CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF CLEVELAND, OHIO

CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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Members of Council
City of Cleveland
601 Lakeside Avenue
Cleveland, Ohio 44114

We have reviewed the *Independent Auditors' Report* of the City of Cleveland, Cuyahoga County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Cleveland is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 06, 2021

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Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture				
Direct Programs:				
GLRI Mitigation Emerald Ash Borer	10.664			74,691
Subtotal			-	74,691
Total Department of Agriculture			-	74,691
Department of Health and Human Services				
Direct Programs:				
Healthy Start Initiative Yr 19	93.926		185,080	336,022
Healthy Start Initiative Yr 20	93.926		286,977	628,483
Subtotal			472,057	964,505
Substance Abuse and Mental Health Services Administration	93.243			68,890
Subtotal			-	68,890
Pass-Through Programs:				
Cuyahoga County District Board of Health:				
Public Health Emergency Preparedness 2020	93.069	18-100-12-PH-1120		101,833
Public Health Emergency Preparedness 2020-2021	93.069	18-100-12-PH-1221		38,590
Ohio Department of Health:				
City Readiness Initiative 2021	93.069	18-200-12-PH-1221		66,757
Subtotal			-	207,180
Public Health Emergency Preparedness 2019	93.074	18-200-12-PH-1019		13
City Readiness Initiative 2019	93.074	18-200-12-PH-1019		7,982
City Readiness Initiative 2020	93.074	18-200-12-PH-1120		75,092
Subtotal			-	83,087
Family Planning Services Title X FY 2020	93.217	18-200-11-RH-0620	18,416	273,715
Family Planning Services Title X FY 2021	93.217	18-200-11-RH-0721	63,910	348,418
Subtotal			82,326	622,133
COVID-19 Coronavirus Response	93.354	18-200-12-CO-0120		206,309
Subtotal			-	206,309
Maternal and Child Health Services Title X FY 2020	93.994	18-200-11-RH-0620	3,683	54,743
Maternal and Child Health Services Title X FY 2021	93.994	18-200-11-RH-0721	10,780	58,769
Subtotal			14,463	113,512
HIV Prevention 2019	93.940	18-200-12-HP-1219	164,908	206,989
Subtotal			164,908	206,989
Sexually Transmitted Diseases Control Program 2019	93.977	18-200-12-ST-1119		46,321
Subtotal			-	46,321
Western Reserve Area Agency on Aging (WRAAA):				
WRAAA OAA/ADRN/Supporting Services Project 2019	93.044			15,905
WRAAA ADRN 2020	93.044			310,469
Subtotal			-	326,374
WRAAA MIPPA 2020	93.071	20-01OHMIAA-00 & 20-01OHMIDR-00		8,269
Subtotal			-	8,269
WRAAA HEAP Outreach Program FY 2020	93.568	21-HA-156		16,105
Subtotal			-	16,105
Cuyahoga County:				
Temporary Assistance to Needy Families	93.558	AG1400113		64,281
Subtotal			-	64,281
Total Department of Health and Human Services			733,754	2,933,955

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing & Urban Development				
Direct Programs:				
CDBG Yr 39	14.218		27,927	30,147
CDBG Yr 40	14.218		147,552	1,156,227
CDBG Yr 41	14.218		114,042	169,797
CDBG Yr 42	14.218		15,266	178,379
CDBG Yr 43	14.218		784,358	1,018,684
CDBG Yr 44	14.218		640,783	1,706,659
CDBG Yr 45	14.218		6,123,009	12,455,038
CDBG Yr 46	14.218		1,906,952	3,701,308
Neighborhood Stabilization Program 3	14.218			119
COVID-19 CARES Act CDBG 2020	14.218		1,230,730	1,230,730
Subtotal - CDBG Entitlement Grants Cluster			10,990,619	21,647,088
HOME Investment Partnerships Program 2015	14.239		616,798	673,614
HOME Investment Partnerships Program 2016	14.239		771,517	881,063
HOME Investment Partnerships Program 2017	14.239		1,716,782	1,716,782
HOME Investment Partnerships Program 2018	14.239		540,000	569,272
HOME Investment Partnerships Program 2019	14.239		1,080,000	1,358,634
HOME Investment Partnerships Program 2020	14.239			1,611
Subtotal			4,725,097	5,200,976
Emergency Shelter Grants Program 2018	14.231		560,959	565,380
Emergency Shelter Grants Program 2019	14.231		1,303,149	1,306,839
COVID-19 CARES Act Emergency Shelter Grants Program 2020	14.231		64,774	64,774
Subtotal			1,928,882	1,936,993
Housing Opportunities for Persons With AIDS 2014	14.241		43,879	43,879
Housing Opportunities for Persons With AIDS 2017	14.241		98,315	101,533
Housing Opportunities for Persons With AIDS 2018	14.241		132,911	135,946
Housing Opportunities for Persons With AIDS 2019	14.241		345,567	348,126
Subtotal			620,672	629,484
Lead-Based Paint Hazard Control in Privately-Owned Housing 2020	14.900		17,865	176,743
Subtotal			17,865	176,743
Lead-Based Paint Hazard Control in Privately-Owned Housing 2019	14.905		82,576	1,105,359
Subtotal			82,576	1,105,359
Pass-Through Program:				
Ohio Department of Development:				
Neighborhood Stabilization Program - State	14.228	AZ082641		187
Subtotal			-	187
Total Department of Housing & Urban Development			18,365,711	30,696,830
Department of Justice				
Direct Programs:				
Greater Cleveland Drug Court - Men's Treatment	16.585			18,375
Recovery Project II	16.585			217
Subtotal			-	18,592
Cleveland Improving Criminal Justice Response Project	16.590			188,458
Subtotal			-	188,458
Public Safety Partnership and Community Policing Grants:				
Cleveland Universal Hiring II 2015	16.710			499,275
FY19 Law Enforcement Mental Health and Wellness Act	16.710			3,554
Subtotal			-	502,829

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Justice (Continued)				
Direct Programs: **(continued)**				
2018-Edward Byrne Crime Justice Innovation	16.817		105,866	105,866
Subtotal			105,866	105,866
Crime Victim Assistance	16.582			91,356
Subtotal			-	91,356
FY 2017 Sexual Assault Kit	16.833		316,286	316,286
Subtotal			316,286	316,286
2017-Edward Byrne Memorial-JAG	16.738		114,232	257,560
2018-Edward Byrne Memorial-JAG	16.738		116,896	347,958
2019-Edward Byrne Memorial-JAG	16.738		147,668	149,620
Subtotal			378,796	755,138
COVID-19 BJA FY 20 Coronavirus Emergency Supplemental Funding Program	16.034			1,210,880
Pass-Through Programs:				
Ohio Department of Public Safety:				
COVID-19 2020 Coronavirus Emergency Supplemental Funding Program	16.034	2020-CE-CTF-2089		15,728
Subtotal			-	1,226,608
2018-Edward Byrne Memorial JAG-NOLETF	16.738	2018-JG-A01-6444		16,555
2019-Edward Byrne Memorial JAG-NOLETF	16.738	2019-JG-A01-6444		49,329
Subtotal			-	65,884
State of Ohio - Office of Criminal Justice Services:				
Equitable Sharing Program - Asset Forfeiture Program	16.922			36,212
Subtotal			-	36,212
Cuyahoga County:				
VAWA Team Approach 2019 Law	16.588	2019-VP-VA2-V041		90,725
VAWA Team Approach 2017 Safety	16.588	2017-VP-VA2-V042		370
VAWA Team Approach 2019 Safety	16.588	2019-VP-VA2-V042		90,984
FY 2018 VAWA Sexual Assault	16.588	2018-VP-VA2-V045	11,988	11,988
Subtotal			11,988	194,067
Total Department of Justice			812,936	3,501,296
Department of Commerce				
Direct Programs:				
COVID-19 CARES Act - Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Awards	11.307			444,914
Pass-Through Programs:				
Ohio Department of Jobs and Family Services:				
U S Department of Commerce, Economic Development Administration:				
Revolving Loan Fund Grant - Economic Adjustment Assistance	11.307	See Footnote 1		3,272,068
Subtotal			-	3,716,982
Total Department of Commerce			-	3,716,982
Department of Labor				
Pass-Through Programs:				
Cuyahoga County:				
WIOA Adult Program	17.258	G-2021-15-0012		416,344
Subtotal			-	416,344
WIOA Youth Program	17.259	G-2021-15-0012		303,641
Subtotal			-	303,641
WIOA Dislocated Worker Program	17.278	G-2021-15-0012		110,616
Subtotal			-	110,616
Subtotal - WIOA Cluster			-	830,601

(Continued)

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Labor (Continued)				
Pass-Through Programs: **(continued)**				
Cuyahoga County: **(continued)**				
WIOA National Dislocated Worker Grants	17.277	DW-32582-18-60-A-42		8,264
Subtotal			-	8,264
Employment Service/Wagner-Peyser Funded Activities	17.207	G-2021-15-0012		113,053
Subtotal			-	113,053
Local Veterans' Employment Representative Program	17.245	G-2021-15-0012		35,329
Subtotal			-	35,329
Total Department of Labor			-	987,247
Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106			17,252,012
COVID-19 CARES Act - CLE	20.106			38,067,812
COVID-19 CARES Act - BLK	20.106			157,000
Subtotal			-	55,476,824
Pass-Through Programs:				
Ohio Department of Transportation & Northeast Ohio Area Coordinating Agency:				
Federal NOACA Vision for the Valley	20.205	PID100035		29,891
Subtotal			-	29,891
University Hospitals:				
Impaired Driving Enforcement Program 2019	20.616	OVI-2019-University Hospitals Clev-00005		3,668
Subtotal			-	3,668
Ohio Department of Public Safety:				
National Priority Safety Programs 2020	20.616	DDEP-2020-Cleveland Police Departme-00050		409
Subtotal			-	409
Selective Traffic Enforcement Program 2020	20.600	STEP-2020-Cleveland Police Departme-00080		4,088
Subtotal			-	4,088
Subtotal - Highway Safety Cluster			-	8,165
Impaired Driving Enforcement Program 2020	20.608	IDEP-2020-Cleveland Police Departme-00080		7,001
Subtotal			-	7,001
Total Department of Transportation			-	55,521,881
Department of Environmental Protection Agency				
Pass-Through Programs:				
Ohio Environmental Protection Agency:				
Air Pollution Control Program Support 2020	66.001	EPAFFG20		476,716
Air Pollution Control Program Support 2021	66.001	EPAFFG20		68,872
Subtotal			-	545,588
Air Pollution Control Program Support 2019	66.034	EPAFPM18		153,298
Air Pollution Control Program Support 2020	66.034	EPAFPM20		129,418
Subtotal			-	282,716
Ohio Water Development Authority:				
OWDA E. 185th & Marcella Road	66.458	8350		8,022,778
Subtotal			-	8,022,778
Total Department of Environmental Protection Agency			-	8,851,082

(Continued)

CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2020

Federal Grant/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Federal Expenditures
Department of Homeland Security				
Direct Programs:				
FY17 Port Security Grant	97.056			359,995
Subtotal			-	359,995
Assistance to Firefighters 2019	97.044			17,284
Subtotal			-	17,284
Bio-Watch Program 2019	97.091			149,432
Bio-Watch Program 2020	97.091			182,088
Subtotal			-	331,520
Pass-Through Program:				
Cuyahoga County Department of Justice Affairs:				
Urban Area Security Initiative 2016	97.067	EMW-2016-SS-00104-S01		7,825
Subtotal			-	7,825
Total Department of Homeland Security			-	716,624
Department of the Interior				
Pass-Through Programs:				
Ohio History Connection:				
Midtown Historic Disctric	15.904	OH-19-10012		25,000
Subtotal			-	25,000
Total Department of the Interior			-	25,000
Department of the Treasury				
Direct Programs:				
COVID-19 2020 Remote Technology Grant Opportunity	21.019			23,632
Pass-Through Programs:				
State of Ohio Office of Budget and Management:				
COVID-19 Coronavirus Relief Fund Round *#1*	21.019			31,348,942
COVID-19 Coronavirus Relief Fund Round *#2*	21.019			15,674,471
COVID-19 Coronavirus Relief Fund Round *#3*	21.019			13,729,943
COVID-19 Coronavirus Relief Fund Round *#4*	21.019			29,339
COVID-19 Coronavirus Response Supplemental	21.019	18-200-12-CO-0121		13,191
COVID-19 Contact Tracing	21.019	18-200-12-CT-0120		276,443
Subtotal			-	61,095,961
Total Department of the Treasury			-	61,095,961
Grand Total			19,912,401	168,121,549

(Concluded)

CITY OF CLEVELAND
CUYAHOGA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Cleveland (the "City") and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Grant Guidance.

Footnote 1: Revolving Loan Fund

Activity in the Economic Adjustment Assistance, CFDA 11.307 revolving loan fund during 2020:

Beginning loans receivable balance as of January 1, 2020	$969,478
Loans made during 2020	673,104
Loan principal repaid on loans issued prior to 2020	(125,897)
Loan write off 2020	(161,396)
Ending loans receivable balance as of December 31, 2020	$1,355,289

Cash balance on hand in the revolving loan fund as of December 31, 2020	
Cash balance, unobligated	$2,001,056
Revolving loan committed but not disbursed	279,286
Total unobligated cash and committed but not disbursed cash	2,280,342
Total value of revolving loan portion of the EDA 11.307 program	3,635,631
Less: City's matching share	(363,563)
Total federal value of revolving loan portion as of December 31, 2020	$3,272,068

Binkowsky-Dougherty Distribution, LLC	7,065
Cleanlife Energy, LLC	38,453
Cleveland Whiskey, LLC	75,710
Hansa Import House Co.	9,703
Evergreen Real Estate Corporation	123,134
Green City Growers Cooperative	121,913
TBS Ohio, LLC	57,998
Tremont Athletic Club, LLC	53,554
SIFCO Industries, LLC	194,655
Emergency Working Capital Loan E.D.A Program	673,104
Total	$1,355,289

Footnote 2: Subrecipients

The City passes certain federal awards received to other governments or not-for-profit agencies (subrecipients). The City reports expenditures of Federal awards to subrecipients when paid in cash.

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

Footnote 3: Indirect Cost Rates

The City has elected to not use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) costs.

Footnote 4: 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 expenditures of non-Federal matching funds.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

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, 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, Ohio ("City") as of and for the year ended December 31, 2020 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 24, 2021.

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 entity'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 may exist that have not been identified.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio

June 24, 2021

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Cleveland, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of compliance requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of finding and questioned costs as item 2020-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 that 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, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 24, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

CITY OF CLEVELAND, OHIO
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None
• Significant deficiency(ies) identified not considered to be material weaknesses?	None
Noncompliance material to the financial statements noted?	None

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None
• Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

- CFDA 16.034 – Coronavirus Emergency Supplemental Funding Program
- CFDA 21.019 – Coronavirus Relief Fund

Dollar threshold to distinguish between Type A and Type B Programs:	$3,000,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

2020-001 Coronavirus Emergency Supplemental Funding Program – Allowable Costs and Activities

CFDA #16.034
U.S. Department of Justice

Criteria: Uniform Guidance, 2 CFR 200.303, requires a non-Federal entity receiving federal awards to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition: During our testing we noted the internal controls over allowable costs and activities of payroll expenditures charged to the grant were not designed effectively to detect errors in hours worked or rates paid.

Context: Our test of controls over compliance with allowable costs and activities detected 9 out of 40 employee payrolls charged to the grant were based on hours and or rates that did not agree with what they were actually paid. While some of the errors resulted in the grant being undercharged, $93 out of $19,993 of payroll disbursements tested represents amounts improperly charged to the federal program.

Effect: The City did not establish and maintain effective internal control over compliance with the Federal award.

Cause: The City did not have a process in place for accumulating actual hours charged or amounts paid and did not reconcile the grant expenditure spreadsheet to the timekeeping or payroll systems.

Recommendation: We recommend the City implement a control process that ensures only actual hours worked and actual wages spent are charged to federal programs.

Views of Responsible Officials: See Corrective Action Plan.

City of Cleveland
Frank G. Jackson, Mayor

Department of Finance
601 Lakeside Avenue, Room 104
Cleveland, Ohio 44114-1081
216/664-2536
www.cleveland-oh.gov

CORRECTIVE ACTION PLAN

June 24, 2021

U.S. Department of Justice

City of Cleveland, Ohio respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm:

Clark Schaefer Hackett
One East Fourth Street, Suite 1200
Cincinnati, Ohio 45202

Audit period: December 31, 2020

The finding from the December 31, 2020 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

Findings—Federal Award Programs Audits
Significant Deficiency

2020-001: Coronavirus Emergency Supplemental Funding Program – Allowable Costs and Activities

Recommendation: It was recommended the City implement a control process that ensures only actual hours worked and actual wages spent are charged to the federal program.

Action Taken: We concur with the recommendation and will ensure the City reconciles all grant reporting and reimbursement requests with the timekeeping and payroll systems. This corrective action will be implemented immediately for all current and future grants.

If the U.S. Department of Justice has questions regarding this plan, please call Natasha Brandt, Manager of Internal Audit at 216-664-4157.

Sincerely,

Jim Gentile
Acting Finance Director

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CITY OF CLEVELAND, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2020

CITY OF CLEVELAND

Comprehensive Annual Financial Report

For the year ended December 31, 2020

Issued by the
Department of Finance

James E. Gentile, CPA
Acting Director

Lesly Camargo, CPA
Acting City Controller

CITY OF CLEVELAND, OHIO

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FOR THE YEAR ENDED DECEMBER 31, 2020

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June 24, 2021

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

Introduction

We are pleased to submit the Comprehensive Annual Financial Report of the City of Cleveland (the City) for the year ended December 31, 2020. 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 2020 activities. Our intention is to provide a clear, comprehensive and materially accurate overview of the City's financial position at the close of last year. The enclosed information has been designed to allow the reader to gain an understanding of the City's finances, including financial trends, financial instruments and fund performances. The City has complete responsibility for all information contained in this report.

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

The City's financial statements have been audited by Clark, Schaefer, Hackett & Co. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Clark, Schaefer, Hackett & Co. concluded, based upon its audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2020, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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

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

Structure of this Comprehensive Annual Financial Report

This Comprehensive Annual Financial Report is designed to assist the reader in understanding the City's finances. This Comprehensive Annual Financial Report 0consists 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 2011 through 2020.

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

Profile of the Government

The City

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

The City is included in the Cleveland-Elyria, OH Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lake, Lorain, Geauga and Medina counties. This MSA is the 34th largest of 384 Metropolitan Areas in the United States and the 2nd largest MSA in the State of Ohio.

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

City Government

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

The City's chief executive and administrative officer is the Mayor, elected by the voters for a four-year term. Frank G. Jackson was elected as Mayor of the City in November 2005 and began his first term on January 2, 2006. In November 2017, he was re-elected to a fourth term, which will make him the City's longest serving Mayor. Prior to assuming office as Mayor, Mr. Jackson served as a Ward 5 City Council member for 16 years and in 2002 was elected by the then 21-member City Council (Council) to serve as Council President. Under the Charter, the Mayor may veto any legislation passed by Council, but a veto may be overridden by a two-thirds vote of all members of the Council.

Legislative authority is currently vested in a 17-member Council. Council members serve four year terms and are elected from wards. The present terms of the Mayor and Council members expire on December 31, 2021. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades and other municipal functions. The presiding officer is the President of Council, elected by the Council members. Kevin J. Kelley was elected as President of Council in November 2013 and re-elected in November 2017. The Clerk of Council is appointed by Council. The Charter establishes certain administrative departments; the Council may establish divisions within departments or additional departments. The Mayor appoints all of the directors of the City's 12 departments.

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

Financial Reporting Entity

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

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

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

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 federal awards expenditures, findings and recommendations and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

Accounting and Financial Reporting

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

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

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

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

Budgeting Procedures

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

In November of 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2019. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (ARO) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. As required, the City has implemented GASB Statement No. 83 as of December 31, 2020.

In January of 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. As required, the City has implemented GASB Statement No. 84 as of December 31, 2020.

In March of 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, was issued. This Statement is effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. As required, the City has implemented GASB Statement No. 88 as of December 31, 2020.

In August of 2018, GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The City has determined that GASB Statement No. 90 has no impact on its financial statements as of December 31, 2020.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is shown on page 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 decreased 7.2% in 2020 as a result of the COVID-19 pandemic.

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

For 2020, the U.S. Bureau of Labor Statistics (BLS) indicates that the Cleveland area employment base continues to become more diversified. The following table summarizes the percentage of nonfarm employment in the Cleveland area by major industry.

Industry	Percent of Workforce	
Education and health services	19.17	%
Trade, transportation and utilities	18.16	
Professional and business services	14.38	
Government	12.82	
Manufacturing	11.82	
Leisure and hospitality	7.99	
Financial activities	6.53	
Mining, logging and construction	4.10	
Information	1.25	
Other Services	3.78	
	100.00	%

Current Projects and 2020 Accomplishments

The 2020 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 2020 programmatic goals and projects:

Department of Community Development

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

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

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

- Eleven affordable multi-family and scatter site projects with 232 units were completed in 2020. Included in these projects were Emerald X, a 60 unit permanent supportive housing project and Aspen Place, containing 41 units. In addition 14 vacant homes in the City were renovated by Habitat for Humanity.

- The commercial revitalization team completed 35 Storefront Renovation Program projects in 2020 which included 11 comprehensive building rehabilitations, 24 neighborhood business signs and seven downtown projects.

- The Department addressed lead hazards in 125 units through the Lead Hazard Reduction Grant.

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

Department of Building and Housing

- Inspected, condemned and razed over 779 structures.

- Initiated 1,015 court cases against negligent property owners.

- Issued 3,789 violation notices.

- Issued construction permits valued at $873,031,083 in new construction.

- Boarded and secured 1,134 vacant structures.

- Issued 628 condemnation violations.

Department of Economic Development

- The Department continued to access $10,000,000 in funding from JobsOhio for the environmental assessment and remediation of the Opportunity Corridor. The grants will help to create "shovel-ready" industrial development sites on land that is adjacent to the Opportunity Corridor, a $300 million investment connecting

Cleveland's University Circle to the I-490 Interchange. Almost 200 acres have been assessed and are positioned to begin remediation. The Opportunity Corridor will be home to the new Cleveland Police Headquarters and to a mixed-use housing and grocery development at E. 105th St. and Cedar Avenue.

- The Neighborhood Retail Assistance Program provided $250,000 of assistance for seven projects that leveraged over $3,100,000 of total project investment. Vacant storefronts are being replaced by restaurants, cafés and locally-owned retail shops. These small businesses will create 23 new jobs. A few of the loan recipients include Taps & Tails, Sauce the City, and Lily's Floral.

- Under the Vacant Property Initiative (VPI) Program, the City provided approximately $1,400,000 in assistance to six borrowers. The total project cost for these borrowers is approximately $75,000,000 and will create almost 275 new jobs. The borrowers included Cleveland Kitchen, 75 Public Square and Fathom SEO.

- Sherwin Williams and Cross-Country Mortgage announced their intent to grow their headquarters in Downtown Cleveland. Sherwin Williams announced its intent to build a $300,000,000 headquarters building on Public Square, where it will employ over 3,000 workers. Cross-Country Mortgage will invest over $50,000,000 in a new campus on Superior Avenue, bringing 700 workers into the City.

- The Mayor's Neighborhood Transformation Initiative began in the Glenville neighborhood. As a result of the efforts, the first of 26 new homes are under construction, and 40 senior residents have received assistance with stabilizing and improving their homes. The Glenville CircleNorth mixed-use building opened in the fall of 2019 with 67 residential units, a retail incubator with seven small businesses and a co-working space with enhanced programming to support start-up businesses. In 2020, investment continued into the Buckeye community, as well as continued investment in home renovation and commercial storefront.

Department of Public Health (CDPH)

- The Division of Environment investigated 4,030 citizen nuisance complaints and issued 191 tickets. Clean Cleveland inspections were suspended in 2020. Staff were routinely reassigned to support CDPH's COVID-19 response efforts including initial interviews and/or contact tracing.

- The Division of Health program, MomsFirst, served over 1,054 parents in 2020, conducted 270 home visits and made a total of 3,578 phone/virtual visits.

- Over 356,000 condoms were distributed through Community Solutions to non-profit and social service agencies in the surrounding Cleveland area. CDPH Health Clinics conducted 1,183 HIV tests in 2020.

- 221 childhood immunization, 59 HPV, 19 Hepatitis A vaccinations and 355 flu shots were administered in 2020. Over 3,100 patients were seen in the health centers.

- Vital statistics issued 30,449 birth certificates and 32,805 death certificates.

- The Division of Air Quality completed 89 asbestos inspections and reviewed 581 asbestos projects, issued 497 City air permits, renewed 48 Ohio EPA permits and issued 29 new Ohio EPA permits. The Division took 40 enforcement actions during the year.

- As part of the Department's responsibility to provide disease surveillance and emergency preparedness, epidemiologists investigated two Legionella, nine influenza and more than 26 COVID-19 outbreaks; participated in over eight functional and real world experiences exercises i.e. COVID-19 surveillance and Point of Dispensing (PODs) activations.

Department of Aging

- Provided core services to 7,124 unduplicated clients including both older adults and adults with disabilities.

- Secured approximately $669,000 in grants to support programs for seniors and adults with disabilities.

- 119 home repair jobs were completed in the 2nd year of the Age Friendly Home Investment Program for older adults and adults with disabilities.

- Utilized the City's Code Red Communication system to provide 46 different informational recorded calls to Cleveland seniors during the COVID-19 pandemic. 761,865 connections were made by live answer or voicemail and provided education and information to older adult residents.

- 35,000 masks to protect against COVID-19 were delivered to older adults and adults with disabilities by Aging staff.

- 21 Neighborhood Senior Walks were held, at least one in each ward, to provide opportunities for older adults to get active and to get access to health information including information about COVID-19.

The Office of Equal Opportunity (OEO)

- Under Codified Ordinance No. 123.08, OEO is the Citywide Prevailing Wage Coordinator. Since 2011, OEO has established itself as a convener and facilitator of standardized policies and procedures related to prevailing wage. The Prevailing Wage Coordinators informally report to the Director of OEO ensuring standardization in practices, policies and procedures. Additionally, the implementation of Labor Compliance Tracker (LCP) software has enhanced standardization and effectiveness through technology. As such the OEO, through the Director, will continue the role of convener and facilitator.

- OEO continues utilizing two compliance software systems, Business to Government Now (B2GNow) and LCP Tracker. Adoption of these technologies meets the Mayoral goal of efficiency through technology.

- Since 2013, OEO has maintained a registry of certified contractors. While there are many contractors listed in B2GNow, there are approximately 600 certified contractors listed in the system. The certification team continues to provide in-depth consultation to applicants, assisting them with certification and engaging contractors with doing business with the City. Additionally, the certification team provides business development and outreach to contractors through one-on-one meetings and sharing information regarding networking opportunities.

- As noted in 2019, OEO worked with Cleveland City Council to amend Section 187.14 of the Codified Ordinances of Cleveland, Ohio, 1976 (amended by Ordinance No. 532-13 and passed May 13, 2013) of the Small Contract Rotation Programs.

    - In 2020, OEO launched learning opportunities for the City's very small contractors. Along with our partners in the Division of Purchasing and Supplies and the Department of Public Works, the program was officially launched. Despite COVID-19, small contractors were able to attend nine classes on various topics impacting contractors, along with networking sessions with their peers. For the pilot program, contractors in the trades of electrical, flooring, painting and HVAC will be placed in a rotation as the City renovates its recreation centers.

Department of Public Works

- The Division of Recreation served 41,000 nutritious meals in 2020.

- Several Managers from the Division of Recreation completed a Leadership Training Course designed to enhance various leadership skills that can be conveyed to staff. The course was conducted by Dr. Dennis Kowalski owner and professor at Leadership and Learning Consultation, LLC.

- Managers in the Division of Recreation completed a training course for the upcoming Certified Park and Recreation Professional exam.

- The City of Cleveland Division of Recreation applied for a major grant to help supplement design cost associated with the 2020 $400,000 GO Bond sale to renovate the pond and deck at Camp Forbes. These improvements will stop the pond from leaking and provide aeration for future aquatic life.

- The Division of Recreation received a $9,000 grant from Ohio Department of Natural Resources (ODNR) through the Boating and Education program for new kayaks, safety vests and storage equipment at Camp Forbes.

- The Division of Recreation received a land and water conservation fund grant to replace the playground, safety surface and amenities at Estabrook Recreation Center.

- The Bureau of Cultural Arts developed a partnership with TV-20 to tape arts programming during the COVID-19 pandemic allowing both youth and adults to continue to explore their artistic nature.

- The Bureau of Cultural Arts developed a virtual Showagon for the community to enjoy, as well as a virtual playwriting program where youth developed a play virtually with the help of instructors.

- The Bureau of Cultural Arts developed a Grab and Go Arts, as well as Curbside Clay Pick-up where project instructions and materials were supplied to the community.

- In 2020, Highland Park Golf Course generated the most revenue from golf rounds in over a decade.

- The Division of Recreation sent staff door-to-door informing the community about COVID-19 facts and safety precautions.

- The Division of Park Maintenance performed 1,374 interments in 2020.

- The restoration of the archway and gate houses at Woodland Cemetery were completed.

- The Division of Park Maintenance, Greenhouse Section, grew, planted and cared for 6,000 annual flowers in Downtown City-owned flower beds and planters.

- The Division of Park Maintenance provided 87,041 service visits to 25,291 vacant properties.

- The Division of Park Maintenance performed 539 illegal dumpsite clean-ups.

- The Division of Park Maintenance completed 22 Playground Enhance projects and 38 Baseball Field Enhance projects.

- The Division of Park Maintenance took over landscape maintenance of the Shoreway from the Ohio Department of Transportation.

- 3,885 trees were trimmed.

- 976 trees were removed by in-house crews.

- 667 trees were removed by contractor (this covered Jan-Oct only).

- 1,924 trees were planted.

- The Division of Waste Collection processed 266,793 tons of solid waste and 1,278 tons of recyclable material in 2020.

- The Division of Motor Vehicle Maintenance (MVM), purchased 63 new vehicles, which include 50 police vehicles, 6 fire trucks, 4 EMS ambulances and 3 Chevy Bolt electric vehicles. Also two additional charging stations were installed at Willard garage for electric vehicles, with plans to install additional charging stations at various locations in Cleveland.

- New LED lighting was installed at various MVM repair garages.

- The MVM training department presented 27 in-house training classes, 1 off-site training with AC DELCO at TRI-C West, off-site recruitment at Cuyahoga Valley Career Center, outside training classes with Grapple Truck for Waste operators, 26 in-house and on-road classes for CDL training and testing, Automotive Technician testing for the Civil Service department and in-house safety training for Public Employment Risk Reduction Program (PERPP) / Health and Safety for MVM employees.

- The Division of Streets resurfaced 406,698 square yards of curb-to-curb projects.

- The Division of Traffic Engineering painted 345 miles of lane lines in 2020.

Department of Public Safety

- The CPD worked closely with the Cuyahoga County Prosecutor's Office to develop an electronic grand jury packet submission process. All detectives were trained and the program was fully implemented in 2020.

- The CPD converted to an electronic forfeiture packet process in 2020. This is a more efficient, streamlined process while also providing a much improved tracking system.

- The CPD implemented a Real Time Crime Center (RTCC). The RTCC will be the cornerstone of all active crime solving activities. Detectives have already utilized the assets RTCC can provide, resulting in the apprehension of several violent criminals.

- The CPD completed the electronic duty pilot program in 2020. The pilot program was so successful CPD actualized electronic duty reports Division-wide for basic patrol.

- Gunshot detecting technology was installed in the 4th District Mount Pleasant community and adjoining neighborhoods. This technology is able to detect the sound of gun fire immediately, alerting police for a quicker response. With this capability officers have a greater chance of catching the offender and providing medical assistance to victims of gun violence.

- In 2020, CFD went through the process of lowering their Insurance Services Offices (ISO) Rating, which scores fire departments on various criteria for a composite rating from 1-10 with 1 being the top rating. Through the dedication of all members, CFD hopes to reach the "Gold Standard" of an ISO Rating of 1 in 2021.

- CFD met the challenge of the Pandemic through enhanced Personal Protective Equipment and Protocols implemented to protect members and citizens while still providing excellent service to the community. Cleveland Fire Paramedics and EMT's have been administering COVID-19 vaccines and will continue to assist in those efforts moving forward in 2021.

- 2020 saw several improvements to Cleveland Fire Stations including new roofs at Stations 10, 11 and 23; new air conditioning units at Stations 1 and 4; facilities to accommodate female firefighters at Stations 11 and 1.

- CFD received several new apparatuses in 2020, which included six fire vehicles. Additionally, CFD has been awarded a $900,000 Port Security Grant toward the purchase of a new Fire Boat.

- In 2020, the Cleveland Fire Investigation Unit (FIU) added two members and underwent extensive training with the Ohio State Fire Marshal's Office on identifying the cause and origin of suspicious fires.

- The Fire Training Academy (FTA) saw numerous renovations in 2020, including a refurbished Training Tower and Burn Room.

- FTA Staff researched, built and validated a Firefighter Mile Course to conduct physical ability testing for the next cadet class and increase diversity within CFD. A class of 80 new Cadets is expected in 2021.

- In 2020, the Fire Prevention Bureau (FPB) increased State certification levels of Fire Inspectors, rebuilt permitting workflow to increase accountability and efficiency and made permitting information available to contractors and the public in real-time to ensure Fire Codes are being followed and enforced.
- Two new positions of Community Engagement/ Diversity were established in 2020.
- Fire Dispatch implemented new dispatching software and replaced all fire apparatus mobile data computers to provide important information to responding companies.
- CFD implemented a "Red Team" program to reduce paper usage for internal forms and communications and have been scanning Personnel and Medical Files for electronic storage.
- The Division of Emergency Medical Service (EMS) was significantly impacted by the coronavirus pandemic. Early in 2020, in preparation to ensure the safety of all personnel as well as the community we serve, EMS collaborated with and received guidance from the CDPH and hospital partners on the 2019 Novel Coronavirus and enhanced guidance for infection control. From the initial 9-1-1 call, callers were screened about exposure to the coronavirus and information was provided to the responding EMT's/Paramedics. The Cleveland EMS COVID-19 Playbook was developed to provide medical, administrative and operational guidelines on managing the coronavirus.
- As an integral part of managing the coronavirus and mitigating the community impact, EMS provided support to the CDPH during their planning and implementation of providing the coronavirus vaccine to the community.
- EMS graduated the first EMT Certification training class. The EMT Certification training program was the first initial certification training program provided by EMS, allowing the Division to hire non-certified persons, provide the EMT training, then after completion of the EMT Academy, the EMT's provide pre-hospital medical care to the community.
- EMS logistics section replaced/replenished over 430 First Aid Kits and 95 naloxone kits utilized by the CPD to provide life-saving first aid. The training of First Aid, CPR, choking, AED training was continued by the Division of Police.
- 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 Department of Public Safety continued its partnership with the MetroHealth System to provide Public Safety Medical Director services, which include Medical Director oversight for the EMS, CFD and CPD. The partnership expanded in 2018 with the addition of the EMS Fellowship, which provides training to the fellow in EMS Operations, Communications, Event Medicine, Disaster Medicine, Special Operations, Quality Improvement, Education, Critical Care Transport and EMS Administration. In 2020, Dr. Jennifer DeMarco graduated from the Fellowship program and another EMS Fellow, Dr. Eric Frantz, will start in 2021.
- The City continued their agreement with the Cuyahoga County Sheriff assuming all jail duties for the City of Cleveland. All City jail facilities have been closed and all arrests within the City of Cleveland are booked, processed and housed at the Cuyahoga County jail.
- The Office of Professional Standards and the Civilian Police Review Board are working closely with the DOJ and the monitoring team to ensure that citizen complaints involving sworn and civilian employees of the Division of Police are thoroughly investigated and resolved. New operating manuals for the Office of Professional Standards and the Civilian Police Review Board have been drafted and staffing levels have been increased to ensure complaints are investigated timely and resolved fairly and impartially. These changes have been implemented to build trust and accountability.

- The Division of Animal Care and Control (ACC) continued to provide service to residents and care for impounded animals while operating under COVID-19 restrictions.

- ACC began listing all impounded animals online to better serve owners virtually.

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

- ACC made all adoptions and owner reclaims by appointment only to limit capacity in the building and saw an increase in live outcomes, with a 93% Live Release Rate for dogs in 2020.

- ACC's CITY DOGS volunteer program continued to support quality enrichment for the dogs in our care.

- ACC's new non-profit partner, Friends of CITY DOGS Cleveland, had a successful year of fundraising despite COVID-19 restrictions and supported medical and enrichment needs for dogs in the kennel.

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

Department of Public Utilities

- The Division of Water services not only the City, but also 69 direct service communities, seven master meter communities and three emergency standby communities. They provide water to approximately 432,000 city and suburban accounts in the Cleveland metropolitan area. Of these 432,000 accounts, approximately 118,000 accounts were located within the City, accounting for 22.5% of the Division's metered sales revenue. The Division provides billing and payment services for the Northeast Ohio Regional Sewer District (NEORSD) and other communities. The major capital projects included suburban water main renewals, improvements of sedimentation basins at the Nottingham Water Treatment Plant, plant enhancement programs and back-up generators.

- The Division of Cleveland Public Power (CPP) provided approximately 74,000 residential, business and governmental customers in the City with reliable and affordable power in 2020. CPP sold approximately 1.528 billion Kilowatt hours (KWh) of electricity. In addition, they completed a software upgrade to transfer their accounts receivable module from Banner Financial Systems to Oracle's Customer Care & Billing (CC&B). The primary purpose of the upgrade was to achieve increased efficiencies within the Department of Public Utilities due to existing use of CC&B for both the Divisions of Water and Water Pollution Control. The major capital projects included the Southern Transmission Line construction, roof replacement at the Lake Road facility and auto transformers.

- The Division of Water Pollution Control maintains the local sanitary and storm water collection system within the City. The system is comprised of 1,444 miles of sewer lines, more than 44,000 catch basins and 12 pump/lift stations. In 2020, the Division's sewers transported 1,559,730 cubic feet (Mcf) of water. The major capital outlays were for rehabilitation of the East 185th and Marcella Road sewer lines, motor vehicles and additional sewer re-linings and installations.

Department of Port Control

- During 2020, Cleveland Hopkins International Airport (CLE) enplaned 2,059,668 passengers and had aircraft landed weight of 3,514,736,000 pounds.

- During 2020, CLE concessions developer Fraport (formerly AIRMAL) opened two new retailers; TUMI on Concourse C and Cleveland Mask on Concourse A.

- In 2020 in-terminal Concessions sales decreased by 64%, $20,026,026 compared to $55,838,253 in 2019. Airport Concessions Disadvantaged Business Enterprise (ACDBE) sales accounted for 54.3%, up from 50.9% in 2019.

- During 2020, CLE substantially completed the North Airfield Improvements Phase III Project. The project included work on Taxiways Alpha & Romeo, along with substantial storm water improvements.

- During 2020, CLE substantially completed the Storm Sewer Pumps Replacement Project. The project included roadway improvements to the Terminal Upper Road.

- During 2020, CLE substantially completed the Main Terminal Boiler Replacement Project. The project replaced six terminal boilers that were 49 years old. The new boilers replaced the aging infrastructure and will be significantly more energy efficient.

Department of Law

- Drafted approximately 320 contracts.

- Reviewed approximately 1,005 contracts for legal form and correctness.

- Prepared and processed 397 requests for legislation for introduction to City Council.

- Obtained 273 search warrants for Housing Court enforcement actions.

- Assisted Department of Building & Housing to obtain legal authorization for 376 demolitions of unsafe structures in the City.

- Prosecuted 1,002 criminal complaints in Housing Court for failing to comply with Building & Housing administrative orders at sites with code violations found at properties.

- Processed 483 claims for property damage and other losses.

- Represented the City in 41 liquor permit hearings and processed 113 liquor permit requests.

- The City's web-based records-request-system (GOVQA) processed 27,010 requests.

- Responded to 124 subpoenas for City records.

- Represented the City in 685 civil cases pending in various state and federal courts.

- Processed 1,042 citizen complaints in the Prosecutors' office.

- Issued 10,014 misdemeanor charges, of which 1,198 were domestic-violence misdemeanor charges.

- Issued 4,625 felony charges, of which 500 were domestic-violence felony charges.

- Addressed 1,173 operating vehicle impaired (OVI) charges.

- Addressed 22,347 traffic offense charges.

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

- Began 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. As part of this project, a director was hired to manage and provide guidance to the social-work trained trauma-informed care coaches to connect patrons of the centers to community-based resources and support services. Through this initiative hundreds of individuals received support and/or connections to resources/services.

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

- Began phase 1 of the development of standards and clear performance indicators for our Neighborhood Resource and Recreation Centers as a part of our effort to improve the quality of each center and ensure consistency relative to quality across all centers.

Office of Capital Projects

- Plan, design, manage and construct street and bridge capital improvement projects and develop funding strategies through the pursuit of grants and loans from various sources by completing construction on several projects including;

    - West 19th Place (Duck Island) (Carnegie to Smith)
    - Fulton Phase 2 (Lorain to Detroit)
    - East 116th Resurfacing from Miles to Union
    - East 100th Street (Euclid to Chester)
    - East 55th Street (Harvard to Broadway)
    - Lakeside Ave (East 26th Street to East 40th Street)
    - Hamilton Ave (East 40th Street to East 55th Street)
    - Safe Route to Schools Improvement

- In conjunction with the City's resurfacing program:

    - 1,317 American with Disability Act (ADA) ramps were installed.
    - 82 required inspections and inventory of bridges were completed.
    - The Office of Capital Projects inspected 1,752 roads, bridges, subdivisions and utility cut projects in the public right of way to ensure quality control.

- Further the City's neighborhood revitalization efforts through the implementation, construction and/or rehabilitation of City facilities and infrastructure in accordance with the Mayor's Capital Improvement Plan by completing the design or construction of several projects including construction of roof repairs or replacement at two recreation centers, three public safety facilities and mechanical improvements at two recreation centers. Other public facility improvements included:

    - Halloran Ice Rink
    - Music Hall Interior improvements
    - Fire Station Female Facilities PH I
    - Fire Training Tower Repairs
    - Oleatha Wilson Park
    - Glenview - MLK Park
    - Mark Tromba Park
    - Walter A Burkes Playground
    - Three baseball fields, four basketball/tennis courts and three playgrounds were resurfaced.

- Provided the City departments and other entities with assistance on real estate matters by:

    - Managing the Towpath Trail Project, including the ribbon cutting ceremony for Stage Three (Steelyard to Literary), Construction of Stage Four (Literary to Canal Basin) and Stage One (Harvard to Steelyard), funding and design of a Stage Four trailhead improvement project at Canal Basin Park.
    - Continued oversight of right-of-way and real estate matters for roads and bridge reconstruction projects; handled real estate transactions needed for various public works and private development projects; negotiated and completed leases or lease renewals with various entities; oversaw and coordinated real estate matters for the Cleveland Metropolitan School District's master facilities plan, the Cleveland Public Library facilities master plan, NEORSD Project Clean Lake infrastructure projects, NEORSD storm water management projects and various projects with the Cleveland Metroparks and City's Department of Public Utilities.

Office of Sustainability

- Hosted Mayor Jackson's 12th Annual Sustainable Cleveland Summit, held virtually due to COVID-19.

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

- Continued implementation of the Cleveland Tree Plan, including a focus on policy, governance of the Cleveland Tree Coalition and making progress on community-wide tree goals.

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

- Secured or managed the following grants:
    - $80,000 from the U.S. Forest Service to plant more than 150 trees in the Bellaire-Puritas and St. Clair-Superior neighborhoods;
    - $40,000 from the National Recreation and Parks Association to support community engagement efforts around Cleveland's 10-Minute walk goal to ensure that all Cleveland residents live within a half mile (or 10-minute walk) of a clean, safe, programmed park;
    - $475,000 from the Robert Wood Johnson Foundation to launch Circular Cleveland, a two-year initiative in partnership with Cleveland Neighborhood Progress to support a more local circular economy in Cleveland;
    - $150,000 from Partners for Places, Cleveland Foundation, Gund Foundation, and the United Black Fund to support the City's 100% clean electricity goal, with a focus on reducing energy burdens and improving quality of life for residents;
    - Technical assistance grant from the US Green Building Council to support Cleveland's LEED for Cities and Communities certification; and
    - Technical assistance from the Carbon Disclosure Project (CDP) for sustainable financing training.

- 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.

- Installed two dedicated Fleet Electric Vehicle Charging stations at the Willard Garage/City Hall and partnered with various City departments to purchase and roll-out three Electric Vehicles (EVs) for dedicated City fleet use.

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

- Completed the 2019-2020 Youth Sustainability Leadership Program.

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

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

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

- Completed a City-wide natural gas supply procurement for all municipal accounts.

- Featured in the American Council for an Energy-Efficient Economy (ACEEE) 2020 City Clean energy scorecard, ranking #29 out of 100 major US Cities.

- Supported the Northeast Ohio Areawide Coordinating Agency (NOACA) 2020 Commuter Choice Challenge and encouraged employee participation in the Gohio Commute online tracking platform.

2021 Budget

The City passed a balanced budget for fiscal year 2021 on March 15, 2021. During 2020, the City experienced significant budgetary challenges due to the COVID-19 impact and social unrest. The COVID-19 pandemic has had far reaching consequences beyond the spread of the disease itself and the efforts to quarantine. As a result of the pandemic our local economy has been severely adversely impacted by employee layoffs and business shut downs during 2020. As a result of the shutdown, our income and other taxes were significantly below our projections for 2020 by almost $60 million. This significant revenue shortfall was offset with federal funds for COVID-19 relief of $60 million in the General Fund. With the receipt of this federal funding, accompanied by our cost cutting measures, we did not have any reductions in workforce while still maintaining the same level of service. With the pandemic continuing into 2021, projected revenues and expenses are at reduced levels. Specifically revenues that are continuing to decline include income tax, admission tax, hotel tax, parking tax and licenses and permits. Declines in expenses are mainly attributed to not budgeting some of our non-critical vacant positions. Though 2021 is not structurally balanced where annual revenues are equal to or greater than annual appropriations, we have a balanced budget as a result of using our beginning balance.

The estimate of receipts and expenditures for all General Fund departments and divisions, per the 2021 budget are as follows:

- Total revenues and other financing sources are projected to be $636 million. The City's income tax is the largest source of revenue. It is generated by a 2.5% rate on wages for Cleveland residents and non-residents; the City is anticipating to collect $424 million in the General Fund in income tax for 2021.

- Total expenditures and other financing uses are estimated to increase from $651.2 million to $659.3 million. This modest increase is predominantly due to the hiring freeze in the preceding year, as well as the ratification of some collective bargaining agreements.

Long-Term financial planning:

Despite the impacts of 2020, the City is positioned for the future and will continue to make investments that create increased service to the citizens of Cleveland. The City has allocated $5 million from the General Fund to be used for the 2021 streets re-surfacing program, $5 million for the demolition program, $5 million to economic development to support programming for recovery and growth of Cleveland's small business community from the impact of COVID-19 and $5 million to community development for emergency rental and utility assistance.

During 2021, the Division of Police anticipates three classes, totaling 180 cadets. The Division of Fire anticipates two classes, totaling 100 cadets. And the Division of Emergency Medical Service anticipates two classes, totaling 40 cadets.

Additionally, we have created a new division in the Department of Public Health, the Division of Health, Equity and Social Justice. The role of this new division is to focus specifically on finding solutions to inequities and disparities caused by institutional racism. The pandemic highlighted the inequities that people face when finding jobs, accumulating wealth, accessing health care and obtaining a positive outcome.

Business Incentives and creating Economic Development

Note 20 – Tax Abatements are a requirement in the City's Comprehensive Annual Financial Report, 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 within the last ten years have leveraged over $2.0 billion in investment in the City. 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. In addition, TIF projects have resulted in the development of 1,387 hotel rooms in the City, helping to support the City's tourist and convention industries and generating bed and sales tax revenues.

An example of a successful use of TIF to support a redevelopment project is the relocation of Cross-Country Mortgage to Superior Avenue in Cleveland. They are proposing to redevelop a mixed-use campus including their corporate headquarters, with a mix of historic rehabilitation of multiple buildings and new construction. CCM proposes to invest approximately $37,500,000 in the development of its headquarters and an additional $18,000,000 in a multi-family development around the project site. This project will lead to the location of 700 jobs in the heart of the City within five years of the project being completed.

Department of Community Development

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

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

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

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

Monitoring Incentives:

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

The City of Cleveland pursuant to various sections (5709 and 3735) under the Ohio Revised Code, established a Housing Council. This Housing Council consists of seven members: two are appointed by the Mayor, one member is appointed by the Planning Commission, two members are appointed by City Council and two are appointed by the other members of the Housing Council. They serve three year terms. Their purpose is to look at the property conditions of the residential properties that have been granted CRA incentives.

Tax Abatement is available to both homeowners and developers. Work must be completed under a permit issued by the City of Cleveland Department of Building and Housing on property located in the City of Cleveland only. During Tax Year 2017, the length or term of abatement for existing abatements would vary from 10 to 15 years depending on the type of project. For tax abatements processed after August 8, 2017, pursuant to Ordinance # 244-17, passed May 22, 2017 and effective May 24, 2017, the term for all projects eligible for CRA tax abatement is 15 years, except for the 10-year extension available for certain conversions of historic apartment buildings into condominiums.

The Residential Property Tax Abatement Program aims to:

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

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

The GBS is designed to save homeowners money on utilities and support local green jobs, while also improving the health of the community and reducing our collective contribution to climate change. The GBS also creates direct benefits for developers and builders, including cost savings from efficient operation, a marketing advantage, and public recognition for high performance homes. Tax abatement has contributed to the development of 24,323 units of housing dating back to 1994. Since 2010 (the first year of the GBS) 4,730 GBS units were completed. In 2019, a total of 784 units met the GBS.

- Single family – 88 new constructions, 71 rehabs
- Multi-family – 461 new constructions, 164 rehabs

Major Initiatives

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

- *Art in Everything! a Cleveland Initiative* – Mayor Frank G. Jackson's Art in Everything Initiative invites residents of the City of Cleveland, as well as visitors, an opportunity to experience the rich artistic and cultural diversity of our City. The Art in Everything program includes but is not limited to: Annual Holiday and Cultural Parades, Cultural Heritage Month Celebrations, Beats & Eats, Food Truck Friday, Annual Children's Christmas play, Art Exhibits, Youth Performances of music and spoken word and the Mayor's Holiday Gala & Food Basket Give-Away.

- *Form Based Zoning a New Approach to Zoning* – The goal is an entirely new zoning code that embodies the Mayor's mantra of Health, Sustainability and Equity. This new approach to zoning is called Form-Based Code. The Cleveland Form-Based Code will be piloted in a few geographies to start - the City Planning Commission has identified sections of the Detroit Shoreway and Cudell neighborhoods as the first areas for implementation of this tool. Additional target areas will include the Opportunity Corridor and Hough area.

- *Thrive 105-93* – With grant funds from the US Department of Transportation (USDOT) Tiger program and its own matching contribution, the City of Cleveland set out to define a collective vision for the neighborhoods connected by the #10 bus route. This plan seeks to unite the aspirations of each community into a coordinated playbook that each can follow, work towards and benefit from. The plan identifies ways in which communities along route #10 can work together to attract new investment and foster a renewed spirit of entrepreneurship all while emphasizing their neighborhood's unique citizens, attributes, and history. The City is currently implementing the initiative and has obtained resources from State, Local and Federal sources to begin its construction and implementation.

- *Vision for the Valley* – The Vision for the Valley initiative symbolizes Mayor Frank Jackson's vision for "One Cleveland," linking east to west at the point where both sides of the City come together making Cleveland a seamless and more sustainable City.

Awards and Acknowledgements

The Independent Audit: The City Charter requires an annual audit of the financial statements of all accounts of the City by an Independent Certified Public Accountant. Accordingly, this year's audit was completed by Clark, Schaefer, Hackett & Co. The year ended December 31, 2020, represents the 40th consecutive year the City has prepared a Comprehensive Annual Financial Report. In addition to the independent auditors, the City maintains its own Internal Audit Division. Along with the duty of assisting the independent auditors, the Internal Audit Division is responsible for strengthening and reviewing the City's internal controls. The Internal Audit Division performs its own independent operational and financial audits of the City's many funds, departments and divisions. We believe that the City's internal control structure adequately safeguards its assets and provides reasonable assurance of proper recording of all financial transactions.

Government Finance Officers Association (GFOA) Certificate of Achievement Award: The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. 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 Comprehensive Annual Financial Report, the contents of which conform to program standards. Such Comprehensive Annual Financial Reports 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 36 years (years ended 1984 – 2019). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

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

Very truly yours,

James E. Gentile, CPA, Acting Director
Department of Finance

Lesly Camargo, CPA
Acting City Controller

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CITY OF CLEVELAND, OHIO

City Officials

Frank G. Jackson, Mayor

EXECUTIVE STAFF

Sharon Dumas	Interim Chief of Staff
Darnell Brown	Chief Operating Officer
Valarie J. McCall	Chief of Communications, Government & International Affairs
Monyka Price, Ph.D.	Chief of Education
Jason Woods	Chief of Sustainability
Edward W. Rybka	Chief of Regional Development
Tracy Martin-Thompson	Chief of Prevention, Intervention and Opportunity for Youth and Young Adults
Barbara Langhenry	Director, Department of Law
Karrie D. Howard	Director, Department of Public Safety

ADMINISTRATION

Mary McNamara	Director, Department of Aging
Ayonna Blue Donald	Director, Department of Building and Housing
Freddy L. Collier, Jr.	Director, City Planning Commission
Michael Spreng	Secretary, Civil Service Commission
Michiel Wackers.	Director, Department of Community Development
Grady Stevenson, Jr.	Director, Community Relations Board
David Ebersole	Director, Department of Economic Development
James Gentile	Interim Director, Department of Finance
Nycole West	Director, Department of Human Resources
Matthew L. Spronz	Director, Mayor's Office of Capital Projects
Michael Curry.	Interim Director, Office of Equal Opportunity
Sabra T. Pierce-Scott	Director, Mayor's Office of Quality Control and Performance Management
Robert Kennedy.	Director, Department of Port Control
Brian Kimball	Acting Director, Department of Public Health
Martin J. Keane.	Director, Department of Public Utilities
Michael Cox	Director, Department of Public Works

CITY OF CLEVELAND, OHIO

City Council

Kevin J. Kelley	President of Council / Ward 13
Blaine A. Griffin	Majority Leader / Ward 6
Jasmin Santana	Majority Whip / Ward 14
Patricia J. Britt	City Clerk, Clerk of Council
Joseph T. Jones	Ward 1
Kevin L. Bishop	Ward 2
Kerry McCormack	Ward 3
Marion Anita Gardner, Interim.	Ward 4
Delores L. Gray	Ward 5
Basheer S. Jones	Ward 7
Michael D. Polensek	Ward 8
Kevin Conwell	Ward 9
Anthony T. Hairston	Ward 10
Brian Mooney	Ward 11
Anthony Brancatelli	Ward 12
Jenny Spencer	Ward 15
Brian Kazy	Ward 16
Charles Slife	Ward 17

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

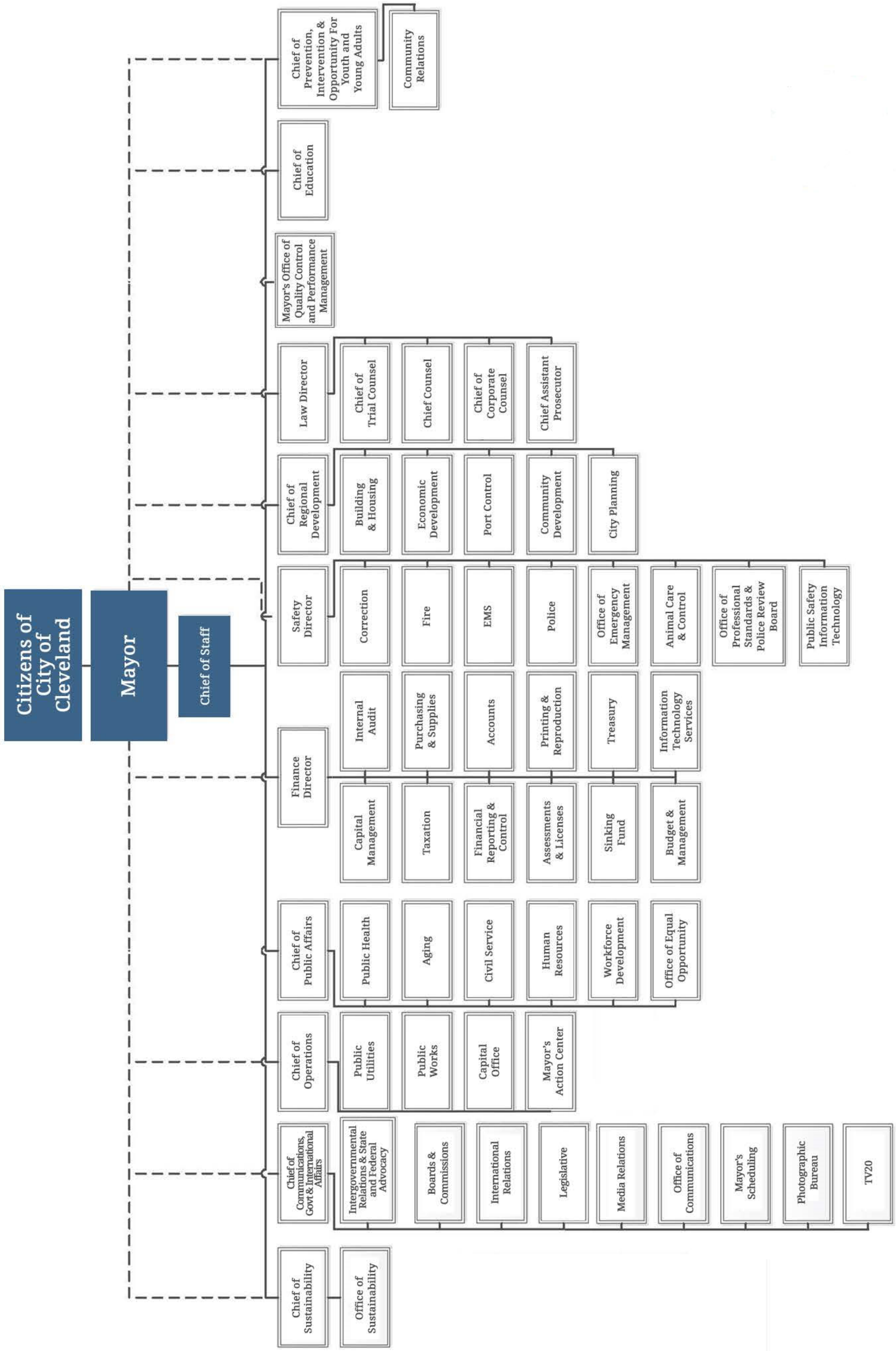
City of Cleveland
Ohio

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

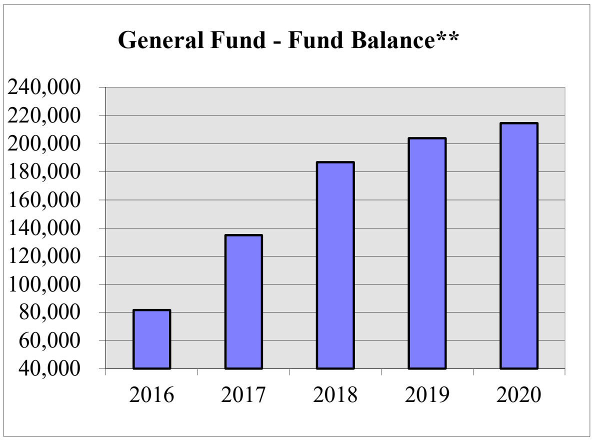
Executive Director/CEO

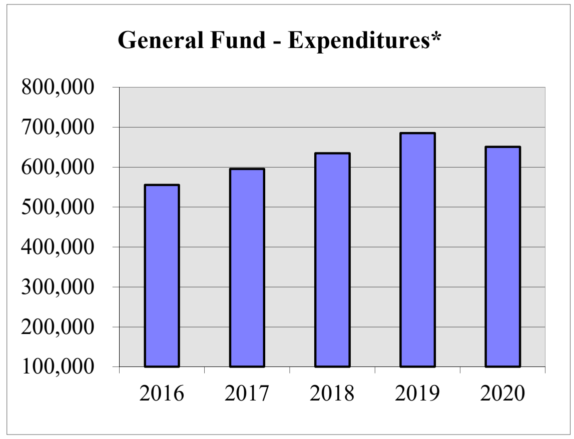


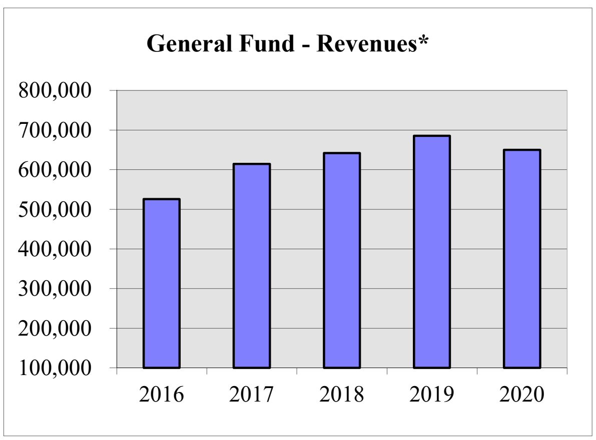
Citizens of City of Cleveland
Mayor
Chief of Staff
Chief of Sustainability
Office of Sustainability
Chief of Communications, Govt & International Affairs
Intergovernmental Relations & State and Federal Advocacy
Boards & Commissions
International Relations
Legislative
Media Relations
Office of Communications
Mayor's Scheduling
Photographic Bureau
TV20
Chief of Operations
Public Utilities
Public Works
Capital Office
Mayor's Action Center
Chief of Public Affairs
Public Health
Aging
Civil Service
Human Resources
Workforce Development
Office of Equal Opportunity
Finance Director
Capital Management
Taxation
Financial Reporting & Control
Assessments & Licenses
Sinking Fund
Budget & Management
Internal Audit
Purchasing & Supplies
Accounts
Printing & Reproduction
Treasury
Information Technology Services
Safety Director
Correction
Fire
EMS
Police
Office of Emergency Management
Animal Care & Control
Office of Professional Standards & Police Review Board
Public Safety Information Technology
Chief of Regional Development
Building & Housing
Economic Development
Port Control
Community Development
City Planning
Law Director
Chief of Trial Counsel
Chief Counsel
Chief of Corporate Counsel
Chief Assistant Prosecutor
Mayor's Office of Quality Control and Performance Management
Chief of Education
Chief of Prevention, Intervention & Opportunity For Youth and Young Adults
Community Relations

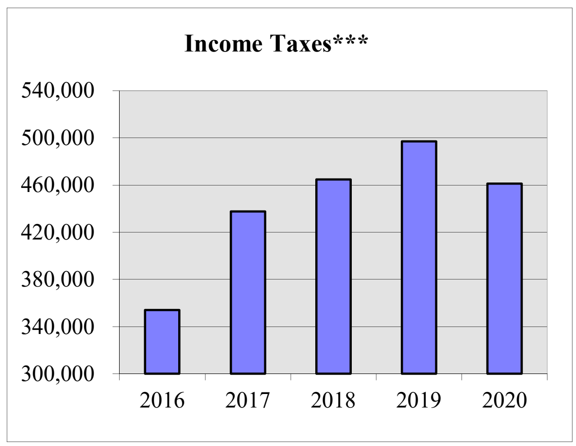
CITY OF CLEVELAND, OHIO

FINANCIAL HIGHLIGHTS
(Amounts in Thousands)









For Year Ended	General Fund Fund Balance**	General Fund Revenues*	General Fund Expenditures*	Income Taxes***
2016	81,722	526,199	555,470	354,151
2017	134,860	615,244	595,844	437,676
2018	186,909	642,595	634,937	464,803
2019	203,892	685,652	685,734	496,973
2020	214,554	650,167	651,252	461,362

* *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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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
P. 513.241.3111 | F. 513.241.1212

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Ohio (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Ohio, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

During the year ended December 31, 2020, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As a result of the implementation of GASB Statement No. 84, the City restated net position at January 1, 2020 for the change in accounting principle (See Note 21). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements and schedules and capital assets schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021 on our consideration of the City of Cleveland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Cleveland's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

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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, 2020. 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, 2020 by approximately $2.557 billion (net position).

- Of the approximately $2.557 billion of net position, governmental activities accounted for approximately $230.0 million of net position, while business-type activities net position accounted for approximately $2.327 billion.

- The City's net position increased by $24.2 million as compared to 2019. The governmental activities net position decreased by $23.3 million and the business-type activities net position increased by $47.5 million.

- At the end of the current year, unassigned fund balance for the General Fund was $121.9 million, which represents the amount available for spending at the City's discretion. The unassigned fund balance equals 21.3% of the total General Fund expenditures and other financing uses.

- In 2020, the City's total long-term debt and other long-term debt-related obligations, excluding premiums, accreted interest and discounts decreased by $88.9 million. The decrease is due to payments made on debt of $160.0 million offset by new debt issues for General Obligation bonds of $60.7 million and Subordinate Lien Income Tax bonds of $69.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 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 29 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 and the Public Health Fund, which are considered to be major funds. Data from the other 27 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 pages 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, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	(Amounts in Thousands)					
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	$ 1,092,901	$ 1,058,523	$ 1,214,566	$ 1,222,713	$ 2,307,467	$ 2,281,236
Capital assets	1,269,062	1,252,272	3,034,227	3,032,996	4,303,289	4,285,268
Total assets	2,361,963	2,310,795	4,248,793	4,255,709	6,610,756	6,566,504
Deferred outflows of resources	209,078	338,567	109,814	131,067	318,892	469,634
Liabilities:						
Net pension liability	734,725	929,193	158,395	224,015	893,120	1,153,208
Net OPEB liability	234,375	221,047	110,111	105,347	344,486	326,394
Long-term obligations	977,639	969,070	1,454,074	1,539,753	2,431,713	2,508,823
Other liabilities	159,545	161,408	251,200	234,350	410,745	395,758
Total liabilities	2,106,284	2,280,718	1,973,780	2,103,465	4,080,064	4,384,183
Deferred inflows of resources	234,751	115,294	57,627	3,617	292,378	118,911
Net position:						
Net investment in capital assets	722,806	722,633	1,724,704	1,633,097	2,447,510	2,355,730
Restricted	209,288	208,522	184,926	207,837	394,214	416,359
Unrestricted	(702,088)	(677,805)	417,570	438,760	(284,518)	(239,045)
Total net position	$ 230,006	$ 253,350	$ 2,327,200	$ 2,279,694	$ 2,557,206	$ 2,533,044

The net pension liability is reported by the City at December 31, 2020 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*. GASB Statement No. 75 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 deferred outflows of resources related to pension and OPEB.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability.

GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, 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 and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately $2.557 billion at the close of the most recent fiscal year. This represents an increase of 1.0% in 2020. Of the net position from governmental activities, $722.8 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, $209.3 million, represents resources that are subject to external restrictions on how they may be used.

In 2020, the total assets and deferred outflows of resources from governmental activities decreased by $78.3 million. This decrease is primarily attributed to a decrease in deferred outflow of resources of $129.5 million offset by an increase in cash and cash equivalents of $44.3 million. The decrease in deferred outflow of resources is related to investment returns exceeding expectations for pension. The increase in cash and cash equivalents largely relates to an increase in the Workers' Compensation Reserve Fund.

Also in 2020, the total liabilities and deferred inflows of resources from governmental activities decreased by $55.0 million. This was caused primarily due to a decrease in the pension liability offset by an increase in deferred inflows of resources related to pension. The decrease in pension liability is due to investment returns for pension exceeding expectations.

Of the business-type net position, $1.725 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 $184.9 million of net position is subject to external restrictions on their use. The remaining balance of $417.6 million is unrestricted and may be used to meet the City's ongoing obligations to customers and creditors.

In 2020, business-type total assets and deferred outflows of resources decreased by $28.2 million. This decrease is primarily attributed to a decrease in deferred outflows of resources related to pension of $43.9 million.

Business-type total liabilities and deferred inflows of resources decreased by $75.7 million mainly due to a decrease in long-term obligations due in more than one year of $79.5 million. Pension liability also decreased by $65.6 million. It was offset by an increase in deferred inflows of resources related to pension of $32.5 million and OPEB of $16.9 million. Due to other governments also increased by $13.8 million.

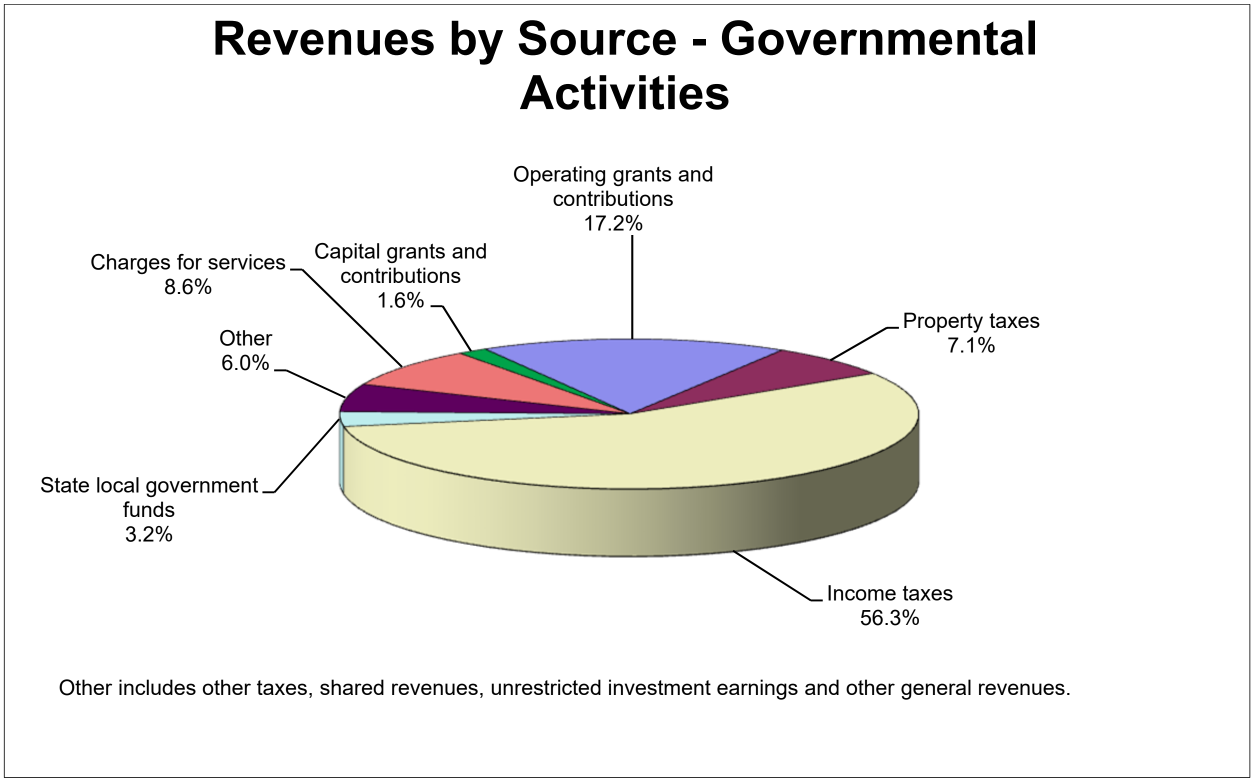
Information regarding government-wide changes in net position is provided below:

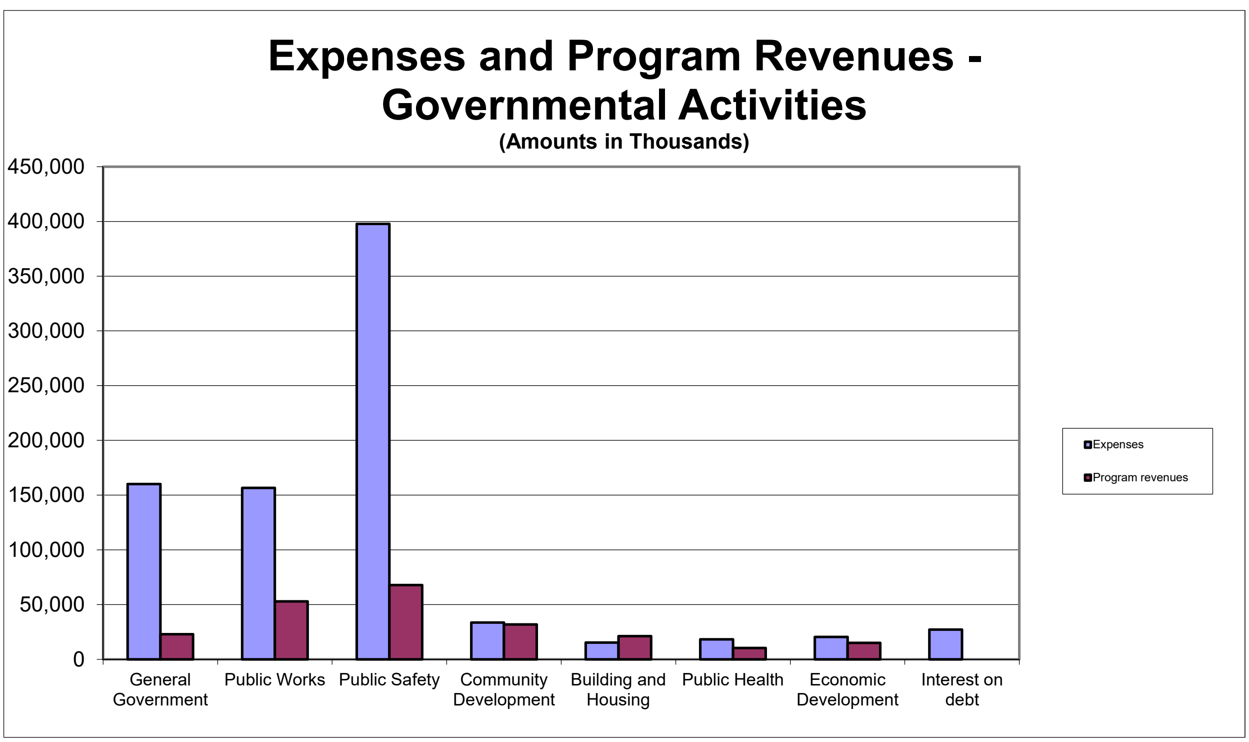
Changes in Net Position
For the Years Ended December 31, 2020 and 2019

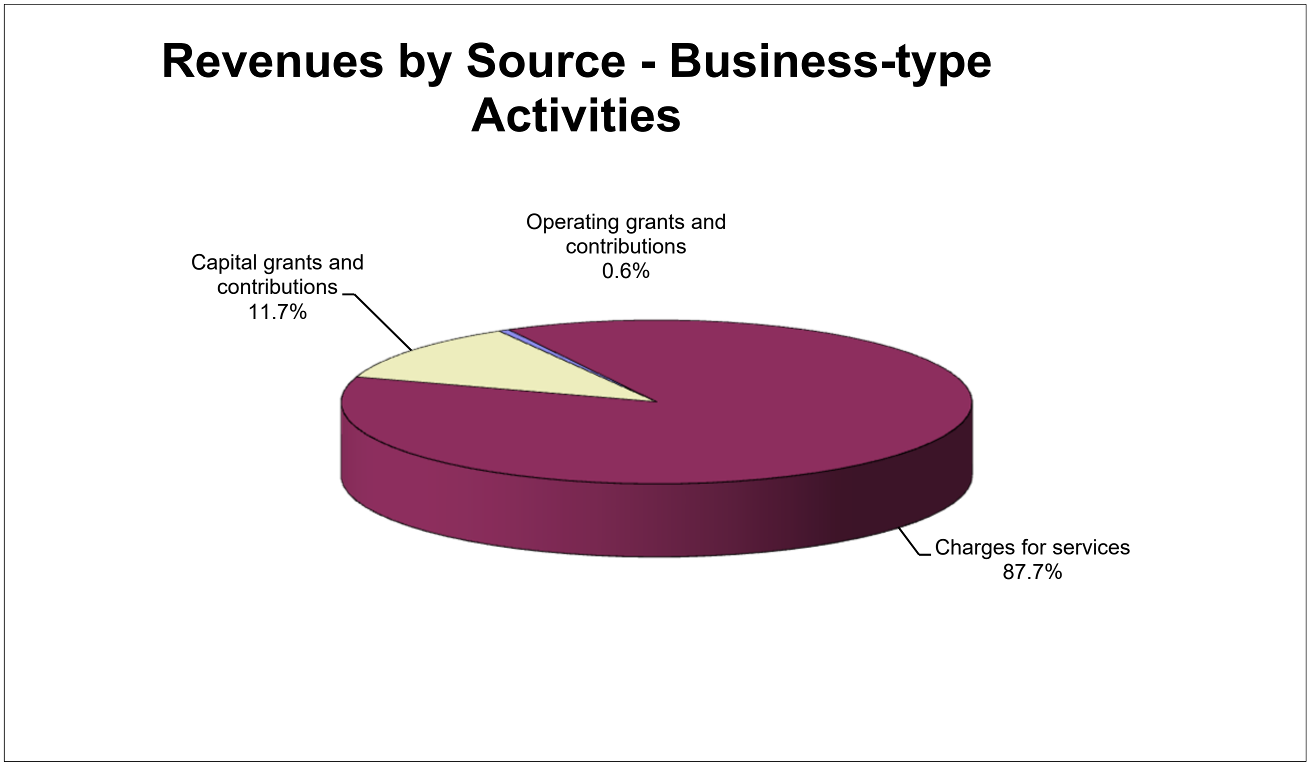
	Governmental Activities		Business-Type Activities		Total	
			(Amounts in Thousands)			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 69,935	$ 79,061	$ 660,085	$ 724,592	$ 730,020	$ 803,653
Operating grants and contributions	139,544	80,294	4,138	6,329	143,682	86,623
Capital grants and contributions	12,582	23,279	88,280	77,512	100,862	100,791
General revenues:						
Income taxes	458,943	487,077			458,943	487,077
Property taxes	57,955	58,252			57,955	58,252
Other taxes	16,349	44,633			16,349	44,633
Unrestricted shared revenues	15,556	20,894			15,556	20,894
State local government funds	25,936	26,658			25,936	26,658
Unrestricted investment earnings	3,827	14,997	11	26	3,838	15,023
Other	13,022	20,210	65	625	13,087	20,835
Total revenues	813,649	855,355	752,579	809,084	1,566,228	1,664,439
Expenses:						
General Government	160,148	191,388			160,148	191,388
Public Works	156,576	172,526			156,576	172,526
Public Safety	397,692	75,355			397,692	75,355
Community Development	33,643	31,523			33,643	31,523
Building and Housing	15,320	16,974			15,320	16,974
Public Health	18,321	21,269			18,321	21,269
Economic Development	20,454	28,428			20,454	28,428
Interest on debt	27,198	27,059			27,198	27,059
Water			300,180	316,588	300,180	316,588
Sewer			29,358	31,318	29,358	31,318
Electricity			199,950	220,883	199,950	220,883
Airport facilities			168,310	187,779	168,310	187,779
Nonmajor activities			14,916	17,834	14,916	17,834
Total expenses	829,352	564,522	712,714	774,402	1,542,066	1,338,924
Changes in net position before transfers	(15,703)	290,833	39,865	34,682	24,162	325,515
Transfers	(7,641)	(7,112)	7,641	7,112	-	-
Changes in net position	(23,344)	283,721	47,506	41,794	24,162	325,515
Beginning net position	253,350	(30,371)	2,279,694	2,237,900	2,533,044	2,207,529
Ending net position	$ 230,006	$ 253,350	$ 2,327,200	$ 2,279,694	$ 2,557,206	$ 2,533,044

Governmental activities decreased the City's net position by $23.3 million as compared to a $283.7 million increase in 2019. The decrease is primarily attributed to an increase in expenses for Public Safety of $322.3 million due to changes in assumption in the Ohio Police and Fire OPEB Plan in 2019. This was offset by an increase in revenues for operating grants and contributions of $59.3 million and a decrease in revenues for other taxes of $28.3 million. The increase in revenues for operating grants and contributions is related to the CARES grant received from the federal government. The decrease in revenues for other taxes is related to the significant decreases in admission, parking and hotel taxes due to the COVID-19 pandemic.

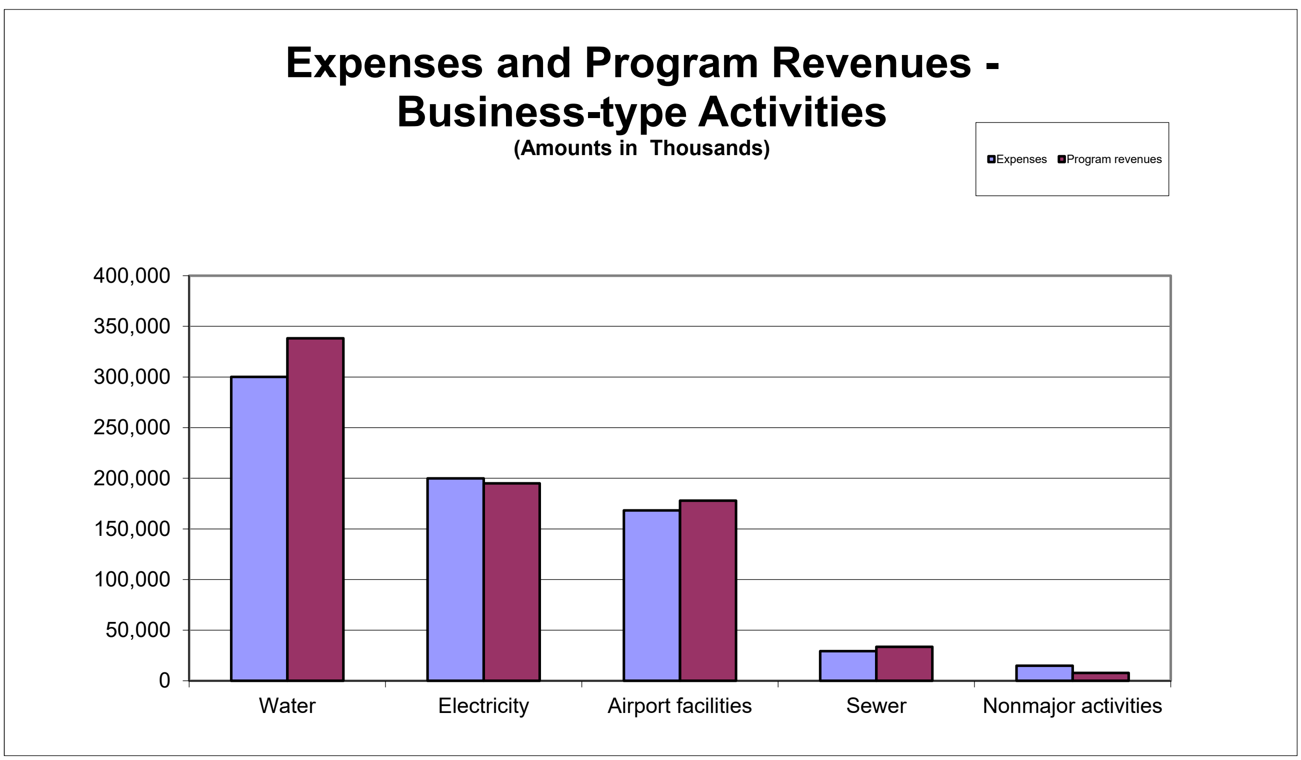
Business-type activities increased the City's net position by $47.5 million in 2020 compared to a $41.8 million increase in 2019. The change from the prior year is mainly attributed to a decrease of $16.4 million in expenses for Division of Water and $19.5 million for Division of Port Control. The decrease in expenses for Division of Water is due to a decrease in maintenance expenses from fewer repairs of water meters, hydrants, connectors and valves. The decrease in expenses for Division of Port Control is related to a decrease in operating expenses such as utilities, professional fees, training, supplies, salary, wages and benefits due to the COVID-19 pandemic. This was offset by a decrease of $45.3 million in charges for services for Division of Port Control due to the decline in air travel. Expenses for the Division of Cleveland Public Power also decreased by $20.9 million mainly due to decreases in pension expense and telecommunication costs.


Revenues by Source - Governmental Activities
Operating grants and contributions 17.2%
Charges for services 8.6%
Capital grants and contributions 1.6%
Other 6.0%
Property taxes 7.1%
State local government funds 3.2%
Income taxes 56.3%
Other includes other taxes, shared revenues, unrestricted investment earnings and other general revenues.


Expenses and Program Revenues - Governmental Activities
(Amounts in Thousands)
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
General Government
Public Works
Public Safety
Community Development
Building and Housing
Public Health
Economic Development
Interest on debt
Expenses
Program revenues



Revenues by Source - Business-type Activities
Operating grants and contributions 0.6%
Capital grants and contributions 11.7%
Charges for services 87.7%



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

Business-type activities are principally accounted for in the City's Enterprise Funds. The City operates four major Enterprise Funds encompassing two airports, a water system, sewer system and an electric distribution system. The City also operates other Enterprise Funds consisting of cemeteries, a public auditorium, municipal parking lots and public market facilities. The City owns two golf courses, with one being managed and operated by an outside entity. The operating results of the City's Major Enterprise Funds are discussed below.

Division of Water: The Division operates a major public water supply system, the tenth largest in the United States that serves not only the City, but also sixty-nine direct service, seven master meter and three emergency standby suburban municipalities in the Cleveland Metropolitan Area. They provide water to approximately 432,000 city and suburban accounts in the Cleveland Metropolitan Area. Operating revenue in 2020 increased to $327.3 million from $320.2 million in 2019. The rise is primarily attributed to an increase in metered service revenue of $8.2 million as a result of a rate increase for the City and suburbs. This was offset by a decrease in ancillary revenue. Operating expenses, exclusive of depreciation, decreased approximately 7.2% to $201.8 million compared to $217.4 million in 2019.

Division of Cleveland Public Power: The Division supplies electrical service to approximately 74,000 customers in the City. The Division is responsible for supplying, transmitting and distributing electricity and providing related electrical services to customers within its service area. The Division's 2020 operating revenue decreased by 8.3% to $186.8 million from $203.8 million in 2019. Purchased power expense decreased by 9.0% to $122.1 million in 2020 from $134.2 million in 2019. Operating expenses, exclusive of depreciation and purchased power decreased 16.8% to $44.0 million in 2020 compared to $52.9 million in 2019.

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 117,077 customer accounts in the City, of which 95.9% are residential and 4.1% commercial. The Division's 2020 operating revenue decreased by 8.7% to $29.4 million from $32.2 million in 2019. The decline is primarily attributed to a 6.8% decrease in metered consumption. Operating expenses, exclusive of depreciation, decreased 4.9% to $23.2 million in 2020 compared to $24.4 million in 2019.

Department of Port Control: The City's Department of Port Control includes the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport. During 2020, 29 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 2020 was $9.2 million. Landing fee revenue decreased due to a decrease in landed weight. Total operating expenses for 2020 decreased primarily due to reduction in operating expenses such as utilities, professional fees, training, supplies, salaries wages and benefits. Non-Operating revenues decreased due to a decrease in passenger facility charges and investment income, offset by an increase in bond amortization expense. The decrease in non-operating expenses is attributed to decreased interest expense related to lower interest paid and fewer capital expenses.

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 $706.7 million, an increase of $8.9 million and approximately 1.3% in comparison with the prior year. The components of the governmental fund balances include an unassigned balance of $121.9 million, which indicates the amount available for spending at the City's discretion. An additional $422.4 million of fund balance is available for expenditures that are legally restricted for a particular purpose. The non-spendable portion of fund balance has $8.2 million of funds that are not in a spendable form, such as pre-paid expenditures. An additional $69.5 million is committed to fund specific purposes and cannot be reassigned without legislative approval. The remaining assigned balance of $84.6 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 $121.9 million and the total fund balance was $214.6 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 21.3% of total General Fund expenditures and other financing uses, while total fund balance represents approximately 37.6% 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

2020 and 2019

(Amounts in Thousands)

	2020	2019
Revenues:		
Income taxes	$ 414,844	$ 432,704
Property taxes	38,373	37,905
State local government funds	25,616	26,304
Other taxes	16,349	44,739
Other shared revenues	14,981	17,796
Licenses and permits	16,041	19,490
Charges for services	33,764	32,796
Fines, forfeits and settlements	6,587	10,909
Investment earnings	1,925	6,140
Grants	585	707
Miscellaneous	12,799	18,783
Total revenues	581,864	648,273
Expenditures:		
General Government	89,855	102,500
Public Works	75,235	80,187
Public Safety	306,881	340,573
Community Development	1,300	289
Building and Housing	12,506	12,270
Economic Development	2,063	1,698
Other	9,032	8,255
Capital outlay	17,898	18,989
Total expenditures	514,770	564,761
Excess (deficiency) of revenues over (under) expenditures	67,094	83,512
Other financing sources (uses):		
Transfers out	(56,441)	(66,529)
Sale of City assets	9	
Net change in fund balance	10,662	16,983
Fund balance at beginning of year	203,892	186,909
Fund balance at end of year	$ 214,554	$ 203,892

The City also presents Public Health as a major governmental fund. It includes all public health related activity of the City, including operations and Public Health Department related grant activity. The Public Health's change in fund balance increased by $648,000 in 2020 due to increased transfers in from the General Fund.

Analysis of General Fund Revenues

General Fund revenues and other financing sources totaled $581.9 million in 2020, a decrease of approximately $66.4 million from 2019. 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 obligations of the City.

The income tax is also imposed on gross salaries and wages earned in the City by non-residents of the City and on salaries, wages, and other compensation of City residents earned within or outside the City. The income tax liability of a City resident employed outside the City is reduced by a credit equal to 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 2020, approximately 93% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

In 2020, income tax revenue decreased by $17.9 million, primarily due to the decrease in income tax collection and an increase in the unemployment rate in 2020 as a result of the COVID-19 pandemic.

Property Taxes

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

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

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

Tax Collection Year		Real Property		Public Utility Tangible Personal		Total Assessed Valuation
				(Amounts in Thousands)		
2020	$	4,664,325	$	468,023	$	5,132,348
2019	$	4,826,299	$	436,992	$	5,263,291

Property tax revenue increased by approximately $468,000 in 2020 from 2019 levels.

State Local Government Funds, Other Taxes and Other Shared Revenues

State Local Government Funds, Other Taxes and Other Shared Revenues include taxes levied and collected by the State of Ohio or counties and partially redistributed to the City and other political subdivisions. Other Taxes and Other Shared Revenues include state income, sales, admission, motor vehicle, parking, hotel, commercial activity, corporate franchise, casino, homestead and rollback, public utility, estate and cigarette taxes as well as liquor fees. State Local Government Funds revenue decreased by $688,000 or 2.6% in 2020 due to mandatory non-essential business shutdowns to control the spread of COVID-19. Other Taxes decreased by $28.4 million or 63.5% from 2019 levels primarily as a result of the mandatory business shutdowns as well as decreased traveling during the pandemic. Other Shared Revenues decreased by $2.8 million or 15.8% from 2019 levels.

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

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

Analysis of General Fund Expenditures

General Fund expenditures and other financing uses totaled $571.2 million in 2020, a decrease of 9.5% from 2019. 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 2020	% of Total	Actual 2019	% of Total	Increase (Decrease)	% Change
			(Amounts in Thousands)			
Current:						
General Government	$89,855	15.73	$102,500	16.24	$(12,645)	(12.34)
Public Works	75,235	13.17	80,187	12.70	(4,952)	(6.18)
Public Safety	306,881	53.73	340,573	53.95	(33,692)	(9.89)
Community Development	1,300	0.23	289	0.05	1,011	349.83
Building and Housing	12,506	2.19	12,270	1.94	236	1.92
Economic Development	2,063	0.36	1,698	0.27	365	21.50
Other	9,032	1.58	8,255	1.31	777	9.41
Capital Outlay	17,898	3.13	18,989	3.00	(1,091)	(5.75)
Transfers Out	56,441	9.88	66,529	10.54	(10,088)	(15.16)
Total Expenditures and Other Financing Uses	$571,211		$631,290		$(60,079)	

The total expenditures and other financing uses decreased by $60.1 million. The decrease was primarily caused by decreases in Public Safety, General Government, transfers out and Public Works expenditures. The decrease relates to the City being awarded the CARES Act federal funds. The expenditures were reported in other governmental funds.

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 $309.5 million, $28.0 million, ($1.1) million and $95.5 million, respectively, at December 31, 2020. The change in net position for each of the respective funds amounted to an increase of $40.1 million, an increase of $4.5 million, a decrease of $4.2 million and an increase of $9.2 million during 2020. 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, 2020 and 2019, the City had approximately 7,159 and 7,401 full-time employees, respectively. Of the 7,159 full-time employees, approximately 5,887 full-time employees are represented by 39 collective bargaining units. The largest collective bargaining units, together with the approximate number of employees represented by such units, include the American Federation of State, County and Municipal Employees, Local 100 – 1,405 members; Cleveland Police Patrolmen's Association (CPPA) – 1268 members; the Association of Cleveland Firefighters – 700 members; Municipal Foreman and Laborers Union, Local 1099 – 521 members; and Local 507 – 301 members.

There have been no significant labor disputes or work stoppages in the City within the last 37 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)	
2020	$	496,000
2019	$	494,000

In 2020, there was an increase in salaries and wages payable of 0.4% from the prior year due to retroactive salary payments.

GENERAL FUND BUDGETARY ANALYSIS

In 2020, the principal differences between the original and final budgeted expenditures included a $7.1 million increase in capital outlay due to the costs associated with vehicles, equipment, demolition and other capital expenditures.

The major differences between the final amended budget and the actual total revenues were decreases of $8.6 million in other taxes, $4 million in fines, forfeits, and settlements, $3.7 million in licenses and permits, $3 million in other shared revenue, $2.6 million in investment earnings and $2.6 million in charges for services. Miscellaneous revenues increased $1.4 million. The decrease in other taxes was primarily attributed to lower admissions tax, parking tax and hotel tax collections due to mandatory non-essential business shutdowns. Licenses and Permits decreased mainly due to a decline in building permits and certificates of occupancy. The decrease in investment earnings resulted from lower interest rates and miscellaneous revenue increased due to the City's receipt of the Workers' Compensation refund.

The major differences between the final amended budget and the actual total expenditures were decreases of $15.9 million in General Government and $16.5 million in Public Safety both due to anticipated additional staffing and the positions not being filled due to Covid-19.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City's capital assets for its governmental and business-type activities as of December 31, 2020, amounts to $4.303 billion (net of accumulated depreciation). This capital assets balance includes land; land improvements; utility plant; buildings, structures and improvements; furniture, fixtures, equipment and vehicles; infrastructure; and construction in progress. The total increase in the City's capital assets for the current fiscal year was 0.4% (a 1.3% increase for governmental activities and a .04% increase for business-type activities). A Summary of the City's capital assets at December 31, 2020 is as follows:

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities	Business-Type Activities	Total
		(Amounts in Thousands)	
Land	$71,192	$191,913	$263,105
Land Improvements	66,672	64,372	131,044
Utility plant		1,681,177	1,681,177
Buildings, structures and improvements	337,117	298,467	635,584
Furniture, fixtures, equipment, and vehicles	78,783	196,764	275,547
Infrastructure	419,568	228,830	648,398
Construction in progress	295,730	372,704	668,434
Total	$1,269,062	$3,034,227	$4,303,289

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

- The Division of Cleveland Public Power's main additions to construction in progress during 2020 included Southern Transmission Line, Auto transformers, roof replacements, and general engineering services.

- The Division of Water incurred a net increase of $20.2 million in capital spending for construction in progress related to water main renewals, the plant enhancement program, Nottingham sedimentation basins, and enhancements to the Crown Plant water system and back-up generators.

- The Department of Port Control had a net decrease of $3.0 million in construction in progress related to completed projects in 2020. Major project spending in 2020 for construction in progress included the Primary Road Fire and Domestic Waterline Improvements and the CLE Ground Transportation Center Upgrades Project.

- The Division of Water Pollution Control's principal spending for construction in progress in 2020 included sewer installations, East 85th Street rehabilitation, professional services, and replacement of the pump station on East 37th Street.

- Construction in progress spending for Governmental Activities had a net increase of $33.1 million in 2020. Major projects included improvements to various recreational centers, including roof repair or replacement, the LED Lighting Project, infrastructure improvements, and the development of the new police headquarters building.

The primary sources for financing the City's Capital Improvement Projects are general obligation bond proceeds, certificates of participation proceeds, urban renewal bond proceeds, revenue bond proceeds, proceeds from capital leases, interest earned on funds during the construction period, restricted income taxes and funds from the State Issue 2 and Local Transportation Improvement Programs. The City has three primary goals relating to its Capital Improvements: (1) preservation and revitalization of the City's neighborhoods, (2) economic development and job creation and (3) providing cost-effective, basic

City services to Cleveland residents and the business community. Additional information on the City's capital assets, including commitments made for future capital expenditures, can be found in Note 14 – Capital Assets.

Long-term debt and certain other obligations: At the end of the current fiscal year, the City had total long-term debt and certain other obligations outstanding of $2.119 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, 2020 is summarized below (excluding unamortized discounts, premiums and accreted interest).

	Balance January 1, 2020	Debt Issued	Debt Refunded or Defeased	Debt Retired	Balance December 31, 2020
			(Amounts in Thousands)		
Governmental Activities:					
General Obligation Bonds	$ 292,810	$ 60,685	$ (17,340)	$ (25,170)	$ 310,985
Subordinated Income Tax Refunding Bonds	24,730			(4,465)	20,265
Subordinate Lien Income Tax Bonds	327,260	69,820	(44,545)	(12,685)	339,850
Non-Tax Revenue Bonds	49,078	2,050		(4,056)	47,072
Annual Appropriation Bonds	8,820			(345)	8,475
Certificates of Participation	77,715			(7,815)	69,900
Capital Lease Obligations	488			(488)	-
Note/Loans Payable	1,266			(79)	1,187
Total Governmental Activities	782,167	132,555	(61,885)	(55,103)	797,734
Business –Type Activities:					
Revenue Bonds	1,352,593	268,810	(276,545)	(96,245)	1,248,613
Loans Payable	72,750	8,127		(8,623)	72,254
Total Business –Type Activities	1,425,343	276,937	(276,545)	(104,868)	1,320,867
Total	$ 2,207,510	$ 409,492	$ (338,430)	$ (159,971)	$ 2,118,601

Funds used to meet the debt service requirements of the City's General Obligation Bonds are from certain ad valorem taxes, restricted income taxes and interest earnings. Ad valorem taxes, the primary source of funds, amounted to $20.0 million in 2020 which represents approximately 52.5% 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 47.5% 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, 2020:

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

* Parking Facilities' bonds only carry an insured rating.

** On November 5, 2020, S&P Global lowered its rating on the City's General Airport Revenue Bonds to A-(negative outlook) from A. This downgrade was the result of the impacts on the airline industry from the COVID-19 pandemic.

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, 2020 was:

Net General Bonded Debt:	$323,543,000
Ratio of Net Bonded Debt to Assessed Valuation:	6.30%
Net General Bonded Debt Per Capita:	$815.35

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 $538,896,584 and unvoted debt limit (5.50%) is $282,279,163. At December 31, 2020, the City had capacity under the indirect debt limitation calculation per the ORC to issue approximately $150 million in additional unvoted debt. These debt limitations are not expected to affect the financing of any currently planned facilities or services.

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

The City reports a deferred outflow of resource and a liability in the amount of the fair value of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2020 and an investment loss or gain as appropriate, based on the change in fair value. The specific terms and conditions of each swap have been provided by the respective counterparty for each swap and confirmed by the City's financial advisor.

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

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

The United States and the State of Ohio declared a state of emergency in March 2020, due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the City. To date, however, the City has realized a decrease in income tax, licenses and permit fees, casino revenues, fines and forfeitures as well as other revenues as the result of the stay at home order. Local businesses have shut down permanently and there has been an increase in unemployment. Although, the impact on the City's future operating revenues, expenses, and any recovery from emergency funding cannot be estimated, the City continues to monitor revenues and expenses frequently to maintain City operations.

Other Impacting Factors

- On March 1, 2021, the City entered into a Second Amended and Restated Continuing Covenants Agreement with Wells Fargo Municipal Capital Strategies, LLC with regard to the $69,900,000 2010B Stadium Certificates of Participation.

- On March 11, 2021 the American Rescue Plan Act of 2021 (ARPA) was signed into law. The City anticipates that it will receive $512.0 million over the course of two years.

- On March 22, 2021, City Council approved legislation authorizing the issuance not to exceed $58,500,000 of General Obligation Bonds.

- Also on March 22, 2021, City Council approved legislation authorizing the issuance not to exceed $65,000,000 of Subordinate Lien Income Tax Bonds.

- City Council also approved on March 22, 2021, legislation in an amount not to exceed $16,000,000 for the issuance of Economic and Community Development Bonds (Core City Fund).

- Effective May 3, 2021, the City entered into an agreement with U.S. Bank National Association under which the bank became the purchaser of the City's outstanding $19,160,000 Taxable Economic and Community Development Refunding Revenue Bonds, Series 2013A (Core City Fund).

NEED ADDITIONAL INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2020
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 745,562	$ 665,740	$ 1,411,302
Investments	223		223
Receivables:			
Taxes	147,007		147,007
Accounts	6,923	232,380	239,303
Recoverable costs of purchased power		653	653
Grants	12,290		12,290
Loans	114,376		114,376
Unbilled revenue		23,515	23,515
Accrued interest	12		12
Assessments	59,472		59,472
Less: Allowance for doubtful accounts	(47,095)	(32,081)	(79,176)
Receivables, net	292,985	224,467	517,452
Internal balances	1,461	(1,461)	-
Due from other governments	47,759	8,398	56,157
Inventory of supplies	1,371	20,782	22,153
Prepaid expenses and other assets	3,540	4,297	7,837
Restricted assets:			
Cash and cash equivalents		291,272	291,272
Accrued interest receivable		5	5
Accrued passenger facility charge		1,066	1,066
Total restricted assets	-	292,343	292,343
Capital assets:			
Land and construction in progress	366,922	564,617	931,539
Other capital assets, net of accumulated depreciation	902,140	2,469,610	3,371,750
Total capital assets	1,269,062	3,034,227	4,303,289
Total assets	2,361,963	4,248,793	6,610,756
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	13,038	65,837	78,875
Pension	122,280	26,361	148,641
OPEB	73,760	17,616	91,376
Total deferred outflows of resources	209,078	109,814	318,892

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

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2020
(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	$ 26,882	$ 39,942	$ 66,824
Accrued wages and benefits	35,591	9,601	45,192
Claims payable	11,508		11,508
Due to other governments	76,238	167,884	244,122
Accrued interest payable	5,069	21,601	26,670
Unearned revenue	4,257		4,257
Liabilities payable from restricted assets		12,172	12,172
Long-term obligations:			
Due within one year	97,714	97,620	195,334
Due in more than one year	879,925	1,356,454	2,236,379
Net pension liability	734,725	158,395	893,120
Net OPEB liability	234,375	110,111	344,486
Total liabilities	2,106,284	1,973,780	4,080,064
DEFERRED INFLOWS OF RESOURCES			
Property tax	55,366		55,366
Special assessment - TIF	13,458		13,458
Excess recoverable cost of purchased power		4,614	4,614
Derivative instruments-interest rate swaps		4	4
Pension	110,927	35,795	146,722
OPEB	55,000	17,214	72,214
Total deferred inflows of resources	234,751	57,627	292,378
NET POSITION			
Net investment in capital assets	722,806	1,724,704	2,447,510
Restricted for:			
Capital	79,811	286	80,097
Debt service	42,103	165,920	208,023
Loans	30,857		30,857
Other purposes	56,517	18,720	75,237
Unrestricted	(702,088)	417,570	(284,518)
Total net position	$ 230,006	$ 2,327,200	$ 2,557,206

CITY OF CLEVELAND, OHIO

STATEMENT OF ACTIVITIES
December 31, 2020
(Amounts in Thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Governmental activities:				
General Government	$ 160,148	$ 13,105	$ 9,649	$ 115
Public Works	156,576	18,452	22,350	12,173
Public Safety	397,692	15,853	51,911	
Community Development	33,643	1,167	30,668	
Building and Housing	15,320	18,827	2,390	
Public Health	18,321	2,389	7,983	
Economic Development	20,454	142	14,593	294
Interest on debt	27,198			
Total governmental activities	829,352	69,935	139,544	12,582
Business-type activities:				
Water	300,180	327,272	3,085	7,816
Sewer	29,358	29,392	222	3,967
Electricity	199,950	192,583	188	2,134
Airport facilities	168,310	103,088	575	74,313
Nonmajor activities:				
Public Auditorium	3,060	595		
Westside Market	2,051	929	3	
Eastside Market	60			
Municipal Parking Lots	6,005	3,875	13	50
Cemeteries	2,493	1,677	38	
Golf Courses	1,247	674	14	
Total business-type activities	712,714	660,085	4,138	88,280
Total	$ 1,542,066	$ 730,020	$ 143,682	$ 100,862

General revenues:
Income taxes
Property taxes
Other taxes
Unrestricted shared revenues
State local government funds
Unrestricted investment earnings
Other
Transfers
Total general revenues and transfers
Change in net position
Net position at beginning of year
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
$ (137,279)	$	$ (137,279)
(103,601)		(103,601)
(329,928)		(329,928)
(1,808)		(1,808)
5,897		5,897
(7,949)		(7,949)
(5,425)		(5,425)
(27,198)		(27,198)
(607,291)	-	(607,291)
	37,993	37,993
	4,223	4,223
	(5,045)	(5,045)
	9,666	9,666
	(2,465)	(2,465)
	(1,119)	(1,119)
	(60)	(60)
	(2,067)	(2,067)
	(778)	(778)
	(559)	(559)
-	39,789	39,789
(607,291)	39,789	(567,502)
458,943		458,943
57,955		57,955
16,349		16,349
15,556		15,556
25,936		25,936
3,827	11	3,838
13,022	65	13,087
(7,641)	7,641	-
583,947	7,717	591,664
(23,344)	47,506	24,162
253,350	2,279,694	2,533,044
$ 230,006	$ 2,327,200	$ 2,557,206

CITY OF CLEVELAND, OHIO

BALANCE SHEET-GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(Amounts in Thousands)

	General	Public Health	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 203,399	$ 2,174	$ 456,301	$ 661,874
Investments			223	223
Receivables:				
Taxes	112,487		34,520	147,007
Accounts	6,910			6,910
Grants	114	897	11,279	12,290
Loans	50		114,326	114,376
Accrued interest	3		9	12
Assessments	51,266		8,206	59,472
Less: Allowance for doubtful accounts	(47,095)			(47,095)
Receivables, net	123,735	897	168,340	292,972
Due from other funds	2,637	1,415	13,912	17,964
Due from other governments	22,689	3	25,067	47,759
Prepaid expenditures and other assets	2,919	32	130	3,081
TOTAL ASSETS	$ 355,379	$ 4,521	$ 663,973	$ 1,023,873
LIABILITIES				
Accounts payable	$ 5,438	$ 513	$ 17,673	$ 23,624
Accrued wages and benefits	32,431	456	1,888	34,775
Due to other governments	487	1	75,101	75,589
Unearned revenue	64	870	3,323	4,257
Due to other funds	3,420	165	17,197	20,782
Total liabilities	41,840	2,005	115,182	159,027
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow	98,985	3	59,190	158,178
Total deferred inflows of resources	98,985	3	59,190	158,178
FUND BALANCES				
Nonspendable	8,082	32	128	8,242
Restricted		1,897	420,543	422,440
Committed		584	68,930	69,514
Assigned	84,600			84,600
Unassigned	121,872			121,872
Total fund balances	214,554	2,513	489,601	706,668
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 355,379	$ 4,521	$ 663,973	

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.	1,265,793
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	89,354
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.	(958,112)
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.	39,301
The net pension liability and net OPEB liability 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	(707,889)
OPEB	(205,109)
Net position of governmental activities	$ 230,006

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, 2020

(Amounts in Thousands)

	General	Public Health	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Income taxes	$ 414,844	$	$ 51,855	$ 466,699
Property taxes	38,373		19,991	58,364
State local government funds	25,616			25,616
Other taxes	16,349			16,349
Other shared revenues	14,981		38,072	53,053
Licenses and permits	16,041	1,206	873	18,120
Charges for services	33,764	1,183	1,958	36,905
Fines, forfeits and settlements	6,587		1,599	8,186
Investment earnings	1,925	8	1,738	3,671
Grants	585	6,937	105,219	112,741
Contributions			377	377
Miscellaneous	12,799	644	3,401	16,844
Total revenues	581,864	9,978	225,083	816,925
EXPENDITURES:				
Current:				
General Government	89,855		20,828	110,683
Public Works	75,235		29,476	104,711
Public Safety	306,881		47,848	354,729
Community Development	1,300		29,629	30,929
Building and Housing	12,506		1,640	14,146
Public Health		17,019		17,019
Economic Development	2,063		17,783	19,846
Other	9,032			9,032
Capital outlay	17,898		102,417	120,315
Debt service:				
Principal retirement			55,103	55,103
Interest			31,353	31,353
General Government			1,088	1,088
Other			1,088	1,088
Total expenditures	514,770	17,019	338,253	870,042
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	67,094	(7,041)	(113,170)	(53,117)
OTHER FINANCING SOURCES (USES):				
Transfers in		7,689	94,256	101,945
Transfers out	(56,441)		(51,156)	(107,597)
Issuance of bonds			132,555	132,555
Premium on bonds			5,200	5,200
Payment to refund bonds			(70,109)	(70,109)
Sale of City assets	9			9
Total other financing sources (uses)	(56,432)	7,689	110,746	62,003
NET CHANGE IN FUND BALANCES	10,662	648	(2,424)	8,886
FUND BALANCES AT BEGINNING OF YEAR	203,892	1,865	492,025	697,782
FUND BALANCES AT END OF YEAR	$ 214,554	$ 2,513	$ 489,601	$ 706,668

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, 2020

(Amounts in Thousands)

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

Net change in fund balances - total governmental funds (page 63)	$ 8,886
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.	18,986
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,070)
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.	(6,842)
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.	(1,438)
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 are reported as pension/OPEB expense in the statement of activities:	
Pension	(41,661)
OPEB	(28,316)
The net revenue of certain activities of internal service funds is reported with governmental activities.	31,111
Change in net position of governmental activities (pages 60 and 61)	$ (23,344)

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, 2020
(Amounts in Thousands)

	Original Budget	Final Budget	Actual*	Variance- Positive (Negative)
REVENUES:				
Income taxes	$ 444,330	$ 411,000	$ 410,100	$ (900)
Property taxes	38,749	38,749	38,373	(376)
State local government funds	26,289	26,289	25,504	(785)
Other taxes	40,830	26,491	17,939	(8,552)
Other shared revenues	13,728	13,728	10,689	(3,039)
Licenses and permits	19,658	19,658	15,956	(3,702)
Charges for services	36,164	36,164	33,575	(2,589)
Fines, forfeits and settlements	10,917	10,917	6,934	(3,983)
Investment earnings	4,300	4,300	1,715	(2,585)
Grants	417	60,417	60,005	(412)
Miscellaneous	28,017	28,017	29,368	1,351
Total revenues	663,399	675,730	650,158	(25,572)
EXPENDITURES:				
Current:				
General Government	119,113	125,525	109,576	15,949
Public Works	81,333	80,533	75,217	5,316
Public Safety	377,751	372,634	356,117	16,517
Community Development	2,208	2,013	1,872	141
Building and Housing	13,959	13,709	12,543	1,166
Public Health	10,506	10,456	9,277	1,179
Economic Development	2,083	2,083	1,656	427
Other	21,795	21,795	21,107	688
Capital outlay	6,825	13,962	13,962	-
Total expenditures	635,573	642,710	601,327	41,383
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	27,826	33,020	48,831	15,811
OTHER FINANCING SOURCES (USES):				
Transfers in	8,140			-
Transfers out	(39,496)	(52,359)	(49,925)	2,434
Sale of City assets	4,200	9	9	-
Total other financing sources (uses)	(27,156)	(52,350)	(49,916)	2,434
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	670	(19,330)	(1,085)	18,245
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			798	798
NET CHANGE IN FUND BALANCE	670	(19,330)	(287)	19,043
FUND BALANCE AT BEGINNING OF YEAR	43,802	43,802	43,802	-
FUND BALANCE AT END OF YEAR	$ 44,472	$ 24,472	$ 43,515	$ 19,043

* 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, 2020
(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	$ 406,212	$ 78,511	$ 61,033	$ 111,822	$ 7,113	$ 664,691	$ 84,737
Restricted cash and cash equivalents	5,234	1,538	996	4,404		12,172	
Receivables:							
Accounts	70,243	135,961	22,274	3,799	103	232,380	13
Recoverable costs of purchased power			653			653	
Unbilled revenue	10,929	1,947	7,519	3,120		23,515	
Less: Allowance for doubtful accounts	(17,182)	(2,870)	(10,015)	(1,954)	(60)	(32,081)	
Receivables, net	63,990	135,038	20,431	4,965	43	224,467	13
Due from other funds	2,656	29	2,268	2	19	4,974	4,379
Due from other governments		538		7,860		8,398	
Inventory of supplies	8,660	701	8,675	2,741	5	20,782	1,371
Prepaid expenses and other assets	3,046	65	381	684	29	4,205	551
Total current assets	489,798	216,420	93,784	132,478	7,209	939,689	91,051
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	34,944	2,651	4,066	223,668	13,771	279,100	
Accrued interest receivable	1			4		5	
Accrued passenger facility charges				1,066		1,066	
Total restricted assets	34,945	2,651	4,066	224,738	13,771	280,171	-
Capital assets:							
Land	5,731	295	5,574	166,882	13,431	191,913	663
Land improvements	17,666	188	1,723	94,931	15,481	129,989	179
Utility plant	2,026,345	215,167	623,613			2,865,125	
Buildings, structures and improvements	265,740	11,475	23,536	375,034	119,949	795,734	4,483
Furniture, fixtures, equipment and vehicles	618,828	16,610	91,814	125,984	6,498	859,734	21,701
Infrastructure				1,018,128		1,018,128	
Construction in progress	182,218	22,315	43,167	113,139	11,865	372,704	
Less: Accumulated depreciation	(1,388,120)	(135,804)	(439,402)	(1,148,783)	(87,567)	(3,199,676)	(23,181)
Total capital assets, net	1,728,408	130,246	350,025	745,315	79,657	3,033,651	3,845
Total noncurrent assets	1,763,353	132,897	354,091	970,053	93,428	3,313,822	3,845
Total assets	2,253,151	349,317	447,875	1,102,531	100,637	4,253,511	94,896
DEFERRED OUTFLOWS OF RESOURCES							
Loss on refunding	23,699		23,932	18,064	142	65,837	
Pension	13,465	1,632	4,012	5,123	699	24,931	3,852
OPEB	8,863	1,076	2,667	3,399	451	16,456	2,856
Total deferred outflows of resources	46,027	2,708	30,611	26,586	1,292	107,224	6,708

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2020
(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	$ 16,482	$ 1,319	$ 12,013	$ 10,188	$ 343	$ 40,345	$ 3,315
Accrued wages and benefits	9,599	1,211	3,089	4,164	410	18,473	13,604
Claims payable						-	11,508
Due to other funds	1,791	2,707	554	1,255	123	6,430	105
Due to other governments		163,107		4,516	261	167,884	648
Accrued interest payable	8,801	188	856	11,638	118	21,601	
Current payable from restricted assets	5,234	1,538	996	4,404		12,172	
Current portion of long-term obligations	30,400	1,020	9,030	44,250	3,730	88,430	
Total current liabilities	72,307	171,090	26,538	80,415	4,985	355,335	29,180
Noncurrent liabilities:							
Accrued wages and benefits	1,710	180	491	710	78	3,169	876
Construction loans payable	50,678	12,991				63,669	
Accreted interest payable			26,331			26,331	
Revenue bonds payable	446,779	33,522	191,008	584,664	4,009	1,259,982	
Net pension liability	78,470	9,849	26,253	30,925	4,399	149,896	22,863
Net OPEB liability	53,900	6,715	17,316	22,219	2,905	103,055	17,568
Other			1,056			1,056	
Total noncurrent liabilities	631,537	63,257	262,455	638,518	11,391	1,607,158	41,307
Total liabilities	703,844	234,347	288,993	718,933	16,376	1,962,493	70,487
DEFERRED INFLOWS OF RESOURCES							
Excess recoverable costs of purchased power			4,614			4,614	
Derivative instruments-interest rate swaps					4	4	
Pension	18,055	2,191	5,434	6,924	962	33,566	5,769
OPEB	8,629	1,047	2,597	3,309	461	16,043	2,862
Total deferred inflows of resources	26,684	3,238	12,645	10,233	1,427	54,227	8,631
NET POSITION							
Net investment in capital assets	1,228,048	83,751	175,109	162,024	75,196	1,724,128	3,845
Restricted for capital projects	68	18	179	21		286	
Restricted for debt service	31,078	2,672	2,663	123,710	5,797	165,920	
Restricted for passenger facility charges				18,720		18,720	
Unrestricted	309,456	27,999	(1,103)	95,476	3,133	434,961	18,641
Total net position	$ 1,568,650	$ 114,440	$ 176,848	$ 399,951	$ 84,126	2,344,015	$ 22,486
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(16,815)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES						$ 2,327,200	

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

CITY OF CLEVELAND, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	$ 327,261	$ 29,392	$ 186,792	$ 103,088	$ 7,750	$ 654,283	$ 200,026
Total operating revenue	327,261	29,392	186,792	103,088	7,750	654,283	200,026
Operations	136,502	13,636	26,392	76,260	10,960	263,750	168,891
Maintenance	65,340	9,516	17,608	4,374	65	96,903	3,156
Purchased power			122,115			122,115	
Depreciation	73,098	4,721	22,375	60,666	3,333	164,193	550
Total operating expenses	274,940	27,873	188,490	141,300	14,358	646,961	172,597
OPERATING INCOME (LOSS)	52,321	1,519	(1,698)	(38,212)	(6,608)	7,322	27,429
NON-OPERATING REVENUES (EXPENSES):							
Investment income (loss)	3,055	223	168	1,338	104	4,888	167
Interest expense	(21,569)	(1,199)	(9,554)	(22,417)	(614)	(55,353)	
Passenger facility charges				8,230		8,230	
Gain (loss) on disposal of capital assets	(147)	(2)		65		(84)	
Other revenues (expenses)	6,393	288	6,862	(52)	14	13,505	
Total non-operating revenues (expenses)	(12,268)	(690)	(2,524)	(12,836)	(496)	(28,814)	167
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	40,053	829	(4,222)	(51,048)	(7,104)	(21,492)	27,596
Capital contributions		3,678		60,282	2,786	66,746	115
Transfers in					4,855	4,855	797
Change in net position	40,053	4,507	(4,222)	9,234	537	50,109	28,508
NET POSITION AT BEGINNING OF YEAR	1,528,597	109,933	181,070	390,717	83,589		(6,022)
NET POSITION AT END OF YEAR	$ 1,568,650	$ 114,440	$ 176,848	$ 399,951	$ 84,126		$ 22,486
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						(2,603)	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES						$ 47,506	

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, 2020
(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	$ 297,193	$ 27,255	$ 187,637	$ 112,098	$ 7,817	$ 632,000	$ 190,600
Cash payments to suppliers for goods or services	(100,148)	(11,175)	(16,930)	(45,582)	(6,742)	(180,577)	(128,218)
Cash payments to employees for services	(83,756)	(9,628)	(16,965)	(32,626)	(4,098)	(147,073)	(28,165)
Cash payments for purchased power			(120,859)			(120,859)	
Cash received on behalf of other communities		401,522				401,522	
Agency activity on behalf of other sewer authorities		(401,987)				(401,987)	
Other	21,178	492	(4,550)			17,120	
Net cash provided by (used for) operating activities	134,467	6,479	28,333	33,890	(3,023)	200,146	34,217
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Cash received through transfers from other funds					4,855	4,855	797
Cash received for royalties					14	14	
Cash received from electric excise tax			5,791			5,791	
Net cash provided by (used for) noncapital financing activities	-	-	5,791	-	4,869	10,660	797
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Cash receipts for passenger facility charges				9,587		9,587	
Proceeds from sale of revenue bonds, loans and notes	206,344	8,127	97,499			311,970	
Acquisition and construction of capital assets	(86,796)	(19,657)	(17,242)	(35,685)	(617)	(159,997)	(134)
Principal paid on long-term debt	(146,001)	(802)	(3,740)	(41,585)	(3,540)	(195,668)	
Interest paid on long-term debt	(19,797)	(1,718)	(6,142)	(21,699)	(608)	(49,964)	
Cash paid to escrow agent for refunding	(114,735)		(99,223)			(213,958)	
Capital grant proceeds		3,391		61,315		64,706	
Net cash provided by (used for) capital and related financing activities	(160,985)	(10,659)	(28,848)	(28,067)	(4,765)	(233,324)	(134)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received on investments	3,123	265	172	1,576	112	5,248	167
Net cash provided by (used for) investing activities	3,123	265	172	1,576	112	5,248	167
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,395)	(3,915)	5,448	7,399	(2,807)	(17,270)	35,047
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	469,785	86,615	60,647	332,495	23,691	973,233	49,690
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 446,390	$ 82,700	$ 66,095	$ 339,894	$ 20,884	$ 955,963	$ 84,737

(Continued)

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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)	$ 52,321	$ 1,519	$ (1,698)	$ (38,212)	$ (6,608)	$ 7,322	$ 27,429
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	73,098	4,721	22,375	60,666	3,333	164,193	550
(Increase) Decrease in Assets:							
Receivables, net	(5,314)	(14,460)	(2,770)	6,260	112	(16,172)	(13)
Prepaid expenses and other assets	51	4	8	(54)		9	12
Due from other funds	14	11	802	12	(7)	832	(1,017)
Inventory of supplies	1,566	(42)	551	(67)		2,008	(238)
(Increase) Decrease in Deferred Outflows of Resources:							
Pension	21,971	2,489	6,610	8,552	1,245	40,867	7,623
OPEB	(4,303)	(537)	(1,297)	(1,602)	(227)	(7,966)	(1,398)
Increase (Decrease) in Liabilities:							
Accounts payable	98	(498)	1,095	653	(526)	822	670
Accrued wages and benefits	826	62	482	436	15	1,821	1,422
Net pension liability	(32,889)	(3,991)	(9,899)	(12,613)	(1,757)	(61,149)	(10,858)
Net OPEB liability	2,389	290	719	916	125	4,439	787
Claims payable						-	2,042
Due to other funds	(167)	19	424	(470)	(57)	(251)	60
Due to other governments		13,898		(71)	16	13,843	(970)
Accrued expenses and other liabilities	(3)	(17)	(1,136)			(1,156)	
Increase (Decrease) in Deferred Inflows of Resources:							
Excess purchased power costs			4,614			4,614	
Pension	16,323	1,981	4,899	6,231	859	30,293	5,314
OPEB	8,486	1,030	2,554	3,253	454	15,777	2,802
Total adjustments	82,146	4,960	30,031	72,102	3,585	192,824	6,788
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 134,467	$ 6,479	$ 28,333	$ 33,890	$ (3,023)	$ 200,146	$ 34,217
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:							
Contributions of capital assets	$	$	$	$	$ 2,786	$ 2,786	$ 115
Accounts payable related to capital assets	5,234	1,538	996	4,404		12,172	
Capital assets added from accounts payable					70	70	13

(Concluded)

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

CITY OF CLEVELAND, OHIO

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands)

	Total
Assets	
Cash and cash equivalents	$ 14,955
Taxes receivable	17,727
Accounts receivable	1,872
Due from other governments	1,409
Total assets	35,963
Liabilities	
Accounts payable	3,474
Due to others	1,753
Due to other governments	24,668
Total liabilities	29,895
Net Position	
Restricted	6,068
Total net position	$ 6,068

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, 2020

(Amounts in Thousands)

	Total
Additions	
Fire escrow proceeds	$ 546
Law enforcement trust funds	504
Governmental, trust and custodial funds	15
Income tax collected for other governments	129,604
Fines collected for other governments	17,079
Investment income	1
Total additions	147,749
Deductions	
Special assessments	136
Governmental, trust and custodial funds	231
Law enforcement trust funds	401
Payments of income tax to other governments	129,604
Payments of fines to other governments	17,079
Other	23
Total deductions	147,474
Change in net position	275
Net position, beginning of year (as restated)	5,793
Net position, end of year	$ 6,068

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, 2020 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 no component units but includes in its financial statements the financial activities of all departments, agencies, boards and commissions that are part of the primary government, including police and fire protection, waste collection, parks and recreation, health, certain social services and general administrative services. In addition, the City owns and operates several enterprise activities, the principal ones consisting of a water system, 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 eight-member Board of Directors consists of two 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.

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 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.

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

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

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

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

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

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

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

3. The City’s General Fund budget and actual statement is presented as part of the basic financial statements.

4. Notes to Financial Statements provide information that is essential to a user’s understanding of the basic financial statements.

5. The Required Supplementary Information is essential to a user’s understanding of the City’s pension and other post-employment liabilities and contributions made to fund it.

B. ***Financial Reporting Presentation***

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

GOVERNMENTAL FUNDS

1. **General Fund** – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

2. **Special Revenue Funds** – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures of specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

3. **Debt Service Funds –** Debt Service Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. Debt Service Funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

4. **Capital Project Funds –** Capital Project Funds are used to account for and report financial resources that are restricted or committed to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital Project Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

PROPRIETARY FUNDS

1. **Enterprise Funds –** The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. **Internal Service Funds –** The Internal Service Funds are used to account for the financing of goods or services provided by one department or division to other departments or divisions or to other governments on a cost-reimbursement basis. The City's most significant Internal Service Funds are used to account for Motor Vehicle Maintenance, Municipal Income Tax Administration, Workers' Compensation Reserve, Health Self Insurance Fund and Prescription Self Insurance Fund.

FIDUCIARY FUNDS

1. **Custodial Funds –** Custodial Funds are used to account for assets held by the City for individuals, private organizations, or other governments. The City's more significant Custodial Funds are used to account for Municipal Court and income tax collections for other municipalities.

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

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

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

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

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

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

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

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

D. *Budgetary Procedures*

The City is required by State law to adopt annual budgets for the General Fund, certain Special Revenue Funds (including the Division of Streets, Restricted Income Tax, Rainy Day Reserve, Schools Recreation and Cultural Activities and Cleveland Stadium Operations Funds), Debt Service Funds (except for Cleveland Stadium Debt Service Fund) and Proprietary Operating Funds. Modifications to the original budget are approved by City Council throughout the year. The City maintains budgetary control by not permitting expenditures to exceed appropriations for personnel costs (including benefits) and other costs (including debt service and capital outlay), within a division of the City, without the approval of City Council. Adjustments to the budget can only be made within a division and then within each category. Further legislation is needed in order to move budget amounts from "personnel" to "other" or vice versa, or between divisions. City Council adopted four appropriation amendments during 2020 which reallocated appropriations and increased the budget by 2.96% 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 Public Health Fund, certain Debt Service Funds and Capital Project Funds. Appropriations in these funds remain open and carry over to succeeding years (i.e., multi-year) until the related expenditures are made or until they are modified or canceled. Appropriations for these funds are controlled on a project basis.

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

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

A reconciliation of the General Fund's results of operations for 2020 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)	$	(1,085)
Adjustments:		
Revenue Accruals		(68,294)
Expenditure and other financing sources (uses) Accruals		45,410
Encumbrances and Pre-Encumbrances		34,631
Net Change in Fund Balance	$	10,662

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 2020. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* for the purpose of measuring the value of shares in STAR Ohio. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Swap Agreements**:** The City may enter into interest rate swap agreements to modify interest rates on outstanding debt. The City has accordingly recorded the fair value of each swap in the government-wide financial statements. As further described in Note 5 – Debt And Other Long-Term Obligations, the City has two swap agreements outstanding at December 31, 2020, one for its Subordinated Income Tax Variable Rate Refunding Bonds and one on the Parking Facilities Refunding Revenue Bonds.

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

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

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

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

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

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

F. ***Accounting Pronouncements***

In November of 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2019. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (ARO) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. As required, the City has implemented GASB Statement No. 83 as of December 31, 2020.

In January of 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. As required, the City has implemented GASB Statement No. 84 as of December 31, 2020.

In March of 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. This Statement is effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. As required, the City has implemented GASB Statement No. 88 as of December 31, 2020.

In August of 2018, GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The City has determined that GASB Statement No. 90 has no impact on its financial statements as of December 31, 2020.

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 $958.1 million difference are as follows:

		(Amounts in Thousands)
Bonds and notes payable	$	(797,734)
Other payable		(16,000)
Unamortized bond premium/discount		(54,631)
Accrued interest payable		(5,069)
Claims and adjustments		(13,342)
Loss on refunding		13,038
Compensated absences		(84,374)
Net adjustment to *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(958,112)

Another element of that reconciliation states that net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities 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	$	119,858
Deferred inflows of resources - pension		(107,386)
Net pension liability		(720,361)
Net adjusment to *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(707,889)

		(Amounts in Thousands)
Deferred outflows of resources - OPEB	$	72,064
Deferred inflows of resources - OPEB		(53,310)
Net OPEB liability		(223,863)
Net adjusment to *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(205,109)

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this $19.0 million difference are as follows:

		(Amounts in Thousands)
Capital outlay	$	88,468
Depreciation expense		(68,208)
Capital asset disposal		(1,274)
Net adjustment to *changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	18,986

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 $4.1 million difference are as follows:

		(Amounts in Thousands)
Reversal of prior year deferred inflows of resources	$	(93,424)
Current year deferred inflows of resources		89,354
Net adjustment to *changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	(4,070)

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 $6.8 million which is detailed as follows:

		(Amounts in Thousands)
Debt issued or incurred:		
Issuance of general obligation bonds and other obligations	$	(132,555)
Accrued interest		5,701
Premium on debt		(5,200)
Principal repayments:		
General obligation debt and other obligations		54,615
Payment on capital lease		488
Refunding of general obligation bonds and other obligations		70,109
Net adjustment to *changes in fund balances - total* governmental funds to arrive at *change in net position of governmental activities*	$	(6,842)

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 $1.4 million difference are as follows:

		(Amounts in Thousands)
Compensated absences	$	(6,649)
Claims judgements		5,211
Net adjustment to *changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	(1,438)

NOTE 4 – POOLED AND SEGREGATED CASH AND INVESTMENTS

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

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

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

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

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

Monthly, the City determines that the collateral has a market value adequate to cover the deposits and that it has been segregated either physically or in book entry form. At year end, the carrying amount of the City's deposits including certificates of deposit was $95,500,000 and the actual bank balance totaled $128,353,000. 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*, $128,353,000 of the bank balance was insured or collateralized with securities held by the City or by its agent in the City's name.

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

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

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

The following is a summary of the fair value hierarchy of the fair value of investments of the City (excluding STAR Ohio and money market mutual funds) as of December 31, 2020:

Type of Investment	Fair Value	Fair Value Measurements Using Level 1	Level 2
	(Amounts in Thousands)		
U.S. Treasury Notes	$ 223	$ 223	$
Commercial Paper	31,950		31,950
Manuscript Debt	4,852		4,852
Other	3,064		3,064
Total Investments	$ 40,089	$ 223	$ 39,866

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, 2020 include U.S. Treasury Notes, STAR Ohio, commercial paper, money market mutual funds, manuscript debt and other investments. The City maintains the highest ratings for its investments. Investments in the Dreyfus Government Cash Management Mutual Fund, First American Government Obligations Fund, Federated Government Obligations Fund, Government Obligations Fund, Morgan Stanley Government Institutional Mutual Funds and STAR Ohio carry a rating of AAAm, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Investments in U.S. Bank N.A. Open Commercial Paper carries a S&P Global rating of A-1+. The City has no investment policy that would further limit its investment choices.

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

Type of Investment	Value	Cost	Investment Maturities: Less than One Year	Investment Maturities: 5 Years or More
		(Amounts in Thousands)		
U.S. Treasury Notes	$ 223	$ 223	$ 223	$
STAR Ohio	891,537	891,537	891,537	
Commercial Paper	31,950	31,950	31,950	
Money Market Mutual Funds	690,626	690,626	690,626	
Manuscript Debt	4,852	4,852		4,852
Other	3,064	3,064	3,064	
Total Investments	1,622,252	1,622,252	1,617,400	4,852
Total Deposits	95,500	95,500	95,500	
Total Deposits and Investments	$ 1,717,752	$ 1,717,752	$ 1,712,900	$ 4,852

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, 2020, the investments in U.S. Treasury Notes, STAR Ohio, commercial paper, money market mutual funds, manuscript debt and other are approximately 0.01%, 54.96%, 1.97%, 42.57%, 0.30%, and 0.19%, 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	$	1,411,302
Investments		223
Restricted:		
Cash and cash equivalents		291,272
Total	$	1,702,797
Fund Financial Statements		
Balance Sheet – Governmental Funds:		
Unrestricted:		
Cash and cash equivalents	$	661,874
Investments		223
		662,097
Statement of Net Position – Proprietary Funds:		
Enterprise Funds:		
Unrestricted:		
Cash and cash equivalents		664,691
Restricted:		
Cash and cash equivalents		291,272
Internal Service Funds:		
Unrestricted:		
Cash and cash equivalents		84,737
Subtotal		1,040,700
Statement of Fiduciary Net Position – Custodial Funds:		
Unrestricted:		
Cash and cash equivalents		14,955
Total	$	1,717,752

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, 2020 are as follows:

	Balance January 1, 2020	Additions	(Reductions)	Balance December 31, 2020	Due Within One Year
		(Amounts in Thousands)			
Governmental Long-Term Obligations and Notes					
General Obligation Bonds due through 2048, 2.00% to 5.5%	$ 292,810	$ 60,685	$ (42,510)	$ 310,985	$ 24,660
Other Obligations:					
Subordinated Income Tax Refunding Bonds due through 2024, 5.00%	24,730		(4,465)	20,265	4,690
Subordinate Lien Income Tax Bonds due through 2046, 1.82% to 6.34%	327,260	69,820	(57,230)	339,850	11,520
Non-Tax Revenue Bonds:					
Stadium due through 2020, 5.00%	1,550		(1,550)	-	
Taxable Economic and Community Dev. (Core City Bonds) due through 2026, 2.75% to 3.75%	22,340		(1,330)	21,010	3,725
Taxable Economic and Community Dev. (Core City Bonds) due through 2033, .65% to 1.91% - Direct Placement	20,110	2,050	(950)	21,210	1,165
Lower Euclid Ave. TIF 2003A due through 2032, 2.00% to 4.00%	5,078		(226)	4,852	234
Annual Appropriation Bonds - Flats East Bank due through 2035, 5.75% to 6.00%	8,820		(345)	8,475	365
Certificates of Participation 2010A--Stadium due through 2020, 4.75%	7,815		(7,815)	-	
Certificates of Participation 2010B-Stadium due through 2028,0.69% to 1.93% -Direct Placement	69,900			69,900	8,035
West 150th Street Improvement Loan - Direct Borrowing	664		(64)	600	63
Ohio Water Development Authority and Public Works Commission Loans due through 2028, 2.40% -Direct Borrowing	602		(15)	587	15
Capital Lease Obligations, due through 2020, 1.39%	488		(488)	-	
Cleveland Browns Stadium	18,000		(2,000)	16,000	2,000
Accrued wages and benefits	44,153	46,235	(39,984)	50,404	31,857
Net pension liability:					
Ohio Public Employees Retirement System	323,963		(94,036)	229,927	
Ohio Police and Fire Pension Fund	605,230		(100,432)	504,798	
Net OPEB liability:					
Ohio Public Employees Retirement System	153,526	6,831		160,357	
Ohio Police and Fire Pension Fund	67,521	6,497		74,018	
Police and fire overtime	41,553	12,343	(10,397)	43,499	4,875
Fire deferred vacation	2,160	128	(259)	2,029	168
Estimated claims payable	18,588	5,252	(10,498)	13,342	4,342
	2,056,861	209,841	(374,594)	1,892,108	97,714
Unamortized (discount)/premium - net	62,446	5,200	(13,015)	54,631	
Total Governmental Activities, Net	$ 2,119,307	$ 215,041	$ (387,609)	$ 1,946,739	$ 97,714

	Balance January 1, 2020	Additions	(Reductions)	Balance December 31, 2020	Due Within One Year
		(Amounts in Thousands)			
Business-Type Activities (Enterprise Funds)					
Airport System Revenue Bonds:					
Series 2006A due through 2021, 5.25%	$ 22,535	$	$ (10,055)	$ 12,480	$ 12,480
Series 2007B due through 2027, 5.0%	5,205		(765)	4,440	805
Series 2011A due through 2024, 4.00% to 5.00%	26,175		(8,575)	17,600	7,575
Series 2014B due through 2020, Variable Rate, Direct Placement	1,790		(1,790)	-	
Series 2016A due through 2031, 5.00%	102,215		(3,295)	98,920	3,405
Series 2016B due through 2024, 5.00%	36,235			36,235	
Series 2018A due through 2048, 5.00%	87,940		(8,680)	79,260	8,965
Series 2018B due through 2048, 3.50% to 5.00%	21,745			21,745	
Series 2019A due through 2033, 2.18% to 2.98%	301,665		(2,940)	298,725	4,830
Series 2019B due through 2027, 5.00%	34,605		(5,485)	29,120	4,985
Series 2019C due through 2024, 5.00%	5,405			5,405	1,205
	645,515	-	(41,585)	603,930	44,250
Public Power System Revenue Bonds:					
Series 2008 due through 2038, 4.00% to 5.40%	27,903			27,903	
Series 2008 Accreted Interest Payable	23,563	2,768		26,331	
Series 2014 due through 2038, 5.50%	76,885		(76,885)	-	
Series 2016 due through 2024, 5.00%	32,605		(9,185)	23,420	5,410
Series 2018 due through 2038, 5.00%	46,245		(1,065)	45,180	3,620
Series 2020A due through 2038, 4.00% to 5.00%		63,110		63,110	
Series 2020B due through 2038, 2.01% to 2.996%		20,470		20,470	
	207,201	86,348	(87,135)	206,414	9,030
Water Revenue Bonds:					
Series G 1993 due through 2021, 5.50%	24,325		(24,325)	-	
Series X 2012 due through 2022, 3.63% to 4.00%	27,575		(26,290)	1,285	
Series Y 2015 due through 2028, 4.00% to 5.00%	116,205		(77,305)	38,900	5,015
Series AA 2015 due through 2033, Variable Rate, Direct Placement	90,800		(90,800)	-	
Series BB 2017 due through 2032, 5.00%	15,715			15,715	
Series CC 2017 due through 2028, 5.00%	48,950		(6,070)	42,880	
Series DD 2019 due through 2033, 2.00% to 5.00%	97,160		(8,385)	88,775	12,700
Series EE 2020 due through 2042, 1.27% to 3.21%		15,815		15,815	95
Series FF 2020 due through 2033, 5.00%		70,270		70,270	
Series GG 2020 due through 2037, 0.39% to 2.28%		99,145		99,145	185
Series A Sec. Lien 2012 due through 2022, 4.00% to 5.00%	18,335		(6,745)	11,590	4,205
Series B Sub. Lien 2017 due through 2027, 5.00%	42,495			42,495	
	481,560	185,230	(239,920)	426,870	22,200
Water Pollution Control Revenue Bonds:					
Series 2016 due through 2045, 4.00% to 5.00%	30,680		(610)	30,070	635
Ohio Water Development Authority and Public Works Commission loans due through 2050, 0.00% to 3.00%, Direct Borrowings	72,750	8,127	(8,623)	72,254	8,585
Parking Facilities Refunding Revenue Bonds:					
Series 2006 due through 2022, 5.25%	11,200		(3,540)	7,660	3,730
Public Power System Other (See Note 7)	1,681	24	(399)	1,306	250
Accrued Wages and Benefits	11,921	13,577	(11,350)	14,148	8,732
Net pension liability:					
Ohio Public Employees Retirement System	224,015		(65,620)	158,395	
Net OPEB liability:					
Ohio Public Employees Retirement System	105,347	4,764		110,111	
Estimated claims payable	87	711	(590)	208	208
	1,791,957	298,781	(459,372)	1,631,366	97,620
Unamortized (discount)/premium - net	77,158	36,116	(22,060)	91,214	
Total Business-Type Activities, Net	$1,869,115	$334,897	($481,432)	$1,722,580	$97,620
Total Debt and Other Long-Term Obligations	$3,988,422	$549,938	($869,041)	$3,669,319	$195,334

(Concluded)

Internal Service Funds predominantly serve the governmental funds, except the Utilities Administration Fund, which serves only business-type activity funds. Long-term liabilities for all Internal Service Funds, except the Utilities Administration Fund, are included as part of the totals for governmental activities in the government-wide statement of net position. At December 31, 2020, $1,921,000, $14,364,000 and $10,512,000 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, 2020, $1,505,000, $8,499,000 and $7,056,000 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 2020:

	Original Issue Amount	Balance January 1, 2020	Additions	(Reductions)	Balance December 31, 2020
			(Amounts in Thousands)		
Governmental Activities Obligations:					
General Obligation Bonds					
Public Facilities	$ 69,955	$ 36,830	$ 14,565	$ (8,930)	$ 42,465
Bridges and Roadways	161,060	115,180	22,385	(14,065)	123,500
Parks & Recreation	57,495	32,015	21,985	(2,910)	51,090
Neighborhood Development	1,750		1,750		1,750
Refunding Bonds	214,655	108,785		(16,605)	92,180
Total Governmental Activities	$ 504,915	$ 292,810	$ 60,685	$ (42,510)	$ 310,985
Business-Type Activities Obligations:					
Revenue Bonds / Notes					
Airports	$ 789,105	$ 643,725	$	$ (39,795)	$ 603,930
Airports Direct Placement	9,070	1,790		(1,790)	-
Public Power	277,638	183,638	83,580	(87,135)	180,083
Waterworks	861,470	390,760	185,230	(149,120)	426,870
Waterworks Direct Placement	90,800	90,800		(90,800)	-
Parking Facilities	57,520	11,200		(3,540)	7,660
Water Pollution Control	32,390	30,680		(610)	30,070
Loans					
Waterworks (Direct Borrowings)	152,767	67,309		(8,431)	58,878
Water Pollution Control (Direct Borrowings)	16,319	5,441	8,127	(192)	13,376
Total Business-Type Activities	$ 2,287,079	$ 1,425,343	$ 276,937	$ (381,413)	$ 1,320,867

The following is a summary of the City's future debt service requirements as of December 31, 2020:

	Governmental Activities					
	General Obligation Bonds		Construction Loan (Direct Borrowing)		Subordinate Lien Income Tax Bonds	
Year Ending December 31	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2021	$ 24,660	$ 12,863	$ 15	$ 14	$ 16,210	$ 15,422
2022	23,655	11,830	15	14	18,300	14,724
2023	24,175	10,805	16	13	19,975	13,851
2024	21,900	9,681	16	13	20,605	12,902
2025	17,930	8,665	17	13	20,070	12,056
2026-2030	78,585	31,585	508	35	125,135	45,852
2031-2035	55,965	17,925			72,985	21,226
2036-2040	37,890	8,783			45,755	9,321
2041-2045	22,055	2,694			20,060	2,140
2046-2048	4,170	188			1,020	41
	$ 310,985	$ 115,019	$ 587	$ 102	$ 360,115	$ 147,535

	Non-Tax Revenue Bonds		Non-Tax Revenue Bonds (Direct Placement)		City Annual Appropriation Bonds	
Year Ending December 31	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2021	$ 3,959	$ 829	$ 1,165	$ 816	$ 365	$ 508
2022	4,090	713	1,240	773	385	487
2023	4,203	601	1,295	727	410	463
2024	4,343	463	1,350	679	435	439
2025	2,956	313	1,425	628	460	413
2026-2030	4,434	529	8,200	2,285	2,745	1,616
2031-2035	1,877	79	6,535	588	3,675	688
2036-2040						
2041-2045						
2046-2048						
	$ 25,862	$ 3,527	$ 21,210	$ 6,496	$ 8,475	$ 4,614

	Note/Loans Payable (Direct Borrowing)		Certificates of Participation (Direct Placement)		Governmental Activities Total	
Year Ending December 31	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2021	$ 63	$ 14	$ 8,035	$ 2,097	$ 54,472	$ 32,563
2022	63		8,275	1,856	56,023	30,397
2023	63		8,520	1,608	58,657	28,068
2024	64		8,780	1,352	57,493	25,529
2025	63		9,040	1,089	51,961	23,177
2026-2030	284		27,250	1,606	247,141	83,508
2031-2035					141,037	40,506
2036-2040					83,645	18,104
2041-2045					42,115	4,834
2046-2048					5,190	229
	$ 600	$ 14	$ 69,900	$ 9,608	$ 797,734	$ 286,915

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)			
2021	$ 79,845	$ 48,032	$ 8,585	$ 1,894
2022	93,555	43,865	8,851	1,655
2023	90,660	39,332	9,127	1,409
2024	95,340	34,914	8,997	1,153
2025	96,962	34,600	8,856	909
2026-2030	455,522	121,404	17,465	2,409
2031-2035	216,798	62,146	3,614	1,323
2036-2040	83,186	31,046	2,791	977
2041-2045	27,510	5,486	3,155	612
2046-2050	9,235	708	3,191	200
	$ 1,248,613	$ 421,533	$ 74,632	$ 12,541

Year Ending December 31	Business-Type Activities Total Principal	Business-Type Activities Total Interest
	(Amounts in Thousands)	
2021	$ 88,430	$ 49,926
2022	102,406	45,520
2023	99,787	40,741
2024	104,337	36,067
2025	105,818	35,509
2026-2030	472,987	123,813
2031-2035	220,412	63,469
2036-2040	85,977	32,023
2041-2045	30,665	6,098
2046-2050	12,426	908
	$ 1,323,245	$ 434,074

The schedule of minimum principal and interest payments for construction loans above includes the amortization for a loan provided to the Division of Water Pollution Control by the Ohio Water Development Authority (OWDA) in 2019. This amortization is based upon the full amount expected to be financed, regardless of whether the City has received all the loan proceeds. At December 31, 2020, the amount financed on the loan, which is reflected in the amortization schedule, exceeds the actual loan balance shown on the schedule of long-term debt outstanding and changes in long-term debt obligations by $2,378,000. OWDA loans and Ohio Public Works Commission are direct borrowings.

OWDA completed an interest rate buy-down in 2015 which resulted in interest rate savings on the current loans. Market rate loans with interest rates higher than 4.0% saw a reduction in rates to 4.0% while rates over 3.0% on OWDA loans were reduced to 3.0%. The buy-down commenced retroactively to the January 1, 2016 payment.

General Obligation Bonds

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

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

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

Under the direct debt limitation imposed by the Ohio Revised Code, the City had the capacity to issue $282,279,163 of additional unvoted debt at December 31, 2020.

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 $20,200,000 at December 31, 2020, 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, 2020 as reported by JPM was approximately $306 which would be payable by the City.

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

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

Non-Tax Revenue Bonds – Stadium**:** On September 4, 2014, the City issued $7,745,000 Non-Tax Revenue Refunding Bonds, Series 2014 for the Cleveland Stadium Project. These bonds refunded $8,275,000 of the outstanding 2004 Non-Tax Revenue Refunding Bonds (Cleveland Stadium Project). Net proceeds of the Series 2014 Bonds in the amount of $8,478,644 were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds on December 1, 2014. As a result, the refunded bonds were defeased and the liability for the Series 2004 Bonds was removed from long-term debt. The City completed the refunding in order to achieve debt service savings of $854,000 and an economic gain (the difference between the present values of the old and new debt service) of $842,000 or 10.2%. The Series 2014 Bonds were paid off on December 1, 2020. These bonds did not represent a general obligation debt or pledge of the full faith and credit or taxing power of the City and were payable solely from non-tax revenues of the City.

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

Non-Tax Revenue Bonds – Taxable Economic and Community Development Revenue Bonds (Core City):

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

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

Effective April 9, 2015, the City issued $15,280,000 Taxable Economic and Community Development Revenue Bonds, Series 2015 (Core City Fund). Similar to the 2020 Bonds, the proceeds of these bonds will be used to provide funds for eligible projects, including, but not limited to, the acquisition, construction, equipping or improvement of multi-unit housing and commercial development and the preparation or remediation of sites for these purposes. The principal and interest on these bonds are to be paid from non-tax revenues of the City and net project revenues.

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

Effective July 24, 2008, the City issued $28,160,000 Taxable Economic and Community Development Refunding Revenue Bonds, Series 2008 (Core City Fund). The proceeds of these bonds were used to refund the outstanding $26,900,000 Series 2003 Taxable Economic and Community Development Revenue Bonds, to fund a bond reserve fund and to pay the costs of issuing the bonds. The Series 2003 Bonds were refunded in order to address increased interest rates incurred on the bonds due to the collapse of the auction rate securities market. The Series 2008 Bonds, which were special obligations of the City, were issued as variable rate demand obligations secured by a letter of credit provided by Citizens Bank. Upon the expiration of the letter of credit in 2011, the City obtained a new letter of credit for the Series 2008 Bonds from PNC Bank. At the expiration of the PNC Bank letter of credit, the City elected to refund the outstanding $25,360,000 Series 2008 Bonds with $25,360,000 Taxable Economic and Community Development Bonds, Series 2013A, effective May 30, 2013. The bonds remained variable rate bonds and were privately placed with KeyBank National Association for a period of five years. 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. In May 2018, the City entered into a new three year direct placement on the Series 2013A Bonds with PNC Bank, National Association upon the expiration of the old direct placement. 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 COPS, Series 2010B to refund all of the outstanding $108,390,000 COPS, Series 2007. Proceeds of the COPS, Series 2010, were used to currently refund the COPS, Series 2007, on the day of closing, to fund a required debt service reserve fund deposit in the amount of $8,324,045, to make a termination payment on the existing hedge agreement with UBS in the amount of $17,322,000 and to pay costs of issuing the COPS. The final payment on the Series 2010A COPS was made November 15, 2020. The COPS, Series 2010B, were purchased by Wells Fargo Bank, National Association, as floating rate obligations for a period of three years, the interest on which is reset weekly based on the SIFMA index plus a spread. As a result of this refunding, the City achieved an economic gain (the difference between the present values of the old and new debt service) of approximately $3,461,000 or 3.19%.

Effective March 21, 2013, the City completed a conversion and remarketing of the COPS, Series 2010B. This was done in order to change the index rate being charged on the bonds as well as to extend the interest rate period until March 2018. The COPS, Series 2010B, were again purchased by Wells Fargo Bank, National Association. Effective March 1, 2018, the City entered into an amended and restated Continuing Covenants Agreement with Wells Fargo Municipal Capital Strategies, LLC on the 2010B Stadium COPS. The agreement extended to March 2021 the period of time during which Wells Fargo Municipal Capital Strategies, LLC will be the owner of the COPS as a direct placement.

Events of default under the agreement with the bank include, but are not limited to, 1) failure to pay principal of or interest on the Series 2010B COPS or parity debt 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.

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

On June 20, 2013, the City entered into a $6,535,000 vehicle lease agreement with Huntington Public Capital Corporation. These funds were used to purchase a variety of vehicles including police cars, EMS ambulances and waste collection equipment. Payments on the equipment lease were made over a period of seven years from issuance from the Restricted Income Tax Fund. The final lease payment was made in June 2020.

The assets recorded by the City under Capital Leases were as follows as of December 31, 2020:

	Governmental Activities (Amounts in Thousands)
Furniture, fixtures and equipment	$ 42,178
Less – accumulated depreciation	(36,626)
Net book value	$ 5,552

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

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

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

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

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

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

Police and Fire Overtime and Deferred Vacation Pay: Uniformed employees of the Police and Fire Divisions accumulate overtime compensation in accordance with the union contracts and the requirements of the Fair Labor Standards Act. In addition, uniformed employees may defer earned vacation time, with the appropriate approvals, until retirement. The liabilities for overtime and deferred vacation time, at current pay rates including their related fringe benefits and converted to straight time hours, at December 31, 2020, follow:

	Overtime		Deferred Vacation	
Division	**Hours**	**Dollars**	**Hours**	**Dollars**
		(Amounts in Thousands)		
Police	1,045	$ 39,056		$
Fire	117	4,443	51	2,029
Total	1,162	$ 43,499	51	$ 2,029

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 43,694,402 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.

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

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

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

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

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

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

Effective April 25, 2019, Water Revenue Bonds, Series DD, 2019, were issued in the amount of $97,160,000. The bonds were issued to currently refund $24,575,000 of outstanding Series T Bonds, $54,935,000 of Series U Bonds, $26,495,000 of Series V Bonds and $1,230,000 of Series W Bonds. As part of this bond deal, the City also terminated all interest rate swaps entered into with Morgan Stanley and JP Morgan and made a termination payment of $7,328,000 on the Series U and Series V swaps from the proceeds of the bonds. In addition, the Division used cash on hand in the amount of $570,500 to terminate the swaps associated with the Series AA Bonds. Through this refunding, the City was able to eliminate the risk associated with most of the Division's variable rate debt by refunding them with fixed rate bonds and by terminating all existing swaps. Additionally, the Division achieved present value debt service savings of $995,000.

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

Interest Rate Swap Transactions:

In conjunction with the issuance of the Water Revenue Bonds, Series DD, described above, the City terminated in 2019 all the Division's swaps with JPMorgan Chase Bank, N.A. and Morgan Stanley Capital Services Inc., which were associated with the Series U, Series V and Series AA Bonds. Bond proceeds in the amount of $7,328,000 and cash on hand of $570,000 were used to make termination payments to the counterparties.

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

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

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

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

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

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

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

Interest Rate Swap Transaction:

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

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

Basis Risk: By entering into a swap based upon the 30 day LIBOR rate of interest, the City has undertaken basis risk associated with a change in tax rates and structure. While the average relationship between the SIFMA (tax-exempt) and LIBOR (taxable) interest rates has been 67%, this relationship may not always apply. Since late 2008, this relationship has been significantly higher or lower for various periods of time due to disruptions in the financial markets. The payments received from the counterparty may be less than the amount owed to the counterparty, resulting in a net increase in debt service. From 2013 to early 2016, the SIFMA/LIBOR relationship was significantly lower than 67%. In this case, payments received from the counterparty were greater than the amount owed to the counterparty which resulted in a net decrease in debt service. In addition, a reduction in federal income tax rates, such as the one that was approved in late 2017, might increase the percentage relationship between

SIFMA and LIBOR and increase the cost of the financing. In 2020, payments owed to the counterparty exceeded payments received from the counterparty by approximately $20,000.

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

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

Fair Value: The fair value of the swap at December 31, 2020 as reported by PNC totaled $4,000, which would be payable by the City.

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

Defeasance of Debt

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

The aggregate amount of defeased debt outstanding at December 31, 2020 is as follows:

(Amounts in Thousands)

Bond Issue		Bond Issue	
Parking Facilities Bonds:		Subordinate Lien Income Tax Bonds:	
Series 2006	$ 3,625	Series 2013A	$ 12,745
Water Revenue Bonds:		Series 2014A	15,040
Series X, 2012	$ 43,125	Series 2014B	19,475
Second Lien Series A, 2012	45,850	Series 2015A	77,615
Series Y, 2015	76,060		
Airport Revenue Bonds:		General Obligation Bonds:	
Series 2012A	$ 235,150	Series 2012	$ 17,340

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 $603,930,000 in various Airport System Revenue Bonds issued in various years since 2006. 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 67% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is $758,499,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $66,589,000 and $96,766,000 respectively.

The City has pledged future power system revenues, net of specified operating expenses, to repay $180,083,000 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 65% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is $312,804,000. Principal and interest paid for the current year and total net revenues were $9,882,000 and $24,428,000 respectively.

The City has pledged future water system revenues, net of specified operating expenses, to repay $426,870,000 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 35% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is $537,247,000. Amounts deposited for principal and interest in the current year on the Senior Lien Bonds and total net revenues were $32,568,000 and $140,452,000 respectively.

The City has pledged future water pollution control revenues to repay $30,070,000 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 28% of net revenues. The total principal and interest remaining to be paid on the Water Pollution Control Revenue Bonds is $53,327,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $2,132,000 and $7,718,000 respectively.

The City has pledged future revenues from certain parking facilities, net of specified operating expenses and other operating revenues to repay $7,660,000 of Parking Facilities Refunding Revenue Bonds issued in 2006. Proceeds from the bonds initially issued provided financing for the construction of parking facilities. The bonds are payable from parking facilities net revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require the full amount of net operating revenues. The total principal and interest remaining to be paid on the Parking Facilities Refunding Revenue Bonds is $8,268,000. Principal and interest paid for the current year (including net swap payments) and total net revenues were $4,148,000 and $71,000 respectively.

In 2020, no additional pledged revenue was required to meet the debt service on the Parking Facilities Refunding Revenue Bonds. The trust indenture requires, among other things, that the Division will fix parking rates and will charge and collect fees for the use of the parking facilities and will restrict operating expenses. As of December 31, 2020, the Division of Parking Facilities was in compliance with the terms and requirements of the trust indenture.

Derivative Instruments

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

The derivative instruments are classified as Level 2 inputs of the fair value hierarchy and are considered to be significant other observable inputs. The derivative instruments are calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and assumes that the current forward rate implied by the yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the swaps, where future amounts are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money.

The table below presents the fair value balances and notional amounts of the City's derivative instruments outstanding at December 31, 2020, classified by type and the changes in fair value of these derivatives during fiscal year 2020 as reported in the 2020 financial statements. The fair values of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2020 and the specific terms and conditions of each swap, have been provided by the respective counterparty for each swap and confirmed by the City's financial advisor.

	Changes in Fair Value		Fair Value at December 31, 2020		
	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	$ -	$ 20,200
Business-Type Activities:					
Floating to floating interest rate swap					
2006 Parking Basis Swap	Investment Revenue	10	Debt	(4)	7,660

The table below presents the objective and significant terms of the City's derivative instruments at December 31, 2020, 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	$ 20,200,000	2/7/2003	5/15/2024	If option is exercised, Receive 4.88%, pay SIFMA	Aa2/A+/AA
2006 Parking Bonds	Basis Swap - Pay Floating/Receive Floating	Exchange floating rate payments on Series 2006 Parking System Bonds	$ 7,660,000	8/15/2006	9/15/2022	Pay SIFMA, receive 67% of LIBOR	A2/A/A+

NOTE 6 – RISK MANAGEMENT

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

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

Changes in the estimated claims payable for all funds during the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
	(Amounts in Thousands)	
Estimated claims payable, January 1	$ 18,675	$ 11,178
Current year claims (including IBNRs) and changes in estimates	5,963	16,328
Claim payments	(11,088)	(8,831)
Estimated claims payable, December 31	$ 13,550	$ 18,675

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 2020. There was no significant decrease in any insurance coverage in 2020. In addition, there were no insurance settlements in excess of insurance coverage during the past four 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, 2020 and 2019 were as follows:

	2020	2019
	(Amounts in Thousands)	
Estimated claims payable, January 1	$ 9,466	$ 9,701
Current year claims (including IBNRs) and changes in estimates	100,788	97,099
Claim payments	(98,746)	(97,334)
Estimated claims payable, December 31	$ 11,508	$ 9,466

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, 2020 was $15,650,000. Of this amount, $6,013,000 was recorded as a fund liability within each respective fund. The remaining $9,637,000 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, 2020, the City had $16,171,000 in claims for which an unfavorable outcome is deemed to be reasonably possible.

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

Contingent Liabilities: The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 80,000 kilowatts of a total 771,281 kilowatts, giving the City a 10.37% share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, 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 is $13,813,694. The City received a credit of $6,447,719 related to their participation in the AMP Fremont Energy Center (AFEC) Project and another credit of $3,617,994, related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving a net impaired cost estimate of $3,747,981. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a settlement in the Bechtel litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share. Since March 31, 2014, the City has made payments of $2,505,814 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 $168,966 and interest expense incurred on AMP's line-of-credit of $288,646. 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, 2020, of $1,305,630.

The City does have a potential PHFU liability of $4,073,013 resulting in a net total potential liability of $5,378,643, 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 9 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 an additional claim that could result in a material adverse effect on the CPP fund. This amount is indeterminable at this time.

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

In addition to the federally assisted Investment Act Grant Programs, the City also received CARES Act funds in 2020. These federal funds are subject to financial and compliance audits by the grantor or their representative and are subject to availability.

NOTE 8 – INTERFUND TRANSACTIONS AND BALANCES

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

The City has the following types of transactions among funds:

Nonreciprocal interfund transfers – Flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. This includes transfers to subsidize various funds.

For the year ended December 31, 2020, transfers consisted of the following:

Transfers Out	Transfers In					
	Total	Public Health Fund	Other Govern-mental Funds	Total Govern-mental Funds	Enterprise Funds	Internal Service Funds
	(Amounts in Thousands)					
Governmental Funds:						
General	$ 56,441	$ 7,689	$ 43,100	$ 50,789	$ 4,855	$ 797
Other Governmental	51,156		51,156	51,156		
Total Governmental Funds	107,597	7,689	94,256	101,945	4,855	797
Total	$ 107,597	$ 7,689	$ 94,256	$ 101,945	$ 4,855	$ 797

Interfund Balances: Interfund balances at December 31, 2020 represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records and (3) payments between funds are made. All are expected to be paid within one year.

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

Interfund receivable and payable balances as of December 31, 2020 are as follows:

Due To	Total	Due From										
		General Fund	Public Health Fund	Other Govern-mental Funds	Total Govern-mental Funds	Division of Water Fund	Division of Water Polution Control Fund	Cleveland Public Power Fund	Department of Port Control Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
		(Amounts in Thousands)										
Governmental Funds:												
General	$ 3,420	$	$	$ 33	$ 33	$	$ 1	$ 1,031	$ 2	$ 13	$ 1,047	$ 2,340
Public Health	165		90		90			8			8	67
Other Governmental	17,197	1,643	1,325	13,760	16,728	81		10		1	92	377
Total Governmental	$ 20,782											
Enterprise Funds:												
Division of Water	$ 1,791	6			6		24	1,132		1	1,157	628
Division of Water Polution Control	2,707			119	119	2,542		9			2,551	37
Cleveland Public Power	554	10			10	33					33	511
Department of Port Control	1,255	962			962		3	19			22	271
Other Enterprise	123	15			15			53			53	55
Total Enterprise	$ 6,430											
Internal Service Funds	105	1			1		1	6		4	11	93
Total Due To/Due From	$ 27,317	$ 2,637	$ 1,415	$ 13,912	$ 17,964	$ 2,656	$ 29	$ 2,268	$ 2	$ 19	$ 4,974	$ 4,379

NOTE 9 – INCOME TAXES

During 2020, 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 2019 levy for collection in 2020 was based upon an assessed valuation of approximately $5.1 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 2018. Assessed values are established by the Cuyahoga County (County) Fiscal Officer. The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City.

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

- Collection Dates — January 28 and July 15 of the current year
- Lien Date — January 1 of the year preceding the collection year
- Levy Date — October 1 of the year preceding the collection year

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

- Collection Dates — January 28 and July 15 of the current year
- Lien Date — January 1 of the year preceding the collection year
- Levy Date — October 1 of the year preceding the collection year

NOTE 11 – DEFERRED INFLOWS / DEFERRED OUTFLOWS OF RESOURCES

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

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

On the modified accrual basis of accounting, the City has recorded certain receivables relating to property taxes and unavailable revenue. Unavailable revenues and property taxes levied to finance 2020 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	Other Governmental Funds	Totals
	(Amounts in Thousands)			
Income taxes receivable	$ 21,120	$	$ 2,638	$ 23,758
Property taxes receivable	51,671		26,918	78,589
Special assessments receivable	10,593		21,599	32,192
Local government receivable	9,268			9,268
Homestead rollback	3,024		1,576	4,600
Emergency medical service receivable	160			160
Motor vehicle taxes receivable			1,528	1,528
Municipal gas tax receivable			1,046	1,046
State gasoline tax receivable			3,466	3,466
Due from other governments	2,499	3	419	2,921
Accounts receivable	650			650
Total deferred inflows of resources	$ 98,985	$ 3	$ 59,190	$ 158,178

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

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

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual 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 2020, 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 $42,095,000 for 2020. 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
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25	12.25
2020 Actual Contribution Rates		
Employer:		
Pension	19.00	23.50
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $38,921,000 for 2020. All required payments have been made.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019 and was determined by rolling forward the total pension liability as of January 1, 2019 to December 31, 2019. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
	(Amounts in Thousands)		
Proportionate Share of the Net Pension Liability	$ 388,322	$ 504,798	$ 893,120
Proportion of the Net Pension Liability	1.985574%	7.493444%	
Change in Proportion	(0.023422)%	0.078806%	
Pension Expense	$ 69,476	$ 65,234	$ 134,710

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
	(Amounts in Thousands)		
Deferred Outflows of Resources			
Differences between expected and actual experience	$	$ 19,108	$ 19,108
Change in assumptions	21,351	12,391	33,742
Change in City's proportionate share and difference in employer contributions	1,069	13,706	14,775
Contributions subsequent to the measurement date	42,095	38,921	81,016
Total Deferred Outflows of Resources	$ 64,515	$ 84,126	$ 148,641
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 5,873	$ 26,034	$ 31,907
Net difference between projected and actual earnings on pension plan investments	78,742	24,386	103,128
Change in City's proportionate share and difference in employer contributions	3,029	8,658	11,687
Total Deferred Inflows of Resources	$ 87,644	$ 59,078	$ 146,722

The $81,016,000 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
	(Amounts in Thousands)		
Year Ending December 31:			
2021	$ (9,671)	$ (4,520)	$ (14,191)
2022	(26,319)	2,337	(23,982)
2023	2,984	11,550	14,534
2024	(31,506)	(21,318)	(52,824)
2025	(210)	(1,922)	(2,132)
Thereafter	(502)		(502)
Total	$ (65,224)	$ (13,873)	$ (79,097)

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2019
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25 to 10.75%
COLA or Ad Hoc COLA	3.25%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: 1.4%, simple through 2020, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit Portfolio, the Health Care Portfolio and the Defined Contribution Portfolio. The Defined Benefit Portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit Portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the Defined Benefit 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 Defined Benefit Portfolio was 17.2% for 2019.

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 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
		(Amounts in Thousands)	
City's proportionate share of the net pension liability	$ 578,126	$ 388,322	$ 230,881

Actuarial Assumptions – OP&F: OP&F's total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019 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, 2019, are presented below:

Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75%-10.50%
Payroll Increases	3.25%
Inflation Assumptions	2.75%
Cost of Living Adjustments	2.20% and 3.00%

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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, 2019 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	%	1.00 %
Domestic Equity	16	5.40
Non-US Equity	16	5.80
Private Markets	8	8.00
Core Fixed Income *	23	2.70
High Yield Fixed Income	7	4.70
Private Credit	5	5.50
U.S. Inflation Linked Bonds *	17	2.50
Master Limited Partnerships	8	6.60
Real Assets	8	7.40
Private Real Estate	12	6.40
Total	120 %	

* levered 2x

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

Discount Rate: The total pension liability was calculated using the discount rate of 8.0%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State Statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return 8.0%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: Net pension liability is sensitive to changes in the discount rate and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0%), or one percentage point higher (9.0%) than the current rate.

	1% Decrease 7.0%	Current Discount Rate 8.0%	1% Increase 9.0%
		(Amounts in Thousands)	
City's proportionate share of the net pension liability	$ 699,633	$ 504,798	$ 341,839

NOTE 13 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability: The net OPEB liability 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 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 obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability 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 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 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 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. Resulting adjustments to the net OPEB liability 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 on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Comprehensive Annual 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 2020, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0%.

For the year ended December 31, 2020, 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 2019, 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 $961,000 for 2020. All required payments have been made.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date as of December 31, 2019, 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, 2019 and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability 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
Proportion of the Net OPEB Liability:			
Current Measurement Date	1.958141 %	7.493444 %	
Prior Measurement Date	1.985567	7.414638	
Change in Proportionate Share	(0.027426) %	0.078806 %	
Proportionate Share of the Net	(Amounts in Thousands)		
OPEB Liability	$ 270,468	$ 74,018	$ 344,486
OPEB Expense	$ 17,778	$ 10,538	$ 28,316

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
	(Amounts in Thousands)		
Deferred Outflows of Resources			
Differences between expected and actual economic experience	$ 7	$	$ 7
Changes in assumptions	42,815	43,274	86,089
Changes in proportion and differences between City contributions and proportionate share of contributions	203	4,116	4,319
Contributions subsequent to the measurement date		961	961
Total Deferred Outflows of Resources	$ 43,025	$ 48,351	$ 91,376
Deferred Inflows of Resources			
Differences between expected and actual economic experience	$ 24,736	$ 7,960	$ 32,696
Changes of assumptions		15,774	15,774
Net difference between projected and actual earnings on OPEB plan investments	13,772	3,406	17,178
Changes in proportion and differences between City contributions and proportionate share of contributions	3,381	3,185	6,566
Total Deferred Inflows of Resources	$ 41,889	$ 30,325	$ 72,214

The $961,000 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. 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)		
2021	$ 4,724	$ 2,984	$ 7,708
2022	2,284	2,984	5,268
2023	11	3,683	3,694
2024	(5,883)	2,581	(3,302)
2025		3,096	3,096
Thereafter		1,737	1,737
Total	$ 1,136	$ 17,065	$ 18,201

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 was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date as of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	3.16%
Prior Measurement Date	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.75%
Prior Measurement Date	3.71%
Health Care Cost Trend Rate:	
Current Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Prior Measurement Date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

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

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

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

During 2019, 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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 19.7% for 2019.

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 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate: A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
		(Amounts in Thousands)	
City's proportionate share of the net OPEB liability	$ 353,943	$ 270,468	$ 203,621

Sensitivity of the City's Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability 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 2020 is 10.50%. 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	$ 262,481	$ 270,468	$ 278,342

Actuarial Assumptions – OP&F: OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019 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, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 3.25%
Single Discount Rate:	
Currrent Measurement Date	3.56%
Prior Measurement Date	4.66%
Cost of Living Adjustments	3.00%; 2.20% Simple for increased based on the lesser of the increase in CPI and 3.00%

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	%	1.00 %
Domestic Equity	16	5.40
Non-US Equity	16	5.80
Private Markets	8	8.00
Core Fixed Income *	23	2.70
High Yield Fixed Income	7	4.70
Private Credit	5	5.50
U.S. Inflation Lined Bonds *	17	2.50
Master Limited Partnerships	8	6.60
Real Assets	8	7.40
Private Real Estate	12	6.40
Total	120 %	

* levered 2x

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

Discount Rate: The total OPEB liability was calculated using the discount rate of 3.56%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State Statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.0%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.0%, which resulted in a blended discount rate of 3.56%.

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 3.56%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.56%), or one-percentage-point higher (4.56%) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
		(Amounts in Thousands)	
City's proportionate share of the net OPEB liability	$ 91,778	$ 74,018	$ 59,261

NOTE 14 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
		(Amounts in Thousands)		
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 68,513	$ 2,682	$ (3)	$ 71,192
Construction in progress	262,618	61,845	(28,733)	295,730
Total capital assets, not being depreciated	331,131	64,527	(28,736)	366,922
Capital assets, being depreciated:				
Land improvements	228,127	126		228,253
Buildings, structures and improvements	713,976	1,906		715,882
Furniture, fixtures, equipment and vehicles	281,524	15,880	(6,850)	290,554
Infrastructure	829,211	37,013	(4,691)	861,533
Total capital assets, being depreciated	2,052,838	54,925	(11,541)	2,096,222
Less accumulated depreciation for:				
Land improvements	(152,959)	(8,622)		(161,581)
Buildings, structures and improvements	(362,008)	(16,757)		(378,765)
Furniture, fixtures, equipment and vehicles	(201,143)	(15,426)	4,798	(211,771)
Infrastructure	(415,587)	(30,291)	3,913	(441,965)
Total accumulated depreciation	(1,131,697)	(71,096)	8,711	(1,194,082)
Total capital assets being depreciated, net	921,141	(16,171)	(2,830)	902,140
Governmental activities capital assets, net	$ 1,252,272	$ 48,356	$ (31,566)	$ 1,269,062

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
		(Amounts in Thousands)		
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 191,625	$ 288	$ -	$ 191,913
Construction in progress	358,671	147,263	(133,230)	372,704
Total capital assets, not being depreciated	550,296	147,551	(133,230)	564,617
Capital assets, being depreciated:				
Land improvements	129,217	1,044	(272)	129,989
Utility plant	2,787,295	88,628	(10,798)	2,865,125
Buildings, structures and improvements	784,934	11,117		796,051
Furniture, fixtures, equipment and vehicles	816,169	50,617	(5,136)	861,650
Infrastructure	1,018,128			1,018,128
Total capital assets, being depreciated	5,535,743	151,406	(16,206)	5,670,943
Less accumulated depreciation for:				
Land improvements	(62,369)	(3,520)	272	(65,617)
Utility plant	(1,127,910)	(66,835)	10,797	(1,183,948)
Buildings, structures and improvements	(481,266)	(16,318)		(497,584)
Furniture, fixtures, equipment and vehicles	(633,183)	(36,654)	4,951	(664,886)
Infrastructure	(748,315)	(40,983)		(789,298)
Total accumulated depreciation	(3,053,043)	(164,310)	16,020	(3,201,333)
Total capital assets being depreciated, net	2,482,700	(12,904)	(186)	2,469,610
Business-Type activities capital assets, net	$ 3,032,996	$ 134,647	$ (133,416)	$ 3,034,227

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

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

		(Amounts in Thousands)
Governmental Activities:		
General Government	$	26,771
Public Works		30,355
Public Safety		8,792
Building and Housing		120
Community Development		1,520
Public Health		347
Economic Development		303
Depreciation expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets		435
Total depreciation expense charged to governmental activities	$	68,643
Business-Type Activities:		
Water	$	73,098
Sewer		4,721
Electricity		22,375
Airport Facilities		60,666
Nonmajor activities		3,333
Depreciation expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets		115
Total depreciation expense charged to business-type activities	$	164,308

Capital Commitments: Significant commitments of the City as of December 31, 2020 are composed of the following:

Project Description		Spent-to-Date		Remaining Commitment
		(Amounts in Thousands)		
Governmental Activities:				
Police Headquarters Building	$	1,830	$	58,170
East 105 SR 10 Quebec to Chester		8,286		17,566
Demo 2020		1,226		12,774
Ward 1 Recreation Center		5,824		11,135
Pedestrian Bridge				9,363
E/C Street Resurfacing		3,825		8,775
Ken Johnson Recreation Center		734		8,283
Vehicles 2020		2,933		5,536
Northcoast Pedestrian Bridge		7,605		5,471
CD Financing				5,000
Demo 2021				5,000
West 65 Denison to Herman		327		4,887
LED Lighting		23,585		4,815
Demo 2018		9,223		4,777
West 130 Brookpark to Lorain		947		4,653
Kovacic Roof and Locker Room		3,447		4,491

Project Description		Spent-to-Date		Remaining Commitment
		(Amounts in Thousands)		
Business-Type Activities:				
NAI Phase IV/FAA Phase V	$	86	$	17,306
Nottingham Sedimentation Basins		8,424		10,232
Kirtland Crib		436		9,748
Harvard Denison Interconnect				8,500
Suburban Water Main Renewal		8,833		7,763
Water Main Renewal 2020		2,749		7,251
Sanitary Sewer System Relocation		527		6,473
Secondary Station Improvements Cycle H		388		6,032
Crown Improvments				6,000
Suburban Water Main				5,845
General Engineering Services XII		612		5,388
Baldwin Filter Underdrain		60		5,000
Water Main Renewal 2021				5,000
Vehicles 2020				4,987
Truck Main Renewal 2016		4,648		4,352

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 2020, the State funded $7,855,243 of road and bridge improvement projects.

Capitalized Interest: Interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest income earned on invested debt proceeds. For 2020, interest expense incurred for the Enterprise Funds was $58,250,000 of which $2,866,000 was capitalized net of $31,000 of interest income capitalized.

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 $2,689,000 at year end.

NOTE 16 – SEGMENT INFORMATION

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

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

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

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

Condensed Statement of Net Position Information

		Municipal Parking Lots (Amounts in Thousands)
Assets:		
Current assets	$	5,413
Restricted assets		8,945
Capital assets, net		35,998
Total assets		50,356
Deferred outflows of resources		448
Liabilities:		
Current liabilities		4,275
Long-term liabilities		6,001
Total liabilities		10,276
Deferred inflows of resources		393
Net position:		
Net investment in capital assets		31,537
Restricted for debt service		5,797
Unrestricted		2,801
Total net position	$	40,135

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

		Municipal Parking Lots (Amounts in Thousands)
Charges for services	$	3,875
Depreciation (expense)		(1,721)
Other operating (expenses)		(3,695)
Operating income (loss)		(1,541)
Non-operating revenues (expenses):		
Investment income (loss)		63
Interest expense		(614)
Capital contibutions		177
Operating transfers in		2,000
Change in net position		85
Net position at beginning of year		40,050
Net position at end of year	$	40,135

Condensed Statement of Cash Flows Information

	Municipal Parking Lots (Amounts in Thousands)
Net cash provided by (used for):	
Operating activities	$ (192)
Noncapital financing activities	2,000
Capital and related financing activities	(4,148)
Investing activities	71
Net increase (decrease) in cash and cash equivalents	(2,269)
Beginning cash and cash equivalents	16,572
Ending cash and cash equivalents	$ 14,303

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	$ 9,100	$ 2,399	$ 31,960	$ 3,148	$	$ 1,517
Debt retirement	31,078	2,663	123,710	5,797		2,672
Accrued passenger facility charges			18,720			
Other	1		54,752		4,826	
Total	$ 40,179	$ 5,062	$ 229,142	$ 8,945	$ 4,826	$ 4,189

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, 2020:

	General Fund	Public Health	Other Governmental	Total Governmental
		(Amounts in Thousands)		
Fund Balances				
Nonspendable				
Prepaid expenses and other assets	$ 8,082	$ 32	$ 128	$ 8,242
Nonspendable Total	8,082	32	128	8,242
Restricted				
Debt Service			102,918	102,918
Recreation capital expenditures			47,938	47,938
Public Facilities capital expenditures			84,333	84,333
Road & Bridges capital expenditures			83,261	83,261
Cemetery capital expenditures			106	106
Stadium capital expenditures			5,381	5,381
Other capital expenditures			6,971	6,971
Repair & building of streets			14,412	14,412
Health & wellness		1,897		1,897
Protection & enforcement			4,063	4,063
Housing, community & economic development			55,715	55,715
Parks, properties & recreational services			488	488
Municipal Court			6,997	6,997
Casino			5,309	5,309
Neighborhood & sidewalk maintenance			2,234	2,234
Utilities programs			69	69
General governance			348	348
Restricted Total	-	1,897	420,543	422,440
Committed				
Health & wellness		584		584
Protection & enforcement			1,215	1,215
Parks, properties & recreational services			754	754
Housing, community & economic development			57,975	57,975
Municipal Court			1,324	1,324
Neighborhood & sidewalk maintenance			4,181	4,181
Lakefront management			2,659	2,659
Utilities programs			129	129
General governance			693	693
Committed Total	-	584	68,930	69,514
Assigned				
General governance	11,514			11,514
Protection & enforcement	6,260			6,260
Parks, properties & recreational services	2,679			2,679
Housing, community & economic development	2,160			2,160
Other purpose	61,987			61,987
Assigned Total	84,600	-	-	84,600
Unassigned	121,872			121,872
Total Fund Balances	$ 214,554	$ 2,513	$ 489,601	$ 706,668

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), Revised Code, has established by ordinance the Rainy Day Reserve Fund (Rainy Day). The Rainy Day's goal is to accumulate at least 5% for budget stabilization and up to 5% for self-insurance claims liabilities. The City funds the Rainy Day through transfers from the General Fund, when funds become available. In order to use the Rainy Day, the City must pass an ordinance. The amount of the Rainy Day is reported within the unassigned fund balance classification in the City's General Fund.

NOTE 18 – GATEWAY ECONOMIC DEVELOPMENT CORPORATION

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

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

In 2020, net revenues generated by the remaining Gateway garage were less than the debt service payments attributed to that garage by $2,785,000. Cumulative debt service payments funded by the City that are due from Gateway totaled $57,071,000 at December 31, 2020. Due to the uncertainty of collecting such amounts, an allowance has been recorded to offset the amounts in full; therefore, these amounts do not appear in the accompanying financial statements.

To enhance the security of the bonds issued by the County for the construction of facilities at Gateway, the City has agreed to pledge annually a percentage of admissions taxes on all events held at the arena to pay debt service if other revenue sources are not sufficient. Any exempted admissions tax not required for debt service will be reimbursed to the City. The City's current admissions tax rate is 8%. For the year ended December 31, 2020, the City pledged $1,421,071.

NOTE 19 – COMPLIANCE AND ACCOUNTABILITY

At December 31, 2020, 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)
Printing and Reproduction	$ 263
Utilities Administration	16,815
Sinking Fund Administration	575
Municipal Income Tax Administration	11,357
Telephone Exchange	868

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, 2020.

Tax Abatement Program	Total Amount of Taxes Abated For the year 2020 (Amounts in Thousands)	
Community Reinvestment Area (CRA)	$	4,371
Enterprise Zone Program		228
Tax Increment Financing (TIF)		2,377

NOTE 21 - RESTATEMENT

For year ending December 31, 2020, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of state and local governments. Certain activities previously reported in agency funds no longer meet the definition of fiduciary activity.

The implementation of GASB Statement No. 84 had the following effect on the Statement of Changes in Fiduciary Net Position.

	Custodial Funds (Amounts in Thousands)	
Net Position, as previously reported	$	-
Adjustments:		
Custodial Funds		5,793
Net Position, as restated	$	5,793

NOTE 22 – 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 23 – SUBSEQUENT EVENTS

On March 1, 2021, the City entered into a Second Amended and Restated Continuing Covenants Agreement with Wells Fargo Municipal Capital Strategies, LLC with regard to the $69,900,000 2010B Stadium Certificates of Participation. Effective March 18, 2021, the interest rate being paid by the City converted from a variable rate to a fixed rate of interest for the period from March 18, 2021 to November 14, 2023.

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. The City anticipates it will receive approximately $512.0 million in funding. The funds are to be distributed in two disbursements. The first occurred in June 2021. The second disbursement is anticipated one year later. The City is awaiting formal guidelines from the U.S. Treasury before determining how the funds will be used.

On March 22, 2021, City Council approved legislation authorizing the issuance not to exceed $58,500,000 of General Obligation Bonds. These bonds will be issued to fund park and recreation improvements, public facility improvements and road and bridge improvements.

Also on March 22, 2021, City Council approved legislation authorizing the issuance not to exceed $65,000,000 of Subordinate Lien Income Tax Bonds. These bonds will be issued to provide funds for public facility improvements, specifically for the construction of a new police headquarters and for renovations needed for a new training facility.

City Council also approved on March 22, 2021, legislation in an amount not to exceed $16,000,000 for the issuance of Economic and Community Development Bonds (Core City Fund). These bonds will be paid with non-tax revenues of the City and will fund loans for the acquisition, construction, equipping or improvement of industrial and commercial development for the purpose of creating or preserving jobs and employment opportunities in the City.

Effective May 3, 2021, the City entered into an agreement with U.S. Bank National Association under which the bank became the purchaser of the City’s outstanding $19,160,000 Taxable Economic and Community Development Refunding Revenue Bonds, Series 2013A (Core City Fund). Under this agreement, the City will be paying a fixed rate of interest for the period from May 3, 2021 to May 3, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLEVELAND, OHIO

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Seven Years (1), (2)

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

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

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

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

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

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

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

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

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

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

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

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

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

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

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

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

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

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

	2020	2019	2018	2017
		(Amounts in Thousands)		
City's Proportion of the Net OPEB Liability	1.958141%	1.985567%	1.955919%	1.884621%
City's Proportionate Share of the Net OPEB Liability	$ 270,468	$ 258,873	$ 212,398	$ 190,355
City's Covered Payroll	$ 295,329	$ 287,186	$ 287,186	$ 265,054
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.58%	90.14%	73.96%	71.82%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

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

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

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

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

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

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

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

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member Directed Plan.

(3) Represents City's calendar year. Information prior to 2016 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

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

	2020	2019	2018	2017
		(Amounts in Thousands)		
City's Proportion of the Net OPEB Liability	7.493444%	7.414638%	7.316628%	7.413054%
City's Proportionate Share of the Net OPEB Liability	$ 74,018	$ 67,521	$ 414,550	$ 351,881
City's Covered Payroll	$ 182,586	$ 168,650	$ 168,650	$ 156,994
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.54%	40.04%	245.80%	224.14%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	14.13%	15.96%

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

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

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

CITY OF CLEVELAND, OHIO

Required Supplementary Information (Continued)

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

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

(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, 2020

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
REVENUES:				
Income taxes	$ 444,330	$ 411,000	$ 410,100	$ (900)
Property taxes	38,749	38,749	38,373	(376)
State local government funds	26,289	26,289	25,504	(785)
Other taxes	40,830	26,491	17,939	(8,552)
Other shared revenues	13,728	13,728	10,689	(3,039)
Licenses and permits	19,658	19,658	15,956	(3,702)
Charges for services	36,164	36,164	33,575	(2,589)
Fines, forfeits and settlements	10,917	10,917	6,934	(3,983)
Investment earnings	4,300	4,300	1,715	(2,585)
Grants	417	60,417	60,005	(412)
Miscellaneous	28,017	28,017	29,368	1,351
TOTAL REVENUES	663,399	675,730	650,158	(25,572)
EXPENDITURES:				
Current:				
General Government:				
Council and clerk of council:				
Personnel	5,615	5,615	5,517	98
Other	2,340	2,340	1,476	864
Total council and clerk of council	7,955	7,955	6,993	962
Municipal court-judicial division:				
Personnel	21,955	20,455	18,179	2,276
Other	4,066	4,716	3,906	810
Total municipal court-judicial division	26,021	25,171	22,085	3,086
Municipal court-clerks division:				
Personnel	11,067	11,067	9,957	1,110
Other	2,455	2,455	1,808	647
Total municipal court-clerks division	13,522	13,522	11,765	1,757
Municipal court-housing division:				
Personnel	4,700	4,700	3,934	766
Other	406	406	142	264
Total municipal court-housing division	5,106	5,106	4,076	1,030
Office of the mayor:				
Personnel	2,858	2,848	2,028	820
Other	103	113	75	38
Total office of the mayor	2,961	2,961	2,103	858
Office of capital projects:				
Personnel	6,294	6,294	5,863	431
Other	676	676	469	207
Total office of capital projects	6,970	6,970	6,332	638

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, 2020

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Office of quality control and performance management:				
Personnel	$ 1,074	$ 1,074	$ 1,071	$ 3
Other	145	145	35	110
Total office of quality control and performance management	1,219	1,219	1,106	113
Landmarks commission:				
Personnel	207	207	193	14
Other	12	12	5	7
Total landmarks commission	219	219	198	21
Board of building standards and appeals:				
Personnel	131	131	122	9
Other	28	28	5	23
Total board of building standards and appeals	159	159	127	32
Board of zoning appeals:				
Personnel	210	212	212	-
Other	26	24	14	10
Total board of zoning appeals	236	236	226	10
Civil service commission:				
Personnel	777	777	586	191
Other	694	694	311	383
Total civil service commission	1,471	1,471	897	574
Community relations board:				
Personnel	1,855	1,855	1,667	188
Other	386	386	278	108
Total community relations board	2,241	2,241	1,945	296
City planning commission:				
Personnel	2,038	2,038	1,733	305
Other	335	335	223	112
Total city planning commission	2,373	2,373	1,956	417
Boxing and wrestling commission:				
Personnel	29	29	17	12
Total boxing and wrestling commission	29	29	17	12
Office of sustainability:				
Personnel	807	807	753	54
Other	510	510	220	290
Total office of sustainability	1,317	1,317	973	344

(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, 2020

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance-Positive (Negative)
Office of equal opportunity:				
Personnel	$ 786	$ 786	$ 650	$ 136
Other	151	151	133	18
Total office of equal opportunity	937	937	783	154
Office of Prevention, Intervention, and Opportunity:				
Personnel	1,277	1,277	311	966
Other	3,266	3,266	3,051	215
Total office of equal opportunity	4,543	4,543	3,362	1,181
Office of budget and management:				
Personnel	848	848	668	180
Other	33	33	4	29
Total office of budget and management	881	881	672	209
Department of aging:				
Personnel	1,400	1,400	1,134	266
Other	373	373	225	148
Total department of aging	1,773	1,773	1,359	414
Office of personnel:				
Personnel	1,907	1,907	1,544	363
Other	1,773	2,173	2,153	20
Total office of personnel	3,680	4,080	3,697	383
Department of law:				
Personnel	7,981	7,581	6,796	785
Other	6,192	14,662	14,080	582
Total department of law	14,173	22,243	20,876	1,367
Finance administration:				
Personnel	1,169	1,089	980	109
Other	389	469	432	37
Total finance administration	1,558	1,558	1,412	146
Division of accounts:				
Personnel	1,363	1,373	1,362	11
Other	854	854	573	281
Total division of accounts	2,217	2,227	1,935	292
Division of assessments and licenses:				
Personnel	3,987	3,587	3,299	288
Other	1,635	1,185	1,035	150
Total division of assessments and licenses	5,622	4,772	4,334	438
Division of treasury:				
Personnel	792	792	644	148
Other	134	134	109	25
Total division of treasury	926	926	753	173

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, 2020

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Division of purchases and supplies:				
Personnel	$ 769	$ 769	$ 568	$ 201
Other	34	34	15	19
Total division of purchases and supplies	803	803	583	220
Bureau of internal audit:				
Personnel	793	668	561	107
Other	697	297	263	34
Total bureau of internal audit	1,490	965	824	141
Division of financial reporting and control:				
Personnel	1,549	1,549	1,310	239
Other	132	132	17	115
Total division of financial reporting and control	1,681	1,681	1,327	354
Division of information system services:				
Personnel	3,259	3,109	2,856	253
Other	3,771	4,078	4,004	74
Total division of information system services	7,030	7,187	6,860	327
TOTAL GENERAL GOVERNMENT	119,113	125,525	109,576	15,949
Public Health:				
Public health administration:				
Personnel	1,215	1,215	1,106	109
Other	804	804	764	40
Total public health administration	2,019	2,019	1,870	149
Division of health:				
Personnel	2,734	2,614	2,245	369
Other	2,463	2,583	2,401	182
Total division of health	5,197	5,197	4,646	551
Division of environment:				
Personnel	1,762	1,762	1,638	124
Other	487	437	247	190
Total division of environment	2,249	2,199	1,885	314
Division of air quality:				
Personnel	582	582	493	89
Other	459	459	383	76
Total division of air quality	1,041	1,041	876	165
TOTAL PUBLIC HEALTH	10,506	10,456	9,277	1,179

(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, 2020

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Public Safety:				
Public safety administration:				
Personnel	$ 4,146	$ 4,119	$ 3,945	$ 174
Other	2,602	2,629	2,248	381
Total public safety administration	6,748	6,748	6,193	555
Division of police:				
Personnel	204,834	204,459	198,000	6,459
Other	13,536	13,586	12,837	749
Total division of police	218,370	218,045	210,837	7,208
Division of fire:				
Personnel	91,985	93,485	92,122	1,363
Other	4,604	4,604	3,879	725
Total division of fire	96,589	98,089	96,001	2,088
Division of emergency medical services:				
Personnel	33,436	32,061	29,427	2,634
Other	4,295	4,295	3,775	520
Total division of emergency medical services	37,731	36,356	33,202	3,154
Division of animal control services:				
Personnel	2,405	2,405	2,086	319
Other	756	756	471	285
Total division of animal control services	3,161	3,161	2,557	604
Division of correction:				
Personnel	317	317	110	207
Other	8,058	3,941	2,456	1,485
Total division of correction	8,375	4,258	2,566	1,692
Office of Professional Standards:				
Personnel	1,346	1,286	1,224	62
Other	75	135	121	14
Total office of professional standards	1,421	1,421	1,345	76
Police Review Board:				
Personnel	164	165	154	11
Other	11	10	1	9
Total police review board	175	175	155	20
Community Police Commission:				
Personnel	395	430	428	2
Other	344	309	103	206
Total community police commission	739	739	531	208

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, 2020

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Police Inspector General:				
Personnel	$ 263	$ 263	$ 158	$ 105
Other	23	23	3	20
Total police inspector general	286	286	161	125
Department of Justice:				
Personnel	1,976	1,776	1,405	371
Other	2,180	1,580	1,164	416
Total department of justice	4,156	3,356	2,569	787
TOTAL PUBLIC SAFETY	377,751	372,634	356,117	16,517
Public Works:				
Division of public works administration:				
Personnel	3,179	3,179	2,903	276
Other	222	222	189	33
Total division of public works administration	3,401	3,401	3,092	309
Division of recreation:				
Personnel	10,548	9,948	8,938	1,010
Other	4,804	4,604	3,880	724
Total division of recreation	15,352	14,552	12,818	1,734
Division of parking facilities:				
Personnel	1,187	1,187	896	291
Other	76	76	67	9
Total division of parking facilities	1,263	1,263	963	300
Division of property management:				
Personnel	6,080	6,080	5,905	175
Other	2,363	2,363	1,988	375
Total division of property management	8,443	8,443	7,893	550
Division of park maintenance and properties:				
Personnel	10,334	10,334	10,192	142
Other	6,801	6,801	6,276	525
Total division of park maintenance and properties	17,135	17,135	16,468	667
Division of waste collection and disposal:				
Personnel	16,642	16,642	15,618	1,024
Other	15,163	15,163	14,654	509
Total division of waste collection and disposal	31,805	31,805	30,272	1,533

(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, 2020

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Division of traffic engineering:				
Personnel	$ 3,022	$ 3,022	$ 2,874	$ 148
Other	912	912	837	75
Total division of traffic engineering	3,934	3,934	3,711	223
TOTAL PUBLIC WORKS	81,333	80,533	75,217	5,316
Community Development:				
Director's office:				
Personnel	676	476	349	127
Other	1,532	1,537	1,523	14
Total director's office	2,208	2,013	1,872	141
TOTAL COMMUNITY DEVELOPMENT	2,208	2,013	1,872	141
Building and Housing:				
Director's office:				
Personnel	2,531	2,531	2,068	463
Other	740	740	619	121
Total director's office	3,271	3,271	2,687	584
Division of code enforcement:				
Personnel	8,581	8,331	8,165	166
Other	310	310	215	95
Total division of code enforcement	8,891	8,641	8,380	261
Division of construction permitting:				
Personnel	1,772	1,772	1,462	310
Other	25	25	14	11
Total division of construction permitting	1,797	1,797	1,476	321
TOTAL BUILDING AND HOUSING	13,959	13,709	12,543	1,166
Economic Development:				
Economic development administration:				
Personnel	2,064	2,059	1,644	415
Other	19	24	12	12
Total economic development administration	2,083	2,083	1,656	427
TOTAL ECONOMIC DEVELOPMENT	2,083	2,083	1,656	427

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, 2020

(Amounts in Thousands)

	Original Budget	Final Budget	Actual	Variance- Positive (Negative)
Non-Departmental Expenditures:				
Other	$ 21,795	$ 21,795	$ 21,107	$ 688
TOTAL NON-DEPARTMENTAL EXPENDITURES	21,795	21,795	21,107	688
Capital outlay	6,825	13,962	13,962	-
TOTAL EXPENDITURES	635,573	642,710	601,327	41,383
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	27,826	33,020	48,831	15,811
OTHER FINANCING SOURCES (USES):				
Transfers in	8,140			-
Transfers out	(39,496)	(52,359)	(49,925)	2,434
Sale of City assets	4,200	9	9	-
TOTAL OTHER FINANCING SOURCES (USES)	(27,156)	(52,350)	(49,916)	2,434
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			798	798
NET CHANGE IN FUND BALANCE	670	(19,330)	(287)	19,043
FUND BALANCE AT BEGINNING OF YEAR	43,802	43,802	43,802	-
FUND BALANCE AT END OF YEAR	$ 44,472	$ 24,472	$ 43,515	$ 19,043

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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.
General Government Funds	To account for revenue earmarked for general government activities.
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.

SPECIAL REVENUE FUNDS (Continued)

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

SPECIAL REVENUE FUNDS (for budgetary purposes only)
These funds are rolled into the General Fund for Modified Accrual Financial Statements.

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

DEBT SERVICE FUNDS

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

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

DEBT SERVICE FUNDS (Continued)

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:

Capital/Urban Renewal Bond Construction	To account for all bond proceeds and capital projects costs of bond–funded capital acquisitions, tax increment Urban Renewal Bond issues and construction within the City.
Grant Improvement	To account for capital grant revenues which fund Capital Improvement Projects within the City.
Capital Improvement	To account for miscellaneous revenues which fund capital projects.
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, 2020
(Amounts in Thousands)

	Special Revenue Funds - Budgeted			
	Division of Streets	Restricted Income Tax	Cleveland Stadium Operations	Total Budgeted Funds
ASSETS				
Cash and cash equivalents	$ 14,615	$ 20,581	$ 34,592	$ 69,788
Investments				-
Receivables:				
Taxes		7,602		7,602
Grants				-
Loans				-
Accrued interest			1	1
Assessments				-
Receivables, net	-	7,602	1	7,603
Due from other funds	119	8,448		8,567
Due from other governments	8,744			8,744
Prepaid expenditures and other assets	121			121
TOTAL ASSETS	$ 23,599	$ 36,631	$ 34,593	$ 94,823
LIABILITIES				
Accounts payable	$ 1,138	$ 2,448	$	$ 3,586
Accrued wages and benefits	1,505			1,505
Due to other governments		32	830	862
Unearned revenue				-
Due to other funds	383			383
Total liabilities	3,026	2,480	830	6,336
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow	6,040	2,638		8,678
Total deferred inflows of resources	6,040	2,638	-	8,678
FUND BALANCES				
Nonspendable	121			121
Restricted	14,412	31,513	33,763	79,688
Committed				-
Total fund balances	14,533	31,513	33,763	79,809
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 23,599	$ 36,631	$ 34,593	$ 94,823

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	General Government Funds
$	$ 2,149	$	$ 22,356	$ 15,142	$	$ 25,310
2,595	4,207	680		160	191	152
5,747	6,741		16,047	58,687		
2,281	1,291	4,597				37
10,623	12,239	5,277	16,047	58,847	191	189
407	282	673				306
				13,457		826
	2					5
$ 11,030	$ 14,672	$ 5,950	$ 38,403	$ 87,446	$ 191	$ 26,636
$ 24	$ 1	$ 189	$ 3	$ 40	$ 7	$ 798
280	22				23	35
54	300			50,926	49	232
	588	318		1,027		1,032
8,411	1,073	870	3,471		112	137
8,769	1,984	1,377	3,474	51,993	191	2,234
2,261	1,281	4,566		13,457		453
2,261	1,281	4,566	-	13,457	-	453
	2					5
	9,689	2		20,383		14,958
	1,716	5	34,929	1,613		8,986
-	11,407	7	34,929	21,996	-	23,949
$ 11,030	$ 14,672	$ 5,950	$ 38,403	$ 87,446	$ 191	$ 26,636

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(Amounts in Thousands)

	Special Revenue Funds - Non-Budgeted		
	Public Works Funds	Public Safety Funds	Gateway Shared Income Tax Funds
ASSETS			
Cash and cash equivalents	$ 1,099	$ 3,983	$ 2,494
Investments			
Receivables:			
Taxes			
Grants		2,053	
Loans			
Accrued interest			
Assessments			
Receivables, net	-	2,053	-
Due from other funds	207		
Due from other governments			465
Prepaid expenditures and other assets		2	
TOTAL ASSETS	$ 1,306	$ 6,038	$ 2,959
LIABILITIES			
Accounts payable	$ 43	$ 292	$
Accrued wages and benefits		23	
Due to other governments		17	1,561
Unearned revenue	21	137	
Due to other funds		291	1,398
Total liabilities	64	760	2,959
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow			
Total deferred inflows of resources	-	-	-
FUND BALANCE			
Nonspendable			
Restricted	488	4,063	
Committed	754	1,215	
Total fund balances	1,242	5,278	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,306	$ 6,038	$ 2,959

Special Revenue Funds - Non-Budgeted				
Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non-Budgeted Funds	Total Special Revenue Funds
$ 2,618	$ 21,205	$ 7,581	$ 103,937	$ 173,725
			-	-
			-	7,602
			10,038	10,038
2,773	14,282	10,049	114,326	114,326
			-	1
			8,206	8,206
2,773	14,282	10,049	132,570	140,173
		3,470	5,345	13,912
			14,748	23,492
			9	130
$ 5,391	$ 35,487	$ 21,100	$ 256,609	$ 351,432
$	$	$	$ 1,397	$ 4,983
			383	1,888
		21,100	74,239	75,101
			3,123	3,123
			15,763	16,146
-	-	21,100	94,905	101,241
			22,018	30,696
-	-	-	22,018	30,696
			7	128
	21,166		70,749	150,437
5,391	14,321		68,930	68,930
5,391	35,487	-	139,686	219,495
$ 5,391	$ 35,487	$ 21,100	$ 256,609	$ 351,432

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(Amounts in Thousands)

	Debt Service Funds - Budgeted				
	Unvoted Tax Supported Obligations Fund	Stadium Bond Fund	Subordinated Income Tax Fund	Lower Euclid Avenue TIF	Core City Bonds
ASSETS					
Cash and cash equivalents	$ 13,436	$	$ 3,328	$ 2,073	$ 1,806
Investments	223				
Receivables:					
Taxes	26,918				
Grants					
Loans					
Accrued interest	1				
Assessments					
Receivables, net	26,919	-	-	-	-
Due from other funds					
Due from other governments	1,575				
Prepaid expenditures and other assets					
TOTAL ASSETS	$ 42,153	$ -	$ 3,328	$ 2,073	$ 1,806
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	28,494				
Total deferred inflows of resources	28,494	-	-	-	-
FUND BALANCE					
Nonspendable					
Restricted	13,659		3,328	2,073	1,806
Committed					
Total fund balances	13,659	-	3,328	2,073	1,806
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 42,153	$ -	$ 3,328	$ 2,073	$ 1,806

Debt Service Funds			
		Non-Budgeted	
Subordinate Lien Income Tax Fund	Total Budgeted Funds	Cleveland Stadium Debt Service Fund	Total Debt Service Funds
$ 8,234	$ 28,877	$ 8,542	$ 37,419
	223		223
	26,918		26,918
	-		-
	-		-
	1		1
	-		-
-	26,919	-	26,919
	-		-
	1,575		1,575
	-		-
$ 8,234	$ 57,594	$ 8,542	$ 66,136
$	$ -	$	$ -
	-		-
	-		-
	-		-
	-		-
-	-	-	-
	28,494		28,494
-	28,494	-	28,494
	-		-
8,234	29,100	8,542	37,642
	-		-
8,234	29,100	8,542	37,642
$ 8,234	$ 57,594	$ 8,542	$ 66,136

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020
(Amounts in Thousands)

	Capital Projects Funds Non-Budgeted			
	Capital/ Urban Renewal Bond Construction	Grant Improvement	Capital Improvement	Cleveland Stadium Construction
ASSETS				
Cash and cash equivalents	$ 225,508	$	$ 14,268	$ 5,381
Investments				
Receivables:				
Taxes				
Grants		1,241		
Loans				
Accrued interest	7			
Assessments				
Receivables, net	7	1,241	-	-
Due from other funds				
Due from other governments				
Prepaid expenditures and other assets				
TOTAL ASSETS	$ 225,515	$ 1,241	$ 14,268	$ 5,381
LIABILITIES				
Accounts payable	$ 7,248	$ 72	$ 5,370	$
Accrued wages and benefits				
Due to other governments				
Unearned revenue		200		
Due to other funds	82	969		
Total liabilities	7,330	1,241	5,370	-
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow				
Total deferred inflows of resources	-	-	-	-
FUND BALANCE				
Nonspendable				
Restricted	218,185		8,898	5,381
Committed				
Total fund balances	218,185	-	8,898	5,381
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 225,515	$ 1,241	$ 14,268	$ 5,381

Total Capital Projects Funds	Total Nonmajor Governmental Funds
$ 245,157	$ 456,301
-	223
-	34,520
1,241	11,279
-	114,326
7	9
-	8,206
1,248	168,340
-	13,912
-	25,067
-	130
$ 246,405	$ 663,973
$ 12,690	$ 17,673
-	1,888
-	75,101
200	3,323
1,051	17,197
13,941	115,182
-	59,190
-	59,190
-	128
232,464	420,543
-	68,930
232,464	489,601
$ 246,405	$ 663,973

(Concluded)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts in Thousands)

	Special Revenue Funds - Budgeted			
	Division of Streets	Restricted Income Tax	Cleveland Stadium Operations	Total Budgeted Funds
REVENUES:				
Income taxes	$	$ 51,855	$	$ 51,855
Property taxes				-
Other shared revenues	17,175		4,838	22,013
Licenses and permits	864			864
Charges for services	27		250	277
Fines, forfeits and settlements				-
Investment earnings	73	167	95	335
Grants				-
Contributions				-
Miscellaneous	356			356
Total revenues	18,495	52,022	5,183	75,700
EXPENDITURES:				
Current:				
General Government				-
Public Works	27,858		1,232	29,090
Public Safety				-
Community Development				-
Building and Housing				-
Economic Development				-
Capital outlay	7,931	13,510		21,441
Debt service:				
Principal retirement		897		897
Interest		575		575
General Government				-
Other		1,088		1,088
Total expenditures	35,789	16,070	1,232	53,091
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,294)	35,952	3,951	22,609
OTHER FINANCING SOURCES (USES):				
Transfers in	13,900		10,337	24,237
Transfers out		(35,380)	(9,537)	(44,917)
Issuance of bonds				-
Premium on bonds				-
Payment to refund bonds				-
Total other financing sources (uses)	13,900	(35,380)	800	(20,680)
NET CHANGE IN FUND BALANCES	(3,394)	572	4,751	1,929
FUND BALANCES AT BEGINNING OF YEAR	17,927	30,941	29,012	77,880
FUND BALANCES AT END OF YEAR	$ 14,533	$ 31,513	$ 33,763	$ 79,809

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	General Government Funds
$	$	$	$	$	$	$
				12,103		1,258
103	127	561				882
						1,290
	1			4		68
21,292	9,127	1,072	436	144	1,112	61,284
247	2		59	617	4	1,010
21,642	9,257	1,633	495	12,868	1,116	65,792
					1,116	19,712
						39
						44,145
20,848	8,781					
		1,640				
			3,985	11,646		
794	119					1,695
				15		
				14		
21,642	8,900	1,640	3,985	11,675	1,116	65,591
-	357	(7)	(3,490)	1,193	-	201
			8,000			68
				(632)		
-	-	-	8,000	(632)	-	68
-	357	(7)	4,510	561	-	269
	11,050	14	30,419	21,435		23,680
$ -	$ 11,407	$ 7	$ 34,929	$ 21,996	$ -	$ 23,949

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

(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	9		
Charges for services	8		
Fines, forfeits and settlements		309	
Investment earnings	3	24	
Grants	301	3,467	
Contributions	21	5	
Miscellaneous		368	
Total revenues	342	4,173	-
EXPENDITURES:			
Current:			
General Government			
Public Works	347		
Public Safety		3,703	
Community Development			
Building and Housing			
Economic Development			
Capital outlay		331	
Debt service:			
Principal retirement			
Interest			
General Government			
Other			
Total expenditures	347	4,034	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5)	139	-
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
Issuance of bonds			
Premium on bonds			
Payment to refund bonds			
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	(5)	139	-
FUND BALANCES AT BEGINNING OF YEAR	1,247	5,139	
FUND BALANCES AT END OF YEAR	$ 1,242	$ 5,278	$ -

Special Revenue Funds - Non-Budgeted				
Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non-Budgeted Funds	Total Special Revenue Funds
$	$	$	$ -	$ 51,855
			-	-
	332	415	14,108	36,121
			9	873
			1,681	1,958
			1,599	1,599
	80	33	213	548
			98,235	98,235
			26	26
352	169		2,828	3,184
352	581	448	118,699	194,399
			20,828	20,828
			386	29,476
			47,848	47,848
			29,629	29,629
			1,640	1,640
1,221	483	448	17,783	17,783
			2,939	24,380
			-	-
			15	912
			14	589
			-	-
			-	1,088
1,221	483	448	121,082	174,173
(869)	98	-	(2,383)	20,226
			8,068	32,305
			(632)	(45,549)
	2,050		2,050	2,050
			-	-
			-	-
-	2,050	-	9,486	(11,194)
(869)	2,148	-	7,103	9,032
6,260	33,339		132,583	210,463
$ 5,391	$ 35,487	$ -	$ 139,686	$ 219,495

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts in Thousands)

	Debt Service Funds - Budgeted				
	Unvoted Tax Supported Obligations Fund	Stadium Bond Fund	Subordinated Income Tax Fund	Lower Euclid Avenue TIF	Core City Bonds
REVENUES:					
Income taxes	$	$	$	$	$
Property taxes	19,991				
Other shared revenues	1,657				
Licenses and permits					
Charges for services					
Fines, forfeits and settlements					
Investment earnings	197	1	13	3	15
Grants					
Contributions					
Miscellaneous					
Total revenues	21,845	1	13	3	15
EXPENDITURES:					
Current:					
General Government					
Public Works					
Public Safety					
Community Development					
Building and Housing					
Economic Development					
Capital outlay					
Debt service:					
Principal retirement	25,170	1,550	4,465	226	2,280
Interest	12,896	78	1,125	138	991
General Government					
Other					
Total expenditures	38,066	1,628	5,590	364	3,271
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,221)	(1,627)	(5,577)	(361)	(3,256)
OTHER FINANCING SOURCES (USES):					
Transfers in	16,700	1,616	5,639	632	1,541
Transfers out					
Issuance of bonds					
Premium on bonds					
Payment to refund bonds					
Total other financing sources (uses)	16,700	1,616	5,639	632	1,541
NET CHANGE IN FUND BALANCES	479	(11)	62	271	(1,715)
FUND BALANCES AT BEGINNING OF YEAR	13,180	11	3,266	1,802	3,521
FUND BALANCES AT END OF YEAR	$ 13,659	$ -	$ 3,328	$ 2,073	$ 1,806

Subordinate Lien Income Tax Fund	Total Budgeted Funds	Debt Service Funds Non-Budgeted Cleveland Stadium Debt Service Fund	Total Debt Service Funds
$	$ -	$	$ -
	19,991		19,991
	1,657		1,657
	-		-
	-		-
	-		-
54	283	34	317
	-		-
	-		-
217	217		217
271	22,148	34	22,182
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
			-
12,685	46,376	7,815	54,191
14,281	29,509	1,255	30,764
	-		-
	-		-
26,966	75,885	9,070	84,955
(26,695)	(53,737)	(9,036)	(62,773)
23,380	49,508	8,536	58,044
(907)	(907)		(907)
	-		-
	-		-
	-		-
22,473	48,601	8,536	57,137
(4,222)	(5,136)	(500)	(5,636)
12,456	34,236	9,042	43,278
$ 8,234	$ 29,100	$ 8,542	$ 37,642

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts in Thousands)

	Capital Projects Funds		
	Non-Budgeted		
	Capital/ Urban Renewal Bond Construction	Grant Improvement	Capital Improvement
REVENUES:			
Income taxes	$	$	$
Property taxes			
Other shared revenues			294
Licenses and permits			
Charges for services			
Fines, forfeits and settlements			
Investment earnings	824		22
Grants		6,984	
Contributions			351
Miscellaneous			
Total revenues	824	6,984	667
EXPENDITURES:			
Current:			
General Government			
Public Works			
Public Safety			
Community Development			
Building and Housing			
Economic Development			
Capital outlay	64,022	6,984	2,852
Debt service:			
Principal retirement			
Interest			
General Government	1,088		
Other			
Total expenditures	65,110	6,984	2,852
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(64,286)	-	(2,185)
OTHER FINANCING SOURCES (USES):			
Transfers in	907		
Transfers out	(4,700)		
Issuance of bonds	130,505		
Premium on bonds	5,200		
Payment to refund bonds	(70,109)		
Total other financing sources (uses)	61,803	-	-
NET CHANGE IN FUND BALANCES	(2,483)	-	(2,185)
FUND BALANCES AT BEGINNING OF YEAR	220,668		11,083
FUND BALANCES AT END OF YEAR	$ 218,185	$ -	$ 8,898

Cleveland Stadium Construction	Total Capital Projects Funds	Total Nonmajor Governmental Funds
$	$ -	$ 51,855
	-	19,991
	294	38,072
	-	873
	-	1,958
	-	1,599
27	873	1,738
	6,984	105,219
	351	377
	-	3,401
27	8,502	225,083
	-	20,828
	-	29,476
	-	47,848
	-	29,629
	-	1,640
	-	17,783
4,179	78,037	102,417
	-	55,103
	-	31,353
	1,088	1,088
	-	1,088
4,179	79,125	338,253
(4,152)	(70,623)	(113,170)
3,000	3,907	94,256
	(4,700)	(51,156)
	130,505	132,555
	5,200	5,200
	(70,109)	(70,109)
3,000	64,803	110,746
(1,152)	(5,820)	(2,424)
6,533	238,284	492,025
$ 5,381	$ 232,464	$ 489,601

(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, 2020

(Amounts in Thousands)

	Division of Streets			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:				
Income taxes	$	$	$	$ -
Other shared revenues	18,664	18,664	17,289	(1,375)
Licenses and permits	895	895	930	35
Charges for services	35	35	148	113
Investment earnings	100	100	73	(27)
Miscellaneous			1	1
Total revenues	19,694	19,694	18,441	(1,253)
EXPENDITURES:				
Current:				
Public Works:				
Personnel	18,698	18,818	18,315	503
Other	10,298	10,178	9,551	627
Capital outlay	11,373	11,373	11,373	-
Principal retirement				-
Interest				-
Total expenditures	40,369	40,369	39,239	1,130
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,675)	(20,675)	(20,798)	(123)
OTHER FINANCING SOURCES (USES):				
Transfers in	7,674	12,674	13,900	1,226
Transfers out				-
Total other financing sources (uses)	7,674	12,674	13,900	1,226
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(13,001)	(8,001)	(6,898)	1,103
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES				-
FUND BALANCES AT BEGINNING OF YEAR	13,054	13,054	13,054	-
FUND BALANCES AT END OF YEAR	$ 53	$ 5,053	$ 6,156	$ 1,103

Restricted Income Tax				Rainy Day Reserve Fund			
Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
$ 55,541	$ 55,541	$ 51,262	$ (4,279)	$	$	$	$ -
			-				-
			-				-
			-				-
450	450	166	(284)	700	250	213	(37)
			-				-
55,991	55,991	51,428	(4,563)	700	250	213	(37)
			-				-
			-				-
39,925	19,962	16,485	3,477				-
3,806	1,958	1,953	5				-
1,149	575	575	-				-
44,880	22,495	19,013	3,482	-	-	-	-
11,111	33,496	32,415	(1,081)	700	250	213	(37)
			-				-
(13,364)	(35,749)	(35,380)	369				-
(13,364)	(35,749)	(35,380)	369	-	-	-	-
(2,253)	(2,253)	(2,965)	(712)	700	250	213	(37)
		750	750				-
2,253	2,253	2,253	-	37,073	37,073	37,073	-
$ -	$ -	$ 38	$ 38	$ 37,773	$ 37,323	$ 37,286	$ (37)

(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, 2020
(Amounts in Thousands)

	Schools Recreation and Cultural Activities			
	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:				
Income taxes	$	$	$	$ -
Other shared revenues				-
Licenses and permits				-
Charges for services				-
Investment earnings				-
Miscellaneous				-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Public Works:				
Personnel				-
Other	1,125	1,125	1,125	-
Capital outlay				-
Principal retirement				-
Interest				-
Total expenditures	1,125	1,125	1,125	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,125)	(1,125)	(1,125)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	1,125	1,125	1,125	-
Transfers out				-
Total other financing sources (uses)	1,125	1,125	1,125	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-	-
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES				-
FUND BALANCES AT BEGINNING OF YEAR				-
FUND BALANCES AT END OF YEAR	$ -	$ -	$ -	$ -

Cleveland Stadium Operations				Totals			
Original Budget	Revised Budget	Actual	Variance- Positive (Negative)	Original Budget	Revised Budget	Actual	Variance- Positive (Negative)
$	$	$	$ -	$ 55,541	$ 55,541	$ 51,262	$ (4,279)
4,334	4,334	4,838	504	22,998	22,998	22,127	(871)
			-	895	895	930	35
250	250	250	-	285	285	398	113
		128	128	1,250	800	580	(220)
			-	-	-	1	1
4,584	4,584	5,216	632	80,969	80,519	75,298	(5,221)
			-	18,698	18,818	18,315	503
1,149	1,199	1,186	13	12,572	12,502	11,862	640
			-	51,298	31,335	27,858	3,477
			-	3,806	1,958	1,953	5
			-	1,149	575	575	-
1,149	1,199	1,186	13	87,523	65,188	60,563	4,625
3,435	3,385	4,030	645	(6,554)	15,331	14,735	(596)
10,516	10,516	10,337	(179)	19,315	24,315	25,362	1,047
(12,366)	(24,316)	(9,537)	14,779	(25,730)	(60,065)	(44,917)	15,148
(1,850)	(13,800)	800	14,600	(6,415)	(35,750)	(19,555)	16,195
1,585	(10,415)	4,830	15,245	(12,969)	(20,419)	(4,820)	15,599
			-	-	-	750	750
29,760	29,760	29,760	-	82,140	82,140	82,140	-
$ 31,345	$ 19,345	$ 34,590	$ 15,245	$ 69,171	$ 61,721	$ 78,070	$ 16,349

(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, 2020

(Amounts in Thousands)

	Unvoted Tax Supported Obligations Fund			
	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
REVENUES:				
Property taxes	$ 20,137	$ 20,137	$ 19,991	$ (146)
Other shared revenues	1,657	1,657	1,657	-
Investment earnings	400	400	204	(196)
Miscellaneous				-
Total revenues	22,194	22,194	21,852	(342)
EXPENDITURES:				
Principal retirement	25,590	25,590	25,170	420
Interest	14,178	14,178	12,896	1,282
Total expenditures	39,768	39,768	38,066	1,702
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,574)	(17,574)	(16,214)	1,360
OTHER FINANCING SOURCES (USES):				
Transfers in:				
From other subfunds	5,600	5,600	4,700	(900)
Restricted income tax fund	12,000	12,000	12,000	-
Transfers out:				
To other subfunds				-
Total other financing sources (uses)	17,600	17,600	16,700	(900)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	26	26	486	460
FUND BALANCES AT BEGINNING OF YEAR	13,161	13,161	13,161	-
FUND BALANCES AT END OF YEAR	$ 13,187	$ 13,187	$ 13,647	$ 460

Stadium Bond Fund				Subordinated Income Tax Fund			
Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
$	$	$	$ -	$	$	$	$ -
			-				-
4	4	1	(3)	61	61	17	(44)
			-				-
4	4	1	(3)	61	61	17	(44)
1,550	1,550	1,550	-	4,465	4,465	4,465	-
78	78	78	-	1,125	1,125	1,125	-
1,628	1,628	1,628	-	5,590	5,590	5,590	-
(1,624)	(1,624)	(1,627)	(3)	(5,529)	(5,529)	(5,573)	(44)
1,627	1,627	1,616	(11)	5,703	5,703	5,639	(64)
			-				-
			-				-
1,627	1,627	1,616	(11)	5,703	5,703	5,639	(64)
3	3	(11)	(14)	174	174	66	(108)
11	11	11	-	3,262	3,262	3,262	-
$ 14	$ 14	$ -	$ (14)	$ 3,436	$ 3,436	$ 3,328	$ (108)

(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, 2020

(Amounts in Thousands)

	Lower Euclid Avenue TIF				Core City Bonds			
	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
REVENUES:								
Property taxes	$	$	$	$ -	$	$	$	$ -
Other shared revenues				-				-
Investment earnings	25	25	6	(19)	64	64	18	(46)
Miscellaneous				-				-
Total revenues	25	25	6	(19)	64	64	18	(46)
EXPENDITURES:								
Principal retirement	226	226	226	-	2,280	2,280	2,280	-
Interest	139	139	138	1	1,548	1,542	991	551
Total expenditures	365	365	364	1	3,828	3,822	3,271	551
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(340)	(340)	(358)	(18)	(3,764)	(3,758)	(3,253)	505
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds	365	365	632	267	3,574	3,568	1,541	(2,027)
Restricted income tax fund				-				-
Transfers out:								
To other subfunds				-				-
Total other financing sources (uses)	365	365	632	267	3,574	3,568	1,541	(2,027)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	25	25	274	249	(190)	(190)	(1,712)	(1,522)
FUND BALANCES AT BEGINNING OF YEAR	1,799	1,799	1,799	-	3,518	3,518	3,518	-
FUND BALANCES AT END OF YEAR	$ 1,824	$ 1,824	$ 2,073	$ 249	$ 3,328	$ 3,328	$ 1,806	$ (1,522)

Subordinate Lien Income Tax Bonds				Totals			
Original Budget	Revised Budget	Actual	Variance-Positive (Negative)	Original Budget	Revised Budget	Actual	Variance-Positive (Negative)
$	$	$	$ -	$ 20,137	$ 20,137	$ 19,991	$ (146)
			-	1,657	1,657	1,657	-
336	336	67	(269)	890	890	313	(577)
431	431	217	(214)	431	431	217	(214)
767	767	284	(483)	23,115	23,115	22,178	(937)
12,685	12,685	12,685	-	46,796	46,796	46,376	420
14,508	14,508	14,281	227	31,576	31,570	29,509	2,061
27,193	27,193	26,966	227	78,372	78,366	75,885	2,481
(26,426)	(26,426)	(26,682)	(256)	(55,257)	(55,251)	(53,707)	1,544
			-	16,869	16,863	14,128	(2,735)
23,767	23,767	23,380	(387)	35,767	35,767	35,380	(387)
(907)	(907)	(907)	-	(907)	(907)	(907)	-
22,860	22,860	22,473	(387)	51,729	51,723	48,601	(3,122)
(3,566)	(3,566)	(4,209)	(643)	(3,528)	(3,528)	(5,106)	(1,578)
12,443	12,443	12,443	-	34,194	34,194	34,194	-
$ 8,877	$ 8,877	$ 8,234	$ (643)	$ 30,666	$ 30,666	$ 29,088	$ (1,578)

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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, 2020
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
ASSETS			
Current assets:			
Cash and cash equivalents	$ 111	$ 377	$
Receivables:			
Accounts	75		
Less: Allowance for doubtful accounts	(60)		
Receivables, net	15	-	-
Due from other funds			
Inventory of supplies			
Prepaid expenses and other assets	10	3	
Total current assets	136	380	-
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents			
Total restricted assets	-	-	-
Capital assets:			
Land	4,261	198	413
Land improvements		848	484
Buildings, structures and improvements	25,847	15,213	8,241
Furniture, fixtures, equipment and vehicles	1,071	1,788	450
Construction in progress	4,851	462	
Less: Accumulated depreciation	(22,326)	(12,220)	(2,884)
Total capital assets, net	13,704	6,289	6,704
Total noncurrent assets	13,704	6,289	6,704
Total assets	13,840	6,669	6,704
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding			
Pension	271	77	
OPEB	150	43	
Total deferred outflows of resources	421	120	-

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 5,358	$ 88	$ 1,179	$ 7,113
28			103
			(60)
28	-	-	43
19			19
	5		5
8	8		29
5,413	101	1,179	7,209
8,945	4,826		13,771
8,945	4,826	-	13,771
5,478	1,259	1,822	13,431
4,374	5,692	4,083	15,481
56,483	12,200	1,965	119,949
2,213	642	334	6,498
4,640	1,912		11,865
(37,190)	(7,432)	(5,515)	(87,567)
35,998	14,273	2,689	79,657
44,943	19,099	2,689	93,428
50,356	19,200	3,868	100,637
142			142
177	174		699
129	129		451
448	303	-	1,292

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2020
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
LIABILITIES			
Current liabilities:			
Accounts payable	$ 101	$ 107	$
Accrued wages and benefits	144	63	
Due to other funds	62	17	
Due to other governments			
Accrued interest payable			
Current portion of long-term obligations			
Total current liabilities	307	187	-
Long-term liabilities:			
Accrued wages and benefits	25	9	
Revenue bonds payable			
Net pension liability	1,681	388	
Net OPEB liability	1,013	270	
Total liabilities	3,026	854	-
DEFERRED INFLOWS OF RESOURCES			
Derivative instruments-interest rate swaps			
Pension	354	86	
OPEB	167	42	
Total deferred inflows of resources	521	128	-
NET POSITION			
Net investment in capital assets	13,704	6,289	6,704
Restricted for debt service			
Unrestricted	(2,990)	(482)	
Total net position	$ 10,714	$ 5,807	$ 6,704

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 42	$ 13	$ 80	$ 343
97	106		410
27	17		123
261			261
118			118
3,730			3,730
4,275	136	80	4,985
16	28		78
4,009			4,009
1,165	1,165		4,399
811	811		2,905
10,276	2,140	80	16,376
4			4
263	259		962
126	126		461
393	385	-	1,427
31,537	14,273	2,689	75,196
5,797			5,797
2,801	2,705	1,099	3,133
$ 40,135	$ 16,978	$ 3,788	$ 84,126

(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, 2020
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
OPERATING REVENUES:			
Charges for services	$ 595	$ 929	$
Total operating revenue	595	929	-
OPERATING EXPENSES:			
Operations	2,764	1,480	
Maintenance	5	18	
Depreciation	293	564	60
Total operating expenses	3,062	2,062	60
OPERATING INCOME (LOSS)	(2,467)	(1,133)	(60)
NON-OPERATING REVENUE (EXPENSES):			
Investment income (loss)		3	
Interest expense			
Other revenues (expenses)			
Total non-operating revenues (expenses)	-	3	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(2,467)	(1,130)	(60)
Capital contributions	2,252	352	
Transfers in	1,750	250	
CHANGE IN NET POSITION	1,535	(528)	(60)
NET POSITION AT BEGINNING OF YEAR	9,179	6,335	6,764
NET POSITION AT END OF YEAR	$ 10,714	$ 5,807	$ 6,704

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 3,875	$ 1,677	$ 674	$ 7,750
3,875	1,677	674	7,750
3,657	1,918	1,141	10,960
38	1	3	65
1,721	593	102	3,333
5,416	2,512	1,246	14,358
(1,541)	(835)	(572)	(6,608)
63	38		104
(614)			(614)
		14	14
(551)	38	14	(496)
(2,092)	(797)	(558)	(7,104)
177	4	1	2,786
2,000	150	705	4,855
85	(643)	148	537
40,050	17,621	3,640	83,589
$ 40,135	$ 16,978	$ 3,788	$ 84,126

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands)

	Public Auditorium	West Side Market	East Side Market
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 718	$ 927	$
Cash payments to suppliers for goods or services	(1,198)	(1,056)	
Cash payments to employees for services	(1,194)	(505)	
Net cash provided by (used for) operating activities	(1,674)	(634)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received through transfers from other funds	1,750	250	
Cash received for royalties			
Net cash provided by (used for) noncapital financing activities	1,750	250	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets			
Principal paid on long-term debt			
Interest paid on long-term debt			
Net cash provided by (used for) capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments		3	
Net cash provided by (used for) investing activities	-	3	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	76	(381)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35	758	
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 111	$ 377	$ -

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ 3,819	$ 1,679	$ 674	$ 7,817
(2,877)	(455)	(1,156)	(6,742)
(1,134)	(1,265)		(4,098)
(192)	(41)	(482)	(3,023)
2,000	150	705	4,855
		14	14
2,000	150	719	4,869
	(617)		(617)
(3,540)			(3,540)
(608)			(608)
(4,148)	(617)	-	(4,765)
71	38		112
71	38	-	112
(2,269)	(470)	237	(2,807)
16,572	5,384	942	23,691
$ 14,303	$ 4,914	$ 1,179	$ 20,884

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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)	$ (2,467)	$ (1,133)	$ (60)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	293	564	60
(Increase) Decrease in Assets:			
Receivables, net	125		
Prepaid expenses and other assets	1		
Due from other funds			
(Increase) Decrease in Deferred Outflows of Resources:			
Pension	480	104	
OPEB	(83)	(21)	
Increase (Decrease) in Liabilities:			
Accounts payable	66	(86)	
Accrued wages and benefits	33	(25)	
Net pension liability	(639)	(160)	
Net OPEB liability	46	11	
Due to other funds	(5)	(7)	
Due to other governments			
Increase (Decrease) in Deferred Inflows of Resources:			
Pension	311	78	
OPEB	165	41	
Total adjustments	793	499	60
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (1,674)	$ (634)	$ -
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributions of Capital Assets	$ 2,252	$ 352	$
Capital Assets Added from Accounts Payable	47	1	

Municipal Parking Lots	Cemeteries	Golf Courses	Total Nonmajor Enterprise Funds
$ (1,541)	$ (835)	$ (572)	$ (6,608)
1,721	593	102	3,333
(13)			112
(1)			-
(7)			(7)
330	331		1,245
(62)	(61)		(227)
(502)	8	(12)	(526)
	7		15
(479)	(479)		(1,757)
34	34		125
(49)	4		(57)
16			16
237	233		859
124	124		454
1,349	794	90	3,585
$ (192)	$ (41)	$ (482)	$ (3,023)
$ 177	$ 4	$ 1	$ 2,786
15	4	3	70

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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, 2020
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
ASSETS				
Current assets:				
Cash and cash equivalents	$ 8,292	$ 407	$ 120	$ 1,049
Receivables:				
Accounts				
Due from other funds	1,580	162	32	
Inventory of supplies	1,298	73		
Prepaid expenses and other assets	44	29		92
Total current assets	11,214	671	152	1,141
Noncurrent assets:				
Capital assets:				
Land	663			
Land improvements	146			
Buildings, structures and improvements	3,170	884		317
Furniture, fixtures, equipment and vehicles	17,200	1,497		1,916
Less: Accumulated depreciation	(18,984)	(1,705)		(1,657)
Total capital assets, net	2,195	676	-	576
Total noncurrent assets	2,195	676	-	576
TOTAL ASSETS	13,409	1,347	152	1,717
DEFERRED OUTFLOWS OF RESOURCES				
Pension	830	134		1,430
OPEB	623	107		1,160
Total deferred outflows of resources	1,453	241	-	2,590

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 179	$ 1,717	$ 1,094	$ 1,418	$ 41,127	$ 23,688	$ 5,646	$ 84,737
					13		13
41		2,088	476				4,379
							1,371
	44	222	120				551
220	1,761	3,404	2,014	41,127	23,701	5,646	91,051
							663
			33				179
			112				4,483
	557	131	400				21,701
	(414)	(131)	(290)				(23,181)
-	143	-	255	-	-	-	3,845
-	143	-	255	-	-	-	3,845
220	1,904	3,404	2,269	41,127	23,701	5,646	94,896
10	1,070	239	139				3,852
43	731	149	43				2,856
53	1,801	388	182	-	-	-	6,708

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS
DECEMBER 31, 2020
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
LIABILITIES				
Current liabilities:				
Accounts payable	$ 1,225	$ 89	$	$ 55
Accrued wages and benefits	854	174	9	1,736
Claims payable				
Due to other funds	25	2		5
Due to other governments	2			
Total current liabilities	2,106	265	9	1,796
Long-term liabilities:				
Accrued wages and benefits	221	41	2	371
Net pension liability	5,277	617		8,499
Net OPEB liability	3,798	552		7,056
Total liabilities	11,402	1,475	11	17,722
DEFERRED INFLOWS OF RESOURCES				
Pension	1,289	251		2,228
OPEB	628	125		1,172
Total deferred inflows of resources	1,917	376	-	3,400
NET POSITION				
Net investment in capital assets	2,195	676		576
Unrestricted	(652)	(939)	141	(17,391)
Total net position	$ 1,543	$ (263)	$ 141	$ (16,815)

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 11	$ 104	$ 1,729	$ 102	$	$	$	$ 3,315
36	925	171	62	9,637			13,604
					11,170	338	11,508
	70		3				105
	632		14				648
47	1,731	1,900	181	9,637	11,170	338	29,180
14	173	28	26				876
388	6,358	1,233	491				22,863
270	4,598	1,024	270				17,568
719	12,860	4,185	968	9,637	11,170	338	70,487
87	1,490	334	90				5,769
42	712	141	42				2,862
129	2,202	475	132	-	-	-	8,631
	143		255				3,845
(575)	(11,500)	(868)	1,096	31,490	12,531	5,308	18,641
$ (575)	$ (11,357)	$ (868)	$ 1,351	$ 31,490	$ 12,531	$ 5,308	$ 22,486

(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, 2020

(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
OPERATING REVENUES:				
Charges for services	$ 19,037	$ 1,987	$ 445	$ 13,991
Total operating revenue	19,037	1,987	445	13,991
OPERATING EXPENSES:				
Operations	17,364	2,220	446	16,360
Maintenance	1,043	89		131
Depreciation	254	70		115
Total operating expenses	18,661	2,379	446	16,606
OPERATING INCOME (LOSS)	376	(392)	(1)	(2,615)
NON-OPERATING REVENUES (EXPENSES):				
Investment income	42	2		12
Total non-operating revenues (expenses)	42	2	-	12
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	418	(390)	(1)	(2,603)
Capital contributions	102	13		
Transfers in				
CHANGE IN NET POSITION	520	(377)	(1)	(2,603)
NET POSITION AT BEGINNING OF YEAR	1,023	114	142	(14,212)
NET POSITION AT END OF YEAR	$ 1,543	$ (263)	$ 141	$ (16,815)

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 60	$ 9,926	$ 12,412	$ 2,770	$ 33,857	$ 87,514	$ 18,027	$ 200,026
60	9,926	12,412	2,770	33,857	87,514	18,027	200,026
840	11,037	12,537	1,452	7,889	83,678	15,068	168,891
	159	35	1,699				3,156
	59		52				550
840	11,255	12,572	3,203	7,889	83,678	15,068	172,597
(780)	(1,329)	(160)	(433)	25,968	3,836	2,959	27,429
	90	8	13				167
-	90	8	13	-	-	-	167
(780)	(1,239)	(152)	(420)	25,968	3,836	2,959	27,596
							115
797							797
17	(1,239)	(152)	(420)	25,968	3,836	2,959	28,508
(592)	(10,118)	(716)	1,771	5,522	8,695	2,349	(6,022)
$ (575)	$ (11,357)	$ (868)	$ 1,351	$ 31,490	$ 12,531	$ 5,308	$ 22,486

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands)

	Motor Vehicle Maintenance	Printing and Reproduction	City Storeroom and Warehouse	Utilities Administration
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 18,935	$ 1,962	$ 453	$ 13,986
Cash payments to suppliers for goods or services	(11,193)	(1,063)	(370)	(2,439)
Cash payments to employees for services	(6,288)	(1,020)	(66)	(11,893)
Net cash provided by (used for) operating activities	1,454	(121)	17	(346)
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	(63)	1		
Net cash provided by (used for) capital and related financing activities	(63)	1	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	42	2		12
Net cash provided by (used for) investing activities	42	2	-	12
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,433	(118)	17	(334)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,859	525	103	1,383
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 8,292	$ 407	$ 120	$ 1,049

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ 50	$ 8,945	$ 11,779	$ 2,513	$ 26,449	$ 87,501	$ 18,027	$ 190,600
(527)	(2,991)	(10,312)	(2,619)		(81,617)	(15,087)	(128,218)
(223)	(6,743)	(1,395)	(537)				(28,165)
(700)	(789)	72	(643)	26,449	5,884	2,940	34,217
797							797
797	-	-	-	-	-	-	797
	(32)		(40)				(134)
-	(32)	-	(40)	-	-	-	(134)
	90	8	13				167
-	90	8	13	-	-	-	167
97	(731)	80	(670)	26,449	5,884	2,940	35,047
82	2,448	1,014	2,088	14,678	17,804	2,706	49,690
$ 179	$ 1,717	$ 1,094	$ 1,418	$ 41,127	$ 23,688	$ 5,646	$ 84,737

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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)	$ 376	$ (392)	$ (1)	$ (2,615)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	254	70		115
(Increase) Decrease in Assets:				
Receivables, net				
Prepaid expenses and other assets	2		1	4
Due from other funds	(102)	(24)	9	
Inventory of supplies	(250)	12		
(Increase) Decrease in Deferred Outflows of Resources:				
Pension	1,645	338	6	3,027
OPEB	(309)	(62)		(576)
Increase (Decrease) in Liabilities:				
Accounts payable	148	1		(23)
Accrued wages and benefits	120	24	2	529
Net pension liability	(2,395)	(479)		(4,471)
Net OPEB liability	174	34		325
Claims Payable				
Due to other funds	2	(1)		3
Due to other governments	2			
Increase (Decrease) in Deferred Inflows of Resources:				
Pension	1,169	234		2,182
OPEB	618	124		1,154
Total adjustments	1,078	271	18	2,269
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 1,454	$ (121)	$ 17	$ (346)
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Contributions of Capital Assets	$ 102	$ 13	$	$
Capital Assets Added from Accounts Payable		13		

Sinking Fund Administration	Municipal Income Tax Administration	Telephone Exchange	Radio Communications	Workers' Compensation Reserve	Health Self Insurance Fund	Prescription Self Insurance Fund	Total
$ (780)	$ (1,329)	$ (160)	$ (433)	$ 25,968	$ 3,836	$ 2,959	$ 27,429
	59		52				550
					(13)		(13)
2	2	1					12
(11)		(632)	(257)				(1,017)
							(238)
127	2,066	314	100				7,623
(21)	(349)	(61)	(20)				(1,398)
(4)	(13)	628	(67)				670
16	169	70	11	481			1,422
(160)	(2,714)	(479)	(160)				(10,858)
11	197	35	11				787
					2,061	(19)	2,042
	57	(1)					60
	(973)		1				(970)
78	1,339	234	78				5,314
42	700	123	41				2,802
80	540	232	(210)	481	2,048	(19)	6,788
$ (700)	$ (789)	$ 72	$ (643)	$ 26,449	$ 5,884	$ 2,940	$ 34,217
$	$	$	$	$	$	$	$ 115
							13

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CITY OF CLEVELAND, OHIO

CUSTODIAL FUNDS

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

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

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands)

	Municipal Courts	Central Collection Agency	Other	Total
Assets				
Cash and Cash Equivalents	$ 1,753	$ 5,034	$ 8,168	$ 14,955
Taxes Receivable		17,727		17,727
Accounts Receivable			1,872	1,872
Due From Other Governments		1,409		1,409
Total assets	1,753	24,170	10,040	35,963
Liabilities				
Accounts Payable			3,474	3,474
Due to Others	1,753			1,753
Due to Other Government		24,170	498	24,668
Total liabilities	1,753	24,170	3,972	29,895
Net Position				
Restricted	-	-	6,068	6,068
Total net position	$ -	$ -	$ 6,068	$ 6,068

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands)

	Municipal Courts	Central Collection Agency	Other	Total
Additions				
Fire Escrow	$ -	$ -	$ 546	$ 546
Law Enforcement Trust Funds			504	504
Governmental and Trust and Agency Funds			15	15
Income Tax Collected for Other Governments		129,604		129,604
Fines Collected for Other Governments	17,079			17,079
Investment Income			1	1
Total additions	17,079	129,604	1,066	147,749
Deductions				
Special Assessments			136	136
Governmental andTrust and Agency Funds			231	231
Law Enforcement Trust Funds			401	401
Payments of Income Tax to Other Governments		129,604		129,604
Payments of Fines to Other Governments	17,079			17,079
Other			23	23
Total deductions	17,079	129,604	791	147,474
Change in net position	-	-	275	275
Net position, beginning of year (as restated)			5,793	5,793
Net position, end of year	$ -	$ -	$ 6,068	$ 6,068

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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, 2020
(Amounts in Thousands)

Governmental Funds Capital Assets:	
Land	$ 70,529
Land improvements	228,074
Buildings, structures and improvements	711,716
Furniture, fixtures, equipment and vehicles	270,769
Infrastructure	861,533
Construction in progress	295,730
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 2,438,351

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

CITY OF CLEVELAND, OHIO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY*
DECEMBER 31, 2020
(Amounts in Thousands)

	Total	Land	Land Improvements	Buildings, Structures and Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Construction In Progress
General Government:							
General government	$ 355,294	$ 2,479	$ 2,314	$ 306,959	$ 30,666	$ 6,942	$ 5,934
City Hall	29,538	877		26,004		1,347	1,310
Engineering and construction	512,799		28,083		1,789	482,622	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	947,313	4,259	70,198	337,921	32,516	493,908	8,511
Public Works:							
Waste collection	43,042	499		9,999	30,996	1,460	88
Streets	585,865	1,540	11,602	14,393	27,864	337,328	193,138
Traffic engineering	5,508			813	2,478	2,200	17
Park maintenance and properties	184,274	38,657	70,407	27,361	17,779	316	29,754
Recreation	174,246	847	64,138	78,367	2,749		28,145
Other	136,597	2,669		115,673	4,129	74	14,052
Total public works	1,129,532	44,212	146,147	246,606	85,995	341,378	265,194
Public Safety:							
Police	152,823	4,978	1,183	52,629	88,486	162	5,385
Fire	84,462	1,663		37,333	43,486		1,980
Emergency medical service	21,211			1,168	13,059	5,614	1,370
Correction	7,608	249		6,570	766	23	
Dog pound	8,810			8,036	771		3
Other	6,968				1,318		5,650
Total public safety	281,882	6,890	1,183	105,736	147,886	5,799	14,388
Public Health:							
Health and environment	14,557	1,112	208	10,846	2,335	56	
Total public health	14,557	1,112	208	10,846	2,335	56	-
Community Development:							
Community development	47,858	7,138	7,376	9,467	1,533	15,807	6,537
Total community development	47,858	7,138	7,376	9,467	1,533	15,807	6,537
Economic Development:							
Economic development	12,674	6,918	2,962	740		1,004	1,050
Total economic development	12,674	6,918	2,962	740	-	1,004	1,050
Building and Housing:							
Building and housing	4,535			400	504	3,581	50
Total building and housing	4,535	-	-	400	504	3,581	50
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 2,438,351	$ 70,529	$ 228,074	$ 711,716	$ 270,769	$ 861,533	$ 295,730

* 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, 2020
(Amounts in Thousands)

	Balance January 1, 2020	Additions	Deductions	Transfers	Balance December 31, 2020
General Government:					
General government	$ 353,564	$ 3,348	$ (1,514)	$ (104)	$ 355,294
City Hall	28,724	814			29,538
Engineering and construction	512,799				512,799
Research, planning and development	49,035				49,035
Charles V. Carr Municipal Center	647				647
Total general government	944,769	4,162	(1,514)	(104)	947,313
Public Works:					
Waste collection	42,163	1,159	(649)	369	43,042
Streets	551,645	38,838	(5,074)	456	585,865
Traffic engineering	5,490	18			5,508
Park maintenance and properties	183,024	1,801	(645)	94	184,274
Recreation	153,963	20,283			174,246
Other	133,843	2,711	(22)	65	136,597
Total public works	1,070,128	64,810	(6,390)	984	1,129,532
Public Safety:					
Police	148,524	5,551	(578)	(674)	152,823
Fire	79,679	5,448	(31)	(634)	84,462
Emergency medical service	20,536	737		(62)	21,211
Correction	7,627		(19)		7,608
Dog pound	8,751	59			8,810
Other	2,423	4,545			6,968
Total public safety	267,540	16,340	(628)	(1,370)	281,882
Public Health:					
Health and environment	14,272	226	(10)	69	14,557
Total public health	14,272	226	(10)	69	14,557
Community Development:					
Community development	47,096	762			47,858
Total community development	47,096	762	-	-	47,858
Economic Development:					
Economic development	12,302	372			12,674
Total economic development	12,302	372	-	-	12,674
Building and Housing:					
Building and housing	4,498	37			4,535
Total building and housing	4,498	37	-	-	4,535
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 2,360,605	$ 86,709	$ (8,542)	$ (421)	$ 2,438,351

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

STATISTICAL SECTION

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CITY OF CLEVELAND, OHIO
Statistical Section

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

<u>**Contents**</u> <u>**Page**</u>

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

City of Cleveland, Ohio

Net Position By Component

Last Ten Years

(Accrual Basis of Accounting)

(Amounts in Thousands)

	2020	2019	2018	2017
Governmental Activities				
Net investment in capital assets	$ 722,806	$ 722,633	$ 714,288	$ 719,579
Restricted	209,288	208,522	188,612	161,003
Unrestricted	(702,088)	(677,805)	(933,271)	(433,843)
Total Governmental Activities Net Position	$ 230,006	$ 253,350	$ (30,371)	$ 446,739
Business-Type Activities				
Net investment in capital assets	$ 1,724,704	$ 1,633,097	$ 1,544,414	$ 1,482,861
Restricted	184,926	207,837	219,202	214,161
Unrestricted	417,570	438,760	474,284	548,411
Total Business-Type Activities Net Position	$ 2,327,200	$ 2,279,694	$ 2,237,900	$ 2,245,433
Primary Government				
Net investment in capital assets	$ 2,447,510	$ 2,355,730	$ 2,258,702	$ 2,202,440
Restricted	394,214	416,359	407,814	375,164
Unrestricted	(284,518)	(239,045)	(458,987)	114,568
Total Primary Government Net Position	$ 2,557,206	$ 2,533,044	$ 2,207,529	$ 2,692,172

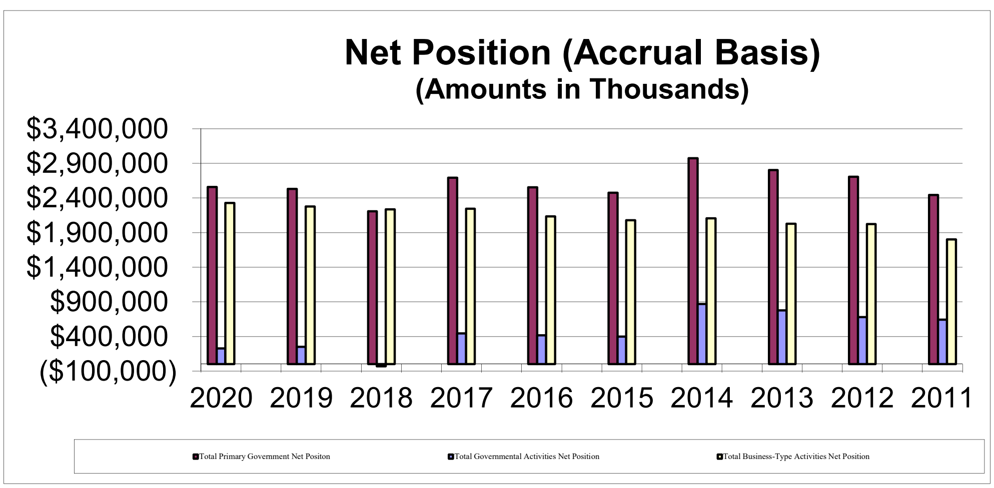
GASB issued Statement No. 65 effective for periods beginning after December 15, 2012. This statement changed the treatment of bond issuance costs to expense in the period incurred. Previously, the costs were recorded as assets and amortized over the life of the related debt issued. This change is reflected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

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

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

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

2016	2015	2014	2013	2012	2011
$ 722,785	$ 653,925	$ 828,002	$ 686,794	$ 572,213	$ 543,460
155,224	167,042	152,360	145,729	122,488	117,765
(459,804)	(422,125)	(110,650)	(53,448)	(12,383)	(19,771)
$ 418,205	$ 398,842	$ 869,712	$ 779,075	$ 682,318	$ 641,454
$ 1,367,544	$ 1,354,871	$ 1,335,195	$ 1,307,661	$ 1,303,584	$ 1,130,178
236,772	240,979	244,937	244,196	227,826	234,050
532,257	482,852	525,970	474,185	492,956	438,767
$ 2,136,573	$ 2,078,702	$ 2,106,102	$ 2,026,042	$ 2,024,366	$ 1,802,995
$ 2,090,329	$ 2,008,796	$ 2,163,197	$ 1,994,455	$ 1,875,797	$ 1,673,638
391,996	408,021	397,297	389,925	350,314	351,815
72,453	60,727	415,320	420,737	480,573	418,996
$ 2,554,778	$ 2,477,544	$ 2,975,814	$ 2,805,117	$ 2,706,684	$ 2,444,449



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

	2020	2019 (3)	2018	2017
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government (1)	$ 13,105	$ 19,447	$ 20,408	$ 19,573
Public Works (1)	18,452	19,395	17,973	18,408
Public Safety	15,853	14,262	15,123	17,803
Community Development (1)	1,167	1,072	359	777
Building and Housing	18,827	20,900	19,008	16,377
Public Health	2,389	3,827	3,715	3,091
Economic Development	142	158	140	103
Subtotal - Charges for Services	69,935	79,061	76,726	76,132
Operating Grants and Contributions:				
General Government (1)	9,649	4,293	4,450	3,343
Public Works (1)	22,350	16,228	14,729	24,106
Public Safety	51,911	3,130	5,067	6,144
Community Development	30,668	28,560	30,325	26,173
Building and Housing	2,390	540	2,360	2,413
Public Health	7,983	8,056	8,327	8,809
Economic Development	14,593	19,487	18,843	3,023
Subtotal - Operating Grants and Contributions	139,544	80,294	84,101	74,011
Capital Grants and Contributions:				
General Government	115	5,918	1,259	34
Public Works (1)	12,173	17,121	19,561	35,744
Public Safety				97
Economic Development	294	240	308	
Subtotal - Capital Grants and Contributions	12,582	23,279	21,128	35,875
Total Governmental Activities Program Revenues	222,061	182,634	181,955	186,018
Business-Type Activities:				
Charges for Services:				
Water	327,272	320,168	306,159	301,621
Sewer	29,392	32,176		
Electricity	192,583	209,787	218,096	194,904
Airport facilities	103,088	148,421	145,981	145,206
Nonmajor activities	7,750	14,040	44,352	42,643
Subtotal - Charges for Services	660,085	724,592	714,588	684,374
Operating Grants and Contributions:				
Water	3,085	3,041	8,346	4,087
Sewer	222	741		
Electricity	188	598	409	4,105
Airport facilities	575	1,750	1,399	314
Nonmajor activities	68	199	588	648
Subtotal - Operating Grants and Contributions	4,138	6,329	10,742	9,154
Capital Grants and Contributions:				
Water	7,816	18,635	17,686	50,693
Sewer	3,967	4,154		
Electricity	2,134	1,455	1,458	189
Airport facilities	74,313	52,972	53,867	56,757
Nonmajor activities	50	296	5,318	4,452
Subtotal - Capital Grants and Contributions	88,280	77,512	78,329	112,091
Total Business-Type Activities Program Revenues	752,503	808,433	803,659	805,619
Total Primary Government Program Revenues	$ 974,564	$ 991,067	$ 985,614	$ 991,637

2016	2015	2014	2013	2012 (2)	2011
$ 18,636	$ 23,007	$ 31,589	$ 29,983	$ 30,696	$ 32,336
18,301	17,587	17,706	17,561	18,369	16,271
18,075	13,032	15,318	17,078	15,049	15,034
952	844	1,483			
17,717	16,408	11,984	11,734	5,757	18,072
3,463	2,544	2,754	2,917	2,967	2,931
103	103	101	377	100	37
77,247	73,525	80,935	79,650	72,938	84,681
3,468	4,349	4,351	5,601	4,345	3,673
14,802	14,753	20,373	29,770	28,342	27,364
46,421	3,806	7,315	9,180	13,805	12,497
28,950	32,729	35,673	42,608	69,004	68,887
4,380	3,609	2,804	9,133	6,679	5,698
8,122	8,974	11,040	9,249	10,321	13,228
8,614	11,752	18,234	14,046	11,387	4,008
114,757	79,972	99,790	119,587	143,883	135,355
134	415	2,862	56,610	1,330	23
87,304	45,581	85,253	38,348	24,515	13,982
6	91	173			
87,444	46,087	88,288	94,958	25,845	14,005
279,448	199,584	269,013	294,195	242,666	234,041
310,111	301,283	303,412	272,674	280,323	236,626
192,967	192,861	181,843	170,342	165,227	168,448
142,433	128,033	131,724	113,244	116,694	114,967
42,133	39,351	34,276	34,135	35,188	34,600
687,644	661,528	651,255	590,395	597,432	554,641
1,678	413	301	5,984	4,567	3,305
3,340	3,225	4,030	656	97	883
191	85	73	132	177	
218	299	161	86	478	278
5,427	4,022	4,565	6,858	5,319	4,466
4,326	25,158	34,699	12,446	21,800	2,284
354	481	2	393	964	206
32,280	20,159	19,775	35,089	25,025	56,385
1,092	1,245	3,280	808	5,773	5,716
38,052	47,043	57,756	48,736	53,562	64,591
731,123	712,593	713,576	645,989	656,313	623,698
$ 1,010,571	$ 912,177	$ 982,589	$ 940,184	$ 898,979	$ 857,739

(Continued)

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

	2020	2019 (3)	2018	2017
Expenses				
Governmental Activities:				
General Government (1)	$ 160,148	$ 191,388	$ 157,730	$ 160,117
Public Works (1)	156,576	172,526	151,476	137,256
Public Safety	397,692	75,355	415,703	357,248
Community Development (1)	33,643	31,523	33,464	28,555
Building and Housing	15,320	16,974	15,294	14,240
Public Health	18,321	21,269	19,189	18,038
Economic Development	20,454	28,428	27,251	36,189
Interest on debt	27,198	27,059	26,286	28,630
Total Governmental Activities Expenses	829,352	564,522	846,393	780,273
Business-Type Activities				
Water	300,180	316,588	302,725	293,148
Sewer	29,358	31,318		
Electricity	199,950	220,883	218,261	197,613
Airport facilities	168,310	187,779	173,624	172,383
Nonmajor activities	14,916	17,834	44,863	41,990
Total Business-Type Activities Expenses	712,714	774,402	739,473	705,134
Total Primary Government Program Expenses	1,542,066	1,338,924	1,585,866	1,485,407
Net (Expense)/Revenue				
Governmental Activities	(607,291)	(381,888)	(664,438)	(594,255)
Business-Type Activities	39,789	34,031	64,186	100,485
Total Primary Government Net Expense	(567,502)	(347,857)	(600,252)	(493,770)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Income taxes	458,943	487,077	480,966	451,929
Property taxes	57,955	58,252	53,839	51,985
Other taxes	16,349	44,633	45,235	46,704
Unrestricted shared revenues	15,556	20,894	19,338	37,428
State and local government funds	25,936	26,658	25,191	24,331
Unrestricted investment earnings	3,827	14,997	10,730	4,392
Other	13,022	20,210	19,070	14,374
Transfers	(7,641)	(7,112)	(4,852)	(8,354)
Total Governmental Activities	583,947	665,609	649,517	622,789
Business-Type Activities				
Unrestricted investment earnings	11	26	24	13
Other	65	625		8
Special items - gain on sale of capital assets				
Transfers	7,641	7,112	4,852	8,354
Total Business-Type Activities Expenses	7,717	7,763	4,876	8,375
Total Primary Government General Revenues and Other Changes in Net Position	591,664	673,372	654,393	631,164
Change in Net Position				
Governmental Activities	(23,344)	283,721	(14,921)	28,534
Business-Type Activities	47,506	41,794	69,062	108,860
Total Primary Government Change in Net Position	$ 24,162	$ 325,515	$ 54,141	$ 137,394

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

Business-type activities on the Government-wide Statement of Activities summarizes other Enterprise Funds as Nonmajor activities. In years 2018 and prior these include Sewer, Public Auditorium, West Side Market, East Side Market, Municipal Parking Lots, Cemeteries and Golf Courses. In 2019, Sewer was reclassified as a major enterprise fund.

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

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

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

2016	2015	2014	2013	2012 (2)	2011
$ 139,022	$ 140,946	$ 121,050	$ 115,793	$ 106,141	$ 95,833
119,019	117,040	129,551	130,108	128,276	139,577
383,453	328,453	298,768	310,246	310,745	308,051
32,173	35,026	39,099	44,337	70,705	75,778
14,111	13,433	11,059	17,694	14,729	14,098
16,110	16,841	18,236	15,405	17,385	19,596
37,913	29,474	32,508	18,142	13,845	22,323
27,596	36,489	26,333	24,913	26,153	27,686
769,397	717,702	676,604	676,638	687,979	702,942
270,014	259,892	253,822	258,014	244,647	232,497
196,092	197,823	181,862	171,669	163,547	167,799
172,254	162,499	161,021	155,343	153,627	167,531
39,501	37,088	38,430	35,235	39,671	46,302
677,861	657,302	635,135	620,261	601,492	614,129
1,447,258	1,375,004	1,311,739	1,296,899	1,289,471	1,317,071
(489,949)	(518,118)	(407,591)	(382,443)	(445,313)	(468,901)
53,262	55,291	78,441	25,728	54,821	9,569
(436,687)	(462,827)	(329,150)	(356,715)	(390,492)	(459,332)
359,668	346,797	337,933	332,719	330,863	311,492
28,634	55,017	52,327	45,055	56,086	63,839
48,945	38,904	35,851	37,765	28,680	27,312
35,888	34,974	37,240	34,434	27,338	19,558
24,061	26,567	23,846	30,081	25,966	43,821
1,801	1,060	1,193	683	692	97
14,906	8,760	11,454	21,194	18,141	19,086
(4,591)	(1,957)	(1,616)	(1,527)	(1,589)	(2,031)
509,312	510,122	498,228	500,404	486,177	483,174
7	4	3	3		30
11					
					5,125
4,591	1,957	1,616	1,527	1,589	2,031
4,609	1,961	1,619	1,530	1,589	7,186
513,921	512,083	499,847	501,934	487,766	490,360
19,363	(7,996)	90,637	117,961	40,864	14,273
57,871	57,252	80,060	27,258	56,410	16,755
$ 77,234	$ 49,256	$ 170,697	$ 145,219	$ 97,274	$ 31,028

(Concluded)

City of Cleveland, Ohio

Fund Balances, Governmental Funds

Last Ten Years (1)

(Modified Accrual Basis of Accounting)

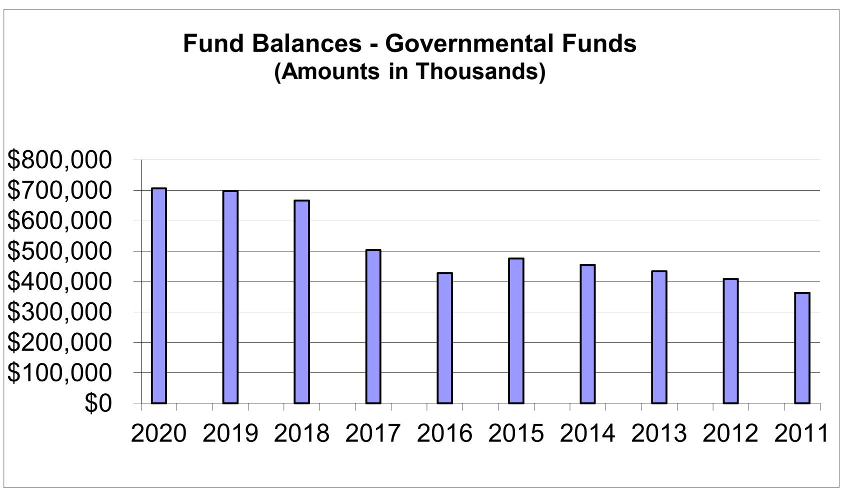
(Amounts in Thousands)

	2020	2019	2018	2017	2016
General Fund					
Nonspendable	$ 8,082	$ 3,069	$ 3,035	$	$
Assigned	84,600	85,953	67,388	42,168	15,631
Unassigned	121,872	114,870	116,486	92,692	66,091
Total General Fund	214,554	203,892	186,909	134,860	81,722
Public Health (2)					
Nonspendable	32	32			
Restricted	1,897	1,446			
Committed	584	387			
Total Public Health	2,513	1,865			
All Other Governmental Funds					
Nonspendable	128	138	168		
Restricted	420,543	427,063	416,726	296,361	287,250
Committed	68,930	64,813	62,927	72,770	70,597
Assigned		11	9	11	2
Unassigned					(11,514)
Total All Other Governmental Funds	489,601	492,025	479,830	369,142	346,335
Total Governmental Funds	$ 706,668	$ 697,782	$ 666,739	$ 504,002	$ 428,057

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

(2) 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.

2015	2014	2013	2012	2011
$ 740	$ 885	$ 648	$ 632	$ 576
11,979	15,041	13,209	9,239	12,027
68,490	78,401	75,891	61,879	38,991
81,209	94,327	89,748	71,750	51,594
865	1,387	355	495	1,172
312,089	268,905	245,015	233,832	204,590
82,189	90,739	98,806	102,901	105,624
6	8	3	2	1
				(96)
395,149	361,039	344,179	337,230	311,291
$ 476,358	$ 455,366	$ 433,927	$ 408,980	$ 362,885



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

	2020	2019	2018	2017
Revenues				
Income taxes	$ 466,699	$ 486,792	$ 473,306	$ 447,259
Property taxes	58,364	57,580	52,665	51,473
State and local government funds	25,616	26,304	24,970	24,375
Other taxes and shared revenues (2)				
Other taxes (2)	16,349	44,739	45,149	46,683
Other shared revenues (2)	53,053	55,319	53,866	61,079
Licenses and permits	18,120	21,892	21,196	19,407
Charges for services	36,905	38,158	39,194	39,177
Fines, forfeits and settlements	8,186	14,292	15,296	14,299
Investment earnings	3,671	14,277	10,186	4,147
Grants	112,741	52,890	60,385	80,077
Contributions	377	1,787	4,398	1,704
Miscellaneous	16,844	25,437	15,068	11,618
Total Revenues	816,925	839,467	815,679	801,298
Expenditures				
Current:				
General Government (1)	110,683	107,996	97,343	100,372
Public Works (1)	104,711	109,612	104,949	98,228
Public Safety	354,729	345,025	332,423	322,483
Community Development (1)	30,929	27,857	30,876	25,827
Building and Housing	14,146	14,019	13,829	13,216
Public Health	17,019	18,343	17,735	16,382
Economic Development	19,846	27,718	26,850	35,748
Other	9,032	8,255	9,030	6,640
Capital outlay	120,315	113,170	88,812	85,888
Inception of capital lease				
Debt service:				
Principal retirement	55,103	55,423	55,368	49,041
Interest	31,353	34,968	31,006	30,000
General Government	1,088	450	1,485	971
Other	1,088	1,080	1,077	1,069
Total Expenditures	870,042	863,916	810,783	785,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,117)	(24,449)	4,896	15,433
Other Financing Sources (Uses)				
Transfers in	101,945	123,680	112,956	81,122
Transfers out	(107,597)	(126,729)	(116,926)	(83,188)
Issuance of bonds	132,555	51,015	135,680	
Issuance of refunding bonds				142,850
Premium on bonds and notes	5,200	5,740	16,868	21,916
Discount on bonds and notes				
Payment to refund bonds and notes	(70,109)			(108,761)
Issuance of Loans		601	15	
Sale of City assets	9	1,185	9,248	6,573
Capital leases				
Total Other Financing Sources (Uses)	62,003	55,492	157,841	60,512
Net Change in Fund Balances	$ 8,886	$ 31,043	$ 162,737	$ 75,945
Debt Service as a Percentage of Noncapital Expenditures	11.1%	11.5%	11.6%	10.8%

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

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

2016	2015	2014	2013	2012	2011
$ 355,092	$ 350,524	$ 336,743	$ 333,359	$ 331,118	$ 312,508
49,311	49,697	49,198	49,740	55,312	55,949
24,431	26,433	25,077	28,439	31,821	45,640
				86,084	77,636
48,945	38,904	35,851	37,764		
49,108	48,864	54,329	59,907		
21,236	18,884	15,404	16,034	15,070	16,877
37,620	35,169	36,120	39,297	41,436	39,433
14,295	18,864	28,928	27,020	26,830	28,376
1,725	927	858	865	468	518
125,956	102,257	111,935	115,851	129,724	120,119
1,844	2,803	2,571	15,948	1,364	52
16,067	13,565	18,534	27,770	18,770	15,356
745,630	706,891	715,548	751,994	737,997	712,464
98,102	86,686	91,199	85,638	85,125	77,792
93,148	90,961	89,042	86,576	85,753	91,926
347,426	311,177	294,605	303,234	303,767	302,009
29,990	33,076	37,191	42,677	69,238	73,682
13,710	13,419	10,885	17,444	14,542	14,031
15,410	16,462	17,722	14,983	16,986	19,160
37,552	29,393	32,360	18,030	12,794	19,348
7,388	8,635	10,580	11,877	10,992	11,171
99,622	127,001	100,868	115,170	69,945	66,575
	571	6,044	5,046	5,648	4,566
49,370	48,648	47,752	46,252	48,115	47,481
30,365	28,627	27,935	30,380	33,741	30,628
476	2,462	1,114	615	1,264	438
1,070	1,071	1,077	1,176	1,168	315
823,629	798,189	768,374	779,098	759,078	759,122
(77,999)	(91,298)	(52,826)	(27,104)	(21,081)	(46,658)
72,227	92,273	77,659	56,516	59,830	68,643
(74,118)	(94,734)	(79,766)	(58,466)	(62,145)	(71,514)
28,125	101,385	69,200	35,840	82,945	31,260
23,680	117,325	20,110	25,360		
7,497	30,085	6,666	4,415	8,770	1,105
		(13)		(145)	(217)
(28,150)	(135,757)	(20,635)	(25,360)	(28,910)	
			2,786		
437	1,713	1,044	4,425	324	1,229
			6,535	6,507	6,615
29,698	112,290	74,265	52,051	67,176	37,121
$ (48,301)	$ 20,992	$ 21,439	$ 24,947	$ 46,095	$ (9,537)
10.8%	11.1%	11.7%	11.5%	11.8%	11.1%

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
2020	$ 2,158,209	$ 2,506,116	$ 13,326,645	$ 468,023	$ 531,844
2019	2,161,965	2,664,334	13,789,426	436,992	496,582
2018	1,987,511	2,325,434	12,322,700	415,800	472,500
2017	2,002,109	2,238,298	12,115,449	387,919	440,817
2016	2,002,439	2,255,156	12,164,557	331,843	377,094
2015	2,035,581	2,593,704	13,226,529	318,829	362,306
2014	2,051,307	2,550,042	13,146,711	298,603	339,322
2013	2,075,286	2,526,924	13,149,171	266,558	302,907
2012	2,641,867	2,743,313	15,386,229	246,081	279,638
2011	2,675,681	2,722,417	15,423,137	242,172	275,195

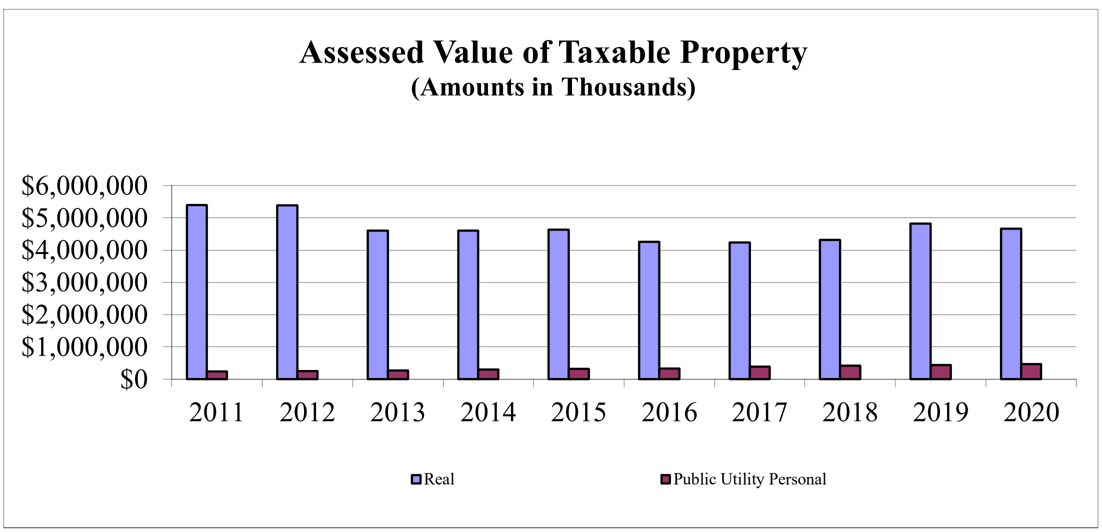
The assessed valuation level for real property in Cuyahoga County is 35% of appraised market value, except for certain agricultural land and public utility property.

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 2020 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.

Assessed Value		Total Estimated Actual Value		Total Direct Tax Rate	Ratio
$	5,132,348	$	13,858,489	12.70	37.0 %
	5,263,291		14,286,008	12.70	36.8
	4,728,745		12,795,200	12.70	37.0
	4,628,326		12,556,266	12.70	36.9
	4,589,438		12,541,651	12.70	36.6
	4,948,114		13,588,835	12.70	36.4
	4,899,952		13,486,033	12.70	36.3
	4,868,768		13,452,078	12.70	36.2
	5,631,261		15,665,867	12.70	35.9
	5,640,270		15,698,332	12.70	35.9



City of Cleveland, Ohio

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

	2020	2019	2018	2017
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	54.635189	49.324018	49.475411	52.627462
Commercial/Industrial and Public Utility Real	61.877129	56.853103	55.336037	61.103106
General Business and Public Utility Personal	84.300000	79.100000	79.300000	79.300000
County				
Residential/Agricultural Real	14.006317	12.801150	12.797318	13.914095
Commercial/Industrial and Public Utility Real	14.303665	13.230331	13.077038	14.006049
General Business and Public Utility Personal	14.850000	14.050000	14.050000	14.050000
Special Taxing Districts (1)				
Residential/Agricultural Real	14.874736	14.830000	14.431850	13.636727
Commercial/Industrial and Public Utility Real	15.075454	15.080000	14.324894	13.760521
General Business and Public Utility Personal	16.580000	16.580000	16.180000	14.180000

Note:

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

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

Source: Cuyahoga County Fiscal Officer.

2016	2015	2014	2013	2012	2011
4.350000	4.350000	4.350000	4.350000	4.350000	4.350000
0.050000	0.050000	0.050000	0.050000	0.050000	0.050000
4.400000	4.400000	4.400000	4.400000	4.400000	4.400000
7.750000	7.750000	7.750000	7.750000	7.750000	7.750000
0.250000	0.250000	0.250000	0.250000	0.250000	0.250000
0.300000	0.300000	0.300000	0.300000	0.300000	0.300000
8.300000	8.300000	8.300000	8.300000	8.300000	8.300000
12.700000	12.700000	12.700000	12.700000	12.700000	12.700000
52.527150	52.479460	52.699898	52.427248	52.116544	31.674164
61.578271	61.740058	61.107741	60.124573	60.128798	44.235815
79.300000	79.300000	79.900000	79.800000	79.800000	64.800000
13.880201	13.869781	14.050000	14.050000	13.220000	13.118223
14.012362	14.050000	14.019470	13.949465	12.996761	12.784540
14.050000	14.050000	14.050000	14.050000	13.220000	13.220000
13.116607	13.112910	13.202292	12.298441	11.391842	11.225159
13.322508	13.363153	13.312617	12.339767	11.418198	11.232744
13.680000	13.680000	13.680000	12.780000	11.880000	11.880000

City of Cleveland, Ohio

Property Tax Levies and Collections

Last Ten Years

Year	Current Tax Levy (1)	Current Tax Collections (2)	Percent of Current Tax Collections To Current Tax Levy	Delinquent Tax Collections	Total Tax Collections
2020	$ 78,536,205	$ 71,810,777	91.44 %	$ 4,691,071	$ 76,501,848
2019	72,955,931	71,218,160	97.62	5,828,919	77,047,080
2018	74,752,362	66,628,584	89.13	4,538,024	71,166,608
2017	72,023,002	64,982,553	90.22	4,280,681	69,263,234
2016	70,861,467	61,490,574	86.78	3,862,554	65,353,128
2015	75,115,511	62,192,254	82.80	4,537,073	66,729,327
2014	72,904,038	60,147,465	82.50	4,542,885	64,690,350
2013	68,191,726	57,319,877	84.06	4,664,866	61,984,743
2012	76,327,893	58,664,824	76.86	6,972,134	65,636,958
2011	74,312,975	59,301,577	79.80	5,104,558	64,406,135

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
$ 103,132,280	74.18 %	$ 25,397,758	24.63 %
98,584,152	78.15	24,209,291	24.56
97,367,860	73.09	24,479,163	25.14
94,787,217	73.07	23,227,032	24.50
87,924,969	74.33	23,066,836	26.23
110,147,288	60.58	47,220,991	42.87
110,329,017	58.63	41,284,638	37.42
104,953,336	59.06	40,343,634	38.44
122,143,372	53.74	47,654,232	39.01
109,926,575	58.59	44,679,192	40.64

City of Cleveland, Ohio

Principal Taxpayers - Real Estate Tax

2020 and 2011

	2020	
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Cleveland Electric Illuminating Co.	$ 240,499,560	5.16 %
East Ohio Gas Co.	138,702,460	2.97
City of Cleveland, Ohio	120,048,460	2.57
American Transmission System	115,396,990	2.47
127 PS Fee Owner, LLC	89,097,230	1.91
Cleveland-Cuyahoga Port Authority	73,729,460	1.58
Hertz Cleveland	52,025,630	1.12
G&I IX 200 Public Square Garage, LLC	51,774,150	1.11
Cleveland Propco II, LLC	40,580,310	0.87
Flats East Office Tower, LLC	33,322,580	0.71
Total	$ 955,176,830	20.47 %
Total Real Property Assessed Valuation	$ 4,664,326,000	

	2011	
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Cleveland Clinic Foundation	$ 241,141,560	4.47 %
City of Cleveland, Ohio	87,469,400	1.62
Key Center Properties LLC	83,619,320	1.55
Cleveland Financial Associates	46,967,070	0.87
Board of County Commissioners	39,698,830	0.73
City of Cleveland Executive	36,508,320	0.68
National City Bank	36,391,080	0.67
Hub North Point Properties LLC	33,309,480	0.62
ISG Cleveland West Inc.	26,892,690	0.50
Optima 1375, LLC	25,857,270	0.48
Total	$ 657,855,020	12.19 %
Total Real Property Assessed Valuation	$ 5,398,098,000	

(1) The amounts presented represent the assessed values upon which 2020 and 2011 collections were based.

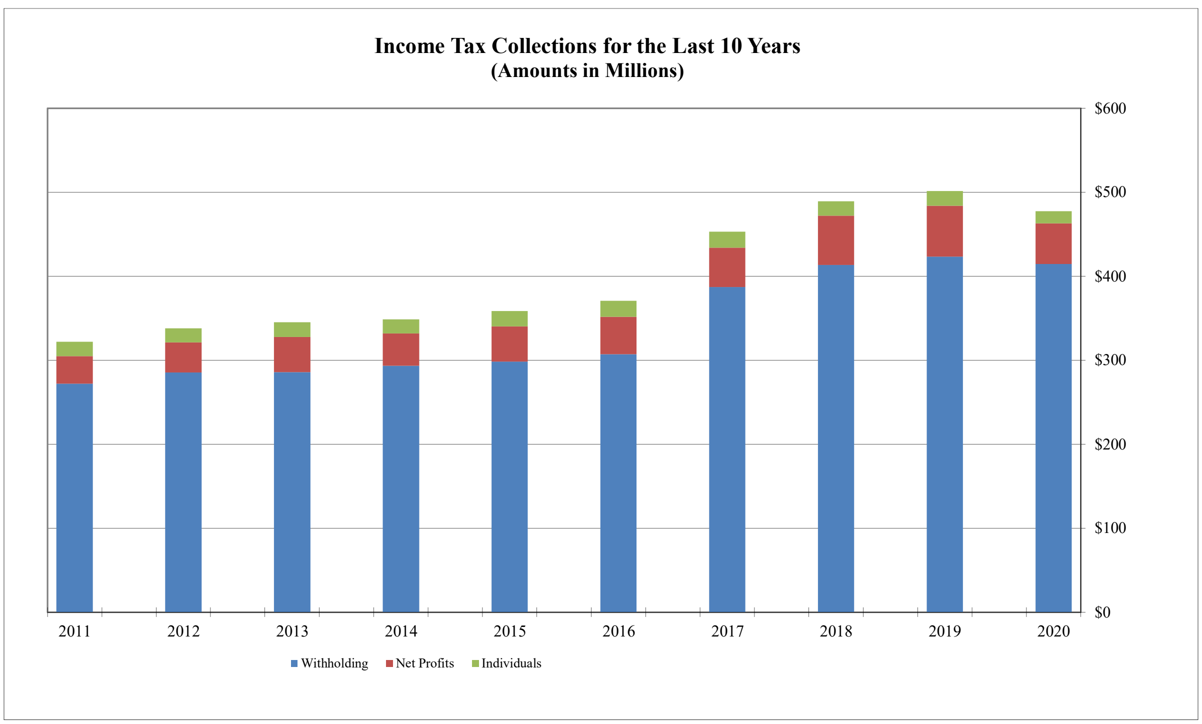
Source: Cuyahoga County Fiscal Officer.

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
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	2.50	453,091,275	387,201,556	85.46	46,757,836	10.32	19,131,883	4.22
2016	2.00	370,753,947	307,143,756	82.84	44,644,300	12.04	18,965,891	5.12
2015	2.00	358,677,459	298,318,465	83.17	41,948,933	11.70	18,410,061	5.13
2014	2.00	348,674,282	293,456,642	84.16	38,294,001	10.98	16,923,639	4.86
2013	2.00	345,255,736	285,891,566	82.81	41,929,164	12.14	17,435,006	5.05
2012	2.00	338,046,790	285,450,129	84.44	35,946,656	10.63	16,650,005	4.93
2011	2.00	322,072,689	272,209,650	84.52	32,693,730	10.15	17,169,309	5.33



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
2020	$ 337,202,000	$	$ 47,069,000	$	$ 21,552,000	$ 69,900,000	$ 367,083,000
2019	318,912,000		49,122,000	488,000	26,630,000	77,750,000	361,740,000
2018	291,055,000		53,107,000	1,874,000	31,593,000	85,266,000	377,853,000
2017	230,353,000	835,000	56,968,000	4,363,000	36,346,000	92,506,000	329,359,000
2016	256,139,000	1,615,000	60,751,000	7,344,000	39,458,000	99,438,000	280,057,000
2015	247,235,000	2,345,000	64,438,000	11,354,000	43,910,000	106,095,000	289,810,000
2014	270,033,000	3,030,000	51,004,000	15,262,000	44,927,000	112,471,000	198,462,000
2013	297,178,000	3,670,000	53,202,000	19,185,000	48,421,000	118,581,000	129,551,000
2012	325,676,000	4,270,000	56,018,000	16,236,000	51,769,000	124,749,000	93,320,000
2011	310,456,000	4,835,000	58,747,000	12,908,000	54,982,000	130,941,000	80,976,000

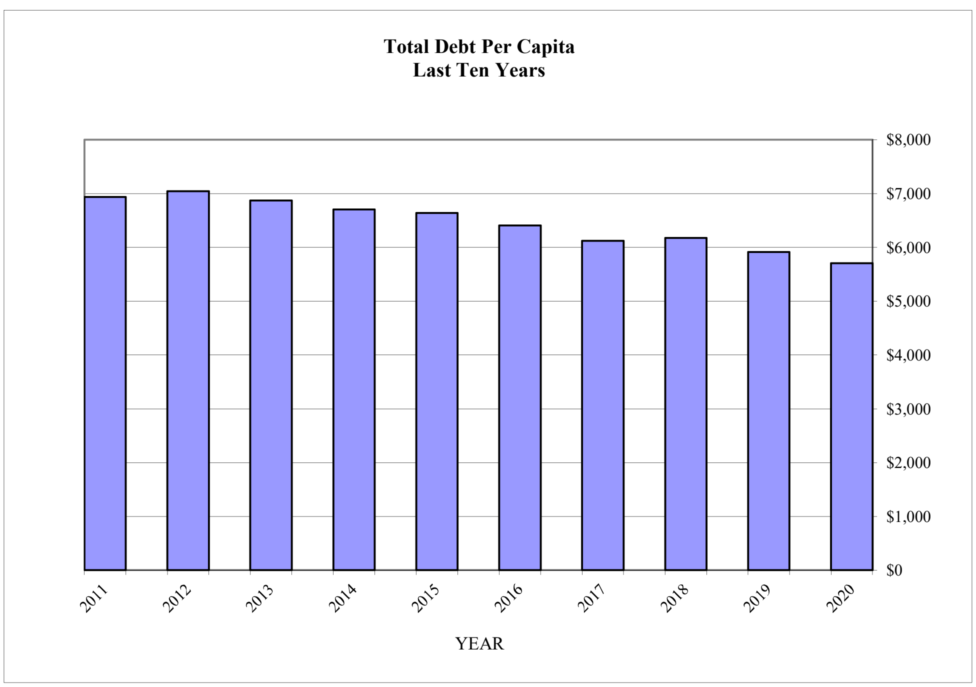
Note:

Population and Personal Income data are presented on page S21.

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

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

		Business-Type Activities				
Annual Appropriation Bonds	Note / Loans Payable	Revenue Bonds	OWDA / OPWC Loans	Total Debt	Percentage of Personal Income	Per Capita
$ 8,372,000	$ 1,187,000	$ 1,339,827,000	$ 72,254,000	$ 2,264,446,000	26.89%	$ 5,707
8,705,000	1,266,000	1,429,751,000	72,750,000	2,347,114,000	29.45	5,915
9,018,000	1,024,000	1,525,350,000	75,545,000	2,451,685,000	32.79	6,178
9,315,000	1,344,000	1,584,033,000	83,478,000	2,428,900,000	34.00	6,121
9,592,000	1,671,000	1,696,483,000	91,316,000	2,543,864,000	36.56	6,411
9,854,000	2,240,000	1,758,793,000	99,220,000	2,635,294,000	38.09	6,641
10,100,000	2,801,000	1,845,740,000	106,815,000	2,660,645,000	39.46	6,705
10,331,000		1,931,909,000	114,372,000	2,726,400,000	40.87	6,871
10,557,000		2,003,727,000	109,742,000	2,796,064,000	43.22	7,046
10,778,000		1,972,923,000	115,523,000	2,753,069,000	42.56	6,938



City of Cleveland, Ohio

Ratio of General Obligation Bonded Debt to Assessed Value and Bonded Debt Per Capita
Last Ten Years

Year	Population (1)A	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)			
2020	396,815	$ 5,132,348	$ 323,543	6.30 %	$ 815.35
2019	396,815	5,263,291	305,732	5.81	770.46
2018	396,815	4,728,745	279,415	5.91	704.14
2017	396,815	4,628,326	225,338	4.87	567.87
2016	396,815	4,589,438	251,060	5.47	632.69
2015	396,815	4,948,114	244,111	4.93	615.18
2014	396,815	4,899,952	266,952	5.45	672.74
2013	396,815	4,868,768	293,752	6.03	740.27
2012	396,815	5,631,261	319,460	5.67	805.06
2011	396,815	5,640,270	308,969	5.48	778.62

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, 2010 Federal Census of Population. (1)A 2020 Amounts will be changed to reflect 2020 results when available.
(2) Cuyahoga County Fiscal Officer's Office.

City of Cleveland, Ohio

Computation of Direct and Overlapping Governmental Activities Debt

December 31, 2020

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Cleveland			
General Obligation Bonds	$ 337,202,000	100.00 %	$ 337,202,000
Subordinated Income Tax Refunding Bonds	21,552,000	100.00	21,552,000
Subordinate Lien Income Tax Bonds	367,083,000	100.00	367,083,000
Non-Tax Revenue Bonds	47,069,000	100.00	47,069,000
Certificates of Participation	69,900,000	100.00	69,900,000
Annual Appropriation Bonds	8,372,000	100.00	8,372,000
Note/Loans Payable	1,187,000	100.00	1,187,000
Total Direct Debt	852,365,000		852,365,000
Overlapping			
Cleveland Municipal School District			
General Obligation Bonds	222,311,765	96.82	215,242,251
Cuyahoga County			
General Obligation Bonds	266,975,000	16.78	44,798,405
Cuyahoga Community College	201,500,000	16.78	33,811,700
Berea School District	108,661,000	3.88	4,216,047
Shaker Heights School District	33,840,000	5.51	1,864,584
Total	$ 1,685,652,765		$ 1,152,297,987

(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

	2020	2019	2018	2017
Total Assessed Property Value	$ 5,132,348,420	$ 5,263,290,660	$ 4,728,745,440	$4,628,325,790
Overall Legal Debt Limit				
(10½% of Assessed Valuation)	538,896,584	552,645,519	496,518,271	485,974,208
Debt Outstanding:				
General Obligation Bonds	310,985,000	292,810,000	267,135,000	211,400,000
Revenue Bonds	1,248,613,000	1,352,593,000	1,439,068,000	1,501,493,000
Urban Renewal Bonds				835,000
Subordinated Income Tax Refunding Bonds	20,265,000	24,730,000	28,975,000	32,960,000
Subordinate Lien Income Tax Bonds	339,850,000	327,260,000	339,690,000	296,285,000
OWDA/OPWC Loans	72,841,000	73,352,000	75,560,000	83,478,000
Non-tax Revenue Bonds	47,072,000	49,078,000	52,971,000	56,705,000
Annual Appropriation Bonds	8,475,000	8,820,000	9,145,000	9,455,000
Total Gross Indebtedness	2,048,101,000	2,128,643,000	2,212,544,000	2,192,611,000
Less:				
General Obligation Bonds	310,985,000	292,810,000	267,135,000	211,400,000
Revenue Bonds	1,248,613,000	1,352,593,000	1,439,068,000	1,501,493,000
Urban Renewal Bonds				835,000
Subordinated Income Tax Refunding Bonds	20,265,000	24,730,000	28,975,000	32,960,000
Subordinate Lien Income Tax Bonds	339,850,000	327,260,000	339,690,000	296,285,000
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Non-tax Revenue Bonds	47,072,000	49,078,000	52,971,000	56,705,000
Annual Appropriation Bonds	8,475,000	8,820,000	9,145,000	9,455,000
General Obligation Bond Retirement Fund Balance	13,659,000	13,180,000	11,640,000	5,015,000
Total Net Debt Applicable to Debt Limit*	-	-	-	-
Legal Debt Margin Within 10½% Limitations	$ 538,896,584	$ 552,645,519	$ 496,518,271	$ 485,974,208
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation	$ 282,279,163	$ 289,480,986	$ 260,080,999	$ 254,557,918
(5½% of Assessed Valuation)				
Total Gross Indebtedness	2,048,101,000	2,128,643,000	2,212,544,000	2,192,611,000
Less:				
General Obligation Bonds	310,985,000	292,810,000	267,135,000	211,400,000
Revenue Bonds	1,248,613,000	1,352,593,000	1,439,068,000	1,501,493,000
Urban Renewal Bonds				835,000
Subordinated Income Tax Refunding Bonds	20,265,000	24,730,000	28,975,000	32,960,000
Subordinate Lien Income Tax Bonds	339,850,000	327,260,000	339,690,000	296,285,000
OWDA/OPWC Loans	72,841,000	73,352,000	75,560,000	83,478,000
Non-tax Revenue Bonds	47,072,000	49,078,000	52,971,000	56,705,000
Annual Appropriation Bonds	8,475,000	8,820,000	9,145,000	9,455,000
General Obligation Bond Retirement Fund Balance	13,659,000	13,180,000	11,640,000	5,015,000
Net Debt Within 5½% Limitations*	-	-	-	-
Unvoted Legal Debt Margin Within 5½% Limitations	$ 282,279,163	$ 289,480,986	$ 260,080,999	$ 254,557,918
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.

2016	2015	2014	2013	2012	2011
$4,589,437,780	$4,948,113,550	$4,899,952,220	$4,868,767,980	$5,631,261,380	$5,640,270,380
481,890,967	519,551,923	514,494,983	511,220,638	591,282,445	592,228,390
233,900,000	228,740,000	257,565,000	282,550,000	308,700,000	298,660,000
1,617,778,000	1,699,688,000	1,786,283,000	1,863,588,000	1,926,203,000	1,930,163,000
1,615,000	2,345,000	3,030,000	3,670,000	4,270,000	4,835,000
35,275,000	38,885,000	43,650,000	46,915,000	50,020,000	52,975,000
258,160,000	265,995,000	188,335,000	124,490,000	92,380,000	80,505,000
91,316,000	99,220,000	106,815,000	114,372,000	109,742,000	115,523,000
60,328,000	63,829,000	50,203,000	53,108,000	55,894,000	58,591,000
9,745,000	10,020,000	10,280,000	10,525,000	10,765,000	11,000,000
2,308,117,000	2,408,722,000	2,446,161,000	2,499,218,000	2,557,974,000	2,552,252,000
233,900,000	228,740,000	257,565,000	282,550,000	308,700,000	298,660,000
1,617,778,000	1,699,688,000	1,786,283,000	1,863,588,000	1,926,203,000	1,930,163,000
1,615,000	2,345,000	3,030,000	3,670,000	4,270,000	4,835,000
35,275,000	38,885,000	43,650,000	46,915,000	50,020,000	52,975,000
258,160,000	265,995,000	188,335,000	124,490,000	92,380,000	80,505,000
91,316,000	99,220,000	106,815,000	114,372,000	109,742,000	115,523,000
60,328,000	63,829,000	50,203,000	53,108,000	55,894,000	58,591,000
9,745,000	10,020,000	10,280,000	10,525,000	10,765,000	11,000,000
5,079,000	3,124,000	3,081,000	3,426,000	6,216,000	1,488,000
-	-	-	-	-	-
$ 481,890,967	$ 519,551,923	$ 514,494,983	$ 511,220,638	$ 591,282,445	$ 592,228,390
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
$ 252,419,078	$ 272,146,245	$ 269,497,372	$ 267,782,239	$ 309,719,376	$ 310,214,871
2,308,117,000	2,408,722,000	2,446,161,000	2,499,218,000	2,557,974,000	2,552,252,000
233,900,000	228,740,000	257,565,000	282,550,000	308,700,000	298,660,000
1,617,778,000	1,699,688,000	1,786,283,000	1,863,588,000	1,926,203,000	1,930,163,000
1,615,000	2,345,000	3,030,000	3,670,000	4,270,000	4,835,000
35,275,000	38,885,000	43,650,000	46,915,000	50,020,000	52,975,000
258,160,000	265,995,000	188,335,000	124,490,000	92,380,000	80,505,000
91,316,000	99,220,000	106,815,000	114,372,000	109,742,000	115,523,000
60,328,000	63,829,000	50,203,000	53,108,000	55,894,000	58,591,000
9,745,000	10,020,000	10,280,000	10,525,000	10,765,000	11,000,000
5,079,000	3,124,000	3,081,000	3,426,000	6,216,000	1,488,000
-	-	-	-	-	-
$ 252,419,078	$ 272,146,245	$ 269,497,372	$ 267,782,239	$ 309,719,376	$ 310,214,871
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
2020	$ 172,662,000	$ 75,896,000	$ 96,766,000	$ 44,250,000	$ 22,338,666	1.45
2019	189,211,000	81,118,000	108,093,000	41,585,000	23,263,000	1.67
2018	185,477,000	81,551,000	103,926,000	39,970,000	28,633,914	1.51
2017	183,268,000	85,399,000	97,869,000	38,535,000	29,902,274	1.43
2016	178,723,000	81,501,000	97,222,000	39,765,000	29,907,925	1.40
2015	164,346,000	74,841,000	89,505,000	34,415,000	33,357,922	1.32
2014	165,780,000	72,101,000	93,679,000	33,155,000	34,568,497	1.38
2013	154,616,000	67,164,000	87,452,000	32,120,000	35,369,367	1.30
2012	152,030,000	68,855,000	83,175,000	16,285,000	33,765,871	1.66
2011	150,112,000	73,310,000	76,802,000	13,660,000	34,940,285	1.58

(1) Gross revenues include operating revenues plus interest income. Beginning in 2001, a minimum of 40% of passenger facility charges, as well as grant funds from the FAA for the new runway, are dedicated to the payment of debt service charges and are included in gross revenues. Beginning in 2007, the Coverage Account was included in the calculation of debt service coverage

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

City of Cleveland, Ohio

Pledged Revenue Coverage

Power System Revenue Bonds

Last Ten Years

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Principal	Debt Service Interest		Coverage
2020	$ 186,957,000	$ 162,529,000	$ 24,428,000	$ 3,740,000	$ 6,142,349		2.47
2019	204,286,000	179,977,000	24,309,000	5,640,000	8,453,175		1.73
2018	212,383,000	181,141,000	31,242,000	7,705,000	8,569,901		1.92
2017	195,188,000	167,923,000	27,265,000	8,785,000	9,116,666		1.52
2016	193,194,000	166,591,000	26,603,000	8,055,000	9,859,269		1.49
2015	192,934,000	166,150,000	26,784,000	7,500,000	10,410,464		1.50
2014	181,877,000	154,115,000	27,762,000	10,770,000	8,061,556		1.47
2013	170,383,000	141,116,000	29,267,000	12,710,000	9,766,869		1.30
2012	165,307,000	136,987,000	28,320,000	10,050,000	9,746,181		1.43
2011	168,599,000	139,952,000	28,647,000	10,495,000	9,987,500	(3)	1.40

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

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

(3) Net of capitalized interest per indenture.

City of Cleveland, Ohio

Pledged Revenue Coverage

Water System Revenue Bonds

Last Ten Years

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest (3)	
2020	$ 330,316,000	$ 189,864,000	$ 140,452,000	$ 17,995,000	$ 14,572,634	4.31
2019	323,043,000	217,352,000	105,691,000	27,540,000	15,092,505	2.48
2018	315,296,000	197,901,000	117,395,000	30,640,000	16,950,832	2.47
2017	305,971,000	185,367,000	120,604,000	29,700,000	15,664,601	2.66
2016	311,882,000	162,618,000	149,264,000	44,720,000	15,100,291	2.50
2015	301,715,000	165,981,000	135,734,000	42,110,000	21,034,935	2.15
2014	304,182,000	153,559,000	150,623,000	41,200,000	26,822,980	2.21
2013	274,324,000	154,947,000	119,377,000	39,910,000	29,089,797	1.73
2012	282,288,000	149,169,000	133,119,000	31,100,000	26,639,529	2.31
2011	238,975,000	146,232,000	92,743,000	34,000,000	30,275,641	1.44

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

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

(3) Per indenture, interest expense was reduced by amount released from reserve fund at the start of year through 2019

City of Cleveland, Ohio

Pledged Revenue Coverage

Water Pollution Control Revenue Bonds

Last Five Years

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

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

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

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

City of Cleveland, Ohio

Principal Employers

2020 and 2011

2020

Employer	Employees	Percentage of Total City Employment
Cleveland Clinic	36,398	26.51%
University Hospitals	17,481	12.73
U.S. Office of Personnel Management	12,335	8.98
Cuyahoga County	7,586	5.53
City of Cleveland	7,006	5.10
The MetroHealth System	6,974	5.08
Cleveland Metropolitan School District	6,100	4.44
KeyCorp	4,712	3.43
Case Western Reserve University	4,458	3.25
Sherwin-Williams Co.	4,257	3.10
Total	107,307	78.15%
Total Employment within the City	137,300	

2011

Employer	Employees	Percentage of Total City Employment
The Cleveland Clinic Foundation	34,000	22.99%
University Hospitals of Cleveland	13,726	9.28
Cuyahoga County	7,859	5.31
United States Postal Service	7,242	4.90
City of Cleveland	7,089	4.79
KeyCorp	5,827	3.94
The MetroHealth System	5,558	3.76
Case Western Reserve University	4,620	3.12
Sherwin-Williams Co.	3,035	2.05
Lincoln Electric Co.	2,600	1.76
Total	91,556	61.90%
Total Employment within the City	147,900	

Note:

Largest employers headquartered in the City ranked by FTE employees.

Source:

Number of employees from Crain's Cleveland:
Book of Lists 2021, Largest Cuyahoga County Employers; FTEs as of 6/30/2020
Book of Lists 2012, Largest Cuyahoga County Employers; FTEs as of 6/30/2011

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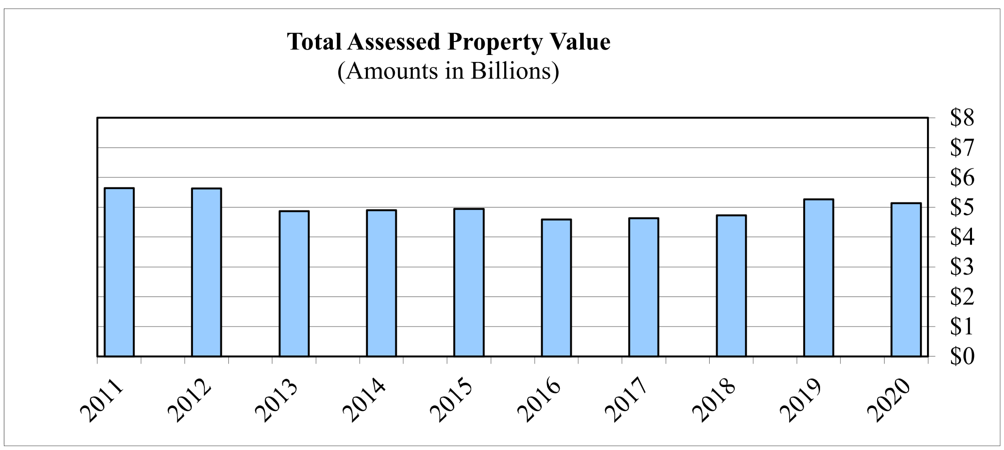
City of Cleveland, Ohio

Demographic and Economic Statistics

Last Ten Years

Year	Population		Total Personal Income (5)	Personal Income Per Capita		Median Household Income		Median Age	
2020	396,815	(1)A	$ 8,421,604,745	$ 21,223	(13)	$ 30,907	(13)	35.5	(1)
2019	396,815	(1)	7,970,029,275	20,085	(12)	29,008	(12)	35.7	(1)
2018	396,815	(1)	7,477,581,860	18,844	(11)	27,854	(11)	35.7	(1)
2017	396,815	(1)	7,143,860,445	18,003	(10)	26,583	(10)	35.7	(1)
2016	396,815	(1)	6,958,944,655	17,537	(9)	26,150	(9)	35.7	(1)
2015	396,815	(1)	6,918,866,340	17,436	(8)	26,179	(8)	35.7	(1)
2014	396,815	(1)	6,742,680,480	16,992	(7)	26,217	(7)	35.7	(1)
2013	396,815	(1)	6,671,253,780	16,812	(6)	26,556	(6)	35.7	(1)
2012	396,815	(1)	6,468,878,130	16,302	(1)	27,349	(1)	35.7	(1)
2011	396,815	(1)	6,468,878,130	16,302	(1)	27,349	(1)	35.7	(1)



(1) Source: U. S. Census Bureau. 2010 Census, (1)A Population total will reflect 2020 results when available.

(2) Source: Ohio Department of Education Website: "http://www.ode.state.oh.us/".

(3) Source: Ohio Labor Market Info, Website: "http://ohiolmi.com".

(4) Source: Cuyahoga County Auditor's Office.

(5) Computation of per capita personal income multiplied by population.

(6) Source: U. S. Census Bureau. 2012 dollars years 2008-2012.

(7) Source: U. S. Census Bureau. 2013 dollars years 2009-2013.

(8) Source: U. S. Census Bureau. 2014 dollars years 2010-2014.

(9) Source: U. S. Census Bureau. 2015 dollars years 2011-2015.

(10) Source: U. S. Census Bureau. 2016 dollars years 2012-2016.

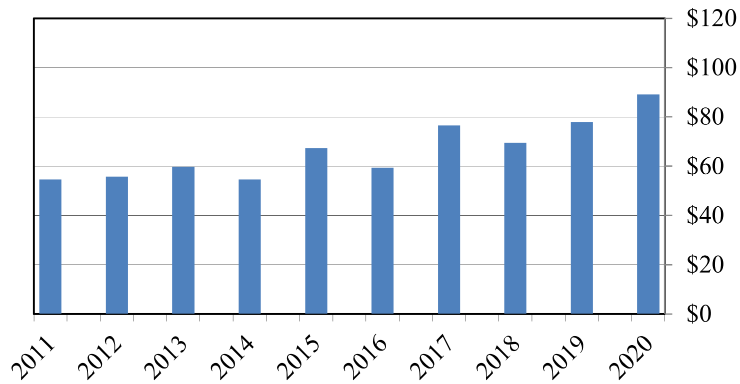
(11) Source: U. S. Census Bureau. 2017 dollars years 2013-2017.

(12) Source: U. S. Census Bureau. 2018 dollars years 2014-2018.

(13) Source: U. S. Census Bureau. 2019 dollars years 2015-2019.

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)
17.5%	(13)	37,158	13.9%	$ 89,100	$ 5,132,348
16.9	(12)	37,701	5.2	77,900	5,263,291
16.4	(11)	38,645	6.5	69,500	4,728,745
16.1	(10)	38,949	7.7	76,458	4,628,326
15.6	(9)	39,125	6.9	59,403	4,589,438
15.2	(8)	38,555	5.2	67,280	4,948,114
14.9	(7)	37,967	7.8	54,549	4,899,952
14.0	(6)	38,725	9.3	59,737	4,868,768
13.1	(1)	42,883	8.5	55,774	5,631,261
13.1	(1)	45,060	10.0	54,638	5,640,270

Average Sales Price of Residential Property
(Amounts in Thousands)



City of Cleveland, Ohio

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Years

Function/Program	2020	2019	2018	2017
General Government				
Council	61.00	64.00	65.50	60.00
Mayor's Office	19.50	19.50	18.50	24.00
Office of Capital Projects	59.50	61.50	57.00	54.00
Mayor's Office of Sustainability	10.00	8.00	8.00	8.00
Mayor's Office of Quality Control	12.00	11.50	9.50	10.50
Landmarks Commission	4.50	5.00	5.50	4.00
Building Standards and Appeals	3.00	3.00	5.50	5.50
Board of Zoning Appeals	4.50	4.50	4.00	4.50
Civil Service Commission	8.50	7.50	8.50	8.50
Community Relations Board	26.50	26.00	24.00	22.00
City Planning Commission	23.50	23.00	21.50	20.50
Equal Employment Opportunity	7.00	7.00	7.00	8.00
Prevention Intervention and Opportunity	5.00			
Court	410.00	436.50	441.50	443.50
Office of Budget Administration	7.00	7.00	8.00	7.00
Aging	25.00	25.50	26.00	23.50
Personnel and Human Resources	17.50	18.50	17.50	16.50
Consumer Affairs				
Law	74.00	78.00	80.00	78.50
Finance	252.50	264.00	267.50	248.50
Security of Persons and Property				
Administration	38.00	37.00	36.00	36.00
Police	1,934.00	2,013.00	1,972.00	1,822.50
Fire	681.00	718.00	722.00	702.00
EMS	279.00	305.00	310.00	288.00
Dog Pound	32.00	33.50	26.50	22.00
House of Corrections	1.50	1.00	1.00	106.00
Department of Justice Compliance	32.00	36.00	27.50	26.00
Public Health Services	118.00	139.50	138.50	127.50
Leisure Time Activities				
Parks, Recreation and Property Administration				
Research, Planning and Development				
Recreation	200.00	230.50	230.00	222.00
Public Auditorium, Westside Market and Cleveland Stadium	59.00	64.00	61.50	53.50
Parking Facilities	33.00	37.50	40.50	37.50
Property Management	68.50	72.50	71.50	70.50
Parks Maintenance	143.00	145.00	140.00	138.00
Community Development	78.00	77.00	71.50	62.00
Building and Housing	146.00	148.00	142.00	129.00
Economic Development	22.00	24.00	24.00	23.00
Public Works				
Public Works Administration	32.00	32.00	36.00	32.00
Architecture				
Waste Collection and Disposal	206.50	217.50	199.50	206.50
Engineering and Construction				
Motor Vehicle Maintenance	75.00	75.00	79.00	76.00
Streets	263.00	266.00	270.00	263.00
Traffic Engineering	30.00	31.00	33.00	32.00
Port Control	366.50	408.00	387.50	392.50
Basic Utility Services				
Water	1,174.00	1,150.50	1,126.50	1,067.50
Cleveland Public Power	237.00	249.00	253.00	242.00
Water Pollution Control	134.50	140.00	133.00	116.00
Totals:	7,414.00	7,720.50	7,607.00	7,340.00

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

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

Source: City Payroll Department.

2016	2015	2014	2013	2012	2011
65.50	60.50	61.00	60.00	61.50	63.00
25.00	23.00	22.50	25.50	25.50	24.50
49.00	55.50	50.50	49.50	46.00 (1)	
3.00	3.50	4.00	5.00	5.00	5.00
5.50	5.50	5.50	6.00	6.00	6.00
4.50	4.00	4.50	4.50	4.50	4.50
8.50	8.50	9.50	10.00	10.00	9.50
22.00	23.00	24.00	22.00	24.00	28.00
20.50	21.50	22.50	20.50	20.50	21.50
6.00	8.50	10.00	8.50	8.00	8.00
446.00	448.00	457.50	465.50	461.00	479.50
7.00	7.00	7.00	8.00	7.00	7.00
19.00	23.50	21.00	22.00	22.00	25.00
12.00	15.50	17.00	19.00	18.00	16.00
				(1)	4.00
73.50	71.50	76.50	77.00	72.50	76.00
239.50	238.50	226.00	222.50	232.00	234.00
37.00	35.00	48.50	42.50	36.50	36.50
1,826.50	1,903.00	1,901.00	1,913.50	1,873.00	1,869.50
696.00	705.00	707.00	730.00	729.00	803.00
244.00	238.00	224.00	232.00	232.00	214.00
18.00	18.00	17.00	17.00	14.50	15.00
117.50	117.50	127.00	131.50	133.00	153.00
13.50	8.50				
135.00	139.00	138.00	133.00	125.50	140.50
				(1)	8.00
				(1)	5.00
203.00	202.50	200.50	191.50	190.50	189.00
53.00	55.00	54.50	54.00	42.50	29.50
40.00	42.50	40.00	40.50	39.50	42.50
64.50	67.50	73.50	72.50	70.50	73.50
132.00	128.00	133.00	130.00	119.00	126.00
61.50	63.00	74.00	76.00	78.50	76.50
119.00	109.00	115.00	117.00	113.00	120.00
26.00	26.00	25.00	29.00	26.00	28.00
34.00	36.00	38.00	37.00	34.00	5.50
				(1)	5.00
179.50	171.00	192.50	199.50	206.50	212.50
				(1)	31.50
70.00	72.00	66.00	68.00	68.00	75.00
252.00	257.00	249.00	248.00	260.00	285.00
29.00	30.00	29.00	29.00	29.00	36.00
393.50	410.00	383.00	392.00	404.50	418.00
980.00	1,013.00	1,008.00	1,042.50	1,093.00	1,157.00
248.00	244.00	266.00	316.00	335.00	358.00
123.00	121.00	134.50	135.00	136.00	148.50
7,102.00	7,229.00	7,263.00	7,402.50	7,412.50	7,673.00

City of Cleveland, Ohio

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2020	2019	2018	2017	2016
General Government					
Council and Clerk					
Number of ordinances passed	451	573	573	621	526
Number of resolutions adopted	293	575	543	554	587
Number of other actions (communications, tabled legislation, etc.)	242	313	365	330	353
Number of planning commission docket items	326	544	344	283	310
Zoning board of appeals docket items	207	324	290	379	325
Finance Department					
Number of payments issued	32,463	39,486	40,932	37,683	37,602
Total amount of payments	$ 1,736,678,895	$ 1,791,913,475	$ 1,712,667,992	$ 1,645,342,974	$ 1,526,411,690
Interest earnings for fiscal year (cash basis)	$ 9,479,564	$ 34,234,237	$ 26,062,457	$ 11,609,282	$ 4,638,092
Number of receiving warrants (6)	26,342	31,786	37,061	35,563	33,848
Number of journal entries issued (6)	154,009	194,878	206,659	201,067	189,424
Number of budget adjustments issued	2	2	3	5	2
Agency ratings - S&P Global (1)	AA+	AA+	AA+	AA+	AA
Agency ratings - Moody's Financial Services (1)	A1	A1	A1	A1	A1
Health insurance costs vs. General Fund expenditures %	19%	16%	16%	17%	18%
General Fund receipts (cash basis in thousands)	$ 581,864	$ 648,273	$ 623,090	$ 591,969	$ 513,561
General Fund expenditures (cash basis in thousands)	$ 514,770	$ 564,761	$ 533,048	$ 508,535	$ 483,971
General Fund cash balances (in thousands)	$ 203,399	$ 190,621	$ 173,275	$ 117,631	$ 61,405
Income Tax Department					
Number of individual returns	102,387	134,391	131,908	158,124	174,471
Number of business returns	16,381	23,373	28,396	24,982	22,352
Number of business withholding accounts	14,730	14,599	15,015	14,640	13,867
Amount of penalties and interest collected	$ 1,598,475	$ 2,366,212	$ 2,169,049	$ 2,357,037	$ 1,980,758
Annual number of corporate withholding forms processed	147,777	168,213	166,191	159,442	156,603
Annual number of balance due statements forms processed	14,451	24,247	26,382	31,261	41,688
Annual number of estimated payment forms processed	22,317	28,329	28,448	35,319	40,598
Annual number of reconciliations of withholdings processed	2,429	12,461	12,898	11,494	11,728
Engineer Contracted Services					
Dollar amount of construction overseen by engineer (2)	$ 40,005,457	$ 26,128,469	$ 18,489,204	$ 26,721,178	$ 59,585,941
Municipal Court					
Number of civil cases (8)	11,868	20,360	19,599	19,146	18,646
Number of criminal cases (8)	37,722	59,535	60,525	64,371	64,050
Vital Statistics					
Certificates filed (3)					
Number of births	18,406	18,993	18,765	19,878	18,607
Number of deaths	16,505	15,077	15,302	15,158	14,832
Number of fetal deaths	109	150	308	348	385
Certificates issued (3)					
Number of births	30,449	55,464	56,102	58,805	58,611
Number of deaths	32,805	63,979	65,338	64,265	63,348
Civil Service					
Number of police entry tests administered	1	2	3	1	1
Number of fire entry tests administered			1	1	
Number of police promotional tests administered			1		
Number of fire promotional tests administered				1	
Number of hires of police officers from certified lists	86	40	248	52	56
Number of hires of fire/medics from certified lists		55	40		29
Number of promotions from police certified lists	40	35	24	44	30
Number of promotions from fire certified lists	11	22	52		33

2015	2014	2013	2012	2011
621	582	642	631	723
564	696	686	739	647
399				
127	232	267	359	262
274	256	276	237	241
37,931	37,689	37,257	38,010	38,501
$ 1,463,635,524	$ 1,423,313,034	$ 1,454,825,245	$ 1,236,189,641	$ 1,311,830,974
$ 1,669,023	$ 2,004,466	$ 2,922,320	$ 3,283,638	$ 4,061,090
34,912	36,245	33,006	32,087	30,433
260,377	206,253	176,343	190,554	179,546
2	4	5	4	6
AA	AA	AA	AA	AA
A1	A1	A1	A1	A1
17%	15%	15%	15%	18%
$ 495,331	$ 502,860	$ 511,253	$ 501,018	$ 496,086
$ 481,730	$ 487,584	$ 485,912	$ 468,543	$ 472,883
$ 79,239	$ 92,693	$ 89,988	$ 84,869	$ 54,888
181,382	181,811	188,767	192,362	196,457
28,502	29,866	22,601	25,140	26,240
13,863	13,857	13,914	14,414	14,338
$ 2,010,333	$ 1,848,347	$ 1,880,485	$ 1,771,088	$ 2,059,203
153,640	149,291	143,976	147,175	149,537
41,837	38,059	39,012	37,642	38,152
39,577	42,027	40,932	41,813	41,636
12,248	11,851	10,737	11,416	11,376
$ 104,493,079	$ 52,004,000	$ 30,424,253	$ 25,400,000	$ 30,760,000
19,411	18,910	7,534	9,451	11,513
78,238	103,098	109,740	110,754	107,711
18,524	17,061	16,448	17,264	16,616
14,349	13,509	13,460	13,016	12,958
407	337	380	384	459
58,513	55,753	57,935	57,297	57,542
63,930	60,897	61,717	60,173	61,147
1	1	1		
	1			
	3			1
	4	4		1
45	103	47	50	42
40	37	33		
48	4	36	33	
16	49	29	42	

(Continued)

Function/Program	2020	2019	2018	2017	2016
Building Department Indicators					
Construction permits issued	13,533	19,947	17,173	17,865	16,125
Estimated value of construction	$ 873,031,083	$ 1,194,734,824	$ 1,461,758,104	$ 1,338,571,317	$ 1,468,917,169
Number of other permits issued	1,134	2,026	2,235	2,871	2,820
Amount of revenue generated from permits	$ 8,329,511	$ 13,146,280	$ 12,550,454	$ 10,985,010	$ 12,799,847
Number of contract registrations issued	2,502	2,441	3,330	3,261	3,202
Annual apartment/rooming house license fees	$ 4,293,764	$ 2,339,748	$ 2,307,275	$ 2,144,227	$ 1,582,496
Security of Persons and Property					
Police					
Number of traffic citations issued	28,042	41,747	41,095	45,734	49,084
Number of parking citations issued	17,075	24,017	26,970	30,966	32,516
Number of criminal arrests	9,217	12,790	15,584	18,975	19,670
Number of accident reports completed	15,237	17,282	17,982	17,876	18,256
Part 1 offenses (major offenses)	24,291	23,229	24,557	31,163	34,158
OVI arrests (12)	44	318	472	505	491
Prisoners	5,723	12,299	13,025	12,536	14,214
Motor vehicle accidents	15,237	17,282	17,982	17,876	18,256
Fatalities from motor vehicle accidents	74	54	46	61	56
Community diversion program youths	83	104	82	141	119
Fire					
Fire calls - incoming for services	65,724	70,005	70,213	71,663	70,988
Fires	2,228	1,896	2,078	2,732	2,752
Fires with loss	519	518	935	1,489	1,035
Fires with losses exceeding $10K	200	168	284	323	344
Fire losses $	$ 8,664,535	$ 8,541,535	$ 14,374,870	$ 19,714,210	$ 15,495,855
Fire safety inspections	2,706	2,988	7,900	20,660	9,059
Number of times mutual aid given to fire		3			
EMS					
EMS calls - incoming for service	119,272	123,364	120,487	116,751	116,056
Ambulance billing collections (net)	$ 13,189,469	$ 16,250,754	$ 14,470,837	$ 14,633,032	$ 13,157,301
Public Health and Welfare					
Number of health inspections					
Barber shops	168	109	165	156	124
Food	4,029	7,800	7,800	7,200	7,041
Hotels/motels	44	38	40	43	42
Marinas					
Mobile home parks					
Laundries	32	30	30	38	77
Nuisance	4,030	12,000	1,909	1,186	1,176
Pools	40	130	125	127	114
Schools	397	330	235	330	293
Day care inspections	186	183	181	180	181
Maternity inspections		1	1	1	1
Abortion inspections	4	3	3	4	4
Cemetery burials					
Cemetery cremations	204	268	259	279	263

2015	2014	2013	2012	2011
15,038	14,002	15,760	16,245	15,082
$ 1,430,231,410	$ 951,833,168	$ 898,217,589	$ 1,033,330,550	$ 1,556,000,000
3,274	4,560	4,632	4,854	4,164
$ 11,580,333	$ 8,318,937	$ 8,727,385	$ 7,867,168	$ 8,306,423
3,262	2,395	2,357	2,802	2,822
$ 1,515,849	$ 1,340,845	$ 1,382,001	$ 1,305,182	$ 1,343,457
64,565	89,835	111,271	121,474	119,371
39,862	37,569	36,678	42,404	42,763
24,308	31,633	33,742	35,730	37,531
17,712	15,575	15,806	14,549	15,444
29,048	33,975	37,125	39,028	40,554
387	693	779	790	679
17,284	21,201	23,935	35,251	37,235
17,712	15,575	15,806	14,549	15,412
48	21	32	31	29
108	105	98	152	188
68,983	64,357	61,728	65,040	65,132
2,469	2,431	2,478	2,846	2,714
1,591	1,441	1,403	1,372	1,398
346	310	247	259	256
$ 18,625,607	$ 16,936,874	$ 9,634,925	$ 13,128,848	$ 14,747,291
12,963	12,730	10,110	13,380	10,898
	5	2	30	21
115,303	109,045	106,385	96,359	94,307
$ 10,348,422	$ 12,214,724	$ 11,589,324	$ 12,051,964	$ 11,594,178
211	360	303	333	400
7,356	7,187	7,796	7,674	7,369
36	35	22	38	42
				11
			5	12
54	68	81	62	87
2,450	17,117	22,375	21,118	19,136
165	147	132	161	204
398	417	547	419	480
187	194	188	161	229
	1	2		4
4	4	5	5	6
260	249	179	196	177

(Continued)

City of Cleveland, Ohio

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2020	2019	2018	2017	2016
Leisure Time Activities					
Recreation men and women leagues receipts	$	$ 14,585	$ 13,318	$ 795	$ 1,305
Economic Development					
Grant amounts received (Amounts in Thousands) (11)	$ 1,692	$ 3,180	$ 3,238	$ 4,310	$ 10,107
Public Works					
Street improvements - asphalt overlay (square yards) (7)	406,698	401,772	422,485	476,296	279,170
Crackseal coating program (linear feet) (7)	302,000	422,097	476,296	318,415	252,160
Street repair (curbs, aprons, berms, asphalt) (hours)	34,043	102,400	183,040	106,080	118,560
Guardrail repair (hours) (9)	1,244	1,093	1,320	1,061	380
Paint striping					
Lane line (miles)	345	455	526	630	629
Crosswalks (each)	4,211	4,800	5,476	5,356	6,007
Arrows (each)	4,000	3,650	3,528	3,695	3,853
Street sweeper (hours) (9)	11,310	1,904	1,120	1,257	672
Cold patch (hours)	5,893	10,693	5,760	7,680	6,400
Snow and ice removal regular hours	72,453	76,834	75,564	72,015	70,137
Snow and ice removal overtime hours	12,303	12,152	13,342	7,843	16,244
Leaf collection (hours) (10)	4,720	432	1,200	240	
Holiday lights setup (hours) (5)			120	220	240
Equipment repair/body shop (hours)	4,200	4,421	3,960	1,643	2,060
Tons of snow melting salt purchased November-March	50,779	54,000	61,089	31,422	57,424
Cost of salt purchased	$ 3,706,873	$ 3,957,120	$ 1,778,889	$ 918,490	$ 3,037,155
Refuse disposal per year (in tons) (13)	266,793	243,825	222,559	241,250	241,911
Refuse disposal costs per year (13)	$ 6,988,485	$ 6,542,835	$ 5,612,889	$ 5,660,667	$ 5,552,840
Annual recycling tonnage (excluding leaf, and compost items)		23,743	19,152	26,915	25,600
Percentage of waste recycled		8.87%	7.90%	10.04%	9.45%
Port Control					
Cleveland Hopkins Airport					
Landed weight (in thousands of pounds)	3,514,736	5,928,580	5,686,461	5,455,096	5,117,105
Total operations	71,141	126,999	116,333	122,392	118,653
Total passengers	4,122,517	10,040,817	9,642,729	9,140,445	8,422,676
Total enplaned passengers	2,059,668	5,023,316	4,836,580	4,562,740	4,205,739
Burke Lakefront Airport					
Total operations	39,000	50,022	46,765	50,789	53,495
Total passengers	105,453	174,382	229,172	178,521	163,696
Total enplaned passengers	53,598	86,408	113,843	89,051	81,934
Water Department					
Water rates per 1st 600 cubic feet of water used (4)	$ 21.85	$ 20.57	$ 19.26	$ 19.26	$ 19.26
Average number of water accounts billed monthly (14)	432,372	433,000	428,778	430,478	138,816
Total water collections annually (including P&I)	$ 287,016,260	$ 283,912,463	$ 273,421,478	$ 295,099,937	$ 282,194,878
Payments to Cleveland for bulk water purchases	$ 9,919,477	$ 9,519,525	$ 9,489,107	$ 9,979,059	$ 21,309,226
Wastewater Department					
Sewer and sanitary calls for service	5,193	3,906	4,810	5,342	4,537
After hours sewer calls (hours)	499	306	358	270	180
Electric Power					
KWH Sold	1,528,489,824	1,589,109,934	1,657,523,780	1,588,113,898	1,612,905,829
Average accounts billed per month	73,998	75,064	75,287	73,363	73,340
Receipts	$ 188,350,724	$ 208,987,691	$ 212,797,846	$ 190,495,223	$ 191,759,714

(1) General obligation bond rating.
(2) Amounts are new construction starts. The majority of engineering and construction projects are multi-year projects.
(3) Includes entire area serviced by the Division of Vital Statistics (i.e., Cleveland + suburbs).
(4) This is the rate for the City of Cleveland residents only. In 2012 rates changed from per 1000 cubic feet to per 600 cubic feet.
(5) Holiday light setup was contracted to an outside agency in 2010 and 2011.
(6) The City went "live" on a new financial system in January 2010. The new system creates journal entries at the transaction level instead of at the summary level like the prior financial system.
(7) No program was available for asphalt overlay in 2010 and a new program was implemented for crackseal coating. In 2011, this program ended due to state budget cuts and the asphalt overlay program was again funded.
(8) 2010 data has been changed. Figures included cases from prior years.
(9) Street sweeping was limited in 2011 and 2012 due to state imposed budget cuts.
(10) During various years the City provided no organized leaf collection program.
(11) Economic Development grants received were restated in 2011 for all years shown. They include Neighborhood Development Investment Fund, Supplemental Empowerment Zone, Economic Development Funds, Urban Development Action Funds, WIA Grants and Core City Program Funds. Beginning in 2011 WIA Grants were moved to General Government.
(12) In 2013, OVI arrests, operating a vehicle impaired, is formerly known as DUI arrests, driving under the influence. They are both counted using the same measures; however, the State of Ohio now refers to them as OVI as does the City of Cleveland.
(13) Prior to 2015, Public Works reported the refuse disposal and it's cost as of August through July. Public Works provides calculations base on the calendar year.
(14) Beginning in 2017, the Water Department switched to monthly billing for its customers.

2015	2014	2013	2012	2011
$ 1,425	$ 2,940	$ 3,407	$ 9,862	$ 5,280
$ 8,244	$ 12,856	$ 3,045	$ 5,856	$ 2,154
244,774	244,500	297,183	212,032	224,361
320,785	662,225			3,263
136,993	152,214	138,034	117,239	83,212
765	114	131	100	40
485	640	672	661	651
3,783	4,476	4,227	4,952	5,260
3,664	3,684	3,928	4,273	4,706
744	992	1,132	2,176	3,840
12,960	11,376	9,143	19,271	31,345
88,865	89,234	86,978	87,369	128,000
14,876	18,791	19,212	18,912	23,117
240	275	300	500	
2,110	2,200	2,215	4,196	5,000
61,447	73,888	57,966	40,236	74,679
$ 3,147,313	$ 2,538,951	$ 1,972,003	$ 1,834,359	$ 3,348,606
217,083	209,410	214,561	212,367	240,603
$ 5,729,541	$ 5,466,793	$ 5,258,741	$ 5,723,227	$ 6,556,260
21,809	17,900	15,893	14,146	10,938
9.54%	11.00%	13.00%	10.06%	3.68%
5,118,972	4,773,831	5,732,142	5,732,148	5,912,394
117,773	137,363	181,340	180,944	188,286
8,100,073	7,609,404	9,072,045	9,010,077	9,203,740
4,046,634	3,797,261	4,525,612	4,495,353	4,597,697
63,603	66,862	68,665	72,916	65,664
161,006	155,583	148,294	184,427	176,096
80,724	77,984	74,385	92,160	87,695
$ 19.26	$ 17.34	$ 15.51	$ 13.76	$ 12.58
139,823	139,460	139,201	139,023	138,002
$ 273,223,067	$ 261,928,659	$ 250,250,867	$ 246,046,531	$ 211,302,881
$ 21,889,987	$ 21,810,862	$ 20,194,830	$ 21,271,504	$ 19,101,723
3,919	5,859	4,856	4,035	5,489
438	381	227	167	204
1,616,459,441	1,618,081,248	1,620,996,815	1,617,569,577	1,650,142,435
73,661	73,746	74,208	74,238	74,092
$ 194,358,017	$ 183,571,523	$ 170,397,373	$ 170,009,696	$ 171,895,176

(Concluded)

City of Cleveland, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2020	2019	2018	2017	2016
General Government					
Square footage occupied (4)	3,874,685	3,177,900	3,177,900	3,177,900	3,075,124
Administrative vehicles	35	35	35	35	36
Police					
Stations	5	5	5	5	5
Square footage of buildings (1)	770,169	770,169	756,846	756,846	783,546
Vehicles	945	921	924	899	805
Fire					
Stations	26	26	26	26	26
Square footage of buildings	311,655	311,655	311,655	311,655	311,655
Vehicles	132	126	126	113	135
EMS					
Stations (headquarters)	1	1	1	1	1
Square footage of buildings	52,776	52,776	52,776	52,776	52,776
Vehicles	69	68	66	52	56
Port Control (Hopkins)					
Runways	3	3	3	3	3
Terminal area (approximate square footage)	1,142,810	1,142,810	1,142,810	935,000	935,000
Gates (7)	58	58	58	58	65
Parking spaces (approximately)					
CLE Smart Park Garage (6)	4,059	3,674	3,811	3,811	3,811
Long-term					
Short-term					
Surface	1,680	2,095	2,095	2,095	2,095
Total parking spaces	5,739	5,769	5,906	5,906	5,906
Vehicles	364	355	362	358	329
Other Public Works					
Streets (miles)	1,300	1,300	1,300	1,300	1,300
Service vehicles (5)	2,428	2,433	2,249	2,179	1,686

2015	2014	2013	2012	2011
3,659,100	3,659,100	3,659,100	3,690,000	3,690,000
35	41	38	37	36
5	5	5	5	5
614,500	553,100	553,100	553,100	553,100
842	867	823	825	796
26	26	26	26	26
313,224	313,224	313,224	313,224	313,224
92	95	91	104	104
1	1	1	1	1
33,000	33,000	33,000	33,000	33,000
46	47	47	45	45
3	3	3	3	3
935,000	935,000	935,000	935,000	935,000
65	65	96	96	96
3,811	3,997	3,959		
			2,600	2,600
			3,900	3,900
2,055	1,544	1,100	640	640
5,866	5,541	5,059	7,140	7,500
313	320	315	335	353
1,300	1,300	1,300	1,300	1,290
1,646	1,500	1,539	1,906	868

(Continued)

City of Cleveland, Ohio

Capital Assets Statistics by Function/Program

Last Ten Years

Function/Program	2020	2019	2018	2017	2016
Recreation					
Number of parks	168	168	168	168	168
Number of playgrounds	108	108	108	108	108
Number of baseball diamonds	130	130	130	130	130
Number of tennis courts	92	92	92	92	92
Number of basketball courts					
Full	96	96	96	96	96
Half	11	11	11	11	11
Number of soccer fields	5	5	4	4	4
Number of recreation centers	21	21	21	21	21
Number of pools					
Indoor	19	19	19	19	19
Outdoor	20	20	22	22	22
Number of aquatic playgrounds	25	25	25	25	25
Number of golf courses (3)	2	2	2	2	2
Number of ice rinks	1	1	1	1	1
Number of roller rinks	1	1	1	1	1
Number of fine arts centers	1	1	1	1	1
Number of greenhouses	1	1	1	1	1
Number of camps	1	1	1	1	1
Number of Historical Baseball Parks	1	1	1	1	1
Total park acreage	1,863	1,863	1,863	1,863	1,863
Vehicles	88	77	74	80	91
Wastewater					
Sanitary sewers (miles)	173	170	170	170	170
Storm sewers (miles)	214	199	199	199	199
Combined sewers (miles)	1,057	1,066	1,065	1,065	1,065
Vehicles	137	179	139	152	117
Electric Power					
Total Distribution lines (miles)	900	900	900	900	900
Total Transmission lines (miles)	50	50	50	50	50
Vehicles	80	78	43	79	265
Water Department					
Water lines (miles) (2)	3,933	3,945	3,878	3,544	3,315
Vehicles	761	722	719	748	740

(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 2011, the City leased Seneca golf course. In 2012, the City leased both golf courses. In 2018, the City took back the operations of Highland Park Golf Course.

(4) Closed Platt Station and Luke Easter Station in 2011. In 2013, square footage occupied decreased due to the demolition of the Miles Broadway building (21,900 sq ft) and the Highland Park Maintenance building (9,000 sq ft).

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

(6) In 2013, Cleveland Hopkins demolished their long-term parking area and created a surface lot. They also changed their short-term parking area into the CLE Smart Park Garage which is for both short and long-term parking.

(7) In 2014, the number of gates reflects physical gates. All prior years totals are the number of aircrafts that can be accommodated at any one time, including physical gates and parking positions.

2015	2014	2013	2012	2011
168	168	154	154	154
109	109	110	110	109
133	133	138	138	132
90	90	119	119	111
110	110	103	103	110
10	10	10	10	10
4	4	4	3	9
21	21	21	21	20
19	19	19	19	19
22	22	21	20	23
25	25	22	10	10
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1,863	1,863	1,489	1,489	1,495
85	86	91	97	99
170	170	170	170	170
199	199	199	199	199
1,065	1,065	1,065	1,065	1,065
110	104	108	116	115
900				
50				
217	221	216	284	266
3,300	3,139	3,051	2,839	2,709
596	675	658	736	708

(Concluded)

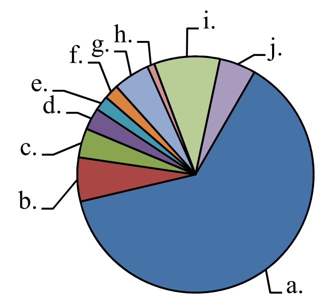
CITY OF CLEVELAND, OHIO

SCHEDULE OF STATISTICS-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

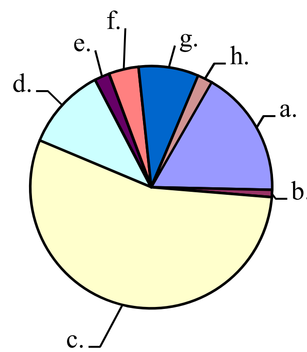
REVENUE DOLLAR BY SOURCE
Where the money came from

a. Income taxes	a.	$0.63
b. Property taxes	b.	0.06
c. State local government funds	c.	0.04
d. Other taxes	d.	0.03
e. Other shared revenues	e.	0.02
f. Licenses and permits	f.	0.02
g. Charges for services	g.	0.05
h. Fines, forfeits and settlements	h.	0.01
i. Grant Revenue	i.	0.09
j. Miscellaneous	j.	0.05
		$1.00



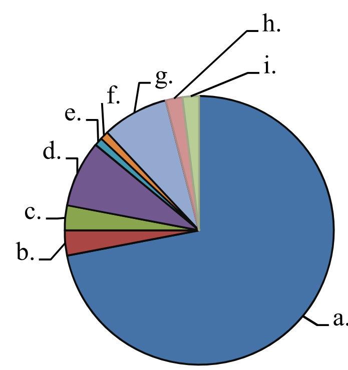
EXPENDITURE DOLLAR BY FUNCTION
Where the money was spent

a. General Government	a.	$0.17
b. Public Health	b.	0.01
c. Public Safety	c.	0.55
d. Public Works	d.	0.11
e. Building and Housing	e.	0.02
f. Economic and Community Development and other	f.	0.04
g. Transfers out	g.	0.08
h. Capital outlay	h.	0.02
		$1.00



EXPENDITURE DOLLAR BY OBJECT
What the money was spent on

a. Salaries, wages and related benefits	a.	$0.72
b. Interdepartmental charges	b.	0.03
c. Utilities	c.	0.03
d. Contractual services	d.	0.08
e. Materials and supplies	e.	0.01
f. Maintenance	f.	0.01
g. Transfers out	g.	0.08
h. Capital outlay	h.	0.02
i. Claim refunds	i.	0.02
		$1.00



SPECIAL THANKS TO:

The Division of Financial Reporting and Control

Accounting and Administrative

Arlindo Ahmetaj	Maryam Hussain
Adam Badalamenti	Samantha Jura
Poljona Basho, CPA	Elizabeth Loszak
Robert Carpenter	Lisa Royal
Shelfie Carter	Sharon Teter
Camille Copeland	Bathsheba Williamson
Aaron Dippong	Kathleen Woidke
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CITY OF CLEVELAND, OHIO

CENTRAL COLLECTION AGENCY

DEPARTMENT OF FINANCE
DIVISION OF TAXATION

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2020

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CITY OF CLEVELAND, OHIO

CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS
One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
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INDEPENDENT AUDITORS' REPORT

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee
Central Collection Agency
Division of Taxation
City of Cleveland, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Collection Agency's Internal Service and Custodial Funds, Division of Taxation, City of Cleveland, Ohio (the "Agency") as of and for the year ended December 31, 2020 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Central Collection Agency's Internal Service and Custodial Funds, Division of Taxation, City of Cleveland, Ohio as of December 31, 2020, and the changes in financial position and cash flows thereof, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the basic financial statements, the financial statements present only the Agency and do not purport to, and do not present fairly the financial position of the City of Cleveland as of December 31, 2020, and the respective changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules on pages 44 through 46 are presented for purpose of additional analysis and are not a required part of the Agency's basic financial statements.

The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Agency's basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the Agency's basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

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, 2020. Please read this information in conjunction with the Agency's financial statements and footnotes starting on page 12.

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 2020, the Agency was providing a full range of tax collection services for 77 member communities throughout 36 Ohio counties. The Agency employs an average of 100 individuals to process approximately 650,000 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 of the Agency are $104,082,109 and $121,728,204 at December 31, 2020 and 2019 respectively; which also equal the liabilities, deferred inflows of resources and net position of the Agency. The Agency's total assets and deferred outflows of resources decreased by $17,646,095 in 2020. The change is primarily due to a significant decrease in taxes receivable which is a result of 11 members leaving the Agency by December 31, 2020.

- The custodial fund total cash receipts were approximately $622 million in 2020 and $646 million in 2019. In 2020, cash receipts consisted of $524 million of employer withholding, $61 million of business profits, $33 million of individual payments and $4 million of other payments.

- The Agency's total operating expenses were $11,254,905 in 2020 and $11,914,605 in 2019. In 2020, operating expenses consisted of $8,160,943 for employee's wages and benefits, $1,451,465 for allocated charges and $1,642,497 for other miscellaneous expenses.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's financial statements. The accompanying financial statements present financial information for the City of Cleveland's Division of Taxation Fund, in which the City accounts for the operations of the Department of Finance, Division of Taxation. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The financial statements of the Agency can be found on pages 12-17 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 accompanying schedules can be found on pages 18-46 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 and custodial funds of the Agency as of December 31, 2020 and 2019:

	2020	2019
Assets:		
Cash and cash equivalents	$ 13,954,563	$ 14,076,337
Prepaid expenses	43,714	45,990
Capital assets, net of accumulated depreciation	143,268	170,400
Taxes receivable	86,730,427	101,695,622
Due from CCA internal service fund	632,715	1,604,922
Due from member municipalities	776,204	617,317
Total assets	102,280,891	118,210,588
Deferred outflows of resources	1,801,218	3,517,616
Liabilities:		
Accounts payable	104,064	116,989
Due to CCA agency fund	632,715	1,604,922
Due to the City of Cleveland	74,677,647	77,403,039
Due to member municipalities	25,768,694	38,156,472
Accrued wages and benefits - current	924,879	717,976
Accrued wages and benefits - long-term	172,892	211,190
Net pension liability	6,357,970	9,072,105
Net OPEB liability	4,597,992	4,400,808
Total liabilities	113,236,853	131,683,501
Deferred inflows of resources	2,202,064	162,807
Net Position:		
Investment in capital assets	143,268	170,400
Unrestricted	(11,500,076)	(10,288,504)
Total net position	$ (11,356,808)	$ (10,118,104)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Assets: The Agency collects and disburses income tax receipts monthly, except for the Cities of Cleveland, Clayton, Hamilton, Montpelier, Parma Heights, 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 and anticipated income tax receivable. The total assets and deferred outflows of resources were decreased by $17,646,095 in 2020. The annual changes are due primarily to a large decrease in taxes receivable.

Capital Assets: The Agency's investment in capital assets as of December 31, 2020 amounted to $143,268. The investment in capital assets includes equipment and vehicles. A summary of the Agency's capital assets during the year ended December 31, 2020 is as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
Furniture, fixtures, equipment and vehicles	$ 525,328	$ 31,860	$	$ 557,188
Total	525,328	31,860		557,188
Less: Accumulated depreciation	(354,928)	(58,992)		(413,920)
Total net capital assets	$ 170,400	$ (27,132)	$ -	$ 143,268

Liabilities: Liabilities primarily consist of amounts owed to member municipalities (including the City of Cleveland) and pension funding responsibilities. During 2020, the net decrease in liabilities resulted from a significant decrease in due to member municipalities and a decrease in net pension liability.

***Net Pension/Other Postemployment Benefits (OPEB) Liabilities*:** The net pension and net OPEB liabilities are reported by the Agency at December 31, 2020 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* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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 deferred outflows of resources related to pension and OPEB.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*) and postemployment benefits (GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. 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 and the net OPEB liability 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 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 Agency is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The Ohio Revised Code (the ORC) permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability 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 and net OPEB liability, 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 and net OPEB liabilities and deferred inflows/outflows of resources related to pension and OPEB on the accrual basis of accounting.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Provided below are the statements of revenue, expenses and changes in net position for the internal service fund of the Agency for the years ended December 31, 2020 and 2019:

	Internal Service Fund	
	2020	2019
Operating Revenues		
Charges for services	$ 9,925,787	$ 9,403,986
Total operating revenues	9,925,787	9,403,986
Operating Expenses		
Salaries and wages	5,095,513	5,093,686
Employee benefits	3,065,430	3,801,702
Postage and office supplies	144,840	93,095
Allocation of City of Cleveland costs	1,451,465	1,394,897
Other administrative expenses	1,419,945	1,453,725
Property rental	18,720	18,720
Depreciation	58,992	58,780
Total operating expense	11,254,905	11,914,605
Operating income (loss)	(1,329,118)	(2,510,619)
Non-operating Activity		
Loss on Disposal of Capital Assets		(100)
Interest income	90,414	529,174
Change in net position	(1,238,704)	(1,981,545)
Net position at beginning of year	(10,118,104)	(8,136,559)
Net position at end of year	$ (11,356,808)	$ (10,118,104)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)

Operating Revenues: In 2020, charges for services increased by $521,801. Charges for services are shared proportionately among all the members.

Operating Expenses: Employee benefits decreased by $736,272 as a result of a large decrease in net pension liability expenses.

ADDITIONAL INFORMATION

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Agency. In addition, the impact on the Agency's future operating revenue, expenses, and any recovery from emergency funding cannot be estimated.

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 - ALL FUND TYPES
December 31, 2020

	Proprietary Fund Type Internal Service	Fiduciary Fund Type Custodial
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,717,105	$ 12,237,458
Prepaid expenses	43,714	
Taxes receivable		86,730,427
Due from CCA internal service fund		632,715
Due from member municipalities		776,204
TOTAL CURRENT ASSETS	1,760,819	100,376,804
CAPITAL ASSETS:		
Furniture, fixtures, equipment and vehicles	557,188	
Less: Accumulated depreciation	(413,920)	
CAPITAL ASSETS, NET	143,268	-
DEFERRED OUTFLOWS OF RESOURCES		
Pension	1,069,825	
OPEB	731,393	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,801,218	-

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

STATEMENT OF NET POSITION - ALL FUND TYPES
December 31, 2020

	Proprietary Fund Type Internal Service	Fiduciary Fund Type Custodial
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 104,064	$
Due to CCA custodial fund	632,715	
Due to the City of Cleveland	69,537	74,608,110
Due to member municipalities		25,768,694
Accrued wages and benefits - current	924,879	
TOTAL CURRENT LIABILITIES	1,731,195	100,376,804
LONG-TERM LIABILITIES		
Net pension liability	6,357,970	
Net OPEB liability	4,597,992	
Accrued wages and benefits	172,892	
TOTAL LONG-TERM LIABILITIES	11,128,854	-
DEFERRED INFLOWS OF RESOURCES		
Pension	1,489,943	
OPEB	712,121	
TOTAL DEFERRED INFLOWS OF RESOURCES	2,202,064	-
NET POSITION		
Investment in capital assets	143,268	
Unrestricted	(11,500,076)	
TOTAL NET POSITION	$ (11,356,808)	$ -

See notes to financial statements.

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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, 2020

OPERATING REVENUES		
Charges for services		$ 9,925,787
	TOTAL OPERATING REVENUES	9,925,787
OPERATING EXPENSES		
Salaries and wages		5,095,513
Employee benefits		3,065,430
Postage and office supplies		144,840
Allocation of City of Cleveland costs		1,451,465
Other administrative expenses		1,419,945
Property rental		18,720
Depreciation		58,992
	TOTAL OPERATING EXPENSES	11,254,905
	OPERATING INCOME (LOSS)	(1,329,118)
NON-OPERATING ACTIVITY		
Interest income		90,414
	CHANGE IN NET POSITION	(1,238,704)
	NET POSITION AT BEGINNING OF YEAR	(10,118,104)
	NET POSITION AT END OF YEAR	$ (11,356,808)

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from member municipalities	$ 8,945,207
Cash payments to suppliers of goods and services	(2,991,240)
Cash payments for employee services and benefits	(6,742,985)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(789,018)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIESACTIVITIES	
Acquisition of capital assets	(31,860)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED ACTIVITIES	(31,860)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	90,414
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	90,414
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(730,464)
Cash and cash equivalents at beginning of year	2,447,569
Cash and cash equivalents at end of year	$ 1,717,105
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATIONS	
Operating income (loss)	$ (1,329,118)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	58,992
Changes in assets:	
Prepaid expense	2,276
Changes in deferred outflows of resources:	
Pension	2,065,958
OPEB	(349,560)
Changes in liabilities:	
Accounts payable	(12,925)
Due to CCA custodial fund	(972,207)
Due to City of Cleveland	56,655
Accrued wages and benefits	168,605
Net pension liability	(2,714,135)
Net OPEB liability	197,184
Changes in deferred inflows of resources:	
Pension	1,339,076
OPEB	700,181
Total adjustments	540,100
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (789,018)

See notes to financial statements.

CITY OF CLEVELAND, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Central Collection Agency
Additions	
Income tax collected for other governments	$ 596,752,835
Total additions	596,752,835
Deductions	
Payments of income tax to other governments	596,752,835
Total deductions	596,752,835
Change in net position	-
Net position, beginning of year	-
Net position, end of year	$ -

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

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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 November of 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2019. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (ARO) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The Agency has determined that GASB Statement No. 83 has no impact on its financial statements as of December 31, 2020.

In January of 2017, GASB Statement No. 84, *Fiduciary Activities,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. As required, the Agency has implemented GASB Statement No. 84 as of December 31, 2020.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In March of 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* was issued. This Statement is effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The Agency has determined that GASB Statement No. 88 has no impact on its financial statements as of December 31, 2020.

In August of 2018, GASB Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The Agency has determined that GASB Statement No. 90 has no impact on its financial statements as of December 31, 2020.

The Agency's net position is accounted for in the accompanying statement of net position and is divided into amounts in investment in capital assets and unrestricted. The negative unrestricted amount is primarily the unfunded net pension and OPEB liabilities 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. 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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 2020. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* for the purpose of measuring the value of shares in STAR Ohio. The Agency measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions: During the course of normal operations, the Agency has numerous transactions between other city divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost, or if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than $5,000 for land, furniture, fixtures, equipment and vehicles and $10,000 for all other assets. When capital assets are disposed, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Furniture, fixtures, equipment and vehicles	3 to 60 years

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

***Net Pension/OPEB Liabilities*:** For purposes of measuring the net pension/OPEB liabilities, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE C – LONG TERM LIABILITIES

Summary: Changes in long-term obligations for the year ended December 31, 2020 are as follows:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
Accrued wages and benefits	$ 929,166	$ 887,605	$ (719,000)	$ 1,097,771	$ 924,879
Net pension liability	9,072,105		(2,714,135)	6,357,970	
Net OPEB liability	4,400,808	197,184		4,597,992	
Total	$ 14,402,079	$ 1,084,789	$ (3,433,135)	$ 12,053,733	$ 924,879

NOTE D - DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Agency's deposits at December 31, 2020 totaled $3,190,746 and the Agency's bank balances were $4,230,221. The differences represent outstanding warrants payable, positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $4,230,221 of the bank balances at December 31, 2020, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

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, 2020 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, 2020, 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	2020 Value	2020 Cost	Investment Maturities Less Than One Year
STAR Ohio	$ 2,013,470	$ 2,013,470	$ 2,013,470
Money Market Mutual Funds	8,750,347	8,750,347	8,750,347
Total Investments	10,763,817	10,763,817	10,763,817
Total Deposits	3,190,746	3,190,746	3,190,746
Total Deposits and Investments	$ 13,954,563	$ 13,954,563	$ 13,954,563

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, 2020, the investments in STAR Ohio and money market mutual funds are approximately 18.7% and 81.3%, of the Agency's total investments.

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

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE E - CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
Capital assets, being depreciated				
Furniture, fixtures, equipment and vehicles	$ 525,328	$ 31,860	$	$ 557,188
Total capital assets, being depreciated	525,328	31,860		557,188
Less: Total accumulated depreciation	(354,928)	(58,992)		(413,920)
Total capital assets, being depreciated, net	170,400	(27,132)	-	143,268
Capital assets, net	$ 170,400	$ (27,132)	$ -	$ 143,268

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, 2020 are as follows:

	Internal Service Fund	Custodial Fund	Total
Due from CCA internal service fund	$	$ 632,715	$ 632,715
Due from member municipalities		776,204	776,204
Total Due From	$ -	$ 1,408,919	$ 1,408,919
Due to CCA custodial fund	$ 632,715	$	$ 632,715
Due to the City of Cleveland	69,537	74,608,110	74,677,647
Due to member municipalities		25,768,694	25,768,694
Total Due To	$ 702,252	$ 100,376,804	$ 101,079,056

NOTE G - DEFINED BENEFIT PENSION PLANS

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

The net pension liability represents the 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 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. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Ohio Public Employees Retirement System (OPERS): The Agency's employees, other than full-time police and firefighters, participate in the OPERS. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Agency's employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2020, 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 $688,704 for 2020. All required payments have been made.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability 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:

	OPERS
Proportionate Share of the Net Pension Liability	$ 6,357,970
Proportion of the Net Pension Liability	0.035740 %
Change in Proportion	(0.000422) %
Pension Expense	$ 1,370,455

At December 31, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred outflows:	
Change in assumptions	$ 362,950
Change in Agency's proportionate share and difference in employer contributions	18,171
Agency's contributions subsequent to the measurement date	688,704
Total deferred outflows	$ 1,069,825
Deferred inflows:	
Differences between expected and actual experience	$ 99,833
Net difference between projected and actual earnings on pension plan investment	1,338,620
Change in Agency's proportionate share and difference in employer contributions	51,490
Total deferred inflows	$ 1,489,943

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

The $688,704 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 of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:		OPERS
2021	$	(164,403)
2022		(447,424)
2023		50,734
2024		(535,597)
2025		(3,577)
Thereafter		(8,555)
Total	$	(1,108,822)

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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2019
Wage Inflation	3.25%
Future Salary Increases, including wage inflation	3.25 to 10.75%
COLA or Ad Hoc COLA	3.25%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: 1.4%, simple through 2020, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit Portfolio, the Health Care Portfolio and the Defined Contribution Portfolio. The Defined Benefit Portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit Portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the Defined Benefit 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 Defined Benefit Portfolio was 17.2% for 2019.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Agency's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2% as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
Agency's proportionate share of the net pension liability	$ 9,197,151	$ 6,357,970	$ 4,008,100

NOTE H – DEFINED BENEFIT OPEB PLANS

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

The net OPEB liability 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 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. Resulting adjustments to the net OPEB liability 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 on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Comprehensive Annual 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 2020 state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% for both plans in 2020. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0%.

For the year ended December 31, 2020, OPERS did not allocate any employer contributions to the OPEB plan.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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 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
Proportion of the Net OPEB Liability:		
Current Measurement Date		0.033288%
Prior Measurement Date		0.033755%
Change in Proportionate Share		(0.000467)%
Proportionate Share of the Net OPEB Liability	$	4,597,992
OPEB Expense	$	547,283

At December 31, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		OPERS
Deferred outflows:		
Differences between expected and actual experience	$	123
Change in assumptions		727,813
Change in Agency's proportionate share and difference in employer contributions		3,457
Total deferred outflows	$	731,393
Deferred inflows:		
Differences between expected and actual experience	$	420,508
Net difference between projected and actual earnings on OPEB plan investment		234,129
Change in Agency's proportionate share and difference in employer contributions		57,484
Total deferred inflows	$	712,121

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
2021	$ 80,304
2022	38,829
2023	186
2024	(100,047)
Total	$ 19,272

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 was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	3.16%
Prior Measurement Date	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.75%
Prior Measurement Date	3.71%
Health Care Cost Trend Rate:	
Current Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Prior Measurement Date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

During 2019, 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 Health Care 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 19.7% for 2019.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate: A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date as of December 31, 2019. 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) 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 an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034 and the municipal bond rate was applied to all health care costs after that date.

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Agency's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the Agency's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Agency's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Agency's proportionate share of the net OPEB liability	$ 6,017,302	$ 4,597,992	$ 3,461,712

Sensitivity of the Agency's Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB liability calculated using the assumed trend rates and the expected net OPEB liability 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 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease (2.50%)	Current Health Care Cost Trend Rate Assumption (3.50%)	1% Increase (4.50%)
Agency's proportionate share of the net OPEB liability	$ 4,462,258	$ 4,597,992	$ 4,731,876

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

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 years ended December 31, 2020 were as follows:

City Administration	$	574,230
Office Rent		425,000
Telephone		53,422
Utilities		163,092
Parking Facilities		1,370
Printing Services		229,597
Motor Vehicle Maintenance		4,754
Total	$	1,451,465

NOTE J - DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling $776,204 at December 31, 2020 as accrued wages and benefits. These amounts are recorded as due from member municipalities in the custodial fund.

NOTE K - CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Agency for personal injuries, property damage and other matters, which the City is responsible for. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Agency's financial position, results of operations or cash flows.

Risk Management: The Agency is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2020.

The City provides the choice of two separate health insurance plans to its employees The Agency is charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio Worker's Compensation retrospective rating program.

NOTE K - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards.

Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims.

Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Agency is immaterial.

NOTE L - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Agency. In addition, the impact on the Agency's future operating revenue, expenses, and any recovery from emergency funding cannot be estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS (1), (2)

	Agency's Proportion of the Net Pension Liability	Agency's Proportionate Share of the Net Pension Liability	Agency's Covered Payroll	Agency'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
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

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

(2) Information prior to 2014 is not available. The Agency will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

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

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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Agency's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 443,299	$ (443,299)	$ -	$ 3,409,992	13.00 %
2014	451,780	(451,780)	-	3,764,833	12.00
2015	518,015	(518,015)	-	4,316,792	12.00
2016	519,187	(519,187)	-	4,326,558	12.00
2017	593,508	(593,508)	-	4,565,446	13.00
2018	717,430	(717,430)	-	5,124,500	14.00
2019	711,761	(711,761)	-	5,084,007	14.00
2020	688,704	(688,704)	-	4,919,314	14.00

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

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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLYEES RETIREMENT SYSTEM
LAST FOUR YEARS (1), (2)

	Agency's Proportion of the Net OPEB Liability	Agency's Proportionate Share of the Net OPEB Liability	Agency's Covered Payroll	Agency's Proportionat 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
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

(1) Information presented for each year was determined as of the Agency's measurement date, which is the prior year end.
(2) Information prior to 2017 is not available. The Agency will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE 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	-	-	-	5,111,514	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 availabale 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 THE YEAR ENDED DECEMBER 31, 2020

Members	Balance Collected and Due Members January 1, 2020	Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses	Total Disbursements and Expenses	Balance Collected And Due Members December 31, 2020
ADA	$ 184,365.40	$ 1,769,561.13	$ 1,953,926.53	$ 1,764,902.90	$ 48,290.19	$ 1,813,193.09	$ 140,733.44
AKRON	104.50	260.00	364.50	239.50	65.00	304.50	60.00
ALGER	1,682.29	144,271.01	145,953.30	126,572.26	7,128.12	133,700.38	12,252.92
ALLIANCE	55.71	500.00	555.71	345.71	125.00	470.71	85.00
BARBERTON	1,442,469.25	11,868,013.43	13,310,482.68	12,192,903.57	242,370.10	12,435,273.67	875,209.01
BRATENAHL	93,402.97	2,429,362.82	2,522,765.79	2,283,120.56	41,389.76	2,324,510.32	198,255.47
BURTON	59,902.07	622,865.41	682,767.48	609,597.69	28,897.17	638,494.86	44,272.62
CHILLICOTHE	(22.87)		(22.87)			-	(22.87)
CLAYTON	163,103.96	4,681,624.73	4,844,728.69	4,485,285.00	162,701.75	4,647,986.75	196,741.94
CLEVELAND	3,244,086.11	472,292,309.58	475,536,395.69	463,323,692.10	6,607,676.98	469,931,369.08	5,605,026.61
DAYTON	64.60	782.00	846.60	626.60	195.50	822.10	24.50
DRESDEN	27,382.21	298,107.43	325,489.64	288,255.06	18,650.63	306,905.69	18,583.95
EAST LIVERPOOL	333.51	1,414.69	1,748.20	1,383.20	353.67	1,736.87	11.33
ELIDA	39,152.59	495,011.97	534,164.56	465,275.72	31,461.33	496,737.05	37,427.51
ENGLEWOOD	(112.26)		(112.26)			-	(112.26)
FRAZEYSBURG	7,956.50	151,655.99	159,612.49	139,335.37	11,223.45	150,558.82	9,053.67
GATES MILLS	141,188.29	613,204.07	754,392.36	733,693.39	24,421.60	758,114.99	(3,722.63)
GENEVA-ON-THE-LAKE	15,566.91	232,079.51	247,646.42	221,394.97	13,378.17	234,773.14	12,873.28
GERMANTOWN	140,373.99	1,664,623.12	1,804,997.11	1,585,685.80	76,155.21	1,661,841.01	143,156.10
GRAND RAPIDS	6,143.53	205,538.55	211,682.08	184,394.14	18,642.87	203,037.01	8,645.07
GRAND RIVER	26,026.53	314,787.12	340,813.65	310,812.68	7,921.00	318,733.68	22,079.97
HAMILTON	806,563.39	29,703,968.65	30,510,532.04	29,563,628.50	655,123.98	30,218,752.48	291,779.56
HARTVILLE	(146.28)		(146.28)			-	(146.28)
HIGHLAND HILLS	362,918.80	4,596,304.99	4,959,223.79	4,574,645.32	48,045.80	4,622,691.12	336,532.67
LAKEWOOD	(3.00)		(3.00)			-	(3.00)
LINNDALE	4,544.22	56,164.87	60,709.09	55,097.19	1,964.53	57,061.72	3,647.37
LORAIN	242.89	1,113.12	1,356.01	1,041.01	278.28	1,319.29	36.72
MARBLE CLIFF	202,514.86	1,634,400.69	1,836,915.55	1,694,353.14	22,426.47	1,716,779.61	120,135.94
MENTOR-ON-THE-LAKE	104,496.57	1,050,619.41	1,155,115.98	1,039,025.60	43,644.66	1,082,670.26	72,445.72
MONTGOMERY	(715.26)		(715.26)			-	(715.26)
MONTPELIER	42,488.69	1,971,480.25	2,013,968.94	1,883,581.84	46,251.67	1,929,833.51	84,135.43
MUNROE FALLS	165,952.16	1,555,208.79	1,721,160.95	1,544,562.83	58,116.75	1,602,679.58	118,481.37
NEW CARLISLE	148,009.51	1,643,186.45	1,791,195.96	1,582,768.56	74,395.51	1,657,164.07	134,031.89
NEW MADISON	3,297.84	156,539.82	159,837.66	144,804.64	8,125.15	152,929.79	6,907.87
NEW MIAMI	3,659.47	166,908.08	170,567.55	139,827.62	10,922.95	150,750.57	19,816.98
NEW PARIS	12,101.92	148,054.72	160,156.64	142,359.61	12,887.94	155,247.55	4,909.09
NORTH BALTIMORE	90,480.76	1,090,784.68	1,181,265.44	1,054,341.00	43,382.78	1,097,723.78	83,541.66
NORTH PERRY VILLAGE	107,657.38	993,617.06	1,101,274.44	1,021,516.75	14,578.97	1,036,095.72	65,178.72
NORTH RANDALL	728,867.02	7,468,550.25	8,197,417.27	7,505,745.03	68,837.43	7,574,582.46	622,834.81
NORTON	569,806.41	6,195,661.75	6,765,468.16	6,092,115.44	177,208.67	6,269,324.11	496,144.05
OBETZ	2,179,865.82	15,176,739.41	17,356,605.23	16,054,567.44	168,121.75	16,222,689.19	1,133,916.04
ORWELL	130,220.97	1,475,998.60	1,606,219.57	1,472,229.43	28,155.03	1,500,384.46	105,835.11
PARMA HEIGHTS	139,246.06	8,183,700.91	8,322,946.97	7,764,634.97	275,223.19	8,039,858.16	283,088.81
PAULDING	82,821.82	1,059,792.38	1,142,614.20	1,005,690.44	43,541.76	1,049,232.20	93,382.00
PHILLIPSBURG	1,025.96	70,938.74	71,964.70	62,477.12	6,962.45	69,439.57	2,525.13
RIVERSIDE	-	5,297,348.15	5,297,348.15	4,913,683.11	183,500.89	5,097,184.00	200,164.15
ROCK CREEK	8,476.02	95,967.25	104,443.27	89,902.20	6,840.62	96,742.82	7,700.45
RUSHSYLVANIA	5,501.35	70,884.28	76,385.63	64,610.53	5,758.16	70,368.69	6,016.94
RUSSELLS POINT	17,847.04	302,598.80	320,445.84	280,686.74	20,485.80	301,172.54	19,273.30
SALEM	(0.89)		(0.89)		(0.89)	(0.89)	-
SEVILLE	106,211.78	1,135,238.72	1,241,450.50	1,097,450.73	49,253.41	1,146,704.14	94,746.36
SHREVE	15,711.39	272,818.68	288,530.07	255,336.79	15,941.52	271,278.31	17,251.76
SOUTH RUSSELL	149,755.90	1,746,663.12	1,896,419.02	1,678,512.53	67,145.84	1,745,658.37	150,760.65
SPRINGFIELD	96.25	938.38	1,034.63	714.63	234.60	949.23	85.40
STOW	42.50	200.00	242.50	137.50	50.00	187.50	55.00
TIMBERLAKE	8,396.94	67,530.34	75,927.28	68,648.53	6,648.31	75,296.84	630.44
TROTWOOD	863.32	12,594.84	13,458.16	9,832.16	3,153.21	12,985.37	472.79
TROY	(32.00)		(32.00)			-	(32.00)
UNION	87,032.95	1,592,991.55	1,680,024.50	1,502,407.64	59,580.96	1,561,988.60	118,035.90
VILLAGE OF OAKWOOD	7,946.71	117,779.14	125,725.85	108,940.75	7,569.90	116,510.65	9,215.20
WARREN	30.15	425.00	455.15	290.15	106.25	396.40	58.75
WARRENSVILLE HEIGHTS	1,599,754.52	17,065,719.64	18,665,474.16	16,916,772.10	258,515.28	17,175,287.38	1,490,186.78
WAYNESFIELD	8,768.69	124,819.32	133,588.01	113,737.34	8,351.47	122,088.81	11,499.20
WEST ALEXANDRIA	16,391.17	276,078.32	292,469.49	253,233.00	19,586.96	272,819.96	19,649.53
WEST LIBERTY	38,666.67		38,666.67	38,666.67		38,666.67	-
WEST MILTON	120,058.17	1,351,406.81	1,471,464.98	1,297,060.03	63,741.39	1,360,801.42	110,663.56
WILMINGTON	11.62	321.17	332.79	242.79	80.29	323.08	9.71
Totals	$ 13,670,674.02	$ 611,718,029.69	$ 625,388,703.71	$ 601,807,395.62	$ 9,925,787.19	$ 611,733,182.81	$ 13,655,520.90

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE ENTIRE YEAR ENDED DECEMBER 31, 2020

Members	Cost Allocation Percent	Interest Allocation Percent	Cost Allocation Before Interest Income	Interest Income of Municipalities (Excluding Cleveland)	Allocation of Net Operating Expenses
ADA	0.580894%	1.267241%	$ 49,435.96	$ 1,145.77	$ 48,290.19
ALLIANCE	0.000000%	0.000000%	125.00	-	125.00
AKRON	0.000000%	0.000000%	65.00	-	65.00
ALGER	0.084850%	0.102801%	7,221.07	92.95	7,128.12
BARBERTON	2.937906%	8.468276%	250,026.64	7,656.54	242,370.10
BRATENAHL	0.505207%	1.775363%	42,994.95	1,605.19	41,389.76
BURTON	0.344300%	0.446883%	29,301.22	404.05	28,897.17
CLAYTON	1.947736%	3.381969%	165,759.54	3,057.79	162,701.75
DAYTON	0.000000%	0.000000%	195.50	-	195.50
CLEVELAND	60.003100%	0.000000%	6,607,676.98	-	6,607,676.98
DRESDEN	0.221410%	0.212512%	18,842.77	192.14	18,650.63
EAST LIVERPOOL	0.000000%	0.000000%	353.67	-	353.67
ELIDA	0.373472%	0.356732%	31,783.87	322.54	31,461.33
FRAZEYSBURG	0.133047%	0.109844%	11,322.76	99.31	11,223.45
GATES MILLS	0.291642%	0.440391%	24,819.78	398.18	24,421.60
GENEVA-ON-THE-LAKE	0.158952%	0.165017%	13,527.37	149.20	13,378.17
GERMANTOWN	0.907709%	1.210175%	77,249.38	1,094.17	76,155.21
GRAND RAPIDS	0.220629%	0.147624%	18,776.34	133.47	18,642.87
GRAND RIVER	0.095467%	0.225213%	8,124.63	203.63	7,921.00
HAMILTON	7.924291%	21.304619%	674,386.44	19,262.46	655,123.98
HIGHLAND HILLS	0.599372%	3.277065%	51,008.74	2,962.94	48,045.80
LINNDALE	0.023511%	0.040184%	2,000.86	36.33	1,964.53
LORAIN	0.000000%	0.000000%	278.28	-	278.28
MARBLE CLIFF	0.275925%	1.167738%	23,482.27	1,055.80	22,426.47
MENTOR-ON-THE-LAKE	0.520843%	0.753154%	44,325.62	680.96	43,644.66
MONTPELIER	0.558690%	1.432211%	47,546.60	1,294.93	46,251.67
MUNROE FALLS	0.694898%	1.129983%	59,138.42	1,021.67	58,116.75
NEW CARLISLE	0.887011%	1.208232%	75,487.93	1,092.42	74,395.51
NEW MADISON	0.096667%	0.112297%	8,226.68	101.53	8,125.15
NEW MIAMI	0.129610%	0.118744%	11,030.31	107.36	10,922.95
NEW PARIS	0.152613%	0.110606%	12,987.94	100.00	12,887.94
NORTH BALTIMORE	0.518009%	0.776133%	44,084.52	701.74	43,382.78
NORTH PERRY VILLAGE	0.178817%	0.706800%	15,218.02	639.05	14,578.97
NORTH RANDALL	0.865231%	5.305516%	73,634.38	4,796.95	68,837.43
NORTON	2.129818%	4.475737%	181,255.38	4,046.71	177,208.67
VILLAGE OF OAKWOOD	0.089865%	0.086195%	7,647.83	77.93	7,569.90
OBETZ	2.090422%	10.817857%	177,902.66	9,780.91	168,121.75
ORWELL	0.341994%	1.050669%	29,104.99	949.96	28,155.03
PARMA HEIGHTS	3.296265%	5.863160%	280,524.34	5,301.15	275,223.19
PAULDING	0.519683%	0.757793%	44,226.91	685.15	43,541.76
PHILLLIPSBURG	0.082355%	0.051165%	7,008.71	46.26	6,962.45
RIVERSIDE	2.196678%	3.809698%	186,945.41	3,444.52	183,500.89
ROCK CREEK	0.081132%	0.070763%	6,904.60	63.98	6,840.62
RUSHSYLVANIA	0.068208%	0.051525%	5,804.75	46.59	5,758.16
RUSSELLS POINT	0.243046%	0.219339%	20,684.11	198.31	20,485.80
SALEM	0.000000%	0.000000%	(0.89)	-	(0.89)
SEVILLE	0.587604%	0.833785%	50,007.27	753.86	49,253.41
SHREVE	0.189378%	0.193851%	16,116.79	175.27	15,941.52
SPRINGFIELD	0.000000%	0.000000%	234.60	-	234.60
STOW	0.000000%	0.000000%	50.00	-	50.00
TROTWOOD	0.000000%	0.000000%	3,153.21	-	3,153.21
SOUTH RUSSELL	0.802570%	1.278371%	68,301.67	1,155.83	67,145.84
TIMBERLAKE	0.078631%	0.048090%	6,691.79	43.48	6,648.31
UNION	0.712169%	1.136187%	60,608.24	1,027.28	59,580.96
WARREN	0.000000%	0.000000%	106.25	-	106.25
WILMINGTON	0.000000%	0.000000%	80.29	-	80.29
WARRENSVILLE HEIGHTS	3.167702%	12.241265%	269,583.15	11,067.87	258,515.28
WAYNESFIELD	0.099078%	0.088985%	8,431.93	80.46	8,351.47
WEST ALEXANDRIA	0.232289%	0.200947%	19,768.65	181.69	19,586.96
WEST MILTON	0.759304%	0.971295%	64,619.58	878.19	63,741.39
Totals	100.000000%	100.000000%	$ 10,016,201.66	$ 90,414.47	$ 9,925,787.19

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF INCOME TAXES RECEIVABLE
FOR YEAR ENDED DECEMBER 31, 2020

AKRON	$	75.00
ALLIANCE		200.00
BURTON		157,042.12
CLAYTON		1,559,607.34
CLEVELAND		69,003,083.26
DAYTON		178.00
DRESDEN		93,159.13
ELIDA		163,084.88
GENEVA-ON-THE LAKE		65,134.82
GERMANTOWN		455,366.07
GRAND RAPIDS		69,892.80
GRAND RIVER		53,018.45
HAMILTON		5,344,071.71
HIGHLAND HILLS		435,368.03
LINNDALE		9,218.03
LORAIN		857.92
MARBLE CLIFF		189,558.65
MENTOR-ON-THE LAKE		287,468.35
MONTPELIER		376,828.94
MUNROE FALLS		401,616.23
NEW CARLISLE		460,891.74
NEW MADISON		32,821.69
NEW MIAMI		51,655.29
NEW PARIS		53,059.58
NORTH BALTIMORE		267,687.38
NORTH RANDALL		1,753,850.69
OBETZ		2,171,761.81
ORWELL		208,033.99
PAULDING		263,210.84
PHILLIPSBURG		29,791.28
RIIVERSIDE		577,939.28
ROCK CREEK		27,833.35
RUSHSYLVANIA		34,985.93
RUSSELLS POINT		87,213.37
SEVILLE		331,282.78
SHREVE		79,261.41
SOUTH RUSSELL		590,885.13
SPRINGFIELD		125.00
TROTWOOD		945.00
UNION		428,966.13
VILLAGE OF OAKWOOD		27,787.21
WARREN		75.00
WAYNESFIELD		29,726.88
WEST ALEXANDRIA		84,006.52
WEST MILTON		471,800.37
Total	**$**	**86,730,427.38**

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2020

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
P. 513.241.3111 | F. 513.241.1212

INDEPENDENT AUDITORS' REPORT

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee
Division of Parking Facilities
Department of Public Works
City of Cleveland, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the Division of Parking Facilities, Department of Public Works, City of Cleveland, Ohio (the "Division") as of and for the year ended December 31, 2020 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Division of Parking Facilities, Department of Public Works, City of Cleveland, Ohio as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the basic financial statements, the financial statements present only the Division and do not purport to, and do not present fairly the financial position of the City of Cleveland as of December 31, 2020, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the City) Department of Public Works, Division of Parking Facilities (the Division), we offer readers of the Division's financial statements this narrative overview and analysis of the financial activities of the Division for the year ended December 31, 2020. Please read this information in conjunction with the Division's financial statements and footnotes which begin on page 12.

The Division was created for the purpose of providing moderately priced off-street parking facilities and on-street metered parking to citizens, visitors and those who work in the City. The Division's operating revenues are derived primarily from charges for parking at its facilities and from parking meter collections. In 2020, the Division's facilities included two parking garages and six surface lots, including West Side Market and Hicks lots.

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Division exceeded its liabilities and deferred inflows of resources (net position) by $40,135,000 and $40,050,000 at December 31, 2020 and 2019, respectively. Of these amounts, $2,801,000 and $4,673,000 (unrestricted net position) at December 31, 2020 and 2019, respectively, may be used to meet the Division's ongoing obligations to customers and creditors.

- The Division's total net position increased by $85,000 during 2020. In 2020, operating revenues decreased $5,746,000 due to significantly reduced usage of the City's parking facilities during the COVID-19 pandemic. Investment income decreased by $268,000 due to the decrease in interest rates and lower cash balances. Capital contributions decreased by $286,000 related to suspended improvements on the Gateway East Garage and Willard Garage during the COVID-19 pandemic.

- The Division's total bonded debt decreased by $3,540,000 (31.6%) during 2020. This amount represents the principal payment made in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The accompanying financial statements present financial information for the City of Cleveland's Division of Parking Facilities Fund, in which the City accounts for the activities of off-street parking operations and meter revenue collections. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Division of Parking Facilities Fund is considered an Enterprise Fund because the operations of the Division are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Division, the economic resources measurement focus and the accrual basis of accounting is used.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The basic financial statements of the Division can be found on pages 12 – 17 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 19 – 45 of this report. Required supplementary information can be found on pages 47 – 50 of this report.

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is a condensed statement of net position information for the Division as of December 31, 2020 and 2019:

	2020	2019
	(Amounts in Thousands)	
Assets and deferred outflows of resources:		
Assets:		
Current assets	$ 5,413	$ 7,705
Restricted assets	8,945	8,919
Capital assets, net	35,998	37,557
Total assets	50,356	54,181
Deferred outflows of resources	448	853
Liabilities, deferred inflows of resources and net position:		
Liabilities:		
Current liabilities	4,275	4,699
Long-term liabilities	6,001	10,243
Total liabilities	10,276	14,942
Deferred inflows of resources	393	42
Net positon:		
Net investment in capital assets	31,537	29,601
Restricted for debt service	5,797	5,776
Unrestricted	2,801	4,673
Total net position	$ 40,135	$ 40,050

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Assets:

Current, Restricted and Other Non-Capital Assets: From 2019 to 2020, the Division's current and restricted assets have decreased 13.6%. This decrease is primarily related to a decrease in cash and cash equivalents due to decreased parking revenues during the COVID-19 pandemic.

***Capital Assets**:* The Division's capital assets (net of accumulated depreciation) as of December 31, 2020 amounted to $35,998,000. The total decrease in the Division's investment in net capital assets was $1,559,000 (4.2%) in 2020. The decrease in 2020 was due to depreciation expense exceeding asset additions. During 2020, major projects included Willard Garage Elevators.

A summary of the activity in the Division's capital assets during the year ended December 31, 2020 is as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
	(Amounts in Thousands)			
Land	$ 5,478	$	$	$ 5,478
Land improvements	4,374			4,374
Buildings, structures and improvements	56,483			56,483
Furniture, fixtures, equipment and vehicles	2,213			2,213
Construction in progress	4,478	162		4,640
Total	73,026	162	-	73,188
Less: Accumulated depreciation	(35,469)	(1,721)		(37,190)
Capital assets, net	$ 37,557	$ (1,559)	$ -	$ 35,998

Additional information on the Division's capital assets can be found in Note A – Summary of Significant Accounting Policies and Note E – Capital Assets.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Liabilities:

Net Pension/Other Postemployment Benefits (OPEB) Liabilities: The net pension liability is reported by the Division at December 31, 2020 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 fiscal year 2018, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

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

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability 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 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 (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 or the net OPEB liability. As previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities, but are outside the control of the Division. In the event that contributions, investment returns and other changes are insufficient to keep up with required payments, State Statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Long-Term Debt: At the end of 2020, the Division had total bonded debt outstanding of $7,660,000. This is a reduction of approximately 31.6%. This reduction is the result of the annual principal payment on the Division’s outstanding bonds. This current debt was incurred to refund debt previously issued to construct two new parking garages around the Gateway site and a new Willard Park Garage behind City Hall. The City’s first garage on the Gateway site was completed in January 1994. The second garage was completed in August 1994 and was subsequently sold in 2011. The Willard Park Garage construction was completed in April 1996. The bonds are backed by the net revenues from these facilities. In addition, the City has pledged additional revenues, which consist of various non-tax revenues, to meet debt service requirements, if necessary. In 2020, no additional pledged revenue was required to meet the debt service requirements on the parking bonds.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The activity in the Division's debt obligations outstanding during the year ended December 31, 2020 is summarized below:

	Balance January 1, 2020	Debt Retired	Balance December 31, 2020
	(Amounts in Thousands)		
Parking Facilities Refunding Revenue Bonds:			
Series 2006	$ 11,200	$ (3,540)	$ 7,660

The bond ratings at December 31, 2020 for the Division's revenue bonds are as follows:

	Moody's Investors Service	S&P Global
Parking Facilities Refunding Revenue Bonds:		
Series 2006	A2	AA

The bond ratings indicated above are insured ratings only, reflecting the ratings of Assured Guaranty Municipal Corporation (formerly Financial Security Assurance, Inc.).

In addition, the Division entered into a derivative or hedging agreement in 2003. Derivative instruments are contracts, the value of which depends on, or derives from, the value of an underlying asset, index or rate. The most common types of derivatives used by governments are interest rate swaps and interest rate locks. A detailed description of the outstanding derivative, including its terms, objectives, risks and fair value, can be found in Note B – Long-Term Debt and Other Obligations.

The Division has reported deferred inflows of resources in the amount of the fair value of the interest rate swap, which reflects the prevailing interest rate environment at December 31, 2020. The fair value of the swap has been provided by the counterparty and confirmed by the City's financial advisor.

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

Net Position: Net position serves as a useful indicator of a government's financial position. In the case of the Division, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $40,135,000 at December 31, 2020.

Of the Division's net position at December 31, 2020, $5,797,000 represents resources that are classified as restricted since their use is limited by the bond indentures. In addition, the Division had a net balance of $31,537,000 that reflects its investment in capital assets (e.g., land, buildings, furniture) net of accumulated depreciation, less any related, still-outstanding debt used to acquire those assets. The $2,801,000 balance of unrestricted net position may be used to meet the Division's ongoing obligations to customers and creditors.

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

The Division's operations during 2020 increased net position by $85,000. Provided below are key elements of the Division's results of operations as of and for the years ended December 31, 2020 and 2019:

	2020	2019
	(Amounts in Thousands)	
Operating revenues	$ 3,875	$ 9,621
Operating expenses	5,416	6,660
Operating income (loss)	(1,541)	2,961
Non-operating revenue (expense):		
Investment income (loss)	63	331
Interest expense	(614)	(788)
Total non-operating revenue (expense), net	(551)	(457)
Income (loss) before capital contributions	(2,092)	2,504
Capital contributions	177	463
Operating transfers in	2,000	-
Change in net position	85	2,967
Net position at beginning of year	40,050	37,083
Net position at end of year	$ 40,135	$ 40,050

Operating Revenues: From 2019 to 2020, operating revenues decreased $5,746,000 or 59.7%. This decrease is related to the significant decrease in usage of the City's parking facilities due to the COVID-19 pandemic.

Operating Expenses: In 2020, operating and maintenance expenses decreased $1,384,000 or 27.2%. This decrease is due to expenses related to professional services.

Non-Operating Revenues: From 2019 to 2020, investment income decreased by $268,000 or 81.0%. This decrease is related to decreased cash position and lower interest rates.

Non-Operating Expenses: From 2019 to 2020, interest expense decreased by $174,000 or 22.1%; resulting from reduction to outstanding principal in 2020.

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

Operating revenues are derived primarily from fees charged to users of City-owned parking garages and facilities operated by the Division including the net income from the Gateway garage and on-street parking meter revenue.

The Division continues to assess their operations to improve efficiencies, identify additional revenue sources and improve existing revenue sources. City Council has the authority to further increase parking fees when deemed necessary to assist the Division in meeting operational and debt commitments as economic circumstances dictate.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Division. In addition, the impact on the Division's future operating revenues, expenses, and any recovery from emergency funding cannot be estimated.

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 WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF NET POSITION
December 31, 2020
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS	
Cash and cash equivalents	$ 5,358
Accounts receivable - net of allowance	28
Due from other City of Cleveland departments, divisions or funds	19
Prepaid expenses	8
TOTAL CURRENT ASSETS	5,413
RESTRICTED ASSETS	
Cash and cash equivalents	8,945
TOTAL RESTRICTED ASSETS	8,945
CAPITAL ASSETS	
Land	5,478
Land improvements	4,374
Buildings, structures and improvements	56,483
Furniture, fixtures, equipment and vehicles	2,213
Construction in progress	4,640
	73,188
Less: Accumulated depreciation	(37,190)
CAPITAL ASSETS, NET	35,998
TOTAL ASSETS	50,356
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding	142
Pension	177
OPEB	129
TOTAL DEFERRED OUTFLOWS OF RESOURCES	448

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF NET POSITION
December 31, 2020
(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Current portion of long-term debt, due within one year	$ 3,730
Accounts payable	42
Due to other governments	261
Due to other City of Cleveland departments, divisions or funds	27
Accrued interest payable	118
Accrued wages and benefits	97
TOTAL CURRENT LIABILITIES	4,275
LONG-TERM LIABILITIES	
Revenue bonds - excluding amount due within one year	4,009
Accrued wages and benefits	16
Net pension liability	1,165
Net OPEB liability	811
TOTAL LONG-TERM LIABILITIES	6,001
TOTAL LIABILITIES	10,276
DEFERRED INFLOWS OF RESOURCES	
Derivative instruments-interest rate swaps	4
Pension	263
OPEB	126
TOTAL DEFERRED INFLOWS OF RESOURCES	393
NET POSITION	
Net investment in capital assets	31,537
Restricted for debt service	5,797
Unrestricted	2,801
TOTAL NET POSITION	$ 40,135

See notes to financial statements.

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2020
(Amounts in Thousands)

OPERATING REVENUES	
Charges for services	$ 3,875
TOTAL OPERATING REVENUES	3,875
OPERATING EXPENSES	
Operations	3,657
Maintenance	38
Depreciation	1,721
TOTAL OPERATING EXPENSES	5,416
OPERATING INCOME (LOSS)	(1,541)
NON-OPERATING REVENUE (EXPENSE)	
Investment income (loss)	63
Interest expense	(614)
TOTAL NON-OPERATING REVENUE (EXPENSE) - NET	(551)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,092)
Capital contributions	177
Operating transfers in	2,000
INCREASE (DECREASE) IN NET POSITION	85
NET POSITION, beginning of year	40,050
NET POSITION, end of year	$ 40,135

See notes to financial statements.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 3,819
Cash payments to suppliers for goods or services	(2,877)
Cash payments to employees for services	(1,134)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(192)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received through transfers from other funds	2,000
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	2,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	(3,540)
Interest paid on long-term debt	(608)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(4,148)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	71
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	71
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,269)
CASH AND CASH EQUIVALENTS, beginning of year	16,572
CASH AND CASH EQUIVALENTS, end of year	$ 14,303

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020
(Amounts in Thousands)

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

Operating Income	$ (1,541)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,721
Changes in assets:	
Accounts receivable, net	(13)
Due from other City of Cleveland departments, divisions or funds	(7)
Prepaid expenses	(1)
Changes in deferred outflows of resources:	
Pension	330
OPEB	(62)
Changes in liabilities:	
Accounts payable	(502)
Due to other governments	16
Due to other City of Cleveland departments, divisions or funds	(49)
Net pension liability	(479)
Net OPEB liability	34
Changes in deferred inflows of resources:	
Pension	237
OPEB	124
TOTAL ADJUSTMENTS	1,349
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (192)

SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Contributions of capital assets	$ 177
Capital assets added from accounts payable	15

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Parking Facilities (the Division) is reported as an Enterprise Fund of the City of Cleveland's (the City) Department of Public Works and is a part of the City's primary government. The Division was created for the purpose of providing moderately priced off-street parking facilities and on-street metered parking to citizens, visitors and those who work in the City. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Division comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In November of 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2019. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (ARO) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The Division has determined that GASB Statement No. 83 has no impact on its financial statements as of December 31, 2020.

In January of 2017, GASB Statement No. 84, *Fiduciary Activities,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The Division has determined that GASB Statement No. 84 has no impact on its financial statements as of December 31, 2020.

In March of 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* was issued. This Statement is effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. As required, the Division has implemented GASB Statement No. 88 as of December 31, 2020.

In August of 2018, GASB Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The Division has determined that GASB Statement No. 90 has no impact on its financial statements as of December 31, 2020.

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 debt service
- Remaining unrestricted amount

In addition, certain additional financial information regarding the Division is included in these footnotes.

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

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

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In the statement of cash flows, cash receipts and cash payments are classified according to operating, noncapital, capital and related financing and investment activities.

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

Investments: The Division follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application,* which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Division's investments in money market mutual funds and State Treasury Reserve of Ohio (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Division has invested funds in the STAR Ohio during 2020. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

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

Interfund Transactions: During the course of normal operations, the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

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

Inventory of Supplies: Inventory is valued at cost using the first in/first out method. Inventory costs are charged to operations when consumed.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than $5,000 for land, furniture, fixtures, equipment and vehicles and $10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations.

The estimated useful lives are as follows:

Land improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

Compensated Absences: The Division accrues for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 16, *Accounting for Compensated Absences*. These amounts are recorded as accrued wages and benefits in the accompanying statements of net position. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability.

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

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

***Net Pension/OPEB Liabilities*:** For purposes of measuring the net pension/OPEB liabilities, 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.

Bond Issuance Costs, Discounts/Premiums and Unamortized Loss on Debt Refunding: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resource and is amortized over the shorter of the defeased bond or the newly issued bond.

Transfers: During the course of normal operations, the Division received a transfer from the City of Cleveland General Fund to subsidize operations. The transfer was a nonreciprocal transfer and is not required to be repaid.

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt outstanding at December 31, 2020 is as follows:

	Interest Rate	Original Issuance	2020
	(Amounts in Thousands)		
Parking Facilities Refunding Revenue Bonds:			
Series 2006, due through 2022	5.25%	$ 57,520	$ 7,660
Unamortized (discount) premium			79
Current portion (due within one year)			(3,730)
Total Long-Term Debt			$ 4,009

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

Summary: Changes in long-term obligations for the year ended December 31, 2020 are as follows:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
			(Amounts in Thousands)		
Parking Facilities Refunding Revenue Bonds:					
Series 2006, due through 2022	$ 11,200	$	$ (3,540)	$ 7,660	$ 3,730
Accrued wages and benefits	113	107	(107)	113	97
Net pension liability	1,644		(479)	1,165	
Net OPEB liability	777	34		811	
Total	$ 13,734	$ 141	$ (4,126)	$ 9,749	$ 3,827

Minimum principal and interest payments on outstanding long-term debt are as follows:

Year	Principal	Interest	Total
	(Amounts in Thousands)		
2021	$ 3,730	$ 402	$ 4,132
2022	3,930	206	4,136
Total	$ 7,660	$ 608	$ 8,268

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

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

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

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

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

Interest Rate Swap Transaction

Terms: Simultaneously with the issuance of the City's $57,520,000 Parking Facilities Refunding Revenue Bonds, Series 2006 on August 15, 2006, the City entered into a floating-to-floating rate basis swap agreement with a notional amount equal to the total declining balance of the Series 2006 Bonds. UBS was the counterparty on the transaction. As stated above, the basis swap was transferred to PNC Bank, National Association in 2013. Under the swap agreement for the Series 2006 Bonds, the City is a floating rate payor, paying a floating rate based on the Securities Industry and Financial Markets Association (SIFMA) index. The counterparty is also a floating rate payor, paying the City 67.0% of one month LIBOR. The City also received an upfront payment in the amount of $1,606,000. Net payments are exchanged semi-annually each March 15 and September 15. The obligation of the City to make periodic payments (but not any termination payment) is secured by a pledge of and lien on the parking revenues and additional pledged revenues as defined in the trust indenture securing the Parking Facilities Refunding Revenue Bonds, Series 2006, on parity with the pledge and lien securing the payment of debt service on the bonds.

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

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

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

Basis Risk: By entering into the swap based upon the 30 day LIBOR rate of interest, the City has undertaken basis risk associated with a change in tax rates and structure. While the average relationship between the SIFMA (tax-exempt) and LIBOR (taxable) interest rates has been 67.0%, this relationship may not always apply. Since late 2008, this relationship has been significantly higher or lower for various periods of time due to disruptions in the financial markets. The payments received from the counterparty may be less than the amount owed to the counterparty, resulting in a net increase in debt service. From 2013 to early 2016, the SIFMA/LIBOR relationship was significantly lower than 67.0%. In this case payments received from the counterparty were greater than the amount owed to the counterparty which resulted in a net decrease in debt service. In addition, a reduction in federal income tax rates such as the one that was approved in late 2017, might increase the percentage relationship between SIFMA and LIBOR and potentially increase the cost of the financing. In 2020, payments owed to the counterparty exceeded payments received from the counterparty by approximately $20,000.

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

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

Fair Value: The fair value of the swap at December 31, 2020 as reported by PNC was $4,000, which would be payable by the City.

The City has pledged future revenues from certain parking facilities, net of specified operating expenses and other operating revenues to repay $7,660,000 of Parking Facilities Refunding Revenue Bonds issued in 2006. Proceeds from the bonds initially issued provided financing for the construction of parking facilities. The bonds are payable from parking facilities net revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require the full amount of net operating revenues. The total principal and interest remaining to be paid on the Parking Facilities Refunding Revenue Bonds is $8,268,000. Principal and interest paid for the current year (including net swap payments) and total net revenues were $4,148,000 and $71,000, respectively. There was a significant drop in net revenues in 2020 due to the COVID-19 pandemic. With most sporting and entertainment venues shut down and a large number of employees working from home, usage of the City's parking facilities was dramatically reduced.

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

In 2020, no additional pledged revenue was required to meet the debt service on the Parking Facilities Refunding Revenue Bonds. However, due to the limited net revenues being generated, funds on hand in the surplus fund were used to meet debt service requirements. The trust indenture requires, among other things, that the Division will fix parking rates and will charge and collect fees for the use of the parking facilities and will restrict operating expenses. As of December 31, 2020, the Division was in compliance with the terms and requirements of the trust indenture.

Derivative instruments are contracts, the value of which depends on, or derives from, the value of an underlying asset, index or rate. The most common types of derivatives used by governments are interest rate swaps and interest rate locks. The Division entered into a derivative or hedging agreement in 2003. A detailed description of the outstanding derivative, including its terms, objectives, risks and fair value, can be found in the preceding section.

Derivative Instruments

The Division has reported an asset and/or a liability as appropriate in the amount of the fair value of the interest rate swap, which reflects the prevailing interest rate environment at December 31, 2020. The fair value of the swap has been provided by the counterparty and confirmed by the City's financial advisor. The Division recognized a $10,000 investment revenue pursuant to this swap in 2020.

The following table presents the fair value balance and notional amount of the Division's derivative instrument outstanding at December 31, 2020, classified by type and the change in fair value of this derivative during fiscal year 2020 as reported in the respective financial statements. The fair value of the interest rate swap, which reflects the prevailing interest rate environment at December 31, 2020 and the specific terms and conditions of the swap, have been provided by the counterparty and confirmed by the City's financial advisor.

The derivative instrument is classified as a Level 2 input of the fair value hierarchy and is considered to be a significant other observable input. The derivative instrument is calculated using the zero-coupon discounting method which takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and assumes that the current forward rate implied by the yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the swap, where future amounts are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money.

	Changes in Fair Value		Fair Value at December 31, 2020		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
			(Amounts in Thousands)		
Floating to floating interest rate swap					
2006 Parking Basis Swap	Investment Revenue	$ 10	Debt	$ (4)	$ 7,660

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

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

The table below presents the objective and significant terms of the Division's derivative instrument at December 31, 2020, along with the credit rating of the swap counterparty.

Bonds	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
			(Amounts in Thousands)				
2006 Parking Bonds	Basis Swap - Pay Floating / Receive Floating	Exchange floating rate payments on Series 2006 Parking System Revenue Bonds	$ 7,660	8/15/2006	9/15/2022	Pay SIFMA, receive 67% of LIBOR	A2/A/A+

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

In conjunction with the sale of the Gateway North Garage, the Division defeased some of the Parking Facilities Refunding Revenue Bonds, Series 2006, by placing a portion of the proceeds of the sale into an irrevocable trust to provide for all future debt service payments on the defeased bonds. The Division had $3,625,000 of defeased debt outstanding at December 31, 2020.

NOTE C – GATEWAY ECONOMIC DEVELOPMENT CORPORATION

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

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

In 2020, net revenues generated by the remaining Gateway garage were less than the debt service payments attributed to that garage by $2,785,000. Cumulative debt service payments funded by the City that are due from Gateway totaled $57,071,000 at December 31, 2020. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE D – DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Division's deposits at December 31, 2020 totaled $1,873,000 and the Division's bank balances were $1,871,000. The differences represent positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $1,871,000 of the bank balances at December 31, 2020 was insured or collateralized with securities held by the City or by its agent in the City's name.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Division will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the Division's deposits were fully insured or collateralized. All deposits are collateralized with eligible securities pledged and deposited either with the City or with a qualified trustee by the financial institution as security for repayment of all public monies deposited in the financial institution whose market value at all times is equal to at least 110.0% of the carrying value of the deposits being secured.

Investments: In accordance with GASB Statement No. 72, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. The City's investment policies are governed by State Statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; STAR Ohio, commercial paper; U.S. Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; and repurchase transactions. Such repurchase transactions must be purchased from financial institutions or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained.

Generally, investments are recorded and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the City, apart from the assets of the depository institution. Ohio statutes prohibit the use of reverse repurchase agreements.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Division invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

NOTE D – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk: The Division's investments as of December 31, 2020 include STAR Ohio and money market mutual funds. The Division maintains the highest ratings for their investments. Investments in STAR Ohio, Dreyfus Government Cash Management Mutual Fund and Morgan Stanley Government Institutional Mutual Funds carry a rating of AAAm, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk: The Division places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. The Division had the following investments at December 31, 2020, 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	2020 Value	2020 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 2	$ 2	$ 2
Money Market Mutual Funds	12,428	12,428	12,428
Total Investments	12,430	12,430	12,430
Total Deposits	1,873	1,873	1,873
Total Deposits and Investments	$ 14,303	$ 14,303	$ 14,303

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, 2020, the investments in STAR Ohio and money market mutual funds are approximately < 0.1% and 100.0%, respectively, of the Division's total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE E – CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
	(Amounts in Thousands)			
Capital assets, not being depreciated:				
Land	$ 5,478	$	$	$ 5,478
Construction in progress	4,478	162		4,640
Total capital assets, not being depreciated	9,956	162	-	10,118
Capital assets, being depreciated:				
Land improvements	4,374			4,374
Buildings, structures and improvements	56,483			56,483
Furniture, fixtures, equipment and vehicles	2,213			2,213
Total capital assets, being depreciated	63,070	-	-	63,070
Less: Accumulated depreciation	(35,469)	(1,721)		(37,190)
Total capital assets being depreciated, net	27,601	(1,721)	-	25,880
Capital assets, net	$ 37,557	$ (1,559)	$ -	$ 35,998

NOTE F – DEFINED BENEFIT PENSION PLANS

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

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

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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 F – 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 Comprehensive Annual 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 2020, 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 $109,000 for 2020. All required payments have been made.

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Division's proportion of the net pension liability was based on the Division's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS (Amounts in Thousands)	
Proportionate Share of the Net Pension Liability	$	1,165
Proportion of the Net Pension Liability		0.005957%
Change in Proportion		(0.000070)%
Pension Expense	$	193

At December 31, 2020, the Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Change in assumptions	$	64
Change in proportionate share		4
Division's contributions subsequent to the measurement date		109
Total Deferred Outflows of Resources	$	177
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	18
Differences in projected and actual investment earnings		236
Change in Division's proportionate share		9
Total Deferred Inflows of Resources	$	263

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

The $109,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS (Amounts in Thousands)
2021	$ (29)
2022	(79)
2023	9
2024	(94)
2025	(1)
Thereafter	(1)
Total	$ (195)

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2019
Wage Inflation	3.25%
Future Salary Increases, including wage inflation	3.25 to 10.75 %
COLA or Ad Hoc COLA	3.25%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 1.4%, simple
	through 2020, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit Portfolio, the Health Care Portfolio and the Defined Contribution Portfolio. The Defined Benefit Portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit Portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the Defined Benefit 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 Defined Benefit Portfolio was 17.2% for 2019.

NOTE F – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability	$ 1,733	$ 1,165	$ 693

NOTE G – DEFINED BENEFIT OPEB PLANS

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

The net OPEB liability 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 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 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. Resulting adjustments to the net OPEB liability 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 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 G – DEFINED BENEFIT OPEB PLANS (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

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

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

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% for both plans in 2020. 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 2019 was 4.0%.

For the year ended December 31, 2020, OPERS did not allocate any employer contributions to the OPEB plan.

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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 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
Proportion of the Net OPEB Liability:	
Current measurement date	0.005874%
Prior measurement date	0.005957%
Change in Proportionate Share	(0.000083)%
	(Amounts in Thousands)
Proportionate Share of the Net OPEB Liability	$ 811
OPEB Expense	$ 97

At December 31, 2020, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS (Amounts in Thousands)
Deferred Outflows of Resources	
Changes of assumptions	$ 128
Changes in proportion and differences between Division contributions and proportionate share of contributions	1
Total Deferred Outflows of Resources	$ 129
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 74
Net difference between projected and actual earnings on OPEB plan investments	42
Changes in proportion and differences between City contributions and proportionate share of contributions	10
Total Deferred Inflows of Resources	$ 126

NOTE G – 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)	
2021	$	14
2022		7
2023		0
2024		(18)
Total	$	3

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 was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date as of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	3.16%
Prior Measurement Date	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.75%
Prior Measurement Date	3.71%
Health Care Cost Trend Rate:	
Current Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Prior Measurement Date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

During 2019, 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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 19.7% for 2019.

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate: A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

NOTE G – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Division's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability	$ 1,062	$ 811	$ 611

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB liability calculated using the assumed trend rates and the expected net OPEB liability 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 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease (2.50%)	Current Health Care Cost Trend Rate Assumption (3.50%)	1% Increase (4.50%)
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability	$ 788	$ 811	$ 836

NOTE H – RELATED PARTY TRANSACTIONS

Operating Expenses: The Division is provided various services by other City divisions. Charges are based on actual usage or on a reasonable pro-rata basis. The more significant expenses included in the statements of operations for the year ended December 31, 2020 is as follows:

Division	Amount (Amounts in Thousands)	
Telephone	$	23
Motor Vehicle Maintenance		13
Waste Collection		1
Printing		5
Light and Power		5
	$	47

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 2020.

The City provides the choice of two separate health insurance plans to its employees. The Division is charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Division is immaterial.

NOTE J – LEASES

The Division leases the land for various parking facilities to management companies under non-cancelable lease agreements, which expire at various times through the year 2056. Revenues generated from such leases totaled $180,000 in 2020. Future minimum rentals on non-cancelable leases are as follows:

Year	Amount (Amounts in Thousands)
2021	$ 180
2022	180
2023	180
2024	180
2025	180
Thereafter	3,120
	$ 4,020

NOTE K – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Division. In addition, the impact on the Division's future operating revenues, expenses, and any recovery from emergency funding cannot be estimated.

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DIVISION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS (1), (2)**

	Division's Proportion of the Net Pension Liability	Division's Proportionate Share of the Net Pension Liability	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	(Amounts in Thousands)				
2014	0.006017%	$ 708	$ 685	103.36%	86.36%
2015	0.006017	723	750	96.40	86.45
2016	0.005975	1,032	758	136.15	81.08
2017	0.005756	1,304	767	170.01	77.25
2018	0.005965	928	715	129.79	84.66
2019	0.006027	1,644	764	215.18	74.70
2020	0.005957	1,165	800	145.63	82.17

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

(2) Information prior to 2014 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

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

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2013	$ 89	$ (89)	$ -	$ 685	13.00%
2014	90	(90)	-	750	12.00
2015	91	(91)	-	758	12.00
2016	92	(92)	-	767	12.00
2017	93	(93)	-	715	13.00
2018	107	(107)	-	764	14.00
2019	112	(112)	-	800	14.00
2020	109	(109)	-	779	14.00

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

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DIVISION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR YEARS (1), (2)

	Division's Proportion of the Net OPEB Liability	Division's Proportionate Share of the Net OPEB Liability	Division's Covered Payroll	Division'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	0.005654%	$ 571	$ 767	74.45%	54.04%
2018	0.005868	637	715	89.09	54.14
2019	0.005957	777	764	101.70	46.33
2020	0.005874	811	800	101.38	47.80

(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 7.5% 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.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC WORKS
DIVISION OF PARKING FACILITIES

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2016	$ 15	$ (15)	$ -	$ 767	2.00%
2017	7	(7)	-	715	1.00
2018	-	-	-	764	0.00
2019	-	-	-	800	0.00
2020	-	-	-	779	0.00

(1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member-Directed Plan.

(3) Represents Division's calendar year. Information prior to 2016 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2020

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CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS
One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
P. 513.241.3111 | F. 513.241.1212

INDEPENDENT AUDITORS' REPORT

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee
Division of Cleveland Public Power
Department of Public Utilities
City of Cleveland, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the Division of Cleveland Public Power, Department of Public Utilities, City of Cleveland, Ohio (the "Division") as of and for the year ended December 31, 2020 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Division of Cleveland Public Power, Department of Public Utilities, City of Cleveland, Ohio, as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the basic financial statements, the financial statements present only the Division and do not purport to, and do not present fairly the financial position of the City of Cleveland as of December 31, 2020, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020

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, 2020. Please read this information in conjunction with the Division's financial statements and footnotes that begin on page 18.

The Division was created in 1906 and charged with the responsibility for the distribution of electricity and related electric service to customers within its service areas. The Division operates a municipal electric system that is the largest in the State of Ohio and the 41st largest by customers served in the United States according to the American Public Power Association's statistics for 2018. The Division serves an area that is bound by the City limits and presently serves approximately 74,000 customers.

The Division is one of the very few municipal electric companies in the United States that competes with an investor-owned utility, in this case FirstEnergy Corporation's Cleveland Electric Illuminating Company (CEI).

According to the 2019 census estimate, the City's population is approximately 381,000 people. The Division has distribution facilities in about 60% of the geographical area of the City, primarily on the east side.

The Division obtains substantially all of its power and energy requirements through agreements with various regional utilities and other power suppliers for power delivered through CEI interconnections. The balance of the Division's power and energy requirements are satisfied with production from the Division's three combustion turbine generating units and various arrangements for the exchange of short-term power and energy through CEI's interconnections. To reduce its reliance on the wholesale market, the Division's long-term base load supply will include a mix of power provided by participation in American Municipal Power (AMP) Inc. hydroelectric projects, the Fremont Energy Center, the Prairie State Energy Campus project and the Blue Creek Wind project.

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

FINANCIAL HIGHLIGHTS

- The Division's net position was $176,848,000 and $181,070,000 at December 31, 2020 and 2019, respectively. Of these amounts, ($1,103,000) and $3,749,000 are unrestricted net position at December 31, 2020 and 2019, respectively, which may be used to meet the Division's ongoing obligations to customers and creditors.

- Operating revenues decreased by $16,986,000, primarily due to lower purchased power costs being passed on to customers and a decrease of 3.8% in kilowatt-hour (kWh) demand.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL HIGHLIGHTS (Continued)

- The Division's total long-term bonded debt decreased by $3,555,000 for the year ended December 31, 2020. The decrease is due to scheduled payments to bondholders and the refunding of outstanding Series 2014 and Series 2016 Bonds.

- Operations expense decreased by $9,119,000 or 25.7%, primarily due to decreases of $3,642,000 in pension expense and $1,631,000 in telecommunications costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The accompanying financial statements present financial information for the City's Division of Cleveland Public Power Fund, in which the City accounts for the operations of the Department of Public Utilities, Division of Cleveland Public Power. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Division is considered an enterprise fund because the operations of the Division are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Division, the economic resources measurement focus and accrual basis of accounting are used. This is similar to businesses in the private sector.

The basic financial statements of the Division can be found on pages 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 financial statements can be found on pages 25 – 52 of this report. Required supplementary information can be found on pages 53 - 56.

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, 2020 and 2019:

	2020	2019
	(Amounts in Thousands)	
Assets:		
Capital assets, net of accumulated depreciation	$ 350,025	$ 353,761
Restricted assets	4,066	4,134
Current assets	93,784	86,863
Total assets	447,875	444,758
Deferred outflows of resources	30,611	22,462
Net Position:		
Net investment in capital assets	175,109	174,375
Restricted for capital projects	179	501
Restricted for debt service	2,663	2,445
Unrestricted	(1,103)	3,749
Total net position	176,848	181,070
Liabilities:		
Long-term obligations	262,455	263,213
Current liabilities	26,538	22,359
Total liabilities	288,993	285,572
Deferred inflows of resources	12,645	578

***Restricted assets**:* The Division's restricted assets decreased by $68,000. The decrease is primarily due to a $64,000 reduction in cash and cash equivalents in the debt service fund.

Current assets: The Division's current assets increased by $6,921,000 in 2020. The increase is mainly due to an increase of $5,377,000 in unrestricted cash and cash equivalents and $4,592,000 in unbilled revenue. The increase in unbilled revenue is mainly attributed to a change in customer billing cycles that occurred after the Division upgraded its accounts receivable module from Banner to Customer Care & Billing (CC&B). These increases were partially offset by decreases of $1,260,000 in net accounts receivable and $802,000 in due from other City of Cleveland departments, divisions and funds.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

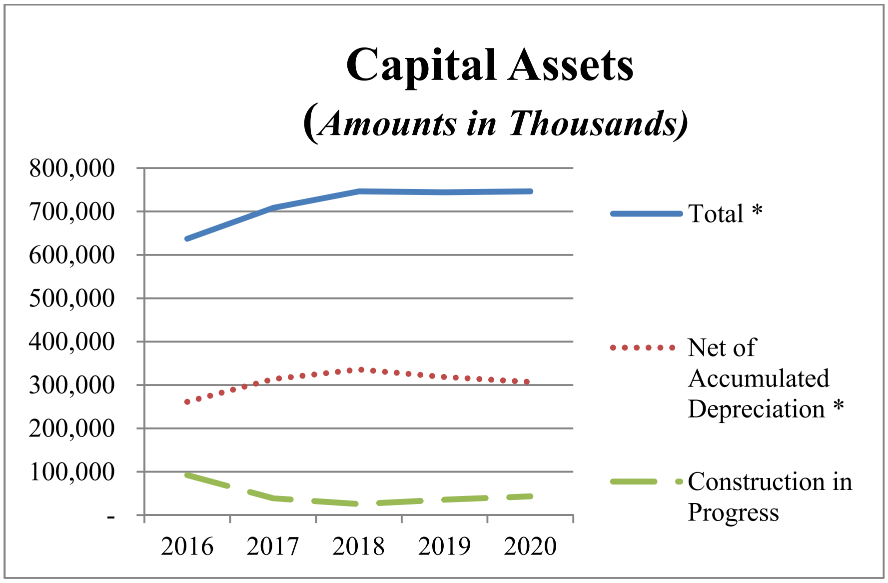
Capital assets: The Division's capital assets as of December 31, 2020, amounted to $350,025,000 (net of accumulated depreciation). The total decrease in the Division's net capital assets for the current year was $3,736,000. A summary of the activity in the Division's capital assets during the year ended December 31, 2020, is as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
	(Amounts in Thousands)			
Land	$ 5,574	$	$	$ 5,574
Land improvements	841	882		1,723
Utility plant	622,718	8,943	(8,048)	623,613
Buildings, structures and improvements	23,499	37		23,536
Furniture, fixtures, equipment and vehicles	91,472	1,072	(730)	91,814
Construction in progress	35,462	11,199	(3,494)	43,167
Total	779,566	22,133	(12,272)	789,427
Less: Accumulated depreciation	(425,805)	(22,375)	8,778	(439,402)
Capital assets, net	$ 353,761	$ (242)	$ (3,494)	$ 350,025

The principal additions to construction in progress during 2020 included the following:

- Southern Transmission Line
- Auto transformers
- Roof replacements
- General engineering services

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)



* Construction in Progress not included

Additional information on the Division's capital assets, including commitments made for future capital expenditures, can be found in Note D – Capital Assets to the basic financial statements.

Deferred outflows of resources: There was an increase of $8,149,000 in deferred outflows of resources. Unamoritzed loss on debt refundings increased by $13,462,000, primarily due to the refunding of the outstanding Series 2014 Bonds. Deferred outflows of resources related to other post-employment benefits (OPEB) increased by $1,297,000, primarily due to a $2,145,000 increase in change of assumptions regarding future economic and demographic factors. These increases were offset by a decrease in deferred pension outflows of $6,610,000, mainly due to a $4,664,000 decrease in the net difference between projected and actual earnings on plan investments.

Current liabilities: The increase in current liabilities of $4,179,000 is primarily due to an increase of $3,105,000 in the current portion of long-term debt, due within one year. The increase is due to scheduled debt payments. There was also an increase in accounts payable of $1,095,000.

Net pension/OPEB liabilities**:** The net pension liability is reported by the Division at December 31, 2020 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. For fiscal year 2019, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability 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 or the net OPEB liability. 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Division's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, 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 and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Long-term obligations: The long-term obligations decrease of $758,000 is mainly due to a decrease of $9,899,000 in net pension liability, partially offset by increases of $5,893,000 in revenue bonds payable and $2,768,000 in accreted interest payable. The decrease in net pension liability is primarily due to investment returns exceeding expectations.

At December 31, 2020, the Division had total bonded debt outstanding of $180,083,000. All bonds are backed by the revenues generated by the Division.

The Division issued revenue bonds in the public capital markets in the late 1980's and early 1990's to finance a substantial expansion to its service territory. The Division also issued bonds in April 2008 for system expansion. In 2006, 2010, 2012, 2016, 2018 and 2020 the Division issued bonds to refinance a portion of its long-term debt. In 2014, the Division issued refunding bonds for the purpose of leveling the Division's debt service payments over the life of the debt. This outstanding debt is being retired in accordance with repayment schedules through 2038.

Accreted interest payable will increase every year until 2025, due to interest accruing on the Division's 2008B Capital Appreciation Bonds (CABs). Payments of the accreted amount will begin in 2025.

The activity in the Division's debt obligations outstanding during the year ended December 31, 2020, is summarized in the following table (excluding unamortized discounts, premiums and accreted interest):

	Balance January 1, 2020	Debt Issued	Debt Retired	Balance December 31, 2020
	(Amounts in Thousands)			
Revenue Bonds:				
Revenue Bonds 2008 B-2	$ 27,903	$	$	$ 27,903
Revenue Bonds 2014	76,885		(76,885)	-
Revenue Bonds 2016	32,605		(9,185)	23,420
Revenue Bonds 2018	46,245		(1,065)	45,180
Revenue Bonds 2020		83,580		83,580
Total	$ 183,638	$ 83,580	$ (87,135)	$ 180,083

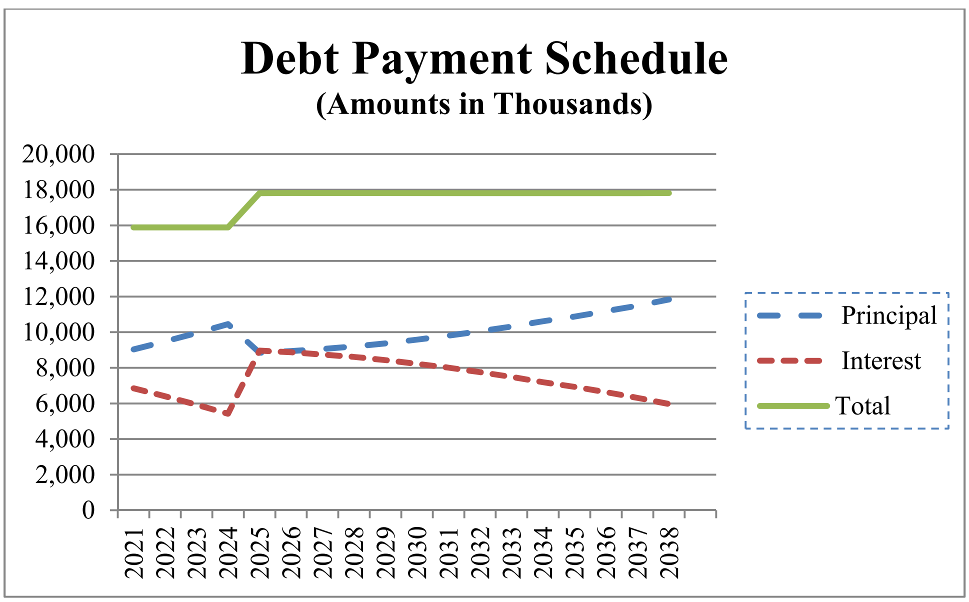
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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 2020 and 2019 was 247% and 173%, 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 29 - 33.



Deferred inflows of resources: There was a $12,067,000 increase in deferred inflows of resources. The increase is primarily due to increases of $4,899,000 in pension inflows and $4,614,000 in excess purchased power costs. The increase in pension inflows is mainly due to a $4,882,000 increase in the net difference between projected and actual earnings on pension plan investments.

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 $176,848,000 and $181,070,000 at December 31, 2020 and 2019, respectively.

Of the Division's net position at December 31, 2020, $175,109,000 reflects the Division's investment in capital assets (e.g., land, buildings, utility plant, furniture, fixtures, vehicles and equipment), net of accumulated depreciation, less any related, still-outstanding debt used to acquire those assets. The Division uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Division's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, $179,000 denotes funds restricted for use in capital projects and $2,663,000 represents resources subject to debt service restrictions.

The unrestricted ($1,103,000) deficit is primarily attributable to the Division's long-term pension and OPEB liabilities. These liabilities do not represent a legal obligation of the Division and absent a change in Ohio law will not have to be paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

The Division had a net loss of $4,222,000 in 2020. Provided below are key elements of the Division's results of operations as of and for the years ended December 31, 2020 and 2019:

	2020	2019
	(Amounts in Thousands)	
Operating revenues	$ 186,792	$ 203,778
Operating expenses	188,490	209,186
Operating income (loss)	(1,698)	(5,408)
Non-operating revenue (expense):		
Investment income	168	648
Interest expense	(9,554)	(11,159)
Amortization of bond premiums and discounts	2,087	1,282
Other	4,775	6,099
Total non-operating revenue (expense), net	(2,524)	(3,130)
Capital and other contributions		33
Increase (decrease) in net position	(4,222)	(8,505)
Net position, beginning of year	181,070	189,575
Net position, end of year	$ 176,848	$ 181,070

Operating revenues: In 2020, operating revenues decreased by $16,986,000, primarily due to lower purchased power costs being passed on to customers and a decrease of 3.8% in kilowatt-hour (kWh) demand.

Operating expenses: Operating expenses decreased by $20,696,000 in 2020, primarily due to a $12,112,000 decrease in purchased power costs. In addition, operations expense decreased by $9,119,000. The decrease is primarily attributed to reductions of $3,642,000 in pension expense and $1,631,000 in telecommunications costs. The decrease in telecommunications costs is primarily attributed to the Division converting number of circuits from analog to digital transmission, greatly reducing monthly fees.

These decreases were partially offset by a $594,000 increase in bad debt expense. The increase is mainly due to the economic impact associated with the COVID-19 pandemic.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 impact the Division over the next several years.

Capacity Expansion Program

The Division's Capacity Expansion Program, which includes three major components, was designed to support and improve the Division's electric system reliability and, through increasing system capacity by 80 MW (Megawatt), provide for future load growth opportunities. This program includes the addition of a fourth 138 kV interconnection with the FirstEnergy transmission system (Fourth Interconnect), which was energized in 2011; the extension of the southern 138 kV transmission system (Southern Project); and the expansion of the Lake Road 11.5 kV Substation and the 11.5 kV system downtown (Lake Road Project). In 2008, the Division issued the Series 2008B-1 Bonds to fund the Capacity Expansion Program. In 2020, two major projects of the program were completed and energized; the expansion of the Lake Road 11.5 kV Substation and the 11.5 kV system downtown (Lake Road Project).

The Lake Road Project includes the construction of a duct line and feeder cables to the 11^{th} Street Substation. The re-feeding of the 11^{th} Street Substation, which increases the capacity in the downtown area and along the corridor between the Lake Road Substation, and the 11^{th} Street Substation were completed and put in service in 2020. In addition, a new step-up substation known as the South Marginal Substation is complete. It provides capacity from the 11.5kV distribution system located downtown to a portion of the 13.8 kV distribution system situated east and southeast of downtown. The South Marginal Substation was completed and will be energized when the Division's new Supervisory Control and Data Acquisition (SCADA) System is placed into service.

The overhead portion of the 138 kV Southern Project was completed in 2020 and the Division plans to complete regulatory standards and put it into service in 2021. The Southern Project includes the modification of the Ridge Road Substation to create a ring bus to support the new 138 kV transmission loop, which will run from the Ridge Road Substation to the Pofok Substation. The Division has successfully collaborated with the City, Cuyahoga County and the Ohio Department of Transportation to combine the construction of an underground segment of the transmission line with a roadway project. The project is targeted to be placed in service by the end of the second quarter of 2021.

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 2020, about 21.5% 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). These blocks can be procured by AMP on the Division's behalf with the cost plus a service charge directly passed through to the Division. Alternatively, the Division has the option to contract directly with third parties.

Generation Projects

The Division has chosen to participate in generation projects in order to (i) diversify its power supply portfolio and increase use of renewable energy, (ii) secure long-term stable sources of power, (iii) explore local generation opportunities where transmission congestion costs are mostly avoided and (iv) mitigate the costs of meeting its resource adequacy obligations.

The generation projects through AMP in which the Division participates are Blue Creek Wind, AMP Fremont Energy Center, AMP Hydro Phase 1/Phase 2 and Prairie State. The following sections describe these projects.

Blue Creek Wind Project

In June 2012, the Division entered into an agreement with AMP to purchase 10 MW of energy, capacity and Renewable Energy Credits (REC's) from the Blue Creek Wind Project. The 304 MW Blue Creek Wind Project was developed and is owned, by Iberdrola Renewables, LLC and is located in northwestern Ohio in Van Wert and Paulding counties. The project began commercial operation in June 2012. AMP purchases up to 54 MW from the project on behalf of its members through a Renewable Wind Energy Power Purchase Agreement with Blue Creek Wind Farm, LLC.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FACTORS EXPECTED TO IMPACT THE DIVISION'S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS (Continued)

AMP Fremont Energy Center

AMP and two of its member agencies in Michigan and Virginia own the AMP Fremont Energy Center (AFEC), a 707 MW natural gas-fired combined cycle generating plant in Fremont, Ohio. Of the 707 MW, 544 MW is available as an intermediate power source during on-peak hours and an additional 163 MW of duct-firing is available for use during peak demand times. AMP purchased the facility in 2011 from FirstEnergy Generation Corporation and completed construction and commissioning. The plant went into commercial operation in January 2012. The Division, through a membership participation agreement with AMP, has entitlement to approximately 79 MW of intermediate and peaking power output from AFEC.

AMP Hydro Projects

In December 2007, the Division entered into an agreement with AMP to purchase 35 MW of hydroelectric power from three planned AMP run-of-the-river hydroelectric projects (AMP Hydro Phase 1) to be constructed on the Ohio River. These include both the Cannelton and Smithland projects in Kentucky, as well as the Willow Island project in West Virginia.

The Cannelton project is located on the Kentucky south shore of the Ohio River at the existing U.S. Army Corps of Engineers Cannelton Locks and Dam. The Cannelton project includes three 29.3 MW bulb-type generators with a combined capacity of approximately 88 MW. In addition to the powerhouse and other equipment, the project includes a 1,000-foot transmission line to the point of interconnection. The first unit of the Cannelton Project entered commercial operation in January 2016, the second unit entered commercial operation in March 2016 and the third entered commercial operation in June 2016.

The Smithland project is located at the existing U.S. Army Corps of Engineers Smithland Navigation Locks and Dam. The plant's configuration and equipment is similar to Cannelton's, but includes three 25.3 MW bulb-type generators with a total capacity of approximately 76 MW and a two mile transmission line to the point of interconnection. The Smithland Project entered commercial operation in summer of 2017.

The Willow Island project in West Virginia is located at the existing U.S. Army Corps of Engineers Willow Island Lock and Dam. The plant design and technology is similar to the other two projects but includes two 22 MW generators with a total capacity of approximately 44 MW. The project includes a 1.6 mile transmission line to the point of interconnection. Willow Island Project entered commercial operation in 2016.

Together these projects are expected to produce 208 MW, of which 35 MW is allocated to the Division. In March 2010, the Division executed agreements with AMP to participate in two additional AMP run-of-the-river hydroelectric projects (AMP Hydro Phase 2) on the Ohio River. The first is the Meldahl Project, a 105 MW three-unit hydroelectric generation facility located on the Kentucky side of the Ohio River. The Meldahl Project entered commercial operation in April 2016. The second project is the Greenup Project, an existing 70 MW plant majority-owned by the City of Hamilton, Ohio. The Division has contracted to receive 15 MW from the Meldahl-Greenup Projects, for a total of 50 MW (when combined with AMP Hydro Phase 1) from the five AMP hydroelectric projects.

FACTORS EXPECTED TO IMPACT THE DIVISION'S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS (Continued)

Prairie State Energy Campus

AMP has a 23% ownership interest in the Prairie State Energy Campus in Illinois, a pulverized coal plant consisting of two generating units with a total rating of 1,582 MW. AMP is entitled to 368 MW as an owner of the facility in partnership with public power agencies and cooperatives in Illinois, Indiana, Kentucky and Missouri. The project is a "mouth-of-the mine" project that includes entitlement to 200 million tons of coal reserves in an adjacent coal mine. The project was developed by Peabody Energy and went into commercial operation in 2012. The Division purchases 25 MW from the Prairie State project through a participation agreement with AMP.

ADDITIONAL INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF NET POSITION
December 31, 2020
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CAPITAL ASSETS	
Land	$ 5,574
Land improvements	1,723
Utility plant	623,613
Buildings, structures and improvements	23,536
Furniture, fixtures, equipment and vehicles	91,814
	746,260
Less: Accumulated depreciation	(439,402)
	306,858
Construction in progress	43,167
CAPITAL ASSETS, NET	350,025
RESTRICTED ASSETS	
Cash and cash equivalents	4,066
TOTAL RESTRICTED ASSETS	4,066
CURRENT ASSETS	
Cash and cash equivalents	61,033
Restricted cash and cash equivalents	996
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of $10,015	12,259
Recoverable costs of purchased power	653
Unbilled revenue	7,519
Due from other City of Cleveland departments, divisions or funds	2,268
Materials and supplies	8,675
Prepaid expenses	381
TOTAL CURRENT ASSETS	93,784
TOTAL ASSETS	447,875
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on debt refunding	23,932
Pension	4,012
OPEB	2,667
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30,611

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF NET POSITION
December 31, 2020
(Amounts in Thousands)

NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
NET POSITION		
Net investment in capital assets	$	175,109
Restricted for capital projects		179
Restricted for debt service		2,663
Unrestricted		(1,103)
TOTAL NET POSITION		176,848
LIABILITIES		
LONG-TERM OBLIGATIONS-excluding amounts due within one year		
Accrued wages and benefits		491
Accreted interest payable		26,331
Revenue bonds		191,008
Net pension liability		26,253
Net OPEB liability		17,316
Other		1,056
TOTAL LONG-TERM OBLIGATIONS		262,455
CURRENT LIABILITIES		
Accounts payable		11,161
Other accrued expenses		430
Customer deposits and other liabilities		422
Current portion of accrued wages and benefits		3,089
Due to other City of Cleveland departments, divisions or funds		554
Accrued interest payable		856
Current payable from restricted assets		996
Current portion of long-term debt, due within one year		9,030
TOTAL CURRENT LIABILITIES		26,538
TOTAL LIABILITIES		288,993
DEFERRED INFLOWS OF RESOURCES		
Excess purchased power costs		4,614
Pension		5,434
OPEB		2,597
TOTAL DEFERRED INFLOWS OF RESOURCES		12,645

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, 2020
(Amounts in Thousands)

OPERATING REVENUES	
Charges for services	$ 186,792
TOTAL OPERATING REVENUES	186,792
OPERATING EXPENSES	
Purchased power	122,115
Operations	26,392
Maintenance	17,608
Depreciation	22,375
TOTAL OPERATING EXPENSES	188,490
OPERATING INCOME (LOSS)	(1,698)
NON-OPERATING REVENUE (EXPENSE)	
Investment income	168
Interest expense	(9,554)
Amortization of bond premiums and discounts	2,087
Other	4,775
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	(2,524)
INCREASE (DECREASE) IN NET POSITION	(4,222)
NET POSITION AT BEGINNING OF YEAR	181,070
NET POSITION END OF YEAR	$ 176,848

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, 2020
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 187,637
Cash payments to suppliers for goods or services	(16,930)
Cash payments to employees for services	(16,965)
Cash payments for purchased power	(120,859)
Electric excise tax payments to custodial fund and other	(4,550)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	28,333
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Electric excise tax receipts	5,791
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	5,791
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of revenue bonds	97,499
Acquisition and construction of capital assets	(17,242)
Principal paid on long-term debt	(3,740)
Interest paid on long-term debt	(6,142)
Cash paid to escrow agent for refunding	(99,223)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(28,848)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	172
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	172
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,448
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	60,647
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 66,095

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020
(Amounts in Thousands)

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

OPERATING INCOME (LOSS)	$ (1,698)
Adjustments:	
Depreciation	22,375
(Increase) decrease in assets:	
Accounts receivable, net	1,260
Recoverable costs of purchased power	562
Unbilled revenue	(4,592)
Due from other City of Cleveland departments, divisions or funds	802
Materials and supplies, net	551
Prepaid expenses	8
(Increase) decrease in deferred outflows of resources:	
Pension	6,610
OPEB	(1,297)
Increase (decrease) in liabilities:	
Accounts payable	1,095
Other accrued expenses	13
Customer deposits and other liabilities	(774)
Accrued wages and benefits	482
Due to other City of Cleveland departments, divisions or funds	424
Other long-term liabilities	(375)
Net pension liability	(9,899)
Net OPEB liability	719
Increase (decrease) in deferred inflows of resources:	
Excess purchased power costs	4,614
Pension	4,899
OPEB	2,554
TOTAL ADJUSTMENTS	30,031
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 28,333

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	$ 996

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NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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 November of 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2019. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (ARO) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The Division has determined that GASB Statement No. 83 has no impact on its financial statements as of December 31, 2020.

In January of 2017, GASB Statement No. 84, *Fiduciary Activities,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The Division has determined that GASB Statement No. 84 has no impact on its financial statements as of December 31, 2020.

In March of 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* was issued. This Statement is effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. As required, the Division has implemented GASB Statement No. 88 as of December 31, 2020.

In August of 2018, GASB Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The Division has determined that GASB Statement No. 90 has no impact on its financial statements as of December 31, 2020.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division’s net position is accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Remaining unrestricted amount

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

Revenues: Revenues are derived primarily from sales of electricity to residential, commercial and industrial customers based upon actual consumption. Electricity rates are authorized by City Council and billings are made on a cyclical basis. Estimates for services between the end of the various cycles and the end of the year are recorded as unbilled revenue.

Inventory of Supplies: The Division’s inventory is valued at average cost. Inventory costs are charged to operations when consumed.

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

Interfund Transactions: During the course of normal operations the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing and investment activities.

The Division transfers electric excise tax revenue from billed customers on a monthly basis to a custodial fund in the City. Additional electric excise tax revenue from large customers is invoiced separately and deposited directly into a custodial fund in the City.

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 the STAR Ohio during 2020. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pools Participants* for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

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

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

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than $5,000 for land, furniture, fixtures, equipment and vehicles and $10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility plant	5 to 100 years
Land improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's policy is to capitalize interest on construction projects up to the point in time that the project is substantially completed. Capitalized interest is included in the cost of the assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. The Division applies GASB guidance pertaining to capitalization of interest cost for its revenue bonds. This guidance requires capitalization of interest cost of eligible borrowings less interest earned on investment of the related bond proceeds from the date of borrowing until the assets constructed from the bond proceeds are ready for their intended use.

For 2020, total interest costs incurred amounted to $10,748,000, of which $1,194,000 was capitalized, net of interest income of zero.

***Bond Issuance Costs, Discounts, Premiums and Unamortized Losses on Debt Refundings**:* Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resources and is amortized over the shorter of the defeased bond or the newly issued bond.

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

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

Compensated Absences: The Division accrues for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 16, *Accounting for Compensated Absences*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. The portion of the compensated absence liability that is not expected to be paid out within one year is reported as a long-term liability.

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

NOTE B - DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt outstanding at December 31, 2020, is as follows:

	Interest Rate	Original Issuance	2020
		(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	23,420
Series 2018, due through 2038	5.00%	47,245	45,180
Series 2020, due through 2038	2.01-5.00%	83,580	83,580
		$ 200,753	180,083
Less:			
Unamortized premium (discount)-current interest bonds (net)			19,955
Current portion			(9,030)
Total long-term debt			$ 191,008

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

Summary: Changes in long-term obligations for the year ended December 31, 2020, are as follows:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
	(Amounts in Thousands)				
Revenue Bonds:					
Series 2008 B-2, due through 2038	$ 27,903	$	$	$ 27,903	$
Series 2014, due through 2038	76,885		(76,885)	-	
Series 2016, due through 2024	32,605		(9,185)	23,420	5,410
Series 2018, due through 2038	46,245		(1,065)	45,180	3,620
Series 2020, due through 2038		83,580		83,580	
Total revenue bonds	183,638	83,580	(87,135)	180,083	9,030
Accrued wages and benefits	3,098	3,225	(2,743)	3,580	3,089
Net pension liability	36,152		(9,899)	26,253	
Net OPEB liability	16,597	719		17,316	
Total	$ 239,485	$ 87,524	$ (99,777)	$ 227,232	$ 12,119

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)		
2021	$ 9,030	$ 6,848	$ 15,878
2022	9,485	6,396	15,881
2023	9,960	5,922	15,882
2024	10,455	5,424	15,879
2025	8,842	8,964	17,806
2026-2030	46,152	42,883	89,035
2031-2035	51,658	37,368	89,026
2036-2038	34,501	18,916	53,417
	$ 180,083	$ 132,721	$ 312,804

The City has pledged future power system revenues, net of specified operating expenses, to repay $180,083,000 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 65% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is $312,804,000. Principal and interest paid for the current year and total net revenues were $9,882,000 and $24,428,000, 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, 2020.

Series 2014	$76,885,000
Series 2016	$ 4,325,000

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, 2020, 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, 2020, 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, 2020, the Division's carrying amount of deposits totaled $32,735,000 and the Division's bank balances totaled $32,126,000 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*, $32,126,000 of the bank balances at December 31, 2020, was insured or collateralized with securities held by the City or by its agent in the City's name.

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

Investments: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. The City's investment policies are governed by State Statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; State Treasurer Asset Reserve Fund (STAR Ohio); commercial paper; US Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; and repurchase transactions. Such repurchase transactions must be purchased from financial institutions or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained.

Generally, investments are recorded and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the City, apart from the assets of the depository institution. Ohio Statute prohibits the use of reverse repurchase agreements.

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

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the Division (excluding STAR Ohio and money market mutual funds) as of December 31, 2020:

Type of Investment	Fair Value	Fair Value Measurements Using Level 2
	(Amounts in Thousands)	
Commercial Paper	$ 352	$ 352
Total Investments	$ 352	$ 352

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Division invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

Credit Risk: The Division's investments as of December 31, 2020, include STAR Ohio, commercial paper and money market mutual funds. Investments in STAR Ohio and the First American Government Obligations Fund carry a rating of AAAm, which is the highest money market fund rating given by S&P Global's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Division's investment in U.S. Bank N.A. Open Commercial Paper carries a Moody's rating of P-1.

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Division places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. The Division had the following investments at December 31, 2020, 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	2020 Value	2020 Cost	Investment Maturities Less than One Year
		(Amounts in Thousands)	
STAR Ohio	$ 29,472	$ 29,472	$ 29,472
Commercial Paper	352	352	352
Money Market Mutual Funds	3,536	3,536	3,536
Total Investments	33,360	33,360	33,360
Total Deposits	32,735	32,735	32,735
Total Deposits and Investments	$ 66,095	$ 66,095	$ 66,095

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, 2020, the investments in STAR Ohio, commercial paper and money market mutual funds are approximately 88.3%, 1.1% and 10.6%, respectively, of the Division's total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE D - CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
		(Amounts in Thousands)		
Capital assets, not being depreciated:				
Land	$ 5,574	$	$	$ 5,574
Construction in progress	35,462	11,199	(3,494)	43,167
Total capital assets, not being depreciated	41,036	11,199	(3,494)	48,741
Capital assets, being depreciated:				
Land improvements	841	882		1,723
Utility plant	622,718	8,943	(8,048)	623,613
Buildings, structures and improvements	23,499	37		23,536
Furniture, fixtures, equipment and vehicles	91,472	1,072	(730)	91,814
Total capital assets, being depreciated	738,530	10,934	(8,778)	740,686
Less: Accumulated depreciation	(425,805)	(22,375)	8,778	(439,402)
Total capital assets being depreciated, net	312,725	(11,441)	-	301,284
Capital assets, net	$ 353,761	$ (242)	$ (3,494)	$ 350,025

Commitments: The Division has outstanding commitments of approximately $13,527,000 for future capital expenditures at December 31, 2020. It is anticipated that these commitments will be financed from the Division's cash balances; however, at the discretion of the Division, additional long-term debt may be issued in the future to finance a portion of the costs.

NOTE E - DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

Ohio Public Employees Retirement System (OPERS): The Division's employees, 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. Division's employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual 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 2020, 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 $2,622,000 for 2020. All required payments have been made.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Following is information related to the proportionate share and pension expense:

	OPERS (Amounts in Thousands)	
Proportionate Share of the Net Pension Liability	$	26,253
Proportion of the Net Pension Liability		0.121120%
Change in proportion		(0.001429%)
Pension Expense	$	4,176

At December 31, 2020, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Change in Division's proportionate share and difference in employer contributions	$	66
Change in assumptions		1,324
Division's contributions subsequent to the measurement date		2,622
Total Deferred Outflows of Resources	$	4,012
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	364
Net difference between projected and actual earnings on pension plan investments		4,882
Change in Division's proportionate share and difference in employer contributions		188
Total Deferred Inflows of Resources	$	5,434

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

The $2,622,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS (Amounts in Thousands)
Year Ending December 31:	
2021	$ (600)
2022	(1,632)
2023	185
2024	(1,953)
2025	(13)
Thereafter	(31)
Total	$ (4,044)

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2019
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	3.25%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: 1.4%, simple through 2020, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit Portfolio, the Health Care Portfolio and the Defined Contribution Portfolio. The Defined Benefit Portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit Portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the Defined Benefit 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 Defined Benefit Portfolio was 17.2% for 2019.

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability	$ 39,325	$ 26,253	$ 15,404

NOTE F – DEFINED BENEFIT OPEB PLANS

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

The net OPEB liability 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 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. Resulting adjustments to the net OPEB liability 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 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 F – DEFINED BENEFIT OPEB PLANS *(*Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Comprehensive Annual 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 2020, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% for both plans in 2020. 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 2019 was 4.0%.

For the year ended December 31, 2020, OPERS did not allocate any employer contributions to the OPEB plan.

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

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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 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)	
Proportion of the Net OPEB Liability:		
Current Measurement Date		0.119447%
Prior Measurement Date		0.121120%
Change in Proportionate Share		(0.001673%)
Proportionate Share of the Net OPEB Liability	$	17,316
OPEB Expense	$	1,976

At December 31, 2020, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Changes in assumptions	$	2,654
Changes in Division's proportionate share and difference in employer contibutions		13
Total Deferred Outflows of Resources	$	2,667
Deferred Inflows of Resources		
Differences between expected and actual experience	$	1,534
Net difference between projected and actual earnings on pension plan investments		854
Changes in proportion and differences between Division's contributions and proportionate share of contributions		209
Total Deferred Inflows of Resources	$	2,597

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:

Year Ending December 31:	OPERS (Amounts in Thousands)	
2021	$	293
2022		142
2023		1
2024		(366)
Total	$	70

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 was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	3.16%
Prior Measurement Date	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.75%
Prior Measurement Date	3.71%
Health Care Cost Trend Rate:	
Current Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Prior Measurement Date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

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

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

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

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

During 2019, 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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 19.7% for 2019.

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 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	4.55 %

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

Discount Rate: A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00%and a municipal bond rate of 2.75%. 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 2034. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Division's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower 2.16% or one-percentage-point higher 4.16% than the current rate:

	1% Decrease 2.16%	Current Discount Rate 3.16%	1% Increase 4.16%
		(Amounts in Thousands)	
Division's proportionate share of the net OPEB liability	$ 22,179	$ 17,316	$ 12,736

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB liability calculated using the assumed trend rates and the expected net OPEB liability 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

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 2020 is 10.50%. 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	$ 16,432	$ 17,316	$ 17,431

NOTE G - CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: The Division is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Division's project share was 80,000 kilowatts (kW) of a total 771,281 kW, giving the City a 10.37% project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed impaired and participants were obligated to pay those incurred costs. Prior to 2014, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel Corporation (Bechtel). As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The Division's estimated share of the impaired costs at March 31, 2014, was $13,813,694. The Division received a credit of $6,447,719 related to their participation in the AMP Fremont Energy Center (AFEC) Project and another credit of $3,617,994 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired costs balance of $3,747,981. Because payment is now probable and reasonably estimable, the Division is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Division's net impaired cost balance either positively or negatively. These amounts will be recorded as they become estimable.

NOTE G - 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 $2,505,814 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 $168,966 and interest expense incurred on AMP's line-of-credit of $288,646. 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, 2020, of $1,305,630. The Division does have a potential PHFU Liability of $4,073,013 resulting in a net total potential liability of $5,378,643, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) has no value and also assuming the Division's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include negative items such as property taxes as well as positive items like revenue from leases or sale of all or a portion of the Meigs County site property.

The Division intends to recover these costs and repay AMP over the next 9 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, which the City is responsible for. The City's management is of the opinion that ultimate resolution of such claims could result in a material adverse effect on the Division's financial position, results of operations or cash flows. This amount is indeterminable at this time.

Risk Management: The Division is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Division is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2020.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE G - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Division is reported as part of accounts payable on the statement of net position and is immaterial.

NOTE H - RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides services to the City, including its various departments and divisions. The usual and customary rates are charged to all City departments and divisions.

Operating Expenses: The Division is provided various intra-city services. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the year ended December 31, 2020, are as follows:

	(Amounts in Thousands)
Utilities Administration and Fiscal Control	$ 2,276
City Administration	1,768
Telephone Exchange	1,293
Division of Water	434
Motor Vehicle Maintenance	250

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE I - CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately $1,174,000 for the year ended December 31, 2020.

NOTE J - KILOWATT PER HOUR TAX

In May 2001, the Division started billing its customers the electric deregulation kilowatt-hour tax according to the laws of the State of Ohio. This law requires the Division to remit the proceeds to the City's General Fund, except for any proceeds attributable to sales outside the City which are remitted to the State of Ohio. The Division remitted $5,101,000 for this tax in 2020, of which $17,360 was paid to the State. Ordinance No. 1152-19, passed October 28, 2019, directed that 100% of the proceeds go to the Division in 2020 and 2021.

NOTE K – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Division. In addition, the impact on the Division's future operating revenues, expenses, and any recovery from emergency funding cannot be estimated.

DIVISION OF CLEVELAND PUBLIC POWER

Required Supplementary Information

Schedule of the Division's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Seven Years (1), (2)

	Division's Proportion of the Net Pension Liability	Division's Proportionate Share of the Net Pension Liability	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(Amounts in Thousands)			
2014	0.136385 %	$ 16,054	$ 15,462	103.83%	86.36%
2015	0.136385	16,397	17,067	96.07	86.45
2016	0.139410	23,597	17,775	132.75	81.08
2017	0.124709	29,488	16,542	178.26	77.55
2018	0.125259	21,587	16,769	128.73	84.66
2019	0.122549	36,152	17,543	206.08	74.70
2020	0.121120	26,253	18,200	144.25	82.17

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

(2) Information prior to 2014 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

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

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

Required Supplementary Information (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2013	$ 2,010	$ (2,010)	$ -	$ 15,462	13.00%
2014	2,048	(2,048)	-	17,067	12.00
2015	2,133	(2,133)	-	17,775	12.00
2016	1,985	(1,985)	-	16,542	12.00
2017	2,180	(2,180)	-	16,769	13.00
2018	2,456	(2,456)	-	17,543	14.00
2019	2,548	(2,548)	-	18,200	14.00
2020	2,622	(2,622)	-	18,729	14.00

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

DIVISION OF CLEVELAND PUBLIC POWER

Required Supplementary Information (Continued)

Schedule of the Division's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Four Years (1), (2)

	Division's Proportion of the Net OPEB Liability	Division's Proportionate Share of the Net OPEB Liability	Division's Covered Payroll	Division's Proportional 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	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

(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 7.5% 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.

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

Required Supplementary Information (Continued)

Schedule of Contributions - Net OPEB Liability
Ohio Public Employees Retirement System
Last Five 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

(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, 2020

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
P. 513.241.3111 | F. 513.241.1212

INDEPENDENT AUDITORS' REPORT

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee
Division of Water
Department of Public Utilities
City of Cleveland, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the Division of Water, Department of Public Utilities, City of Cleveland, Ohio (the "Division") as of and for the year ended December 31, 2020 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Division of Water, Department of Public Utilities, City of Cleveland, Ohio, as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the basic financial statements, the financial statements present only the Division and do not purport to, and do not present fairly the financial position of the City of Cleveland as of December 31, 2020, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

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, 2020. Please read this information in conjunction with the Division's financial statements and footnotes that begin on page 16.

The Division services not only the City, but also 69 direct service communities, seven master meter communities and three emergency standby communities. They provide water to approximately 432,000 city and suburban accounts in the Cleveland metropolitan area. They also sell water to master meter communities that operate their own distribution systems and they provide billing and payment services for the Northeast Ohio Regional Sewer District and other communities.

During 2020, the Division provided services to approximately 118,000 accounts located within Cleveland and approximately 314,000 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 22.5% of the Division's metered sales revenue, while the direct service communities accounted for 73.5% and master meter and emergency communities accounted for 4.0% 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 $1,568,650,000 and $1,528,597,000 at December 31, 2020 and 2019, respectively. Of these amounts, $309,456,000 and $316,793,000 are unrestricted net position at December 31, 2020 and 2019, respectively and may be used to meet the Division's ongoing obligations to customers and creditors.

- The Division's overall net position increased by $40,053,000 during 2020. Operating revenues increased by $7,106,000 or 2.2%, primarily due to a rate increase in 2020. Maintenance expense decreased by 9,515,000 or 12.7%, related to fewer repairs on water mains.

- The total long-term revenue bonds and loans payable of the Division decreased by $63,121,000 due to scheduled principal payments on the bonds and loans and the refunding of various series of outstanding bonds.

- Capital contributions decreased by $11,708,000 due to the Division not acquiring any new water mains from other Cities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 16 – 21 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 23 – 50 of this report. Required supplementary information can be found on pages 51 – 54.

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, 2020 and 2019:

	2020	2019
	(Amounts in Thousands)	
Assets:		
Capital assets, net	$ 1,728,408	$ 1,714,641
Restricted assets	34,945	61,153
Current assets	489,798	483,369
Total assets	2,253,151	2,259,163
Deferred outflows of resources	46,027	60,163
Net position:		
Net investment in capital assets	1,228,048	1,154,482
Restricted for capital projects	68	1
Restricted for debt service	31,078	57,321
Unrestricted	309,456	316,793
Total net position	1,568,650	1,528,597
Liabilities:		
Long-term obligations	631,537	705,321
Current liabilities	72,307	83,533
Total liabilities	703,844	788,854
Deferred inflows of resources	26,684	1,875

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Current Assets: The Division had an increase in current assets of $6,429,000, primarily due to an increase of $4,576,000 in accounts receivable net of allowance for doubtful accounts, primarily attributed to minor rate increases and economic hardships related to the COVID-19 pandemic.

Restricted Assets: The Division's restricted assets decreased by $26,208,000, primarily attributable to principal and interest of $116,579,000 which exceeded the sale of refunding bonds and premium on debt of $90,800,000.

Deferred Outflows of Resources: The Division's deferred outflows of resources decreased by $14,136,000. Pension outflows decreased $21,971,000, primarily due to a reduction in net difference between projected and actual earnings on pension plan investments of $15,694,000. This decrease was offset by an increase of $4,303,000 of other postemployment benefits (OPEB); where the changes in assumptions increased $7,125,000 while the net difference between projected and actual earnings in OPEB plan investments decreased $2,409,000. Also, the unamortized loss on bond refundings increased by $3,532,000.

Capital Assets: The Division's investment in capital assets, as of December 31, 2020, amounted to $1,728,408,000 (net of accumulated depreciation). The total net increase in the Division's investment in net capital assets was $13,767,000. A summary of the activity in the Division's capital assets during December 31, 2020, is as follows:

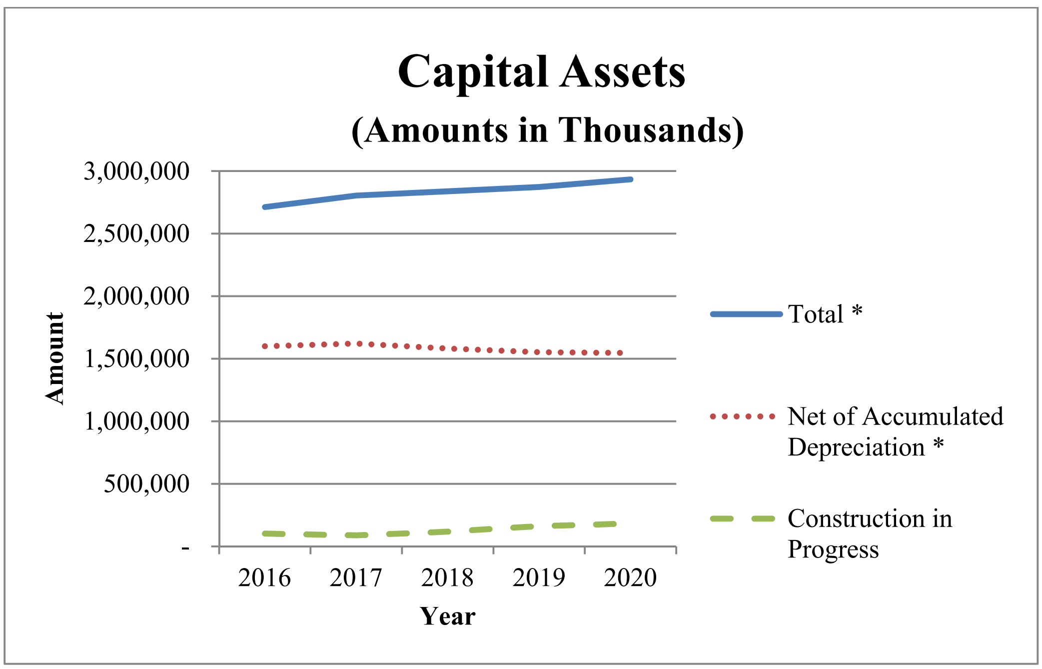
	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
		(Amounts in Thousands)		
Land	$ 5,443	$ 288	$	$ 5,731
Land improvements	17,808	130	(272)	17,666
Utility plant	1,972,905	56,190	(2,750)	2,026,345
Buildings, structures and improvements	265,256	484		265,740
Furniture, fixtures, equipment and vehicles	610,807	9,766	(1,745)	618,828
Construction in progress	162,063	81,175	(61,020)	182,218
Total	3,034,282	148,033	(65,787)	3,116,528
Less: Accumulated depreciation	(1,319,641)	(73,098)	4,619	(1,388,120)
Capital assets, net	$ 1,714,641	$ 74,935	$ (61,168)	$ 1,728,408

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Utility plant had a net increase of $53,440,000, primarily due to the completion of various utility plant projects including water main renewals. Additionally, construction in progress had additions and reductions of $81,175,000 and $61,020,000, respectively, resulting in a net increase of $20,155,000. The increase was related to additional spending on water main renewals, plant enhancement program, Nottingham sedimentation basins, enhancements to the Crown Plant water system and back-up generators. The reductions are related to assets being placed into service.

Major projects still under construction chiefly consist of suburban water main renewals and related engineering services, phase two of the automated meter reading implementation, plant enhancement program, Nottingham sedimentation basins, Crown Plant water system upgrades and billing software upgrades.

Additional information on the Division's capital assets, including commitments made for future capital expenditures, can be found in Note D – Capital Assets to the basic financial statements.



* Construction in Progress not included

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

***Long-Term Obligations*:** In 2020, the factors contributing to the Division's net decrease in long-term obligations of $73,784,000 is primarily due to decreases in the non-current portion of revenue bonds of $35,718,000, OWDA loans of $8,200,000, and net pension liability of $32,889,000. The decreases in revenue bonds and OWDA loans payable is primarily attributed to scheduled principal payments. The net pension liability decreased mainly due to investment returns exceeding expectations.

Current Liabilities: In 2020, total current liabilities decreased by $11,226,000. The significant component of the change was a decrease in current portion of long-term debt of $12,316,000, which is related to a reduction in required principal payments compared to 2019. This was offset by an increase in current payable from restricted assets of $1,539,000, due to more payables at year end related to construction projects.

Deferred Inflows of Resources: The Division's deferred inflows of resources increased by $24,809,000 in 2020. Pension and OPEB deferred inflows of resources increased by $16,323,000 and $8,486,000 respectively, due to investment returns exceeding expectations.

***Net Pension/OPEB Liabilities*:** The net pension liability is reported by the Division at December 31, 2020 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 fiscal year 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 deferred outflows of resources related to pension and OPEB.

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

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

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

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and OPEB. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Division is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The Ohio Revised Code (ORC) permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Division's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, 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 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 2020, the Division had total long-term debt outstanding of $485,748,000. 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, 2020, is summarized below (excluding unamortized discounts and premiums):

	Balance January 1, 2020	Debt Issued	Debt Retired	Balance December 31, 2020
		(Amounts in Thousands)		
Water Revenue Bonds:				
Series G 1993	$ 24,325	$	$ (24,325)	$ -
Series X 2012	27,575		(26,290)	1,285
Series Y 2015	116,205		(77,305)	38,900
Series AA 2015	90,800		(90,800)	-
Series BB 2017	15,715			15,715
Series CC 2017	48,950		(6,070)	42,880
Series DD 2019	97,160		(8,385)	88,775
Series EE 2020		15,815		15,815
Series FF 2020		70,270		70,270
Series GG 2020		99,145		99,145
Second Lien Series A 2012	18,335		(6,745)	11,590
Second Lien Series B 2017	42,495			42,495
Ohio Water Development Authority Loans	67,309		(8,431)	58,878
Total	$ 548,869	$ 185,230	$ (248,351)	$ 485,748

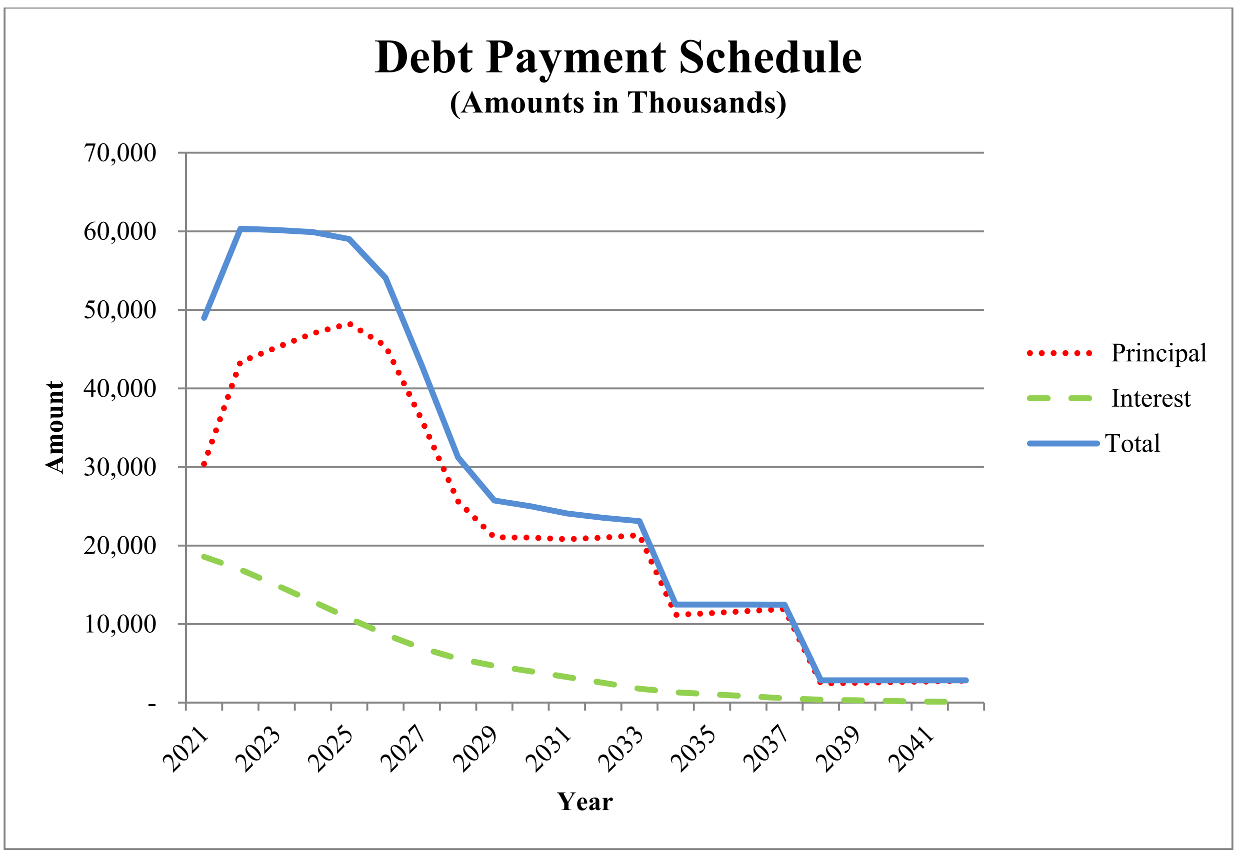
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The bond ratings for the Division's outstanding revenue bonds as of December 31, 2020, 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 2020 and 2019 was 431% and 248%, respectively.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 27 – 32.

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 $1,568,650,000 and $1,528,597,000 at December 31, 2020 and 2019, respectively.

Of the Division’s net position, $1,228,048,000 at December 31, 2020, reflects its investment in capital assets, net of accumulated depreciation, less any related, still-outstanding debt used to acquire those assets. The Division uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Division’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Division’s net position, $31,146,000 at December 31, 2020, represents resources that are subject to external restrictions. These funds are set aside for the payment of revenue bonds and capital projects.

The remaining balance of unrestricted net position, $309,456,000 at December 31, 2020, 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 2020 by $40,053,000. The following table identifies the key elements of the Division's results of operations for the years ended December 31, 2020 and 2019:

	2020	2019
	(Amounts in Thousands)	
Operating revenues	$ 327,261	$ 320,155
Operating expenses	274,940	289,977
Operating income (loss)	52,321	30,178
Non-operating revenue (expense):		
Investment income	3,055	2,888
Interest expense	(21,569)	(23,214)
Amortization of bond premiums and discounts	7,715	6,927
Gain (loss) on disposal of capital assets	(147)	(27)
Other	(1,322)	(715)
Total non-operating revenue (expense), net	(12,268)	(14,141)
Income (loss) before capital and other contributions	40,053	16,037
Capital and other contributions		11,708
Change in net position	40,053	27,745
Beginning net position	1,528,597	1,500,852
Ending net position	$ 1,568,650	$ 1,528,597

Operating Revenue: In 2020, total operating revenues of the Division increased $7,106,000 or 2.2%. The rise is primarily attributed to an increase in metered service revenue of $8,206,000 as a result of a rate increase for the City and suburbs. This was offset by a decrease in ancillary revenue.

Operating Expenses: The overall decrease in operating expenses of $15,037,000 in 2020 was primarily related to maintenance expenses. These decreased 12.7% due to fewer repairs of water mains, hydrants, connections and valves. There was also a reduction in operating expense of $5,995,000 resulting from decreased net pension expense, offset by increases in office supplies, bad debt and chemicals.

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

Non-Operating Revenue: One component of non-operating revenue, amortization of bond premiums and discounts increased $788,000 related to the annual amortization of the bonds and a result of the bond refundings.

Non-Operating Expense: Interest expense decreased $1,645,000 in 2020. This is related to the interest payments on the bonds and loans. The loss on disposal of capital assets was $120,000 greater than in 2019 related to more items being disposed of in 2020. Other expense increased by $607,000, primarily due to increased professional services fees related to multiple bond refundings.

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, 2020
(Amounts in Thousands)

ASSETS	
CAPITAL ASSETS:	
Land	$ 5,731
Land improvements	17,666
Utility plant	2,026,345
Buildings, structures and improvements	265,740
Furniture, fixtures and equipment	618,828
	2,934,310
Less: Accumulated depreciation	(1,388,120)
	1,546,190
Construction in progress	182,218
CAPITAL ASSETS, NET	1,728,408
RESTRICTED ASSETS:	
Cash and cash equivalents	34,944
Accrued interest receivable	1
TOTAL RESTRICTED ASSETS	34,945
TOTAL NONCURRENT ASSETS	1,763,353
CURRENT ASSETS:	
Cash and cash equivalents	406,212
Restricted cash and cash equivalents	5,234
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of $17,182	53,061
Unbilled revenue	10,929
Due from other City of Cleveland departments, divisions or funds	2,656
Materials and supplies - at average cost	8,660
Prepaid expenses	3,046
TOTAL CURRENT ASSETS	489,798
TOTAL ASSETS	2,253,151
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on bond refunding	23,699
Pension	13,465
OPEB	8,863
TOTAL DEFERRED OUTFLOWS OF RESOURCES	46,027

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

STATEMENT OF NET POSITION
DECEMBER 31, 2020
(Amounts in Thousands)

NET POSITION	
Net investment in capital assets	$ 1,228,048
Restricted for capital projects	68
Restricted for debt service	31,078
Unrestricted	309,456
TOTAL NET POSITION	1,568,650
LIABILITIES	
LONG-TERM LIABILITIES: - excluding amounts due within one year	
Accrued wages and benefits	1,710
OWDA loans	50,678
Revenue bonds	446,779
Net pension liability	78,470
Net OPEB liability	53,900
TOTAL LONG-TERM LIABILITIES	631,537
CURRENT LIABILITIES:	
Accounts payable	13,705
Customer deposits and other liabilities	2,777
Current portion of accrued wages and benefits	9,599
Due to other City of Cleveland departments, divisions or funds	1,791
Accrued interest payable	8,801
Current payable from restricted assets	5,234
Current portion of long-term debt, due within one year	30,400
TOTAL CURRENT LIABILITIES	72,307
TOTAL LIABILITIES	703,844
DEFERRED INFLOWS OF RESOURCES	
Pension	18,055
OPEB	8,629
TOTAL DEFERRED INFLOWS OF RESOURCES	26,684

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, 2020
(Amounts in Thousands)

OPERATING REVENUES:	
Charges for services	$ 327,261
TOTAL OPERATING REVENUES	327,261
OPERATING EXPENSES:	
Operations	136,502
Maintenance	65,340
Depreciation	73,098
TOTAL OPERATING EXPENSES	274,940
OPERATING INCOME (LOSS)	52,321
NON-OPERATING REVENUE (EXPENSE):	
Investment income (loss)	3,055
Interest expense	(21,569)
Amortization of bond discounts and premiums	7,715
Gain (loss) on disposal of capital asset	(147)
Other	(1,322)
TOTAL NON-OPERATING REVENUE (EXPENSE) - NET	(12,268)
INCREASE (DECREASE) IN NET POSITION	40,053
NET POSITION, BEGINNING OF YEAR	1,528,597
NET POSITION, END OF YEAR	$ 1,568,650

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, 2020
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 297,193
Cash payments to suppliers for goods and services	(100,148)
Cash payments to employees for services	(83,756)
Cash received from fees for services	21,178
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	134,467
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from sale of revenue bonds, loans and notes	206,344
Acquisition and construction of capital assets	(86,796)
Principal paid on long-term debt	(146,001)
Interest paid on long-term debt	(19,797)
Cash paid to escrow agent for refunding	(114,735)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(160,985)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received on investments	3,123
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITES	3,123
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(23,395)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	469,785
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 446,390

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

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020
(Amounts in Thousands)

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

OPERATING INCOME (LOSS)	$ 52,321
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	73,098
(Increase) decrease in assets:	
Accounts receivable, net	(4,576)
Unbilled revenue	(738)
Due from other City of Cleveland departments, divisions or funds	14
Materials and supplies, net	1,566
Prepaid expenses	51
(Increase) decrease in deferred outflows of resources:	
Pension	21,971
OPEB	(4,303)
Increase (decrease) in liabilities:	
Accounts payable	98
Customer deposits and other liabilities	(3)
Accrued wages and benefits	826
Due to other City of Cleveland departments, divisions or funds	(167)
Net pension liability	(32,889)
Net OPEB liability	2,389
Increase (decrease) in deferred inflows of resources:	
Pension	16,323
OPEB	8,486
TOTAL ADJUSTMENTS	82,146
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 134,467

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	$ 5,234

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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 November of 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2019. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (ARO) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The Division has determined that GASB Statement No. 83 has no impact on its financial statements as of December 31, 2020.

In January of 2017, GASB Statement No. 84, *Fiduciary Activities,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The Division has determined that GASB Statement No. 84 has no impact on its financial statements as of December 31, 2020.

In March of 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* was issued. This Statement is effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. As required, the Division has implemented GASB Statement No. 88 as of December 31, 2020.

In August of 2018, GASB Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The Division has determined that GASB Statement No. 90 has no impact on its financial statements as of December 31, 2020.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's net position is accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Remaining unrestricted amount

In addition, certain financial information regarding the Division is included in these footnotes.

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

Revenues: Revenues are derived primarily from sales of water to residential, commercial and industrial customers based upon actual water consumption and from a fixed charge based upon meter size. Water rates are authorized by City Council and billings are made on a cyclical basis. Estimates for services between the ends of the various cycles and the end of the year are recorded as unbilled revenue.

Inventory of Supplies: The Division's inventory is valued at average cost. Inventory costs are charged to operations when consumed.

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

Interfund Transactions: During the course of normal operations the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In a statement of cash flows, cash receipts and cash payments are classified according to operating, noncapital financing, capital and related financing and investment activities.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

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 2020. 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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's policy is to capitalize interest on construction projects up to the point in time that the project is substantially completed. Capitalized interest is included in the cost of the assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. The Division applies GASB guidance pertaining to capitalization of interest costs for its revenue bonds. This statement requires capitalization of interest cost of eligible borrowings, less interest earned on investment of the related bond proceeds from the date of borrowing until the assets constructed from the bond proceeds are ready for their intended use.

For 2020, total interest costs incurred amounted to $21,873,000, of which $304,000 was capitalized.

Bond Issuance Costs, Discounts, Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resources and is amortized over the shorter of the defeased bond or the newly issued bond.

Compensated Absences: The Division accrues for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 16, *Accounting for Compensated Absences*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability.

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

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

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

Net Pension/OPEB Liabilities: For purposes of measuring the net pension/OPEB liabilities, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS

Debt outstanding at December 31, 2020, is as follows:

	Interest Rate	Original Issuance	2020
		(Amounts in Thousands)	
Water Revenue Bonds:			
Series X 2012 due through 2022	3.63% - 4.00%	$ 44,410	$ 1,285
Series Y 2015 due through 2028	4.00% - 5.00%	116,205	38,900
Series BB 2017 due through 2032	5.00%	15,760	15,715
Series CC 2017 due through 2028	5.00%	54,730	42,880
Series DD 2019 due through 2033	2.00% - 5.00%	97,160	88,775
Series EE 2020 due through 2042	1.27% - 3.21%	15,815	15,815
Series FF 2020 due through 2033	5.00%	70,270	70,270
Series GG 2020 due through 2037	0.39% - 2.28%	99,145	99,145
Second Lien Series A 2012 due through 2022	4.00% - 5.00%	76,710	11,590
Second Lien Series B 2017 due through 2027	5.00%	43,095	42,495
Ohio Water Development Authority Loans payable annually through 2032, direct borrowing	0.00% - 3.00%	152,767	58,878
		$ 786,067	485,748
Adjustments:			
Unamortized discount and premium			42,109
Current portion			(30,400)
Total Long-Term Debt			$ 497,457

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

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

Summary: Changes in long-term obligations for the year ended December 31, 2020, are as follows:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
			(Amounts in Thousands)		
Water Revenue Bonds:					
Series G 1993 due through 2021	$ 24,325	$	$ (24,325)	$ -	$
Series X 2012 due through 2022	27,575		(26,290)	1,285	
Series Y 2015 due through 2028	116,205		(77,305)	38,900	5,015
Series AA 2015 due through 2033, direct placement	90,800		(90,800)	-	
Series BB 2017 due through 2032	15,715			15,715	
Series CC 2017 due through 2028	48,950		(6,070)	42,880	
Series DD 2019 due through 2033	97,160		(8,385)	88,775	12,700
Series EE 2020 due through 2042		15,815		15,815	95
Series FF 2020 due through 2033		70,270		70,270	
Series GG 2020 due through 2037		99,145		99,145	185
Second Lien Series A 2012 due through 2022	18,335		(6,745)	11,590	4,205
Second Lien Series B 2017 due through 2027	42,495			42,495	
Ohio Water Development Authority Loans payable annually through 2032, direct borrowing	67,309		(8,431)	58,878	8,200
Total revenue bonds/loans	548,869	185,230	(248,351)	485,748	30,400
Accrued wages and benefits	10,483	10,233	(9,407)	11,309	9,599
Net pension liability	111,359		(32,889)	78,470	
Net OPEB liability	51,511	2,389		53,900	
Total	$ 722,222	$ 197,852	$ (290,647)	$ 629,427	$ 39,999

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)			
2021	$ 22,200	$ 8,200	$ 18,571	$ 48,971
2022	34,905	8,463	16,944	60,312
2023	36,470	8,735	14,943	60,148
2024	38,395	8,601	12,886	59,882
2025	39,805	8,452	10,756	59,013
2026-2030	133,835	15,282	29,911	179,028
2031-2035	84,600	1,145	9,957	95,702
2036-2040	31,170		2,264	33,434
2041-2042	5,490		177	5,667
Total	$ 426,870	$ 58,878	$ 116,409	$ 602,157

The above schedule of minimum principal and interest payments on long-term debt includes the amortization on ten loans provided to the City by the Ohio Water Development Authority (OWDA).

OWDA provided the City with the amount expected to be financed, the interest rate, initial repayment date and other significant items(s) for each of the eleven loans. From the information received, the City prepared a detailed amortization schedule for each loan based upon the amount expected to be financed. However, the amortization schedule is tentative and is adjusted if and when, OWDA revises the amount to be financed.

Further, OWDA requires the City to begin making semi-annual payments for each loan based on the agreed upon initial repayment date, regardless of whether the City has received all loan proceeds or has completed the project(s).

At December 31, 2020, the amount financed on these ten loan projects, less principal payments made, totaled $58,878,000 and is reflected in the debt service payment schedule.

The Division has, from time to time, defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Division’s financial statements.

The Division had the following amounts of defeased debt outstanding at December 31, 2020:

Series X, 2012	$43,125,000
Second Lien Series A, 2012	$45,850,000
Series Y, 2015	$76,060,000

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

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

In 1996, the City authorized the adoption of the eighth supplemental indenture to amend and restate the existing indenture, subject to the receipt of consent of the requisite number of bondholders. With the issuance of the Series J bonds, the City reached the 66.7% consent required to enact the Amended and Restated Indenture. Effective October 5, 2001, all outstanding bonds were and any future bonds are 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, 2020, the Division was in compliance with the terms and requirements of the bond indenture.

The indenture establishes the following fund accounts for the application of revenues:

Revenue Fund: All revenues will be deposited into this fund and will be used for payment of current operating expenses and deposits into other funds. An amount equal to one-sixth of the operating expenses, before depreciation, for the preceding fiscal year must be maintained in this fund.

Debt Service Fund: Deposits will be made from the revenue fund to cover succeeding principal and interest payments as they become due on the revenue bonds.

Debt Service Reserve Fund: Deposits will be made to this fund if the amount in the debt service fund reserve at any time is less than the debt service reserve requirement. Amounts in the fund were deposited from the proceeds of the revenue bonds secured by the reserve fund and represent the maximum annual debt service requirement of these bonds. Not all series of bonds are covered by the reserve fund. At December 31, 2019, only the Series G, 1993 Bonds were covered by the reserve fund. On May 7, 2020, the City and the Escrow Trustee entered into an escrow agreement relating to the defeasance of the Series G Bonds with funds available in the debt service reserve fund and the debt service fund. Pursuant to the agreement, the balance in the debt service reserve fund of $13,049,512 along with $122,163 from Series G principal account were transferred to the Escrow Fund to defease the remaining Series G Bonds. As a result, at December 31, 2020, there were no series of bonds covered by a reserve fund.

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

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

Construction Fund: Proceeds from the various series of revenue bonds were deposited into this fund to be used, along with earnings from investments of amounts held therein, for the payment of capital costs. Capital costs include all costs of additions, extensions, renewals, replacements, alterations, betterments and any other capital improvements to the waterworks system. Amounts held in this fund are subject to a lien in favor of bondholders and may be used to pay principal of outstanding revenue bonds to the extent that amounts in all other funds are insufficient. No payments need be made into a fund if the amounts in such fund are equal to the required fund balance, if any.

Amounts held in any fund may be invested by the City Treasurer or the trustee in permitted investments. However, the use of funds is limited by the bond indenture and accordingly, the funds are classified as restricted assets in the accompanying financial statements.

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

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

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

Effective April 25, 2019, Water Revenue Bonds, Series DD, 2019, were issued in the amount of $97,160,000. The bonds were issued to refund $24,575,000 of outstanding Series T Bonds, $54,935,000 of Series U Bonds, $26,495,000 of Series V Bonds and $1,230,000 of Series W Bonds. As part of this bond deal, the City also terminated all interest rate swaps entered into with Morgan Stanley and JP Morgan and made a termination payment of $7,328,000 on the Series U and Series V swaps from the proceeds of the bonds. In addition, the Division used cash on hand in the amount of $570,500 to terminate the swaps associated with the Series AA Bonds. Through this refunding, the City was able to eliminate the risk associated with most of the Division's variable rate debt by refunding them with fixed rate bonds and by terminating all existing swaps. Additionally, the Division achieved present value debt service savings of $995,000.

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

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 $426,870,000 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 35.0% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is $537,247,000. Amounts deposited for principal and interest in the current year on the Senior Lien Bonds and total net revenues were $32,568,000 and $140,452,000, respectively.

Interest Rate Swap Transactions: As part of the issuance of the $97,160,000 Water System Revenue Bonds, Series DD, 2019, bond proceeds and cash on hand were used to make termination payments to JP Morgan Chase Bank, N.A. and Morgan Stanley Capital Services, Inc. with respect to interest rate swap agreements related to the Series U, Series V and Series AA Bonds.

NOTE C – DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Division's deposits at December 31, 2020, totaled $13,807,000 and the Division's bank balances were $9,801,000 respectively. The differences represent positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, $9,801,000 of the bank balances at December 31, 2020, 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.

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; 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.

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, 2020:

Type of Investment	Fair Value	Fair Value Measurement Level 2
	(Amounts in Thousands)	
Commercial Paper	$ 3	$ 3
	$ 3	$ 3

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.

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk: The Division's investments as of December 31, 2020, include STAR Ohio, commercial paper and money market mutual funds. Investments in STAR Ohio, Government Obligations Fund and the First American Government Obligations Fund carry a rating of AAAm, which is the highest money market fund rating given by S&P Global's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Division's investment in U.S. Bank N.A. Open Commercial Paper carries a Moody's rating of P-1.

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, 2020, 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	2020 Value	2020 Cost	Investment Maturities Less than One Year
		(Amounts in Thousands)	
STAR Ohio	$ 397,968	$ 397,968	$ 397,968
Commercial Paper	3	3	3
Money Market Mutual Funds	34,612	34,612	34,612
Total Investments	432,583	432,583	432,583
Total Deposits	13,807	13,807	13,807
Total Deposits and Investments	$ 446,390	$ 446,390	$ 446,390

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, 2020, the investments in STAR Ohio, commercial paper and money market mutual funds are approximately 92.0%, less than 0.1% and 8.0%, respectively, of the Division's total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE D – CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
	(Amounts in Thousands)			
Capital assets, not being depreciated				
Land	$ 5,443	$ 288	$	$ 5,731
Construction in progress	162,063	81,175	(61,020)	182,218
Total capital assets, not being depreciated	167,506	81,463	(61,020)	187,949
Capital assets, being depreciated				
Land improvements	17,808	130	(272)	17,666
Utility plant	1,972,905	56,190	(2,750)	2,026,345
Buildings, structures and improvements	265,256	484		265,740
Furniture, fixtures, equipment and vehicles	610,807	9,766	(1,745)	618,828
Total capital assets, being depreciated	2,866,776	66,570	(4,767)	2,928,579
Less: Accumulated depreciation	(1,319,641)	(73,098)	4,619	(1,388,120)
Total capital assets being depreciated, net	1,547,135	(6,528)	(148)	1,540,459
Capital assets, net	$ 1,714,641	$ 74,935	$ (61,168)	$ 1,728,408

Commitments: The Division has outstanding commitments at December 31, 2020, of approximately $159,201,000 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: The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

Ohio Public Employees Retirement System (OPERS): The Division's employees, 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. Division's employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual 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 2020, 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 $8,847,000 for 2020. All required payments have been made.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Following is information related to the proportionate share and pension expense:

		OPERS (Amounts in Thousands)
Proportionate Share of the Net Pension Liability	$	78,470
Proportion of the Net Pension Liability		0.403071%
Changes in Proportion		(0.004755)%
Pension Expense	$	14,053

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2020, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Changes in assumptions	$	4,398
Change in Division's proportionate share and difference in employer contributions		220
Division's contributions subsequent to the measurement date		8,847
Total Deferred Outflows of Resources	$	13,465
Deferred Inflows of Resources		
Differences between expected and actual economic experience	$	1,210
Net difference between projected and actual earnings on pension plan investments		16,221
Change in Division's proportionate share and difference in employer contributions		624
Total Deferred Inflows of Resources	$	18,055

The $8,847,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS (Amounts in Thousands)	
Year Ending December 31:		
2021	$	(1,992)
2022		(5,422)
2023		615
2024		(6,490)
2025		(43)
Thereafter		(105)
Total	$	(13,437)

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2019
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	3.25%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 1.4%, simple
	Through 2020, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

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

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

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

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit Portfolio, the Health Care Portfolio and the Defined Contribution Portfolio. The Defined Benefit Portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit Portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the Defined Benefit 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 Defined Benefit Portfolio was 17.2% for 2019.

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability	$ 116,996	$ 78,470	$ 46,470

NOTE F – DEFINED BENEFIT OPEB PLANS

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

The net OPEB liability 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 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. Resulting adjustments to the net OPEB liability 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 on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Comprehensive Annual 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 2020, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% for both plans in 2020. 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 2019 was 4.0%.

For the year ended December 31, 2020, OPERS did not allocate any employer contributions to the OPEB plan.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability and total OPEB liability were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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 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)	
Proportion of Net OPEB Liability:			
Current Measurement Date		0.397503	%
Prior Measurement Date		0.403070	%
Change in Proportionate Share		(0.005567)	%
Proportionate Share of the Net:			
OPEB Liability	$	53,900	
OPEB Expense	$	6,573	

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2020, 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	
Differences between expected and actual economic experience	$ 1
Changes in assumptions	8,820
Change in Division's proportionate share and difference in employer contributions	42
Total Deferred Outflows of Resources	$ 8,863
Deferred Inflows of Resources	
Differences between expected and actual economic experience	$ 5,096
Net difference between projected and actual earnings on OPEB plan investments	2,837
Change in Division's proportionate share and difference in employer contributions	696
Total Deferred Inflows of Resources	$ 8,629

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:	
2021	$ 973
2022	471
2023	2
2024	(1,212)
Total	$ 234

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 was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date as of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases,	
including inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	3.16%
Prior Measurement Date	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.75%
Prior Measurement Date	3.71%
Health Care Cost Trend Rate:	
Current Measurement Date	10.50%, initial 3.5% ultimate in 2030
Prior Measurement Date	10.00%, initial 3.25% ultimate in 2029
Actuarial Cost Method	Individual Entry Age

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

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

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

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

During 2019, 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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 19.7% for 2019.

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 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36 %	1.53 %
Domestic Equities	21	5.75
Real Estate Investment Trust	6	5.69
International Equities	23	7.66
Other Investments	14	4.90
Total	100 %	4.55 %

Discount Rate: A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Division's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower 2.16% or one-percentage-point higher 4.16% than the current rate:

	1% Decrease 2.16%	Current Discount Rate 3.16%	1% Increase 4.16%
		(Amounts in Thousands)	
Division's proportionate share of the net OPEB liability	$ 70,792	$ 53,900	$ 40,720

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB liability calculated using the assumed trend rates and the expected net OPEB liability 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 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
		(Amounts in Thousands)	
Division's proportionate share of the net OPEB liability	$ 52,513	$ 53,900	$ 55,640

NOTE G – CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Division for personal injuries, property damage and other matters, which the City is responsible for. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

Risk Management: The Division is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Division is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2020.

The City provides the choice of two separate health insurance plans to its employees. The operating funds are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Division is immaterial.

NOTE H – RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides 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 $2,259,000 in 2020. The Division also provides miscellaneous services to other departments and divisions of the City. Revenue realized from such services was approximately $667,000 in 2020.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE H – RELATED PARTY TRANSACTIONS (Continued)

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, 2020 was as follows:

		(Amounts in Thousands)
Electricity Purchases	$	16,966
Utilities Administration and Utilities Fiscal Control		9,103
Motor Vehicle Maintenance		2,447
Telephone Exchange		1,908

NOTE I – CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately $4,915,000 for December 31, 2020.

NOTE J – COVID 19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Division. In addition, the impact on the Division's future operating revenues, expenses, and any recovery from emergency funding cannot be estimated.

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

Required Supplementary Information

Schedule of the Division's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Seven Years (1), (2)

	Division's Proportion of the Net Pension Liability	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
	(Amounts in Thousands)				
2014	0.411161 %	$ 48,397	$ 46,600	103.86 %	86.36 %
2015	0.411161	49,432	51,458	96.06	86.45
2016	0.396321	69,902	50,533	138.33	81.08
2017	0.379883	87,844	50,392	174.32	77.25
2018	0.395659	62,889	52,731	119.26	84.66
2019	0.407826	111,359	58,257	191.15	74.70
2020	0.403071	78,470	60,729	129.21	82.17

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

(2) Information prior to 2014 was not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

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

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

Required Supplementary Information (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2013	$ 6,058	$ (6,058)	$ -	$ 46,600	13.00 %
2014	6,175	(6,175)	-	51,458	12.00
2015	6,064	(6,064)	-	50,533	12.00
2016	6,047	(6,047)	-	50,392	12.00
2017	6,855	(6,855)	-	52,731	13.00
2018	8,156	(8,156)	-	58,257	14.00
2019	8,502	(8,502)	-	60,729	14.00
2020	8,847	(8,847)	-	63,193	14.00

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

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

Required Supplementary Information (Continued)

Schedule of the Division's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Four Years (1), (2)

	Division's Proportion of the Net OPEB Liability	Division's Proportionate Share of the Net OPEB Liability	Division's Covered Payroll	Division'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	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

(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 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.

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

Required Supplementary Information (Continued)

Schedule of Contributions - Net OPEB Liability
Ohio Public Employees Retirement System
Last Five 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

(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 was not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2020

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CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
P. 513.241.3111 | F. 513.241.1212

INDEPENDENT AUDITORS' REPORT

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee
Division of Water Pollution Control
Department of Public Utilities
City of Cleveland, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the Division of Water Pollution Control, Department of Public Utilities, City of Cleveland, Ohio (the "Division") as of and for the year ended December 31, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Division of Water Pollution Control, Department of Public Utilities, City of Cleveland, Ohio as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the basic financial statements, the financial statements present only the Division and do not purport to, and do not present fairly the financial position of the City of Cleveland as of December 31, 2020, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

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, 2020. Please read this information in conjunction with the Division's basic financial statements and footnotes that begin on page 16.

The Division was created for the purpose of supplying sewer services to customers within the Cleveland metropolitan area. Embarking with a rudimentary system in the late 1800's, the Cleveland Sewer System developed as the City itself expanded. Until the early 1970's, the City operated the entire system and managed all aspects of sewage treatment and disposal.

In 1972, a court order created the Northeast Ohio Regional Sewer District (NEORSD) and transferred the operation of all wastewater treatment plants and interceptors to the NEORSD in December 1973.

The City retained responsibility for the sewer collector system in Cleveland. The Division serves a significant portion of the entire metropolitan area by managing the sanitary sewage and storm water drainage collection system. The sewer collection system transfers sanitary and storm sewage from its point of origin to an interceptor sewer or treatment plant for processing. The system is comprised of 1,444 miles of sewer lines with attendant catch basins and includes 12 pump/lift stations. The Division is also responsible for the cleaning of 44,000 catch basins and for maintaining two storm detention basins.

The Division currently has 117,077 customer accounts in the City, of which 95.9% are residential and 4.1% commercial. Also, in 2020, the Division's sewers transported 1,559,730 Mcf's (thousand cubic feet) of water.

The Division acts as a custodian of billings and receipts for 17 other agencies including the NEORSD, other municipalities and HomeServe USA's residential service line protection plan. Accounts are billed monthly and payments collected each month are remitted to the appropriate agency by the 15th of the subsequent month.

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Division exceeded its liabilities and deferred inflows of resources (net position) by $114,440,000 and $109,933,000 at December 31, 2020 and 2019, respectively. Of these amounts, $27,999,000 and $29,788,000 are unrestricted net position at December 31, 2020 and 2019, respectively and may be used to meet the Division's ongoing obligations to customers and creditors.

- The Division's net position rose by $4,507,000 in 2020, primarily due to capital and other contributions revenue of $3,678,000.

FINANCIAL HIGHLIGHTS (Continued)

- The Division's total debt increased in 2020 by $7,325,000 due to the receipt of an Ohio Water Development Authority (OWDA) loan which was offset by payment of principal on the Division's revenue bonds and outstanding loans.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The accompanying financial statements present financial information for the City's Division of Water Pollution Control Fund, in which the City accounts for the operations of the Department of Public Utilities, Division of Water Pollution Control. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Division is considered an enterprise fund because the operations of the Division are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Division, the economic resources measurement focus and the accrual basis of accounting is used.

The basic financial statements of the Division can be found on pages 16 - 21 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 23 - 49 of this report. Required supplementary information can be found on pages 50 - 53 of this report.

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below are the statements of net position information for the Division as of December 31, 2020 and December 31, 2019:

	2020	2019
	(Amounts in Thousands)	
Assets:		
Capital assets, net	$ 130,246	$ 114,468
Restricted assets	2,651	5,869
Current assets	216,420	202,377
Total assets	349,317	322,714
Deferred outflows of resources	2,708	4,660
Net position:		
Net investment in capital assets	83,751	77,238
Restricted for capital projects	18	250
Restricted for debt service	2,672	2,657
Unrestricted	27,999	29,788
Total net position	114,440	109,933
Liabilities:		
Long-term obligations	63,257	60,108
Current liabilities	171,090	157,106
Total liabilities	234,347	217,214
Deferred inflows of resources	3,238	227

Current assets: The Division's current assets increased by $14,043,000. Net accounts receivable increased by $14,448,000, primarily attributed to rising sewer rates. The increase was partially offset by a reduction in unrestricted cash and cash equivalents of $1,019,000.

Restricted assets: The Division's restricted assets decreased by $3,218,000, primarily due to disbursements of bond proceeds for construction-related expenses.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Capital assets: At December 31, 2020, net capital assets amounted to $130,246,000. A summary of the activity in the Division's capital assets during the year ended December 31, 2020, is as follows:

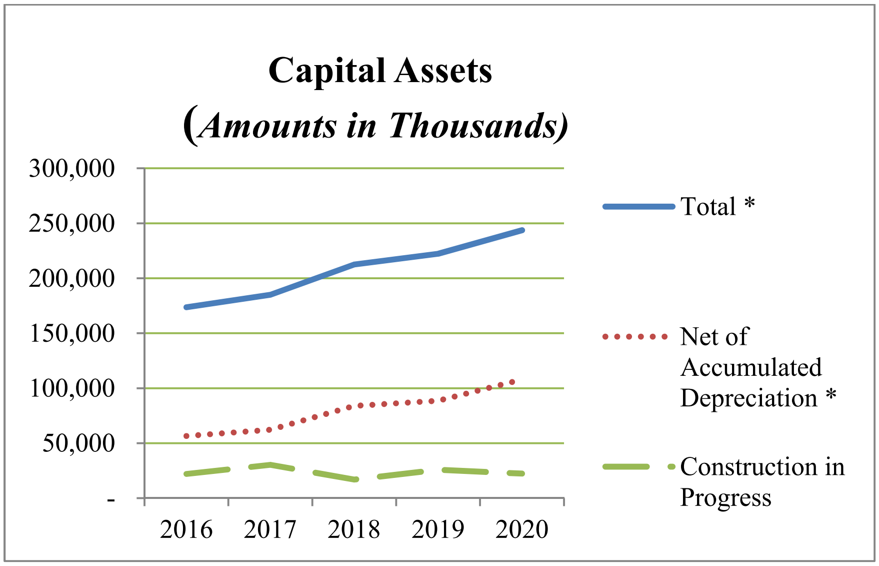
	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
	(Amounts in Thousands)			
Land	$ 295	$	$	$ 295
Land improvements	156	32		188
Utility plant	191,672	23,495		215,167
Buildings, structures and improvements	11,475			11,475
Furniture, fixture, equipment and vehicles	18,578	558	(2,526)	16,610
Construction in progress	25,863	19,970	(23,518)	22,315
Total	248,039	44,055	(26,044)	266,050
Less: Accumulated depreciation	(133,571)	(4,721)	2,488	(135,804)
Capital assets, net	$ 114,468	$ 39,334	$ (23,556)	$ 130,246

In 2020, the principal outlays for construction in progress included sewer installations, East 85th Street rehabilitation, professional services and replacement of the pump station on E. 37th Street.

The major capital additions for the year included:

- East 185th Street and Marcella Road
- Rehabilitating and relining sewers
- Sewer installations
- Henniger Road sewer replacement

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)



* Construction in Progress not included

Additional information on the Division's capital assets, including commitments made for future capital expenditures, can be found in Note D – Capital Assets.

Deferred outflows of resources: Deferred outflows of resources decreased by $1,952,000 in 2020, primarily due to a decrease of $2,489,000 in deferred outflows of resources related to pension. The majority of the pension decrease is attributed to a $1,738,000 decrease in the difference in projected and actual investment earnings.

Current liabilities: Current liabilities increased by $13,984,000 in 2020, mainly due to an increase in amounts due for billings on behalf of others of $13,898,000. The growth is primarily attributed to rising sewer account balances associated with the NEORSD.

***Net pension/Other Postemployment Benefits (OPEB) liabilities*:** The net pension liability is reported by the Division at December 31, 2020 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability 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 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 liability 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.

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

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Division's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, 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 and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Long-term debt: At the end of 2020, the Division had total debt outstanding of $43,446,000 associated with its issuance of revenue bonds, two Ohio Public Works Commission (OPWC) construction loans 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, 2020 is summarized below:

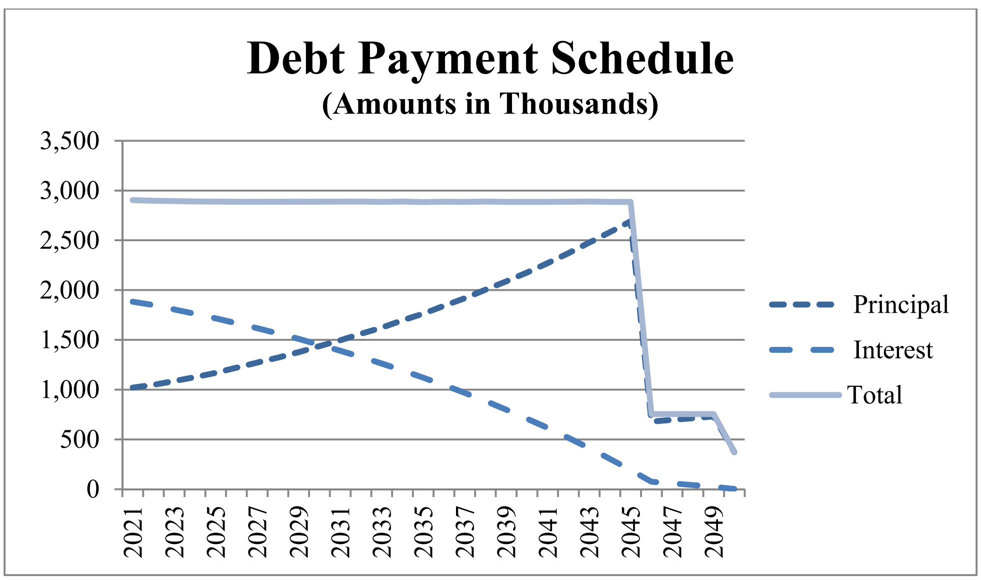
	Balance January 1, 2020	Debt Issued	Debt Retired	Balance December 31, 2020
	(Amounts in Thousands)			
Water Pollution Control Revenue Bonds, Series 2016	$ 30,680	$	$ (610)	$ 30,070
Ohio Water Development Authority Loan (OWDA)	5,395	8,127	(180)	13,342
Ohio Public Works Commission Loans (OPWC)	46		(12)	34
Total	$ 36,121	$ 8,127	$ (802)	$ 43,446

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The bonds ratings for the Division's outstanding revenue bonds as of December 31, 2020, are as follows:

	Moody's Investors Service	S&P Global
Water Pollution Control Revenue Bonds	Aa3	A+

The ratio of net revenue available for debt service to debt service requirements (revenue bond coverage) is a useful indicator of the Division's debt position to management, customers and creditors and investors. The Division's revenue bond coverage for 2020 and 2019 was 362% and 525%, respectively.



Additional information on the Division's long-term debt can be found in Note B – Long-term Obligations on pages 27 - 31.

Deferred inflows of resources: Deferred inflows of resources increased by $3,011,000 in 2020. The growth is attributed to an increase in pension and OPEB deferred inflows of resources due to investment returns exceeding expectations.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Net position: Net position serves as a useful indicator of a government's financial position. In the case of the Division, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $114,440,000 and $109,933,000 at December 31, 2020 and 2019, respectively.

The largest portion of the Division's net position, $83,751,000 at December 31, 2020, reflects its investment in capital assets (e.g., land, buildings, utility plant, machinery and equipment), net of accumulated depreciation, less any related outstanding debt used to acquire those assets. The Division uses these capital assets to provide services to its customers. Consequently, these assets are not available for future spending. Although the Division's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Division's net position, $2,690,000 at December 31, 2020, represents resources that are subject to external restrictions. These funds are set aside for the payment of revenue bonds and capital projects.

The remaining balance of net position, $27,999,000 at December 31, 2020, is unrestricted and may be used to meet the Division's ongoing obligations to customers and creditors.

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

During 2020, the Division's operations increased its net position by $4,507,000. Provided below are the key elements of the Division's results of operations for the years ended December 31, 2020 and 2019:

	2020	2019
	(Amounts in Thousands)	
Operating revenues	$ 29,392	$ 32,176
Operating expenses	27,873	30,255
Operating income (loss)	1,519	1,921
Non-operating revenue (expense):		
Investment income	223	875
Interest expense	(1,199)	(694)
Amortization of bond premiums and discounts	269	273
Gain (loss) on the disposal of assets	(2)	(2)
Other	19	34
Total non-operating revenue (expense), net	(690)	486
Income (loss) before capital and other contributions	829	2,407
Capital and other contributions	3,678	3,713
Change in net position	4,507	6,120
Net position, beginning of year	109,933	103,813
Net position, end of year	$ 114,440	$ 109,933

Operating revenues: Operating revenues amounted to $29,392,000 in 2020, which was a decrease of $2,784,000 from the previous year. The decrease is primarily attributed to a 6.8% decrease in metered consumption resulting in a $1,454,000 decline in revenue.

Operating expenses: In 2020, total operating expenses decreased by $2,382,000. Pension expense decreased by $1,479,000, while depreciation expense decreased by $1,140,000 compared to 2019. The decline in depreciation is primarily attributed to a large asset completing the amortization of its estimated useful life in 2019. These increases were partially offset by a $330,000 decrease in infrastructure-related maintenance costs.

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

Non-operating revenues: From 2019 to 2020, non-operating revenues decreased by $671,000 or 56.8%. This decrease is primarily related to a decrease in interest revenue of $652,000 due to lower interest rates.

Non-operating expenses: From 2019 to 2020, non-operating expenses increased by $505,000. The growth is entirely attributed to increased interest costs related to the Division's OWDA loan.

Capital and other contributions: The Division was the recipient of multiple grants totaling $3,678,000, a decrease of $35,000 from the prior year. The decline is primarily attributed to a decrease of $227,000 in a grant provided by the NEORSD to improve pavement drainage. This decrease was partially offset by an increase in a NEORSD grant intended to help mitigate the detrimental effects of storm water runoff of $187,000.

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, 2020
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CAPITAL ASSETS	
Land	$ 295
Land improvements	188
Utility plant	215,167
Buildings, structures and improvements	11,475
Furniture, fixtures, equipment and vehicles	16,610
	243,735
Less: Accumulated depreciation	(135,804)
	107,931
Construction in progress	22,315
CAPITAL ASSETS, NET	130,246
RESTRICTED ASSETS	
Cash and cash equivalents	2,651
TOTAL RESTRICTED ASSETS	2,651
CURRENT ASSETS	
Cash and cash equivalents	78,511
Restricted cash and cash equivalents	1,538
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of $2,870	133,091
Unbilled revenue	1,947
Due from other governments	538
Due from other City of Cleveland departments, divisions or funds	29
Materials and supplies	701
Prepaid expenses	65
TOTAL CURRENT ASSETS	216,420
TOTAL ASSETS	349,317
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,632
OPEB	1,076
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,708

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF NET POSITION
December 31, 2020
(Amounts in Thousands)

NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
NET POSITION		
Net investment in capital assets	$	83,751
Restricted for capital projects		18
Restricted for debt service		2,672
Unrestricted		27,999
TOTAL NET POSITION		114,440
LIABILITIES		
LONG-TERM OBLIGATIONS-excluding amounts due within one year:		
OWDA loans		12,974
OPWC loans		17
Accrued wages and benefits		180
Revenue bonds		33,522
Net pension liability		9,849
Net OPEB liability		6,715
TOTAL LONG-TERM OBLIGATIONS		63,257
CURRENT LIABILITIES		
Accounts payable		1,138
Customer deposits and other liabilities		181
Payable from restricted assets		1,538
Accrued wages and benefits		1,211
Due to other City of Cleveland departments, divisions or funds		2,707
Amounts due for billing on behalf of others		163,107
Accrued interest payable		188
Current portion of long-term debt, due within one year		1,020
TOTAL CURRENT LIABILITIES		171,090
TOTAL LIABILITIES		234,347
DEFERRED INFLOWS OF RESOURCES		
Pension		2,191
OPEB		1,047
TOTAL DEFERRED INFLOWS OF RESOURCES		3,238

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, 2020
(Amounts in Thousands)

OPERATING REVENUES	
Charges for services	$ 29,392
TOTAL OPERATING REVENUES	29,392
OPERATING EXPENSES	
Operations	13,636
Maintenance	9,516
Depreciation	4,721
TOTAL OPERATING EXPENSES	27,873
OPERATING INCOME (LOSS)	1,519
NON-OPERATING REVENUE (EXPENSE)	
Investment income	223
Interest expense	(1,199)
Amortization of bond premiums and discounts	269
Gain (loss) on disposal of assets	(2)
Other	19
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	(690)
INCOME (LOSS) BEFORE CAPITAL AND OTHER CONTRIBUTIONS	829
Capital and other contributions	3,678
INCREASE (DECREASE) IN NET POSITION	4,507
NET POSITION, BEGINNING OF YEAR	109,933
NET POSITION, END OF YEAR	$ 114,440

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, 2020
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 27,255
Cash payments to suppliers for goods or services	(11,175)
Cash payments to employees for services	(9,628)
Cash receipts on behalf of other communities	401,522
Cash payments on behalf of other communities	(401,987)
Other	492
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	6,479
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of revenue bonds, loans and notes	8,127
Acquisition and construction of capital assets	(19,657)
Principal paid on long-term debt	(802)
Interest paid on long-term debt	(1,718)
Capital grant proceeds	3,391
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(10,659)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	265
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	265
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,915)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	86,615
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 82,700

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF CASH FLOWS
For the year ended December 31, 2020
(Amounts in Thousands)

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

OPERATING INCOME (LOSS)	$	1,519
Adjustments		
Depreciation		4,721
(Increase) decrease in assets:		
Accounts receivable, net		(14,448)
Unbilled revenue		(12)
Due from other City of Cleveland departments, divisions or funds		11
Materials and supplies, net		(42)
Prepaid expenses		4
(Increase) decrease in deferred outflows of resources:		
Pension		2,489
OPEB		(537)
Increase (decrease) in liabilities:		
Accounts payable		(498)
Customer deposits and other liabilities		(17)
Accrued wages and benefits		62
Due to other City of Cleveland departments, divisions or funds		19
Amounts due for billings on behalf of others		13,898
Net pension liability		(3,991)
Net OPEB liability		290
Increase (decrease) in deferred inflows of resources:		
Pension		1,981
OPEB		1,030
TOTAL ADJUSTMENTS		4,960
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	6,479

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	$	1,538

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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 November of 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2019. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (ARO) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. As required, the Division has implemented GASB Statement No. 83 as of December 31, 2020.

In January of 2017, GASB Statement No. 84, *Fiduciary Activities,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. As required, the Division has implemented GASB Statement No. 84 as of December 31, 2020.

In March of 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* was issued. This Statement is effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. As required, the Division has implemented GASB Statement No. 88 as of December 31, 2020.

In August of 2018, GASB Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The Division has determined that GASB Statement No. 90 has no impact on its financial statements as of December 31, 2020.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's net position is accounted for in the accompanying statements of net position and is divided into the following categories:

- Net investment in capital assets
- Restricted for capital projects
- Amount restricted for debt service
- Remaining unrestricted amount

In addition, certain additional financial information regarding the Division is included in these footnotes.

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

Revenues: Revenues are derived primarily from sales of sewer services to residential, commercial and industrial customers based upon actual water consumption. Sewer rates are authorized by City Council and billings are made on a cyclical basis. Estimates for services between the end of the various cycles and the end of the year are recorded as unbilled revenue.

Inventory of Supplies: The Division's inventory is valued at average cost. Inventory costs are charged to operations when consumed.

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

Interfund Transactions: During the course of normal operations the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivables: The Division's share of the accounts receivable balance is $12,967,000, net of allowance for doubtful accounts of $2,870,000. The remaining net accounts receivable balance of $120,124,000 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 2020. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than $5,000 for furniture, fixtures, equipment and vehicles and $10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility plant	5 to 100 years
Land improvements	15 to 100 years
Building, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's policy is to capitalize interest on construction projects up to the point in time that the project is substantially completed. Capitalized interest is included in the cost of the assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. The Division applies GASB guidance pertaining to capitalization of interest costs for its revenue bonds. This statement requires capitalization of interest cost of eligible borrowings, less interest earned on investment of the related bond proceeds from the date of borrowing until the assets constructed from the bond proceeds are ready for their intended use.

For 2020, total interest costs incurred amounted to $1,715,000, of which $509,000 was capitalized, net of interest income of $7,000.

Bond Issuance Costs, Discounts, Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resources and is amortized over the shorter of the defeased bond or the newly issued bond.

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

Net Pension/OPEB Liabilities: For purposes of measuring the net pension/OPEB liabilities, 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE B - LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2020 as follows:

	Interest Rate	Original Issuance	2020
		(Amounts in Thousands)	
Water Pollution Control Revenue Bonds, Series 2016 due through 2045	4.00% - 5.00%	$ 32,390	$ 30,070
Ohio Water Development Authority (OWDA) Loans payable annually through 2050, direct borrowing	2.47%	13,522	13,342
Ohio Public Works Commission (OPWC) Loans payable annually through 2022, direct borrowing	0.00%	481	34
		$ 45,912	43,412
Less:			
Unamortized discount and premium			4,087
Current portion			(1,020)
Total Long-Term Debt			$ 46,479

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE B - LONG-TERM OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2020, are as follows:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
	(Amounts in Thousands)				
Water Pollution Control Revenue Bonds, Series 2016 due through 2045	$ 30,680	$	$ (610)	$ 30,070	$ 635
Ohio Water Development Authority (OWDA) Loans payable annually through 2050, direct borrowing	5,395	8,127	(180)	13,342	368
Ohio Public Works Commission (OPWC) Loans payable annually through 2022, direct borrowing	46		(12)	34	17
Total bonds and loans	36,121	8,127	(802)	43,446	1,020
Accrued wages and benefits	1,329	1,211	(1,149)	1,391	1,211
Net pension liability	13,840		(3,991)	9,849	
Net OPEB liability	6,425	290		6,715	
Total	$ 57,715	$ 9,628	$ (5,942)	$ 61,401	$ 2,231

NOTE B - LONG-TERM OBLIGATIONS (Continued)

Minimum principal and interest payments on long-term debt are as follows:

	Bond Principal	OPWC (Direct Borrowing) Principal	OWDA (Direct Borrowing) Principal	Interest	Total
			(Amounts in Thousands)		
2021	$ 635	$ 17	$ 368	$ 1,883	$ 2,903
2022	660	11	377	1,849	2,897
2023	695	6	386	1,806	2,893
2024	730		396	1,762	2,888
2025	765		404	1,716	2,885
2026-2030	4,445		2,183	7,808	14,436
2031-2035	5,670		2,469	6,295	14,434
2036-2040	7,235		2,791	4,406	14,432
2041-2045	9,235		3,155	2,042	14,432
2046-2050			3,191	200	3,391
Total	$ 30,070	$ 34	$ 15,720	$ 29,767	$ 75,591

The above schedule of minimum principal and interest payments on long-term debt includes the amortization on two OPWC loans and one OWDA loan provided to the City.

On January 31, 2019, the Ohio Water Development Authority approved a loan for phase one of the E. 185th Street and Marcella Rd relief sewer. The total loan amount is $15,900,000 and repayment is scheduled to begin 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, 2020, the amount financed on this loan, which is reflected in the amortization schedule, exceeds the actual loan balance shown in the long-term debt outstanding by $2,378,000. However, the amortization schedule is tentative and will be revised when the final amount financed is determined.

The Ohio Public Works Commission Loans and the Ohio Water Development Authority Loan are being paid from the revenues derived from operations of the Division.

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

NOTE B - LONG-TERM OBLIGATIONS (Continued)

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

The indenture requires that the City will at all times prescribe, charge and collect such rates, rental and other charges for the use of the services of the system and will restrict the operating expenses of the system in such a way that the net revenues available for debt service in each fiscal year shall be not less than the greater of i) 120.0% of debt service on all bonds then outstanding and payable during the fiscal year or ii) 100.0% of the sum of (a) debt service on all bonds then outstanding payable during that fiscal year, (b) all required deposits to the debt service reserve fund during that fiscal year, (c) all required deposits to the subordinated debt service fund and to any reserve fund securing subordinated indebtedness during the fiscal year, (d) all required deposits to the contingency fund during the fiscal year and (e) debt service payable on any other obligations payable from the balance sub fund and deposits to any reserve funds securing such other obligations. As of December 31, 2020, 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 $30,070,000 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 28.0% of net revenues.

The total principal and interest remaining to be paid on the Water Pollution Control Revenue Bonds is $53,327,000. Principal and interest funded in the current year and total net revenues (including other available funds) were $2,132,000 and $7,718,000 respectively.

Water Pollution Control Loans: Under Title VI of the Clean Water Act, Congress created the State Revolving Fund (SRF). The SRF program provides federal capitalization grants to states, in addition to the 20% state matching funds, in order to capitalize state level revolving loan funds. Besides the traditional types of municipal wastewater treatment projects, Congress expanded the potential use of SRF funds to include correction of combined sewer overflows, major sewer rehabilitation and new collector sewers.

In Ohio, this SRF program is known as the Water Pollution Control Loan Fund and is jointly administered by the Ohio EPA and the Ohio Water Development Authority. Principal balances on loans increase as project costs are incurred. Interest accrues on principal amounts outstanding during the construction period and is combined with the principal balance upon completion of the project. The repayment period for each loan commences no later than the 1st of January or July following the expected completion dates of the project to which it relates utilizing an estimate of total eligible project costs as the preliminary loan amount. Construction loans and design loans are to be repaid in semi-annual payments of principal and interest over a period of twenty years and five years, respectively. The Division had no SRF loan awards related to projects as of December 31, 2020.

In addition, the Division had two OPWC loan awards as of December 31, 2020. The loan related projects are for sewer repair and replacement at the Hamlet and Adolpha Streets intersection and a storm water detention basin project at Kerruish Park. Both loans are interest-free and principal repayment will be made from the Division’s operating revenues.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits: The Division’s carrying amount of deposits at December 31, 2020, totaled $10,118,000 and the Division’s bank balances were approximately $14,742,000. 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*, $14,742,000 of the bank balances at December 31, 2020, was insured or collateralized with securities held by the City or by its agent in the City’s name.

NOTE C – DEPOSIT AND INVESTMENTS (Continued)

Custodial credit risk for deposits is the risk that in the event of bank failure, the Division will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the Division's deposits were fully insured or collateralized. All deposits are collateralized with eligible securities pledged and deposited either with the City or with a qualified trustee by the financial institution as security for repayment of all public monies deposited in the financial institution whose market value at all times is equal to at least 110.0% of the carrying value of the deposits being secured.

Investments: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. The City's investment policies are governed by State Statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; State Treasurer Asset Reserve Fund (STAR Ohio); commercial paper; U.S. Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; and repurchase transactions. Such repurchase transactions must be purchased from financial institutions or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained.

Generally, investments are recorded and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the City, apart from the assets of the depository institution. Ohio Statute prohibits the use of reverse repurchase agreements.

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

Interest Rate Risk**:** As a means of limiting its exposure to fair value losses caused by rising interest rates, the Division invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

Credit Risk**:** The Division's investments as of December 31, 2020 include STAR Ohio and money market mutual funds. The Division maintains the highest ratings for their investments. Investments in STAR Ohio, Morgan Stanley Government Institutional Funds and the Government Obligations Fund carry a rating of AAAm, which is the highest money market fund rating given by S&P Global's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE C – DEPOSIT AND INVESTMENTS (Continued)

***Concentration of Credit Risk*:** The Division places a limitation on the amount it may invest in any one issuer to minimize the concentration of credit risk. The Division had the following investments at December 31, 2020, 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	2020 Value	2020 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 36,096	$ 36,096	$ 36,096
Money Market Mutual Funds	36,486	36,486	36,486
Total Investments	72,582	72,582	72,582
Total Deposits	10,118	10,118	10,118
Total Deposits and Investments	$ 82,700	$ 82,700	$ 82,700

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, 2020, the investments in STAR Ohio and money market mutual funds are 49.7% and 50.3%, respectively, of the Division's total investments.

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

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE D - CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
	(Amounts in Thousands)			
Capital assets, not being depreciated:				
Land	$ 295	$	$	$ 295
Construction in progress	25,863	19,970	(23,518)	22,315
Total capital assets, not being depreciated	26,158	19,970	(23,518)	22,610
Capital assets, being depreciated:				
Land improvements	156	32		188
Utility plant	191,672	23,495		215,167
Buildings, structures and improvements	11,475			11,475
Furniture, fixtures, equipment and vehicles	18,578	558	(2,526)	16,610
Total capital assets, being depreciated	221,881	24,085	(2,526)	243,440
Less: Accumulated depreciation	(133,571)	(4,721)	2,488	(135,804)
Total capital assets being depreciated, net	88,310	19,364	(38)	107,636
Capital assets, net	$ 114,468	$ 39,334	$ (23,556)	$ 130,246

Commitments: The Division had outstanding commitments of approximately $16,889,000 for future capital expenses at December 31, 2020. It is anticipated that these commitments will be financed from the Division's cash balances. However, at the discretion of the Division, additional long-term debt may be issued in the future to finance a portion of the costs.

NOTE E – DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

Ohio Public Employees Retirement System (OPERS): Division's 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. Division's employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments (COLA) to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

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

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

FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy: The Ohio Revised Code (ORC) provides statutory authority for member and employer. For 2020, 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 $1,072,000 for 2020. All required payments have been made.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Division's proportion of the net pension liability was based on the Division's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS (Amounts in Thousands)
Proportionate Share of the Net Pension Liability	$ 9,849
Proportion of the Net Pension Liability	0.047654%
Change in proportion	(0.000562%)
Pension Expense	$ 1,515

At December 31, 2020, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)
Deferred Outflows of Resources	
Change in assumptions	$ 534
Change in Division's proportionate share and difference in employer contributions	26
Division's contributions subsequent to the measurement date	1,072
Total Deferred Outflows of Resources	$ 1,632
Deferred Inflows of Resources	
Differences between expected and actual economic experience	$ 147
Net difference between projected and actual earnings on pension plan investments	1,968
Change in Division's proportionate share and difference in employer contributions	76
Total Deferred Inflows of Resources	$ 2,191

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

The $1,072,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS (Amounts in Thousands)	
Year Ending December 31:		
2021	$	(242)
2022		(658)
2023		75
2024		(788)
2025		(5)
Thereafter		(13)
Total	$	(1,631)

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2019
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	3.25%, simple Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: 1.4% through 2020, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit Portfolio, the Health Care Portfolio and the Defined Contribution Portfolio. The Defined Benefit Portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit Portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the Defined Benefit 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 Defined Benefit Portfolio was 17.2% for 2019

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability	$ 14,981	$ 9,849	$ 5,588

NOTE F – DEFINED BENEFIT OPEB PLANS

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

The net OPEB liability 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 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 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. Resulting adjustments to the net OPEB liability 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 on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Comprehensive Annual 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 2020, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% for both plans in 2020. 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 2019 was 4.0%.

For the year ended December 31, 2020, OPERS did not allocate any employer contributions to the OPEB plan.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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 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)
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.046995%
Prior Measurement Date	0.047654%
Change in Proportionate Share	(0.000659%)
Proportion Share of the Net OPEB Liability	$ 6,715
OPEB Expense	$ 784

At December 31, 2020, 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	
Differences between expected and actual economic experience	$ 1
Changes in assumptions	1,070
Change in Division's proportionate share and difference in employer contributions	5
Total Deferred Outflows of Resources	$ 1,076
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 618
Net difference between projected and actual earnings on OPEB plan investments	344
Change in Division's proportionate share and difference in employer contributions	85
Total Deferred Inflows of Resources	$ 1,047

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:

Year Ending December 31:	OPERS (Amounts in Thousands)	
2021	$	118
2022		57
2023		-
2024		(146)
Total	$	29

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 was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	3.16%
Prior Measurement Date	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.75%
Prior Measurement Date	3.71%
Health Care Cost Trend Rate:	
Current Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Prior Measurement Date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

During 2019, 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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 19.7% for 2019

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 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate: A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Division's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower 2.16% or one-percentage-point higher 4.16% than the current rate:

	1% Decrease 2.16%	Current Discount Rate 3.16%	1% Increase 4.16%
		(Amounts in Thousands)	
Division's proportionate share of the net OPEB liability	$ 8,800	$ 6,715	$ 5,046

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB liability calculated using the assumed trend rates and the expected net OPEB liability 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 2020 is 10.50%. 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	$ 6,516	$ 6,715	$ 6,910

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE G - CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Division for personal injuries, property damage and other matters, which the City is responsible for. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

Risk Management: The Division is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Division is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2020.

The City provides the choice of two separate health insurance plans to its employees. The operating funds are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Division is immaterial.

NOTE H - RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides sewer services to the City, including its various departments and divisions. Standard consumption rates are charged, except for the Division of Fire, public buildings and certain other facilities owned by the City, which by ordinance are provided free sewer services.

Operating Expenses*:* The Division is provided various intra-city services. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the year ended December 31, 2020, was as follows:

	(Amounts in Thousands)
Utilities Administration and Utilities Fiscal Control	$ 1,264
City Administration	1,098
Motor Vehicle Maintenance	202
Electricity purchases	169

NOTE H - RELATED PARTY TRANSACTIONS (Continued)

Billing, collection and various other services for the Division are performed by the Division of Water for a fee. This fee is primarily based on the number of billings made on behalf of the Division during the year at the same rates as charged to other users of the billing system. These fees were approximately $2,259,000 in 2020.

NOTE I - CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately $25,000 for the year ended December 31, 2020.

NOTE J – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Division. In addition, the impact on the Division's future operating revenues, expenses, and any recovery from emergency funding cannot be estimated.

NOTE K – ASSET RETIREMENT OBLIGATION

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

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information

Schedule of the Division's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Seven Years (1), (2)

	Division's Proportion of the Net Pension Liability	Division's Proportionate Share of the Net Pension Liability	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(Amounts in Thousands)			
2014	0.054153 %	$ 6,375	$ 6,138	103.86%	86.36%
2015	0.054153	6,511	6,783	95.99	86.45
2016	0.047798	8,979	6,092	147.39	81.08
2017	0.047965	11,245	6,367	176.61	77.25
2018	0.049706	8,110	6,585	123.16	84.66
2019	0.048216	13,840	6,850	202.04	74.70
2020	0.047654	9,849	7,443	132.33	82.17

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

Note to Schedule:

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

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2013	$ 798	$ (798)	$ -	$ 6,138	13.00%
2014	814	(814)	-	6,783	12.00
2015	731	(731)	-	6,092	12.00
2016	764	(764)	-	6,367	12.00
2017	856	(856)	-	6,585	13.00
2018	959	(959)	-	6,850	14.00
2019	1,042	(1,042)	-	7,443	14.00
2020	1,072	(1,072)	-	7,657	14.00

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

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information (Continued)

Schedule of the Division's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Four Years (1), (2)

	Division's Proportion of the Net OPEB Liability	Division's Proportionate Share of the Net OPEB Liability	Division's Covered Payroll	Division's Proportional 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	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

(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 7.5% 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.

CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL

Required Supplementary Information (Continued)

Schedule of Contributions - Net OPEB Liability
Ohio Public Employees Retirement System
Last Five 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

(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
(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, 2020

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
P. 513.241.3111 | F. 513.241.1212

INDEPENDENT AUDITORS' REPORT

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee
Divisions of Cleveland Hopkins International and Burke Lakefront Airports
Department of Port Control
City of Cleveland, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports, Department of Port Control, City of Cleveland, Ohio (the "Divisions") as of and for the year ended December 31, 2020, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Divisions of Cleveland Hopkins International and Burke Lakefront Airports, Department of Port Control, City of Cleveland, Ohio as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the basic financial statements, the financial statements present only the Divisions and do not purport to, and do not present fairly the financial position of the City of Cleveland as of December 31, 2020, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The schedule of airport revenues and operating expenses as defined in the airline use agreement for the year ended December 31, 2020 is presented for purpose of additional analysis and is not a required part of the Divisions' basic financial statements. The schedule of airport revenues and operating expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Divisions' basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the Divisions' basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

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, 2020. Please read this information in conjunction with the Divisions' basic financial statements and notes that begin on page 16.

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 2020, the Divisions were served by eight scheduled United States (U.S.) based airlines, one foreign based airlines, 12 regional U.S. based airlines, three regularly scheduled charters and five U.S. based all – cargo airlines. There were 29,000 scheduled landings with landed weight amounting to 3,514,736,000 pounds. There were approximately 2,060,000 passengers enplaned at Cleveland Hopkins International Airport and 54,000 passengers enplaned at Burke Lakefront Airport during 2020.

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 $399,951,000 and $390,717,000 at December 31, 2020 and 2019, respectively. Of these amounts, $95,476,000 and $97,221,000 (unrestricted net position) at December 31, 2020 and 2019, respectively, may be used to meet the Divisions' ongoing obligations to customers and creditors.

- The Divisions' total net position increased by $9,234,000 in 2020. The main factors that attributed to this was capital and other contributions, which offset operating losses.

- Additions to construction in progress totaled $31,584,000 in 2020.

- The major capital projects during 2020 were the North Airfield Improvement Projects, Phase III, Snow Removal Equipment Acquisition, CLE Master Plan, CLE Ground Transportation Center Upgrades, Primary Road Fire and Domestic Waterline Improvements.

- The Divisions' total bonded debt decreased by $41,585,000 in 2020. 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 16-21 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 23-52 of this report. The required supplementary information can be found on pages 53-56 of this report. The Schedule of Airport Revenues and Operating Expenses as Defined in the Airline Use Agreement can be found on page 57 of this report. The Report on Compliance for the Passenger Facility Program; Report on Internal Control Over Compliance and the Report on Schedule of Expenditures of Passenger Facility Charges in Accordance with 14 CFR Part 158 can be found on pages 59-60 of this report. The remaining passenger facility charges schedules can be found on pages 61-63 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, 2020 and 2019:

	2020	2019
	(Amounts in Thousands)	
Assets and deferred outflows of resources:		
Assets:		
Current assets	$ 132,478	$ 128,260
Restricted assets	224,738	231,982
Capital assets, net	745,315	769,778
Total assets	1,102,531	1,130,020
Deferred outflows of resources	26,586	36,294
Liabilities, deferred inflows of resources and net position:		
Liabilities:		
Current liabilities	80,415	75,074
Long-term obligations	638,518	699,774
Total liabilities	718,933	774,848
Deferred inflows of resources	10,233	749
Net position:		
Net investment in capital assets	162,024	154,610
Restricted for debt service	123,710	121,026
Restricted for capital projects	21	21
Restricted for passenger facility charges	18,720	17,839
Unrestricted	95,476	97,221
Total net position	$ 399,951	$ 390,717

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 $37,197,000 or 3.2% in 2020. The changes are primarily due to a decrease in capital assets, restricted assets and deferred outflows of resources.

Capital Assets: The Divisions’ investment in capital assets as of December 31, 2020 amounted to $745,315,000 (net of accumulated depreciation), which is a decrease of 3.2%. These investments in capital assets include: land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; infrastructure; vehicles; and construction in progress. There was an increase in vehicles of $72,000. Furniture, fixtures and equipment had a net increase of $39,035,000 of which $4,619,000 was the Snow Removal Equipment placed into service.

A summary of the activity in the Divisions’ capital assets during the year ended December 31, 2020 is as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
	(Amounts in Thousands)			
Land	$ 166,882	$	$	$ 166,882
Land improvements	94,931			94,931
Buildings, structures and improvements	375,034			375,034
Furniture, fixtures and equipment	67,795	39,127	(92)	106,830
Infrastructure	1,018,128			1,018,128
Vehicles	19,082	94	(22)	19,154
Total	1,741,852	39,221	(114)	1,780,959
Less: Accumulated depreciation	(1,088,231)	(60,666)	114	(1,148,783)
Total	653,621	(21,445)	-	632,176
Construction in progress	116,157	31,584	(34,602)	113,139
Capital assets, net	$ 769,778	$ 10,139	$ (34,602)	$ 745,315

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Major events during 2020 affecting the Divisions' capital assets included the following:

- CLE Master Plan: The City of Cleveland began work to develop a new Master Plan for Cleveland Hopkins International Airport. CLE conducted a Master Plan Update in 2012. Since then, the airport has experienced significant changes in passenger traffic, operations, and industry practices and therefore a new plan is needed at this time. An Airport Master Plan is a dynamic, long-term plan that provides a conceptual layout and guidance for future growth and development. It will include airfield planning, terminal planning, landside planning, other facilities and environmental considerations. Work on the new plan began in the fourth quarter of 2019 and will continued through 2020. Completion is expected in 2021.

- Primary Road Fire and Domestic Waterline Improvements: This project consists of rehabilitation of the Primary Road Fire and Domestic Waterline Improvements at CLE. The project consists of removing and replacing the pavement along the south side of Primary Hangar and the installation of new waterlines, sanitary lines and storm sewers associated with the roadway. The project also includes the construction of a new Fire Pump room within Primary Hangar and associated piping to connect the fire pumps to the existing hangar sprinkler system. Work began in 2020 and is scheduled for completion in 2021.

- 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 is scheduled for completion in 2021.

- Snow Removal Equipment Acquisition: In 2019, 7 pieces of new snow removal equipment were purchased to replace aged equipment that had reached the end of its life-cycle. Equipment acquisitions were completed in 2020.

- North Airfield Improvements Projects: This project will look to eliminate two CLE airfield safety-related hot spot locations as determined by the Federal Aviation Administration (FAA) Runway Safety Action Team. This project will provide geometric upgrades to current FAA standards and eliminate direct aircraft access into the runway environment in an effort to greatly enhance safety. There are four construction phases to this project. Phase I was related to the design of the project. Phase II occurred in 2018, focusing on areas on the west side of the airfield only. This phase includes the removal of Taxiway C, which will allow for easier underground utility installation in this area plus enhance safety on the airfield with fewer paved areas. Phase III commenced in 2019, includes removal and replacement of a new Taxiway A. Construction of new Taxiways J3, J4, along with a new midfield access road. It also includes removal of Taxiways R, C, L1. Phase III was substantially completed in 2020. Phase IV of the project will take place in 2021.

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.

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Liabilities: In 2020, total liabilities decreased $55,915,000 or 7.2%. Current liabilities increased $5,341,000 or 7.1% as a result of an increase in the landing fee adjustment payable to airlines. Long-term liabilities decreased due to decrease in revenue bonds payable and net pension liability.

Net Pension/OPEB Liabilities: The net pension liability is reported by the Divisions at December 31, 2020 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 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 deferred outflows of resources related to pension and OPEB.

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

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability 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 or the net OPEB liability. As previously explained, changes in benefits, contribution rates and return on investments affect the balance of these liabilities, but are outside the control of the Divisions. In the event that contributions, investment returns and other changes are insufficient to keep up with required payments, State Statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability 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 and net OPEB liability, 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 and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Long-Term Debt: At December 31, 2020 and 2019, the Divisions had $603,930,000 and $645,515,000 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.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The activity in the Divisions' debt obligations outstanding during the year ended December 31, 2020 is summarized below:

	Balance January 1, 2020	Debt Issued	Debt Retired	Balance December 31, 2020
	(Amounts in Thousands)			
Airport System Revenue Bonds:				
Series 2006	$ 22,535	$	$ (10,055)	$ 12,480
Series 2007	5,205		(765)	4,440
Series 2011	26,175		(8,575)	17,600
Series 2014 (Direct Placement)	1,790		(1,790)	-
Series 2016	138,450		(3,295)	135,155
Series 2018	109,685		(8,680)	101,005
Series 2019	341,675		(8,425)	333,250
Total	$ 645,515	$ -	$ (41,585)	$ 603,930

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 November 5, 2020, S&P Global Ratings lowered its rating on the Divisions' revenue bonds from A to A- (negative). This downgrade was the result of the impacts on the airline industry from the Covid-19 pandemic.

The ratio of net revenue available for debt service to debt service requirements (revenue bond coverage) is a useful indicator of the Divisions' debt position to management, customers and creditors. The Divisions' revenue bond coverage for 2020 was 145%.

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 $399,951,000 and $390,717,000 at December 31, 2020 and 2019, respectively. Of the Divisions' net position at December 31, 2020 and 2019, $162,024,000 and $154,610,000, respectively, reflects its investment in capital assets (e.g., construction in progress; land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; vehicles; and infrastructure) net of accumulated depreciation, less any related, still-outstanding debt used to acquire those assets. The Divisions use these capital assets to provide services to their customers. Consequently, these assets are not available for future spending.

Although the Divisions' investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Divisions' net position represents resources that are subject to external restrictions. At December 31, 2020 and 2019, the restricted net position amounted to $142,451,000 and $138,886,000, respectively. The restricted net position include amounts set aside in various fund accounts for capital projects and for payment of revenue bonds, which are limited by the bond indentures and passenger facility charges imposed and collected at CLE based on an approved FAA application. Passenger facility charges are restricted for designated capital projects and approved debt service. The remaining balance of unrestricted net position, $95,476,000 and $97,221,000 for December 31, 2020 and 2019, 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 $9,234,000 in 2020. Provided below are key elements of the Divisions' results of operations as of and for the years ended December 31, 2020 and 2019:

	2020	2019
	(Amounts in Thousands)	
Operating revenues:		
Landing fees	$ 15,376	$ 36,567
Terminal and concourse rentals	56,179	51,843
Concessions	28,385	55,977
Utility sales and other	3,148	4,034
Total operating revenues	103,088	148,421
Operating expenses	141,300	145,874
Operating income (loss)	(38,212)	2,547
Non-operating revenue (expense):		
Passenger facility charges revenue	8,230	20,121
Non-operating revenue (expense)	(2,144)	(7,223)
Gain (loss) on disposal of capital asset	65	625
Investment income (loss)	1,338	6,024
Interest expense	(22,417)	(24,024)
Amortization of bond discounts/premiums and loss on debt refundings	2,092	877
Total non-operating revenue (expense), net	(12,836)	(3,600)
Capital and other contributions	60,282	16,942
Change in net position	9,234	15,889
Net position, beginning of year	390,717	374,828
Net position, end of year	$ 399,951	$ 390,717

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

***Operating Revenues**:* Operating revenues for 2020 were $103,088,000. Of this amount, $14,596,000 or 14.2% represented landing fees received from signatory airlines. Signatory terminal rentals accounted for $44,236,000 or 42.9% of total operating revenues. Parking revenues decreased 56.1 % over the prior year due to a decrease in demand for services during the COVID-19 pandemic. Parking revenues amounted to $16,156,000 or 15.7% of total operating revenues for 2020. The fourth largest airport revenue source, rental cars, accounted for 7.9% of total operating revenues.

***Operating Expenses**:* Total operating expenses for 2020 decreased $4,574,000 or 3.1%. The decrease is primarily due to reduction in operating expenses such as utilities, professional fees, training, supplies, salaries wages and benefits.

Non-Operating Revenue: Non-operating revenues decreased $15,922,000 or 57.6%. The main factor that attributed to this change was the decrease in passenger facility charges of $11,891,000 and investment income of $4,686,000, offset by an increase in bond amortization expense of $1,215,000.

Non-Operating Expenses: Non-operating expenses decreased $6,686,000 or 21.4%. This decrease is attributed to decreased interest expense related to lower interest paid and fewer capital expenses.

Capital and Other Contributions: In 2020 and 2019, the Divisions received $60,282,000 and $16,942,000 respectively, in CARES Act, Federal Airport Improvement, Transportation Security Administration Law Enforcement Officer and Canine Grants. In both 2020 and 2019, Airport Improvement Program Grant revenue primarily consisted of proceeds from the 2000, amended in 2017, Letter of Intent and airfield safety improvements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FACTORS EXPECTED TO IMPACT THE DIVISIONS' 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 pandemic and the ensuing emergency measures will impact subsequent periods of the Division. In addition, the impact on the Division's future operating revenues, expenses, and any recovery from emergency funding cannot be estimated.

CLE Concessions developer Fraport Cleveland opened two (2) new retailers, TUMI on Concourse C and Cleveland Mask on Concourse A. In-terminal Concessions sales decreased by 49% from 2019, from $55,977,000 to $28,385,000.

Despite the Covid-19 pandemic and related devastating effect on airlines and airline-related businesses, there were some bright spots in 2020. CLE executed a space agreement with Constant Aviation, a Cleveland based aircraft maintenance, repair & operations (MRO) company to expand their footprint at the Northeast corner of CLE, increasing their hangar space from 75,000 to 175,000 square feet as they look to expand at their CLE home base. Concessions developer Fraport Cleveland welcomed the opening of three new in-terminal concessions in Cantina Taqueria (Concourse C), TUMI (Concourse C), and a Covid-19 testing business, TACKL Health (Ticketing Lobby), while securing an agreement for a new common use airline lounge, opening in 2021, to replace the closed Airspace Lounge (Main Terminal). CLEAR, a secure identity platform, that allows customers to bypass the travel document checker at security checkpoints by using fingerprint and/or iris identification enjoyed its' first full year operating at CLE.

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.

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, 2020
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	111,822
Restricted cash and cash equivalents		4,404
Receivables:		
Accounts-net of allowance for doubtful accounts of $1,954		1,845
Unbilled revenue		3,120
Total receivables		4,965
Prepaid expenses		684
Due from other funds		2
Due from other governments		7,860
Materials and supplies-at cost		2,741
TOTAL CURRENT ASSETS		132,478
RESTRICTED ASSETS		
Cash and cash equivalents		223,668
Accrued interest receivable		4
Accrued passenger facility charges		1,066
TOTAL RESTRICTED ASSETS		224,738
CAPITAL ASSETS		
Land		166,882
Land improvements		94,931
Buildings, structures and improvements		375,034
Furniture, fixtures and equipment		106,830
Infrastructure		1,018,128
Vehicles		19,154
		1,780,959
Less: Accumulated depreciation		(1,148,783)
		632,176
Construction in progress		113,139
CAPITAL ASSETS, NET		745,315
TOTAL ASSETS		1,102,531
DEFERRED OUTFLOW OF RESOURCES		
Loss on refunding		18,064
Pension		5,123
OPEB		3,399
TOTAL DEFERRED OUTFLOWS OF RESOURCES		26,586

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

STATEMENT OF NET POSITION
December 31, 2020
(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Current portion of long-term debt, due within one year	$ 44,250
Accounts payable	6,824
Landing fee settlement payable to airlines	3,364
Due to other funds	1,255
Current portion of accrued wages and benefits	4,164
Accrued interest payable	11,638
Accrued property taxes	4,516
Construction fund payable from restricted assets	4,404
TOTAL CURRENT LIABILITIES	80,415
LONG-TERM OBLIGATIONS - excluding amounts due within one year	
Revenue bonds	584,664
Net pension liability	30,925
Net OPEB liability	22,219
Accrued wages and benefits	710
TOTAL LONG-TERM OBLIGATIONS	638,518
TOTAL LIABILITIES	718,933
DEFERRED INFLOWS OF RESOURCES	
Pension	6,924
OPEB	3,309
TOTAL DEFERRED OUTFLOW OF RESOURCES	10,233
NET POSITION	
Net investment in capital assets	162,024
Restricted for capital projects	21
Restricted for debt service	123,710
Restricted for passenger facility charges	18,720
Unrestricted	95,476
TOTAL NET POSITION	$ 399,951

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, 2020
(Amounts in Thousands)

OPERATING REVENUES	
Landing fees:	
Scheduled airlines	$ 14,596
Other	780
	15,376
Terminal and concourse rentals:	
Scheduled airlines	44,236
Other	11,943
	56,179
Concessions	28,385
Utility sales and other	3,148
TOTAL OPERATING REVENUES	103,088
OPERATING EXPENSES	
Operations	76,260
Maintenance	4,374
Depreciation	60,666
TOTAL OPERATING EXPENSES	141,300
OPERATING INCOME (LOSS)	(38,212)
NON-OPERATING REVENUE (EXPENSE)	
Passenger facility charges revenue	8,230
Non-operating revenue (expense)	(2,144)
Gain (loss) on disposal of capital asset	65
Investment income (loss)	1,338
Interest expense	(22,417)
Amortization of bond discounts/premiums and loss on debt refundings	2,092
TOTAL NON-OPERATING REVENUE (EXPENSE) - NET	(12,836)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(51,048)
Capital and other contributions	60,282
INCREASE (DECREASE) IN NET POSITION	9,234
NET POSITION, BEGINNING OF YEAR	390,717
NET POSITION, END OF YEAR	$ 399,951

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, 2020
(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 112,098
Cash payments to suppliers for goods and services	(45,582)
Cash payments to employees for services	(32,626)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	33,890
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(35,685)
Cash receipts for passenger facility charges	9,587
Principal paid on long-term debt	(41,585)
Interest paid on long-term debt	(21,699)
Capital grant proceeds	61,315
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(28,067)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	1,576
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITES	1,576
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,399
Cash and cash equivalents, beginning of year	332,495
Cash and cash equivalents, end of year	$ 339,894

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, 2020
(Amounts in Thousands)

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

OPERATING INCOME (LOSS)	$ (38,212)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	60,666
Changes in assets:	
Accounts receivables	3,352
Unbilled revenue	2,908
Prepaid expenses	(54)
Due from other City of Cleveland departments, divisions or funds	12
Materials and supplies, at cost	(67)
Changes in deferred outflows of resources:	
Pension	8,552
OPEB	(1,602)
Changes in liabilities:	
Accounts payable	(1,964)
Due to other City of Cleveland departments, divisions or funds	(470)
Accrued wages and benefits	436
Landing fee adjustment	2,617
Accrued property taxes	(71)
Net pension liability	(12,613)
Net OPEB liability	916
Changes in deferred inflows of resources:	
Pension	6,231
OPEB	3,253
TOTAL ADJUSTMENTS	72,102
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ 33,890

Schedule of Noncash Capital and Related Financing Activities:	
Capital assets added from accounts payable	$ 4,404

See notes to financial statements.

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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 November of 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2019. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (ARO) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The Divisions has determined that GASB Statement No. 83 has no impact on its financial statements as of December 31, 2020.

In January of 2017, GASB Statement No. 84, *Fiduciary Activities,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The Divisions has determined that GASB Statement No. 84 has no impact on its financial statements as of December 31, 2020.

In March of 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. This Statement is effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. As required, the Divisions have implemented GASB Statement No. 88 as of December 31, 2020.

In August of 2018, GASB Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61,* was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The Divisions has determined that GASB Statement No. 90 has no impact on its financial statements as of December 31, 2020.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Divisions' net position accounted for in is the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Amount restricted for passenger facility charges
- Remaining unrestricted amount

In addition, certain additional financial information regarding the Divisions is included in these notes.

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

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Divisions have invested funds in the STAR Ohio during 2020. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Divisions measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

Inventory of Supplies: The Divisions' inventory is valued at cost using the first in/first out method. Inventory costs are charged to operations when consumed.

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

***Interfund Transactions*:** During the course of normal operations, the Divisions' have numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

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

Restricted for Passenger Facility Charges: These assets are for passenger facility charges imposed and collected at CLE based on an approved FAA application. These are restricted for designated capital projects or debt service.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as a tangible item with a useful life in excess of one year and an individual cost of more than $5,000 for furniture, fixtures, equipment and vehicles and $10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Land Improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures and equipment	3 to 35 years
Infrastructure	3 to 50 years
Vehicles	3 to 35 years

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Divisions' policy is to capitalize interest on construction projects up to the point in time that the project is substantially completed. Capitalized interest is included in the cost of the assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. The Divisions apply GASB guidance pertaining to capitalization of interest cost in situations involving certain tax-exempt borrowings and certain gifts and grants, for its revenue bonds. This guidance requires capitalization of interest cost of eligible borrowings less interest earned on investment of the related bond proceeds from the date of borrowing until the assets constructed from the bond proceeds are ready for their intended use.

For 2020, total interest costs incurred amounted to $23,300,000, of which $859,000 was capitalized, net of interest income of $24,000.

Bond Issuance Costs, Discounts/Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resource and is amortized over the shorter of the defeased bond or the newly issued bond.

Compensated Absences: The Divisions accrue for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 16, *Accounting for Compensated Absences*. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability. These amounts are recorded as accrued wages and benefits in the accompanying statements of net position.

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

Environmental Expenses: Environmental expenses consist of costs incurred for remediation efforts to airport property. Environmental expenses that relate to current operations are expensed or capitalized, as appropriate. Environmental expenses that relate to existing conditions caused by past operations and which do not contribute to future revenues are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Pension/OPEB Liabilities: For purposes of measuring the net pension/OPEB liabilities, 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.

Non-Operating Expenses: Non-operating expenses relate to expenses of the Divisions incurred for purposes other than the operations of the airports and consist primarily of interest costs incurred on the Divisions' long-term debt. The funding for non-operating expenses is non-operating revenue (passenger facility charges, revenue bonds and federal grants).

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt outstanding at December 31, 2020 is as follows:

	Interest Rate	Original Issuance	2020
		(Amounts in Thousands)	
Airport System Revenue Bonds:			
Series 2006, due through 2021	5.25%	$ 107,750	$ 12,480
Series 2007, due through 2027	5.00%	11,255	4,440
Series 2011, due through 2024	4.00%-5.00%	74,385	17,600
Series 2016, due through 2031	5.00%	144,355	135,155
Series 2018, due through 2048	3.50%-5.00%	109,685	101,005
Series 2019, due through 2033	2.18%-5.00%	341,675	333,250
		$ 789,105	603,930
Unamortized (discount) premium			24,984
Current portion (due within one year)			(44,250)
Total Long-Term Debt			$ 584,664

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

Summary: Changes in long-term obligations for the year ended December 31, 2020 are as follows:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
	(Amounts in Thousands)				
Airport System Revenue Bonds:					
Series 2006	$ 22,535	$	$ (10,055)	$ 12,480	$ 12,480
Series 2007	5,205		(765)	4,440	805
Series 2011	26,175		(8,575)	17,600	7,575
Series 2014 (Direct Placement)	1,790		(1,790)	-	
Series 2016	138,450		(3,295)	135,155	3,405
Series 2018	109,685		(8,680)	101,005	8,965
Series 2019	341,675		(8,425)	333,250	11,020
Total revenue bonds	645,515	-	(41,585)	603,930	44,250
Accrued wages and benefits	4,438	3,894	(3,458)	4,874	4,164
Net pension liability	43,538		(12,613)	30,925	
Net OPEB liability	21,303	916		22,219	
Total	$ 714,794	$ 4,810	$ (57,656)	$ 661,948	$ 48,414

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)		
2021	$ 44,250	$ 22,222	$ 66,472
2022	44,575	20,125	64,700
2023	43,535	18,070	61,605
2024	45,760	15,995	61,755
2025	47,550	14,073	61,623
2026-2030	271,090	43,211	314,301
2031-2035	74,870	9,849	84,719
2036-2040	10,280	6,437	16,717
2041-2045	12,785	3,879	16,664
2046-2048	9,235	708	9,943
Total	$ 603,930	$ 154,569	$ 758,499

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, 2020, 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.

Effective October 4, 2018, the City issued $87,940,000 Airport System Revenue Bonds, Series 2018A (AMT) and $21,745,000 Airport System Revenue Bonds, Series 2018B (Non-AMT). The Series 2018A Bonds were issued to provide $14,150,000 of funds for improvements to the Airport System and to currently refund $80,505,000 of outstanding Airport System Revenue Bonds, Series 2009C. Bond proceeds in the amount of $80,503,916, along with $970,972 from the Series 2009C Bond Fund and $560,004 released from the debt service reserve fund, were placed in an irrevocable escrow account for the payment of the principal and interest on the refunded bonds on January 1, 2019. As a result of this refunding, the refunded bonds were defeased and the liability for those bonds has been removed from long-term debt. The City completed this refunding in order to achieve debt service savings of approximately $7,966,000 and to realize an economic gain (the difference between the present values of the old and new debt service) of $6,316,000 or 7.8%. The Series 2018B Bonds were issued to provide $20,600,000 in funds for various capital improvements at the Airports.

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, 2020, the Airport System had $235,150,000 of defeased Series 2012A Airport System Revenue Bonds outstanding.

The City has pledged future airport revenues to repay $603,930,000 in Airport System Revenue Bonds issued in various years since 2006. 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 67.0% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is $758,499,000. Principal and interest funded for the current year and total net revenues (including other available funds) were $66,589,000 and $96,766,000, 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, including a new regional jet concourse. Because all principal and interest on these bonds is unconditionally guaranteed by Continental Airlines 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.

NOTE D – DEPOSITS AND INVESTMENTS

Deposits: The Divisions' carrying amount of deposits at December 31, 2020, totaled approximately $14,434,000 and the Divisions' bank balance was approximately $22,318,000. 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*, $22,318,000 of the bank balances at December 31, 2020 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, 2020.

Type of Investment	Fair Value	Fair Value Measurement Using Level 2
	(Amounts in Thousands)	
Other Investments	$ 3,064	$ 3,064
Total Investments	$ 3,064	$ 3,064

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, 2020 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, 2020, 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	2020 Value	2020 Cost	Investment Maturities Less than One Year
	(Amounts in Thousands)		
STAR Ohio	$ 127,247	$ 127,247	$ 127,247
Money Market Mutual Funds	195,149	195,149	195,149
Other Investments	3,064	3,064	3,064
Total Investments	325,460	325,460	325,460
Total Deposits	14,434	14,434	14,434
Total Deposits and Investments	$ 339,894	$ 339,894	$ 339,894

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 Bank of New York and U.S. Bank National Association, as trustees.

As of December 31, 2020, the investments in STAR Ohio, money market mutual funds and other investments are approximately 39.1%, 60.0% and 0.9%, respectively, of the Divisions' total investments.

NOTE E – CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
		(Amounts in Thousands)		
Capital Assets, not being depreciated:				
Land	$ 166,882	$	$	$ 166,882
Construction in progress	116,157	31,584	(34,602)	113,139
Total capital assets, not being depreciated	283,039	31,584	(34,602)	280,021
Capital assets, being depreciated:				
Land improvements	94,931			94,931
Buildings, structures and improvements	375,034			375,034
Furniture, fixtures and equipment	67,795	39,127	(92)	106,830
Infrastructure	1,018,128			1,018,128
Vehicles	19,082	94	(22)	19,154
Total capital assets, being depreciated	1,574,970	39,221	(114)	1,614,077
Less: Total accumulated depreciation	(1,088,231)	(60,666)	114	(1,148,783)
Total capital assets being depreciated, net	486,739	(21,445)	-	465,294
Capital assets, net	$ 769,778	$ 10,139	$ (34,602)	$ 745,315

Commitments: As of December 31, 2020, the Divisions had capital expenditure purchase commitments outstanding of approximately $39,624,000.

NOTE F – LEASES AND CONCESSIONS

The Divisions lease specific terminal and concourse areas to the various airlines under terms and conditions of the airline use agreements. The Divisions have various concession agreements that permit the concessionaires and certain others to operate on airport property. These agreements usually provide for payments based on a percentage of the revenues, with an annual minimum payment guarantee and in certain circumstances for the offset of percentage rents to the extent of certain improvements made to the leased property.

NOTE F – LEASES AND CONCESSIONS (Continued)

Portions of the building costs in the statement of net position are held by the Divisions for the purpose of rental use. The net book value of property held for operating leases as of December 31, 2020 is approximately $94,365,000.

Minimum future rental on non-cancelable operating leases to be received is as follows:

		(Amounts in Thousands)
2021	$	17,858
2022		12,591
2023		12,354
2024		6,436
2025		4,162
Thereafter		31,487
	$	84,888

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 2020. There was no significant decrease in any insurance coverage in 2020. In addition, there were no material insurance settlements in excess of insurance coverage during the past three years.

NOTE G – CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

The City provides the choice of two separate health insurance plans to its employees. The Divisions are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio's Worker's Compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims payable has been included with accounts payable and is considered to be immaterial for the Divisions.

NOTE H – DEFINED BENEFIT PENSION PLANS

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

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

The ORC limits the Divisions' obligation for this liability to annually required payments. The Divisions cannot control benefit terms or the manner in which pensions are financed; however, the Divisions do receive the benefit of employees' services in exchange for compensation including pension.

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual 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 2020, 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 $3,351,000 for 2020. All required payments have been made.

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Divisions' proportion of the net pension liability was based on the Divisions' share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS (Amounts in Thousands)	
Proportionate Share of the Net Pension Liability	$	30,925
Proportion of the Net Pension Liability		0.158846%
Change in Proportion		(0.001874%)
Pension Expense	$	5,418

At December 31, 2020, the Divisions reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS (Amounts in Thousands)	
Deferred Outflows of Resources		
Change in assumptions	$	1,687
Change in Divisions' proportionate share and difference in employer contributions		85
Contributions subsequent to the measurement date		3,351
Total Deferred Outflows of Resources	$	5,123
Deferred Inflows of Resources		
Differences between expected and actual experience	$	464
Net difference between projected and actual earnings on pension plan investments		6,221
Change in Divisions' proportionate share and difference in employer contributions		239
Total Deferred Inflows of Resources	$	6,924

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

The $3,351,000 reported as deferred outflows of resources related to pension resulting from the Divisions' contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS (Amount in Thousands)	
2021	$	(764)
2022		(2,079)
2023		236
2024		(2,489)
2025		(17)
Thereafter		(39)
Total	$	(5,152)

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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2019
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25 to 10.75 %
COLA or Ad Hoc COLA	3.25%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 1.4%, simple
	through 2020, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age

NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit Portfolio, the Health Care Portfolio and the Defined Contribution Portfolio. The Defined Benefit Portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit Portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the Defined Benefit 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 Defined Benefit Portfolio was 17.2% for 2019.

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 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Divisions' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Divisions' proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Divisions' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
	(Amounts in Thousands)		
Divisions' proportionate share of the net pension liability	$ 46,068	$ 30,925	$ 18,382

NOTE I – DEFINED BENEFIT OPEB PLANS

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

The net OPEB liability 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 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 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 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. Resulting adjustments to the net OPEB liability 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 on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

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

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Comprehensive Annual 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 2020, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% for both plans in 2020. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0%.

For the year ended December 31, 2020, OPERS did not allocate any employer contributions to the OPEB plan.

NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date as of December 31, 2019, 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 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:		
Current Measurement Date		0.156651%
Prior Measurement Date		0.158845%
Change in Proportionate Share		(0.002194%)
Proportionate Share of the Net OPEB Liability	$	22,219
OPEB Expense	$	2,567

At December 31, 2020, 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		
Differences between expected and actual experience	$	1
Change in assumptions		3,382
Change in Divisions' proportion share and difference in employers contributions		16
Total Deferred Outflows of Resources	$	3,399
Deferred Inflows of Resources		
Differences between expected and actual experience	$	1,954
Net difference between projected and actuals earnings on OPEB plan investments		1,088
Change in Divisions' proportion share and difference in employers contributions		267
Total Deferred Inflows of Resources	$	3,309

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)
2021	$ 373
2022	180
2023	1
2024	(464)
Total	$ 90

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 was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date as of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	3.16%
Prior Measurement Date	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate	
Current Measurement Date	2.75%
Prior Measurement Date	3.71%
Health Care Cost Trend Rate:	
Current Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Prior Measurement Date	10.00% initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

During 2019, 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, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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-weighed rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Health Care portfolio was 19.7% for 2019.

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 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate: A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Divisions' Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the Divisions' proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Divisions' proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
	(Amounts in Thousands)		
Divisions' proportionate share of the net OPEB liability	$ 28,576	$ 22,219	$ 16,444

Sensitivity of the Divisions' Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability 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 2020 is 10.50%. 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%)	Cost Trend Rate Assumption (3.50%)	1% Increase (4.50%)
	(Amounts in Thousands)		
Divisions' proportionate share of the net OPEB liability	$ 21,188	$ 22,219	$ 22,482

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, 2020 are as follows:

	(Amounts in Thousands)	
City Central Services, including police	$	11,084
Telephone Exchange		1,118
Electricity purchased		272
Motor vehicle maintenance		3
Radio Communication		292

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 2020 was a payable to the Airlines from the Division in the amount of $3,364,000.

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 2020.

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.

As of December 31, 2020, CLE had the authority from the FAA to collect approximately $589 million, of which an estimated 14.5% was spent on noise abatement for the residents of communities surrounding the airport. An additional 59.6% is being spent on runway expansion and improvements with the remaining 25.9% being 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 2020, operating revenues from one airline group for landing fees, rental and other charges amounted to approximately 32.0% of total operating revenue.

NOTE N – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Division. In addition, the impact on the Division's future operating revenues, expenses, and any recovery from emergency funding cannot be estimated.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DIVISIONS' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS (1), (2)

	Divisions' Proportion of the Net Pension Liability	Divisions' Proportionate Share of the Net Pension Liability	Divisions' Covered Payroll	Divisions' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
			(Amounts in Thousands)		
2014	0.158448%	$ 18,650	$ 17,962	103.83%	86.36%
2015	0.158448	19,049	19,825	96.09	86.45
2016	0.155342	27,073	19,800	136.73	81.08
2017	0.159244	34,594	21,125	163.76	77.25
2018	0.161047	24,436	21,508	113.61	84.66
2019	0.160720	43,538	21,508	202.43	74.70
2020	0.158846	30,925	23,393	132.20	82.17

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

(2) Information prior to 2014 is not available. The Divisions will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

Change in assumptions. In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25% and transition from the RP-2000 mortality tables to the RP-2014 mortality tables. There were no changes in assumptions in 2020.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

SCHEDULE OF THE CONTRIBUTIONS - NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Divisions' Covered Payroll	Contributions as a Percentage of Covered Payroll
	(Amounts in Thousands)				
2013	$ 2,335	$ (2,335)	$ -	$ 17,962	13.00%
2014	2,379	(2,379)	-	19,825	12.00
2015	2,376	(2,376)	-	19,800	12.00
2016	2,535	(2,535)	-	21,125	12.00
2017	2,796	(2,796)	-	21,508	13.00
2018	3,224	(3,224)	-	23,029	14.00
2019	3,275	(3,275)	-	23,393	14.00
2020	3,351	(3,351)	-	23,936	14.00

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

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

SCHEDULE OF THE DIVISIONS' PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR YEARS (1), (2)

	Divisions' Proportion of the Net OPEB Liability	Divisions' Proportionate Share of the Net OPEB Liability	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
		(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

(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.

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
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE 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

(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 avaialable 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, 2020

(Amounts in Thousands)

	Cleveland Hopkins International	Burke Lakefront	Total
REVENUE			
Airline revenue:			
Landing fees	$ 14,596	$	$ 14,596
Terminal rental	44,236		44,236
Other	4,414		4,414
	63,246	-	63,246
Operating revenues from other sources:			
Concessions	28,205	180	28,385
Rentals	7,538	421	7,959
Landing fees	680	100	780
Other	2,537	181	2,718
	38,960	882	39,842
Non-operating revenue:			
Interest income	562		562
TOTAL REVENUE	$ 102,768	$ 882	$ 103,650
OPERATING EXPENSES			
Salaries and wages	$ 23,264	$ 845	$ 24,109
Employee benefits	13,436	308	13,744
City Central Services, including police	12,071	426	12,497
Materials and supplies	7,409	426	7,835
Contractual services	22,046	403	22,449
TOTAL OPERATING EXPENSES	$ 78,226	$ 2,408	$ 80,634

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REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES IN ACCORDANCE WITH 14 CFR PART 158

INDEPENDENT AUDITORS' REPORT

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee
Divisions of Cleveland Hopkins International and Burke Lakefront Airports
Department of Port Control
City of Cleveland, Ohio:

Report on Compliance for the Passenger Facility Charge Program

We have audited the Divisions' of Cleveland Hopkins International and Burke Lakefront Airports, Department of Port Control, City of Cleveland, Ohio (the "Divisions") compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), for its passenger facility charge program for the year ended December 31, 2020.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions applicable to the passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance with the passenger facility charge program based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Divisions' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the Divisions' compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the Divisions of Cleveland Hopkins International and Burke Lakefront Airports, Department of Port Control, City of Cleveland, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Divisions is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered the Divisions' internal control over compliance with the requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Divisions' 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 the passenger facility charge 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 the passenger facility charge 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 the passenger facility charge 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Passenger Facility Charges

We have audited the financial statements of the Divisions as of and for the year ended December 31, 2020 and have issued our report thereon dated June 24, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the Divisions' basic financial statements. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as required by the Guide and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 passenger facility charges is fairly stated in all material respects in relation to the Divisions' basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

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, 2020

Projects	Approved Project Budget	Cumulative Expenditures thru 2019	2020 1st Quarter Expenditures	2020 2nd Quarter Expenditures	2020 3rd Quarter Expenditures	2020 4th Quarter Expenditures	2020 YTD Expenditures	Cumulative Expenditures thru 2020
Insulate Residences - Full Program Phase I	$ 16,960,400	$ 16,960,400	$	$	$	$	$ -	$ 16,960,400
Extension of Taxiway "Q"	2,155,743	2,155,743					-	2,155,743
Land Acquisition-Resident Relocation	14,689,459	14,689,459					-	14,689,459
Asbestos Removal in Terminal CHIA	729,842	729,842					-	729,842
Acquisition of Analex Office Bldg & Vacant Land	13,025,000	13,025,000					-	13,025,000
Waste Water - Glycol Collection System Construction	5,835,921	5,835,921					-	5,835,921
NASA Feasibility & Pre-Engineering Study	355,000	355,000					-	355,000
Sewers for Confined Disposal Facility-BKL (app 1)	5,500,000	5,500,000					-	5,500,000
Sound Insulation	8,595,641	8,595,641					-	8,595,641
Land Acquisition - Midvale, Brysdale, Forestwood, Rocky River	25,282,298	25,282,298					-	25,282,298
Environmental Assessment / Impact Studies	1,725,000	1,725,000					-	1,725,000
Part 150 Noise Compatibility Program Update	584,570	584,570					-	584,570
Brook Park Land Transfer	8,750,000	8,750,000					-	8,750,000
Analex Demolition	1,229,000	1,229,000					-	1,229,000
Sound Insulation	20,000,000	20,000,000					-	20,000,000
Baggage Claim/Expansion	9,526,087	9,526,087					-	9,526,087
Tug Road Replacement	1,019,000	668,553					-	668,553
Interim Commuter Ramp	5,560,338	5,560,338					-	5,560,338
Concourse D Ramp/Site Utilities	51,305,804	51,305,804					-	51,305,804
Burke Runway Overlay 6L/24R	530,286	530,286					-	530,286
Burke ILS	2,181,400	2,181,400					-	2,181,400
Runway 6L/23R	270,550,360	211,968,074					-	211,968,074
Runway 6R/24L Uncoupling	2,148,000	2,148,000					-	2,148,000
Runway 28 Safety Improvements	2,200,000	2,010,454					-	2,010,454
Midfield Deicing Pad	39,100,000	39,100,000					-	39,100,000
Taxiway M Improvements	10,000,000	9,579,060					-	9,579,060
Doan Brook Restoration	1,727,796	1,727,796					-	1,727,796
Deicing Environmental Upgrades	2,800,222	2,800,222					-	2,800,222
Main Terminal Roof Replacement	992,986	992,986					-	992,986
Roadway Expansion Joint Repair/Replacement	1,985,973	1,985,973					-	1,985,973
Airport-wide Flight Information Display System (FIDS)/Baggage Information Display System (BIDS) and Signage Replacement	7,681,742	7,681,742					-	7,681,742
Airport-wide In-line Baggage System Design	1,688,077	1,688,077	(1,688,077)				(1,688,077)	-
Airport Master Plan Update	4,170,543	1,857,696	2,312,847				2,312,847	4,170,543
Runway 10/28- Runway Safety Area Improvements	23,155,051	14,249,358					-	14,249,358
South Cargo Ramp Rehabilitation	5,957,918	2,557,683	1,135,127	569,705	1,673,642	21,761	3,400,235	5,957,918
Taxiway N Rehabilitation	8,738,280	3,751,268				1,347,394	1,347,394	5,098,662
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	4,834,045	3,427,601	-	-	-	3,427,601	8,261,646
Total	**$ 589,181,849**	**$ 506,605,242**	**$ 5,187,498**	**$ 569,705**	**$ 1,673,642**	**$ 1,369,155**	**$ 8,800,000**	**$ 515,405,242**

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CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

NOTES TO SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Year Ended December 31, 2020

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

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 7/20/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370