties	187,009	4,517	(1,316)	(102)	190,108
Recreation	199,610	17,576	(469)		216,717
Other	148,604	5,457	(195)	75	153,941
Total public works	1,215,480	48,374	(4,599)	5,990	1,265,245
Public Safety:					
Police	166,101	21,758	(839)		187,020
Fire	91,319	6,292	(80)		97,531
Emergency medical service	25,877	3,691	(482)	10	29,096
Correction	7,581				7,581
Dog pound	8,955		(21)	(41)	8,893
Other	11,101	2,103			13,204
Total public safety	310,934	33,844	(1,422)	(31)	343,325
Public Health:					
Health and environment	17,157	1,461	(10)	(10)	18,598
Total public health	17,157	1,461	(10)	(10)	18,598
Community Development:					
Community development	48,142	187	(10)		48,319
Total community development	48,142	187	(10)	-	48,319
Economic Development:					
Economic development	13,769	2,377			16,146
Total economic development	13,769	2,377	-	-	16,146
Building and Housing:					
Building and housing	4,526	495	(13)		5,008
Total building and housing	4,526	495	(13)	-	5,008
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 2,594,798	$ 118,450	$ (10,429)	$ 431	$ 2,703,250

* 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**
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	**S3-S6**
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.	**S7-S11**
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	**S12-S19**
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	**S20-S22**
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	**S23-S24**
Schedule of Statistics – General Fund	**S25**

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

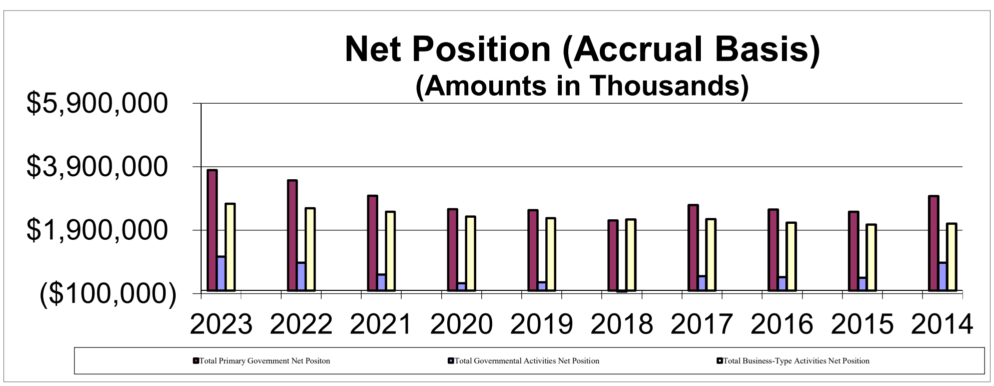
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)
(Amounts in Thousands)

	2023	2022	2021	2020
Governmental Activities				
Net investment in capital assets	$ 799,523	$ 751,679	$ 725,546	$ 722,806
Restricted	234,787	230,517	218,181	209,288
Unrestricted	30,619	(104,143)	(446,496)	(702,088)
Total Governmental Activities Net Position	$ 1,064,929	$ 878,053	$ 497,231	$ 230,006
Business-Type Activities				
Net investment in capital assets	$ 1,833,433	$ 1,776,111	$ 1,735,824	$ 1,724,704
Restricted	216,013	192,072	196,842	184,926
Unrestricted	679,053	623,844	550,534	417,570
Total Business-Type Activities Net Position	$ 2,728,499	$ 2,592,027	$ 2,483,200	$ 2,327,200
Primary Government				
Net investment in capital assets	$ 2,632,956	$ 2,527,790	$ 2,461,370	$ 2,447,510
Restricted	450,800	422,589	415,023	394,214
Unrestricted	709,672	519,701	104,038	(284,518)
Total Primary Government Net Position	$ 3,793,428	$ 3,470,080	$ 2,980,431	$ 2,557,206

GASB issued Statement No. 68 and 71 effective for periods beginning after June 15, 2014. These statements established standards for measuring and recognizing pension liability/(asset), 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 liability/(asset), deferred outflows of resources, deferred inflows of resources and expense/expenditures. The City did not restate prior years in this statistical table.

2019	2018	2017	2016	2015	2014
$ 722,633	$ 714,288	$ 719,579	$ 722,785	$ 653,925	$ 828,002
208,522	188,612	161,003	155,224	167,042	152,360
(677,805)	(933,271)	(433,843)	(459,804)	(422,125)	(110,650)
$ 253,350	$ (30,371)	$ 446,739	$ 418,205	$ 398,842	$ 869,712
$ 1,633,097	$ 1,544,414	$ 1,482,861	$ 1,367,544	$ 1,354,871	$ 1,335,195
207,837	219,202	214,161	236,772	240,979	244,937
438,760	474,284	548,411	532,257	482,852	525,970
$ 2,279,694	$ 2,237,900	$ 2,245,433	$ 2,136,573	$ 2,078,702	$ 2,106,102
$ 2,355,730	$ 2,258,702	$ 2,202,440	$ 2,090,329	$ 2,008,796	$ 2,163,197
416,359	407,814	375,164	391,996	408,021	397,297
(239,045)	(458,987)	114,568	72,453	60,727	415,320
$ 2,533,044	$ 2,207,529	$ 2,692,172	$ 2,554,778	$ 2,477,544	$ 2,975,814



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

	2023	2022	2021	2020
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	$ 13,892	$ 12,963	$ 15,829	$ 13,105
Public Works	18,809	17,421	19,655	18,452
Public Safety	21,863	20,325	16,557	15,853
Community Development	1,491	748	1,043	1,167
Building and Housing	27,282	25,086	22,072	18,827
Public Health	4,069	3,086	2,863	2,389
Economic Development	120	114	163	142
Subtotal - Charges for Services	87,526	79,743	78,182	69,935
Operating Grants and Contributions:				
General Government	158,380	229,358	116,538	9,649
Public Works	17,899	19,892	18,893	22,350
Public Safety	7,798	2,847	7,916	51,911
Community Development	45,967	46,364	55,940	30,668
Building and Housing	810	232	772	2,390
Public Health	7,862	8,644	10,596	7,983
Economic Development	16,978	17,325	17,609	14,593
Subtotal - Operating Grants and Contributions	255,694	324,662	228,264	139,544
Capital Grants and Contributions:				
General Government	3,663	5,745	9,140	115
Public Works	11,316	19,867	11,056	12,173
Public Safety		512	26	
Economic Development	444	160	293	294
Subtotal - Capital Grants and Contributions	15,423	26,284	20,515	12,582
Total Governmental Activities Program Revenues	358,643	430,689	326,961	222,061
Business-Type Activities:				
Charges for Services:				
Water	317,380	319,753	325,811	327,272
Sewer	35,189	32,559	29,625	29,392
Electricity	194,750	205,751	202,902	192,583
Airport facilities	135,556	117,887	111,108	103,088
Nonmajor activities	12,425	11,220	9,258	7,750
Subtotal - Charges for Services	695,300	687,170	678,704	660,085
Operating Grants and Contributions:				
Water	35	54	497	3,085
Sewer	11	14	12	222
Electricity	72	72	48	188
Airport facilities				575
Nonmajor activities		9	13	68
Subtotal - Operating Grants and Contributions	118	149	570	4,138
Capital Grants and Contributions:				
Water	10,663	2,447	312	7,816
Sewer	2,719	367	5,105	3,967
Electricity	411	126	2	2,134
Airport facilities	41,368	37,985	54,075	74,313
Nonmajor activities		80	2	50
Subtotal - Capital Grants and Contributions	55,161	41,005	59,496	88,280
Total Business-Type Activities Program Revenues	750,579	728,324	738,770	752,503
Total Primary Government Program Revenues	$ 1,109,222	$ 1,159,013	$ 1,065,731	$ 974,564

2019 (1)	2018	2017	2016	2015	2014
$ 19,447	$ 20,408	$ 19,573	$ 18,636	$ 23,007	$ 31,589
19,395	17,973	18,408	18,301	17,587	17,706
14,262	15,123	17,803	18,075	13,032	15,318
1,072	359	777	952	844	1,483
20,900	19,008	16,377	17,717	16,408	11,984
3,827	3,715	3,091	3,463	2,544	2,754
158	140	103	103	103	101
79,061	76,726	76,132	77,247	73,525	80,935
4,293	4,450	3,343	3,468	4,349	4,351
16,228	14,729	24,106	14,802	14,753	20,373
3,130	5,067	6,144	46,421	3,806	7,315
28,560	30,325	26,173	28,950	32,729	35,673
540	2,360	2,413	4,380	3,609	2,804
8,056	8,327	8,809	8,122	8,974	11,040
19,487	18,843	3,023	8,614	11,752	18,234
80,294	84,101	74,011	114,757	79,972	99,790
5,918	1,259	34	134	415	2,862
17,121	19,561	35,744	87,304	45,581	85,253
		97	6	91	173
240	308				
23,279	21,128	35,875	87,444	46,087	88,288
182,634	181,955	186,018	279,448	199,584	269,013
320,168	306,159	301,621	310,111	301,283	303,412
32,176					
209,787	218,096	194,904	192,967	192,861	181,843
148,421	145,981	145,206	142,433	128,033	131,724
14,040	44,352	42,643	42,133	39,351	34,276
724,592	714,588	684,374	687,644	661,528	651,255
3,041	8,346	4,087	1,678	413	301
741					
598	409	4,105	3,340	3,225	4,030
1,750	1,399	314	191	85	73
199	588	648	218	299	161
6,329	10,742	9,154	5,427	4,022	4,565
18,635	17,686	50,693	4,326	25,158	34,699
4,154					
1,455	1,458	189	354	481	2
52,972	53,867	56,757	32,280	20,159	19,775
296	5,318	4,452	1,092	1,245	3,280
77,512	78,329	112,091	38,052	47,043	57,756
808,433	803,659	805,619	731,123	712,593	713,576
$ 991,067	$ 985,614	$ 991,637	$ 1,010,571	$ 912,177	$ 982,589

(Continued)

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

	2023	2022	2021	2020
Expenses				
Governmental Activities:				
General Government	$ 184,057	$ 151,424	$ 105,239	$ 160,148
Public Works	147,377	136,627	118,315	156,576
Public Safety	478,912	347,142	351,515	397,692
Community Development	49,951	42,259	55,675	33,643
Building and Housing	14,326	9,063	7,194	15,320
Public Health	15,683	15,765	15,843	18,321
Economic Development	31,682	22,757	38,358	20,454
Interest on debt	26,074	25,134	25,054	27,198
Total Governmental Activities Expenses	948,062	750,171	717,193	829,352
Business-Type Activities				
Water	270,012	250,686	219,063	300,180
Sewer	27,540	25,703	21,917	29,358
Electricity	187,428	196,200	190,647	199,950
Airport facilities	150,477	149,774	137,587	168,310
Nonmajor activities	19,786	16,810	12,757	14,916
Total Business-Type Activities Expenses	655,243	639,173	581,971	712,714
Total Primary Government Program Expenses	1,603,305	1,389,344	1,299,164	1,542,066
Net (Expense)/Revenue				
Governmental Activities	(589,419)	(319,482)	(390,232)	(607,291)
Business-Type Activities	95,336	89,151	156,799	39,789
Total Primary Government Net Expense	(494,083)	(230,331)	(233,433)	(567,502)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Income taxes	534,003	518,824	495,297	458,943
Property taxes	66,831	69,754	57,327	57,955
Other taxes	46,453	40,115	30,505	16,349
Unrestricted shared revenues	23,134	22,428	23,499	15,556
Unrestricted state and local government funds	31,766	31,546	30,806	25,936
Unrestricted investment earnings	70,399	20,555	590	3,827
Other	9,225	7,315	25,279	13,022
Transfers	(5,516)	(10,233)	(5,846)	(7,641)
Total Governmental Activities	776,295	700,304	657,457	583,947
Business-Type Activities				
Unrestricted investment earnings	35,520	9,443	479	11
Other	100		610	65
Special items - gain on sale of capital assets				
Transfers	5,516	10,233	5,846	7,641
Total Business-Type Activities Expenses	41,136	19,676	6,935	7,717
Total Primary Government General Revenues and Other Changes in Net Position	817,431	719,980	664,392	591,664
Change in Net Position				
Governmental Activities	186,876	380,822	267,225	(23,344)
Business-Type Activities	136,472	108,827	163,734	47,506
Total Primary Government Change in Net Position	$ 323,348	$ 489,649	$ 430,959	$ 24,162

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 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.

2019 (1)	2018	2017	2016	2015	2014
$ 191,388	$ 157,730	$ 160,117	$ 139,022	$ 140,946	$ 121,050
172,526	151,476	137,256	119,019	117,040	129,551
75,355	415,703	357,248	383,453	328,453	298,768
31,523	33,464	28,555	32,173	35,026	39,099
16,974	15,294	14,240	14,111	13,433	11,059
21,269	19,189	18,038	16,110	16,841	18,236
28,428	27,251	36,189	37,913	29,474	32,508
27,059	26,286	28,630	27,596	36,489	26,333
564,522	846,393	780,273	769,397	717,702	676,604
316,588	302,725	293,148	270,014	259,892	253,822
31,318					
220,883	218,261	197,613	196,092	197,823	181,862
187,779	173,624	172,383	172,254	162,499	161,021
17,834	44,863	41,990	39,501	37,088	38,430
774,402	739,473	705,134	677,861	657,302	635,135
1,338,924	1,585,866	1,485,407	1,447,258	1,375,004	1,311,739
(381,888)	(664,438)	(594,255)	(489,949)	(518,118)	(407,591)
34,031	64,186	100,485	53,262	55,291	78,441
(347,857)	(600,252)	(493,770)	(436,687)	(462,827)	(329,150)
487,077	480,966	451,929	359,668	346,797	337,933
58,252	53,839	51,985	28,634	55,017	52,327
44,633	45,235	46,704	48,945	38,904	35,851
20,894	19,338	37,428	35,888	34,974	37,240
26,658	25,191	24,331	24,061	26,567	23,846
14,997	10,730	4,392	1,801	1,060	1,193
20,210	19,070	14,374	14,906	8,760	11,454
(7,112)	(4,852)	(8,354)	(4,591)	(1,957)	(1,616)
665,609	649,517	622,789	509,312	510,122	498,228
26	24	13	7	4	3
625		8	11		
7,112	4,852	8,354	4,591	1,957	1,616
7,763	4,876	8,375	4,609	1,961	1,619
673,372	654,393	631,164	513,921	512,083	499,847
283,721	(14,921)	28,534	19,363	(7,996)	90,637
41,794	69,062	108,860	57,871	57,252	80,060
$ 325,515	$ 54,141	$ 137,394	$ 77,234	$ 49,256	$ 170,697

(Concluded)

City of Cleveland, Ohio

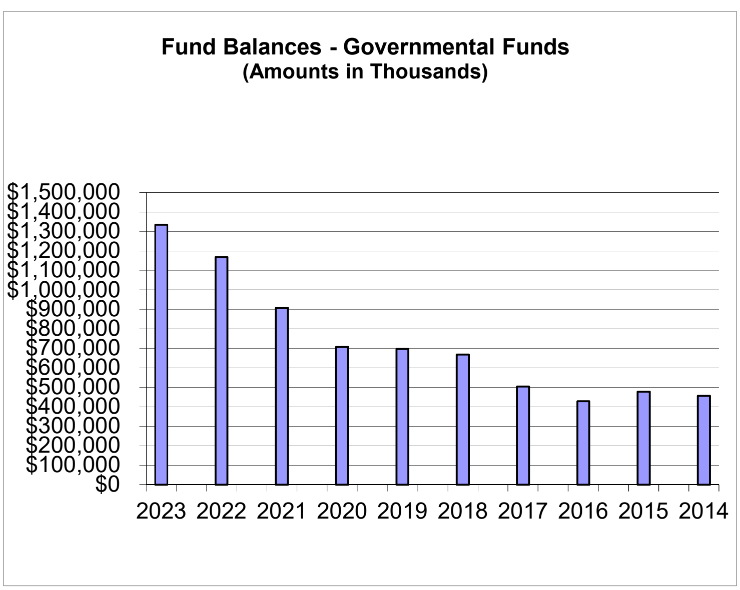
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(Amounts in Thousands)

	2023	2022	2021	2020	2019
General Fund					
Nonspendable	$ 14,683	$ 13,084	$ 11,039	$ 8,082	$ 3,069
Assigned	208,389	179,065	83,232	84,600	85,953
Unassigned	187,841	166,580	228,891	121,872	114,870
Total General Fund	410,913	358,729	323,162	214,554	203,892
Capital/Urban Renewal Bond Construction (2)					
Nonspendable					
Restricted	296,706	286,057	285,612		
Committed					
Total Capital/Urban Renewal Bond Construction	296,706	286,057	285,612		
General Government (2)					
Nonspendable	12	8	5		
Restricted	17,995	17,858	16,864		
Committed	273,856	225,191	9,542		
Total General Government	291,863	243,057	26,411		
Public Health (1)					
Nonspendable	72	78	18	32	32
Restricted	2,783	2,494	2,157	1,897	1,446
Committed	2,194	1,016	696	584	387
Total Public Health	5,049	3,588	2,871	2,513	1,865
All Other Governmental Funds					
Nonspendable	180	175	122	128	138
Restricted	208,234	205,008	195,796	420,543	427,063
Committed	121,246	71,920	72,860	68,930	64,813
Assigned					11
Unassigned					
Total All Other Governmental Funds	329,660	277,103	268,778	489,601	492,025
Total Governmental Funds	$ 1,334,191	$ 1,168,534	$ 906,834	$ 706,668	$ 697,782

(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.

2018	2017	2016	2015	2014
$ 3,035	$	$	$ 740	$ 885
67,388	42,168	15,631	11,979	15,041
116,486	92,692	66,091	68,490	78,401
186,909	134,860	81,722	81,209	94,327
168			865	1,387
416,726	296,361	287,250	312,089	268,905
62,927	72,770	70,597	82,189	90,739
9	11	2	6	8
		(11,514)		
479,830	369,142	346,335	395,149	361,039
$ 666,739	$ 504,002	$ 428,057	$ 476,358	$ 455,366



City of Cleveland, Ohio

Changes in Fund Balances, Governmental Funds

Last Ten Years

(Modified Accrual Basis of Accounting)

(Amounts in Thousands)

	2023	2022	2021	2020
Revenues				
Income taxes	$ 535,148	$ 512,741	$ 495,532	$ 466,699
Property taxes	68,794	68,112	59,438	58,364
State and local government funds	31,674	31,276	29,932	25,616
Other taxes	46,453	40,115	30,505	16,349
Other shared revenues	62,575	60,866	60,565	53,053
Licenses and permits	25,125	24,714	22,126	18,120
Charges for services	29,470	37,610	37,766	36,905
Fines, forfeits and settlements	13,076	8,298	9,820	8,186
Investment earnings	68,368	19,984	572	3,671
Grants	224,317	301,866	196,373	112,741
Contributions	127	705	467	377
Miscellaneous	14,546	13,373	29,596	16,844
Total Revenues	1,119,673	1,119,660	972,692	816,925
Expenditures				
Current:				
General Government	137,245	112,171	114,539	110,683
Public Works	120,320	116,431	109,248	104,711
Public Safety	385,085	358,624	358,048	354,729
Community Development	49,676	42,547	57,208	30,929
Building and Housing	17,655	13,044	13,967	14,146
Public Health	18,577	18,714	20,493	17,019
Economic Development	31,933	22,990	38,965	19,846
Other	10,728	10,043	8,066	9,032
Capital outlay	149,045	117,698	100,284	120,315
Inception of capital lease				
Debt service:				
Principal retirement	67,478	59,268	54,472	55,103
Interest	32,746	32,562	30,426	31,353
General Government	988	402	1,237	1,088
Other		1,103	1,095	1,088
Total Expenditures	1,021,476	905,597	908,048	870,042
Excess (Deficiency) of Revenues Over (Under) Expenditures	98,197	214,063	64,644	(53,117)
Other Financing Sources (Uses)				
Transfers in	308,018	333,123	133,383	101,945
Transfers out	(312,330)	(337,763)	(136,912)	(107,597)
Inception of subscriptions	6,281			
Payment of refunding C.O.P.S.	(45,070)			
Issuance of refunding C.O.P.S.	40,220			
C.O.P.S. Premium	1,092			
Issuance of bonds	63,015	45,910	128,420	132,555
Issuance of refunding bonds			22,640	
Premium on bonds and notes	5,824	6,367	12,104	5,200
Discount on bonds and notes				
Payment to refund bonds and notes			(24,113)	(70,109)
Issuance of Loans				
Sale of City assets	410			9
Capital leases				
Total Other Financing Sources (Uses)	67,460	47,637	135,522	62,003
Net Change in Fund Balances	$ 165,657	$ 261,700	$ 200,166	$ 8,886
Debt Service as a Percentage of Noncapital Expenditures	10.9%	11.2%	10.1%	11.1%

2019	2018	2017	2016	2015	2014
$ 486,792	$ 473,306	$ 447,259	$ 355,092	$ 350,524	$ 336,743
57,580	52,665	51,473	49,311	49,697	49,198
26,304	24,970	24,375	24,431	26,433	25,077
44,739	45,149	46,683	48,945	38,904	35,851
55,319	53,866	61,079	49,108	48,864	54,329
21,892	21,196	19,407	21,236	18,884	15,404
38,158	39,194	39,177	37,620	35,169	36,120
14,292	15,296	14,299	14,295	18,864	28,928
14,277	10,186	4,147	1,725	927	858
52,890	60,385	80,077	125,956	102,257	111,935
1,787	4,398	1,704	1,844	2,803	2,571
25,437	15,068	11,618	16,067	13,565	18,534
839,467	815,679	801,298	745,630	706,891	715,548
107,996	97,343	100,372	98,102	86,686	91,199
109,612	104,949	98,228	93,148	90,961	89,042
345,025	332,423	322,483	347,426	311,177	294,605
27,857	30,876	25,827	29,990	33,076	37,191
14,019	13,829	13,216	13,710	13,419	10,885
18,343	17,735	16,382	15,410	16,462	17,722
27,718	26,850	35,748	37,552	29,393	32,360
8,255	9,030	6,640	7,388	8,635	10,580
113,170	88,812	85,888	99,622	127,001	100,868
				571	6,044
55,423	55,368	49,041	49,370	48,648	47,752
34,968	31,006	30,000	30,365	28,627	27,935
450	1,485	971	476	2,462	1,114
1,080	1,077	1,069	1,070	1,071	1,077
863,916	810,783	785,865	823,629	798,189	768,374
(24,449)	4,896	15,433	(77,999)	(91,298)	(52,826)
123,680	112,956	81,122	72,227	92,273	77,659
(126,729)	(116,926)	(83,188)	(74,118)	(94,734)	(79,766)
51,015	135,680		28,125	101,385	69,200
		142,850	23,680	117,325	20,110
5,740	16,868	21,916	7,497	30,085	6,666
					(13)
		(108,761)	(28,150)	(135,757)	(20,635)
601	15				
1,185	9,248	6,573	437	1,713	1,044
55,492	157,841	60,512	29,698	112,290	74,265
$ 31,043	$ 162,737	$ 75,945	$ (48,301)	$ 20,992	$ 21,439
11.5%	11.6%	10.8%	10.8%	11.1%	11.7%

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
2023	$ 2,784,003	$ 2,581,523	$ 15,330,075	$ 553,233	$ 628,674
2022	2,762,701	2,566,659	15,226,744	520,673	591,674
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

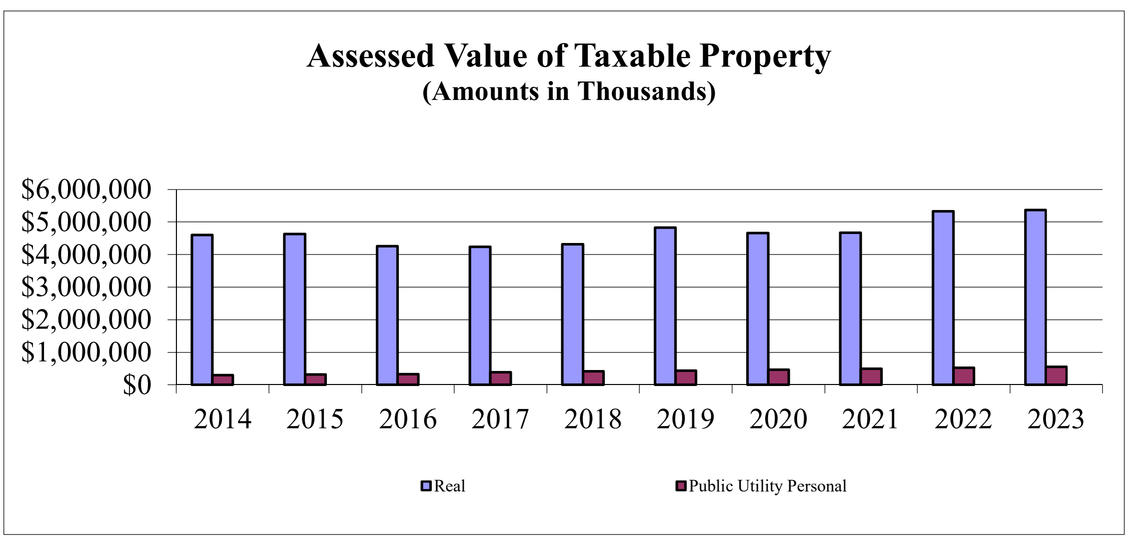
The assessed valuation level for real property in Cuyahoga County is 35% of appraised market value, except for certain agricultural land and public utility property.

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
$ 5,918,759	$ 15,958,749	12.70	37.1 %
5,850,033	15,818,418	12.70	37.0
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



City of Cleveland, Ohio

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

	2023	2022	2021	2020
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	45.770237	45.748138	45.750328	54.635189
Commercial/Industrial and Public Utility Real	58.636897	58.809971	59.268791	61.877129
General Business and Public Utility Personal	84.100000	84.100000	84.100000	84.300000
County				
Residential/Agricultural Real	12.260240	12.251926	12.255221	14.006317
Commercial/Industrial and Public Utility Real	13.591012	13.633084	13.670579	14.303665
General Business and Public Utility Personal	14.850000	14.850000	14.850000	14.850000
Special Taxing Districts (1)				
Residential/Agricultural Real	13.480597	13.072079	12.483336	14.874736
Commercial/Industrial and Public Utility Real	14.943638	14.592648	14.388187	15.075454
General Business and Public Utility Personal	16.980000	16.580000	16.580000	16.580000

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.

2019	2018	2017	2016	2015	2014
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
49.324018	49.475411	52.627462	52.527150	52.479460	52.699898
56.853103	55.336037	61.103106	61.578271	61.740058	61.107741
79.100000	79.300000	79.300000	79.300000	79.300000	79.900000
12.801150	12.797318	13.914095	13.880201	13.869781	14.050000
13.230331	13.077038	14.006049	14.012362	14.050000	14.019470
14.050000	14.050000	14.050000	14.050000	14.050000	14.050000
14.830000	14.431850	13.636727	13.116607	13.112910	13.202292
15.080000	14.324894	13.760521	13.322508	13.363153	13.312617
16.580000	16.180000	14.180000	13.680000	13.680000	13.680000

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
2023	$ 89,971,295	$ 82,689,317	91.91 %	$ 6,417,404	$ 89,106,721
2022	88,065,482	80,638,135	91.57	7,538,901	88,177,035
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

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
$ 113,540,640	78.48 %	$ 22,621,526	19.92 %
114,690,294	76.88	24,849,705	21.67
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

City of Cleveland, Ohio

Principal Taxpayers - Real Estate Tax

2023 and 2014

	2023	
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Cleveland Electric Illuminating Co.	$ 274,035,210	5.11 %
East Ohio Gas Co.	164,382,140	3.06
American Transmission System	128,618,820	2.40
City of Cleveland, Ohio	110,145,870	2.05
127 PS Fee Owner, LLC	87,820,780	1.64
K&D Properties	76,428,840	1.43
Cleveland-Cuyahoga Port Authority	59,993,450	1.12
Hertz Cleveland	49,079,890	0.91
G&I IX 200 Public Square Garage, LLC	47,842,240	0.89
Cleveland Propco II, LLC	37,143,570	0.69
Total	$ 1,035,490,810	19.30 %
Total Real Property Assessed Valuation	$ 5,365,526,000	

	2014	
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Cleveland Electric Illuminating Co.	$212,996,550	4.63 %
Cleveland Clinic Foundation	198,885,560	4.32
Cuyahoga County, Ohio	154,466,450	3.36
City of Cleveland, Ohio	85,991,990	1.87
Key Center Properties LLC	80,559,150	1.75
East Ohio Gas Co.	74,159,240	1.61
Cleveland Financial Associates, LLC	43,750,010	0.95
Fed/Main Street, LLC	41,238,160	0.90
Higbee Mothership LLC	39,899,100	0.87
Hub North Point Properties LLC	35,123,770	0.76
Total	$ 967,069,980	21.02 %
Total Real Property Assessed Valuation	$ 4,601,349,000	

(1) The amounts presented represent the assessed values upon which 2023 and 2014 collections were based.

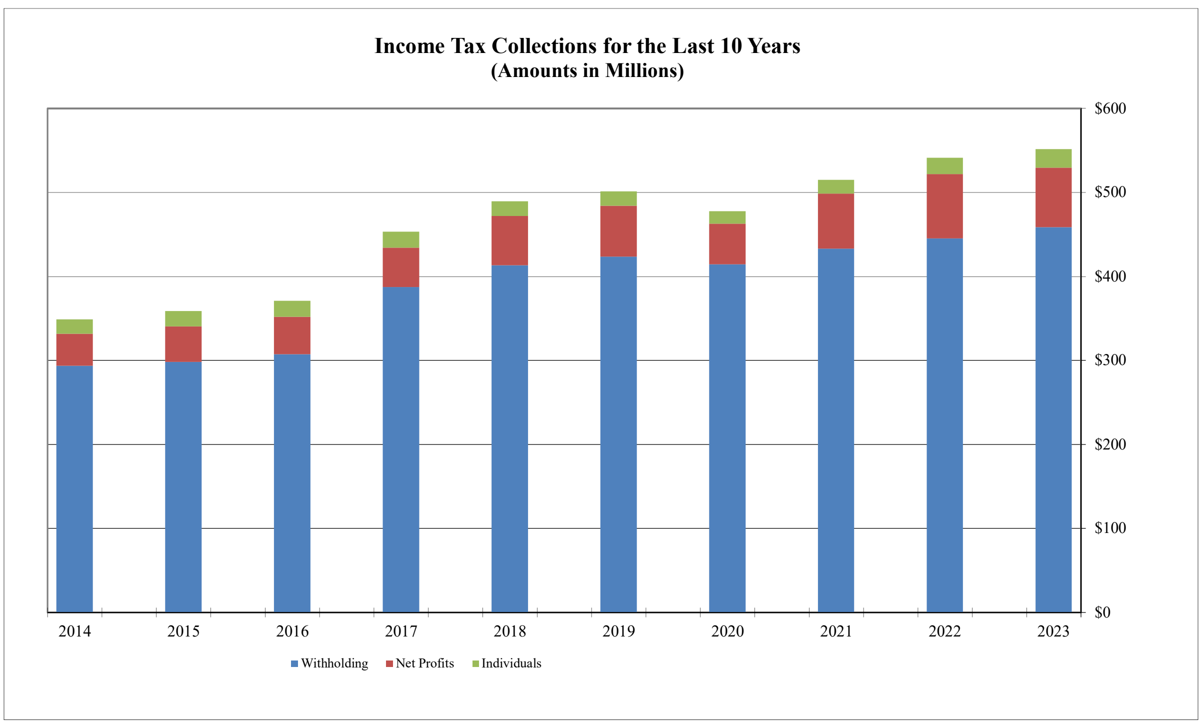
Source: Cuyahoga County Fiscal Officer.

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
2023	2.50%	$ 551,345,329	$ 458,485,947	83.16%	$ 70,995,593	12.88%	$ 21,863,790	3.96%
2022	2.50	541,130,412	445,131,348	82.26	76,730,164	14.18	19,268,900	3.56
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



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

(1) Gross collections.

Source: Central Collection Agency.

City of Cleveland, Ohio

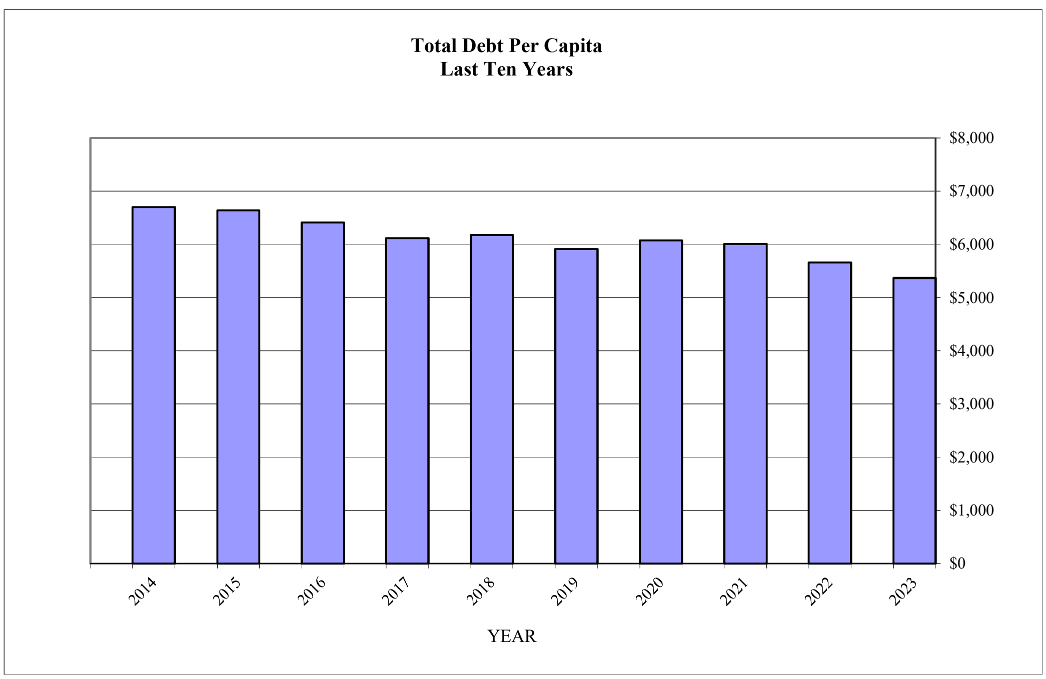
Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years

	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
2023	$ 427,304,000	$	$ 42,755,000	$	$ 5,585,000	$ 41,270,000	$ 383,810,000
2022	390,919,000		49,047,000		11,039,000	53,590,000	402,044,000
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

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.
In 2022, Leases added to Note/Loans payable/Leases.

		Business-Type Activities				
Annual Appropriation Bonds	Note / Loans Payable / Leases	Revenue Bonds	OWDA / OPWC Loans / Leases	Total Debt	Percentage of Personal Income	Per Capita
$ 7,244,000	$ 959,543	$ 1,034,732,000	$ 57,657,302	$ 2,001,316,845	20.63%	$ 5,371
7,644,000	1,035,417	1,137,182,000	56,868,600	2,109,369,017	24.18	5,661
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



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)			
2023	372,624	(a)	$ 5,918,759	$ 406,284	6.86 %	$ 1,090.33
2022	372,624	(a)	5,850,033	373,038	6.38	1,001.11
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

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, 2023

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Cleveland			
General Obligation Bonds	$ 427,304,000	100.00 %	$ 427,304,000
Subordinated Income Tax Refunding Bonds	5,585,000	100.00	5,585,000
Subordinate Lien Income Tax Bonds	383,810,000	100.00	383,810,000
Non-Tax Revenue Bonds	42,755,000	100.00	42,755,000
Certificates of Participation	41,270,000	100.00	41,270,000
Annual Appropriation Bonds	7,244,000	100.00	7,244,000
Note/Loans Payable/Leases	959,543	100.00	959,543
Total Direct Debt	908,927,543		908,927,543
Overlapping			
Cleveland Municipal School District			
General Obligation Bonds	171,625,882	97.04	166,545,756
Cuyahoga County			
General Obligation Bonds	228,740,000	16.95	38,771,430
Cuyahoga Community College	183,840,000	16.95	31,160,880
Berea School District	105,475,000	3.39	3,575,603
Shaker Heights School District	25,665,000	6.53	1,675,925
Total	$ 1,624,273,425		$ 1,150,657,137

(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

	2023	2022	2021	2020
Total Assessed Property Value	$5,918,759,930	$ 5,850,033,190	$5,163,670,000	$ 5,132,348,420
Overall Legal Debt Limit (10½% of Assessed Valuation)	621,469,793	614,253,485	542,185,350	538,896,584
Debt Outstanding:				
General Obligation Bonds	395,640,000	361,080,000	341,075,000	310,985,000
Revenue Bonds	984,553,000	1,075,213,000	1,168,768,000	1,248,613,000
Urban Renewal Bonds				
Subordinated Income Tax Refunding Bonds	5,450,000	10,640,000	15,575,000	20,265,000
Subordinate Lien Income Tax Bonds	360,000,000	375,010,000	388,590,000	339,850,000
OWDA/OPWC Loans	58,198,000	57,424,000	65,682,000	72,841,000
Non-tax Revenue Bonds	42,755,000	49,048,000	55,158,000	47,072,000
Annual Appropriation Bonds	7,315,000	7,725,000	8,110,000	8,475,000
Total Gross Indebtedness	1,853,911,000	1,936,140,000	2,042,958,000	2,048,101,000
Less:				
General Obligation Bonds	395,640,000	361,080,000	341,075,000	310,985,000
Revenue Bonds	984,553,000	1,075,213,000	1,168,768,000	1,248,613,000
Urban Renewal Bonds				
Subordinated Income Tax Refunding Bonds	5,450,000	10,640,000	15,575,000	20,265,000
Subordinate Lien Income Tax Bonds	360,000,000	375,010,000	388,590,000	339,850,000
OWDA/OPWC Loans	58,198,000	57,424,000	65,682,000	72,841,000
Non-tax Revenue Bonds	42,755,000	49,048,000	55,158,000	47,072,000
Annual Appropriation Bonds	7,315,000	7,725,000	8,110,000	8,475,000
General Obligation Bond Retirement Fund Balance	21,020,000	17,882,000	13,834,000	13,659,000
Total Net Debt Applicable to Debt Limit*	-	-	-	-
Legal Debt Margin Within 10½% Limitations	$ 621,469,793	$ 614,253,485	$ 542,185,350	$ 538,896,584
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation (5½% of Assessed Valuation)	$ 325,531,796	$ 321,751,826	$ 284,001,850	$ 282,279,163
Total Gross Indebtedness	1,853,911,000	1,936,140,000	2,042,958,000	2,048,101,000
Less:				
General Obligation Bonds	395,640,000	361,080,000	341,075,000	310,985,000
Revenue Bonds	984,553,000	1,075,213,000	1,168,768,000	1,248,613,000
Urban Renewal Bonds				
Subordinated Income Tax Refunding Bonds	5,450,000	10,640,000	15,575,000	20,265,000
Subordinate Lien Income Tax Bonds	360,000,000	375,010,000	388,590,000	339,850,000
OWDA/OPWC Loans	58,198,000	57,424,000	65,682,000	72,841,000
Non-tax Revenue Bonds	42,755,000	49,048,000	55,158,000	47,072,000
Annual Appropriation Bonds	7,315,000	7,725,000	8,110,000	8,475,000
General Obligation Bond Retirement Fund Balance	21,020,000	17,882,000	13,834,000	13,659,000
Net Debt Within 5½% Limitations*	-	-	-	-
Unvoted Legal Debt Margin Within 5½% Limitations	$ 325,531,796	$ 321,751,826	$ 284,001,850	$ 282,279,163
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.

2019	2018	2017	2016	2015	2014
$5,263,290,660	$4,728,745,440	$4,628,325,790	$4,589,437,780	$4,948,113,550	$4,899,952,220
552,645,519	496,518,271	485,974,208	481,890,967	519,551,923	514,494,983
292,810,000	267,135,000	211,400,000	233,900,000	228,740,000	257,565,000
1,352,593,000	1,439,068,000	1,501,493,000	1,617,778,000	1,699,688,000	1,786,283,000
		835,000	1,615,000	2,345,000	3,030,000
24,730,000	28,975,000	32,960,000	35,275,000	38,885,000	43,650,000
327,260,000	339,690,000	296,285,000	258,160,000	265,995,000	188,335,000
73,352,000	75,560,000	83,478,000	91,316,000	99,220,000	106,815,000
49,078,000	52,971,000	56,705,000	60,328,000	63,829,000	50,203,000
8,820,000	9,145,000	9,455,000	9,745,000	10,020,000	10,280,000
2,128,643,000	2,212,544,000	2,192,611,000	2,308,117,000	2,408,722,000	2,446,161,000
292,810,000	267,135,000	211,400,000	233,900,000	228,740,000	257,565,000
1,352,593,000	1,439,068,000	1,501,493,000	1,617,778,000	1,699,688,000	1,786,283,000
		835,000	1,615,000	2,345,000	3,030,000
24,730,000	28,975,000	32,960,000	35,275,000	38,885,000	43,650,000
327,260,000	339,690,000	296,285,000	258,160,000	265,995,000	188,335,000
73,352,000	75,560,000	83,478,000	91,316,000	99,220,000	106,815,000
49,078,000	52,971,000	56,705,000	60,328,000	63,829,000	50,203,000
8,820,000	9,145,000	9,455,000	9,745,000	10,020,000	10,280,000
13,180,000	11,640,000	5,015,000	5,079,000	3,124,000	3,081,000
-	-	-	-	-	-
$ 552,645,519	$ 496,518,271	$ 485,974,208	$ 481,890,967	$ 519,551,923	$ 514,494,983
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
$ 289,480,986	$ 260,080,999	$ 254,557,918	$ 252,419,078	$ 272,146,245	$ 269,497,372
2,128,643,000	2,212,544,000	2,192,611,000	2,308,117,000	2,408,722,000	2,446,161,000
292,810,000	267,135,000	211,400,000	233,900,000	228,740,000	257,565,000
1,352,593,000	1,439,068,000	1,501,493,000	1,617,778,000	1,699,688,000	1,786,283,000
		835,000	1,615,000	2,345,000	3,030,000
24,730,000	28,975,000	32,960,000	35,275,000	38,885,000	43,650,000
327,260,000	339,690,000	296,285,000	258,160,000	265,995,000	188,335,000
73,352,000	75,560,000	83,478,000	91,316,000	99,220,000	106,815,000
49,078,000	52,971,000	56,705,000	60,328,000	63,829,000	50,203,000
8,820,000	9,145,000	9,455,000	9,745,000	10,020,000	10,280,000
13,180,000	11,640,000	5,015,000	5,079,000	3,124,000	3,081,000
-	-	-	-	-	-
$ 289,480,986	$ 260,080,999	$ 254,557,918	$ 252,419,078	$ 272,146,245	$ 269,497,372
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
2023	$ 183,260,000	$ 85,023,000	$ 98,237,000	$ 45,760,000	$ 17,058,849	1.56
2022	172,821,000	81,326,000	91,495,000	43,535,000	19,080,451	1.46
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

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

(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	
2023	$ 191,987,000	$ 160,487,000	$ 31,500,000	$ 9,960,000	$ 5,922,016	1.98
2022	200,561,000	172,627,000	27,934,000	9,485,000	6,396,266	1.76
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

(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 (4)		Coverage
				Principal	Interest (3)	
2023	$ 346,041,000	$ 189,602,000	$ 156,439,000	$ 30,330,000	$ 11,256,672	3.76
2022	326,271,000	188,983,000	137,288,000	28,800,000	12,681,617	3.31
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

(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.

(4) Subordinate Lien Bonds are not included for purposes of the coverage calculation.

City of Cleveland, Ohio

Pledged Revenue Coverage

Water Pollution Control Revenue Bonds

Last Eight Years

Year (3)	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Principal	Debt Service Interest	Coverage
2023	$ 37,493,000	$ 20,204,000	$ 17,289,000	$ 695,000	$ 1,438,750	8.10
2022	33,235,000	21,699,000	11,536,000	660,000	1,471,750	5.41
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 trend is compiled.

City of Cleveland, Ohio

Principal Employers

2023 and 2014

2023

Employer	Employees	Percentage of Total City Employment
Cleveland Clinic	45,673	30.53%
University Hospitals	25,030	16.73
U.S. Federal Government	15,740	10.52
The MetroHealth System	7,491	5.01
Cuyahoga County	7,341	4.91
City of Cleveland	7,333	4.90
KeyCorp	5,767	3.86
Cleveland Metropolitan School District	5,752	3.85
Sherwin-Williams Co.	4,614	3.08
Case Western Reserve University	4,226	2.82
Total	128,967	86.21%
Total Employment within the City	149,600	

2014

Employer	Employees	Percentage of Total City Employment
Cleveland Clinic	32,251	22.03%
University Hospitals	14,518	9.92
U.S. Office of Personnel Management	11,254	7.69
Cuyahoga County	7,776	5.31
Cleveland Metropolitan School District	6,953	4.75
City of Cleveland	6,757	4.61
MetroHealth System	5,823	3.98
KeyCorp	4,812	3.29
Case Western Reserve University	4,512	3.08
Sherwin-Williams Co.	3,430	2.34
Total	98,086	67.00%
Total Employment within the City	146,400	

Note:

Largest employers headquartered in the City ranked by FTE employees.

Source:

Number of employees from Crain's Cleveland:

Book of Lists 2024, Largest Cuyahoga County Employers; FTEs as of 6/30/2023

Book of Lists 2015, Largest Cuyahoga County Employers; FTEs as of 6/30/2014

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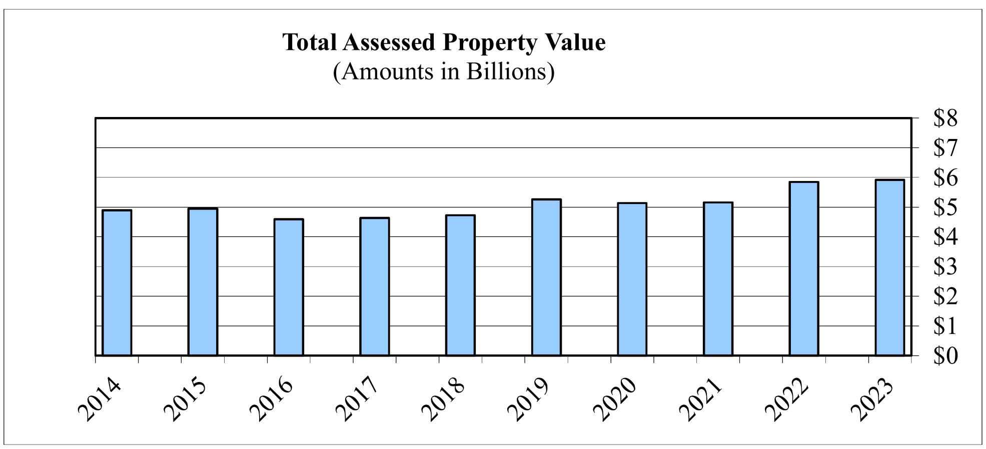
City of Cleveland, Ohio

Demographic and Economic Statistics

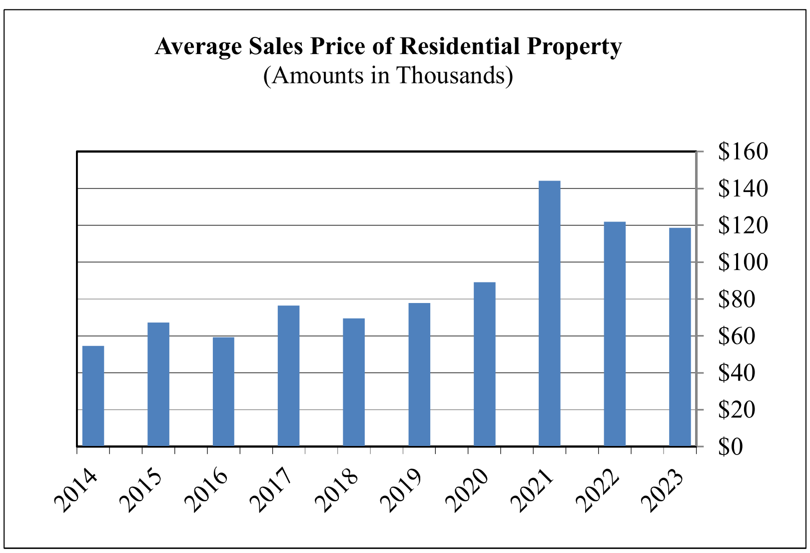
Last Ten Years

Year	Population		Total Personal Income (5)	Personal Income Per Capita		Median Household Income		Median Age	
2023	372,624	(1)A	$ 9,703,128,960	$ 26,040	(14)	$ 37,271	(14)	36.8	(14)
2022	372,624	(1)A	8,724,990,960	23,415	(13)	33,678	(13)	36.3	(1)
2021	372,624	(1)A	8,362,427,808	22,442	(12)	31,838	(12)	36.3	(1)
2020	372,624	(1)A	8,421,604,745	21,223	(11)	30,907	(11)	35.5	(1)
2019	396,815	(1)	7,970,029,275	20,085	(10)	29,008	(10)	35.7	(1)
2018	396,815	(1)	7,477,581,860	18,844	(9)	27,854	(9)	35.7	(1)
2017	396,815	(1)	7,143,860,445	18,003	(8)	26,583	(8)	35.7	(1)
2016	396,815	(1)	6,958,944,655	17,537	(7)	26,150	(7)	35.7	(1)
2015	396,815	(1)	6,918,866,340	17,436	(6)	26,179	(6)	35.7	(1)
2014	396,815	(1)	6,742,680,480	16,992	(1)	26,217	(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://education.ohio.gov".
(3) Source: Ohio Labor Market Info, Website: "http://ohiolmi.com".
(4) Source: Cuyahoga County Fiscal Officer.
(5) Computation of per capita personal income multiplied by population.
(6) Source: U. S. Census Bureau. 2014 dollars years 2010-2014.
(7) Source: U. S. Census Bureau. 2015 dollars years 2011-2015.
(8) Source: U. S. Census Bureau. 2016 dollars years 2012-2016.
(9) Source: U. S. Census Bureau. 2017 dollars years 2013-2017.
(10) Source: U. S. Census Bureau. 2018 dollars years 2014-2018.
(11) Source: U. S. Census Bureau. 2019 dollars years 2015-2019.
(12) Source: U. S. Census Bureau. 2020 dollars years 2016-2020.
(13) Source: U. S. Census Bureau. 2020 dollars years 2017-2021.
(14) Source: U. S. Census Bureau. 2020 dollars years 2018-2022.

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)
20.3%	(14)	34,928	4.8%	$ 118,700	$ 5,918,759
19.2	(13)	34,890	6.0	121,900	5,850,033
18.6	(12)	34,511	8.5	144,100	5,163,670
17.5	(11)	37,158	13.9	89,100	5,132,348
16.9	(10)	37,701	5.2	77,900	5,263,291
16.4	(9)	38,645	6.5	69,500	4,728,745
16.1	(8)	38,949	7.7	76,458	4,628,326
15.6	(7)	39,125	6.9	59,403	4,589,438
15.2	(6)	38,555	5.2	67,280	4,948,114
14.9	(1)	37,967	7.8	54,549	4,899,952



City of Cleveland, Ohio

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Years

Function/Program	2023	2022	2021	2020
General Government				
Council	69.00	66.50	62.00	61.00
Mayor's Office	18.50	17.00	6.00	19.50
Office of Capital Projects	60.00	57.00	58.00	59.50
Mayor's Office of Sustainability	10.00	8.00	7.00	10.00
Mayor's Office of Quality Control	13.50	11.00	10.00	12.00
Landmarks Commission	6.50	6.50	5.50	4.50
Building Standards and Appeals	4.50	4.50	3.00	3.00
Board of Zoning Appeals	4.50	4.50	4.00	4.50
Civil Service Commission	12.50	7.50	7.50	8.50
Community Relations Board	24.50	23.50	24.50	26.50
City Planning Commission	27.50	25.00	22.00	23.50
Equal Employment Opportunity	8.00	7.00	6.00	7.00
Prevention Intervention and Opportunity	18.00	10.00	12.00	5.00
Court	375.50	380.00	384.00	410.00
Office of Budget Administration	6.00	6.00	7.00	7.00
Aging	26.00	21.00	20.50	25.00
Personnel and Human Resources	28.00	34.00	19.00	17.50
Law	82.50	78.50	74.00	74.00
Finance	233.50	228.50	245.00	252.50
Security of Persons and Property				
Administration	36.50	38.00	37.00	38.00
Police	1,454.00	1,599.50	1,817.00	1,934.00
Fire	736.50	721.00	740.00	681.00
EMS	277.00	281.00	280.00	279.00
Dog Pound	30.00	28.50	30.50	32.00
House of Corrections	2.00	2.00	2.00	1.50
Department of Justice Compliance	35.00	19.50	30.00	32.00
Public Health Services	121.50	121.00	124.00	118.00
Leisure Time Activities				
Recreation	194.50	203.00	194.00	200.00
Public Auditorium, Westside Market and Cleveland Stadium	54.50	57.00	57.50	59.00
Parking Facilities	34.50	33.50	33.50	33.00
Property Management	66.00	71.00	69.00	68.50
Parks Maintenance	124.00	127.00	139.00	143.00
Community Development	77.00	72.00	77.50	78.00
Building and Housing	125.00	123.00	135.00	146.00
Economic Development	24.00	20.00	19.00	22.00
Public Works				
Public Works Administration	25.00	28.00	31.00	32.00
Waste Collection and Disposal	207.00	227.00	213.50	206.50
Motor Vehicle Maintenance	71.00	73.00	76.00	75.00
Streets	321.00	293.00	265.00	263.00
Traffic Engineering	26.00	29.00	29.00	30.00
Port Control	320.00	316.50	317.50	366.50
Basic Utility Services				
Water	986.50	1,028.50	1,104.00	1,174.00
Cleveland Public Power	209.00	212.00	223.00	237.00
Water Pollution Control	126.00	128.00	136.00	134.50
Totals:	6,712.00	6,848.00	7,157.00	7,414.00

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

Source: City Payroll Department.

2019	2018	2017	2016	2015	2014
64.00	65.50	60.00	65.50	60.50	61.00
19.50	18.50	24.00	25.00	23.00	22.50
61.50	57.00	54.00	49.00	55.50	50.50
8.00	8.00	8.00			
11.50	9.50	10.50			
5.00	5.50	4.00	3.00	3.50	4.00
3.00	5.50	5.50	5.50	5.50	5.50
4.50	4.00	4.50	4.50	4.00	4.50
7.50	8.50	8.50	8.50	8.50	9.50
26.00	24.00	22.00	22.00	23.00	24.00
23.00	21.50	20.50	20.50	21.50	22.50
7.00	7.00	8.00	6.00	8.50	10.00
436.50	441.50	443.50	446.00	448.00	457.50
7.00	8.00	7.00	7.00	7.00	7.00
25.50	26.00	23.50	19.00	23.50	21.00
18.50	17.50	16.50	12.00	15.50	17.00
78.00	80.00	78.50	73.50	71.50	76.50
264.00	267.50	248.50	239.50	238.50	226.00
37.00	36.00	36.00	37.00	35.00	48.50
2,013.00	1,972.00	1,822.50	1,826.50	1,903.00	1,901.00
718.00	722.00	702.00	696.00	705.00	707.00
305.00	310.00	288.00	244.00	238.00	224.00
33.50	26.50	22.00	18.00	18.00	17.00
1.00	1.00	106.00	117.50	117.50	127.00
36.00	27.50	26.00	13.50	8.50	
139.50	138.50	127.50	135.00	139.00	138.00
230.50	230.00	222.00	203.00	202.50	200.50
64.00	61.50	53.50	53.00	55.00	54.50
37.50	40.50	37.50	40.00	42.50	40.00
72.50	71.50	70.50	64.50	67.50	73.50
145.00	140.00	138.00	132.00	128.00	133.00
77.00	71.50	62.00	61.50	63.00	74.00
148.00	142.00	129.00	119.00	109.00	115.00
24.00	24.00	23.00	26.00	26.00	25.00
32.00	36.00	32.00	34.00	36.00	38.00
217.50	199.50	206.50	179.50	171.00	192.50
75.00	79.00	76.00	70.00	72.00	66.00
266.00	270.00	263.00	252.00	257.00	249.00
31.00	33.00	32.00	29.00	30.00	29.00
408.00	387.50	392.50	393.50	410.00	383.00
1,150.50	1,126.50	1,067.50	980.00	1,013.00	1,008.00
249.00	253.00	242.00	248.00	244.00	266.00
140.00	133.00	116.00	123.00	121.00	134.50
7,720.50	7,607.00	7,340.00	7,102.00	7,229.00	7,263.00

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

Function/Program	2023	2022	2021	2020	2019
General Government					
Council and Clerk					
Number of ordinances passed	559	486	479	451	573
Number of resolutions adopted	568	492	346	293	575
Number of other actions (communications, tabled legislation, etc.)	268	311	325	242	313
Number of planning commission docket items	288	278	348	326	544
Zoning board of appeals docket items	234	237	206	207	324
Finance Department					
Number of payments issued	31,869	33,729	33,053	32,463	39,486
Total amount of payments	$ 1,881,337,242	$ 1,773,310,953	$ 1,796,197,886	$ 1,736,678,895	$1,791,913,475
Interest earnings for fiscal year (cash basis)	$ 97,921,457	$ 33,146,696	$ 1,174,985	$ 9,479,564	$ 34,234,237
Number of receiving warrants	31,214	31,772	29,566	26,342	31,786
Number of journal entries issued	163,148	166,127	158,025	154,009	194,878
Number of budget adjustments issued	5	7	2	2	2
Agency ratings - S&P Global (1)	AA+	AA+	AA+	AA+	AA+
Agency ratings - Moody's Financial Services (1)	Aa3	Aa3	A1	A1	A1
Health insurance costs vs. General Fund expenditures %	14%	11%	19%	19%	16%
General Fund receipts (in thousands)	$ 730,108	$ 673,235	$ 649,107	$ 581,864	$ 648,273
General Fund expenditures (in thousands)	$ 480,946	$ 364,888	$ 474,821	$ 514,770	$ 564,761
General Fund cash balances (in thousands)	$ 378,032	$ 349,704	$ 315,276	$ 203,399	$ 190,621
Income Tax Department					
Number of individual returns	135,989	132,509	125,006	102,387	134,391
Number of business returns	24,821	32,692	31,865	16,381	23,373
Number of business withholding accounts	17,731	16,088	15,032	14,730	14,599
Amount of penalties and interest collected	$ 4,044,207	$ 2,788,887	$ 2,619,579	$ 1,598,475	$ 2,366,212
Annual number of corporate withholding forms processed	223,120	219,230	190,445	147,777	168,213
Annual number of balance due statements forms processed	31,379	25,668	19,824	14,451	24,247
Annual number of estimated payment forms processed	31,525	31,786	25,476	22,317	28,329
Annual number of reconciliations of withholdings processed	16,086	15,531	13,047	2,429	12,461
Engineer Contracted Services					
Dollar amount of construction overseen by engineer (2)	$ 48,369,386	$ 29,061,947	$ 36,777,103	$ 40,005,457	$ 26,128,469
Municipal Court					
Number of civil cases	15,014	13,534	12,775	11,868	20,360
Number of criminal cases	30,671	30,160	37,672	37,722	59,535
Vital Statistics					
Certificates filed (3)					
Number of births	18,849	18,634	19,101	18,406	18,993
Number of deaths	15,565	16,488	17,762	16,505	15,077
Number of fetal deaths	138	229	136	109	150
Certificates issued (3)					
Number of births	45,210	43,633	30,535	30,449	55,464
Number of deaths	65,930	69,198	62,475	32,805	63,979
Civil Service					
Number of police entry tests administered	5	4	4	1	2
Number of fire entry tests administered	1	1	1		
Number of police promotional tests administered		3	3		
Number of fire promotional tests administered		1			
Number of hires of police officers from certified lists	22	33	62	86	40
Number of hires of fire/medics from certified lists	40	39	84		55
Number of promotions from police certified lists		46		40	35
Number of promotions from fire certified lists				11	22

2018	2017	2016	2015	2014
573	621	526	621	582
543	554	587	564	696
365	330	353	399	
344	283	310	127	232
290	379	325	274	256
40,932	37,683	37,602	37,931	37,689
$ 1,712,667,992	$ 1,645,342,974	$ 1,526,411,690	$ 1,463,635,524	$ 1,423,313,034
$ 26,062,457	$ 11,609,282	$ 4,638,092	$ 1,669,023	$ 2,004,466
37,061	35,563	33,848	34,912	36,245
206,659	201,067	189,424	260,377	206,253
3	5	2	2	4
AA+	AA+	AA	AA	AA
A1	A1	A1	A1	A1
16%	17%	18%	17%	15%
$ 623,090	$ 591,969	$ 513,561	$ 495,331	$ 502,860
$ 533,048	$ 508,535	$ 483,971	$ 481,730	$ 487,584
$ 173,275	$ 117,631	$ 61,405	$ 79,239	$ 92,693
131,908	158,124	174,471	181,382	181,811
28,396	24,982	22,352	28,502	29,866
15,015	14,640	13,867	13,863	13,857
$ 2,169,049	$ 2,357,037	$ 1,980,758	$ 2,010,333	$ 1,848,347
166,191	159,442	156,603	153,640	149,291
26,382	31,261	41,688	41,837	38,059
28,448	35,319	40,598	39,577	42,027
12,898	11,494	11,728	12,248	11,851
$ 18,489,204	$ 26,721,178	$ 59,585,941	$ 104,493,079	$ 52,004,000
19,599	19,146	18,646	19,411	18,910
60,525	64,371	64,050	78,238	103,098
18,765	19,878	18,607	18,524	17,061
15,302	15,158	14,832	14,349	13,509
308	348	385	407	337
56,102	58,805	58,611	58,513	55,753
65,338	64,265	63,348	63,930	60,897
3	1	1	1	1
1	1			1
1				3
	1			4
248	52	56	45	103
40		29	40	37
24	44	30	48	4
52		33	16	49

(Continued)

City of Cleveland, Ohio

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2023	2022	2021	2020	2019
Building Department Indicators					
Construction permits issued	14,366	14,852	14,613	13,533	19,947
Estimated value of construction	$ 1,800,849,667	$ 1,274,106,147	$ 1,092,815,108	$ 873,031,083	$1,194,734,824
Number of other permits issued	1,117	1,146	1,010	1,134	2,026
Amount of revenue generated from permits	$ 14,573,646	$ 15,119,084	$ 12,180,779	$ 8,329,511	$ 13,146,280
Number of contractor registrations issued	3,556	3,128	3,104	2,502	2,441
Annual apartment/rooming house license fees	$ 4,869,182	$ 4,840,181	$ 4,564,031	$ 4,293,764	$ 2,339,748
Security of Persons and Property					
Police					
Number of traffic citations issued	30,562	27,046	32,302	28,042	41,747
Number of parking citations issued	27,924	26,827	20,777	17,075	24,017
Number of criminal arrests	7,582	7,351	9,257	9,217	12,790
Number of accident reports completed	15,802	16,777	16,525	15,237	17,282
Part 1 offenses (major offenses)	25,734	24,823	23,536	24,291	23,229
OVI arrests	86	101	167	44	318
Prisoners	6,095	6,031	8,979	5,723	12,299
Motor vehicle accidents	15,802	16,777	16,525	15,237	17,282
Fatalities from motor vehicle accidents	59	45	73	74	54
Community diversion program youths	105	93	33	83	104
Fire					
Fire calls - incoming for services	72,626	72,629	74,657	65,724	70,005
Fires	2,187	2,103	2,057	2,228	1,896
Fires with loss	1,089	737	232	519	518
Fires with losses exceeding $10K	488	283	77	200	168
Fire losses $	$ 20,976,970	$ 20,543,044	$ 4,765,800	$ 8,664,535	$ 8,541,535
Fire safety inspections	3,334	2,705	2,020	2,706	2,988
Number of times mutual aid given to fire					3
EMS					
EMS calls - incoming for service	120,017	120,383	124,842	119,272	123,364
Ambulance billing collections (net)	$ 8,549,268	$ 15,007,500	$ 15,718,538	$ 13,189,469	$ 16,250,754
Public Health and Welfare					
Number of health inspections					
Barber shops	174	174	187	168	109
Food	5,871	4,456	4,286	4,029	7,800
Hotels/motels	36	36	43	44	38
Laundries	20	20	23	32	30
Nuisance	3,862	5,035	5,993	4,030	12,000
Pools	122	128	113	40	130
Schools	175	222	325	397	330
Day care inspections	187	166	158	186	183
Maternity inspections					1
Abortion inspections	4	4	4	4	3
Cemetery cremations	232	217	178	204	268

2018	2017	2016	2015	2014
17,173	17,865	16,125	15,038	14,002
$ 1,461,758,104	$ 1,338,571,317	$ 1,468,917,169	$ 1,430,231,410	$ 951,833,168
2,235	2,871	2,820	3,274	4,560
$ 12,550,454	$ 10,985,010	$ 12,799,847	$ 11,580,333	$ 8,318,937
3,330	3,261	3,202	3,262	2,395
$ 2,307,275	$ 2,144,227	$ 1,582,496	$ 1,515,849	$ 1,340,845
41,095	45,734	49,084	64,565	89,835
26,970	30,966	32,516	39,862	37,569
15,584	18,975	19,670	24,308	31,633
17,982	17,876	18,256	17,712	15,575
24,557	31,163	34,158	29,048	33,975
472	505	491	387	693
13,025	12,536	14,214	17,284	21,201
17,982	17,876	18,256	17,712	15,575
46	61	56	48	21
82	141	119	108	105
70,213	71,663	70,988	68,983	64,357
2,078	2,732	2,752	2,469	2,431
935	1,489	1,035	1,591	1,441
284	323	344	346	310
$ 14,374,870	$ 19,714,210	$ 15,495,855	$ 18,625,607	$ 16,936,874
7,900	20,660	9,059	12,963	12,730
				5
120,487	116,751	116,056	115,303	109,045
$ 14,470,837	$ 14,633,032	$ 13,157,301	$ 10,348,422	$ 12,214,724
165	156	124	211	360
7,800	7,200	7,041	7,356	7,187
40	43	42	36	35
30	38	77	54	68
1,909	1,186	1,176	2,450	17,117
125	127	114	165	147
235	330	293	398	417
181	180	181	187	194
1	1	1		1
3	4	4	4	4
259	279	263	260	249

(Continued)

City of Cleveland, Ohio

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2023	2022	2021	2020	2019
Leisure Time Activities					
Recreation men and women leagues receipts	$	$	$	$	$ 14,585
Economic Development					
Grant amounts received (Amounts in Thousands) (4)	$ 1,701	$ 3,302	$ 3,187	$ 1,692	$ 3,180
Public Works					
Street improvements - asphalt overlay (square yards)	247,101	282,444	413,567	406,698	401,772
Crackseal coating program (linear feet)	588,453	336,458	330,106	302,000	422,097
Street repair (curbs, aprons, berms, asphalt) (hours)	61,403	68,640	56,134	34,043	102,400
Guardrail repair (hours)	1,538	1,510	908	1,244	1,093
Paint striping					
Lane line (miles)	540	347	333	345	455
Crosswalks (each)	3,425	3,824	3,672	4,211	4,800
Arrows (each)	2,100	2,458	2,877	4,000	3,650
Street sweeper (hours)	13,836	7,464	9,582	11,310	1,904
Cold patch (hours)	3,322	3,018	4,122	5,893	10,693
Snow and ice removal regular hours	122,747	71,732	76,048	72,453	76,834
Snow and ice removal overtime hours	13,638	8,831	13,766	12,303	12,152
Leaf collection (hours)	2,800	4,438	4,545	4,720	432
Holiday lights setup (hours)					
Equipment repair/body shop (hours)	6,240	6,240	6,240	4,200	4,421
Tons of snow melting salt purchased November-March	42,652	56,000	44,000	50,779	54,000
Cost of salt purchased	$ 2,016,160	$ 2,645,440	$ 2,208,800	$ 3,706,873	$ 3,957,120
Refuse disposal per year (in tons) (5)	256,445	235,527	298,054	266,793	243,825
Refuse disposal costs per year (5)	$ 9,421,783	$ 8,188,107	$ 8,462,138	$ 6,988,485	$ 6,542,835
Annual recycling tonnage (excluding leaf, and compost items)	3,679	2,977			23,743
Percentage of waste recycled	1.23%	2.20%			8.87%
Port Control					
Cleveland Hopkins Airport					
Landed weight (in thousands of pounds)	5,949,755	5,222,496	4,609,992	3,514,736	5,928,580
Total operations	108,788	101,314	91,605	71,141	126,999
Total passengers	9,868,868	8,693,866	7,283,896	4,122,517	10,040,817
Total enplaned passengers	4,939,279	4,348,607	3,646,410	2,059,668	5,023,316
Burke Lakefront Airport					
Total operations	47,664	52,877	48,831	39,000	50,022
Total passengers	193,781	1,473,771	151,225	105,453	174,382
Total enplaned passengers	95,584	70,883	76,175	53,598	86,408
Water Department					
Water rates per 1st 600 cubic feet of water used	$ 21.85	$ 21.85	$ 21.85	$ 21.85	$ 20.57
Average number of water accounts billed monthly (6)	434,668	433,169	432,446	432,372	433,000
Total water collections annually (including P&I)	$ 292,729,255	$ 293,929,153	$ 289,322,817	$ 287,016,260	$ 283,912,463
Payments to Cleveland for bulk water purchases	$ 9,349,502	$ 9,872,220	$ 10,230,008	$ 9,919,477	$ 9,519,525
Wastewater Department					
Sewer and sanitary calls for service	4,509	4,684	4,540	5,193	3,906
After hours sewer calls (hours)	180	210	321	499	306
Electric Power					
KWH Sold	1,527,625,974	1,568,358,009	1,579,054,792	1,528,489,824	1,589,109,934
Average accounts billed per month	72,917	73,643	74,000	73,998	75,064
Receipts	$ 196,767,796	$ 192,471,698	$ 196,598,920	$ 188,350,724	$ 208,987,691

(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) 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.
(5) Prior to 2015, Public Works reported the refuse disposal and its cost as of August through July. Public Works provides calculations based on the calendar year.
(6) Beginning in 2017, the Water Department switched to monthly billing for its customers.

2018	2017	2016	2015	2014
$ 13,318	$ 795	$ 1,305	$ 1,425	$ 2,940
$ 3,238	$ 4,310	$ 10,107	$ 8,244	$ 12,856
422,485	476,296	279,170	244,774	244,500
476,296	318,415	252,160	320,785	662,225
183,040	106,080	118,560	136,993	152,214
1,320	1,061	380	765	114
526	630	629	485	640
5,476	5,356	6,007	3,783	4,476
3,528	3,695	3,853	3,664	3,684
1,120	1,257	672	744	992
5,760	7,680	6,400	12,960	11,376
75,564	72,015	70,137	88,865	89,234
13,342	7,843	16,244	14,876	18,791
1,200	240			
120	220	240	240	275
3,960	1,643	2,060	2,110	2,200
61,089	31,422	57,424	61,447	73,888
$ 1,778,889	$ 918,490	$ 3,037,155	$ 3,147,313	$ 2,538,951
222,559	241,250	241,911	217,083	209,410
$ 5,612,889	$ 5,660,667	$ 5,552,840	$ 5,729,541	$ 5,466,793
19,152	26,915	25,600	21,809	17,900
7.90%	10.04%	9.45%	9.54%	11.00%
5,686,461	5,455,096	5,117,105	5,118,972	4,773,831
116,333	122,392	118,653	117,773	137,363
9,642,729	9,140,445	8,422,676	8,100,073	7,609,404
4,836,580	4,562,740	4,205,739	4,046,634	3,797,261
46,765	50,789	53,495	63,603	66,862
229,172	178,521	163,696	161,006	155,583
113,843	89,051	81,934	80,724	77,984
$ 19.26	$ 19.26	$ 19.26	$ 19.26	$ 17.34
428,778	430,478	138,816	139,823	139,460
$ 273,421,478	$ 295,099,937	$ 282,194,878	$ 273,223,067	$ 261,928,659
$ 9,489,107	$ 9,979,059	$ 21,309,226	$ 21,889,987	$ 21,810,862
4,810	5,342	4,537	3,919	5,859
358	270	180	438	381
1,657,523,780	1,588,113,898	1,612,905,829	1,616,459,441	1,618,081,248
75,287	73,363	73,340	73,661	73,746
$ 212,797,846	$ 190,495,223	$ 191,759,714	$ 194,358,017	$ 183,571,523

(Concluded)

City of Cleveland, Ohio

Capital Assets Statistics by Function/Program

Last Ten Years

Function/Program	2023	2022	2021	2020	2019
General Government					
Square footage occupied (4)	3,998,701	3,998,701	3,998,701	3,874,685	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	770,169	770,169
Vehicles	947	958	952	945	921
Fire					
Stations	26	26	26	26	26
Square footage of buildings	311,655	311,655	311,655	311,655	311,655
Vehicles	136	134	132	132	126
EMS					
Stations (headquarters)	1	1	1	1	1
Square footage of buildings	52,776	52,776	52,776	52,776	52,776
Vehicles	71	72	70	69	68
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	1,142,810
Gates (5)	58	58	58	58	58
Parking spaces (approximately)					
CLE Smart Park Garage	4,047	3,772	4,305	4,059	3,674
Surface	2,709	2,599	1,675	1,680	2,095
Total parking spaces	6,756	6,371	5,980	5,739	5,769
Vehicles	327	332	337	364	355
Other Public Works					
Streets (miles)	1,322	1,300	1,300	1,300	1,300
Service vehicles	2,554	2,557	2,428	2,428	2,433

2018	2017	2016	2015	2014
3,177,900	3,177,900	3,075,124	3,659,100	3,659,100
35	35	36	35	41
5	5	5	5	5
756,846	756,846	783,546	614,500	553,100
924	899	805	842	867
26	26	26	26	26
311,655	311,655	311,655	313,224	313,224
126	113	135	92	95
1	1	1	1	1
52,776	52,776	52,776	33,000	33,000
66	52	56	46	47
3	3	3	3	3
1,142,810	935,000	935,000	935,000	935,000
58	58	65	65	65
3,811	3,811	3,811	3,811	3,997
2,095	2,095	2,095	2,055	1,544
5,906	5,906	5,906	5,866	5,541
362	358	329	313	320
1,300	1,300	1,300	1,300	1,300
2,249	2,179	1,686	1,646	1,500

City of Cleveland, Ohio

Capital Assets Statistics by Function/Program

Last Ten Years

Function/Program	2023	2022	2021	2020	2019
Recreation					
Number of parks	168	168	168	168	168
Number of playgrounds	106	108	108	108	108
Number of baseball diamonds	107	111	130	130	130
Number of tennis courts	66	70	92	92	92
Number of basketball courts					
Full	88	88	96	96	96
Half	11	11	11	11	11
Number of soccer fields	9	9	5	5	5
Number of recreation centers	20	20	21	21	21
Number of pools					
Indoor	19	19	19	19	19
Outdoor	20	21	20	20	20
Number of aquatic playgrounds	45	45	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	1,667	1,839	1,863	1,863	1,863
Vehicles	78	85	86	88	77
Wastewater					
Sanitary sewers (miles)	173	173	173	173	170
Storm sewers (miles)	214	214	214	214	199
Combined sewers (miles)	1,049	1,049	1,057	1,057	1,066
Vehicles	134	144	139	137	179
Electric Power					
Total Distribution lines (miles)	950	950	900	900	900
Total Transmission lines (miles)	40	40	50	50	50
Vehicles	96	88	84	80	78
Water Department					
Water lines (miles) (2)	3,972	3,917	3,928	3,933	3,945
Vehicles	787	785	774	761	722

(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 2018, the City took back the operations of Highland Park Golf Course.

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

(5) 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.

2018	2017	2016	2015	2014
168	168	168	168	168
108	108	108	109	109
130	130	130	133	133
92	92	92	90	90
96	96	96	110	110
11	11	11	10	10
4	4	4	4	4
21	21	21	21	21
19	19	19	19	19
22	22	22	22	22
25	25	25	25	25
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1		
1,863	1,863	1,863	1,863	1,863
74	80	91	85	86
170	170	170	170	170
199	199	199	199	199
1,065	1,065	1,065	1,065	1,065
139	152	117	110	104
900	900	900	900	
50	50	50	50	
43	79	265	217	221
3,878	3,544	3,315	3,300	3,139
719	748	740	596	675

(Concluded)

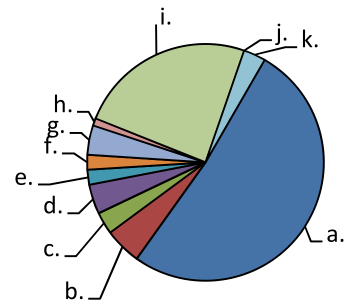
CITY OF CLEVELAND, OHIO

SCHEDULE OF STATISTICS-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

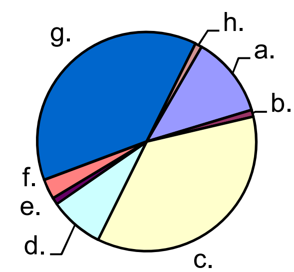
REVENUE DOLLAR BY SOURCE
Where the money came from

a. Income taxes	a.	$0.55
b. Property taxes	b.	0.05
c. State local government funds	c.	0.04
d. Other taxes	d.	0.05
e. Other shared revenues	e.	0.02
f. Licenses and permits	f.	0.03
g. Charges for services	g.	0.03
h. Fines, forfeits and settlements	h.	0.01
i. Grant Revenue	i.	0.16
j. Miscellaneous	j.	0.03
k. Investment Earnings	k.	0.03
		$1.00



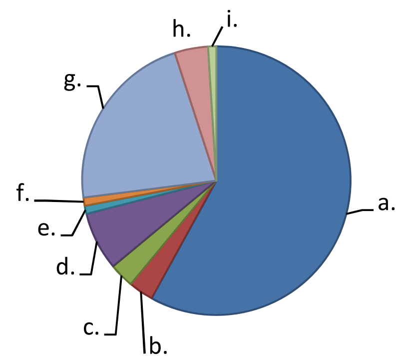
EXPENDITURE DOLLAR BY FUNCTION
Where the money was spent

a. General Government	a.	$0.15
b. Public Health	b.	0.01
c. Public Safety	c.	0.43
d. Public Works	d.	0.10
e. Building and Housing	e.	0.02
f. Economic and Community Development and other	f.	0.03
g. Transfers out	g.	0.22
h. Capital Outlay	h.	0.04
		$1.00



EXPENDITURE DOLLAR BY OBJECT
What the money was spent on

a. Salaries, wages and related benefits	a.	$0.58
b. Interdepartmental charges	b.	0.03
c. Utilities	c.	0.03
d. Contractual services	d.	0.07
e. Materials and supplies	e.	0.01
f. Maintenance	f.	0.01
g. Transfers out	g.	0.22
h. Capital Outlay	h.	0.04
i. Claims/Refunds	i.	0.01
		$1.00



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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, 2023

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, 2023, 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, 2023, 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, 2023, 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 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.

Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

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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 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, 2023. 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 43rd largest by customers served in the United States according to the American Public Power Association's statistics for 2022. The Division serves an area bound by the City limits and presently serves approximately 73,000 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 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 $209,485,000 and $199,446,000 at December 31, 2023 and 2022, respectively. Of these amounts, $34,418,000 and $25,457,000 are unrestricted net position at December 31, 2023 and 2022, respectively, which may be used to meet the Division's ongoing obligations to customers and creditors.

- Operating income decreased by $6,993,000, primarily due to a $7,379,000 increase in pension expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL HIGHLIGHTS (Continued)

- The Division's total long-term bonded debt decreased by $9,960,000 for the year ended December 31, 2023. The decrease is due to scheduled payments to bondholders on the outstanding Series 2016 and Series 2018 Bonds.

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 are 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 are on pages 27 – 54 of this report. Required supplementary information is on pages 55 - 58.

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, 2023 and 2022:

	2023	2022
	(Amounts in Thousands)	
Assets:		
Current assets	$ 107,099	$ 99,054
Restricted assets	4,666	4,149
Noncurrent assets	232	3,829
Capital assets, net of accumulated depreciation	318,083	323,940
Total assets	430,080	430,972
Deferred outflows of resources	32,677	23,790
Liabilities:		
Current liabilities	24,965	27,647
Long-term obligations	224,213	210,474
Total liabilities	249,178	238,121
Deferred inflows of resources	4,094	17,195
Net Position:		
Net investment in capital assets	170,053	167,237
Restricted for capital projects	1,880	177
Restricted for debt service	2,902	2,746
Restricted for pension and OPEB assets	232	3,829
Unrestricted	34,418	25,457
Total net position	$ 209,485	$ 199,446

Current assets: The Division's current assets increased by $8,045,000 in 2023. The increase is mainly due to an increase of $14,885,000 in unrestricted cash and cash equivalents. The escalation is primarily attributed to a decrease of $4,618,000 in recoverable costs of purchases power, due to an increase in power costs passed on to customers. Also, there was a $1,708,000 decrease in outlays attributed to capital acquisitions. In addition, there was a decrease of $1,253,000 in accounts receivable, primarily due to a $2,173,000 increase in uncollectible accounts.

Restricted assets*:* The Division's restricted assets increased by $517,000. The increase is primarily due to an increase of $513,000 in cash and cash equivalents, mainly attributed to a $298,000 growth in the System Enhancement Fund, due to the sale of surplus property.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Noncurrent assets: The Division's noncurrent assets decreased by $3,597,000, mainly attributed to a $3,419,000 decrease in net OPEB asset. This is primarily due to the earnings on pension plan investments not meeting expectations.

Capital assets: The Division's capital assets as of December 31, 2023, amounted to $318,083,000 (net of accumulated depreciation and amortization). The total decrease in the Division's net capital assets for the current year was $5,857,000. A summary of the activity in the Division's capital assets during the year ended December 31, 2023, is as follows:

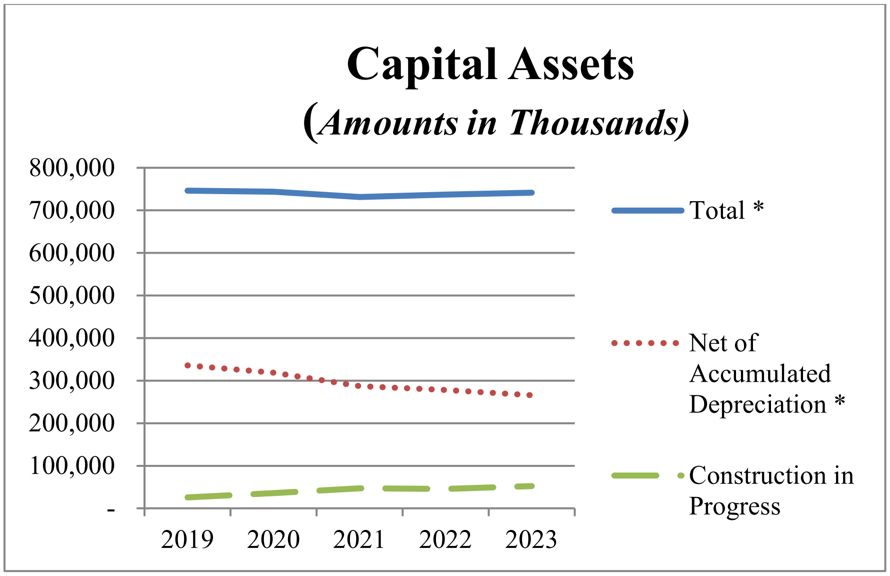
	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
	(Amounts in Thousands)			
Land	$ 5,574	$	$ (539)	$ 5,035
Land improvements	3,194			3,194
Utility plant	609,254	6,074	(1,696)	613,632
Buildings, structures and improvements	25,440	38		25,478
Furniture, fixtures, equipment and vehicles	93,857	598	(390)	94,065
Right to use assets	517	244		761
Construction in progress	45,706	7,028	(539)	52,195
Total	783,542	13,982	(3,164)	794,360
Less: Accumulated depreciation and amortization	(459,602)	(18,739)	2,064	(476,277)
Capital assets, net	$ 323,940	$ (4,757)	$ (1,100)	$ 318,083

The principal additions to construction in progress during 2023 included the following:

- Southern Transmission Line
- High voltage switch equipment
- General engineering services
- Hayden substation

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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, are found in Note D – Capital Assets to the basic financial statements.

Deferred outflows of resources: There was an increase of $8,887,000 in deferred outflows of resources. Pension outflows increased by $9,044,000, primarily due to an increase of $9,154,000 in the net difference between projected and actual earnings on plan investments. Deferred OPEB outflows increased by $1,960,000, again chiefly due to an increase of $1,331,000 in the net difference between projected and actual earnings on OPEB plan investments. Unamortized loss on debt refundings decreased by $2,117,000 due to scheduled amortization.

Current liabilities: The decrease in current liabilities of $2,682,000 is primarily due to a $2,471,000 decrease in accounts payable and a $443,000 decrease in current portion of accrued wages and benefits. The accounts payable decrease is primarily attributed a decrease in outstanding invoices related to capital projects, while the accrued wages and benefit decrease is mainly due to a $458,000 decrease in workers' compensation obligations. These decreases were partially offset by an increase of $495,000 in current portion of long-term debt, due within one year, caused by an increase in required principal payments on the Division's revenue bonds.

Long-term obligations: The long-term obligations increase of $13,739,000 is mainly due to an increase of $22,173,000 in net pension liability. The increase in net pension liability is primarily due to investment returns not meeting expectations. Also, accreted interest payable increased by $3,238,000. These increases were partially offset by a decrease of $12,317,000 in revenue bonds payable, due to a principal payment and scheduled amortization of bond premiums.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

At December 31, 2023, the Division had total bonded debt outstanding of $151,608,000. 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 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.

The activity in the Division's debt obligations outstanding during the year ended December 31, 2023, is summarized in the following table (excluding unamortized discounts, premiums and accreted interest):

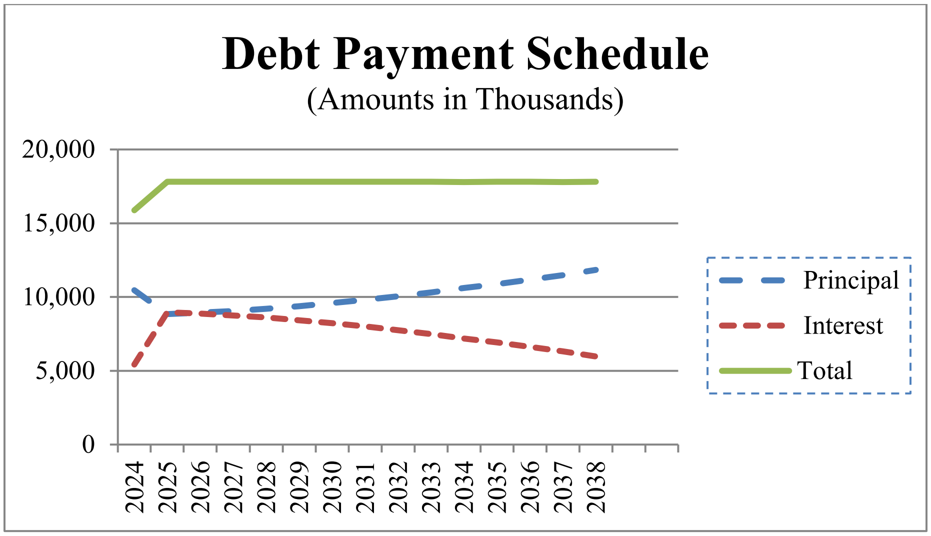
	Balance January 1, 2023	Debt Issued	Debt Retired	Balance December 31, 2023
	(Amounts in Thousands)			
Revenue Bonds:				
Revenue Bonds 2008 B-2	$ 27,903	$	$	$ 27,903
Revenue Bonds 2016	12,300		(6,005)	6,295
Revenue Bonds 2018	37,785		(3,955)	33,830
Revenue Bonds 2020	83,580			83,580
Total	$ 161,568	$ -	$ (9,960)	$ 151,608

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 2023 and 2022 was 198% and 176%, 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.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)



***Net pension/OPEB liabilities/(assets)*:** The net pension liability/(asset) is reported by the Division at December 31, 2023 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/(assets) 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/(asset) and the net OPEB liability/(asset) to the reported net position and subtracting the net pension asset, 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/(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 statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability/(asset) 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.

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 previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities/(assets), 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/(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 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/(asset) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Deferred inflows of resources: There was a $13,101,000 decrease in deferred inflows of resources. Pension inflows decreased by $12,996,000, primarily due to the net difference between expected and actual earnings on plan investments decreasing by $11,559,000. OPEB inflows decreased by $3,516,000, also primarily due to the net difference between expected and actual earnings on plan investments decreasing by $1,630,000. In addition, the change in assumptions regarding future economic and demographic factors decreased by $1,330,000.

Excess purchased power costs increased by $3,411,000 due to the variance between projected and actual 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 $209,485,000 and $199,446,000 at December 31, 2023 and 2022, respectively.

Of the Division's net position at December 31, 2023, $170,053,000 reflects the Division's investment in capital assets (e.g., land, buildings, utility plant, furniture, fixtures, vehicles, equipment and right to use assets), net of accumulated depreciation and amortization, 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, $1,880,000 denotes funds restricted for use in capital projects, $2,902,000 represents resources subject to debt service restrictions, and $232,000 represents resources subject to pension and OPEB restrictions.

The remaining $34,418,000 reflects unrestricted funds available to meet the Division's ongoing obligations to customers and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

The Division had a net increase of $10,039,000 in net position in 2023. Provided below are key elements of the Division's results of operations as of and for the years ended December 31, 2023 and 2022:

	2023	2022
	(Amounts in Thousands)	
Operating revenues	$ 189,050	$ 199,816
Operating expenses	178,153	181,926
Operating income (loss)	10,897	17,890
Non-operating revenue (expense):		
Investment income	2,998	762
Interest expense	(11,227)	(11,526)
Amortization of bond premiums and discounts	1,862	2,014
Gain (loss) on disposal of assets	(263)	(5,090)
Other	5,772	6,007
Total non-operating revenue (expense), net	(858)	(7,833)
Increase (decrease) in net position	10,039	10,057
Net position, beginning of year	199,446	189,389
Net position, end of year	$ 209,485	$ 199,446

Operating revenues: In 2023, operating revenues decreased by $10,766,000, primarily due to decreases in purchased power costs being passed on to customers.

Operating expenses: Total operating expenses decreased by $3,773,000. Purchased power costs decreased by $9,242,000, mainly due to a 4% reduction in load and significantly lower Day-Ahead locational marginal pricing (LMP) power costs.

Operations expense increased by $5,128,000 in 2023, primarily due to an increase of $8,982,000 in pension and OPEB expenses, mainly attributed to investment returns not meeting expectations. These increases were partially offset by a decrease of $1,747,000 in telecommunications costs, primarily due to the Division switching from analog to digital connections.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION (Continued)

Maintenance expense increased by $957,000, primarily due to increases in overtime and hospitalization costs.

There was a decrease in depreciation and amortization expense of $616,000, or 3.2%.

Non-operating revenue: Other non-operating revenue increased by $1,849,000, attributed to investment income increasing by $2,236,000, mainly due to continuing growth in interest rates. The increase was offset by a decrease in other revenues of $235,000, due a reduction in excise tax revenue, and amortization of bond premiums decreasing by $152,000, due to scheduled amortization.

Non-operating expense: Other non-operating expenses decreased by $5,126,000. Loss on disposal of assets decreased by $4,827,000, due to the retirement of the Division's remaining incandescent streetlights bulbs with the more efficient LED technology that occurred in 2022. Interest expense decreased by $299,000, due to scheduled debt service payments on long-term bonds.

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 Lake Road Project involved constructing a duct line and feeder cables to the 11th Street Substation, which was re-fed to increase capacity in the downtown area and along the corridor between the Lake Road and 11th Street substations. Additionally, a new step-up substation, the South Marginal Substation, was completed to provide capacity from the 11.5kV distribution system in downtown to a portion of the 13.8 kV distribution system located east and southeast of downtown. The South Marginal Substation will be energized when the Division's new Supervisory Control and Data Acquisition (SCADA) System is put into service in the second quarter of 2024.

The Division's completed overhead portion of the 138 kV Southern Project will be put into service by the second quarter of 2024 once regulatory standards are met. This project involved modifying the Ridge Road Substation to create a ring bus that supports the new 138 kV transmission loop, which runs from the Ridge Road Substation to the Pofok Substation. The Division 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 2023, about 23.2% 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 and 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 AMP Fremont Energy Center, AMP Hydro Phase 1/Phase 2 and Prairie State. The following sections describe these projects.

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 50 MW (when combined with AMP Hydro Phase 1) from the five AMP hydroelectric projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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. On September 15, 2021, the State of Illinois' Climate and Equitable Jobs act was signed into law, which requires Prairie State to reduce carbon emissions by 45% by June 30, 2038, and to permanently reduce carbon emissions to zero no later than December 31, 2045.

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, 2023
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and cash equivalents	$ 78,147
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of $7,791	8,506
Recoverable costs of purchased power	320
Unbilled revenue	6,660
Due from other City of Cleveland departments, divisions or funds	2,429
Materials and supplies	10,622
Prepaid expenses	415
TOTAL CURRENT ASSETS	107,099
RESTRICTED ASSETS	
Cash and cash equivalents	4,651
Accrued interest receivable	15
TOTAL RESTRICTED ASSETS	4,666
NONCURRENT ASSETS	
Net pension asset	232
CAPITAL ASSETS	
Land	5,035
Land improvements	3,194
Utility plant	613,632
Buildings, structures and improvements	25,478
Furniture, fixtures, equipment and vehicles	94,065
Right to use assets	761
	742,165
Less: Accumulated depreciation and amortization	(476,277)
	265,888
Construction in progress	52,195
CAPITAL ASSETS, NET	318,083
TOTAL ASSETS	430,080
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on debt refunding	17,582
Pension	13,109
OPEB	1,986
TOTAL DEFERRED OUTFLOWS OF RESOURCES	32,677

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF NET POSITION
December 31, 2023
(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 10,160
Other accrued expenses	406
Customer deposits and other liabilities	242
Current portion of accrued wages and benefits	2,781
Due to other City of Cleveland departments, divisions or funds	185
Subscriptions	58
Accrued interest payable	678
Current portion of long-term debt, due within one year	10,455
TOTAL CURRENT LIABILITIES	24,965
LONG-TERM OBLIGATIONS-excluding amounts due within one year	
Accrued wages and benefits	598
Accreted interest payable	35,558
Revenue bonds	155,073
Net pension liability	31,817
Net OPEB liability	670
Subscriptions	106
Other	391
TOTAL LONG-TERM OBLIGATIONS	224,213
TOTAL LIABILITIES	249,178
DEFERRED INFLOWS OF RESOURCES	
Excess purchased power costs	3,411
Pension	447
OPEB	236
TOTAL DEFERRED INFLOWS OF RESOURCES	4,094
NET POSITION	
Net investment in capital assets	170,053
Restricted for capital projects	1,880
Restricted for debt service	2,902
Restricted for pension and OPEB assets	232
Unrestricted	34,418
TOTAL NET POSITION	209,485

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, 2023
(Amounts in Thousands)

OPERATING REVENUES	
Charges for services	$ 189,050
TOTAL OPERATING REVENUES	189,050
OPERATING EXPENSES	
Purchased power	120,686
Operations	20,978
Maintenance	17,750
Depreciation and amortization	18,739
TOTAL OPERATING EXPENSES	178,153
OPERATING INCOME (LOSS)	10,897
NON-OPERATING REVENUE (EXPENSE)	
Investment income	2,998
Interest expense	(11,227)
Amortization of bond premiums and discounts	1,862
Gain (loss) on disposal of assets	(263)
Other	5,772
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	(858)
INCREASE (DECREASE) IN NET POSITION	10,039
NET POSITION AT BEGINNING OF YEAR	199,446
NET POSITION END OF YEAR	$ 209,485

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, 2023
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 195,325
Cash payments to suppliers for goods or services	(18,204)
Cash payments to employees for services	(17,995)
Cash payments for purchased power	(118,960)
Electric excise tax payments to custodial fund and other	(4,402)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	35,764
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Electric excise tax receipts	5,699
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	5,699
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(13,127)
Principal paid on long-term debt	(9,960)
Principal paid on lease obligations	(254)
Principal paid on subscriptions	(80)
Interest paid on long-term debt	(5,922)
Interest paid on lease obligations	(8)
Interest paid on subscriptions	(6)
Sale of land	298
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(29,059)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment securities	(14,763)
Proceeds from sale and maturity of investment securities	14,763
Interest received on investments	2,994
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	2,994
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,398
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	67,400
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 82,798

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023
(Amounts in Thousands)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

OPERATING INCOME (LOSS)	$ 10,897
Adjustments:	
Depreciation and amortization	18,739
(Increase) decrease in assets:	
Accounts receivable, net	1,253
Recoverable costs of purchased power	4,618
Unbilled revenue	671
Due from other City of Cleveland departments, divisions or funds	353
Materials and supplies, net	(85)
Prepaid expenses	30
Net pension asset	178
Net OPEB asset	3,419
(Increase) decrease in deferred outflows of resources:	
Pension	(9,044)
OPEB	(1,960)
Increase (decrease) in liabilities:	
Accounts payable	(2,471)
Other accrued expenses	(14)
Customer deposits and other liabilities	(95)
Accrued wages and benefits	(387)
Due to other City of Cleveland departments, divisions or funds	107
Other long-term liabilities	(187)
Net pension liability	22,173
Net OPEB liability	670
Increase (decrease) in deferred inflows of resources:	
Excess purchased power costs	3,411
Pension	(12,996)
OPEB	(3,516)
TOTAL ADJUSTMENTS	24,867
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 35,764

See notes to financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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 May of 2020, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA) was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to (1) define a subscription-based information technology arrangement (SBITA); (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. As required, the Division has implemented GASB Statement No. 96 as of December 31, 2023.

In April of 2022, GASB Statement No. 99, *Omnibus 2022*, was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. As required, the Division has implemented GASB Statement No. 99 as of December 31, 2023.

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
- Amount restricted for pension and OPEB assets
- 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.

Leases: The Division follows the provisions of GASB Statement No. 87 *Leases,* which requires governmental entities to recognize their long-term lease agreements on the financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

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 2023. 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 based on historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets less any applicable salvage value 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

Right to use assets are amortized over the shorter of the contract term or useful life of the underlying asset.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription-Based Information Technology Arrangements: The City follows the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which requires governmental entities to recognize their long-term Subscription-Based Information Technology Arrangements, related right to use asset and related revenue and expenditures on the financial statements.

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 assets 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 assets 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/(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 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.

When both restricted and unrestricted resources are available for use, it is the Division's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE B - DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt outstanding at December 31, 2023, is as follows:

	Interest Rate	Original Issuance	2023
		(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	6,295
Series 2018, due through 2038	5.00%	47,245	33,830
Series 2020, due through 2038	2.01-5.00%	83,580	83,580
		$ 200,753	151,608
Less:			
Unamortized premium (discount)-current interest bonds (net)			13,920
Current portion			(10,455)
Total long-term debt			$ 155,073

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE B - DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2023, are as follows:

	Balance January 1, 2023	Increase	Decrease	Balance December 31, 2023	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	12,300		(6,005)	6,295	6,295
Series 2018, due through 2038	37,785		(3,955)	33,830	4,160
Series 2020, due through 2038	83,580			83,580	
Total revenue bonds	161,568	-	(9,960)	151,608	10,455
Accrued wages and benefits	3,766	2,837	(3,224)	3,379	2,781
Leases	254		(254)	-	
Subscriptions		164		164	58
Net pension liability	9,644	22,173		31,817	
Net OPEB liability		670		670	
Total	$ 175,232	$ 25,844	$ (13,438)	$ 187,638	$ 13,294

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)		
2024	$ 10,455	$ 5,424	$ 15,879
2025	8,842	8,964	17,806
2026	8,939	8,870	17,809
2027	9,056	8,749	17,805
2028	9,196	8,608	17,804
2029-2033	49,127	39,906	89,033
2034-2038	55,993	33,034	89,027
	$ 151,608	$ 113,555	$ 265,163

The City has pledged future power system revenues, net of specified operating expenses, to repay $151,608,000 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 57% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is $265,163,000. Principal and interest paid for the current year and total net revenues were $15,882,000 and $31,500,000, 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, 2023.

Series 2014	$76,885,000
Series 2016	$1,160,000

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, 2023, 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, 2023, 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, 2023, the Division's carrying amount of deposits totaled $14,433,000 and the Division's bank balances totaled $15,107,000. 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*, $15,107,000 of the bank balances at December 31, 2023, 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.

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.

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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, 2023, include STAR Ohio 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.

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, 2023, 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	2023 Value	2023 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 64,201	$ 64,201	$ 64,201
Money Market Mutual Funds	4,164	4,164	4,164
Total Investments	68,365	68,365	68,365
Total Deposits	14,433	14,433	14,433
Total Deposits and Investments	$ 82,798	$ 82,798	$ 82,798

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, 2023, the investments in STAR Ohio and money market mutual funds are approximately 93.9% and 6.1%, respectively, of the Division's total investments.

NOTE D - CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
	(Amounts in Thousands)			
Capital assets, not being depreciated:				
Land	$ 5,574	$	$ (539)	$ 5,035
Construction in progress	45,706	7,028	(539)	52,195
Total capital assets, not being depreciated	51,280	7,028	(1,078)	57,230
Capital assets, being depreciated:				
Land improvements	3,194			3,194
Utility plant	609,254	6,074	(1,696)	613,632
Buildings, structures and improvements	25,440	38		25,478
Furniture, fixtures, equipment and vehicles	93,857	598	(390)	94,065
Right to use assets	517	244		761
Total capital assets, being depreciated	732,262	6,954	(2,086)	737,130
Less: Accumulated depreciation and amortization	(459,602)	(18,739)	2,064	(476,277)
Total capital assets being depreciated, net	272,660	(11,785)	(22)	260,853
Capital assets, net	$ 323,940	$ (4,757)	$ (1,100)	$ 318,083

Commitments: The Division has outstanding commitments of approximately $21,754,000 for future capital expenditures at December 31, 2023. 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/(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 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/(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 Division's obligation for this liability/(asset) 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/(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 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.

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%.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2023, 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 $2,509,000 for 2023. 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, 2022 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. Following is information related to the proportionate share and pension expense:

	Traditional	Combined
	(Amounts in Thousands)	
Proportionate Share of the Net Pension Liability/(Asset)	$ 31,817	$ (232)
Proportion of the Net Pension Liability/(Asset)	0.107710%	0.098426%
Change in Proportion	(0.003130)%	(0.005542)%
Pension Expense	$ 4,244	$ 46

At December 31, 2023, the Division has reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined
	(Amounts in Thousands)	
Deferred Outflows of Resources		
Differences between expected and actual economic experience	$ 1,057	$ 14
Net difference between projected and actual earnings on pension plan investments	9,069	85
Change in Division's proportionate share and difference in employer contributions		24
Change in assumptions	336	15
Division's contributions subsequent to the measurement date	2,431	78
Total Deferred Outflows of Resources	$ 12,893	$ 216
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	$ 33
Change in Division's proportionate share and difference in employer contributions	404	10
Total Deferred Inflows of Resources	$ 404	$ 43

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

The $2,509,000 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/(increase) of the net pension liability/(asset) in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined
	(Amounts in Thousands)	
Year Ending December 31:		
2024	$ 934	$ 5
2025	2,012	17
2026	2,669	23
2027	4,443	38
2028		3
Thereafter		9
Total	$ 10,058	$ 95

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/(asset) in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2022
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional Plan	2.75%-10.75%
Combined	2.75%-8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 3%, simple through 2023, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00 %	

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate: The discount rate used to measure the total pension liability/(asset) was 6.90%. 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/(asset).

Sensitivity of the Division's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 6.90%, as well as what the Division's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability/(asset):			
Traditional plan	$ 47,661	$ 31,817	$ 18,638
Combined plan	(121)	(232)	(320)

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. Effective January 1, 2022, the Combined Plan is no longer available for member selection. 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 2023, 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 was 0.0% and Combined Plan was 2.0% in 2023. 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 2022 was 4.0%.

For the year ended December 31, 2023, 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, 2021, rolled forward to the measurement date of December 31, 2022, 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)	$ 670
Proportion of the Net OPEB Liability/(Asset):	0.106292%
Change in Proportionate Share	(0.002875%)
OPEB Expense	$ (1,205)

NOTE F – DEFINED BENEFIT OPEB PLANS *(*Continued)

At December 31, 2023, 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		
Net difference between projected and actual earnings on OPEB plan investments	$	1,331
Changes in assumptions		655
Total Deferred Outflows of Resources	$	1,986
Deferred Inflows of Resources		
Differences between expected and actual experience	$	167
Change in assumptions		54
Changes in proportion and differences between Division's contributions and proportionate share of contributions		15
Total Deferred Inflows of Resources	$	236

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)	
2024	$	205
2025		486
2026		415
2027		644
Total	$	1,750

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, 2021, rolled forward to the measurement date of December 31, 2022. 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	2.75%
Projected Salary Increases, including wage inflation	2.75% - 10.75%
Single Discount Rate:	
Current Measurement Date	5.22%
Prior Measurement Date	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	4.05%
Prior Measurement Date	1.84%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial 3.50%, ultimate in 2036
Prior Measurement Date	5.50%, initial 3.50%, ultimate in 2034
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00 %	

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

Discount Rate: A single discount rate of 5.22% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2022. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 5.22%, 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 4.22% or one-percentage-point higher 6.22% than the current rate:

	1% Decrease 4.22%	Current Discount Rate 5.22%	1% Increase 6.22%
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	$ 2,281	$ 670	$ (659)

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 2023 is 5.50%. 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)	$ 628	$ 670	$ 717

NOTE G – LEASES

In June 2017, the GASB issued Statement No. 87, *Leases.* The Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources (*based on contract provisions*). Under this Statement, a lessor is required to recognize a lease receivable and deferred inflow of resources while a lessee is required to recognize a lease payable and deferred outflow of resources for each contract whose terms meet the definition of a lease. This recognition is intended to enhance the relevance and consistency of information about governments' leasing activities.

Leases Scope: Per GASB Statement No. 87, a lease is defined as, "A contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction." A contract conveys control if the user of the underlying asset possesses both: the right to obtain present service capacity and the right to determine the nature and manner of its use. The transaction is "exchange-like" when both parties receive and sacrifice something of approximate equal value.
Accounting treatment for leases required by the Statement applies to non-financial assets. Assets that are non-financial in nature including intangible assets, biological assets, inventory leases, supply contracts, and service concession arrangements are considered out of scope.

Accounting Treatment at Adoption: The Division of Cleveland Public Power (the "Division") is a lessor and a lessee in various noncancellable leases. In accordance with the Standard, leases that commenced before the adoption date of January 1, 2022, are considered to have commenced on this date. All leases with base rent payments adjusted by an index or rate (e.g., Consumer Price Index) have measured their lease liabilities based upon the most recent adjustment as of January 1, 2022, unless otherwise noted.

For all in-scope leasing arrangements, the Division's lessees do not make fixed rent payments nor are any variable payments fixed in substance. Therefore, the Division does not recognize a lease receivable at inception. Variable inflows are recognized as they are received.

The Division recognizes a lease liability and an intangible right-to-use (RTU) asset at the beginning of a lease. Lease liabilities are measured based on net present value of the future lease payments at inception using the rate explicit in the contract, the rate implicit in the contract, or the Division's incremental borrowing rate which is estimated using the Federal Home Loan Bank Community Development Advance (FHLB CDA)+ 2.00% plus any lease incentives from the lessor. The lease liability is also measured with the inclusion of amounts required to be paid by the lessee under residual value guarantees, exercise price of a purchase option, and lease termination penalties – these are included only if there is reasonable certainty in the requirement to make such payments.

The RTU asset is measured at inception by adding to the lease liability net amounts exchanged with the lessor at or before commencement of the lease term and initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

NOTE G – LEASES (Continued)

The Division assumes optional extension terms present in lease agreements will be exercised unless optional extension periods have undefined future payment terms - these terms are excluded in the calculation of lease term length unless otherwise noted. The Division did not incur expense related to residual value guarantees nor did the Division exercise a purchase option.

For short-term lease contracts – defined as having a maximum possible term of 12 months or less - the Division recognizes expense based on the payment provisions of the lease contract.

Division as a Lessor: The Division leases communications sites to non-governmental lessees. These leases have term end dates ranging from November 12, 2038 to March 12, 2039. The lease payments are dependent upon the timing and number of equipment installations during the preceding period.

Variable lease payments are excluded from the measurement of lease receivables. Such amounts are recognized in the period in which the lease receivable is incurred. For fiscal 2023, variable inflows amounted to $67,000.

Division as a Lessee: The Division leases warehouse space from a non-governmental lessor. The lease has a term end date of August 31, 2024, and the annual lease payments are fixed for the term of the lease.

For fiscal year 2023, lease and interest expense were $194,000 and $5,000, respectively.

For fiscal year 2023, the RTU asset and related accumulated amortization is $517,000 and $456,000, respectively.

NOTE H – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The Division uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments, payable during the remaining SBITA term. A SBITA is presented as a right to use asset in the Capital Assets section, on the government-wide *Statement of Net Position* and presented as part of right to use assets in the Capital Assets footnote.

The Division has a variety of variable payment clauses, within its SBITA arrangements, including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The Division did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

Furthermore, the Division does not have commitments under SBITA that have not commenced as of December 31, 2023.

NOTE H – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) (Continued)

As of December 31, 2023, the Division had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
	(Amounts in Thousands)		
2024	$ 58	$ 4	$ 62
2025	53	2	55
2026	52		52
2027	1		1
SBITA Liability:	$ 164	$ 6	$ 170

The Division had SBITA assets in the amount of $244,036 net of accumulated amortization of $79,137, for a net SBITA asset of $164,899.

NOTE I - CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: The Division is a member of American Municipal Power (AMP) and participated in the AMP Generating Station (AMPGS) Project. This project 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 affect the Division's net impaired cost balance either positively or negatively. These amounts will be recorded as they become estimable.

NOTE I - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

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 $3,268,058 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 $173,440 and interest expense incurred on AMP's line-of-credit of $381,601. 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, 2023, of $640,815.

The Division does have a potential PHFU Liability of $4,438,132 resulting in a net total potential liability of $5,078,947, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) has no value and 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 6 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.

In addition, various claims are pending against the City involving the Division for personal injuries, property damage and other matters, for which the City is responsible. 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 2023.

The City provides the choice of two separate health insurance plans to its employees. The operating funds charge 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 payouts) and other economic and social factors.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE I - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

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 J - 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: Other divisions within the City provide various services to CPP. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the year ended December 31, 2023, are as follows:

	(Amounts in Thousands)	
City Administration	$	2,245
Utilities Administration and Fiscal Control		2,221
Telephone Exchange		1,902
Motor Vehicle Maintenance		443
Division of Water		376

NOTE K - 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 $1,171,000 for the year ended December 31, 2023.

NOTE L - 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 payable to the State of Ohio. The Division remitted $5,002,000 for this tax in 2023, of which $13,157 was due 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.

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/(Asset)
Ohio Public Employees Retirement System
Last Ten Years (1)

	Division's Proportion of the Net Pension Liability/ (Asset)	Division's Proportionate Share of the Net Pension Liability/ (Asset)	Division's Covered Payroll	Division'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)
			(Amounts in Thousands)		
Traditional:					
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
2022	0.110840	9,644	17,579	54.86	92.62
2023	0.107710	31,817	16,236	195.97	75.74
Combined:					
2022	0.103968	(410)	17,579	(2.33)	169.88
2023	0.098426	(232)	16,236	(1.43)	137.14

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

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. For 2022, the most significant changes of assumptions that affected the total pension liability/(asset) since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There was no change in assumption in 2023.

In 2022, the Division presented the Combined Pension Plan separately. In prior years, it was netted with the Traditional Pension Plan.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

Required Supplementary Information (Continued)

Schedule of Contributions - Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten 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)				
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
2022	2,273	(2,273)	-	16,236	14.00
2023	2,509	(2,509)	-	17,921	14.00

(1) Represents Division’s calendar year.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
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 Seven 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
2022	0.109167	(3,419)	17,579	(19.45)	128.23
2023	0.106292	670	16,236	4.13	94.79

(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.

In 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

In 2023, the single discount rate changed from 6.0% to 5.22%. The municipal bond rate changed from 1.84% to 4.05%. The health care cost rate changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

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 Eight 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
2022	-	-	-	16,236	0.00
2023	-	-	-	17,921	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, 2023

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

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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, 2023, 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, 2023, 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, 2023, 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 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.

Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

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, 2023. 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 435,000 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 2023, the Division provided services to approximately 117,000 accounts located within Cleveland and approximately 318,000 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 23.6% of the Division's metered sales revenue, while the direct service communities accounted for 72.3% and master meter and emergency communities accounted for 4.1% 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 $1,830,712,000 and $1,746,629,000 at December 31, 2023 and 2022, respectively. Of these amounts, $425,860,000 and $396,764,000 are unrestricted net position at December 31, 2023 and 2022, respectively and may be used to meet the Division's ongoing obligations to customers and creditors.

- The Division's overall net position increased by $84,083,000 during 2023. The increase is primarily attributed to a $22,134,000 increase in investment income.

- The total long-term revenue bonds and loans payable of the Division decreased by $35,313,000 due to scheduled principal payments on the bonds and loans which was offset by $10,196,000 incurred as a result of new Ohio Water Development Authority (OWDA) loans.

- There was a $7,398,000 increase in capital and other contributions, primarily attributed to the acquisition of Richmond Height's water mains.

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 – 54 of this report. Required supplementary information can be found on pages 55 – 58.

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, 2023 and 2022:

	2023	2022
	(Amounts in Thousands)	
Assets:		
Current assets	$ 536,051	$ 520,873
Restricted assets	49,809	48,181
Noncurrent assets	792	14,136
Capital assets, net	1,731,320	1,707,530
Total assets	2,317,972	2,290,720
Deferred outflows of resources	68,390	34,002
Liabilities:		
Current liabilities	86,113	87,593
Long-term obligations	463,891	432,321
Total liabilities	550,004	519,914
Deferred inflows of resources	5,646	58,179
Net Position:		
Net investment in capital assets	1,349,001	1,291,552
Restricted for capital projects	9,513	
Restricted for debt service	45,546	44,177
Restricted for pension and OPEB assets	792	14,136
Unrestricted	425,860	396,764
Total Net Position	$ 1,830,712	$ 1,746,629

Current Assets: The Division had an increase in current assets of $15,178,000, primarily due to an increase of $283,295,000 in investments, offset by a decrease of $272,742,000 in cash and cash equivalents. In addition, there was a $4,056,000 increase in accrued interest receivable, mainly due to the increase in investments at year end compared to 2022.

Restricted Assets: The Division’s restricted assets increased by $1,628,000, primarily attributable to an increase of $1,575,000 in cash and cash equivalents. The uptick is mainly credited to a $1,369,000 increase in the debt service fund, which is due to a slight increase in scheduled bond principal payments due in 2024.

Noncurrent Assets: There was a decrease in noncurrent assets of $13,344,000, due to a decrease in net pension and OPEB assets, mainly due to investment returns not meeting expectations.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Capital Assets: The Division's capital assets, as of December 31, 2023, amounted to $1,731,320,000 (net of accumulated depreciation and amortization). The total net increase in the Division's capital assets was $23,790,000. A summary of the activity in the Division's capital assets during December 31, 2023, is as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
		(Amounts in Thousands)		
Land	$ 5,731	$	$	$ 5,731
Land improvements	18,091	71	(696)	17,466
Utility plant	2,070,249	27,238	(1,893)	2,095,594
Buildings, structures and improvements	283,218	4,495	(41)	287,672
Furniture, fixtures, equipment and vehicles	609,245	17,760	(6,650)	620,355
Right to use assets	1,396	1,941		3,337
Construction in progress	200,123	77,251	(29,268)	248,106
Total	3,188,053	128,756	(38,548)	3,278,261
Less: Accumulated depreciation and amortization	(1,480,523)	(71,142)	4,724	(1,546,941)
Capital assets, net	$ 1,707,530	$ 57,614	$ (33,824)	$ 1,731,320

Construction in progress had additions and reductions of $77,251,000 and $29,268,000, respectively, resulting in a net increase of $47,983,000. The increase was related to additional spending on; suburban water main renewals, Richfield Tower, enhancements to the Baldwin Plant filtration and sedimentation basins, and improvements to the Crown Plant water system. Additionally, the reductions are related to assets being placed into service. Utility plant had a net increase of $25,345,000, primarily due to the completion of various projects including suburban water main renewals and backup generators being placed into service.

Major projects still under construction chiefly consist of both city and suburban water main renewals, plant enhancement programs and general engineering services.

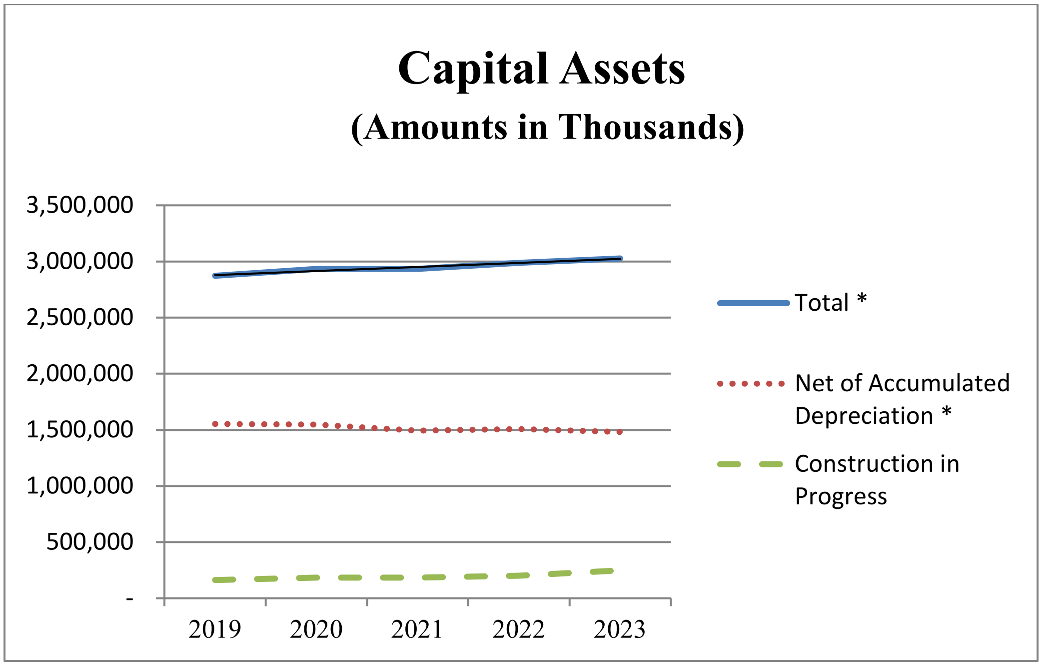
Deferred Outflows of Resources: The Division's deferred outflows of resources increased by $34,388,000. Pension outflows increased by $29,873,000, primarily due to a $31,232,000 increase in the net difference between expected and actual plan earnings. Other postemployment benefits (OPEB) outflows increased $6,687,000, also primarily due to a $4,542,000 increase in the net difference between expected and actual OPEB plan earnings. Unamortized loss on debt refunding decreased by $2,172,000 due to scheduled amortization.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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

Current Liabilities: In 2023, total current liabilities decreased by $1,480,000. Accounts payable decreased by 2,834,000 and accrued interest payable declined by $905,000. The decrease in accrued interest payable is due to continued payments on outstanding revenue bonds. These decreases were partially offset by a $2,477,000 increase in the current portion of long-term debt due within one year, primarily attributed to scheduled increases in revenue bond payments due.

***Long-Term Obligations*:** In 2023, the most significant factor contributing to the Division's increase in long-term obligations of $31,570,000 is due to an increase of $72,959,000 in net pension liability. The increase is primarily attributed to investment returns not meeting expectations. In addition, net OPEB liability increased by $2,287,000, also attributed to investment returns not meeting expectations. These increases were partially offset by a decrease in revenue bonds of $44,680,000. The decrease is attributed to scheduled principal payments and premium amortization.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Deferred Inflows of Resources: The Division's deferred inflows of resources decreased by $52,533,000 in 2023. Pension inflows decreased by $40,133,000, primarily due to the net difference between projected and actual earnings on pension plan investments declining by $42,674,000. OPEB inflows decreased by $12,400,000, also primarily due to the net difference between projected and actual earnings on OPEB plan investments declining by $6,018,000.

***Net Pension/OPEB Liabilities/(Assets)*:** The net pension liability/(asset) is reported by the Division at December 31, 2023 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 pension asset, 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/(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 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/(asset) 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/(asset) 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/(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 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/(asset) 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Long-Term Debt: At the end of 2023, the Division had total long-term debt outstanding of $377,257,000. 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, 2023, is summarized below (excluding unamortized discounts and premiums):

	Balance January 1, 2023	Debt Issued	Debt Retired	Balance December 31, 2023
	(Amounts in Thousands)			
Water Revenue Bonds:				
Series Y 2015	$ 28,610	$	$ (5,535)	$ 23,075
Series BB 2017	15,715		(1,240)	14,475
Series CC 2017	36,500		(6,710)	29,790
Series DD 2019	61,850		(14,950)	46,900
Series EE 2020	15,580		(145)	15,435
Series FF 2020	70,270			70,270
Series GG 2020	98,745		(220)	98,525
Second Lien Series B 2017	42,495		(7,670)	34,825
Ohio Water Development Authority Loans	42,805	10,196	(9,039)	43,962
Total	$ 412,570	$ 10,196	$ (45,509)	$ 377,257

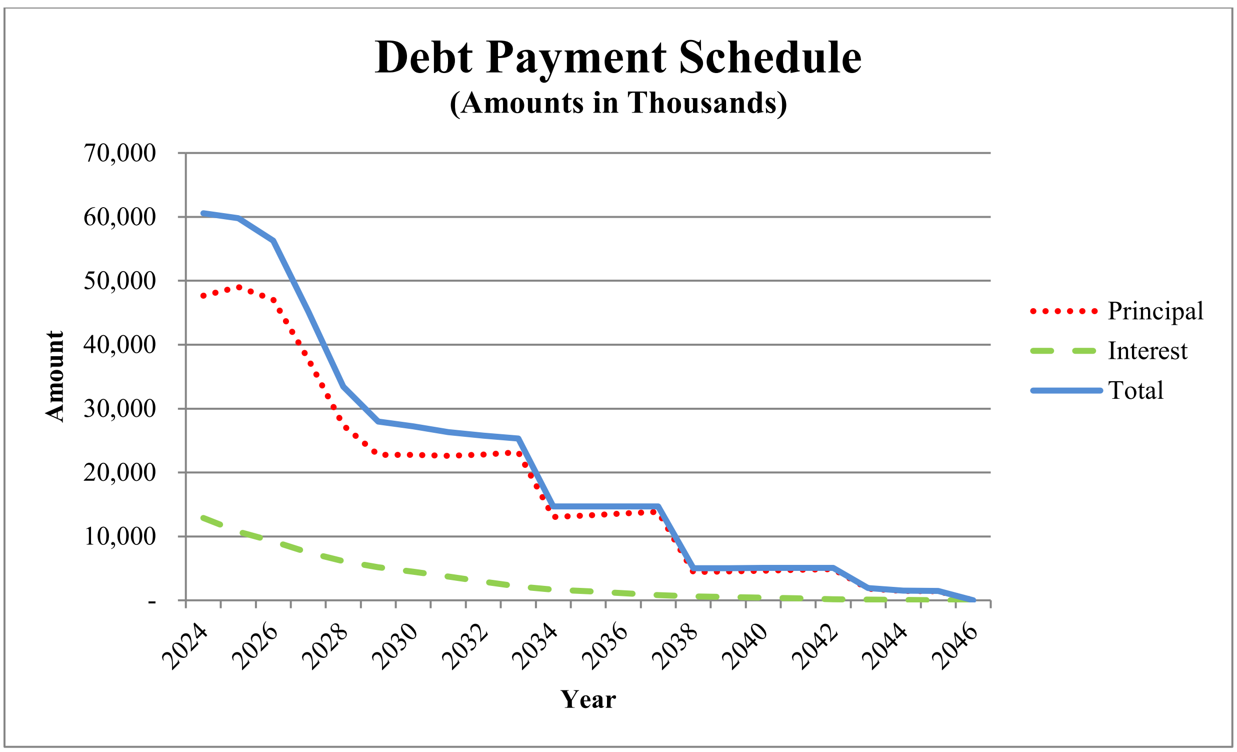
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The bond ratings for the Division's outstanding revenue bonds as of December 31, 2023, 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 2023 and 2022 was 376% and 331%, 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 – 33.

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 $1,830,712,000 and $1,746,629,000 at December 31, 2023 and 2022, respectively.

Of the Division's net position, $1,349,001,000 at December 31, 2023, reflects its investment in capital assets (e.g., land, buildings, utility plant, furniture, fixtures, vehicles, equipment and right to use assets), net of accumulated depreciation and amortization, 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, $9,513,000 denotes funds restricted for use in capital projects, $45,546,000 represents resources subject to debt service restrictions, and $792,000 represents resources subject to pension and OPEB restrictions.

The remaining balance of unrestricted net position, $425,860,000 at December 31, 2023, 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 2023 by $84,083,000. The following table identifies the key elements of the Division's results of operations for the years ended December 31, 2023 and 2022:

	2023	2022
	(Amounts in Thousands)	
Operating revenues	$ 317,379	$ 319,745
Operating expenses	260,242	235,793
Operating income (loss)	57,137	83,952
Non-operating revenue (expense):		
Investment income	28,661	6,527
Interest expense	(16,325)	(18,469)
Amortization of bond premiums and discounts	6,285	7,305
Gain (loss) on disposal of capital assets	(1,017)	(5,163)
Other	35	54
Total non-operating revenue (expense), net	17,639	(9,746)
Income (loss) before capital and other contributions	74,776	74,206
Capital and other contributions	9,307	1,909
Change in net position	84,083	76,115
Beginning net position	1,746,629	1,670,514
Ending net position	$ 1,830,712	$ 1,746,629

Operating Revenue: In 2023, total operating revenues of the Division decreased by $2,366,000, or 0.7%. The reduction is primarily attributed to a decrease in metered service revenue of $2,306,000 due to slightly lower consumption.

Operating Expenses: The overall increase in operating expenses of $24,449,000 in 2023 was primarily attributed to $21,614,000 increase in operations expense. Pension expense increased by $19,187,000, mainly due to investment returns not meeting expectations. OPEB expense increased by $6,778,000, also due to investment returns not meeting expectations. These increases were partially offset by decreases of $1,118,000 in postage costs and $938,000 in supplies expense.

Costs associated with maintenance activity increased by $812,000. The increase is primarily attributed to elevated expenses for maintaining computer software and buildings of $818,000 and $519,000, respectively. These increases were partially offset by a reduction of $510,000 in motor vehicle costs.

Depreciation and amortization expense increased by $2,023,000, or 2.9%.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION (Continued)

Non-Operating Revenue: Investment income increased by $22,134,000, primarily due to rising interest rates. Amortization of bond premiums and discounts decreased by $1,020,000 due to scheduled amortization.

Non-Operating Expense: Interest expense decreased $2,144,000 in 2023 due to scheduled principal payments on bonds and loans. Loss on disposal of assets decreased by $4,146,000 due to a substantial loss associated with the removal of obsolete equalization tanks that occurred in 2022.

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, 2023
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and cash equivalents	$ 134,080
Restricted cash and cash equivalents	5,440
Investments	312,329
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of $18,775	55,185
Unbilled revenue	9,527
Accrued interest receivable	4,077
Due from other City of Cleveland departments, divisions or funds	2,107
Materials and supplies - at average cost	11,439
Prepaid expenses	1,867
TOTAL CURRENT ASSETS	536,051
RESTRICTED ASSETS	
Cash and cash equivalents	49,618
Accrued interest receivable	191
TOTAL RESTRICTED ASSETS	49,809
NONCURRENT ASSETS	
Net pension asset	792
CAPITAL ASSETS	
Land	5,731
Land improvements	17,466
Utility plant	2,095,594
Buildings, structures and improvements	287,672
Furniture, fixtures, equipment and vehicles	620,355
Right to use assets	3,337
	3,030,155
Less: Accumulated depreciation and amortization	(1,546,941)
	1,483,214
Construction in progress	248,106
CAPITAL ASSETS, NET	1,731,320
TOTAL ASSETS	2,317,972
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on bond refunding	16,811
Pension	44,803
OPEB	6,776
TOTAL DEFERRED OUTFLOWS OF RESOURCES	68,390

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENT OF NET POSITION
December 31, 2023
(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$	12,136
Customer deposits and other liabilities		2,906
Accrued wages and benefits		9,447
Due to other City of Cleveland departments, divisions or funds		1,606
Accrued interest payable		6,504
Leases		44
Subscriptions		348
Payable from restricted assets		5,440
Current portion of long-term debt, due within one year		47,682
TOTAL CURRENT LIABILITIES		86,113
LONG-TERM OBLIGATIONS-excluding amounts due within one year:		
Revenue bonds		314,872
Accrued wages and benefits		1,986
Leases		1,258
Subscriptions		250
OWDA loans		34,675
Net pension liability		108,563
Net OPEB liability		2,287
TOTAL LONG-TERM OBLIGATIONS		463,891
TOTAL LIABILITIES		550,004
DEFERRED INFLOWS OF RESOURCES		
Pension		4,820
OPEB		826
TOTAL DEFERRED INFLOWS OF RESOURCES		5,646
NET POSITION		
Net investment in capital assets		1,349,001
Restricted for capital projects		9,513
Restricted for debt service		45,546
Restricted for pension and OPEB assets		792
Unrestricted		425,860
TOTAL NET POSITION	$	1,830,712

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, 2023
(Amounts in Thousands)

OPERATING REVENUES		
Charges for services		$ 317,379
	TOTAL OPERATING REVENUES	317,379
OPERATING EXPENSES		
Operations		118,160
Maintenance		70,940
Depreciation and amortization		71,142
	TOTAL OPERATING EXPENSES	260,242
	OPERATING INCOME (LOSS)	57,137
NON-OPERATING REVENUE (EXPENSE)		
Investment income		28,661
Interest expense		(16,325)
Amortization of bond premiums and discounts		6,285
Gain (loss) on disposal of assets		(1,017)
Other		35
	TOTAL NON-OPERATING REVENUE (EXPENSE), NET	17,639
INCOME (LOSS) BEFORE CAPITAL AND OTHER CONTRIBUTIONS		74,776
Capital and other contributions		9,307
	INCREASE (DECREASE) IN NET POSITION	84,083
NET POSITION, BEGINNING OF YEAR		1,746,629
NET POSITION, END OF YEAR		$ 1,830,712

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, 2023
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 294,068
Cash payments to suppliers for goods or services	(108,833)
Cash payments to employees for services	(81,979)
Cash received from fees for services	20,744
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	124,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from loans	13,225
Acquisition and construction of capital assets	(87,589)
Principal paid on long-term debt	(45,509)
Principal paid on long-term lease agreements	(44)
Principal paid on subscriptions	(1,344)
Interest paid on long-term debt	(14,943)
Interest paid on long-term lease agreements	(62)
Interest paid on subscriptions	(39)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(136,305)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment securities	(361,793)
Proceeds from sale and maturity of investment securities	83,704
Interest received on investments	19,346
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(258,743)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(271,048)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	460,186
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 189,138

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023
(Amounts in Thousands)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

OPERATING INCOME (LOSS)	$	57,137
Adjustments		
Depreciation and amortization		71,142
(Increase) decrease in assets:		
Accounts receivable, net		371
Unbilled revenue		399
Due from other City of Cleveland departments, divisions or funds		555
Materials and supplies, net		(2,467)
Prepaid expenses		692
Net pension asset		720
Net OPEB asset		12,624
(Increase) decrease in deferred outflows of resources:		
Pension		(29,873)
OPEB		(6,687)
Increase (decrease) in liabilities:		
Accounts payable		(2,834)
Customer deposits and other liabilities		(234)
Accrued wages and benefits		(4)
Due to other City of Cleveland departments, divisions or funds		(254)
Net pension liability		72,959
Net OPEB liability		2,287
Increase (decrease) in deferred inflows of resources:		
Pension		(40,133)
OPEB		(12,400)
TOTAL ADJUSTMENTS		66,863
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	124,000

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	$	5,440

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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 May of 2020, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA) was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to (1) define a subscription-based information technology arrangement (SBITA); (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. As required, the Division has implemented GASB Statement No. 96 as of December 31, 2023.

In April of 2022, GASB Statement No. 99, *Omnibus 2022*, was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. As required, the Division has implemented GASB Statement No. 99 as of December 31, 2023.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

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
- Amount restricted for pension and OPEB assets
- 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.

Leases: The Division follows the provisions of GASB Statement No. 87, *Leases*, which requires governmental entities to recognize their long-term lease agreements on the financial statements.

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 2023. 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

Right to use assets are amortized over the shorter of the contact term or useful life of the underlying asset.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription-Based Information Technology Arrangements: The City follows the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which requires governmental entities to recognize their long-term Subscription-Based Information Technology Arrangements, related right to use asset and related revenue and expenditures on the financial statements.

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 assets 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 assets 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/(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.

When both restricted and unrestricted resources are available for use, it is the Division's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS

Debt outstanding at December 31, 2023, is as follows:

	Interest Rate	Original Issuance	2023
		(Amounts in Thousands)	
Water Revenue Bonds:			
Series Y 2015 due through 2028	4.00% - 5.00%	$ 116,205	$ 23,075
Series BB 2017 due through 2032	5.00%	15,760	14,475
Series CC 2017 due through 2028	5.00%	54,730	29,790
Series DD 2019 due through 2033	2.00% - 5.00%	97,160	46,900
Series EE 2020 due through 2042	1.42% - 3.21%	15,815	15,435
Series FF 2020 due through 2033	5.00%	70,270	70,270
Series GG 2020 due through 2037	0.52% - 2.28%	99,145	98,525
Second Lien Series B 2017 due through 2027	5.00%	43,095	34,825
Ohio Water Development Authority Loans payable annually through 2046, direct borrowing	0.00% - 3.00%	184,231	43,962
		$ 696,411	377,257
Adjustments:			
Unamortized discount and premium			19,972
Current portion			(47,682)
Total Long-Term Debt			$ 349,547

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2023, are as follows:

	Balance January 1, 2023	Increase	Decrease	Balance December 31, 2023	Due Within One Year
			(Amounts in Thousands)		
Water Revenue Bonds:					
Series Y 2015 due through 2028	$ 28,610	$	$ (5,535)	$ 23,075	$ 5,200
Series BB 2017 due through 2032	15,715		(1,240)	14,475	1,305
Series CC 2017 due through 2028	36,500		(6,710)	29,790	7,780
Series DD 2019 due through 2033	61,850		(14,950)	46,900	15,675
Series EE 2020 due through 2042	15,580		(145)	15,435	150
Series FF 2020 due through 2033	70,270			70,270	
Series GG 2020 due through 2037	98,745		(220)	98,525	220
Second Lien Series B 2017 due through 2027	42,495		(7,670)	34,825	8,065
Ohio Water Development Authority Loans payable annually through 2046, direct borrowing	42,805	10,196	(9,039)	43,962	9,287
Total revenue bonds/loans	412,570	10,196	(45,509)	377,257	47,682
Accrued wages and benefits	11,437	9,650	(9,654)	11,433	9,447
Net pension liability	35,604	72,959		108,563	
Net OPEB liability		2,287		2,287	
Leases	1,346		(44)	1,302	44
Subscriptions		598		598	348
Total	$ 460,957	$ 95,690	$ (55,207)	$ 501,440	$ 57,521

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

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)		
2024	$ 38,395	$ 9,287	$ 12,886	$ 60,568
2025	39,805	9,217	10,756	59,778
2026	40,470	6,596	9,238	56,304
2027	31,625	6,079	7,478	45,182
2028	23,345	4,005	6,109	33,459
2029-2033	100,405	13,717	18,456	132,578
2034-2038	48,615	9,571	5,670	63,856
2039-2043	10,635	10,012	1,486	22,133
2044-2046		2,914	87	3,001
Total	$ 333,295	$ 71,398	$ 72,166	$ 476,859

The above schedule of minimum principal and interest payments on long-term debt includes the amortization on twenty-two 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 twenty-two 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).

In 2023, the Division expended $10,196,000 on a variety of loans. The largest amount was $7,249,000 on the Richfield Water Tower, which is funded by a 2.4% OWDA loan of $11,986,653 maturing in January 2046. Payments on this loan begin July 1, 2026, and are included in the debt service schedule above as are the payments on the new loans.

At December 31, 2023, the amount financed on the twenty-two loan projects, less principal payments made, totaled $71,398,000 and is reflected in the debt service payment schedule. However, the total of the actual loan balances received by the Division was $43,962,000 as reflected on the schedules of long-term debt outstanding and changes in long-term debt obligations as of December 31, 2023. The difference of $27,436,000 will be received or accrued in future years as the funds are drawn down.

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

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, 2023:

Series Y, 2015	$76,060,000

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, 2023, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

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. However, not all series of bonds were covered by the reserve funds. Currently, there are no series of bonds covered by a reserve fund.

Contingency Fund: The balance in this fund must be maintained at $3,500,000.

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.

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.

The City has pledged future water system revenues, net of specified operating expenses, to repay $333,295,000 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 32.0% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is $397,041,000. Amounts deposited for principal and interest in the current year on the Senior Lien Bonds and total net revenues were $40,587,000 and $156,439,000, respectively.

On September 18, 2023, City Council passed Ordinance 899-2023 authorizing the issuance of one or more series of Water Revenue Bonds in an amount not to exceed $90,000,000. Bonds are expected to be issued in the second half of 2024. Proceeds of any bonds issued under this authority will be used to pay costs of capital improvements to the Waterworks System.

NOTE C – DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Division's deposits at December 31, 2023, totaled $15,144,000 and the Division's bank balances were $12,629,000 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*, $12,629,000 of the bank balances at December 31, 2023, 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.

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.

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, 2023:

Type of Investment	Fair Value	Fair Value Measurement Using Level 1	Level 2
	(Amounts in Thousands)		
U.S. Agency Obligations	$ 143,407	$	$ 143,407
U.S. Treasury Bills	118,930	118,930	
U.S. Treasury Notes	49,992	49,992	
Total Investments	$ 312,329	$ 168,922	$ 143,407

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, 2023, include STAR Ohio and money market mutual funds. Investments in the U.S. Agency Obligations, U.S. Treasury Bills and U.S. Treasury Notes carry a Moody's rating of Aaa. 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.

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, 2023, 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:

			Investment Maturities	
Type of Investment	2023 Value	2023 Cost	Less than One Year	1 - 5 Years
	(Amounts in Thousands)			
U.S. Agency Obligations	$ 143,407	$ 141,398	$ 123,286	$ 20,121
U.S. Treasury Bills	118,930	116,695	118,930	
U.S. Treasury Notes	49,992	50,182	29,804	20,188
STAR Ohio	125,691	125,691	125,691	
Money Market Mutual Funds	48,303	48,303	48,303	
Total Investments	486,323	482,269	446,014	40,309
Total Deposits	15,144	15,144	15,144	
Total Deposits and Investments	$ 501,467	$ 497,413	$ 461,158	$ 40,309

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, 2023, the investments in U.S. Agency Obligations, U.S. Treasury Bills, US. Treasury Notes, STAR Ohio and money market mutual funds are approximately 29.5%, 24.4%, 10.3%, 25.9% and 9.9%, respectively, of the Division's total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE D – CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
		(Amounts in Thousands)		
Capital assets, not being depreciated				
Land	$ 5,731	$	$	$ 5,731
Construction in progress	200,123	77,251	(29,268)	248,106
Total capital assets, not being depreciated	205,854	77,251	(29,268)	253,837
Capital assets, being depreciated				
Land improvements	18,091	71	(696)	17,466
Utility plant	2,070,249	27,238	(1,893)	2,095,594
Buildings, structures and improvements	283,218	4,495	(41)	287,672
Furniture, fixtures, equipment and vehicles	609,245	17,760	(6,650)	620,355
Right to use assets	1,396	1,941		3,337
Total capital assets, being depreciated	2,982,199	51,505	(9,280)	3,024,424
Less: Accumulated depreciation and amortization	(1,480,523)	(71,142)	4,724	(1,546,941)
Total capital assets being depreciated, net	1,501,676	(19,637)	(4,556)	1,477,483
Capital assets, net	$ 1,707,530	$ 57,614	$ (33,824)	$ 1,731,320

Commitments: The Division has outstanding commitments at December 31, 2023, of approximately $251,482,000 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.

NOTE E – 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 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/(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 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/(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 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.

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 2023, 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 $8,560,000 for 2023. 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, 2022 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. Following is information related to the proportionate share and pension expense:

	OPERS	
	Traditional	Combined
	(Amounts in Thousands)	
Proportionate Share of the Net Pension Liability/(Asset)	$ 108,563	$ (792)
Proportion of the Net Pension Liability/(Asset)	0.367511%	0.335835%
Changes in Proportion	(0.041714)%	(0.048018)%
Pension Expense	$ 12,211	$ 166

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2023, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	
	Traditional	Combined
	(Amounts in Thousands)	
Deferred Outflows of Resources		
Differences between expected and actual economic experience	$ 3,606	$ 49
Net difference between projected and actual earnings on pension plan investments	30,944	288
Changes in assumptions	1,147	52
Changes in Division's proportionate share and difference in employer contributions		157
Division's contributions subsequent to the measurement date	8,295	265
Total Deferred Outflows of Resources	$ 43,992	$ 811
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	$ 113
Changes in Division's proportionate share and difference in employer contributions	4,675	32
Total Deferred Inflows of Resources	$ 4,675	$ 145

The $8,560,000 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/(increase) of the net pension liability/(asset) in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined
	(Amounts in Thousands)	
Year Ending December 31:		
2024	$ 949	$ 26
2025	5,807	68
2026	9,108	89
2027	15,158	141
2028		20
Thereafter		57
Total	$ 31,022	$ 401

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/(asset) in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2022
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional Plan	2.75% to 10.75%
Combined Plan	2.75% to 8.25%
COLA or Ad Hoc COLA	2.75%, simple Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple Through 2023, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.9%. 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/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 6.9%, as well as what the Division's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9%) or one-percentage-point higher (7.9%) than the current rate:

	1% Decrease 5.9%	Current Discount Rate 6.9%	1% Increase 7.9%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability/ (asset)			
Traditional Plan	$ 162,624	$ 108,563	$ 63,594
Combined Plan	(413)	(792)	(1,091)

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 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 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. Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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. Effective January 1, 2022, the Combined Plan is no longer available for member selection.
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 2023, 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 was 0.0% and Combined Plan was 2.0% in 2023. 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 2022 was 4.0%.

For the year ended December 31, 2023, OPERS did not allocate any employer contributions to the OPEB plan.

NOTE F – 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) were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, 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)	$	2,287
Proportion of Net OPEB Liability /(Asset):		0.362675%
Change in Proportion Share		(0.040375%)
OPEB Expense	$	(4,126)

At December 31, 2023, 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		
Net difference between projected and actual earnings on OPEB plan investments	$	4,542
Change in assumptions		2,234
Total Deferred Outflows of Resources	$	6,776
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	570
Change in assumptions		184
Change in Division's proportionate share and difference in employer contributions		72
Total Deferred Inflows of Resources	$	826

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:		
2024	$	688
2025		1,651
2026		1,416
2027		2,195
Total	$	5,950

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, 2021, rolled forward to the measurement date as of December 31, 2022. 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	2.75%
Projected Salary Increases, including inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.22%
Prior Measurement Date	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	4.05%
Prior Measurement Date	1.84%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial 3.50% ultimate in 2036
Prior Measurement Date	5.50%, initial 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.20
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00 %	

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

Discount Rate: A single discount rate of 5.22% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2022. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 5.22%, 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 4.22% or one-percentage-point higher 6.22% than the current rate:

	1% Decrease 4.22%	Current Discount Rate 5.22%	1% Increase 6.22%
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	$ 7,783	$ 2,287	$ (2,249)

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 2023 is 5.50%. 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 actuarial projected 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)	$ 2,143	$ 2,287	$ 2,448

NOTE G – LEASES

In June 2017, the GASB issued Statement No. 87, *Leases.* The Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources (*based on contract provisions*). Under this Statement, a lessor is required to recognize a lease receivable and deferred inflow of resources while a lessee is required to recognize a lease liability and deferred outflow of resources for each contract whose terms meet the definition of a lease. This recognition is intended to enhance the relevance and consistency of information about governments' leasing activities.

Leases Scope:

<u>GASB 87 - Scope</u>

Per GASB Statement No. 87, a lease is defined as, "A contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction." A contract conveys control if the user of the underlying asset possesses both: the right to obtain present service capacity and the right to determine the nature and manner of its use. The transaction is "exchange-like" when both parties receive and sacrifice something of approximate equal value.

Accounting treatment for leases required by the Statement applies to non-financial assets. Assets that are non-financial in nature including intangible assets, biological assets, inventory leases, supply contracts, and service concession arrangements are considered out of scope.

Accounting Treatment at Adoption: The Division is a lessee in all non-cancellable leases. In accordance with the GASB Statement No. 87, leases that commenced before the adoption date of January 1, 2022, are considered to have commenced on this date. All leases with base rent payments adjusted by an index or rate (e.g., Consumer Price Index) have measured their liabilities based upon the most recent adjustment as of January 1, 2022, unless otherwise noted.

NOTE G – LEASES (Continued)

Measurement of Lease Amounts as a Lessee:

The Division recognizes a lease liability and an intangible right-to-use (RTU) asset at the beginning of a lease. Lease liabilities are measured based on net present value of the future lease payments at inception using the rate explicit in the contract, the rate implicit in the contract, or the Division's incremental borrowing rate which is estimated using the Federal Home Loan Bank Community Development Advance (FHLB CDA) rate + 2.00% plus any lease incentives from the lessor. The lease liability is also measured with the inclusion of amounts required to be paid by the lessee under residual value guarantees, exercise price of a purchase option, and lease termination penalties – these are included only if there is reasonable certainty in the requirement to make such payments.

The RTU asset is measured at inception by adding to the lease liability net amounts exchanged with the lessor at or before commencement of the lease term and initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Other Conditions:

The Division assumes optional extension terms present in lease agreements will be exercised unless optional extension periods have undefined future payment terms - these terms are excluded in the calculation of lease term length unless otherwise noted. The Division did not incur expense related to residual value guarantees nor did the Division exercise a purchase option.

Short-term Leases:

For short-term lease contracts – defined as having a maximum possible term of 12 months or less - the Division recognizes expense based on the payment provisions of the lease contract.

Division as a Lessee:

General Description of Lessee Leasing Arrangements:

The Division leases communications sites from various non-governmental and governmental lessors. These leases have term end dates ranging from September 8, 2023 to November 30, 2045. The leases require fixed rent payments that escalate on the basis of CPI or a fixed percentage year-over-year.

Outflows Recognized in FY22 from Leases:

For fiscal year 2023, the Division recognized $76,000 and $61,000 for lease expense and interest expense, respectively.

Total Amount of Lease Assets and Accumulated Amortization:

For fiscal year 2023, the amount of RTU assets and related accumulated amortization were $1,396,000 and $184,000, respectively.

NOTE G – LEASES (Continued)

The table below represents the future expected minimum principal and interest amounts to be paid for the existing, in-scope GASB 87 leases:

Maturity Schedule

	(Amounts in Thousands)	
Year Ending December 31:	Principal	Interest
2024	$ 43	$ 60
2025	47	57
2026	50	55
2027	53	53
2028	57	50
2029-2033	326	209
2034-2038	397	126
2039-2043	300	34
2044-2048	29	1
Total	$ 1,302	$ 645

Variable outflows not fixed in substance are excluded from the measurement of the lease liability and are recognized as lease expenses in the period in which the obligation for those payments is incurred. For fiscal year 2023, the Division recognized $27,000 for variable outflows.

NOTE H – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The Division uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments, payable during the remaining SBITA term. A SBITA is presented as a right to use asset, the Capital Assets section, on the government-wide *Statement of Net Position* and presented as part of right to use assets in the Capital Assets footnote.

The Division has a variety of variable payment clauses, within its SBITA arrangements, including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The Division did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

NOTE H – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) (Continued)

Furthermore, the Division does not have commitments under SBITA that have not commenced as of December 31, 2023.

As of December 31, 2023, the Division had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
	(Amounts in Thousands)		
2024	$ 348	$ 10	$ 358
2025	119	5	124
2026	104	1	105
2027	27		27
SBITA Liability:	$ 598	$ 16	$ 614

The Division had SBITA assets in the amount of $1,941,065 net of accumulated amortization of $1,203,066, for a net SBITA asset of $737,999.

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 2023.

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.

NOTE I – CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

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 – 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 $2,256,000 in 2023. The Division also provides security services to other departments and divisions of the City. Revenue realized from such services was approximately $597,000 in 2023.

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, 2023 was as follows:

		(Amounts in Thousands)
Electricity Purchases	$	17,519
Utilities Administration and Utilities Fiscal Control		8,755
City Administration		5,080
Motor Vehicle Maintenance		3,382
Telephone Exchange		918

NOTE K – 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 $4,765,000 for December 31, 2023.

NOTE L – SUBSEQUENT EVENTS

The Division is in receipt of multiple OWDA Lead Service Line Replacement loan awards in 2024. These loans include both a principal forgiveness portion and a repayable amount. The first loan repayments are due January 1, 2027 and feature 0.0% interest rates.

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/(Asset)
Ohio Public Employees Retirement System
Last Ten Years (1)

	Division's Proportion of the Net Pension Liability/ (Asset)	Division's Proportionate Share of the Net Pension Liability/ (Asset)	Division's Covered Payroll	Division'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)
		(Amounts in Thousands)			
Traditional:					
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
2022	0.409225	35,604	64,879	54.88	92.62
2023	0.367511	108,563	59,964	181.05	75.74
Combined:					
2022	0.383853	(1,512)	64,879	(2.33)	169.88
2023	0.335835	(792)	59,964	(1.32)	137.14

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

Note to Schedule:
Change in assumptions: There were not 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 3.73% 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 was the most significant change 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. For 2022, the most significant changes in assumptions that affected the total pension liability/(asset) since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumptions for 2023.

In 2022, the Division presented the Combined Pension Plan separately. In prior years it was netted with the Traditional Pension Plan.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

Required Supplementary Information (Continued)

Schedule of Contributions - Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten 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)				
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
2022	8,395	(8,395)	-	59,964	14.00
2023	8,560	(8,560)	-	61,143	14.00

(1) Represents the Division’s calendar year.

Required Supplementary Information (Continued)

Schedule of the Division's Proportionate Share of the Net OPEB Liability / (Asset)
Ohio Public Employees Retirement System
Last Seven 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
2022	0.403050	(12,624)	64,879	(19.46)	128.23
2023	0.362675	2,287	59,964	3.81	94.74

(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. In 2022, the health care cost trend rate changed from 8.5% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.5% ultimate in 2034. In 2023, the single discount rate changed from 6.00% to 5.22%. The municipal bond rate also changed from 1.84% to 4.05%. The health care cost trend rate changed from 5.50% initial, 3.50 ultimate in 2034 to 5.50% initial, 3.50 ultimate in 2036.

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 Eight 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
2022	-	-	-	59,964	0.00
2023	-	-	-	61,143	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, 2023

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

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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, 2023, 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, 2023, 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, 2023, 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 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.

Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

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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, 2023. 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 1,436 miles of sewer lines with attendant catch basins and includes 11 pump/lift stations. The Division is also responsible for the cleaning of approximately 43,500 catch basins and for maintaining two storm detention basins.

The Division currently has approximately 117,000 customer accounts in the City, of which 96.0% are residential and 4.0% commercial. Also, in 2023 the Division's sewers transported 1,440,150 Mcf's (thousand cubic feet) of water.

The Division acts as a custodian of billings and receipts for 18 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 $146,391,000 and $134,069,000 at December 31, 2023 and 2022, respectively. Of these amounts, $48,873,000 and $39,389,000 are unrestricted net position at December 31, 2023 and 2022, respectively and may be used to meet the Division's ongoing obligations to customers and creditors.

- The Division's net position rose by $12,322,000 in 2023, primarily due to an increase of $2,224,000 in capital and capital contributions.

FINANCIAL HIGHLIGHTS (Continued)

- The Division's total debt decreased in 2023 by $1,063,000 due to payments on the Division's Ohio Water Development Authority (OWDA) loan and Ohio Public Works Commission loan along with payment of principal on the Division's revenue bonds.

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 - 52 of this report. Required supplementary information can be found on pages 53 - 56 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below are the statements of net position information for the Division as of December 31, 2023 and December 31, 2022:

	2023	2022
	(Amounts in Thousands)	
Assets:		
Current assets	$ 244,678	$ 230,070
Restricted assets	3,124	3,422
Noncurrent assets	104	1,701
Capital assets, net	138,021	135,630
Total assets	385,927	370,823
Deferred outflows of resources	6,750	1,806
Liabilities:		
Current liabilities	187,139	181,658
Long-term obligations	58,878	49,977
Total liabilities	246,017	231,635
Deferred inflows of resources	269	6,925
Net position:		
Net investment in capital assets	92,892	90,267
Restricted for capital projects	1,657	
Restricted for debt service	2,865	2,712
Restricted for pension and OPEB assets	104	1,701
Unrestricted	48,873	39,389
Total net position	146,391	134,069

Current assets: The Division's current assets increased by $14,608,000. Unrestricted cash and cash equivalents increased by $8,839,000, mainly due to a $6,887,000 increase in operating cash and cash equivalents, primarily due to a rate increase. Net accounts receivable increased by $5,189,000, primarily due to an increase of $4,956,000 in the custodial portion of the balance.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The Division's unrestricted cash balances for the previous five years is as follows:

	Water Pollution Control	Custodial Fund	Total
	(Amounts in Thousands)		
2023	$ 44,971	$ 48,348	$ 93,319
2022	38,084	46,396	84,480
2021	34,818	46,885	81,703
2020	35,167	43,344	78,511
2019	35,721	43,809	79,530

Restricted assets: The Division's restricted assets decreased by $298,000, primarily due to a decrease of $301,000 in cash and cash equivalents. The reduction is mainly due to grant-related expenses that were not reimbursed prior to year-end.

Noncurrent assets: Noncurrent assets decreased by $1,597,000 in 2023. The reduction is primarily attributed to decreases in the Net Pension and OPEB assets.

Capital assets: At December 31, 2023, net capital assets amounted to $138,021,000. A summary of the activity in the Division's capital assets during the year ended December 31, 2023, is as follows:

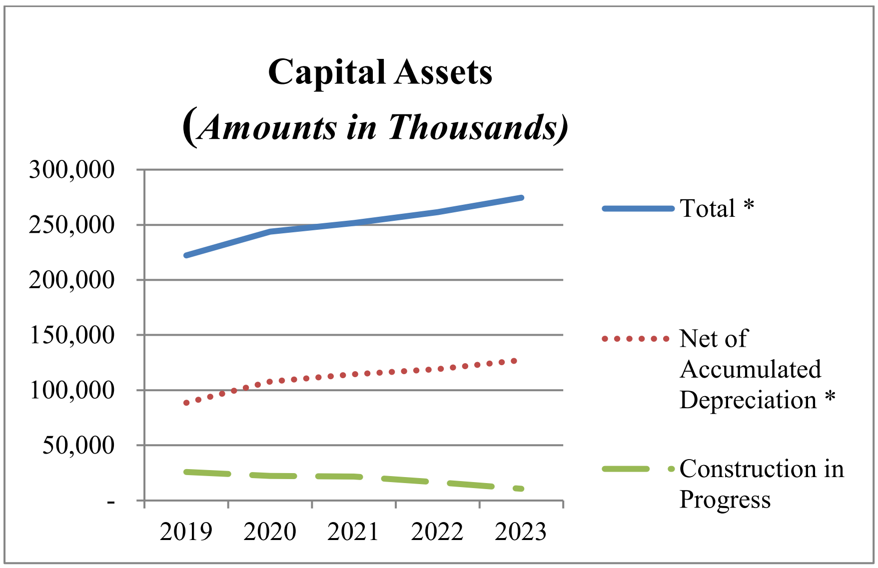
	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
	(Amounts in Thousands)			
Land	$ 295	$	$	$ 295
Land improvements	289			289
Utility plant	233,670	11,464	(250)	244,884
Buildings, structures and improvements	11,537	55		11,592
Furniture, fixture, equipment and vehicles	15,697	2,470	(661)	17,506
Right to use assets		66		66
Construction in progress	16,566	6,817	(12,738)	10,645
Total	278,054	20,872	(13,649)	285,277
Less: Accumulated depreciation and amortization	(142,424)	(5,651)	819	(147,256)
Capital assets, net	$ 135,630	$ 15,221	$ (12,830)	$ 138,021

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

In 2023, the principal outlays for construction in progress included West 56th Street rehabilitation, emergency sewer replacements, Apple Avenue and West 42nd Street sewer project, and catch basins and manholes.

The major capital additions for the year included:

- Sewer installations
- Sewer connections
- Catch basins and manholes
- Pavement and drainage improvements



* 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 increased by $4,944,000 in 2023. Pension deferred outflows increased by $4,067,000, mainly due to a $4,094,000 increase in the net difference between projected and actual earnings on plan investments. OPEB deferred outflows increased by $877,000, also primarily due to a $595,000 increase in the net difference between projected and actual earnings on OPEB plan investments.

Current liabilities: Current liabilities increased by $5,481,000 in 2023, mainly due to an increase in amounts due for billings on behalf of others of $7,075,000. The growth is primarily attributed to steadily rising account balances associated with the NEORSD. The increase was partially offset by decreases of $696,000 and $544,000, respectively, in accounts payable and due to other City of Cleveland departments, divisions or funds.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

***Net pension/Other Postemployment Benefits (OPEB) liabilities/(asset)*:** The net pension liability/(asset) is reported by the Division at December 31, 2023 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/(assets) 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 pension asset, 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 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/(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 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/(asset) 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/(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 (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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Most long-term liabilities/(assets) 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 previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities/(assets), 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/(asset) and the net OPEB liability/(asset) are satisfied, these liabilities/(assets) are separately identified within the long-term liability/(asset) 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/(asset) 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 2023, the Division had total debt outstanding of $41,774,000 associated with its issuance of revenue bonds 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, 2023 is summarized below:

	Balance January 1, 2023	Debt Issued	Debt Retired	Balance December 31, 2023
	(Amounts in Thousands)			
Water Pollution Control Revenue Bonds, Series 2016	$ 28,775	$	$ (695)	$ 28,080
Ohio Water Development Authority Loan (OWDA)	14,057		(363)	13,694
Ohio Public Works Commission Loans (OPWC)	5		(5)	
Total	$ 42,837	$	$ (1,063)	$ 41,774

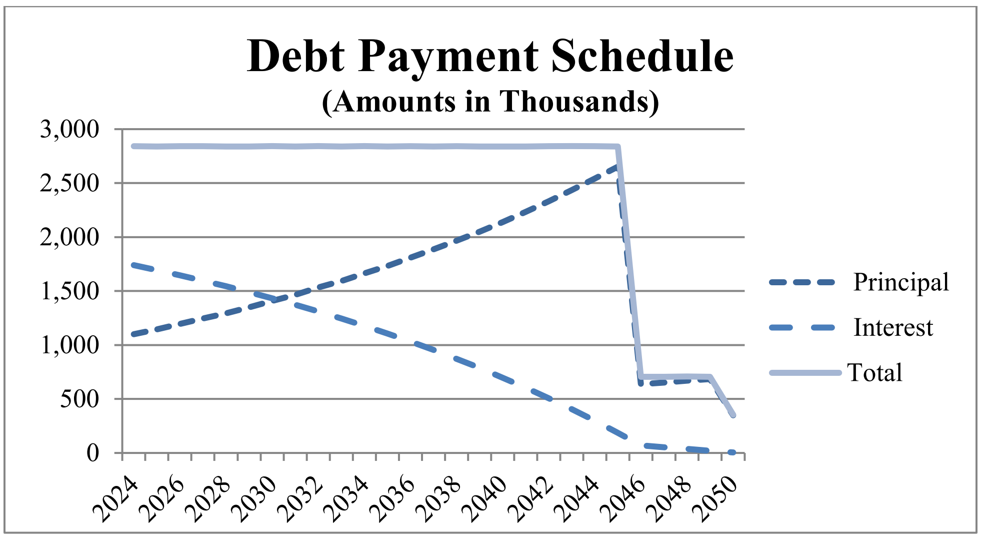
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The bonds ratings for the Division's outstanding revenue bonds as of December 31, 2023, 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, creditors and investors. The Division's revenue bond coverage for 2023 and 2022 was 810% and 541%, 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 decreased by $6,656,000 in 2023. Pension deferred inflows decreased by $5,178,000, mainly due to a $5,135,000 decrease in the net difference between projected and actual earnings on plan investments. OPEB deferred inflows decreased by $1,478,000, again primarily due to a $724,000 decrease in the net difference between projected and actual earnings on OPEB plan investments. In addition, there was a $591,000 decrease in changes in assumptions about future economic or demographic factors.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 $146,391,000 and $134,069,000 at December 31, 2023 and 2022, respectively.

The largest portion of the Division's net position, $92,892,000 at December 31, 2023, reflects its investment in capital assets (e.g., land, buildings, utility plant, machinery, equipment and right to use assets), net of accumulated depreciation and amortization, 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, $4,626,000 at December 31, 2023, represents resources that are subject to external restrictions. These funds are set aside for the payment of revenue bonds, capital projects, and net pension and OPEB assets.

The remaining balance of net position, $48,873,000 at December 31, 2023, is unrestricted and may be used to meet the Division's ongoing obligations to customers and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

During 2023, the Division's operations increased its net position by $12,322,000. Provided below are the key elements of the Division's results of operations for the years ended December 31, 2023 and 2022:

	2023	2022
	(Amounts in Thousands)	
Operating revenues	$ 35,189	$ 32,559
Operating expenses	26,098	24,275
Operating income (loss)	9,091	8,284
Non-operating revenue (expense):		
Investment income	2,303	676
Interest expense	(1,781)	(1,821)
Amortization of bond premiums and discounts	254	260
Gain (loss) on the disposal of assets	(92)	(68)
Other	11	14
Total non-operating revenue (expense), net	695	(939)
Income (loss) before capital and other contributions	9,786	7,345
Capital and other contributions	2,536	312
Change in net position	12,322	7,657
Net position, beginning of year	134,069	126,412
Net position, end of year	$ 146,391	$ 134,069

Operating revenues: Operating revenues amounted to $35,189,000 in 2023, which was an increase of $2,630,000 from the previous year. The increase is primarily attributed to an approximately 10.0% increase in rates per MCF above minimum.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION (Continued)

Operating expenses: In 2023, total operating expenses increased by $1,823,000. Operations expense increased by $2,684,000, primarily due to a $3,388,000 increase in pension and OPEB expenses. This increase was partially offset by a decrease of $738,000 in contractual services, mainly due to a $674,000 decrease in expenses related to a sewer system evaluation survey.

Maintenance costs decreased by $792,000, mainly due to a $308,000 decrease in supply costs and a $136,000 decrease in motor vehicle expenses.

Depreciation and amortization expense decreased by $69,000 in 2023.

Non-operating revenues: In 2023, non-operating revenues increased by $1,618,000. This increase is primarily related to an increase in interest revenue of $1,627,000, due to significantly higher interest rates.

Non-operating expenses: From 2022 to 2023, non-operating expenses decreased by $16,000. The reduction is attributed to a $40,000 decrease in interest expense, offset by a $24,000 increase in loss on disposal of capital assets.

Capital and other contributions: The Division was the recipient of a grants totaling $2,536,000 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.

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, 2023
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and cash equivalents	$ 93,319
Restricted cash and cash equivalents	564
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of $4,189	146,495
Unbilled revenue	2,046
Accrued interest receivable	136
Due from other governments	845
Due from other City of Cleveland departments, divisions or funds	29
Materials and supplies	1,172
Prepaid expenses	72
TOTAL CURRENT ASSETS	244,678
RESTRICTED ASSETS	
Cash and cash equivalents	3,112
Accrued interest receivable	12
TOTAL RESTRICTED ASSETS	3,124
NONCURRENT ASSETS	
Net pension asset	104
CAPITAL ASSETS	
Land	295
Land improvements	289
Utility plant	244,884
Buildings, structures and improvements	11,592
Furniture, fixtures, equipment and vehicles	17,506
Right to use assets	66
	274,632
Less: Accumulated depreciation and amortization	(147,256)
	127,376
Construction in progress	10,645
CAPITAL ASSETS, NET	138,021
TOTAL ASSETS	385,927
DEFERRED OUTFLOWS OF RESOURCES	
Pension	5,862
OPEB	888
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,750

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF NET POSITION
December 31, 2023
(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$	1,310
Customer deposits and other liabilities		151
Payable from restricted assets		564
Accrued wages and benefits		1,291
Due to other City of Cleveland departments, divisions or funds		2,124
Amounts due for billing on behalf of others		180,403
Subscriptions		19
Accrued interest payable		176
Current portion of long-term debt, due within one year		1,101
TOTAL CURRENT LIABILITIES		187,139
LONG-TERM OBLIGATIONS-excluding amounts due within one year:		
OWDA loans		13,323
Accrued wages and benefits		339
Revenue bonds		30,658
Subscriptions		28
Net pension liability		14,230
Net OPEB liability		300
TOTAL LONG-TERM OBLIGATIONS		58,878
TOTAL LIABILITIES		246,017
DEFERRED INFLOWS OF RESOURCES		
Pension		164
OPEB		105
TOTAL DEFERRED INFLOWS OF RESOURCES		269
NET POSITION		
Net investment in capital assets		92,892
Restricted for capital projects		1,657
Restricted for debt service		2,865
Restricted for pension and OPEB assets		104
Unrestricted		48,873
TOTAL NET POSITION		146,391

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, 2023
(Amounts in Thousands)

OPERATING REVENUES	
Charges for services	$ 35,189
TOTAL OPERATING REVENUES	35,189
OPERATING EXPENSES	
Operations	10,822
Maintenance	9,625
Depreciation and amortization	5,651
TOTAL OPERATING EXPENSES	26,098
OPERATING INCOME (LOSS)	9,091
NON-OPERATING REVENUE (EXPENSE)	
Investment income	2,303
Interest expense	(1,781)
Amortization of bond premiums and discounts	254
Gain (loss) on disposal of assets	(92)
Other	11
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	695
INCOME (LOSS) BEFORE CAPITAL AND OTHER CONTRIBUTIONS	9,786
Capital and other contributions	2,536
INCREASE (DECREASE) IN NET POSITION	12,322
NET POSITION, BEGINNING OF YEAR	134,069
NET POSITION, END OF YEAR	$ 146,391

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, 2023
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 32,809
Cash payments to suppliers for goods or services	(10,563)
Cash payments to employees for services	(9,510)
Cash receipts on behalf of other communities	457,802
Cash payments on behalf of other communities	(455,715)
Other	369
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	15,192
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(8,407)
Principal paid on long-term debt	(1,063)
Principal paid on subscriptions	(18)
Interest paid on long-term debt	(1,783)
Interest paid on subscriptions	(1)
Capital grant proceeds	2,051
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(9,221)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	2,219
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	2,219
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,190
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	88,805
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 96,995

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023
(Amounts in Thousands)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

OPERATING INCOME (LOSS)	$	9,091
Adjustments		
Depreciation and amortization		5,651
(Increase) decrease in assets:		
Accounts receivable, net		(5,189)
Accrued and unbilled revenue		(124)
Due from other City of Cleveland departments, divisions or funds		8
Materials and supplies, net		(256)
Prepaid expenses		10
Net pension asset		78
Net OPEB asset		1,519
(Increase) decrease in deferred outflows of resources:		
Pension		(4,067)
OPEB		(877)
Increase (decrease) in liabilities:		
Accounts payable		(696)
Customer deposits and other liabilities		(41)
Accrued wages and benefits		(36)
Due to other City of Cleveland departments, divisions or funds		(544)
Amounts due for billings on behalf of others		7,075
Net pension liability		9,946
Net OPEB liability		300
Increase (decrease) in deferred inflows of resources:		
Pension		(5,178)
OPEB		(1,478)
TOTAL ADJUSTMENTS		6,101
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	15,192

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	$	564

See notes to financial statements.

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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, 2023

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 May of 2020, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA) was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to (1) define a subscription-based information technology arrangement (SBITA); (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. As required, the Division has implemented GASB Statement No. 96 as of December 31, 2023.

In April of 2022, GASB Statement No. 99, *Omnibus 2022*, was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. As required, the Division has implemented GASB Statement No. 99 as of December 31, 2023.

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
- Amount restricted for pension and OPEB assets
- 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.

Leases: The Division follows the provisions of GASB Statement No. 87, *Leases,* which requires governmental entities to recognize their long-term lease agreements on the financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivables: The Division's share of the accounts receivable balance is $14,224,000, net of allowance for doubtful accounts of $4,189,000. The remaining net accounts receivable balance of $132,271,000 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 2023. 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 less any applicable salvage value 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

Right to use assets are amortized over the shorter of the contract term or useful life of the underlying asset.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription-Based Information Technology Arrangements: The City follows the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which requires governmental entities to recognize their long-term Subscription-Based Information Technology Arrangements, related right to use asset and related revenue and expenditures on the financial statements.

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 assets 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 assets 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/(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 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.

When both restricted and unrestricted resources are available for use, it is the Division's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE B - LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2023 as follows:

	Interest Rate	Original Issuance	2023
	(Amounts in Thousands)		
Water Pollution Control Revenue Bonds, Series 2016 due through 2045	5.00%	$ 32,390	$ 28,080
Ohio Water Development Authority (OWDA) Loans payable annually through 2050, direct borrowing	2.47%	14,924	13,694
		$ 47,314	41,774
Less:			
Unamortized discount and premium			3,308
Current portion			(1,101)
Total Long-Term Debt			$ 43,981

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE B - LONG-TERM OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2023, are as follows:

	Balance January 1, 2023	Increase	Decrease	Balance December 31, 2023	Due Within One Year
	(Amounts in Thousands)				
Water Pollution Control Revenue Bonds, Series 2016 due through 2045	$ 28,775	$	$ (695)	$ 28,080	$ 730
Ohio Water Development Authority (OWDA) Loans payable annually through 2050, direct borrowing	14,057		(363)	13,694	371
Ohio Public Works Commission (OPWC) Loans payable annually through 2023, direct borrowing	5		(5)	-	
Total bonds and loans	42,837	-	(1,063)	41,774	1,101
Accrued wages and benefits	1,666	1,273	(1,309)	1,630	1,291
Net pension liability	4,284	9,946		14,230	
Net OPEB liability		300		300	
Subscriptions		47		47	19
Total	$ 48,787	$ 11,566	$ (2,372)	$ 57,981	$ 2,411

NOTE B - LONG-TERM OBLIGATIONS (Continued)

Minimum principal and interest payments on long-term debt are as follows:

	Bond Principal	OWDA (Direct Borrowing) Principal	Interest	Total
	(Amounts in Thousands)			
2024	$ 730	$ 371	$ 1,740	$ 2,841
2025	765	380	1,693	2,838
2026	805	389	1,646	2,840
2027	845	401	1,597	2,843
2028	885	410	1,545	2,840
2029-2033	5,145	2,206	6,853	14,204
2034-2038	6,565	2,494	5,144	14,203
2039-2043	8,375	2,820	3,006	14,201
2044-2048	3,965	3,188	647	7,800
2049-2050		1,035	26	1,061
Total	$ 28,080	$ 13,694	$ 23,897	$ 65,671

The above schedule of minimum principal and interest payments on long-term debt includes the amortization of 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, 2023, the amount financed on this loan, which is reflected in the amortization schedule, equaled the actual loan balance shown in the long-term debt outstanding.

The Ohio Water Development Authority Loan is 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 subfund.

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 subfund and deposits to any reserve funds securing such other obligations. As of December 31, 2023, 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 $28,080,000 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 12.4% of net revenues.

The total bond principal and interest remaining to be paid on the Water Pollution Control Revenue Bonds is $46,930,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $2,134,000 and $17,289,000 respectively.

On September 18, 2023, City Council passed Ordinance 898-2023 authorizing the issuance of one or more series of Water Pollution Control Bonds in an amount not to exceed $45,000,000. Proceeds of any bonds issued under this authority will be used to pay costs of additions, extensions, and improvements to the water pollution control system.

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.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits: The Division's carrying amount of deposits at December 31, 2023, totaled $16,577,000 and the Division's bank balances were approximately $22,138,000. 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*, $22,138,000 of the bank balances at December 31, 2023, 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.

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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, 2023 include STAR Ohio and money market mutual funds. The Division maintains the highest ratings for their investments. Investments in STAR Ohio, Federated Government Obligation Funds 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

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 minimize the concentration of credit risk. The Division had the following investments at December 31, 2023, 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	2023 Value	2023 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 33,829	$ 33,829	$ 33,829
Money Market Mutual Funds	46,589	46,589	46,589
Total Investments	80,418	80,418	80,418
Total Deposits	16,577	16,577	16,577
Total Deposits and Investments	$ 96,995	$ 96,995	$ 96,995

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, 2023, the investments in STAR Ohio and money market mutual funds are 42.1% and 57.9%, respectively, of the Division's total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE D - CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
	(Amounts in Thousands)			
Capital assets, not being depreciated:				
Land	$ 295	$	$	$ 295
Construction in progress	16,566	6,817	(12,738)	10,645
Total capital assets, not being depreciated	16,861	6,817	(12,738)	10,940
Capital assets, being depreciated:				
Land improvements	289			289
Utility plant	233,670	11,464	(250)	244,884
Buildings, structures and improvements	11,537	55		11,592
Furniture, fixtures, equipment and vehicles	15,697	2,470	(661)	17,506
Right to use assets		66		66
Total capital assets, being depreciated	261,193	14,055	(911)	274,337
Less: Accumulated depreciation	(142,424)	(5,651)	819	(147,256)
Total capital assets being depreciated, net	118,769	8,404	(92)	127,081
Capital assets, net	$ 135,630	$ 15,221	$ (12,830)	$ 138,021

Commitments: The Division had outstanding commitments of approximately $26,136,000 for future capital expenses at December 31, 2023. 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/(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 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/(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 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/(asset) 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 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.

NOTE E – DEFINED BENEFIT PENSION PLANS (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 PLANS (Continued)

Funding Policy: The Ohio Revised Code (ORC) provides statutory authority for member and employer. For 2023, 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 $1,122,000 for 2023. 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, 2022, 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 Division's proportion of the net pension liability/(asset) 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	
	Traditional	Combined
	(Amounts in Thousands)	
Proportionate Share of the Net Pension Liability/(Asset)	$ 14,230	$ (104)
Proportion of the Net Pension Liability/(Asset)	0.048172%	0.044020%
Change in proportion	(0.001068)%	(0.002167)%
Pension Expense	$ 1,921	$ 20

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2023, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	
	Traditional	Combined
	(Amounts in Thousands)	
Deferred Outflows of Resources		
Differences between expected and actual economic experience	$ 473	$ 6
Net difference between projected and actual earnings on pension plan investments	4,056	38
Change in assumptions	150	7
Change in Division's proportionate share and difference in employer contributions		10
Division's contributions subsequent to the measurement date	1,087	35
Total Deferred Outflows of Resources	$ 5,766	$ 96
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	$ 15
Change in Division's proportionate share and difference in employer contributions	145	4
Total Deferred Inflows of Resources	$ 145	$ 19

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

The $1,122,000 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/(increase) of the net pension liability/(asset) in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined
	(Amounts in Thousands)	
Year Ending December 31:		
2024	$ 442	$ 2
2025	911	8
2026	1,194	10
2027	1,987	17
2028		1
Thereafter		4
Total	$ 4,534	$ 42

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/(asset) in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2022
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional Plan	2.75% - 10.75%
Combined Plan	2.75% - 8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 3% simple
	through 2023, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. 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/(asset).

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the Division's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 6.90%, as well as what the Division's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability/(asset)			
Traditional Plan	$ 21,316	$ 14,230	$ 8,336
Combined Plan	(54)	(104)	(143)

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.

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.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

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. Effective January 1, 2022, the Combined Plan is no longer available for member selection. 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 2023, 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 was 0.0% and Combined Plan was 2.0% in 2023. 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 2022 was 4.0%.

For the year ended December 31, 2023, 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, 2021, rolled forward to the measurement date of December 31, 2022, 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)	$	300
Proportion of the Net OPEB Liability/(Asset)		0.047538%
Change in Proportion Share		(0.000959)%
OPEB Expense	$	(540)

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2023, 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		
Net difference between projected and actual earnings on OPEB plan investments	$	595
Changes in assumptions		293
Total Deferred Outflows of Resources	$	888
Deferred Inflows of Resources		
Differences between expected and actual experience	$	75
Change in assumptions		24
Change in Division's proportionate share and difference in employer contributions		6
Total Deferred Inflows of Resources	$	105

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)	
2024	$	92
2025		217
2026		186
2027		288
Total	$	783

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, 2021, rolled forward to the measurement date of December 31, 2022. 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	2.75%
Projected Salary Increases,	
including wage inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.22%
Prior Measurement Date	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	4.05%
Prior Measurement Date	1.84%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial
	3.50%, ultimate in 2036
Prior Measurement Date	5.50%, initial
	3.50%, ultimate in 2034
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00 %	

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

Discount Rate: A single discount rate of 5.22% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2022. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 (5.22%), 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 (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease 4.22%	Current Discount Rate 5.22%	1% Increase 6.22%
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	$ 1,020	$ 300	$ (295)

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 2023 is 5.50%. 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 actuarial projected 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)	$ 281	$ 300	$ 321

NOTE G – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The Division uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments, payable during the remaining SBITA term. A SBITA is presented as a right to use asset in the Capital Assets section, on the government-wide *Statement of Net Position* and presented as part of right to use assets in the Capital Assets footnote.

The Division has a variety of variable payment clauses, within its SBITA arrangements, including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The Division did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

Furthermore, the Division does not have commitments under SBITA that have not commenced as of December 31, 2023.

As of December 31, 2023, the Division had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
	(in thousands)		
2024	$ 19	$ 1	$ 20
2025	15	1	16
2026	13		13
SBITA Liability:	$ 47	$ 2	$ 49

The Division had SBITA assets in the amount of $65,824 net of accumulated amortization of $24,952, for a net SBITA asset of $40,872.

NOTE H - 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 2023.

NOTE H - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

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 I - 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, 2023, was as follows:

	(Amounts in Thousands)
Division of Water	$ 3,077
Utilities Administration and Utilities Fiscal Control	1,356
City Administration	611
Motor Vehicle Maintenance	352
Telecommunications	183

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 $2,256,000 in 2023.

NOTE J - 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 $22,000 for the year ended December 31, 2023.

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, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information

Schedule of the Division's Proportionate Share of the Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten Years (1)

	Division's Proportion of the Net Pension Liability/(Asset)	Division's Proportionate Share of the Net Pension Liability/(Asset)	Division's Covered Payroll	Division'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)
	(Amounts in Thousands)				
Traditional:					
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
2022	0.049240	4,284	7,800	54.92	96.62
2023	0.048172	14,230	7,214	197.26	75.74
Combined:					
2022	0.046187	(182)	7,800	(2.33)	169.88
2023	0.044020	(104)	7,214	(1.44)	137.14

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

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. For 2022, the most significant changes of assumptions that affected the total pension liability/(asset) since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumptions for 2023.

In 2022, the Division presented the Combined Pension Plan separately. In prior years it was netted with the Traditional Pension Plan.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information (Continued)

Schedule of Contributions - Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten 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)				
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
2022	1,010	(1,010)	-	7,214	14.00
2023	1,122	(1,122)	-	8,014	14.00

(1) Represents Division’s calendar year.

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 Seven 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
2022	0.048497	(1,519)	7,800	(19.47)	128.23
2023	0.047538	300	7,214	4.16	94.79

(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. In 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034. In 2023, the single discount rate changed from 6.00% to 5.22%. The municipal bond rate also changed from 1.84% to 4.05%. The health care cost trend rate changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

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 Eight 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
2022	-	-	-	7,214	0.00
2023	-	-	-	8,014	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, 2023

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS

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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, 2023, 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, 2023, and the changes in financial position and 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 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, 2023, 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 Divisions' 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 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 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

Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

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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, 2023. 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 2023, the Divisions were served by nine scheduled United States (U.S.) based airlines, two foreign based airlines, ten regional U.S. based airlines, two regularly scheduled charters and five U.S. based all – cargo airlines. There were 46,000 scheduled landings with landed weight amounting to 5,949,755,000 pounds. There were approximately 4,939,000 passengers enplaned at Cleveland Hopkins International Airport and 96,000 passengers enplaned at Burke Lakefront Airport during 2023.

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 $457,811,000 and $428,252,000 at December 31, 2023 and 2022, respectively. Of these amounts, $164,219,000 and $135,340,000 (unrestricted net position) at December 31, 2023 and 2022, respectively, may be used to meet the Divisions' ongoing obligations to customers and creditors.

- The Divisions' total net position increased by $29,559,000 in 2023.

- Additions to capital assets totaled $16,084,000 in 2023.

- The major capital projects during 2023 were the Smart Parking Garage Improvements, Jet Bridge Purchase, and Fire Suppression Systems.

- The Divisions' total bonded debt decreased by $43,535,000 in 2023. This was the result of the regularly scheduled principal payments made on the Divisions' outstanding bonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 25-57 of this report. The required supplementary information can be found on pages 59-62 of this report. The Schedule of Airport Revenues and Operating Expenses as Defined in the Airline Use Agreement can be found on page 63 of this report. The Schedule of Passenger Facility Revenue and Interest Report can be found on page 64 and the Schedule of Expenditures of Passenger Facility Charges can be found on page 65. The Notes to Schedules of Revenue, Interest, and Expenditure of Passenger Facility Charges can be found on page 66. The Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Program and on Internal Control Over Compliance in Accordance with 14 CFR Part 158 can be found on pages 67-69 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, 2023 and 2022:

	2023	2022
	(Amounts in Thousands)	
Assets and deferred outflows of resources:		
Assets:		
Current assets	$ 154,451	$ 156,714
Restricted assets	256,772	228,633
Non-current assets	286	5,110
Capital assets, net	606,031	650,825
Total assets	1,017,540	1,041,282
Deferred outflows of resources	29,628	18,635
Liabilities, deferred inflows of resources and net position:		
Liabilities:		
Current liabilities	99,401	100,242
Long-term obligations	480,435	502,078
Total liabilities	579,836	602,320
Deferred inflows of resources	9,521	29,345
Net position:		
Net investment in capital assets	141,802	145,542
Restricted for debt service	125,890	121,693
Restricted for capital projects	21	21
Restricted for passenger and customer facility charges	25,593	20,546
Restricted for net pension and OPEB assets	286	5,110
Unrestricted	164,219	135,340
Total net position	$ 457,811	$ 428,252

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Assets and Deferred Outflow of Resources: Total assets and deferred outflows of resources decreased $12,749,000 or 1.2% in 2023. The changes are primarily due to a decrease in capital assets. Current assets decreased $2,263,000 as a result of a decrease in current cash offset by an increase in unbilled revenue and due from other governments. The decrease in current cash is a result of increased cash payments. The increase in unbilled revenue and due from other governments is a result of timing of billings. Leases receivable increased as a result of the GASB Statement No. 87 application. Deferred outflows of resources related to pension and OPEB increased resulting from changes in assumptions.

Capital Assets: The Divisions' capital assets as of December 31, 2023 amounted to $606,031,000 (net of accumulated depreciation and amortization), which is a decrease of 6.9%. These capital assets include: land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; infrastructure; vehicles; right to use assets; and construction in progress. There was an increase in building, structures and improvements of $6,008,000 due to items being removed from construction in progress and placed into service.

A summary of the activity in the Divisions' capital assets during the year ended December 31, 2023 is as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
		(Amounts in Thousands)		
Land	$ 166,882	$	$	$ 166,882
Land improvements	102,687	4,411		107,098
Buildings, structures and improvements	399,574	6,008		405,582
Furniture, fixtures and equipment	101,523	702		102,225
Infrastructure	1,078,975	1,757		1,080,732
Vehicles	22,206	92		22,298
Right to use assets		877		877
Total	1,871,847	13,847	-	1,885,694
Less: Accumulated depreciation and amortization	(1,257,648)	(54,314)		(1,311,962)
Total	614,199	(40,467)	-	573,732
Construction in progress	36,626	2,237	(6,564)	32,299
Capital assets, net	$ 650,825	$ (38,230)	$ (6,564)	$ 606,031

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Major events during 2023 affecting the Divisions' capital assets included the following:

- 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 and 2022. The ground transportation center was completed in 2023.

- 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 was mostly completed in 2022. Additional work was performed in 2023 with the anticipation of the project being completed by end of 2024.

- Hotel Road Improvement: This project includes removal and grading of concrete as well as performing concrete work and adding catch basins as well as re-directing the road to allow access back to the airport. This project started in 2020 and was completed in 2023.

- Smart Parking Garage Improvements: The purpose of this project was to perform major repairs including replacing concrete joints, sealing cracks, and adding crash wall support brackets. This project included reducing the number of available parking spaces by 2,000 and closed portions of the garage for several months. The improvements began and were completed in 2023.

- Jet Bridge Purchase: In 2023, a new jet bridge was purchased to replace another one. A jet bridge is the enclosed, movable connector that extends from the terminal to the airplane. This project includes the purchase and installation of the jet bridge. This jet bridge should be installed and operational in 2024.

- Fire Suppression Systems: In 2023, a lot of progress was made with the fire suppression systems for CLE and Burke. This project includes fire alarm replacement at the main terminal.

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 2023, total liabilities decreased $22,484,000 or 3.7%. Current liabilities decreased $841,000 or 0.8% as a result of a decrease in landing fee settlement and interest payable. Long-term liabilities decreased $21,643,000 or 4.3% due to a decrease in revenue bonds payable offset by an increase of net pension liability.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Net Pension/OPEB Liabilities/(Assets): The net pension liability is reported by the Divisions at December 31, 2023 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 pension asset, 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/(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 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/(asset) 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.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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/(asset) 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/(asset) 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.

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/(asset) 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.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Long-Term Debt: At December 31, 2023 and 2022, the Divisions had $471,570,000 and $515,105,000 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, 2023 is summarized below:

	Balance January 1, 2023	Debt Issued	Debt Retired	Balance December 31, 2023
	(Amounts in Thousands)			
Airport System Revenue Bonds:				
Series 2007	$ 2,795	$	$ (885)	$ 1,910
Series 2011	2,065		(1,015)	1,050
Series 2016	116,585		(20,260)	96,325
Series 2018	83,200		(8,920)	74,280
Series 2019	310,460		(12,455)	298,005
Total	$ 515,105	$ -	$ (43,535)	$ 471,570

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-

On August 11, 2022, S&P Global Ratings upgraded its rating on the Divisions' revenue bonds from A- to A (stable). This upgrade was the result of the increasing activity in the airline industry as it comes out of 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 2023 was 156%.

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.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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 $457,811,000 and $428,252,000 at December 31, 2023 and 2022, respectively. Of the Divisions' net position at December 31, 2023 and 2022, $141,802,000 and $145,542,000, respectively, reflects its investment in capital assets (e.g., construction in progress; land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; vehicles; infrastructure; and right to use assets) net of accumulated depreciation and amortization, 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, 2023 and 2022, the restricted net position amounted to $151,790,000 and $147,370,000, respectively. The restricted net position included 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. Customer facility charges are also restricted for designated capital projects, pension and OPEB amount is restricted. The remaining balance of unrestricted net position, $164,219,000 and $135,340,000 for December 31, 2023 and 2022, respectively, may be used to meet the Divisions' ongoing obligations to customers and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

The Divisions' net position increased by $29,559,000 in 2023. Provided below are key elements of the Divisions' results of operations as of and for the years ended December 31, 2023 and 2022:

	2023	2022
	(Amounts in Thousands)	
Operating revenues:		
Landing fees, terminal and concourse rentals	$ 61,791	$ 54,557
Concessions	65,595	55,825
Utility sales and other	8,170	7,505
Total operating revenues	135,556	117,887
Operating expenses	137,678	128,018
Operating income (loss)	(2,122)	(10,131)
Non-operating revenue (expense):		
Non-operating revenue (expense)	2,979	(4,172)
Gain (loss) on disposal of capital asset	100	
Investment income (loss)	16,919	5,463
Interest expense	(17,059)	(19,080)
Amortization of bond discounts/premiums and loss on debt refundings	1,218	1,737
Total non-operating revenue (expense), net	4,157	(16,052)
Capital contributions - passenger and customer facility charges	24,260	17,535
Capital and other contributions	3,264	17,059
Change in net position	29,559	8,411
Net position, beginning of year	428,252	419,841
Net position, end of year	$ 457,811	$ 428,252

***Operating Revenues**:* Operating revenues for 2023 were $135,556,000. 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 $49,491,000 or 36.5% of total operating revenues. Parking revenues increased $3,954,000 or 10.8% from 2022 due to an increase in demand for services. Parking revenues amounted to $40,627,000 or 30.0% of total operating revenues for 2023. The fourth largest airport revenue source, terminal concessions revenue accounted for $17,939,000 or 13.2% of operating revenue. Another major revenue source, rental cars, accounted for 10.0% 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 2023 increased $9,660,000 or 7.5%. The increase is primarily due to an increase in employee benefits of $9,192,000. This is a result of the net pension and OPEB expenses. The Net OPEB expense component of salaries, wages and benefits increased due to changes in assumptions.

Non-Operating Revenue and Expenses: Non-operating revenues and expenses changed by $20,209,000. Interest income increased related to interest rates being greater than in prior years.

Capital and Other Contributions: In 2023 there was a decrease in capital and other contributions of $13,795,000 due to decrease of funds received related to CARES Act, Airport Coronavirus Response Grant Program (CRRSA), and Federal Airport Improvement grants. Capital contributions related to passenger and customer facility charges increased $6,725,000 as a result of more passengers and the implementation of the customer facility charges.

FACTORS EXPECTED TO IMPACT THE DIVISIONS' FINANCIAL POSITION OR RESULTS OF OPERATIONS

The recovery in air travel continued in 2023. The leisure market segment continues to lead the industry exceeding 2019 levels. Although business travel continues to lag, it has been improving. Outbound trips undertaken during 2023 remained lower than its pre-pandemic level in 2019 but analyst forecast outbound business travel is set to reach pre-pandemic levels in 2024. Despite the challenges, non-airline revenues increased during 2023. Non-airline revenues including concessions, parking and ride shares increased $12,073,000.

With new airlines and new destinations, it is anticipated that there will be increased passenger traffic. In 2023, AerLingus inaugurated the Cleveland to Dublin market. Frontier Airlines announced an expansion that offers new flights to San Diego, San Francisco, Dallas, Charlotte and several other destinations. In addition to offering more flights, Frontier is making CLE a crew base. This will result in Frontier taking on additional space in the terminal as well as hiring more employees locally.

Frontier continues dramatic growth in Cleveland, along with establishing a crew base and new inaugural destination in May, the airline now serves 29 destinations. The new to Cleveland destinations include Pensacola, Salt Lake City, Austin, New Orleans, Savanah, Jacksonville, and Charleston.

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, 2023
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 123,488
Restricted cash and cash equivalents	3,407
Receivables:	
Accounts-net of allowance for doubtful accounts of $406	2,067
Leases receivable	7,552
Unbilled revenue	5,123
Accrued interest receivable	19
Total receivables	14,761
Prepaid expenses	1,460
Due from other funds	5
Due from other governments	8,603
Materials and supplies-at cost	2,727
TOTAL CURRENT ASSETS	154,451
RESTRICTED ASSETS	
Cash and cash equivalents	252,939
Accrued interest receivable	667
Accrued passenger facility charges	2,541
Accrued customer facility charges	625
TOTAL RESTRICTED ASSETS	256,772
NON-CURRENT ASSETS	
Net pension asset	286
TOTAL NON-CURRENT ASSETS	286
CAPITAL ASSETS	
Land	166,882
Land improvements	107,098
Buildings, structures and improvements	405,582
Furniture, fixtures and equipment	102,225
Infrastructure	1,080,732
Vehicles	22,298
Right to use assets	877
	1,885,694
Less: Accumulated depreciation and amortization	(1,311,962)
	573,732
Construction in progress	32,299
CAPITAL ASSETS, NET	606,031
TOTAL ASSETS	1,017,540
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding	11,016
Pension	16,167
OPEB	2,445
TOTAL DEFERRED OUTFLOWS OF RESOURCES	29,628

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

STATEMENT OF NET POSITION
DECEMBER 31, 2023
(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Current portion of long-term debt, due within one year	$ 45,760
Accounts payable	6,265
Unearned revenue	2,028
Landing fee settlement payable to airlines	24,293
Due to other funds	731
Current portion of accrued wages and benefits	3,523
Current portion subscriptions payable	126
Accrued interest payable	8,529
Accrued property taxes	4,739
Construction fund payable from restricted assets	3,407
TOTAL CURRENT LIABILITIES	99,401
LONG-TERM OBLIGATIONS - excluding amounts due within one year	
Revenue bonds	438,789
Subscriptions	248
Net pension liability	39,172
Net OPEB liability	825
Accrued wages and benefits	1,401
TOTAL LONG-TERM OBLIGATIONS	480,435
TOTAL LIABILITIES	579,836
DEFERRED INFLOWS OF RESOURCES	
Leases	7,455
Pension	1,768
OPEB	298
TOTAL DEFERRED INFLOWS OF RESOURCES	9,521
NET POSITION	
Net investment in capital assets	141,802
Restricted for debt service	125,890
Restricted for capital projects	21
Restricted for passenger and customer facility charges	25,593
Restriced for net pension and OPEB assets	286
Unrestricted	164,219
TOTAL NET POSITION	$ 457,811

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, 2023
(Amounts in Thousands)

OPERATING REVENUES	
Landing fees, terminal rentals, and concourse rentals:	
Scheduled airlines	$ 42,089
Other	19,702
	61,791
Concessions	65,595
Utility sales and other	8,170
TOTAL OPERATING REVENUES	135,556
OPERATING EXPENSES	
Operations	80,182
Maintenance	3,182
Depreciation and amortization	54,314
TOTAL OPERATING EXPENSES	137,678
OPERATING INCOME (LOSS)	(2,122)
NON-OPERATING REVENUE (EXPENSE)	
Non-operating revenue (expense)	2,979
Gain (loss) on disposal of capital asset	100
Investment income (loss)	16,919
Interest expense	(17,059)
Amortization of bond discounts/premiums and loss on debt refundings	1,218
TOTAL NON-OPERATING REVENUE (EXPENSE) - NET	4,157
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	2,035
Capital contributions - passenger and customer facility charges	24,260
Capital and other contributions	3,264
INCREASE (DECREASE) IN NET POSITION	29,559
NET POSITION, BEGINNING OF YEAR	428,252
NET POSITION, END OF YEAR	$ 457,811

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, 2023
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 129,293
Cash payments to suppliers for goods and services	(52,817)
Cash payments to employees for services	(31,607)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	44,869
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(6,993)
Cash receipts for passenger facility charges	19,050
Cash receipts for customer facility charges	4,184
Principal paid on long-term debt	(43,535)
Interest paid on long-term debt	(18,070)
Capital grant proceeds	1,265
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(44,099)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	16,734
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITES	16,734
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,504
Cash and cash equivalents, beginning of year	362,330
Cash and cash equivalents, end of year	$ 379,834

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, 2023
(Amounts in Thousands)

RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

OPERATING INCOME (LOSS)	$ (2,122)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation and amortization	54,314
Changes in assets:	
Accounts receivables	(1,688)
Leases receivable	(317)
Unbilled revenue	(2,780)
Prepaid expenses	(312)
Due from other City of Cleveland departments, divisions or funds	(2)
Materials and supplies, at cost	(63)
Net pension asset	261
Net OPEB asset	4,563
Changes in deferred outflows of resources:	
Pension	(10,753)
OPEB	(2,411)
Changes in liabilities:	
Accounts payable	972
Unearned revenue	913
Due to other City of Cleveland departments, divisions or funds	20
Accrued wages and benefits	24
Subscriptions	374
Landing fee adjustment	(2,640)
Accrued property taxes	(788)
Net pension liability	26,303
Net OPEB liability	825
Changes in deferred inflows of resources:	
Leases	289
Pension	(15,494)
OPEB	(4,619)
TOTAL ADJUSTMENTS	46,991
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 44,869

Schedule of Noncash Capital and Related Financing Activities:	
Accounts payable related to capital assets	$ 3,407

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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 May of 2020, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (SBITA) was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to (1) define a subscription-based information technology arrangement (SBITA); (2) establish that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. As required, the Divisions have implemented GASB Statement No. 96 as of December 31, 2023.

In April of 2022, GASB Statement No. 99, *Omnibus 2022*, was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. As required, the Divisions have implemented GASB Statement No. 99 as of December 31, 2023.

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 and customer facility charges
- Amount restricted for net pension and OPEB assets
- 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 2023. 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 measure 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.

Restricted for Customer Facility Charges: The assets are for customer facility charges imposed and collected at CLE based on renting a vehicle. These are restricted for planning, development, financing, construction and operation of the Rental Car Facility, Rental Car Facility improvements and related infrastructure.

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 less any applicable salvage value 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

Right to use assets are amortized over the shorter of the contract term or useful life of the underlying asset.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 assets 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 assets 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, customer facility charges, revenue bonds and federal grants).

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt outstanding at December 31, 2023 is as follows:

	Interest Rate	Original Issuance	2023
		(Amounts in Thousands)	
Airport System Revenue Bonds:			
Series 2007, due through 2027	5.00%	$ 11,255	$ 1,910
Series 2011, due through 2024	4.00%	74,385	1,050
Series 2016, due through 2031	5.00%	144,355	96,325
Series 2018, due through 2048	3.50%-5.00%	109,685	74,280
Series 2019, due through 2033	2.26%-5.00%	341,675	298,005
		$ 681,355	471,570
Unamortized (discount) premium			12,979
Current portion (due within one year)			(45,760)
Total Long-Term Debt			$ 438,789

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2023 are as follows:

	Balance January 1, 2023	Increase	Decrease	Balance December 31, 2023	Due Within One Year
	(Amounts in Thousands)				
Airport System Revenue Bonds:					
Series 2007	$ 2,795	$	$ (885)	$ 1,910	$ 930
Series 2011	2,065		(1,015)	1,050	1,050
Series 2016	116,585		(20,260)	96,325	21,325
Series 2018	83,200		(8,920)	74,280	9,190
Series 2019	310,460		(12,455)	298,005	13,265
Total revenue bonds	515,105	-	(43,535)	471,570	45,760
Accrued wages and benefits	4,900	3,653	(3,629)	4,924	3,523
Net pension liability	12,869	26,303		39,172	
Net OPEB liability		825		825	
Subscriptions		374		374	126
Total	$ 532,874	$ 31,155	$ (47,164)	$ 516,865	$ 49,409

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)		
2024	$ 45,760	$ 15,995	$ 61,755
2025	47,550	14,073	61,623
2026	49,235	12,314	61,549
2027	51,025	10,460	61,485
2028	54,995	8,634	63,629
2029-2033	187,195	18,450	205,645
2034-2038	9,385	7,356	16,741
2039-2043	11,745	4,963	16,708
2044-2048	14,680	1,907	16,587
Total	$ 471,570	$ 94,152	$ 565,722

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, 2023, 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, 2023, the Airport System had no defeased Revenue Bonds outstanding.

The City has pledged future airport revenues to repay $471,570,000 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 62.7% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is $565,722,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $62,819,000 and $98,237,000, 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, 2023, totaled approximately $35,869,000 and the Divisions' bank balance was approximately $34,470,000. 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*, $34,470,000 of the bank balances at December 31, 2023 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, 2023.

Type of Investment	Fair Value	Fair Value Measurement Using Level 2
	(Amounts in Thousands)	
Other Investments	$ 329	$ 329
Total Investments	$ 329	$ 329

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, 2023, 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, 2023, 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	2023 Value	2023 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 182,164	$ 182,164	$ 182,164
Money Market Mutual Funds	161,472	161,472	161,472
Other Investments	329	329	329
Total Investments	343,965	343,965	343,965
Total Deposits	35,869	35,869	35,869
Total Deposits and Investments	$ 379,834	$ 379,834	$ 379,834

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, 2023, the investments in STAR Ohio, money market mutual funds and other investments are approximately 53.0%, 46.9%, and 0.1%, respectively, of the Divisions' total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE E – CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
	(Amounts in Thousands)			
Capital Assets, not being depreciated:				
Land	$ 166,882	$	$	$ 166,882
Construction in progress	36,626	2,237	(6,564)	32,299
Total capital assets, not being depreciated	203,508	2,237	(6,564)	199,181
Capital assets, being depreciated and amortized:				
Land improvements	102,687	4,411		107,098
Buildings, structures and improvements	399,574	6,008		405,582
Furniture, fixtures and equipment	101,523	702		102,225
Infrastructure	1,078,975	1,757		1,080,732
Vehicles	22,206	92		22,298
Right to use assets		877		877
Total capital assets, being depreciated	1,704,965	13,847	-	1,718,812
Less: Total accumulated depreciation and amortization	(1,257,648)	(54,314)		(1,311,962)
Total capital assets being depreciated, net	447,317	(40,467)	-	406,850
Capital assets, net	$ 650,825	$ (38,230)	$ (6,564)	$ 606,031

Commitments: As of December 31, 2023, the Divisions had capital expenditure purchase commitments outstanding of approximately $32,318,000.

NOTE F – LEASES AND CONCESSIONS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources (based on contract provisions). Under this Statement, a lessor is required to recognize a lease receivable and deferred inflow of resources while a lessee is required to recognize a lease liability and deferred outflow of resources for each contract whose terms meet the definition of a lease. This recognition is intended to enhance the relevance and consistency of information about governments' leasing activities.

NOTE F – LEASES AND CONCESSIONS (Continued)

Leases Scope:

GASB Statement No. 87 – Scope: Per GASB 87 ("the Statement"), a lease is defined as, "A contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction." A contract conveys control if the user of the underlying asset possesses both: the right to obtain present service capacity and the right to determine the nature and manner of its use. The transaction is "exchange-like" when both parties receive and sacrifice something of approximate equal value.

Accounting treatment for leases required by the Statement applies to non-financial assets. Assets that are non-financial in nature including intangible assets, biological assets, inventory leases, supply contracts, and service concession arrangements are considered out of scope.

Accounting Treatment at Adoption:

The Divisions are a lessor in all noncancellable leases. In accordance with GASB Statement No. 87, leases that commenced before the adoption date of January 1, 2022 are considered to have commenced on this date. All leases with base rent payments adjusted by an index or rate (e.g., consumer price index (CPI)) have their receivables measured based upon the most recent adjustment as of January 1, 2022, unless otherwise noted. In accordance with the Statement, the Divisions do not recognize a lease receivable and a deferred inflow of resources for certain regulated leases. Instead, inflows of resources are recognized in the period in which payments are received. See "Certain Regulated Leases" section for required disclosures.

Measurement of Lease Amounts as a Lessor: As the lessor for in-scope leasing arrangements, at the beginning of the lease term, the Divisions recognize a lease receivable based on the net present value of future lease payments to be received for the lease term and a deferred inflow of resources based on net present value calculated using the rate explicit in the contract, the rate implicit in the contract, or the Divisions' incremental borrowing rate which is estimated using the FHLB CDA rate + 2.00% plus the net impact of any payments to be received at or before the commencement of the lease term that relate to future periods as well as lease incentives payable to the lessee. Leases that meet the GASB's definition of "Certain Regulated Leases" are the exception to this measurement treatment. See "Certain Regulated Leases" section for required disclosures. Amortization of the receivable is reported as lease and interest revenues. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

Other Conditions: The Divisions assume optional extension terms present in lease agreements will be exercised unless optional extension periods have undefined future payment terms - these terms are excluded in the calculation of lease term length unless otherwise noted. The Divisions did not record revenue related to residual value guarantees or lease termination penalties.

Short-Term Leases: For short-term lease contracts – defined as having a maximum possible term of 12 months or less - the Divisions recognize revenue based on the payment provisions of the lease contract.

NOTE F – LEASES AND CONCESSIONS (Continued)

Department as a Lessor:

General Description of Lessor Leasing Arrangements: The Divisions lease space to various non-governmental and governmental lessees for various uses. The Divisions lease space for use as: office space, combined-use space, communications sites, sporting facility, harbors, parking operations hub, and restaurants. These leases have term end dates ranging from October 31, 2023 to May 30, 2053. Most leases require fixed rent payments which are escalating and several require rent based on CPI adjustment.

The Divisions maintain separate leases classified as certain regulated leases – see "Certain Regulated Leases" section for these required disclosures.

Inflows Recognized in Fiscal Year 23 from Leases: For fiscal year 2023, the total amount of inflows of resources recognized from in-scope GASB Statement No. 87 leases for lease and interest revenue is $2.8 million and $239,000, respectively. These amounts exclude inflows for certain regulated leases and variable payments not fixed in substance.

Schedule of Future Payments: The table below represents the future expected minimum principal and interest amounts to be received from the existing, in-scope GASB 87 leases:

Schedule of Future Payments For In-Scope Leases
(Amounts in Thousands)

Period - Ending December 31	Principal	Interest
2024	$ 2,756	$ 204
2025	517	143
2026	311	156
2027	319	161
2028	251	150
2029-2033	658	657
2034-2038	705	509
2039-2043	738	338
2044-2048	588	202
2049-2053	603	58

NOTE F – LEASES AND CONCESSIONS (Continued)

Variable Inflows: Variable inflows not fixed in substance are recognized in fiscal 2023 and are based on percentage of gross revenues. The table below represents inflows not included in the calculation of lease receivable values:

Variable Inflows
(Amounts in Thousands)

Lease Category	Amount
Common Use Space	$ 5
Office Space	793
Other	240
Parking Operations Space	888
Total	$ 1,926

Certain Regulated Leases (CRL):

Definition: Certain leases are subject to external laws, regulations or legal rulings that prohibit lessors from denying potential lessees the right to enter into leases (contingent upon facility availability) and require fees imposed on lessees be fair, reasonable, and non-discriminatory. Such leases are termed "certain regulated leases" by the GASB. The Statement provides an exception to its general lessor recognition and measurement requirements for certain regulated leases but requires disclosure of specified quantitative and qualitative information.

These lease agreements are subject to the non-discriminatory criteria outlined in paragraph 43 of GASB Statement No. 87 by the FAA's *Rates and Charges Policy.* The principals of this policy apply to all aeronautical users of the airport. Paragraph 18.3a of FAA Order 5190.6B (FAA compliance manual) directs the Divisions' classification of leases as certain regulated leases by noting: "all activities that involve or are directly related to the operation of the aircraft, including activities that make the operation of the aircraft possible and safe. Services located on the airport that are directly and substantially related to the movement of passengers, baggage, mail, and cargo are considered aeronautical uses."

General Description of CRL Arrangements: The Divisions maintain certain regulated leasing arrangements for air cargo facilities, airlines, aircraft maintenance operations, FBO's, fuel farms, ground handling operations, hangars, and passenger services. The leases have term end dates ranging from May 31, 2023 to August 31, 2051 and have escalating rent payment terms. There are nine agreements – eight Airlines and one Air Cargo Facility – of the 38 CRL agreements whose lessees have been granted preferential or exclusive use of Airport space (e.g. terminal and/or concourse space). All other agreements only allow lessees non-exclusive use of common Airport space.

NOTE F – LEASES AND CONCESSIONS (Continued)

CRL's Quantitative Disclosures: The following table represents the inflows recognized for fiscal year 2023 for regulated leasing arrangements:

Inflows Recognized FY23 from CRLs
(Amounts in Thousands)

CRL Category	Total Inflows
Air Cargo Facilities	$ 1,320
Airlines	90,917
FBOs	2,376
Fuel Farm	100
Ground Handling Operation	971
Hangars & Aircraft Maintenance	1,463
Passenger Services	856
Total	$ 98,003

The following table represents the future expected minimum payments for regulated leasing arrangements:

Schedule of Future Payments For Regulated Leases
(Amounts in Thousands)

Period - Ending December 31	Amount
2024	$ 97,873
2025	97,776
2026	7,073
2027	7,061
2028	6,287
2029-2033	9,048
2034-2038	4,403
2039-2043	1,909
2044-2048	464
2049-2053	248

CRL Variable Inflows: Variable inflows not fixed in substance are based on various lessee performance indicators such as: number of planes landed, aircraft parking, and percentage of gross revenues. The variable inflows amounted to $13.2 million for fiscal year 2023.

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 2023. There was no significant decrease in any insurance coverage in 2023. In addition, there were no material insurance settlements in excess of insurance coverage during the past three years.

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/(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 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/(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.

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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.

GASB Statement No. 68 assumes the liability/(asset) 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/(asset) 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.

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 2023, 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 $3,089,000 for 2023. All required payments have been made.

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2022 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 Divisions' proportion of the net pension liability/(asset) 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:

	Traditional	Combined
	(Amounts in Thousands)	
Proportionate Share of the Net Pension Liability/(Asset)	$ 39,172	$ (286)
Proportion of the Net Pension Liability/(Asset)	0.132607 %	0.121178 %
Change in Proportion	(0.015310) %	(0.017568) %
Pension Expense	$ 4,390	$ 60

At December 31, 2023, the Divisions reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined
	(Amounts in Thousands)	
Deferred Outflows of Resources		
Differences between expected and actual economic experience	$ 1,301	$ 17
Net difference between projected and actual earnings on pension plan investments	11,165	104
Changes in assumptions	414	19
Change in Divisions' proportionate share and difference in employer contributions		58
Divisions' contributions subsequent to the measurement date	2,993	96
Total Deferred Outflows of Resources	$ 15,873	$ 294
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	$ 41
Change in Divisions' proportionate share and difference in employer contributions	1,714	13
Total Deferred Inflows of Resources	$ 1,714	$ 54

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

The $3,089,000 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/(increase) of the net pension liability/(asset) in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined
	(Amounts in Thousands)	
Year Ending December 31:		
2024	$ 324	$ 9
2025	2,086	24
2026	3,286	32
2027	5,470	51
2028		7
Thereafter		21
Total	$ 11,166	$ 144

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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2022
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional Plan	2.75% to 10.75%
Combined Plan	2.75% to 8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 3%, simple through 2023, then 2.05%, simple
Investment Rate of Return	6.9%
Actuarial Cost Method	Individual Entry Age

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. 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/(asset).

Sensitivity of the Divisions' Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following table presents the Divisions' proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 6.90%, 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 (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
		(Amounts in Thousands)	
Divisions' proportionate share of the net pension liability/(asset)			
Traditional Plan	$ 58,679	$ 39,172	$ 22,946
Combined Plan	(149)	(286)	(394)

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. Effective January 1, 2022, the Combined Plan is no longer available for member selection. 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 2023, 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 was 0.0% and Combined Plan was 2.0% in 2023. 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 2022 was 4.0%.

For the year ended December 31, 2023, 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, 2021, rolled forward to the measurement date as of December 31, 2022, 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	0.130862 %
Prior Measurement Date	0.145685 %
Change in Proportionate Share	(0.014823) %
Proportionate Share of the Net OPEB Liability/(Asset)	$ 825
OPEB Expense	$ (1,487)

At December 31, 2023, 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	
Net difference between projected and actual earnings on OPEB plan investments	$ 1,639
Change in assumptions	806
Total Deferred Outflows of Resources	$ 2,445
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 206
Change in assumptions	66
Change in Divisions' proportion share and difference in employers contributions	26
Total Deferred Inflows of Resources	$ 298

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)
2024	$ 248
2025	596
2026	511
2027	792
Total	$ 2,147

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, 2021, rolled forward to the measurement date as of December 31, 2022. 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	2.75%
Projected Salary Increases, including inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.22%
Prior Measurement Date	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	
Current Measurement Date	4.05%
Prior Measurement Date	1.84%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial 3.50%, ultimate in 2036
Prior Measurement Date	5.50% initial 3.50%, ultimate in 2034
Actuarial Cost Method	Individual Entry Age

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00 %	

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

Discount Rate: A single discount rate of 5.22% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2022. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 5.22%, 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 (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
	(Amounts in Thousands)		
Divisions' proportionate share of the net OPEB liability/(asset)	$ 2,808	$ 825	$ (811)

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 2023 is 5.50%. 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)	$ 773	$ 825	$ 883

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, 2023 are as follows:

	(Amounts in Thousands)
City Central Services, including police	$ 12,087
Telephone Exchange	824
Electricity purchased	275
Motor vehicle maintenance	55
Radio Communication	772

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 2023 was a payable to the airlines from the Division in the amount of $24,293,000.

The Divisions collected $16,891,000 landing fee revenue and it was offset by a $24,293,000 reduction to the scheduled airlines. This resulted in a difference of $7,402,000. The reduction to landing fee revenue consisted of $1,324,000 net pension and OPEB expenses related to changes in differences between projected and actual earnings on plan investments. The remaining portion $22,969,000 is the landing fee adjustment based on budgeted versus actual calculations, excluding the net pension and OPEB figure.

As a result of this activity, 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 2023.

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, 2023, CLE had the authority from the FAA to collect approximately $619,448,000. Of the $619,448,000, an estimated 13.9% was spent on noise abatement for the residents of communities surrounding the airport. An additional 51.5% was spent on runway expansion and improvements with the remaining 34.6% 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 2023, operating revenues from one airline group for landing fees, rental and other charges amounted to approximately 39.3% of total operating revenue.

NOTE N – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRAGEMENTS (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The Divisions use various SBITA assets that they contract through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments, payable during the remaining SBITA term. A SBITA is presented as a right to use asset in the Capital Assets section, on the government-wide *Statement of Net Position* and presented as part of right to use assets in the Capital Assets footnote.

The Divisions have a variety of variable payment clauses, within their SBITA arrangements, including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the SBITA liability presented in the table below. The Divisions did not incur expenses related to their SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

Furthermore, the Divisions do not have commitments under SBITA that have not commenced as of December 31, 2023.

NOTE N – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRAGEMENTS (SBITA) (Continued)

As of December 31, 2023, the Divisions had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
	(Amounts in Thousands)		
2024	$ 126	$ 9	$ 135
2025	118	6	124
2026	92	2	94
2027	37	1	38
SBITA Liability:	$ 373	$ 18	$ 391

The Divisions had SBITA assets in the amount of $877,324 net of accumulated amortization of $335,324, for a net SBITA asset of $542,000.

NOTE O – SUBSEQUENT EVENTS

On April 1, 2024, City Council approved legislation authorizing the establishment and issuance of Airport System subordinated debt in a principal amount not to exceed $175,000,000 in the form of a revolving line of credit and/or a commercial paper program. Funds will be partially used for the initial phase of the Terminal Modernization Development Program.

On June 27, 2024, the Divisions entered into a $175 million revolving line of credit with PNC Bank, National Association.

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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/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1)

	Divisions' Proportion of the Net Pension Liability/(Asset)	Divisions' Proportionate Share of the Net Pension Liability/(Asset)	Divisions' Covered Payroll	Divisions' 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 Pension Liability/(Asset)
		(Amounts in Thousands)			
Traditional:					
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	23,029	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
2022	0.147917	12,869	23,450	54.88	96.62
2023	0.132607	39,172	21,671	180.76	75.74
Combined:					
2022	0.138746	(547)	23,450	(2.33)	(169.88)
2023	0.121178	(286)	21,671	(1.32)	137.14

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

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 was 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. For 2022, the most significant changes of assumptions that affected the total pension liability since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumptions in 2023.

In 2022, the Division presented the Combined Pension Plan separately. In prior years it was netted with the Traditional Pension Plan.

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/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN 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)				
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
2022	3,034	(3,034)	-	21,671	14.00
2023	3,089	(3,089)	-	22,064	14.00

(1) Represents Divisions' calendar year.

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 SEVEN 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 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
2022	0.145685	(4,563)	23,450	(19.46)	128.23
2023	0.130862	825	21,671	3.81	94.79

(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.

In 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

In 2023, the single discount rate changed from 6.00% to 5.22%. The municipal bond rate also changed from 1.84% to 4.05%. The health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

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 EIGHT 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
2022	-	-	-	21,671	0.00
2023	-	-	-	22,064	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, 2023
(Amounts in Thousands)

	Cleveland Hopkins International	Burke Lakefront	Total
REVENUE			
Airline revenue:			
Landing fees and terminal rentals	$ 42,089	$	$ 42,089
Other	2,594		2,594
	44,683	-	44,683
Operating revenues from other sources:			
Concessions	64,990	605	65,595
Rentals	16,073	416	16,489
Landing fees	957	160	1,117
Other	7,430	242	7,672
	89,450	1,423	90,873
Non-operating revenue:			
Interest income	3,243		3,243
TOTAL REVENUE	$ 137,376	$ 1,423	$ 138,799
OPERATING EXPENSES			
Salaries, wages and employee benefits	$ 28,789	$ 1,534	$ 30,323
City Central Services, including police	13,356	393	13,749
Materials and supplies	6,679	166	6,845
Contractual services	32,044	738	32,782
TOTAL OPERATING EXPENSES	$ 80,868	$ 2,831	$ 83,699

Note to Schedule:

The Divisions collected $16,891,000 landing fee revenue and it was offset by a $24,293,000 reduction to the scheduled airlines. This resulted in a difference of $7,402,000. The reduction to landing fee revenue consisted of $1,324,000 net pension and OPEB expenses related to changes in differences between projected and actual earnings on plan investments. The remaining portion $22,969,000 is the landing fee adjustment based on budgeted versus actual calculations, excluding the net pension and 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, 2023

	PFC Revenues	Interest	Expenditures	Unliquidated PFC Revenue
Cumulative Balances at January 1, 2023	$ 531,673,047	$ 33,044,814	$ (541,167,787)	$ 23,550,074
1st quarter activity 2023 activity	4,075,042	224,254	(4,800,000)	(500,704)
2nd quarter activity 2023 activity	4,791,080	245,698	(4,800,000)	236,778
3rd quarter activity 2023 activity	5,155,334	264,655	(4,800,000)	619,989
4th quarter activity 2023 activity	5,028,652	274,845	(4,800,000)	503,497
2023 totals	19,050,108	1,009,452	(19,200,000)	859,560
Cumulative Balances at December 31, 2023	$ 550,723,155	$ 34,054,266	$ (560,367,787)	$ 24,409,634

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, 2023

Projects	Approved Project Budget	Cumulative Expenditures thru 2022	2023 1st Quarter Expenditures	2023 2nd Quarter Expenditures	2023 3rd Quarter Expenditures	2023 4th Quarter Expenditures	2023 YTD Expenditures	Cumulative Expenditures thru 2023
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	229,722,763	4,800,000	4,800,000	4,800,000	4,800,000	19,200,000	248,922,763
Runway 6R/24L Uncoupling	2,685,000	2,685,000					-	2,685,000
Runway 28 Safety Improvements	975,958	975,958					-	975,958
Midfield Deicing Pad	40,755,499	40,755,499					-	40,755,499
Taxiway M Improvements	3,883,602	3,883,602					-	3,883,602
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	23,155,051					-	23,155,051
South Cargo Ramp Rehabilitation	5,957,918	5,957,918					-	5,957,918
Taxiway N Rehabilitation	8,738,280	8,738,280					-	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
North Airfield Improvements Phase 2, Construction	6,319,985	-					-	-
North Airfield Improvements Phase 3, Construction	4,977,313	-					-	-
Cleveland Master Plan	8,656,990	-					-	-
Passenger Loading Bridge Replacement	17,000,000	-					-	-
PFC Administrative Costs	147,415	-					-	-
Total	$ 619,447,534	$ 541,167,787	$ 4,800,000	$ 4,800,000	$ 4,800,000	$ 4,800,000	$ 19,200,000	$ 560,367,787

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, 2023

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.

OHIO AUDITOR OF STATE
KEITH FABER

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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 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, 2023.

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, 2023.

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 Division's 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 Division'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 Division'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 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 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 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 Division'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 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 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.

Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

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, 2023

CITY OF CLEVELAND, OHIO

CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

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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, 2023, 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, 2023, 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 Department of Finance, Division of Taxation, Central Collection Agency 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, 2023, 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 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 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

Keith Faber
Auditor of State
Columbus, Ohio

June 27, 2024

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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, 2023. 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 2023, the Agency was providing a full range of tax collection services for 62 member communities throughout 34 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 fund of the Agency are $6,352,416 and $4,601,162 at December 31, 2023 and 2022, respectively. The Agency's total assets and deferred outflows of resources increased by $1,751,254 in 2023.

- The charges for services are $9,457,258 and $10,022,859 at December 31, 2023 and 2022, respectively.

- The Agency's total operating expenses were $10,788,284 in 2023 and $7,520,827 in 2022. In 2023, operating expenses consisted of $6,502,766 for employee's wages and benefits, $2,082,069 for allocated charges and $2,203,449 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.

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 21-46 of this report.

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

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, 2023 and 2022:

	2023	2022
Assets:		
Cash and cash equivalents	$ 2,199,238	$ 2,079,340
Prepaid expenses	43,321	49,296
Capital assets, net of accumulated depreciation	45,681	73,169
Net pension asset	61,395	120,354
Net OPEB asset		1,004,605
Total assets	2,349,635	3,326,764
Deferred outflows of resources	4,002,781	1,274,398
Liabilities:		
Accounts payable	172,867	449,754
Due to CCA custodial fund	1,062,518	716,292
Due to the City of Cleveland	94,824	8,318
Accrued wages and benefits - current	705,435	753,132
Accrued wages and benefits - long-term	252,596	274,309
Net pension liability	8,420,698	2,833,316
Net OPEB liability	177,371	
Total liabilities	10,886,309	5,035,121
Deferred inflows of resources	526,222	4,512,917
Net Position:		
Investment in capital assets	45,681	73,169
Restricted for net pension and OPEB assets	61,395	1,124,959
Unrestricted	(5,167,191)	(6,145,004)
Total net position	$ (5,060,115)	$ (4,946,876)

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, 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 $1,751,254 in 2023.

Capital Assets: The Agency's net capital assets as of December 31, 2023 amounted to $45,681. Capital assets include equipment and vehicles. A summary of the Agency's capital assets during the year ended December 31, 2023 is as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
Furniture, fixtures, equipment and vehicles	$ 420,330	$	$	$ 420,330
Total	420,330			420,330
Less: Accumulated depreciation	(347,161)	(27,488)		(374,649)
Total net capital assets	$ 73,169	$ (27,488)	$ -	$ 45,681

Liabilities: Liabilities primarily consist of amounts due for pension funding responsibilities. During 2023, the net increase in liabilities resulted from a significant increase in net pension 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, 2023 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.

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 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.

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, 2023 and 2022:

	Internal Service Fund	
	2023	**2022**
Operating Revenues		
Charges for services	$ 9,457,258	$ 10,022,859
Total operating revenues	9,457,258	10,022,859
Operating Expenses		
Salaries and wages and Employee benefits	6,502,766	3,742,912
Postage and office supplies	136,987	198,702
Allocation of City of Cleveland costs	2,082,069	1,530,148
Other administrative expenses	2,038,974	1,999,457
Depreciation	27,488	49,608
Total operating expense	10,788,284	7,520,827
Operating income (loss)	(1,331,026)	2,502,032
Non-operating Activity		
Interest income	1,217,787	335,831
Change in net position	(113,239)	2,837,863
Net position at beginning of year	(4,946,876)	(7,784,739)
Net position at end of year	$ (5,060,115)	$ (4,946,876)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)

Operating Revenues: In 2023, charges for services decreased by $565,601. Charges for services are shared proportionately among all the members.

Operating Expenses: Salaries and wages and Employee benefits increased by $2,759,854 as a result of a large increase in net Pension expense. Other administrative expenses increased by $39,517 as a result of an increase in professional services expense for enhancements to the CCA website and electronic filing services.

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, 2023

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	2,199,238
Prepaid expenses		43,321
TOTAL CURRENT ASSETS		2,242,559
CAPITAL ASSETS:		
Furniture, fixtures, equipment and vehicles		420,330
Less: Accumulated depreciation		(374,649)
CAPITAL ASSETS, NET		45,681
NONCURRENT ASSETS:		
Net pension asset		61,395
TOTAL NONCURRENT ASSETS		61,395
DEFERRED OUTFLOWS OF RESOURCES		
Pension		3,477,275
OPEB		525,506
TOTAL DEFERRED OUTFLOWS OF RESOURCES		4,002,781

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

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
December 31, 2023

LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$	172,867
Due to CCA custodial fund		1,062,518
Due to the City of Cleveland		94,824
Accrued wages and benefits - current		705,435
TOTAL CURRENT LIABILITIES		2,035,644
LONG-TERM LIABILITIES		
Net pension liability		8,420,698
Net OPEB liability		177,371
Accrued wages and benefits		252,596
TOTAL LONG-TERM LIABILITIES		8,850,665
DEFERRED INFLOWS OF RESOURCES		
Pension		461,632
OPEB		64,590
TOTAL DEFERRED INFLOWS OF RESOURCES		526,222
NET POSITION		
Investment in capital assets		45,681
Restricted for net pension and OPEB assets		61,395
Unrestricted		(5,167,191)
TOTAL NET POSITION	$	(5,060,115)

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, 2023

OPERATING REVENUES	
Charges for services	$ 9,457,258
TOTAL OPERATING REVENUES	9,457,258
OPERATING EXPENSES	
Salaries and wages and Employee benefits	6,502,766
Postage and office supplies	136,987
Allocation of City of Cleveland costs	2,082,069
Other administrative expenses	2,038,974
Depreciation	27,488
TOTAL OPERATING EXPENSES	10,788,284
OPERATING INCOME (LOSS)	(1,331,026)
NON-OPERATING ACTIVITY	
Interest income	1,217,787
CHANGE IN NET POSITION	(113,239)
NET POSITION AT BEGINNING OF YEAR	(4,946,876)
NET POSITION AT END OF YEAR	$ (5,060,115)

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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from member municipalities	$	9,803,484
Cash payments to suppliers of goods and services		(4,448,412)
Cash payments for employee services and benefits		(6,452,961)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		(1,097,889)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments		1,217,787
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		1,217,787
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		119,898
Cash and cash equivalents at beginning of year		2,079,340
Cash and cash equivalents at end of year	$	2,199,238
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATIONS		
Operating income (loss)	$	(1,331,026)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation		27,488
Changes in assets:		
Prepaid expense		5,975
Net pension asset		58,959
Net OPEB asset		1,004,605
Changes in deferred outflows of resources:		
Pension		(2,218,695)
OPEB		(509,688)
Changes in liabilities:		
Accounts payable		(276,887)
Due to CCA custodial fund		346,226
Due to City of Cleveland		86,506
Accrued wages and benefits		(69,410)
Net pension liability		5,587,382
Net OPEB liability		177,371
Changes in deferred inflows of resources:		
Pension		(3,013,324)
OPEB		(973,371)
Total adjustments		233,137
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	(1,097,889)

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, 2023

Assets		
Cash and cash equivalents	$	7,336,943
Taxes receivable		95,393,166
Due from CCA internal service fund		1,062,518
Due from member municipalities		653,798
Total assets		104,446,425
Liabilities		
Due to the City of Cleveland	$	80,354,777
Due to member municipalities		24,091,648
Total liabilities		104,446,425
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, 2023

	Central Collection Agency
Additions	
Income tax collected for other governments	$ 619,693,772
Total additions	619,693,772
Deductions	
Payments of income tax to other governments	619,693,772
Total deductions	619,693,772
Change in net position	-
Net position, beginning of year	-
Net position, end of year	$ -

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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 April of 2022, GASB Statement No. 99, *Omnibus 2022*, was issued. This Statement is effective for reporting periods beginning after June 15, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. As required, the Agency has implemented GASB Statement No. 99 as of December 31, 2023.

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, restricted and unrestricted. The negative unrestricted amount is primarily the unfunded net pension and OPEB liabilities/(assets) and will not be passed along to members of the Agency.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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/(assets), 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.

The Agency has invested funds in STAR Ohio during 2023. 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 less any applicable salvage value 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 assets 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 assets 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.

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, 2023 are as follows:

	Balance January 1, 2023	Increase	Decrease	Balance December 31, 2023	Due Within One Year
Accrued wages and benefits	$ 1,027,441	$ 683,722	$ (753,132)	$ 958,031	$ 705,435
Net pension liability	2,833,316	5,587,382		8,420,698	
Net OPEB liability		177,371		177,371	
Total	$ 3,860,757	$ 6,448,475	$ (753,132)	$ 9,556,100	$ 705,435

NOTE D - DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Agency's deposits at December 31, 2023 totaled $3,614,912 and the Agency's bank balances were $5,960,245. 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*, $5,960,245 of the bank balances at December 31, 2023, 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.

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.

NOTE D - 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.

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, 2023 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.

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, 2023, 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	2023 Value	2023 Cost	Investment Maturities Less Than One Year
STAR Ohio	$ 2,159,340	$ 2,159,340	$ 2,159,340
Money Market Mutual Funds	3,761,929	3,761,929	3,761,929
Total Investments	5,921,269	5,921,269	5,921,269
Total Deposits	3,614,912	3,614,912	3,614,912
Total Deposits and Investments	$ 9,536,181	$ 9,536,181	$ 9,536,181

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, 2023, the investments in STAR Ohio and money market mutual funds are approximately 36.5% and 63.5%, of the Agency's total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2023

NOTE E - CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the Internal Service Fund for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023
Capital assets, being depreciated				
Furniture, fixtures, equipment and vehicles	$ 420,330	$	$	$ 420,330
Total capital assets, being depreciated	420,330			420,330
Less: Total accumulated depreciation	(347,161)	(27,488)		(374,649)
Total capital assets, being depreciated, net	73,169	(27,488)		45,681
Capital assets, net	$ 73,169	$ (27,488)	$ -	$ 45,681

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, 2023 are as follows:

	Internal Service Fund	Custodial Fund	Total
Due from CCA internal service fund	$	$ 1,062,518	$ 1,062,518
Due from member municipalities		653,798	653,798
Total Due From	$ -	$ 1,716,316	$ 1,716,316
Due to CCA custodial fund	$ 1,062,518	$	$ 1,062,518
Due to the City of Cleveland	94,824	80,354,777	80,449,601
Due to member municipalities		24,091,648	24,091,648
Total Due To	$ 1,157,342	$ 104,446,425	$ 105,603,767

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.

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.

NOTE G - 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	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age 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 2023, 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 $663,938 for 2023. 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, 2022 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)	$ 8,420,698	$ (61,395)
Proportion of the Net Pension Liability/(Asset)	0.028506%	0.026049%
Change in Proportion	0.004059%	(0.004497%)
Pension Expense	$ 886,686	$ 13,143

At December 31, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined
Deferred Outflows of Resources		
Differences between expected and actual economic experience	$ 279,700	$ 3,775
Net difference between projected and actual earnings on pension plan investments	2,400,163	22,375
Changes in assumptions	88,959	4,065
Change in Agency's proportionate share and difference in employer contributions		14,300
Agency's contributions subsequent to the measurement date	643,404	20,534
Total Deferred Outflows of Resources	$ 3,412,226	$ 65,049
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	$ 8,773
Change in Agency's proportionate share and difference in employer contributions	450,128	2,731
Total Deferred Inflows of Resources	$ 450,128	$ 11,504

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

The $663,938 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, 2024. 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
2024	$ 14,147	$ 2,277
2025	422,296	5,510
2026	706,485	7,149
2027	1,175,766	11,238
2028		1,809
Thereafter		5,028
Total	$ 2,318,694	$ 33,011

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2022
Wage Inflation	2.75%
Future Salary Increases, including wage inflation	
Traditional	2.75 to 10.75%
Combined	2.75 to 8.25%
COLA or Ad Hoc COLA	2.75%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: 3%, simple through 2023, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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 following table displays the Board approved asset allocation policy for 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. 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/(asset).

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

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 6.90% 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 (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Agency's proportionate share of the net pension liability/(asset):			
Traditional Pension Plan	$ 12,613,924	$ 8,420,698	$ 4,932,686
Combined Pension Plan	(32,040)	(61,395)	(84,659)

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.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

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. Effective January 1, 2022 the Combined Plan is no longer available for member selection. 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 2023, 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 2.0% in 2023. 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

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0%.

For the year ended December 31, 2023, 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, 2021, rolled forward to the measurement date of December 31, 2022, 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)	$	177,371
Proportion of the Net OPEB Liability/(Asset)		0.028131%
Change in Proportionate Share		(0.003943%)
OPEB Expense	$	(320,458)

At December 31, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		OPERS
Deferred outflows:		
Net Difference between projected and actual earnings on OPEB plan investments	$	352,264
Change of assumptions		173,242
Total deferred outflows	**$**	**525,506**
Deferred inflows:		
Difference between expected and actual earnings on OPEB plan investments	$	44,243
Change in assumptions		14,255
Change in Agency's proportionate share and difference in employer contributions		6,092
Total deferred inflows	**$**	**64,590**

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
2024	$	53,022
2025		127,874
2026		109,847
2027		170,173
Total	$	460,916

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, 2021, rolled forward to the measurement date of December 31, 2022. 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	2.75%
Projected Salary Increases, including wage inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.22%
Prior Measurement Date	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	4.05%
Prior Measurement Date	1.84%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial 3.50%, ultimate in 2036
Prior Measurement Date	5.50%, initial 3.50%, ultimate in 2034
Actuarial Cost Method	Individual Entry Age

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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 2022 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00 %	

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Discount Rate: A single discount rate of 5.22% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2022. 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 4.05%. 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

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 5.22%, 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 (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Agency's proportionate share of the net OPEB liability/(asset)	$ 603,689	$ 177,371	$ (174,411)

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 2023 is 5.50%. 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.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

	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)	$ 166,253	$ 177,371	$ 189,883

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, 2023 were as follows:

City Administration	$ 1,000,000
Office Rent	425,000
Telephone	42,607
Utilities	186,097
Parking Facilities	1,320
Printing Services	419,084
Motor Vehicle Maintenance	7,961
Total	$ 2,082,069

NOTE J - DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling $653,798 at December 31, 2023 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.

NOTE K - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

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 2023.

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.

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.

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 TEN YEARS (1)

	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%	86.36
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
2022	0.032565	2,833,316	4,689,600	60.42	92.62
2023	0.028506	8,420,698	4,771,471	176.48	75.74
Combined:					
2021	0.030756	(88,782)	4,919,314	(1.80)	157.67
2022	0.030546	(120,354)	4,689,600	(2.57)	169.88
2023	0.026049	(61,395)	4,771,471	(1.29)	137.14

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

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 was 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 was 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. For 2022, the most significant changes of assumptions that affected the total pension liability/(asset) since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumption for 2023.

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
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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF CONTRIBUTIONS - NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN 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
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
2022	668,006	(668,006)	-	4,771,471	14.00
2023	663,938	(663,938)	-	4,742,414	14.00

(1) Represents Agency's calendar year.

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN 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
2022	0.032074	(1,004,605)	4,689,600	(21.42)	128.23
2023	0.028131	177,371	4,771,471	3.72	94.79

(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.

Notes 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.

In 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

In 2023, the single discount rate changed from 6.00% to 5.22%. The municipal bond rate also changed from 1.84% to 4.05 %. The health care cost trend rate changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT 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
2022	-	-	-	4,771,471	0.00
2023	-	-	-	4,742,414	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, 2023

Members	Balance Collected and Due Members January 1, 2023	Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses	Total Disbursements and Expenses	Balance Collected And Due Members December 31, 2023
AKRON	$ 38.75	$ 350.00	$ 388.75	$ 253.75	$ 87.50	$ 341.25	$ 47.50
ALLIANCE	(2.50)		(2.50)				(2.50)
BURTON	71,639.40	868,530.06	940,169.46	837,288.78	19,484.74	856,773.52	83,395.94
CHILLICOTHE	(22.87)		(22.87)				(22.87)
CLAYTON	198,733.50	5,781,207.96	5,979,941.46	5,478,017.42	103,522.25	5,581,539.67	398,401.79
CLEVELAND	10,067,276.21	541,759,216.21	551,826,492.42	541,310,637.79	8,443,053.46	549,753,691.25	2,072,801.17
DALTON	27,767.99	683,020.15	710,788.14	638,893.30	15,878.39	654,771.69	56,016.45
DAYTON	10.00		10.00	23.49		23.49	(13.49)
ELIDA	39,344.40	584,715.22	624,059.62	537,590.62	18,467.63	556,058.25	68,001.37
ENGLEWOOD	(112.26)		(112.26)				(112.26)
GENEVA-ON-THE-LAKE	13,061.95	321,750.60	334,812.55	298,470.55	8,537.29	307,007.84	27,804.71
GERMANTOWN	163,105.76	2,357,853.75	2,520,959.51	2,211,267.11	52,557.14	2,263,824.25	257,135.26
GRAND RAPIDS	(4,336.33)	270,058.96	265,722.63	228,833.74	12,511.37	241,345.11	24,377.52
GRAND RIVER	30,056.62	381,883.33	411,939.95	381,019.95	4,805.29	385,825.24	26,114.71
HARTVILLE	(146.28)		(146.28)				(146.28)
HIGHLAND HILLS	319,426.60	3,351,411.97	3,670,838.57	3,401,507.83	20,179.72	3,421,687.55	249,151.02
LAKEWOOD	(3.00)		(3.00)				(3.00)
LINNDALE	5,123.25	55,768.21	60,891.46	52,726.46	1,070.59	53,797.05	7,094.41
LORAIN	(333.87)		(333.87)				(333.87)
MARBLE CLIFF	118,737.30	1,965,605.22	2,084,342.52	1,911,884.17	15,289.72	1,927,173.89	157,168.63
MENTOR-ON-THE-LAKE	109,074.50	1,624,339.88	1,733,414.38	1,530,180.52	35,943.68	1,566,124.20	167,290.18
MONTGOMERY	(715.26)		(715.26)		(715.26)	(715.26)	-
MONTPELIER	93,079.91	2,242,924.31	2,336,004.22	2,155,014.08	28,802.80	2,183,816.88	152,187.34
MUNROE FALLS	161,424.58	2,240,540.38	2,401,964.96	2,140,947.10	42,712.94	2,183,660.04	218,304.92
NEW CARLISLE	147,766.37	2,065,005.91	2,212,772.28	1,965,010.23	46,884.41	2,011,894.64	200,877.64
NEW MADISON	5,805.12	178,622.20	184,427.32	160,542.32	5,672.55	166,214.87	18,212.45
NEW MIAMI	6,874.92	190,656.18	197,531.10	173,441.10	8,086.77	181,527.87	16,003.23
NEW PARIS	10,784.28	233,269.72	244,054.00	214,551.53	9,406.06	223,957.59	20,096.41
NORTH BALTIMORE	111,245.01	1,471,850.04	1,583,095.05	1,420,892.30	28,422.21	1,449,314.51	133,780.54
NORTH RANDALL	739,505.21	8,319,517.53	9,059,022.74	7,993,513.95	41,235.89	8,034,749.84	1,024,272.90
OBETZ	1,186,085.01	10,970,471.70	12,156,556.71	10,809,999.31	80,537.90	10,890,537.21	1,266,019.50
ORWELL	111,225.23	1,421,917.92	1,533,143.15	1,410,246.01	14,105.32	1,424,351.33	108,791.82
PAULDING	96,061.39	1,469,670.91	1,565,732.30	1,400,087.02	28,463.31	1,428,550.33	137,181.97
PHILLIPSBURG	(758.51)	79,279.10	78,520.59	66,065.59	4,437.95	70,503.54	8,017.05
PITSBURG	686.49	100,509.78	101,196.27	92,861.27	3,436.36	96,297.63	4,898.64
PRAIRIE OBETZ	419,712.40	5,441,950.53	5,861,662.93	5,258,796.91	23,564.32	5,282,361.23	579,301.70
RIVERSIDE	604,369.84	9,966,283.58	10,570,653.42	9,672,539.16	134,079.66	9,806,618.82	764,034.60
ROCK CREEK	3,547.82	127,833.08	131,380.90	118,032.82	4,741.94	122,774.76	8,606.14
RUSHSYLVANIA	3,848.73		3,848.73	3,848.73		3,848.73	(0.00)
RUSSELLS POINT	12,880.94	373,253.73	386,134.67	341,531.67	12,320.50	353,852.17	32,282.50
SEVILLE	125,464.07	1,818,855.69	1,944,319.76	1,689,766.14	33,701.24	1,723,467.38	220,852.38
SHREVE	13,380.79	342,528.75	355,909.54	309,229.75	10,706.41	319,936.16	35,973.38
SOMERSET	-	189,353.63	189,353.63	173,278.63	3,795.79	177,074.42	12,279.21
SOUTH RUSSELL	232,614.42	2,553,456.43	2,786,070.85	2,478,314.52	46,157.60	2,524,472.12	261,598.73
SPRINGFIELD	6.25	425.00	431.25	341.25	106.25	447.50	(16.25)
STOW	(12.50)		(12.50)				(12.50)
TROTWOOD	(858.72)	600.00	(258.72)		150.00	150.00	(408.72)
TROY	(32.00)		(32.00)				(32.00)
UNION	80,153.67	2,732,424.36	2,812,578.03	2,518,471.91	45,312.56	2,563,784.47	248,793.56
VILLAGE OF OAKWOOD	8,937.85	146,753.00	155,690.85	140,038.50	4,455.02	144,493.52	11,197.33
WARREN	-	250.00	250.00	175.00	62.50	237.50	12.50
WAYNESFIELD	6,845.72	166,280.33	173,126.05	151,676.05	5,370.23	157,046.28	16,079.77
WEST MILTON	126,024.47	1,778,228.86	1,904,253.33	1,679,401.86	39,856.56	1,719,258.42	184,994.91
TOTALS	$ 15,464,392.62	$ 616,628,424.17	$ 632,092,816.79	$ 613,357,210.19	$ 9,457,258.56	$ 622,814,468.75	$ 9,278,348.04

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE ENTIRE YEAR ENDED DECEMBER 31, 2023

Members	Cost Allocation Percent	Interest Allocation Percent	Cost Allocation Before Interest Income	Interest Income of Municipalities (Excluding Cleveland)	Allocation of Net Operating Expenses
AKRON	0.000000%	0.000000%	$ 87.50	$	$ 87.50
ALLIANCE	0.000000%	0.000000%			-
BURTON	0.491974%	1.920599%	42,873.55	23,388.81	19,484.74
CLAYTON	2.613852%	10.204121%	227,786.73	124,264.48	103,522.25
CLEVELAND	74.384350%	0.000000%	8,443,053.46		8,443,053.46
DALTON	0.400916%	1.565123%	34,938.26	19,059.87	15,878.39
DAYTON	0.000000%	0.000000%			-
ELIDA	0.466293%	1.820343%	40,635.53	22,167.90	18,467.63
GENEVA-ON-THE-LAKE	0.215560%	0.841515%	18,785.15	10,247.86	8,537.29
GERMANTOWN	1.327025%	5.180524%	115,644.90	63,087.76	52,557.14
GRAND RAPIDS	0.315902%	1.233239%	27,529.59	15,018.22	12,511.37
GRAND RIVER	0.121330%	0.473654%	10,573.39	5,768.10	4,805.29
HIGHLAND HILLS	0.509521%	1.989102%	44,402.75	24,223.03	20,179.72
LINNDALE	0.027031%	0.105527%	2,355.68	1,285.09	1,070.59
MARBLE CLIFF	0.386053%	1.507098%	33,642.97	18,353.25	15,289.72
MENTOR-ON-THE-LAKE	0.907548%	3.542945%	79,089.21	43,145.53	35,943.68
MONTGOMERY	0.000000%	0.000000%	(715.26)		(715.26)
MONTPELIER	0.727247%	2.839073%	63,376.67	34,573.87	28,802.80
MUNROE FALLS	1.078467%	4.210186%	93,984.05	51,271.11	42,712.94
NEW CARLISLE	1.183793%	4.621367%	103,162.82	56,278.41	46,884.41
NEW MADISON	0.143227%	0.559140%	12,481.68	6,809.13	5,672.55
NEW MIAMI	0.204184%	0.797108%	17,793.85	9,707.08	8,086.77
NEW PARIS	0.237495%	0.927150%	20,696.77	11,290.71	9,406.06
NORTH BALTIMORE	0.717638%	2.801559%	62,539.24	34,117.03	28,422.21
NORTH RANDALL	1.041172%	4.064594%	90,734.00	49,498.11	41,235.89
OBETZ	2.033515%	7.938564%	177,212.72	96,674.82	80,537.90
ORWELL	0.356148%	1.390352%	31,036.85	16,931.53	14,105.32
PAULDING	0.718675%	2.805611%	62,629.68	34,166.37	28,463.31
PHILLIPSBURG	0.112055%	0.437447%	9,765.12	5,327.17	4,437.95
PITSBURG	0.086765%	0.338719%	7,561.24	4,124.88	3,436.36
PRAIRIE OBETZ JEDZ	0.594980%	2.322720%	51,850.11	28,285.79	23,564.32
RIVERSIDE	3.385402%	13.216146%	295,024.19	160,944.53	134,079.66
ROCK CREEK	0.119730%	0.467409%	10,433.99	5,692.05	4,741.94
RUSSELLS POINT	0.311083%	1.214424%	27,109.60	14,789.10	12,320.50
SEVILLE	0.850929%	3.321909%	74,155.02	40,453.78	33,701.24
SHREVE	0.270328%	1.055324%	23,558.01	12,851.60	10,706.41
SOMERSET	0.095841%	0.374149%	8,352.13	4,556.34	3,795.79
SOUTH RUSSELL	1.165442%	4.549724%	101,563.56	55,405.96	46,157.60
SPRINGFIELD	0.000000%	0.000000%	106.25		106.25
TROTWOOD	0.000000%	0.000000%	150.00		150.00
UNION	1.144105%	4.466431%	99,704.18	54,391.62	45,312.56
VILLAGE OF OAKWOOD	0.112486%	0.439128%	9,802.67	5,347.65	4,455.02
WAYNESFIELD	0.135593%	0.529341%	11,816.47	6,446.24	5,370.23
WARREN	0.000000%	0.000000%	62.50		62.50
WEST MILTON	1.006345%	3.928635%	87,698.98	47,842.42	39,856.56
TOTAL	100.000000%	100.000000%	$ 10,675,045.76	$ 1,217,787.20	$ 9,457,258.56

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF INCOME TAXES RECEIVABLE
FOR YEAR ENDED DECEMBER 31, 2023

AKRON	$	50.00
BURTON		196,667.25
CLAYTON		1,680,199.06
CLEVELAND		78,281,975.84
DALTON		307,059.44
ELIDA		185,279.02
GENEVA-ON-THE-LAKE		83,290.96
GERMANTOWN		680,109.15
GRAND RAPIDS		90,175.40
GRAND RIVER		68,010.88
HIGHLAND HILLS		372,918.07
LINNDALE		11,049.48
MARBLE CLIFF		337,881.37
MENTOR-ON-THE-LAKE		444,674.59
MONTPELIER		478,757.02
MUNROE FALLS		618,065.38
NEW CARLISLE		605,513.41
NEW MADISON		39,277.76
NEW MIAMI		69,578.60
NEW PARIS		93,328.40
NORTH BALTIMORE		383,308.64
NORTH RANDALL		1,327,497.14
OBETZ		2,363,753.33
ORWELL		220,781.91
PAULDING		346,574.41
PHILLIPSBURG		33,521.20
PITSBURG		52,333.98
PRAIRIE OBETZ		500,909.97
RIVERSIDE		2,539,538.23
ROCK CREEK		35,780.52
RUSSELLS POINT		100,394.13
SEVILLE		514,492.42
SHREVE		107,036.82
SOMERSET		54,072.28
SOUTH RUSSELL		847,467.45
SPRINGFIELD		50.00
TROTWOOD		100.00
UNION		661,840.81
VILLAGE OF OAKWOOD		32,657.51
WAYNESFIELD		42,527.32
WEST MILTON		584,666.90
TOTAL	$	95,393,166.05

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 7/16/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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