



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF CLEVELAND
CUYAHOGA COUNTY
DECEMBER 31, 2024

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
<i>Pass Through Grantor</i>				
<i>Program / Cluster Title</i>				
U.S. DEPARTMENT OF AGRICULTURE				
<i>Direct Program:</i>				
Urban Agriculture and Innovative Production Program:				
Composting Food Waste Reduction	10.935	N/A	\$ -	\$ 45,512
<i>Passed through the Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
Summer Food Service Program for Children (SFSPC)	10.559	N/A	-	28,110
Total Child Nutrition Cluster			-	28,110
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	73,622
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Direct Programs:</i>				
Healthy Start Initiative:				
Healthy Start Initiative - 23	93.926	N/A	351,568	593,089
Healthy Start Initiative - 24	93.926	N/A	188,660	359,175
Total Healthy Start Initiative			540,228	952,264
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
Substance Abuse and Mental Health Services	93.243	N/A	-	350,552
<i>Passed through Cuyahoga County District Board of Health</i>				
Public Health Emergency Preparedness:				
Public Health Emergency Preparedness - 2022-2023	93.069	18-100-12-PH-1423	-	24,726
Public Health Emergency Preparedness - 2023-2024	93.069	18-100-12-PH-1524	-	91,099
Total Public Health Emergency Preparedness			-	115,825
Injury Prevention & Control Research & State & Community Based Programs:				
Overdose Data to Action Grant 2021	93.136	5NU17CE925005-03-00	-	68,283
Overdose Data to Action Grant 2023	93.136	1NH28CE003558-01-00	-	11,202
Total Injury Prevention & Control Research & State & Community Based Programs			-	79,485
<i>Passed through the Ohio Department of Public Health:</i>				
Public Health Emergency Preparedness				
City Readiness Initiative - 2023	93.069	18-200-12-PH-1423	-	751
City Readiness Initiative - 2024	93.069	18-200-12-PH-1524	-	41,274
Public Health Emergency Preparedness 2024-2025	93.069	18-200-12-PH-0125	-	93,006
Total Public Health Emergency Preparedness			-	135,031
Family Planning Services:				
Family Planning Services Title X FY 2023	93.217	18-200-11-RH-1024	103,200	314,143
Family Planning Services Title X FY 2024	93.217	18-200-11-RH-1125	-	199,117
Total Family Planning Services			103,200	513,260
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC):				
COVID-19 Enhanced Operations- 2023-2024	93.323	18-200-12-EO-0323	-	76,368
Total Epidemiology and Laboratory Capacity for Infectious Diseases			-	76,368
Public Health Emergency Response: Cooperative Agreement for Emergency Response:				
Public Health Crisis Response:				
Public Health Workforce	93.354	18-200-12-WF-0122	-	8,686
Total Public Health Emergency Response			-	8,686
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health:				
Public Health Workforce	93.967	18-200-12-WF-0223	-	155,251
Total Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health			-	155,251
Maternal and Child Health Services Block Grants to the States:				
Maternal and Child Health Services Title X FY 2024	93.994	18-200-11-RH-1024	12,000	36,528
Maternal and Child Health Services Title X FY 2025	93.994	18-200-11-RH-1125	-	49,133
Preconception Health and Wellness 2023-2025	93.994	18-200-11-PW-0124	-	22,750
Total Maternal and Child Health Services			12,000	108,411
<i>Passed through the Western Reserve Area Agency on Aging (WRAAA)</i>				
<i>Aging Cluster:</i>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers:				
WRAAA ADRN 2021	93.044	N/A	-	224
WRAAA ADRN 2022	93.044	N/A	-	50,328
WRAAA ADRN 2023	93.044	N/A	-	134,860
WRAAA ADRN 2024	93.044	N/A	-	344,814
Total Special Programs for Aging			-	530,226
Total Aging Cluster			-	530,226
Medicare Enrollment Assistance Program:				
WRAAA MIPPA 2023	93.071	20-01OHMIAA-00 & 20-01OHMIDR-00	-	8,425
WRAAA MIPPA 2024	93.071	20-01OHMIAA-00 & 20-01OHMIDR-00	-	14,753
Total Medicare Enrollment Assistance Program			-	23,178

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
<i>Pass Through Grantor</i>				
Program / Cluster Title				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
<i>Passed through the Western Reserve Area Agency on Aging (WRAAA):</i>				
Low Income Home Energy Assistance Program				
WRAAA HEAP Outreach Program FY 2023	93.568	23-HA-156	-	18,103
WRAAA HEAP Outreach Program FY 2024	93.568	HEAP 2024-156	-	13,522
Total Low Income Home Energy Assistance Program			-	31,625
<i>Passed Through Cuyahoga County</i>				
Temporary Assistance to Needy Families (TANF)	93.558	AG1400113	-	3,508
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			655,428	3,083,670
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
<i>Direct Programs:</i>				
<i>CDBG Entitlement/Special Purpose Grants Cluster:</i>				
Community Development Block Grants/Entitlements:				
CDBG YR 40	14.218	N/A	-	764,062
CDBG YR 41	14.218	N/A	-	28
CDBG YR 42	14.218	N/A	-	9,340
CDBG YR 43	14.218	N/A	35,072	81,037
CDBG YR 44	14.218	N/A	495,248	637,517
CDBG YR 45	14.218	N/A	609,706	1,189,839
CDBG YR 46	14.218	N/A	294,210	879,111
CDBG YR 47	14.218	N/A	1,023,894	1,460,242
CDBG YR 48	14.218	N/A	1,535,765	2,081,118
CDBG YR 49	14.218	N/A	5,782,204	11,859,600
CDBG YR 50	14.218	N/A	1,494,533	4,158,486
COVID-19 Cares Act CDBG 2020	14.218	N/A	124,690	124,691
Total CDBG Entitlement/Special Purpose Grants Cluster			11,395,322	23,245,071
HOME Investment Partnerships Programs:				
HOME Investment Partnership Program 2016	14.239	N/A	-	6,965
HOME Investment Partnership Program 2017	14.239	N/A	-	19,754
HOME Investment Partnership Program 2018	14.239	N/A	-	78,371
HOME Investment Partnership Program 2019	14.239	N/A	-	231,043
HOME Investment Partnership Program 2020	14.239	N/A	-	1,307,132
HOME Investment Partnership Program 2021	14.239	N/A	-	228,000
HOME Investment Partnership Program 2022	14.239	N/A	-	2,066,089
HOME Investment Partnership Program 2023	14.239	N/A	-	2,565,408
HOME Investment Partnership Program 2024	14.239	N/A	-	32,962
COVID-19 HOME ARPA	14.239	N/A	-	1,080,000
Total HOME Investment Partnership Program			-	7,615,724
Emergency Solutions Grant Program:				
Emergency Shelter Grants Program 2021	14.231	N/A	7,798	7,798
Emergency Shelter Grants Program 2022	14.231	N/A	387,882	387,882
Emergency Shelter Grants Program 2023	14.231	N/A	1,480,071	1,498,431
Total Emergency Solutions Grant Program			1,875,751	1,894,111
Housing Opportunities for Persons with AIDS:				
Housing Opportunities for Persons with AIDS 2023	14.241	N/A	1,082,557	1,878,080
Housing Opportunities for Persons with AIDS 2024	14.241	N/A	474,367	474,367
Total Housing Opportunities for Persons with AIDS			1,556,924	2,352,447
Lead- Based Paint Hazard Control in Privately-Owned Housing:				
Lead-Based Paint Hazard Control in Privately-Owned Housing 2020	14.900	N/A	373,475	435,063
Lead-Based Paint Hazard Control in Privately-Owned Housing 2022	14.900	N/A	142,575	454,694
Lead-Based Paint Hazard Control in Privately-Owned Housing 2023	14.900	N/A	-	377,800
Total Lead-Based Paint Hazard Control In Privately Owned Housing			516,050	1,267,557
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			15,344,047	36,374,910

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
<i>Pass Through Grantor</i>				
<i>Program / Cluster Title</i>				
U.S. DEPARTMENT OF JUSTICE				
<i>Direct Programs:</i>				
Community Based Violence Intervention and Prevention Initiative	16.045	N/A	-	115,560
Drug Court Discretionary Grant Program				
Recovery Project IV	16.585	N/A	-	189,744
Public Safety Partnership and Community Policing Grants:				
COPS Hiring Program (CHP) 2020	16.710	N/A	-	1,287,280
FY 19 Law Enforcement Mental Health and Wellness Act	16.710	N/A	-	417
Total Public Safety Partnership and Community Policing Grants			-	1,287,697
Byrne Criminal Justice Innovation Program:				
2021-Edward Byrne Crime Justice Innovations	16.817	N/A	81,141	290,888
Total Edward Byrne Crime Justice Innovations			81,141	290,888
Criminal and Juvenile Justice and Mental Health Collaboration Program:				
2020 Justice and Mental Health Collaboration Program	16.745	N/A	30,087	30,087
2023 Connect and Protect	16.745	N/A	-	2,653
Total Criminal and Juvenile Justice and Mental Health Collaboration Program			30,087	32,740
Edward Byrne Memorial Justice Assistance Grant Program				
2020- Edward Byrne Memorial JAG	16.738	N/A	10,819	231,433
2020 - Operation Legend - JAG	16.738	N/A	-	686,581
2021 - Edward Byrne Memorial - JAG	16.738	N/A	11,728	301,748
2022 - Edward Byrne Memorial - JAG	16.738	N/A	-	79,821
2023 - Public Safety Partnership JAG	16.738	N/A	56,700	56,700
Total Edward Byrne Memorial Justice Assistance Grant Program			79,247	1,356,283
<i>Passed through the Ohio Department of Public Safety:</i>				
Edward Byrne Memorial Justice Assistance Grant Program				
2021 - Edward Byrne Memorial JAG - CGNL	16.738	2021-JG-A01-6444	-	24,796
2022 - Edward Byrne Memorial JAG - CGNL	16.738	2022-JG-A01-6444	-	24,436
Total Edward Byrne Memorial Justice Assistance Grant Program			-	49,232
Equitable Sharing Programs:				
Equitable Sharing Program- DOJ Asset Forfeiture Program	16.922	N/A	-	131,550
CPPA DOJ Law Enforcement	16.922	N/A	-	11,566
FOP DOJ Law Enforcement	16.922	N/A	-	20,605
Total Equitable Sharing Program			-	163,721
<i>Passed through Cuyahoga County:</i>				
Violence Against Woman Formula Grants:				
FY 22 VAWA Prosecution	16.588	2022-VP-VA2-V041	-	13,414
FY 23 VAWA Prosecution	16.588	2023-VP-VA2-V041	-	138,490
FY 21 VAWA Law Enforcement	16.588	2021-VP-VA2-V042	-	28,858
FY 22 VAWA Law Enforcement	16.588	2022-VP-VA2-V042	-	2,476
FY 23 VAWA Law Enforcement	16.588	2023-VP-VA2-V042	-	109,604
FY 22 VAWA Sexual Assault	16.588	2022-VP-VA2-V045	21,312	21,312
FY 23 VAWA Sexual Assault	16.588	2023-VP-VA2-V045	15,225	15,225
Total Violence Against Woman Formula Grants			36,537	329,379
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program:				
Cleveland Improving Criminal Justice Response Project 2020	16.590	2020- WE-AX-0017	-	132,840
<i>Passed through the Cuyahoga County Prosecutor's Office:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-03281-JAGP	-	6,930
TOTAL U.S. DEPARTMENT OF JUSTICE			227,012	3,955,014
U.S. DEPARTMENT OF COMMERCE				
<i>Direct Program</i>				
<i>Economic Development Cluster:</i>				
COVID-19 CARES Act- Revolving Loan Fund Supplemental Disaster Recovery Resiliency Awards	11.307	N/A	-	2,021,234
Total Economic Development Cluster			-	2,021,234
TOTAL U.S. DEPARTMENT OF COMMERCE			-	2,021,234

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
<i>Pass Through Grantor</i>				
<i>Program / Cluster Title</i>				
U.S. DEPARTMENT OF LABOR				
<i>Passed through Cuyahoga County</i>				
Unemployment Insurance:				
Reemployment Services and Eligibility Assessment (RESEA)	17.225	G-2223-15-0050	-	24,692
WIOA Cluster:				
WIOA Adult Program:				
WIOA Adult Admin	17.258	G-2223-15-0050	-	122,189
WIOA Adult Program	17.258	G-2223-15-0050	-	238,807
Total WIOA Adult Program			-	360,996
WIOA Youth Activities:				
WIOA Youth Admin	17.259	G-2223-15-0050	-	50,745
WIOA Youth Program	17.259	G-2223-15-0050	-	99,917
Total WIOA Youth Program			-	150,662
WIOA Dislocated Workers Formula Grants:				
WIOA Dislocated Worker Admin	17.278	G-2223-15-0050	-	48,117
WIOA Dislocated Worker Program	17.278	G-2223-15-0050	-	42,026
Total WIOA Dislocated Workers Formula Grants			-	90,143
Total WIOA Cluster			-	601,801
WIOA National Dislocated Worker Grants/WIA National Emergency Grants				
WIOA National Dislocated Worker Grants	17.277	G-2223-15-0050	-	4,127
Employment Service Cluster				
Employment Service/Wagner Peyser Funded Activities	17.207	G-2223-15-0050	-	30,344
Total Employment Service Cluster			-	30,344
Local Veterans Employment Representative Program	17.245	G-2223-15-0050	-	21,241
TOTAL U.S. DEPARTMENT OF LABOR			-	682,205
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct Programs:</i>				
Airport Improvement Programs and COVID Airport Programs:				
Airport Improvement Program	20.106	N/A	-	587,634
COVID-19 Concession Rent Relief Airport Rescue Grant	20.106	N/A	-	4,193,133
COVID-19 Airport Coronavirus Response Grant Program -Concessions	20.106	N/A	-	1,048,283
COVID-19 Airport Coronavirus Response Grant Program	20.106	N/A	-	16,166,900
Total Airport Improvement Grant			-	21,995,950
<i>Passed through the Ohio Department of Transportation & Northeast Ohio Area Coordination Agency</i>				
Highway Planning and Construction:				
CUY Superior Avenue Cycle Track	20.205	PID 108259	-	471,979
<i>Passed through the Ohio Department of Public Safety:</i>				
Highway Safety Cluster:				
State and Community Highway Safety Grants:				
Selective Traffic Enforcement Program 2023	20.600	STEP-2023 Cleveland Police Departme-00104	-	2,729
Selective Traffic Enforcement Program 2024	20.600	STEP-2024 Cleveland Police Departme-00075	-	385
Total State and Community Highway Safety Grants			-	3,114
Total Highway Safety Cluster			-	3,114
Minimum Penalties for Repeat Offenders for Driving While Intoxicated:				
Impaired Driving Enforcement Program 2023	20.608	IDEP-2023 Cleveland Police Departme-00104	-	2,989
Impaired Driving Enforcement Program 2024	20.608	IDEP-2024 Cleveland Police Departme-00075	-	1,612
Total Minimum Penalties for Repeat Offender for Driving While Intoxicated			-	4,601
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	22,475,644

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
<i>Pass Through Grantor</i>				
<i>Program / Cluster Title</i>				
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
CLEAN in CLE	66.034	N/A	156,610	240,221
<i>Passed through the Ohio Environmental Protection Agency:</i>				
Air Pollution Control Program Support:				
Air Pollution Control Program Support 2023	66.001	EPAFFG22	-	603,341
Air Pollution Control Program Support 2024	66.001	EPAFFG24	-	76,702
Inflation Reduction Act	66.001	EPAIRAG	-	167,122
Total Air Pollution Control Program Support			-	847,165
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act:				
Air Pollution Control Program Support 2023	66.034	EPAFFPM22	-	100,647
Air Pollution Control Program Support 2024	66.034	EPAFFPM24	-	214,875
Total Survey, Studies, Research, Investigation Demonstrations and Special Activities			-	315,522
<i>Passed through the Northeast Ohio Areawide Coordinating Agency</i>				
Climate Pollution Reduction Grants	66.046	00E03472	-	86,443
<i>Passed through the Ohio Water Development Authority:</i>				
Capitalization Grants for Drinking Water State Revolving Loans				
10280-LSLR 2022-1	66.468	HZJEJR2ENJK4	-	166,031
10278-LSLR 2022-2	66.468	HZJEJR2ENJK4	-	3,239,236
10277-LSLR 2022-3	66.468	HZJEJR2ENJK4	-	3,474,636
10272-LSLR 2022-4	66.468	HZJEJR2ENJK4	-	1,985,621
10284-LSLR 2022-5	66.468	HZJEJR2ENJK4	-	3,994,983
10281-LSLR 2022-6	66.468	HZJEJR2ENJK4	-	2,149,619
10518-LSLR 2022- Special Cases	66.468	HZJEJR2ENJK4	-	6,580,697
10217-LSLR 2022-WMR	66.468	HZJEJR2ENJK4	-	481,823
10577-LSLR-2023-10-Supplies-Curb Boxes	66.468	HZJEJR2ENJK4	-	616,200
10677-LSLR-2023-1	66.468	HZJEJR2ENJK4	-	3,763,120
10678-LSLR-2023-2	66.468	HZJEJR2ENJK4	-	54,502
10679-LSLR-2023-3	66.468	HZJEJR2ENJK4	-	24,524
10680-LSLR-2023-4	66.468	HZJEJR2ENJK4	-	26,267
10683-LSLR-2023-5	66.468	HZJEJR2ENJK4	-	1,152,751
10684-LSLR-2023-6	66.468	HZJEJR2ENJK4	-	10,489
10673-LSLR-2023-8-Special Cases-1	66.468	HZJEJR2ENJK4	-	31,602
10747-LSLR-2023-10-Supplies-Filters	66.468	HZJEJR2ENJK4	-	162,446
10617-LSLR-2023-10- Supplies-Copper/Brass	66.468	HZJEJR2ENJK4	-	1,521,790
Total Water Development			-	29,436,337
Congressionally Mandated Projects:				
Nottingham Intake Rehab Project	66.202	N/A	-	558,336
TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY			156,610	31,484,024
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
Homeland Security Biowatch Program:				
Bio-Watch Program 2023	97.091	N/A	-	158,903
Bio-Watch Program 2024	97.091	N/A	-	196,846
Bio-Watch Emergency Preparedness- 2022	97.091	N/A	-	1,837
Bio-Watch Emergency Preparedness- 2023	97.091	N/A	-	25,959
Bio-Watch Emergency Preparedness- 2024	97.091	N/A	-	6,931
Total Homeland Security Biowatch Program			-	390,476
TOTAL U.S DEPARTMENT OF HOMELAND SECURITY			-	390,476

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CITY OF CLEVELAND
CUYAHOGA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

U.S. DEPARTMENT OF TREASURY

Direct Programs:

Equitable Sharing Program- Asset Forfeiture Program	21.016	N/A	-	418,745
Coronavirus State and Local Fiscal Recovery Funds:				
COVID-19 American Rescue Plan Act 2021	21.027	N/A	615,665	1,306,717
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	2,298,016
Total Coronavirus State and Local Fiscal Recovery Funds			615,665	3,604,733
Emergency Rental Assistance Program:				
COVID-19 CARES Act Emergency Rental Program 2	21.023	N/A	700,000	700,000
<i>Passed through the Ohio Department of Public Safety</i>				
Coronavirus State and Local Fiscal Recovery Funds:				
COVID-19 FY22 State ARPA VCRG	21.027	2022-AR-LEP-933	-	1,031,072
COVID-19 OCJS Pretrial Services	21.027	2022-AR-CCB-1108	-	315,589
COVID-19 Mentoring, Community Engagement Violence Initiative	21.027	2022-AR-CVI-1156	-	738,966
COVID-19 FY 22 ARPA First Responder Wellness, Recruitment, Retention and Resiliency	21.027	AFRR-148-WELL	-	174,368
COVID-19 FY 22 ARPA Recruitment-Police	21.027	AFRR-147P-HIR	-	303,000
COVID-19 FY 22 ARPA Recruitment- Fire	21.027	AFRR-147P-HIR	-	309,000
Total Coronavirus State and Local Fiscal Recovery Funds			-	2,871,995
<i>Passed through the Ohio Department of Public Development</i>				
Coronavirus State and Local Fiscal Recovery Funds:				
COVID-19 East 97th Street Sewer Project	21.027	N/A	-	1,300,000
COVID-19 Lead Safe Ohio Program	21.027	LED-2023-203701	-	299,350
Total Coronavirus State and Local Fiscal Recovery Funds			-	1,599,350
TOTAL U.S. DEPARTMENT OF TREASURY			1,315,665	9,194,823
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 17,698,762	\$ 109,735,622

**CITY OF CLEVELAND
CUYAHGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Cleveland (the City) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The City has elected not to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

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

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F - MATCHING REQUIREMENTS

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

NOTE G – REVOLVING LOAN FUND

Activity in the Economic Adjustment Assistance, ALN 11.307 revolving loan fund during 2024:

Balance of loans outstanding	\$1,180,302
Cash and investment balances	1,219,164
Less: Unpaid principal of loans written off	<u>(378,232)</u>
Total federal value of revolving loan portion as of December 31, 2024	<u><u>\$2,021,234</u></u>



65 East State Street
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800-282-0370

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

City of Cleveland
Cuyahoga County
601 Lakeside Avenue
Cleveland Ohio 44114

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2024, 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 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2025



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Cleveland's, Cuyahoga County, (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Cleveland's major federal programs for the year ended December 31, 2024. City of Cleveland's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, City of Cleveland complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an item of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings as item 2024-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2024-001, to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of finding and corrective action plan. The City's response was not subjected to the other 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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information) of the City of Cleveland, Cuyahoga County, (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 26, 2025. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2025

**CITY OF CLEVELAND
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs:	CDBG Entitlement/Special Purpose Grants Cluster AL #14.239 – HOME Investment Partnership Programs AL #14.241 – Housing Opportunities for Persons with Aids AL #21.027 – Coronavirus State and Local Fiscal Recovery Funds
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 3,000,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

CITY OF CLEVELAND
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024
(Continued)

3. FINDINGS FOR FEDERAL AWARDS

1. Finding Number:	2024-001
Assistance Listing Number and Title:	AL # 14.218 – CDBG – Entitlement/Special Purpose Grants Cluster AL # 14.241 – Housing Opportunities for Persons With Aids
Federal Award Identification Number / Year:	2024
Federal Agency:	Department of Housing and Urban Development
Compliance Requirement:	Reporting
Pass-Through Entity:	Direct Award
Repeat Finding from Prior Audit?	No

Federal Funding Accountability and Transparency Act Reporting – Noncompliance and Material Weakness

2 C.F.R. Part 170 provides guidance to implement requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282, as amended by Section 6202 of Public Law 110-252), hereafter referred to as the “Transparency Act”. 2 C.F.R. Part 170 Appendix A requires recipients (an entity that received a Federal Award directly from a Federal agency) requires prime recipients of federal awards who make first-tier subawards to report the subaward on the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) website maintained by the federal Office of Management and Budget. 2 C.F.R. Part 170 Appendix A further requires, recipients of grants or cooperative to report first-tier subawards of \$30,000 or more on the FSRS website. Prime recipients must report by the end of the month following the month in which the obligation is made. It is management’s responsibility to design and implement internal controls to reasonably ensure compliance with laws and regulations and to ensure management’s objectives are achieved.

The City is considered a direct recipient for federal funds applicable to Transparency Act reporting and is expected to report the subawards obligated in accordance with the Transparency Act. During the audit period, the City disbursed approximately \$1.34 million in funding from the AL No. 14.241 Housing Opportunities for Person with Aids (HOPWA) and \$10.7 million in funding from AL No. 14.218 Community Development Block Grants/Entitlement Grants (CDBG) federal programs to 47 first-tier sub-awardees that exceeded \$30,000. The City was required to report these subawards to the FSRS website in accordance with the Transparency Act.

The Department of Community Development manages the reporting for these programs. During the period under audit, it was determined the Department did not report any of the information in the FFATA FSRS for the HOPWA and CDBG grants.

Insufficient internal controls over the preparation and review of reports increase the risk the reports submitted to the federal grantor agency are inaccurate and incomplete. In addition, by not complying with Federal Transparency Act reporting requirements, the Department risks federal funding being reduced, taken away, or other sanctions imposed by the federal grantor agency. If the subawards are not reported accurately and timely within FSRS, the risk exists that those using the Transparency Reports could be relying on inaccurate information.

CITY OF CLEVELAND
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024
(Continued)

3. FINDINGS FOR FEDERAL AWARDS
(Continued)

FINDING NUMBER 2024-001
(Continued)

Federal Funding Accountability and Transparency Act Reporting – Noncompliance and Material Weakness (Continued)

The Department of Community Development should implement and evaluate its internal controls over the FSRs reporting process by collecting and reporting complete, accurate, and timely information regarding the subawards subject to the Transparency Act. The Department should implement a procedure to reconcile the subaward information entered in the FSRs website to internal records to ensure the information reported is complete and accurate. Management should periodically review these procedures to ensure they promote compliance with federal regulations and are operating as intended.

Official's Response: The Department of Community Development is actively developing a formalized process to ensure ongoing FFATA compliance for all first-tier subawards exceeding \$30,000. The following actions are being undertaken:

- A designated staff member within the Fiscal Operations unit is being identified to assume primary responsibility for FFATA reporting and compliance tracking.
- Comprehensive written procedures are being drafted to support consistent FFATA compliance.
- Plans are in place to provide appropriate staff with targeted training on FFATA requirements and FSRs system functionality to ensure readiness and compliance.
- The Department is designing a compliance calendar and supervisory review process to track reporting deadlines and ensure adequate oversight prior to FSRs submission.
- Beginning with the July 2025 program cycle, all subrecipients receiving federal awards exceeding \$30,000 will be notified in their funding award letters of these additional FFATA-related reporting and monitoring requirements.
- The Department of Community Development is review subawards made during the previous reporting period to assess feasibility of retroactive reporting in consultation with the United States Department of Housing and Urban Development guidance.

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CITY OF CLEVELAND

Mayor Justin M. Bibb

Cleveland City Hall
601 Lakeside Avenue, Room 202
Cleveland, Ohio 44114
216/664-3990 • Fax: 216/420-8766
www.clevelandohio.gov

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2024

Finding Number: 2024-001

Planned Corrective Action: The Department of Community Development is actively developing a formalized process to ensure FFATA compliance for all first-tier subawards exceeding \$30,000. The following actions are currently underway and are anticipated to be fully implementation on July 1, 2025:

Assignment of Responsibility – A designated staff member within the Fiscal Operations unit is being identified to assume primary responsibility for FFATA reporting and compliance tracking

Policy and Procedure Development – Comprehensive written procedures are being drafted to support consistent FFATA compliance

Training – Plans are in place to provide appropriate staff with the targeted training on FFATA requirements and FSRS system functionality to ensure readiness and compliance.

Monitoring and Internal Controls – The Department is designing a compliance calendar and supervisory review process to track reporting deadlines and ensure adequate oversight prior to FRSR submission

Subrecipient Notification – Beginning in July 2025 program cycle, all subrecipients receiving federal awards exceeding \$30,000 will be notified in their funding award letters of these additional FFATA related reporting and monitoring requirements.

Review of Prior-Year Activity – The Department is reviewing subawards made during the previous reporting to assess the feasibility of retroactive reporting in consultation with the United States Department of Housing and Urban Development guidance.

Anticipated Completion Date: July 1, 2025

Responsible Contact Person: Accounting Manager, Department of Community Development

[An Equal Opportunity Employer](#)

CITY OF CLEVELAND, OHIO



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2024

CITY OF CLEVELAND



Annual Comprehensive Financial Report ***For the year ended December 31, 2024***

Issued by the
Department of Finance

Paul Barrett
Director of Finance/Chief Finance Officer

Lesly Camargo, CPA
City Controller

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CITY OF CLEVELAND, OHIO

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INTRODUCTORY SECTION

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June 26, 2025

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

Introduction

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Cleveland (the City) for the year ended December 31, 2024. 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 2024 activities. Our intention is to provide a clear, comprehensive and materially accurate overview of the City's financial position as of December 31, 2024. The enclosed information has been designed to allow the reader to gain an understanding of the City's finances, including financial trends, financial instruments and fund performances. The City has complete responsibility for all information contained in this report.

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

The City's financial statements have been audited by the Ohio Auditor of State. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Ohio Auditor of State concluded, based upon its audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2024, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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

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

Structure of this Annual Comprehensive Financial Report

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

- The Introductory Section, which includes this letter of transmittal and contains information pertinent to the City's management and organization.
- The Financial Section contains the Independent Auditors' Report, MD&A, Basic Financial Statements, Required Supplementary Information and various other statements and schedules pertaining to the City's funds and activities.
- The Statistical Section contains numerous tables of financial and demographic information. Much of this information is shown with comparative data for the ten-year period from 2015 through 2024.

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

Profile of the Government

The City

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

The City is included in the Cleveland-Elyria, OH Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lake, Lorain, Geauga and Medina counties. This MSA is the 35th largest of 384 Metropolitan Areas in the United States and the 3rd largest MSA in the State of Ohio.

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

City Government

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

The City's chief executive and administrative officer is the Mayor, elected by the voters for a four-year term. Justin M. Bibb was elected as Mayor of the City in November 2021. Prior to assuming office as Mayor, Mr. Bibb has worked in government, business and the nonprofit sector as an executive and nonprofit leader. Under the Charter, the Mayor may veto any legislation passed by Council, but a veto may be overridden by a two-thirds vote of all members of the Council.

Legislative authority is currently vested in a 17-member Council. Council members serve four year terms and are elected from wards. The present terms of the Mayor and Council members expire on December 31, 2025. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades and other municipal functions. The presiding officer is the President of Council, elected by the Council members. Blaine A. Griffin, was elected as President of Council in November 2021. The Clerk of Council is appointed by Council. The Charter establishes certain administrative departments; the Council may establish divisions within departments or additional departments. The Mayor

appoints all of the Directors/Chiefs of the City's 12 departments. In 2025, the City added two departments for a current total of 14 departments.

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

Financial Reporting Entity

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

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

In accordance with GASB Statement No. 61, the Cuyahoga Metropolitan Housing Authority, Cleveland-Cuyahoga Port Authority and Cleveland Municipal School District are defined as related organizations and Gateway Economic Development Corporation of Greater Cleveland is defined as a jointly governed organization. None of these organizations 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 expenditures of federal awards, findings and recommendations and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

Accounting and Financial Reporting

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

other governments. The City also maintains Fiduciary Funds to account for assets held by the City in an agent capacity for individuals, private organizations and other governments.

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

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

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

Budgeting Procedures

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

In June of 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. As required, the City has implemented GASB Statement No. 100 as of December 31, 2024.

In June of 2022, GASB Statement No.101, *Compensated Absences*, was issued. This Statement is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As required, the City has implemented GASB Statement No. 101 as of December 31, 2024.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is shown on page 65 as part of the basic financial statements. For other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary information subsection of this report along with more detailed information regarding the General Fund, which starts on page 142.

Factors Affecting Financial Condition

Local Economy

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

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

Major Industries, Economic Conditions and Employment

The City, as well as most large urban municipalities across the nation, has faced significant economic challenges in recent years. Like all manufacturing cities across the country, the City has tried to combat the declining industry base with more professional and service industry opportunities. The City's budget basis income tax collections increased by 3.3% in 2024 as a result of declining unemployment rates and a steady workforce.

While the City's economy has shifted more toward education and health care services, its manufacturing base has assumed a smaller, yet still vital role.

For 2024, 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	19.97 %
Trade, transportation and utilities	17.92
Professional and business services	14.29
Government	12.66
Manufacturing	10.88
Leisure and hospitality	9.32
Financial activities	6.43
Mining, logging and construction	3.63
Information	1.31
Other Services	3.59
	<u>100.00 %</u>

Current Projects and 2024 Accomplishments

The 2024 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 2024 programmatic goals and projects:

Department of Community Development

- The Department continued following its Ten-Year Housing and Investment Plan by funding numerous programs according to the plan's high-level strategic priorities:
 - Housing Equity Plan: The goal of the Ten-Year Housing and Investment Plan is to foster a robust housing market that will ensure everyone has access to a decent home, provide a full range of housing choices for existing residents, and attract new residents to Cleveland's neighborhoods.
 - Economic Opportunities: Cleveland's objectives for expanding economic opportunities involve both the creation of more jobs for low-income residents and helping those residents to improve their employability. The Department of Community Development and the Department of Economic Development work together towards these objectives through a variety of program strategies.
 - Ending Poverty and Racial Disparities: Ending systemic causes that allow poverty and racism to persist will continue the disparate outcomes that we see in Cleveland. Under this priority, the City will invest in numerous initiatives to alleviate/eradicate these systemic causes.
 - Neighborhood Improvements: Cleveland neighborhoods have seen a persistent cycle of disinvestment that has resulted in most of the City designated as being affected by slum and blight. In order to address slum, blight, and the needs of the residents of Cleveland's neighborhoods investment in public facilities, public infrastructure, and reutilization of vacant land for interim or permanent uses is key to reposition for the needs of residents.
- The U.S. Department of Housing and Urban Development (HUD) approved its priorities to focus our resources to help address Affordable Housing, Homelessness, Non-Homeless Persons with Special Needs, Stabilizing Neighborhood Housing Markets, Non-Housing Community Development, and Public Housing.
- All housing projects that receive City financial assistance, including tax abatement, are required to meet the City's Green Building Standards (GBS). The GBS incorporates national standards such as Leadership in Energy & Environmental Design (LEED) and Enterprise Community Partners' Green Community Standards.
- 12 affordable multi-family and scatter-site projects with 200 units were completed in 2024. Included in these projects were Larchmere Homes, which produced 30 affordable units of single family homes to be purchased after 15 years of occupancy. There was also the completion of Cleveland Scholar House, which produced 40 units of affordable housing for families attending the Cuyahoga Community College (CCC) downtown campus.
- The commercial revitalization team completed 15 Storefront Renovation Program projects in 2024, which included five comprehensive building rehabilitations, eight neighborhood business signs, and two downtown signs.
- The Department addressed lead hazards in 27 residential units through the Lead Hazard Reduction Grant.
- Under the Community Engagement Healthy Homes Initiative (HHI) Program, specialists assess neighborhood housing issues and help residents and property owners understand and remove environmental hazards and bring homes into housing code compliance. In addition, the program supports the Department's Exterior Paint Program by helping residents and property owners apply for and complete the paint program.

Department of Building and Housing

- The Department launched many substantial process changes during 2024. The Residents First legislative package was passed by City Council in February 2024 to provide better enforcement tools to address property conditions, including the dramatic rise in investor activity in the market. The legislation creates greater accountability among landlords and the owners of vacant parcels, with new requirements for non-owner-occupied properties and civil enforcement tools.
- A re-organization of the Division of Code Enforcement was completed in order to drive better compliance with housing code enforcement activities.
- An overhaul of the construction permitting process is underway, City wide with significant upgrades to the Accela data system to better serve customers and make development easier in the City.
- The Mayor signed an Executive Order on lead safety in October 2024 adjusting the process for landlords to obtain lead safe certificates.
- Issued 14,955 construction permits valued at \$2,810,233,943.
- Filed a total of 432 prosecutions.
- Issued 4,298 violation notices.
- Registered 15,672 rental properties housing 60,262 units.
- Issued 2,387 Lead Safe Certificates for 9,146 units.
- Demolished 439 structures and condemned 820 additional structures.
- Boarded and secured 999 vacant structures.
- Received and followed up on 8,474 complaints.

Department of Economic Development

- The Department utilized 49 economic development incentives to create and retain 2,445 jobs. These incentives also aided in the creation of 645 homes and 210 hospitality suites through mixed-used development projects. This work led to over \$442 million of investment in the City.
- The Storefront renovation program transitioned from the Department of Community Development to the Department of Economic Development to streamline City incentives and make the Department of Economic Development a single point of entry for small businesses and commercial property owners.
- The Department worked with the Site Readiness Good Jobs Funds to transfer the City's \$50 million investment in their work to the Cleveland Foundation who is committed to matching that investment creating a \$100 million fund to transform vacant and blighted parcels throughout the City. The Department collaborates with this non-profit organization in efforts to acquire and remediate over 1,000 acres of disinvested property in the City, which will result in the creation of up to 25,000 high quality jobs.
- The Department grew from ten employees in late 2023 to 25 employees by the end of 2024, including a new team of regionally based Neighborhood Investment Managers designed to be more responsive to small businesses and neighborhoods throughout the City. The Department also added new staff dedicated to business growth focused on business retention, expansion and attraction.

- The Department utilized the new Job Creation Tax Credit (JCTC), to secure the long term future of Oswald Insurance Company in downtown Cleveland, preserving 320 full time jobs with a commitment to add 88 additional employees.

Department of Public Health (CDPH)

- The Division of Environment completed 5,440 inspections, responded to 372 food complaints, 6,309 public health nuisance complaints and completed 131 pool inspections. The Division also addressed 1,578 lead poisoning referrals from the Ohio Department of Health.
- The Division of Air Quality performed 157 inspections, investigated 563 complaints, completed 92 air quality permits and participated in 85 community events and presentations.
- The Bureau of Vital Statistics issued approximately 40,000 birth certificates and 60,000 death certificates.
- The Division of Health administered 421 childhood immunizations and processed 1,279 HIV tests.
- The MomsFirst program performed 2,992 face-to-face visits and their infant mortality reduction program had 249 new participants.
- The HOPWA (Housing Opportunities for Persons with AIDS) program helped 890 clients receive rental or mortgage assistance and 2,754 clients received nutrition, transportation or other assistance.
- The Home for Every Neighbor Initiative program resulted in 112 clients being housed directly from outdoor campsites, sidewalks, vacant buildings and cars in 2024.

Department of Aging

- Provided core services to 5,202 unduplicated residents including both older adults and adults with disabilities.
- Secured approximately \$774,000 in grants to support programs for seniors and adults with disabilities.
- 174 home repair jobs for residents were approved by December 31, 2024 in the 6th year of the Age Friendly Home Investment Program. This program allows older adults and adults with disabilities to age in place. The most common jobs are roof replacement, porch repairs and bathroom modifications.
- Utilized the City's Code Red Communication system to provide 78 different informational robocalls to Cleveland seniors to leverage a range of city services. 191,239 telephone connections were made by live answer or voicemail and provided education and information to older adult residents.
- 9,156 residents through the Chore program received assistance with their outdoor home maintenance including grass cutting, leaf raking and snow shoveling services.
- 192 residents received a daily wellness call through the Cleveland Care Calls Program. This is a collaborative effort with Public Safety.
- 14 Neighborhood Senior Walks were held throughout the City to provide opportunities for older adults to get active and to get access to health information including information about COVID-19.
- 2,818 residents received services from one or more of the core services of the Aging and Disability Resource Center. Services include long term care options, counseling, economic security, information and benefits assistance.
- 110 households received assistance from the cross departmental team on the Mayor's Senior Initiative. The initiative is a cooperative effort between Building and Housing, Health, Community Development, Law and

Aging to help address and resolve some of the most complex home repair and health issues for older adults and adults with disabilities.

- The Annual Senior Day program in May 2024 attracted more than 2,000 older adults. More than 250 individuals attended the annual Hispanic Senior Day in October 2024. More than 125 individuals attended the Disability Awareness Day Luncheon in October 2024.

The Office of Equal Opportunity (OEO)

- OEO is the contractor certification and contract compliance department of the City of Cleveland. OEO was established in 1977 and has been a fundamental component of putting equity in action in the City's contracting process for 47 years.
- OEO maintains a registry of certified Minority-Owned Business Enterprises (MBEs), Female-owned Business Enterprises (FBEs) and Cleveland-Area Small Businesses (CSBs). In 2024, there were over 800 contractors certified by OEO and certifications are renewed annually. The certification team provides in-depth consultation to applicants, assisting them with certification and educating contractors on doing business with the City. OEO also provides business development and outreach to certified contractors through one-on-one meetings and information sharing on local programming.
- OEO establishes subcontracting goals on City contracts greater than \$50,000 and requires that bidders and proposers demonstrate a good faith effort to engage with certified MBE, FBE and CSB firms to meet those goals.
- OEO evaluates contract bids and proposals for compliance with the goals, and advises the contracting departments on contract awards. OEO then monitors the use of subcontractors, holding bidders and proposers accountable to their subcontracting commitments.
- OEO is responsible for enforcing the Fannie M. Lewis Cleveland Resident Employment Law, requiring 20% resident worker hour participation and 4% low income worker hour participation on applicable contracts. OEO is also the designated Prevailing Wage Coordinator for the City of Cleveland, and standardizes the prevailing wage compliance process for the City.
- Under the Community Benefits Agreement Ordinance (Chapter 190A), non-public projects receiving more than \$250,000 of City financial assistance must agree to a Community Benefits Agreement, with commitments to mentor-protégé programming, internships, apprenticeships and other community benefits and engagements. OEO is responsible for the negotiation, monitoring and enforcement of these Community Benefits Agreements.

Department of Public Works

- The Division of Recreation served over 49,800 nutritious meals.
- Fairfax and Woodland recreation centers floors were renovated by the Cleveland Cavaliers who also provided basketball clinics for over 1,000 youths.
- The Division of Recreation developed a new day camp program at Camp Forbes with 92 youths participating in day camp activities/programs.
- Received an \$80,000 grant from the Cleveland Guardians to support youth baseball and softball programs.
- The Division of Motor Vehicle Maintenance (MVM) performed 18,506 general repairs and 3,850 preventive maintenance services. MVM also purchased, prepped and deployed 378 new vehicles. In addition to technical training, MVM performed 15 Public Employee Risk Prevention Program (PERPP)/Health and Safety classes.
- The Division of Streets resurfaced a total of 200,020 square yards of street paving and serviced 4,319 illegal dumping complaints.

- The Division of Waste Collection processed 191,386 tons of solid waste, 3,773 tons of recyclable materials and 1,732 tons of tires to be disposed.
- The Division of Parking Facilities updated on-street parking services to provide a convenient way to park with ParkMobile. ParkMobile offers multiple payment options through a mobile app, website, text or phone call. A total of 404,257 transactions were processed through ParkMobile generating \$523,855 in revenue.
- The Division of Park Maintenance, Cemetery section performed 1,025 internments, completed 1,721 service requests and set 658 headstones.
- The Division of Park Maintenance, Greenhouse section, grew, planted and maintained 16,750 annual flowers in the Greenhouse and downtown beds.
- The Division of Park Maintenance provided assistance for over 1,185 permitted special events, including Councilmatic/Citywide events. These events were done in the parks, City Hall, gardens and neighborhoods.
- The Division of Park Maintenance, Vacant Properties section serviced 25,388 unique parcels and completed 42,830 work orders.
- 1,656 tree emergencies services were provided.
- 5,176 Urban Forestry service requests were investigated.
- 1,667 Right of Way (ROW) trees were pruned.
- 782 ROW trees were removed.
- The Division of Traffic painted 461 miles of street lanes, repainted 3,696 crosswalks, installed 7,903 signs and made 11 significant signal upgrades. The Division performed over 150 traffic counts/studies related to traffic calming and installed over 120 vehicle decals.

Department of Public Safety

- The Department of Public Safety, along with various City departments, utilized data-driven strategies to proactively address crime in the City as a part of Mayor Justin M. Bibb's Summer Safety plan. The Plan was strategically implemented from May 1 to August 31, when crime historically peaks during the year. Compared to the previous year, the reporting period saw significant drops in most crimes, including:
 - Murders – 37% decrease
 - Grant Theft-Motor Vehicles – 27% decrease
 - Robberies – 13% decrease
 - Felonious Assaults – 13% decrease
 - Thefts – 10% decrease
 - Overall Crime – 13% decrease
- As a part of the Summer Safety Plan, the Cleveland Division of Police (CDP) implemented Operation Heat Wave which led to:
 - 4,259 traffic tickets
 - 923 parole visits
 - 726 arrests
 - 390 guns recovered
 - 154 search warrants
 - 81 stolen vehicles recovered
 - \$153,462 U.S. currency seized
 - Over 600,000 pills and nearly 6,000 grams of fentanyl seized
 - Over 74,000 grams of MDMA (commonly known as ecstasy) seized

- Nearly 11,000 grams of cocaine seized
 - Over 5,600 grams of methamphetamine seized
 - Over 3,100 grams of heroin seized
- As a part of the Summer Safety Plan, the Division of Fire (CFD) completed 212 life safety inspections at various restaurants, convenience stores, apartment buildings and other properties throughout the City; installed 531 smoke detectors for free across the City, including 53 in the designated safety zones; and held a MomsFirst Family Health Fair in the Central neighborhood that was focused on lowering the infant mortality rate.
- As a part of the Summer Safety Plan, the Division of Emergency Medical Services (EMS) trained over 900 individuals in Cardiopulmonary Resuscitation (CPR); more than 150 people received “Stop the Bleed” training; and all field supervisors received Crisis Intervention Team (CIT) training.
- The Department of Public Safety fully staffed its administrative team, enhancing its effectiveness and efficiency as a department.
- The Department of Public Safety launched several dashboards for the City’s Open Data Portal. Open Data is the proactive release of information on City operations and services. Applicable City data is published to the Open Data Portal – a central website where anyone can view or download City-owned data content.
- The Homicide Unit of the CDP exceeded the National Average Homicide Solvability Rate in 2024. The Homicide Unit evaluates crime scenes, assists and coordinates with Crime Scene Unit investigators to collect trace evidence, interview witnesses and suspects, ascertain alibis, create time frames and investigate potential suspects.
- The Hit Skip unit of the CDP assigned 2,569 cases with leads and were able to close 2,404 cases for a 94% solvability for the year.
- The Technology Integration Unit (TIU) of the CDP made significant strides in advancing system initiatives. The unit successfully programmed for the launch of the "Take Me Home" program, aimed at enhancing community safety by ensuring individuals with special needs can be more easily identified in case of emergencies
- TIU is playing a crucial role in integrating the new Motorola Premier One system, which aims to improve communication and technological capabilities within the CDP.
- In 2024, a total of 16 Division members from Academy Classes #153 and #154 successfully completed the Field Training Program (FTP).
 - Additionally, 40 members of the 155th Academy class graduated from the Academy and began their FTP on December 2, 2024.
 - Furthermore, 41 dedicated Division members achieved certification as Field Training Officers (FTOs) through a voluntary application process, which included a rigorous panel interview. As a result, the number of FTOs in the Patrol Section has more than doubled this year.
- The CDP held an Expedited Hiring Event on September 13, 14 and 15, 2024. This three-day event was organized to help a potential candidate of the CDP complete multiple steps in the hiring process. The hiring event successfully yielded the following numbers:
 - 241 Participants
 - 201 Passed NTN / 32 Failed NTN (National Testing Network)
 - 101 Passed PFA / 97 Failed PFA (Physical Fitness Assessment)
 - 2 Opted Out of Application
 - 5 Opted Out of NTN
 - 3 Opted Out of PFA

- 101 Conditional Offers
- The Crisis Intervention Team is a community-based program that brings together law enforcement, mental health professionals, mental health advocates and other partners to improve community responses to mental health crises. In 2024, 5,404 interactions were resolved without an arrest, which is an increase from 4,790 interactions in 2023.
- The CFD's Fire Training Academy acquired and put into service two new Fire-Blast propane-fueled training props, designed for realistic training on automobile and pressure vessel fires. The new equipment was first used during the training of Class #39 and received extensive media coverage, including a feature story by Channel 19 News.
- The Fire Prevention Bureau of the CFD completed 5,734 on-site inspections in 2024. This was an increase of 2,372 inspections from the previous year.
- The Public Education (PE) Unit of the CFD provides fire safety education to at-risk populations. In 2024, the PE Unit:
 - Contacted more than 48,700 citizens
 - Installed 1,430 smoke alarms
 - Attended 515 fire prevention events
- In 2024, the CFD continued hosting the highly popular Ice Cream Social events at fire stations across the City. These well-attended gatherings provided residents with the opportunity to connect with firefighters in a relaxed non-emergency setting while getting an up-close look at the equipment and facilities funded by their tax dollars.
- The Division of EMS's first class of 15 EMS personnel completed training with the University Hospital EMS Training and Disaster Preparedness Institute in September 2024.
- The Division of Animal Care and Control's Pup Star Reader program continues to be a well-received form of community engagement where a group of students from Marion C. Seltzer School reads to adoptable dogs at the Cleveland Kennel each month.
- The Division of Animal Care and Control continues its efforts from 2023. In 2024, more than 800 dogs were adopted and more than 1,100 were transferred to other agencies, an increase from the previous year.

Department of Public Utilities

- The Division of Water services not only the City, but also 69 direct service communities, seven master meter communities and three emergency standby communities. They provide water to approximately 435,000 City and suburban accounts in the Cleveland metropolitan area. Of these 435,000 accounts, approximately 117,000 accounts were located within the City, accounting for 23.6% of the Division's metered sales revenue.
- 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 2024. CPP sold approximately 1.560 billion kilowatt hours (kWh) of electricity.
- Division of Water Pollution Control (WPC) maintains the local sanitary and storm water collection system within the City. The system is comprised of 1,436 miles of sewer lines, more than 43,500 catch basins and 11 pumps/lift stations. In 2024, the Division's sewers transported 1,402,200 cubic feet (Mcf) of water.

Department of Port Control

- Cleveland Hopkins International Airport (CLE) enplaned 5,087,949 passengers, a 3.01% increase from 2023 and had aircraft landed weight of 5,975,953,000 pounds.
- In-terminal concession sales increased to \$65,789,231 compared to \$62,013,505 in 2023. Also, the average spend per enplanement for 2024 was \$12.93 compared to \$12.56 for 2023.
- CLE added nonstop service on Frontier Airlines to Austin, TX, New York, NY (LaGuardia), Salt Lake City, Utah, West Palm Beach, FL and on Delta Airlines to Salt Lake City, Utah.
- The major capital projects during 2024 were the Brookpark Road guardrail, fire suppression system improvements and demolition of the former Sheraton Hotel.
- Planning and design work significantly progressed for the upcoming Terminal Modernization Development Program.

Department of Law

- Recovered over \$1.9 million in debts owed to the City and recovered an additional \$1.4 million in opioid litigation.
- Drafted approximately 746 contracts and other instruments.
- Reviewed approximately 914 contracts for legal form and correctness.
- Prepared and processed 515 requests for legislation for introduction to City Council.
- Obtained 115 search warrants for Housing Court enforcement actions.
- Assisted Department of Building & Housing to obtain legal authorization for 502 demolitions of unsafe structures in the City.
- Prosecuted 603 criminal complaints in Housing Court for failing to comply with Building & Housing administrative orders at sites with code violations and/or noncompliant with lead-safe certification.
- Processed 472 claims for property damage and other losses.
- Represented the City in 31 liquor permit hearings and processed 151 liquor permit requests.
- The City's web-based records-request-system (GOVQA) processed 30,872 requests.
- Responded to 132 subpoenas for City records.
- Represented the City in 642 civil cases pending in various state and federal courts.
- Processed 1,752 citizen complaints in the Prosecutor's Office.
- Prosecuted 4,860 misdemeanor charges, of which 537 were domestic-violence misdemeanor charges.
- Reviewed 14,756 felony offenses for determination of referral to Cuyahoga County Prosecutor's Office. From this number, 3,147 felony charges were issued, of which 302 were domestic-violence felony charges.
- Responded to approximately 140 ethics law inquiries.
- Implemented a comprehensive case management system that streamlines case processing.

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

- Partnered with 36 providers to offer over 40 programs that provide youth and the community access to center-based resources, as well as programs and activities that address the root causes of violence; promote healing, wellness, resiliency and self-efficacy; and support our residents in developing the skills and knowledge required to thrive and live quality lives. These youth development and out-of-school time programs focus on six key areas: Youth and Adult Education; Job and Career Readiness; Health and Wellness; Youth Leadership Development, Mentorship and Community Service; The Arts; and non-traditional Sports and Recreation.
- Continued implementation of the E Sports program at five Neighborhood Resource and Recreation Centers (NRRCs).
- Continued phase two of the Toxic Stress/Trauma Management project, designed to support the transformation of the City's 22 recreation centers into trauma-informed neighborhood resource and recreation centers. The Social Support Services (S3) Unit, consisting of one director, two supervisors and ten specialists, connected 1,575 unique residents to community-based resources and support services. The S3 unit strengthened relationships with community partners to facilitate referrals for supportive services to residents utilizing a warm-handoff approach.
- Provided 18 hours of trauma-informed care professional development to NRRC Managers and the S3 Unit.
- Provided summer employment opportunities, job and career readiness training and life skills training in collaboration with Youth Opportunities Unlimited to approximately 248 youth. Provided 85 youth, through stipend-based community service projects, pre-employment opportunities. Extended employment opportunities for 67 youth through the new extended summer program with Cuyahoga County. Provided stipends to 34 youth to be trained as lifeguards, resulting in 21 youth hired as City lifeguards.
- In collaboration with Out of School Time non-profits and schools, we celebrated national Lights on After School through the 2nd annual Thriving Youth Series that included a series of events to provide direct leadership programming and raise the awareness of the importance of impactful youth development programming. Over 1,500 scholars, youth development professionals, policy makers, funders and community partners participated in this initiative.
- Collaborated with the Cleveland Cavaliers and the Department of Recreation for season three of Hoops After Dark. PIOYYA, in partnership with recreation staff, supported 123 young men, ages 18-26 years, with an eight-week program across three NRRC host sites for development workshops and competitive basketball.
- Continued partnership with the Cleveland Foundation to award \$1 million in Neighborhood Safety Fund grants to 14 organizations and programs focused on violence interruption and reduction, youth diversion, proactive mentoring, and violence prevention programming operating in neighborhoods across the City and contributing to public safety.
- Managed \$4.5 million in American Rescue Plan Act (ARPA) related funds to Starting Point for staff retention, attraction bonuses and the family scholarship program. In 2024, this initiative served 1,519 staff, 370 children and 238 families.
- Managed the City's first violence prevention network, Cleveland Thrive, which had over 100 partners meeting bi-monthly as a cross-sector partnership team. Hosted the City's first Violence Prevention Training Conference with Live Free USA to train over 140 violence prevention/intervention partners in community violence intervention practices in person and an additional 150 online. Awarded consultant team to engage the community and develop a Violence Prevention Blueprint, a residents centered strategy for violence prevention.
- Designed and launched Summer Soundtrack, a comprehensive offering of summer programs for school aged children, in partnership with Cleveland Municipal School District, Cleveland Public Library, Regional Transit Authority, Case Western Reserve University and other out of school time partners. This partnership addressed the gap caused by the loss of ESSER funding and provided 11,385 youth with quality summer program experiences.

- Launched the City's municipal cabinet for children and youth to establish a convening body of City leaders to design and support a shared strategy for youth services. The cabinet launch activities included the Mayor and 19 senior staff members representing City departments. Launched an Out of School Time (OST) partner coalition with the Cleveland Foundation to develop long-term strategies for supporting high quality OST programs.
- Launched the City's first Pre-Natal to 3 Agenda - a shared vision and plan of action that supports the quality of life for children prenatal through 3 years old and their families that centers on economic mobility, environmental justice and housing. This initiative includes the leadership of City Hall content experts from Economic Development, Sustainability, Health and Building and Housing departments, as well as external partners from The National League of Cities, Invest in Children, Black Child Development Institute Ohio, Step Forward, Birthing Beautiful Communities, First Year Cleveland, Safe Babies and Help Me Grow.

Office of Capital Projects

- In 2024, the Division of Engineering and Construction resurfaced 40 asphalt streets and installed 340 Americans with Disabilities Act (ADA) ramps as part of the Residential Resurfacing Program.
- The Division also as part of the Street Repair Program resurfaced and installed 16 ADA ramps at the following streets in 2024:
 - South Marginal Road also known as Dick Goddard Way, from East 55th to East End
 - North Marginal Road from East 72nd to Martin Luther King Boulevard
 - Telfair Avenue from Lee to East 162nd Street
 - Hessler Court from Hessler Road to Bellflower Road
- The Back to Basics Program funded by ARPA paved 20 streets and installed 90 ADA ramps.
- Complete and Green Streets Program reconstructed 11.66 centerline miles of roadway and installed three miles of bicycle lanes, 44 enhanced crosswalks, 10 bump outs, six pedestrian refuge islands, 23 yield to pedestrian flashing beacon signs, 289 ADA ramps, 32 intersection count down signals, 110,566 square feet of sidewalks and planted 143 trees.
- The Bridge Section performed 59 required inspections of bridges and six special inspections of the movable bridges, prepared consultant contracts for design of the replacement bridge carrying MLK Boulevard over Doan Brook creek and for the rehabilitation of the Carter Road Lift Bridge and completed the Center Street Swing Bridge Rehabilitation Project. Provided comments and direction on the Bedrock-Riverfront development as well as developed tools to automate and expedite processing Oversize Vehicle Movement (OVM) permits.
- The Sidewalk and Permits Section issued over 3,017 permits allowing for work in the ROW and subsequent inspection to ensure quality control. They also coordinated the installation and repair of over 86,452 square feet of sidewalks and removed or pruned 481 trees in 2024 as part of the 50/50 Sidewalk and Tree Damaged Sidewalk Programs.
- The Survey Section completed 127 survey reviews, 12 street vacation requests, one street dedication, 25 encroachments, 73 ROW monument resets, 25 in-house field surveys and 550 legal descriptions reviewed and over 6,000 building and housing permits.
- The Division of Architecture and Site Development (DASD) furthered the City's neighborhood revitalization efforts through the implementation, construction and/or rehabilitation of City facilities and infrastructure. The division completed the following projects in 2024:
 - Roof replacements at Lonnie Burton Recreation Center pool along with exterior renovations
 - Renovations of Stella Walsh Fitness Center
 - Estabrook and Fairfax Recreation Centers renovations
 - Thurgood Marshall Recreation center locker room improvements

- Public Safety Facilities - DASD conducts capital repairs and improvements to Police, Fire and EMS facilities throughout the City. Capital needs are developed in collaboration with Public Safety and based on periodic assessments.
- In addition to the projects listed below, DASD is managing the design and construction process for the new Police Headquarters:
 - Roof replacements at Fire Stations 33
 - Vehicle Processing Building roof replacement and Ordinance Unit site preparation
- Public Works Facilities - DASD is engaged in numerous improvement efforts for workplaces throughout City facilities, including major planning efforts such as comprehensive repairs of City Hall, Cleveland Browns stadium, West Side Market and 205 St. Clair.
- The Division of Real Estate managed the following transactions and real estate functions for various departments of the City:
 - Obtained tax exemption for City-owned properties saving \$2,263,902
 - Paid real estate taxes for non-exempt City properties totaling \$5,948,464
 - Continued oversight of ROW and real estate matters for roads and bridge reconstruction projects
 - Handled real estate transactions needed for various public works and private development projects
 - Negotiated and completed leases or lease renewals with various entities
 - Oversaw and coordinated real estate matters for:
 - Cleveland Metropolitan School District's master facilities plan
 - Cleveland Public Library master facilities plan
 - Northeast Ohio Regional Sewer District (NEORS) Project Clean Lake infrastructure projects
 - NEORS storm water management projects
 - Various projects with the Cleveland Metroparks and the City's department of Public Utilities

Office of Sustainability

- Completed update to the Municipal Action Plan (MAP) to guide City operations in reducing emissions, enhancing sustainability and building climate resilience.
 - Engaged leadership and workers across City divisions
 - Completed six workshops
 - Collected over 400 comments and feedback
- Launched the Cleveland chapter of the Community Forest Corps (CFC), a youth program to tackle climate challenges through urban forestry, data collection and workforce development. CFC will train youth (ages 14-18) in tree care, urban heat data assessment and community engagement, strengthening both environmental and social resilience.
- Hosted the Catalyzing Local Climate Action Workshop, a two-day workshop, bringing together Northeast Ohio City representatives from seven peer cities and about 15 community based organizations where there was local and national expert facilitation from Natural Resource Defense Council, Climate Mayors, the Electrification Coalition, C40 Cities and various organizations.
- Supported the NEO Youth Climate Summit where youth explored climate challenges through discussions, workshops and hands-on activities for over 100 students with knowledge, tools and connections to advocate for a more sustainable resilient future in the region.
- Pilot launch of the Residential Drop-off Composting Program in partnership with Rust Belt Riders which deployed seven new drop-off sites, identified 17 neighborhood compost ambassadors and conducted seven program presentations. There were also 12 SNAP-eligible subsidized memberships from November 2024.

- Continued sustainability outreach through social media channels (40,627 followers, posts reaching 157,368), e-newsletters community meetings and targeted campaigns.
- Supported continuation of Food Rescue and Composting Pilot program at the West Side Market (WSM) with local businesses Rust Belt Riders and the Hunger Network continued. Which resulted in 45,705 pounds of food waste being diverted from the landfill at WSM.
- The City continued progress on the Better Climate Challenge program to reduce energy intensity for City facilities by 50% in the next ten years.
- Evaluated and renewed community choice municipal electricity aggregation contract for Years 2-3; Year 1 resulted in \$13 million customer cost savings, rate stability and 100% renewable energy for approximately 50,000 residents and small businesses.
- Cost savings and 100% renewable electricity for 60% of City facilities for 2023-2024.
- Recognized by the U.S. Environmental Protection Agency (EPA) as a Green Power Community (GPC) for meeting or exceeding EPA's GPC usage requirements.
- Supported activation of Level 2 electric vehicle charging station at the CLE and introduced legislation to activate charging stations at four other City locations.
- Continued implementation of the Cleveland Tree Plan with a focus on policy, funding allocations, grant applications for Inflation Reduction Act (IRA) funding, the setting up of a revitalized tree commission, as well as strategic planning for the Cleveland Tree Coalition.
- Supported quarterly Urban Forestry Commission meetings, street walks and tree commission academy commissioner training through the Ohio Department of Natural Resources.
- \$3.4 million Division of Urban Forestry grant expands the City's tree canopy to reduce urban heat, improve air quality and enhance environmental health across the City.
- \$1.5 million In-Kind award received from Bloomberg Philanthropies to provide three person innovation team to support deployment of climate solutions that also decrease racial equity gap.
- \$21 million anticipated as a sub-award from \$129 million CPRG implementation grant awarded to Cuyahoga County, with Cleveland and Painesville as sub-recipients, to develop solar power on landfills, which could result in roughly 15 MW of solar power on landfills in the City.
- \$100,000 from U.S. Department of Energy Built Infrastructure Law Resilient and Efficient Codes Implementation grant program, sub-award from University of Cincinnati, 2026-2028 for implementation.
- \$340,000 from the U.S. Department of Agriculture, Compost and Food Waste Reduction program for food waste composting program for City residents, 2024-2026 for implementation.
- \$600,000 from the EPA (Climate Pollution Reduction Grant), 2023-2025 for implementation, sub-award from the Northeast Ohio Coordination Agency.
- \$3.9 million from Charging and Fueling Infrastructure (CFI) Discretionary Grant Program to install 92 EV charging ports in City-owned lots, public right-of-ways and at recreation centers.

2025 Budget

The City passed a balanced budget, which reflects General Fund revenue estimates of \$806,686,919 and anticipated expenditures of \$810,232,856 with a year-end carryover balance of \$61,299,504. Five years after the worst fiscal shock in recent memory, the City's financial condition is healthy and stable.

The resulting 2025 budget emphasizes development, infrastructure improvements, job growth and public safety while also increasing connectivity across the City and encouraging innovation. It builds on the successes of 2024 which included \$38 million used to fund the Cleveland Housing Investment Fund for affordable housing, over \$7 million to revitalize the Southeast Side, approximately \$80 million in grants and state funds to increase pedestrian access to previously isolated areas of the City, and additional funding for new playgrounds, composting programs, support for local art, and improvements to municipal services. In 2024, the City of Cleveland secured over \$250 million in grant funding to plan for critical upgrades – including on our lakefront and to municipal infrastructure – at no cost to taxpayers. This allows us to reserve General Fund dollars for core City services while still spurring transformative, long-term change in our City.

The City's finances remain strong as a result of consistent and prudent financial planning but continue to face challenges due to population decline and heightened inflationary pressures. Cleveland began 2024 with an unemployment rate of 3.3% which gradually increased to 4.2% towards the end of the year, with the biggest gains seen in the education and health services industries. The number of building permits issued across the City continues to improve from COVID-related slowdowns; in 2024 the City issued 14,955 construction permits worth approximately \$2.8 billion in value, demonstrating the City's continuing commitment to development. Investments in the City's public safety forces through the RISE Initiative have also led to lower crime rates and helped stabilize police staffing levels.

Additionally, the City continues to reap the benefits of over \$511 million in ARPA stimulus, having effectively obligated and/or expended all of these federal funds. Due to responsible management by leadership and staff, the City will not be required to return any of these funds to the U.S. Treasury. Managing the country's eighth largest allocation to this juncture is a great accomplishment. The City of Cleveland was novel in its approach to spending ARPA dollars, often deploying creative funding mechanisms and leveraging community partnerships to stretch funds farther. The ARPA funds were invested into more than 50 individual projects that will continue to revitalize the community, ranging from public infrastructure investments, to career preparedness, violence prevention and utility assistance.

Finally, increasing citizen engagement remains a major focus of the budget process. During 2024, the Finance Department hosted six events with groups from the public to explain mechanics and allow for input from residents. The frequency and quantity of these meetings reflect a significant increase over prior years.

Long-Term financial planning:

The City will continue to make investments that create increased services to the citizens of Cleveland. In 2022, the City was able to transfer dollars to the Rainy Day Fund in the amount of \$20 million and establish and fund the Payroll Reserve Fund with \$90 million. These transfers were able to be made due to ARPA dollars received in 2021 and 2022. The Payroll Reserve Fund transferred \$17 million to help the City fund payroll related obligations, notably a 27th pay period in 2024. On July 18, 2022, Moody's Investors Service upgraded its rating on the City's General Obligation and Subordinate Lien Income Tax Bonds from A1 to Aa3. The rating on the City's Non-tax Revenue Bonds were also upgraded from A2 to A1. It had been more than 12 years since the City had received a bond rating upgrade. On June 30, 2023, Fitch ratings upgraded its rating on the City's General Obligation Bonds from A+ to AA-. On July 23, 2024, S&P Global Ratings upgraded its rating on the City's Water Pollution Control Bonds from A+ to AA-.

Business Incentives and creating Economic Development

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

Department of Economic Development

The City uses tax increment financing (TIF) authorized by the Ohio Revised Code (ORC) Chapter 5709 as a tool to support development in the City. TIFs are often used to support financing to close project funding gaps, without which the project

would not be able to move forward. Most TIFs authorized by the City are Non-School TIFs, providing that the Cleveland Metropolitan School District receives its share of the tax revenues generated by the development, approximately 60% of the total taxes. TIFs are analyzed by the Department staff to ensure that the project meets a but-for test, confirming that the development would not proceed without the incentive, as well as to determine that the City receives an adequate return on its investment in the form of other taxes, job creation and retention or policy goals.

TIFs authorized from 2011-2023 have leveraged nearly \$3.4 billion in total investment in the City of Cleveland. Because of these projects, over 6,000 jobs have been retained and created within the City, generating millions of dollars in income taxes to the City. All TIFs authorized in this period have been non-school TIF, which means the Cleveland Metropolitan School District has benefitted from the new property tax revenue generated during this period. TIF projects have generated over 1,000 hotel rooms, supporting the City's tourist and convention industries. Despite the challenges caused by the COVID-19 pandemic in 2020, construction continued in the City and TIFs played a key role in supporting three new construction mixed-use projects and three building renovation projects. In addition, TIF was deployed as part of the City's assistance to the Sherwin Williams Company, which announced the construction of a new Headquarters in Downtown Cleveland in March 2020, construction has steadily progressed during 2024. The Project will result in over \$300,000,000 in investment in downtown, retaining over 3,100 employees and an anticipated growth of Sherwin Williams' workforce by 10%.

Department of Community Development

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

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

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

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

Monitoring Incentives:

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

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

Tax Abatement is available to both homeowners and developers. Work must be completed under a permit issued by the City's Department of Building and Housing on property located in the City only. During Tax Year 2017, the length or term of abatement for existing abatements would vary from 10 to 15 years depending on the type of project. For tax abatements processed after May 25, 2022, pursuant to Ordinance # 482-2022, passed May 25, 2022 and effective May 25, 2022, the term for all projects eligible for CRA tax abatement is 15 years, except for the 10-year extension available for certain conversions of historic apartment buildings into condominiums. Pursuant to Ordinance #482-2022 passed May 26, 2022, the percentage of CRA tax abatements will be 100%, 90%, or 85% depending on a number of factors including if the abated property is located in a designated Opportunity Neighborhood, Middle Market Neighborhood or Market Rate Neighborhood as designated by ordinance for tax abatements processed beginning January 1, 2024.

The Residential Property Tax Abatement Program aims to:

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

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

The GBS is designed to save homeowners money on utilities and support local green jobs, while also improving the health of the community and reducing our collective contribution to climate change. The GBS also creates direct benefits for developers and builders, including cost savings from efficient operation, a marketing advantage, and public recognition for high performance homes. Tax abatement has contributed to the development of 28,615 units of housing dating back to 1994. Since 2010 (the first year of the GBS) 6,873 GBS units were completed. In 2023, 1,477 units met the GBS.

- Single family – 133 units
- Multi-family – 1,344 units

Major Initiatives

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

- *Mayor Bibb's Rescue & Transformation Plan* - In 2021, the City of Cleveland received the eighth largest allocation of ARPA funds, totaling \$512 million over two years. The City received half of these dollars in June 2021 and received the remainder in May 2022. Mayor Bibb's Rescue & Transformation Plan outlined priorities and processes for maximizing the use of federal funds including ARPA, the Infrastructure Innovation and Jobs Act (IIJA) and other legislation still under development that is expected over the next few years. A key part of Mayor Bibb's plan is the launch of the Center for Economic Recovery, a strategic policy team that engaged with Cleveland City Council to shape and evaluate ideas for ARPA-funded projects that addressed the most urgent challenges. The Center for Economic Recovery has equitably and strategically assessed applications for ARPA-funding using the same evaluation criteria to make strategic decisions to achieve the long-term vision. Mayor Bibb's Rescue & Transformation Plan identified ten priorities for federal funding that will make an impact on the everyday lives of Clevelanders. Those priorities include Stabilizing the Budget, Inclusive Economic Recovery, Housing for All, A Safer Cleveland, Closing the Digital Divide, a Modern & Transparent City Hall, Education for Everyone, Lead-safe Cleveland and Arts & Neighborhood Amenities initiative.
- *Police Reform* - Cleveland is the only city in America that has entered into two Consent Decrees for policing and has long served as a case study for the nation on the need for police reform. In 2021, Cleveland voters mobilized to pass a ballot initiative to improve police accountability and deliver the strongest citizen oversight commission in the United States. Known as Issue 24, the new police accountability measures give citizens the power to make decisions about police recruitment, training and discipline. Mayor Bibb's police reform agenda is focused on improving police accountability and public safety.
- *Raising Investment in Safety for Everyone (RISE)* – In 2024, the City saw a significant reduction in violent crime across the City, homicides declined by 26%, through the RISE initiative launched in 2023, which aimed at fighting crime through collaboration and improving police recruitment and retention. The City is also cracking down on dangerous stunt driving, so-called “street takeovers” and vehicle break-ins, sending a clear message that this behavior will not be tolerated in the City of Cleveland.
- *West Side Market* - The WSM is a historic institution that must be preserved and protected for future generations. The City provided \$20 million dollars for capital improvements at the WSM in 2024.

- *A Safer Cleveland* - Everyone deserves to feel safe in our neighborhoods, at school or at the grocery store. The Bibb administration is committed to taking a comprehensive approach to improve public safety to address gun violence and prevent violent crime.
- *Southeast Side Promise* – A \$15 million investment from ARPA to drive revitalization in three critical areas; home repairs and rehabilitation, commercial corridor revitalization and large-scale site developments.

Awards and Acknowledgements

The Independent Audit: The City Charter requires an annual audit of the financial statements of all accounts of the City by an Independent Certified Public Accountant. Accordingly, this year's audit was completed by the Ohio Auditor of State. The year ended December 31, 2024, represents the 44th consecutive year the City has prepared an Annual Comprehensive Financial Report. In addition to the independent auditors, the City maintains its own Division of Internal Audit. Along with the duty of assisting the independent auditors, the Division of Internal Audit is responsible for strengthening and reviewing the City's internal controls. The Division of Internal Audit performs its own internal audits operational and financial audits of the City's many funds, departments and divisions. We believe that the City's internal control structure adequately safeguards its assets and provides reasonable assurance of proper recording of all financial transactions.

Government Finance Officers Association (GFOA) Certificate of Achievement Award: The GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland, Ohio for its ACFR for the fiscal year ended December 31, 2023. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, the contents of which conform to program standards. Such ACFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 40 years (years ended 1984 – 2023). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

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

Very truly yours,



Paul Barrett,
Director of Finance/Chief Finance Officer



Lesly Camargo, CPA
City Controller

CITY OF CLEVELAND, OHIO

City Officials
Justin M. Bibb, Mayor

EXECUTIVE STAFF

Bradford J. Davy Chief of Staff

Mark D. Griffin Chief Legal Officer/Director, Department of Law

Sarah N. Johnson..... Chief Communications Officer

Ryan M. Puente.....Deputy Chief of Staff, Chief Government Affairs Officer

Paul Barrett..... Chief Finance Officer/Director, Department of Finance

Bonnie Teeuwen..... Chief Operating Officer

Michele Pomerantz.....Chief of Education

Jeff Epstein Chief Integrated Development Officer

Stephanie Wernet Chief/Director Innovation and Technology Officer

Dornat A. Drummond Chief Public Safety Officer/Director, Department of Public Safety

Dorothy A. Todd Chief of Police

Anthony P. Luke Chief of Fire

Sonya Pryor-Jones Chief of Youth & Family Success

Delanté Spencer Thomas Esq. Chief Ethics Officer

ADMINISTRATION

Mary McNamara Director, Department of Aging

Sally Martin O'Toole Director, Department of Building and Housing

Calley Mersmann. Director, City Planning Commission

Rachon Long Executive Director, Civil Service Commission

Alyssa Hernandez..... Director, Department of Community Development

Angela Shute-Woodson. Director, Community Relations Board

Thomas S. McNair Director, Department of Economic Development

Matthew J. Cole.....Director, Department of Human Resources

James DeRosa Director, Mayor's Office of Capital Projects

Tyson Mitchell. Director, Office of Equal Opportunity

Bryant L. Francis..... Director, Department of Port Control

Dr. David Margolius Director, Department of Public Health

Martin J. Keane. Director, Department of Public Utilities

Frank Williams..... Director, Department of Public Works

Alexandria Nichols..... Director, Department of Parks and Recreation

CITY OF CLEVELAND, OHIO

City Council

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



Government Finance Officers Association

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Financial Report
For the Fiscal Year Ended

December 31, 2023

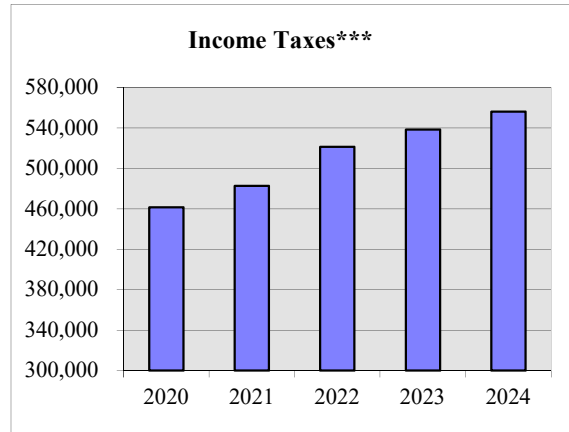
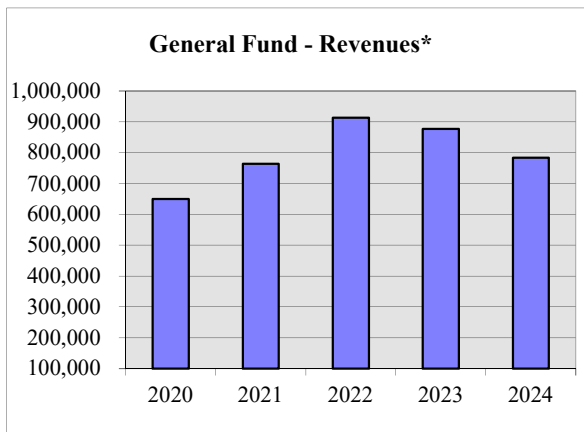
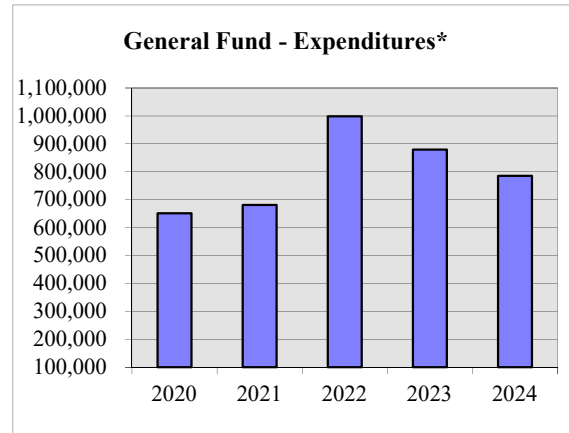
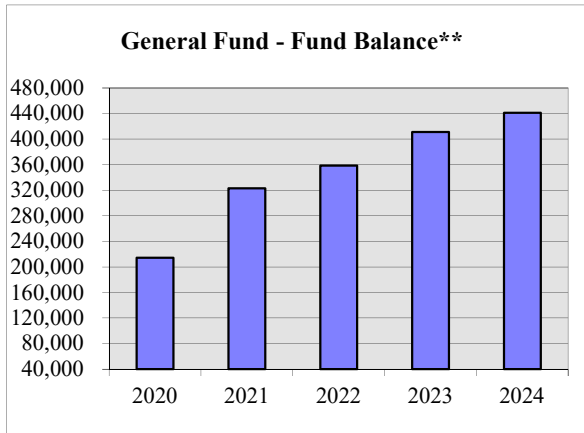
Christopher P. Morill

Executive Director/CEO

CITY OF CLEVELAND, OHIO

FINANCIAL HIGHLIGHTS

(Amounts in Thousands)



For Year Ended	General Fund Fund Balance**	General Fund Revenues*	General Fund Expenditures*	Income Taxes***
2020	214,554	650,167	651,252	461,362
2021	323,162	763,621	680,812	482,723
2022	358,729	912,704	998,270	521,343
2023	410,913	876,385	879,657	538,471
2024	441,203	783,340	785,177	556,233

* *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.

FINANCIAL SECTION

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Cuyahoga County, Ohio as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the schedules of capital assets used in the operation of government funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated June 26, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2025

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CITY OF CLEVELAND, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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, 2024. 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, 2024 by approximately \$3.904 billion (net position).
- Of the approximately \$3.904 billion of net position, governmental activities accounted for approximately \$989.8 million of net position, while business-type activities net position accounted for approximately \$2.914 billion.
- The City's net position increased by \$131.5 million as compared to 2023. The governmental activities net position decreased by \$59.4 million and the business-type activities net position increased by \$190.9 million.
- At the end of the current year, unassigned fund balance for the General Fund was \$225.4 million, which represents the amount available for spending at the City's discretion. The unassigned fund balance equals 30.7% of the total General Fund expenditures and other financing uses.
- In 2024, the City's total long-term debt and other long-term debt-related obligations, excluding premiums, accreted interest and discounts increased by \$11.6 million. The increase is due to payments made on debt of \$204.5 million offset by new debt issues for General Obligation bonds of \$64.4 million, Revenue Bonds of \$123.8 million and \$27.9 million related to new loan issues.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

and Economic Development. The business-type activities of the City principally include: water; sewer; electricity; and airport facilities.

The government-wide financial statements can be found on pages 58-61 of this report.

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

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

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

The City presents 28 individual governmental funds on a modified accrual basis. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital/Urban Renewal Bond Construction Fund, the General Government Fund, and the Public Health Fund. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 62-65 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 66-70 of this report.

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

The basic fiduciary fund financial statement can be found on page 71-72 of this report.

Notes to the financial statements. The notes provide additional information that is essential to achieve a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 73-129 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, 2024 and 2023						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u> (Amounts in Thousands)		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 1,718,764	\$ 1,777,420	\$ 1,571,197	\$ 1,372,011	\$ 3,289,961	\$ 3,149,431
Capital assets, net	1,378,030	1,341,770	2,912,393	2,873,140	4,290,423	4,214,910
Net pension asset	3,069	2,326	1,907	1,560	4,976	3,886
Net OPEB asset	9,797		6,092		15,889	-
Total assets	3,109,660	3,121,516	4,491,589	4,246,711	7,601,249	7,368,227
Deferred outflows of resources	306,093	388,362	100,305	147,062	406,398	535,424
Liabilities:						
Net pension liability	928,851	950,174	178,607	213,822	1,107,458	1,163,996
Net OPEB liability	48,478	54,020		4,505	48,478	58,525
Long-term obligations	1,051,532	1,030,706	1,172,982	1,145,414	2,224,514	2,176,120
Other liabilities	190,590	189,408	289,232	280,846	479,822	470,254
Total liabilities	2,219,451	2,224,308	1,640,821	1,644,587	3,860,272	3,868,895
Deferred inflows of resources	206,544	220,641	37,310	20,687	243,854	241,328
Net position:						
Net investment in capital assets	792,600	799,523	1,914,499	1,833,433	2,707,099	2,632,956
Restricted	252,919	234,787	260,612	216,013	513,531	450,800
Unrestricted	(55,761)	30,619	738,652	679,053	682,891	709,672
Total net position	\$ 989,758	\$ 1,064,929	\$ 2,913,763	\$ 2,728,499	\$ 3,903,521	\$ 3,793,428

The net pension liability/(asset) is reported by the City at December 31, 2024 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the City adopted GASB Statement No. 75, which significantly revises accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset, net OPEB asset and deferred outflows of resources related to pension and OPEB.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by

law, which may or may not be sufficient to fully fund each plan's net pension liability/(asset) or net OPEB liability/(asset). GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

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

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$3.904 billion at the close of the most recent fiscal year. This represents an increase of 2.9% in 2024. Of the net position from governmental activities, \$792.6 million represents its investment in capital assets (e.g., land, land improvements, buildings, infrastructure, furniture, fixtures, equipment, vehicles and right-to-use assets), net of accumulated depreciation and amortization, 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, \$252.9 million, represents resources that are subject to external restrictions on how they may be used.

In 2024, the total assets and deferred outflows of resources from governmental activities decreased by \$94.1 million. This decrease is primarily attributed to a \$62.0 million decrease in pension deferred outflows and a \$20.1 million decrease in OPEB deferred outflows. This is offset by a \$9.8 million increase in net OPEB asset, due to notable movements in the assumption changes and the net difference between projected and actual investment earnings on OPEB investments. Current assets decreased by \$58.7 million primarily due to salary increases and capital spending, offset by a \$36.3 million increase in capital assets.

Also in 2024, the total liabilities and deferred inflows of resources from governmental activities decreased by \$19.0 million. This decrease is primarily due to a decrease of \$14.1 million in deferred inflows of resources and a decrease of \$21.3 million in net pension liability, offset by an increase of \$20.8 million in long-term obligations.

Of the business-type net position, \$1.914 billion represents its investment in capital assets, net of accumulated depreciation and amortization, 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 \$260.6 million of net position is subject to external restrictions on their use. The remaining balance of \$738.7 million is unrestricted and may be used to meet the City's ongoing obligations to customers and creditors.

In 2024, business-type total assets and deferred outflows of resources increased by \$198.1 million. This increase is primarily attributed to an increase of \$39.3 million in capital assets and an increase of \$199.2 million in current and other assets, offset by a \$46.8 million decrease in deferred outflows of resources.

Business-type total liabilities and deferred inflows of resources increased by \$12.9 million primarily attributed to an increase in long-term obligations due in more than one year of \$23.3 million resulting from the increase in construction loans payable and compensated absences. Other liabilities also increased by \$8.4 million mainly related to due to other governments. Deferred inflows of resources increased by \$16.6 million, offset by a \$35.2 million decrease in net pension liability. The fluctuation is primarily due to changes in assumptions regarding future economic and geographical factors for pension and OPEB.

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

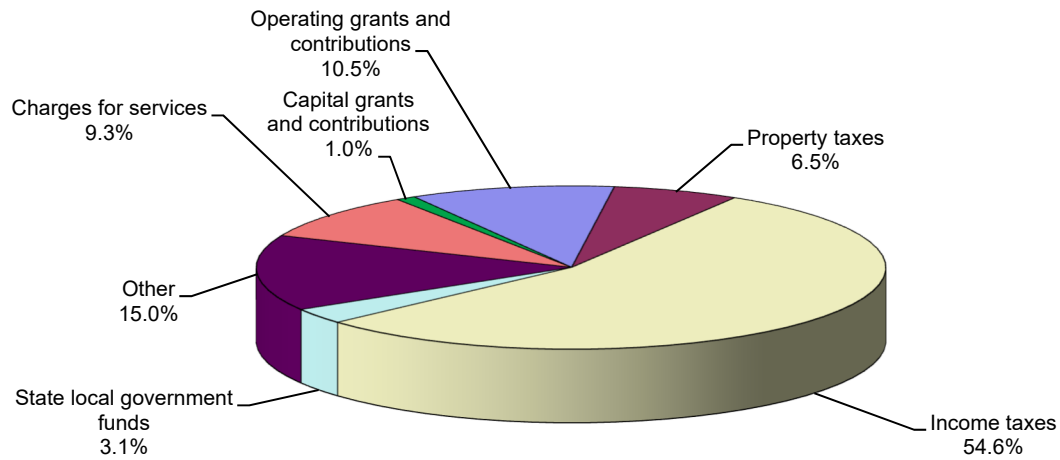
Changes in Net Position For the Years Ended December 31, 2024 and 2023						
	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
			(Amounts in Thousands)			
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 96,264	\$ 87,526	\$ 712,788	\$ 695,300	\$ 809,052	\$ 782,826
Operating grants and contributions	108,229	255,694	122	118	108,351	255,812
Capital grants and contributions	9,906	15,423	82,194	55,161	92,100	70,584
General revenues:						
Income taxes	565,411	534,003			565,411	534,003
Property taxes	67,661	66,831			67,661	66,831
Other taxes	54,032	46,453			54,032	46,453
Unrestricted shared revenues	24,570	23,134			24,570	23,134
Unrestricted state local government funds	31,846	31,766			31,846	31,766
Unrestricted investment earnings	70,295	70,399	53,384	35,520	123,679	105,919
Other	6,265	9,225	13,437	100	19,702	9,325
Total revenues	<u>1,034,479</u>	<u>1,140,454</u>	<u>861,925</u>	<u>786,199</u>	<u>1,896,404</u>	<u>1,926,653</u>
Expenses:						
General Government	235,483	184,057			235,483	184,057
Public Works	199,763	147,377			199,763	147,377
Public Safety	413,731	478,912			413,731	478,912
Community Development	40,248	49,951			40,248	49,951
Building and Housing	14,963	14,326			14,963	14,326
Public Health	19,381	15,683			19,381	15,683
Economic Development	131,103	31,682			131,103	31,682
Interest on debt	29,273	26,074			29,273	26,074
Water			278,668	270,012	278,668	270,012
Sewer			29,168	27,540	29,168	27,540
Electricity			179,432	187,428	179,432	187,428
Airport facilities			172,904	150,477	172,904	150,477
Nonmajor activities			20,806	19,786	20,806	19,786
Total expenses	<u>1,083,945</u>	<u>948,062</u>	<u>680,978</u>	<u>655,243</u>	<u>1,764,923</u>	<u>1,603,305</u>
Changes in net position before transfers	(49,466)	192,392	180,947	130,956	131,481	323,348
Transfers	<u>(9,977)</u>	<u>(5,516)</u>	<u>9,977</u>	<u>5,516</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>(59,443)</u>	<u>186,876</u>	<u>190,924</u>	<u>136,472</u>	<u>131,481</u>	<u>323,348</u>
Beginning net position	1,064,929	878,053	2,728,499	2,592,027	3,793,428	3,470,080
Restatement for change in accounting principle	<u>(15,728)</u>		<u>(5,660)</u>		<u>(21,388)</u>	
Beginning net position, as restated	<u>1,049,201</u>	<u>878,053</u>	<u>2,722,839</u>	<u>2,592,027</u>	<u>3,772,040</u>	<u>3,470,080</u>
Ending net position	<u>\$ 989,758</u>	<u>\$ 1,064,929</u>	<u>\$ 2,913,763</u>	<u>\$ 2,728,499</u>	<u>\$ 3,903,521</u>	<u>\$ 3,793,428</u>

The information necessary to restate 2023 beginning balances and the related compensated absences program expense amounts for the effects of the initial implementation of GASB Statement No. 101, *Compensated Absences*, is not reasonably available. Therefore, 2023 program expenses are not adjusted from previously reported amounts and the accumulated effect of the restatement for the change in accounting principle totaling a negative \$21,388,000 is netted against the 2024 beginning net position.

Governmental activities decreased the City's net position by \$59.4 million as compared to a \$186.9 million increase in 2023. The decrease is primarily attributed to a \$147.5 million decrease in revenues for operating grants and contributions related to the ARPA funds received from the federal government. This is offset by an increase of \$31.4 million in income taxes due to more tax collections as a result of lower unemployment and an increase in companies returning back to office workday operations. Also, there was a \$135.9 million increase in expenses related to increases in wages and benefits and changes in assumptions in the OPERS and OPEB plans.

Business-type activities increased the City's net position by \$190.9 million in 2024 compared to an increase of \$136.5 million in 2023. The change is attributed to capital grants and contributions increasing by \$27.0 million due to the Division of Water receiving a number of forgivable loans and the Department of Port Control increasing capital projects in preparation for the terminal modernization project, an increase of \$17.9 million in investment earnings due to high interest rates and more cash on hand, and a \$17.5 million increase in charges for services related largely to rate increases for the Division of Water and increased passengers and flights for the Department of Port Control.

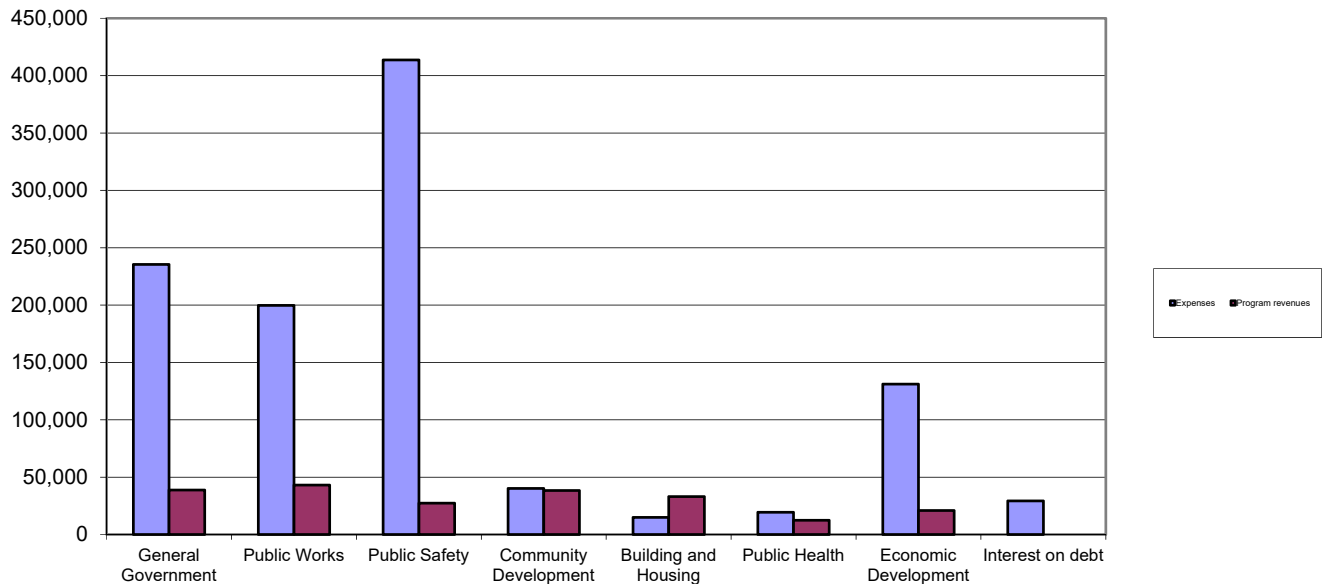
Revenues by Source - Governmental Activities



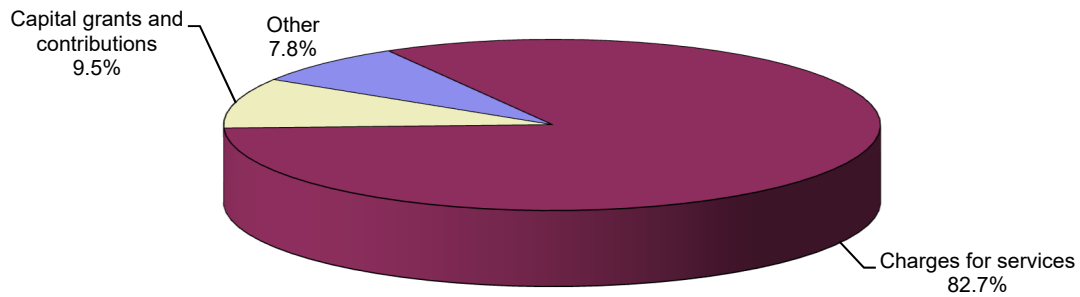
Other includes other taxes, shared revenues, unrestricted investment earnings and other general revenues.

Expenses and Program Revenues - Governmental Activities

(Amounts in Thousands)

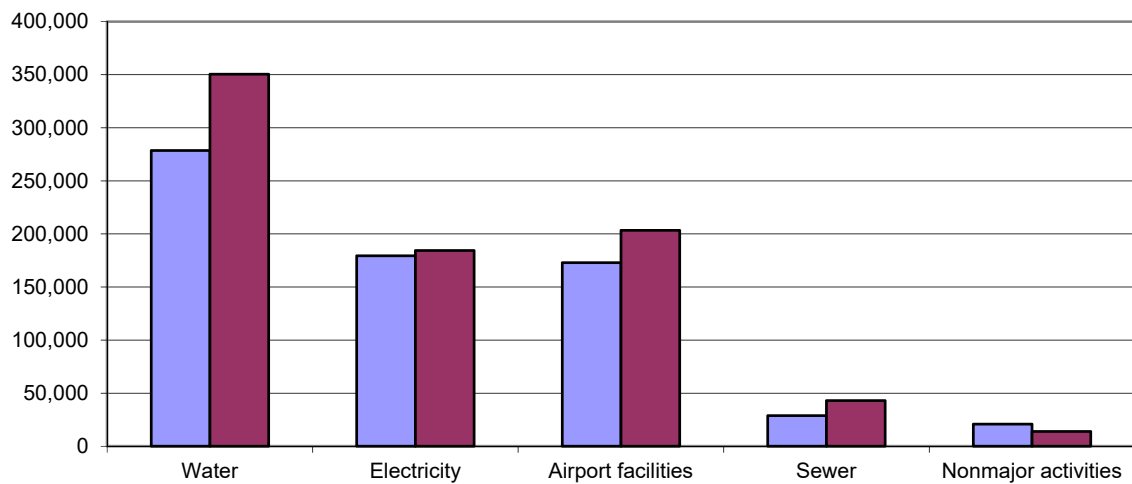


Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities

(Amounts in Thousands)



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

Division of Water: The Division operates a major public water supply system that serves not only the City, but also sixty-nine direct service, seven master meter and three emergency standby suburban municipalities in the Cleveland Metropolitan Area. They provide water to approximately 435,000 city and suburban accounts in the Cleveland Metropolitan Area. Operating revenue in 2024 increased to \$331.6 million from \$317.4 million in 2023. The increase is primarily attributed to an increase in rates in 2024. Operating expenses, exclusive of depreciation and amortization, increased approximately 5.3% to \$199.2 million compared to \$189.1 million in 2023.

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 2024 operating revenue decreased by 5.7% to \$178.3 million from \$189.1 million in 2023. Purchased power expense decreased by 12.5% to \$105.6 million in 2024 from \$120.7 million in 2023. Operating expenses, exclusive of depreciation, amortization and purchased power increased 18.1% to \$45.7 million in 2024 compared to \$38.7 million in 2023.

Division of Water Pollution Control: The Division was created for the purpose of supplying sewer services to customers within the Cleveland metropolitan area. The Division currently has approximately 117,000 customer accounts in the City, of which 95.5% are residential and 4.5% commercial. The Division's 2024 operating revenue increased by 10.2% to \$38.8 million from \$35.2 million in 2023. The increase is primarily attributed to a 10.0% increase in rates per MCF. Operating expenses, exclusive of depreciation and amortization, increased 2.0% to \$20.8 million in 2024 compared to \$20.4 million in 2023.

Department of Port Control: The City's Department of Port Control includes the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport. During 2024, 21 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 2024 was \$47.4 million. There were 46,000 scheduled landings in 2024. Operating revenues increased due to the increased number of passengers and flights. This resulted in increased parking and other concessions revenue. Total operating expenses for 2024 increased primarily due to increase in salaries, wages and benefits as a result of the net pension and OPEB 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 \$1.239 billion, a decrease of \$95.0 million and approximately 7.1% in comparison with the prior year. The components of the governmental fund balances include an unassigned balance of \$225.4 million, which indicates the amount available for spending at the City's discretion. An additional \$524.0 million of fund balance is available for expenditures that are legally restricted for a particular purpose. The non-spendable portion of fund balance has \$14.2 million of funds that are not in a spendable form, such as pre-paid expenditures. An additional \$273.1 million is committed to fund specific purposes and cannot be reassigned without legislative approval. The remaining assigned balance of \$201.8 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 \$225.4 million and the total fund balance was \$441.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 30.7% of total General Fund expenditures and other financing uses, while total fund balance represents approximately 60.0% 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
2024 and 2023

	(Amounts in Thousands)	
	<u>2024</u>	<u>2023</u>
Revenues:		
Income taxes	\$ 499,433	\$ 475,687
Property taxes	45,591	45,246
State local government funds	31,480	31,674
Other taxes	54,032	46,453
Other shared revenues	21,023	21,515
Licenses and permits	29,009	23,466
Charges for services	29,059	24,991
Fines, forfeits and settlements	6,806	6,978
Investment earnings	39,895	44,118
Grants	2,483	1,101
Miscellaneous	5,776	8,879
Total revenues	<u>764,587</u>	<u>730,108</u>
Expenditures:		
General Government	133,692	119,063
Public Works	90,747	67,385
Public Safety	376,953	248,433
Community Development	2,047	1,802
Building and Housing	14,819	9,036
Economic Development	2,296	1,927
Other	33,408	10,728
Capital outlay	19,770	20,392
Principal retirement	2,030	2,049
Interest	122	131
Total expenditures	<u>675,884</u>	<u>480,946</u>
Excess (deficiency) of revenues over (under) expenditures	88,703	249,162
Other financing sources (uses):		
Transfers in	490	213
Transfers out	(58,909)	(202,187)
Inception of subscriptions	6	4,586
Sale of city assets	410	410
	<u>(58,413)</u>	<u>(196,978)</u>
Net change in fund balance	30,290	52,184
Fund balance at beginning of year	<u>410,913</u>	<u>358,729</u>
Fund balance at end of year	<u>\$ 441,203</u>	<u>\$ 410,913</u>

The City also presents the Capital/Urban Renewal Bond Construction Fund and the General Government Fund as major governmental funds. The change in fund balances decreased by \$6.7 million and \$70.8 million in 2024, respectively. The decrease in General Government fund balance is primarily due to capital outlay expenditures relating to the Strategic Priority Fund targeting land revitalization in the City. The Public Health Fund is a blended component unit. The Public Health Fund’s fund balance increased by \$1.8 million in 2024.

Analysis of General Fund Revenues

General Fund revenues and other financing sources totaled \$765.1 million in 2024, an increase of approximately \$29.8 million from 2023. A discussion of each of the major types of General Fund revenues follows.

Municipal Income Taxes

Ohio law authorizes a municipal income tax, both on corporate income (net profits from the operation of a business or profession) and employee wages, salaries and other compensation at a rate of up to 1% without voter authorization and at a rate above 1% with voter authorization. In 2016, the voters in the City approved increases of one-half of one percent to the rate of the income tax, bringing it to the current 2.5% rate. By the terms of the 1981 voter approval, as amended in 1985, one-ninth of the receipts of the total 2.5% tax (the Restricted Income Tax) must be used only for capital improvements, debt service or obligations issued for capital improvements or the payment of past deficits. The remaining eight-ninths of the municipal income tax is recorded in the General Fund and is pledged to and may also be used for, debt service on General Obligation Bonds of the City, to the extent required and certain other obligation of the City.

The income tax is also imposed on gross salaries and wages earned in the City by non-residents of the City and on salaries, wages, and other compensation of City residents earned within or outside the City. The income tax liability of a City resident employed outside the City is reduced by a credit equal to 100% of the tax paid to the municipality in which the City resident is employed. The tax on business profits is imposed on the part of profits attributable to business conducted within the City. In 2024, approximately 91.4% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

In 2024, income tax revenue increased by \$23.7 million, primarily due to an increase in tax collection as a result of a steady workforce in 2024 and an increase in companies returning for back to office workday operations.

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:

<u>Tax Collection Year</u>		<u>Real Property</u>	<u>Public Utility Tangible Personal</u>	<u>Total Assessed Valuation</u>
(Amounts in Thousands)				
2024	\$	5,423,384	\$ 570,982	\$ 5,994,366
2023	\$	5,365,526	\$ 553,233	\$ 5,918,759

Property tax revenue increased by approximately \$345,000 in 2024 from 2023 levels due to collections remaining fairly consistent.

State Local Government Funds, Other Taxes and Other Shared Revenues

State Local Government Funds, Other Taxes and Other Shared Revenues include taxes levied and collected by the State of Ohio or counties and partially redistributed to the City and other political subdivisions. Other Taxes and Other Shared Revenues include state income, sales, admission, motor vehicle, parking, hotel, commercial activity, corporate franchise, casino,

homestead and rollback, public utility, estate and cigarette taxes as well as liquor fees. State Local Government Funds revenue decreased by \$194,000 in 2024. Other Taxes increased by \$7.6 million or 16.3% from 2023 levels as a result of higher admission tax revenues due to the Cleveland Guardian's American League Championship Run and the Woman's National Collegiate Athletic Association Finals at Rocket Mortgage FieldHouse. Investment earnings decreased by \$4.2 million in 2024 due to a decrease in interest rates and lower earnings on treasury investments offset by commingled interest revenues investments. Licenses and Permits Revenues increased by \$5.5 million or 23.6% from 2023 levels mostly due to an increase in building permits and housing certificates of occupancy.

Ohio subdivisions share in a portion of the State Local Government Funds (LGF) which includes sales tax, use tax, personal income tax, corporate franchise tax and public utilities excise tax. The percentages of the five taxes supporting these funds have varied over the years. At times, the dollar amount in the funds has been capped at specified levels.

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

Analysis of General Fund Expenditures

General Fund expenditures and other financing uses totaled \$734.8 million in 2024, an increase of 7.6% from 2023. The amount of expenditures and other uses by function on a GAAP basis, including the increases (decreases) over the prior year, are shown in the following table:

<u>Expenditures and Other Financing Uses</u>	<u>Actual 2024</u>	<u>% of Total</u>	<u>Actual 2023</u>	<u>% of Total</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
(Amounts in Thousands)						
Current:						
General Government	\$ 133,692	18.19	\$ 119,063	17.43	\$ 14,629	12.29
Public Works	90,747	12.35	67,385	9.86	23,362	34.67
Public Safety	376,953	51.30	248,433	36.37	128,520	51.73
Community Development	2,047	0.28	1,802	0.26	245	13.60
Building and Housing	14,819	2.02	9,036	1.32	5,783	64.00
Economic Development	2,296	0.31	1,927	0.28	369	19.15
Other	35,560	4.84	12,908	1.89	22,652	175.49
Capital Outlay	19,770	2.69	20,392	2.99	(622)	(3.05)
Transfers Out	<u>58,909</u>	8.02	<u>202,187</u>	29.60	<u>(143,278)</u>	(70.86)
Total Expenditures and Other Financing Uses	<u>\$ 734,793</u>		<u>\$ 683,133</u>		<u>\$ 51,660</u>	

The increase in Public Safety of \$128.5 million, which was due to salary increases, was offset by the decrease of \$143.3 million in transfers out. Public Works increased by \$23.4 million or 34.7% in 2024, mainly caused by increased waste disposal collection utilities and increases in seasonal employment for Parks and Maintenance. Building and Housing increased \$5.8 million or 64.0%, with the increase primarily attributed to ARPA revenue replacement dollars being lower in 2024 than in 2023. ARPA funds were used to offset expenditures in 2023. The increase in Other of \$22.7 million or 175.5% was generated by an increase in contractual services for Progressive Field for repairs and maintenance and increased funds designated to the Neighborhood Equity Fund Contract for use in various projects benefiting the public.

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 \$446.0 million, \$58.5 million, \$35.2 million and \$173.7 million, respectively, at December 31, 2024. The change in net position for each of the respective funds amounted to an increase of \$100.6 million, an increase of \$17.1 million, an increase of \$8.8 million and an increase of \$47.4 million during 2024. 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, 2024 and 2023, the City had approximately 6,645 and 6,670 full-time employees, respectively. Of the 6,645 full-time employees, approximately 4,664 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 – 900 members; Cleveland Police Patrolmen’s Association (CPPA) – 997 members; the Association of Cleveland Firefighters – 748 members; Municipal Foreman and Laborers Union, Local 860 – 375 members; and Local 507 – 256 members.

There have been no significant labor disputes or work stoppages in the City within the last 41 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:

<u>Year</u>	<u>Amount Paid</u>	
	(Amounts in Thousands)	
2024	\$	576,937
2023	\$	525,082

In 2024, there was an increase of 9.9% from the prior year due to pay increases from union negotiations and a 27th pay period.

GENERAL FUND BUDGETARY ANALYSIS

In 2024, the \$44.2 million increase between the original and final budgeted expenditures and other financing uses was mainly a result of an increase in capital outlay of \$24.6 million, Public Safety increasing \$11.0 million, and other increasing \$8.6 million. Capital outlay for projects increased due to more expenditures for demolition, software implementation, and Public Safety equipment. Other increased due to an increase in funds allocated for Progressive Field repairs and projects benefiting the public. Public Safety increased due to higher salaries and wages payable for full-time employment for the 27th pay period in December 2024.

The major distinctions that caused the decrease of \$6.0 million between the final amended budget and the actual total revenues were mainly from a \$7.8 million decrease in charges for services, a \$5.6 million decrease in miscellaneous, offset by an increase in other taxes of \$4.0 million, an increase of \$1.6 million in income taxes, and an increase in licenses and permits of \$1.5 million. The decrease in charges for services was caused by lower than expected collections for emergency medical service transportation charges. The decrease in miscellaneous is mainly attributed to lower expenditure recoveries in 2024 than in 2023 while other taxes was higher as a result of increased admission tax collections for a variety of sporting events. Other taxes increased due to higher income tax collections while licenses and permits increased due to higher building permit revenues.

The \$38.2 million decrease between the final amended budget and the actual total expenditures are mainly attributed to decreases of \$15.2 million in General Government, a \$12.4 million decrease in Public Safety, a \$4.8 million decrease in Public Health, and a \$3.9 million decrease in Public Works. General Government, Public Safety, Public Health, and Public Works were all affected mainly by conservative budget projections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City's capital assets for its governmental and business-type activities as of December 31, 2024 amounts to \$4.290 billion (net of accumulated depreciation and amortization). This capital assets balance includes land; land improvements; utility plant; buildings, structures and improvements; furniture, fixtures, equipment and vehicles, infrastructure, right to use assets and construction in progress.

In 2024, the City's net capital assets increased slightly from 2023. A Summary of the City's capital assets at December 31, 2024 is as follows:

	<u>Capital Assets, Net of Accumulated Depreciation and Amortization</u>		
	Governmental	Business-Type	
	Activities	Activities	Total
	(Amounts in Thousands)		
Land	\$ 73,835	\$ 191,374	\$ 265,209
Land Improvements	68,205	64,398	132,603
Utility plant		1,612,349	1,612,349
Buildings, structures and improvements	290,312	314,148	604,460
Furniture, fixtures, equipment and vehicles	111,213	136,744	247,957
Infrastructure	419,297	160,033	579,330
Construction in progress	402,895	426,226	829,121
Right to use assets	12,273	7,121	19,394
Total	\$ 1,378,030	\$ 2,912,393	\$ 4,290,423

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

- The Division of Cleveland Public Power's main additions to construction in progress during 2024 included Southern Transmission Line, Supervisory Control and Data Acquisition (SCADA), general engineering services, and Autotransformers. The Division's net capital assets decreased by over \$2.7 million in 2024 due to normal depreciation expense.

- The Division of Water incurred a net increase of almost \$47 million for construction in progress in 2024. The increase was related to additional spending on lead service lines, suburban water main renewals, Richfield Tower and enhancements to Baldwin Plant. Overall, the Division's investment in capital assets had a net increase of \$69.3 million from 2023 due to an enhanced capital plan.
- The Department of Port Control had a net decrease of \$33.3 million in net capital assets due to depreciation expense in 2024. Major project spending in 2024 included the CLE Ground Transportation Center Upgrades Project, Smart Parking Garage Projects, Cooling Chiller Replacement, a Jet Bridge, Fire Suppression Systems and the Hotel Road Improvement Projects.
- The Division of Water Pollution Control's principal spending for construction in progress in 2024 included sewer installations and connections and catch basins and manholes
- Construction in progress spending for Governmental Activities had a net decrease of \$24.2 million in 2024. Major projects included improvements to various recreational centers, parks and playgrounds, Stadium Improvements, infrastructure improvements, Public Auditorium Improvements, North Coast Harbor Capital Improvements, and the development of the new police headquarter building.

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

Long-term debt and certain other obligations: At the end of the current fiscal year, the City had total long-term debt and certain other obligations outstanding of \$1.906 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, 2024 is summarized below (excluding unamortized discounts, premiums and accreted interest).

	Balance January 1, 2024	Debt Issued	Debt Refunded or Defeased	Debt Retired	Balance December 31, 2024
(Amounts in Thousands)					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 395,640	\$ 64,395	\$	\$ (30,000)	\$ 430,035
Subordinated Income Tax Refunding Bonds	5,450			(5,450)	-
Subordinate Lien Income Tax Bonds	360,000			(15,305)	344,695
Non-Tax Revenue Bonds	42,755			(6,493)	36,262
Annual Appropriation Bonds	7,315			(435)	6,880
Certificates of Participation	40,220			(7,275)	32,945
Loans Payable	952			(79)	873
Total Governmental Activities	852,332	64,395	-	(65,037)	851,690
<u>Business –Type Activities:</u>					
Revenue Bonds	984,553	123,805	(22,065)	(107,755)	978,538
Loans Payable	57,656	27,903		(9,663)	75,896
Total Business –Type Activities	1,042,209	151,708	(22,065)	(117,418)	1,054,434
Total	\$ 1,894,541	\$ 216,103	\$ (22,065)	\$ (182,455)	\$ 1,906,124

Funds used to meet the debt service requirements of the City's General Obligation Bonds are from certain ad valorem taxes, restricted income taxes and interest earnings. Ad valorem taxes, the primary source of funds, amounted to \$23.6 million in 2024 which represents approximately 50.1% of the debt service requirements on the General Obligation Bonds. These taxes were derived from a levy of \$4.35 per \$1,000 of assessed property. The remaining 49.9% of debt service requirements is retired from a portion of the City's restricted income tax proceeds, homestead and rollback reimbursement from the State, premium generated through the issuance of bonds, interest earnings and other miscellaneous revenue sources generated within the Debt Service Funds.

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

The City's bond ratings for governmental and revenue bonds are as follows as of December 31, 2024:

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

* On July 23, 2024, S&P Global Ratings upgraded its rating on the City's Water Pollution Control Revenue Bonds from A+ to AA-.

NR = Not Rated

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens and investors. Net general bonded debt is total general bonded debt supported by taxes less amounts available in the Debt Service Fund. This data at December 31, 2024 was:

Net General Bonded Debt:	\$440,568,000
Ratio of Net Bonded Debt to Assessed Valuation:	7.35%
Net General Bonded Debt Per Capita:	\$1,182.34

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 \$629,408,380 and unvoted debt limit (5.50%) is \$329,690,104. At December 31, 2024, the City had capacity under the indirect debt limitation calculation per the ORC to issue approximately \$85 million in additional unvoted debt. These debt limitations are not expected to affect the financing of any currently planned facilities or services.

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

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

The City of Cleveland is experiencing some growth as we have seen increases in income tax revenue collections contributed to a steady workforce, however, certain factors remain unknown at this time about the economy as it relates to interest rates, inflation and political factors surrounding federal grants funding for municipalities. Basic operating costs continue to rise due to negotiated salary increases and higher benefit costs. Despite all this, the City remains focused on continuing to improve City services, community and economic developments and public safety.

Other Impacting Factors

- On April 16, 2025, the City issued \$159,295,000 of Airport System Revenue Bonds, Series 2025A (Non-AMT) to currently refund some outstanding revenue bonds and to purchase and cancel through a tender offer other outstanding revenue bonds.
- On May 1, 2025, the Department of Port Control signatory airline partners approved \$301,000,000 of funding to support increased public parking at the airport.
- On May 19, 2025, the City introduced legislation authorizing the issuance of not to exceed \$78,550,000 of General Obligation Bonds.
- The Division of Water was the recipient of several new loan awards from the Ohio Water Development Authority in early 2025.

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, 2024 (Amounts in Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,249,531	\$ 401,099	\$ 1,650,630
Investments	18,188	390,494	408,682
Receivables:			
Taxes	185,133		185,133
Accounts	32,208	278,845	311,053
Recoverable costs of purchased power		216	216
Grants	16,645		16,645
Loans	105,788		105,788
Leases	2,817	6,482	9,299
Unbilled revenue		23,200	23,200
Accrued interest	8,510	6,456	14,966
Assessments	89,763		89,763
Less: Allowance for doubtful accounts	(53,888)	(33,573)	(87,461)
Receivables, net	<u>386,976</u>	<u>281,626</u>	<u>668,602</u>
Internal balances	756	(756)	
Due from other governments	57,277	11,687	68,964
Inventory of supplies	2,652	28,976	31,628
Prepaid expenses and other assets	3,384	3,146	6,530
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents		450,551	450,551
Accrued interest receivable		762	762
Accrued passenger facility charge		2,655	2,655
Accrued customer facility charge		957	957
Total restricted assets	<u>-</u>	<u>454,925</u>	<u>454,925</u>
Capital assets:			
Land and construction in progress	476,730	617,600	1,094,330
Other capital assets, net of accumulated depreciation	889,027	2,287,672	3,176,699
Right to use assets, net of accumulated amortization	12,273	7,121	19,394
Total capital assets	<u>1,378,030</u>	<u>2,912,393</u>	<u>4,290,423</u>
Net pension asset	3,069	1,907	4,976
Net OPEB asset	<u>9,797</u>	<u>6,092</u>	<u>15,889</u>
Total assets	<u>3,109,660</u>	<u>4,491,589</u>	<u>7,601,249</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	3,334	37,403	40,737
Pension	269,753	57,425	327,178
OPEB	<u>33,006</u>	<u>5,477</u>	<u>38,483</u>
Total deferred outflows of resources	<u>306,093</u>	<u>100,305</u>	<u>406,398</u>

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

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION

DECEMBER 31, 2024

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 38,665	\$ 62,935	\$ 101,600
Accrued wages and benefits	27,764	6,849	34,613
Claims payable	10,792		10,792
Due to other governments	55,779	195,011	250,790
Accrued interest payable	5,387	14,793	20,180
Unearned revenue	52,203	728	52,931
Liabilities payable from restricted assets		8,916	8,916
Long-term obligations:			
Due within one year	110,148	119,220	229,368
Due in more than one year	941,384	1,053,762	1,995,146
Net pension liability	928,851	178,607	1,107,458
Net OPEB liability	48,478		48,478
Total liabilities	<u>2,219,451</u>	<u>1,640,821</u>	<u>3,860,272</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax	83,291		83,291
Special assessment - TIF	16,871		16,871
Excess recoverable cost of purchased power		19,885	19,885
Leases	2,629	6,387	9,016
Pension	52,514	7,533	60,047
OPEB	51,239	3,505	54,744
Total deferred inflows of resources	<u>206,544</u>	<u>37,310</u>	<u>243,854</u>
NET POSITION			
Net investment in capital assets	792,600	1,914,499	2,707,099
Restricted for:			
Capital	80,120	16,330	96,450
Debt service	46,615	180,827	227,442
Loans	42,972		42,972
Grants	47,506		47,506
Pension and OPEB assets	12,866	7,999	20,865
Other purposes	22,840	55,456	78,296
Unrestricted	(55,761)	738,652	682,891
Total net position	<u>\$ 989,758</u>	<u>\$ 2,913,763</u>	<u>\$ 3,903,521</u>

CITY OF CLEVELAND, OHIO

STATEMENT OF ACTIVITIES

December 31, 2024

(Amounts in Thousands)

		Program Revenues		
		Charges for	Operating	Capital
	<u>Expenses</u>	<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Functions/Programs:				
Governmental activities:				
General Government	\$ 235,483	\$ 23,883	\$ 13,711	\$ 1,272
Public Works	199,763	17,241	18,349	7,554
Public Safety	413,731	19,100	8,309	
Community Development	40,248	910	37,551	
Building and Housing	14,963	30,255	2,875	
Public Health	19,381	4,750	7,652	
Economic Development	131,103	125	19,782	1,080
Interest on debt	29,273			
Total governmental activities	<u>1,083,945</u>	<u>96,264</u>	<u>108,229</u>	<u>9,906</u>
Business-type activities:				
Water	278,668	331,596	48	18,802
Sewer	29,168	38,805	8	4,149
Electricity	179,432	184,168	55	200
Airport facilities	172,904	144,310		59,043
Nonmajor activities:				
Public Auditorium	3,793	1,160		
Westside Market	2,806	1,414		
Eastside Market	223			
Municipal Parking Lots	9,373	8,225		
Cemeteries	2,626	1,482		
Golf Courses	1,985	1,628	11	
Total business-type activities	<u>680,978</u>	<u>712,788</u>	<u>122</u>	<u>82,194</u>
Total	<u>\$ 1,764,923</u>	<u>\$ 809,052</u>	<u>\$ 108,351</u>	<u>\$ 92,100</u>

General revenues:

Income taxes

Property taxes

Other taxes

Unrestricted shared revenues

Unrestricted state local government funds

Unrestricted investment earnings

Other

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Restatement for change in accounting principle (See Note 24)

Net position at beginning of year, (as restated)

Net position at end of year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (196,617)	\$	\$ (196,617)
(156,619)		(156,619)
(386,322)		(386,322)
(1,787)		(1,787)
18,167		18,167
(6,979)		(6,979)
(110,116)		(110,116)
(29,273)		(29,273)
<u>(869,546)</u>	<u>-</u>	<u>(869,546)</u>
	71,778	71,778
	13,794	13,794
	4,991	4,991
	30,449	30,449
	(2,633)	(2,633)
	(1,392)	(1,392)
	(223)	(223)
	(1,148)	(1,148)
	(1,144)	(1,144)
	<u>(346)</u>	<u>(346)</u>
<u>-</u>	<u>114,126</u>	<u>114,126</u>
<u>(869,546)</u>	<u>114,126</u>	<u>(755,420)</u>
565,411		565,411
67,661		67,661
54,032		54,032
24,570		24,570
31,846		31,846
70,295	53,384	123,679
6,265	13,437	19,702
(9,977)	<u>9,977</u>	<u>-</u>
<u>810,103</u>	<u>76,798</u>	<u>886,901</u>
(59,443)	190,924	131,481
1,064,929	2,728,499	3,793,428
(15,728)	<u>(5,660)</u>	<u>(21,388)</u>
<u>1,049,201</u>	<u>2,722,839</u>	<u>3,772,040</u>
<u>\$ 989,758</u>	<u>\$ 2,913,763</u>	<u>\$ 3,903,521</u>

CITY OF CLEVELAND, OHIO

**BALANCE SHEET-GOVERNMENTAL FUNDS
DECEMBER 31, 2024
(Amounts in Thousands)**

	<u>General</u>	<u>Capital/ Urban Renewal Bond Construction</u>	<u>General Government</u>	<u>Public Health</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 402,438	\$ 296,012	\$ 239,793	\$ 8,141	\$ 240,421	\$ 1,186,805
Investments	5,827				12,361	18,188
Receivables:						
Taxes	140,831				44,302	185,133
Accounts	32,122			3	1	32,126
Grants	79		1,120	254	15,192	16,645
Loans	43				105,745	105,788
Leases			316		912	1,228
Accrued interest	7,009	1,146	1		348	8,504
Assessments	64,564		56		25,143	89,763
Less: Allowance for doubtful accounts	(47,524)				(6,364)	(53,888)
Receivables, net	197,124	1,146	1,493	257	185,279	385,299
Due from other funds	4,023		383	456	15,757	20,619
Due from other governments	27,967		982	2	28,326	57,277
Prepaid expenditures and other assets	2,710		7	63	156	2,936
TOTAL ASSETS	\$ 640,089	\$ 297,158	\$ 242,658	\$ 8,919	\$ 482,300	\$ 1,671,124
LIABILITIES						
Accounts payable	\$ 13,205	\$ 6,801	\$ 4,079	\$ 429	\$ 10,705	\$ 35,219
Accrued wages and benefits	26,561		29	389	1,941	28,920
Due to other governments	1,425	302	214	14	52,012	53,967
Unearned revenue	64		16,026	1,127	34,986	52,203
Due to other funds	2,605		401	98	19,580	22,684
Total liabilities	43,860	7,103	20,749	2,057	119,224	192,993
DEFERRED INFLOWS OF RESOURCES						
Deferred inflow	155,026		542		82,799	238,367
Deferred inflow - leases			294		905	1,199
Total deferred inflows of resources	155,026		836		83,704	239,566
FUND BALANCES						
Nonspendable	13,974		7	63	156	14,200
Restricted		290,055	19,335	3,063	211,593	524,046
Committed			201,731	3,736	67,623	273,090
Assigned	201,817					201,817
Unassigned	225,412					225,412
Total fund balances	441,203	290,055	221,073	6,862	279,372	1,238,565
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 640,089	\$ 297,158	\$ 242,658	\$ 8,919	\$ 482,300	
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.						1,371,294
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						138,205
Long-term liabilities, including bonds and claims payable, are not due and payable in the current period and therefore are not reported in the funds.						(1,042,023)
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.						38,040
The net pension liability and net OPEB liability/(asset) are not due and payable in the current period; (excluding internal service) therefore the liabilities and related deferred inflows/outflows of resources are not reported in governmental funds:						
Pension						(696,655)
OPEB						(57,668)
Net position of governmental activities						<u>\$ 989,758</u>

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

CITY OF CLEVELAND, OHIO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(Amounts in Thousands)

	<u>General</u>	<u>Capital/ Urban Renewal Bond Construction</u>	<u>General Government</u>	<u>Public Health</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:						
Income taxes	\$ 499,433	\$	\$	\$	\$ 62,429	\$ 561,862
Property taxes	45,591				23,607	69,198
State local government funds	31,480					31,480
Other taxes	54,032					54,032
Other shared revenues	21,023		1,972		40,991	63,986
Licenses and permits	29,009			1,476	626	31,111
Charges for services	29,059		1,928	1,833	808	33,628
Fines, forfeits and settlements	6,806		1,374	1,442	1,765	11,387
Investment earnings	39,895	14,682	564	170	12,125	67,436
Grants	2,483		10,585	7,093	45,969	66,130
Contributions					15	15
Miscellaneous	5,776		11,259	559	7,555	25,149
Total revenues	<u>764,587</u>	<u>14,682</u>	<u>27,682</u>	<u>12,573</u>	<u>195,890</u>	<u>1,015,414</u>
EXPENDITURES:						
Current:						
General Government	133,692	404	6,543		658	141,297
Public Works	90,747				46,251	136,998
Public Safety	376,953		2,100		4,766	383,819
Community Development	2,047				36,240	38,287
Building and Housing	14,819				312	15,131
Public Health				18,989		18,989
Economic Development	2,296				75,039	77,335
Other	33,408					33,408
Capital outlay	19,770	85,191	89,889	152	33,839	228,841
Debt service:						
Principal retirement	2,030	76	107		65,214	67,427
Interest	122	5	7		35,094	35,228
General Government		558			1,411	1,969
Total expenditures	<u>675,884</u>	<u>86,234</u>	<u>98,646</u>	<u>19,141</u>	<u>298,824</u>	<u>1,178,729</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>88,703</u>	<u>(71,552)</u>	<u>(70,964)</u>	<u>(6,568)</u>	<u>(102,934)</u>	<u>(163,315)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	490		514	8,381	110,384	119,769
Transfers out	(58,909)	(7,366)	(340)		(57,738)	(124,353)
Inception of subscriptions	6					6
Issuance of bonds		64,395				64,395
Premium on bonds		7,872				7,872
Total other financing sources (uses)	<u>(58,413)</u>	<u>64,901</u>	<u>174</u>	<u>8,381</u>	<u>52,646</u>	<u>67,689</u>
NET CHANGE IN FUND BALANCES	<u>30,290</u>	<u>(6,651)</u>	<u>(70,790)</u>	<u>1,813</u>	<u>(50,288)</u>	<u>(95,626)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>410,913</u>	<u>296,706</u>	<u>291,863</u>	<u>5,049</u>	<u>329,660</u>	<u>1,334,191</u>
FUND BALANCES AT END OF YEAR	<u>\$ 441,203</u>	<u>\$ 290,055</u>	<u>\$ 221,073</u>	<u>\$ 6,862</u>	<u>\$ 279,372</u>	<u>\$ 1,238,565</u>

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

CITY OF CLEVELAND, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024 (Amounts in Thousands)

Amounts reported for governmental activities in the statement of activities (pages 60 and 61)
are different because:

Net change in fund balances - total governmental funds (page 63)	\$ (95,626)
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.	39,398
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	13,915
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.	370
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(12,181)
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/(assets) are reported as pension/OPEB expense in the statement of activities:	
Pension	(13,603)
OPEB	2,825
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>5,459</u>
Change in net position of governmental activities (pages 60 and 61)	<u>\$ (59,443)</u>

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

CITY OF CLEVELAND, OHIO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (BUDGET AND ACTUAL) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

(Amounts in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual*</u>	<u>Variance- Increase (Decrease)</u>
REVENUES:				
Income taxes	\$ 492,851	\$ 492,851	\$ 494,429	\$ 1,578
Property taxes	46,103	46,103	45,592	(511)
State local government funds	30,836	30,836	30,733	(103)
Other taxes	48,917	48,917	52,966	4,049
Other shared revenues	16,185	16,185	15,987	(198)
Licenses and permits	25,254	27,254	28,734	1,480
Charges for services	30,841	30,841	23,030	(7,811)
Fines, forfeits and settlements	7,274	7,274	6,452	(822)
Investment earnings	28,959	38,959	40,357	1,398
Grants	1,917	3,917	4,504	587
Miscellaneous	28,669	28,669	23,066	(5,603)
Total revenues	<u>757,806</u>	<u>771,806</u>	<u>765,850</u>	<u>(5,956)</u>
EXPENDITURES:				
Current:				
General Government	156,284	157,402	142,183	15,219
Public Works	97,468	98,885	94,970	3,915
Public Safety	400,366	411,369	398,920	12,449
Community Development	2,507	2,647	2,286	361
Building and Housing	17,346	15,859	14,920	939
Public Health	14,271	14,687	9,916	4,771
Economic Development	2,891	2,537	2,337	200
Other	30,134	38,781	38,399	382
Capital outlay	4,926	29,571	29,571	-
Total expenditures	<u>726,193</u>	<u>771,738</u>	<u>733,502</u>	<u>38,236</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>31,613</u>	<u>68</u>	<u>32,348</u>	<u>32,280</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	21,500	21,500	17,490	(4,010)
Transfers out	(53,020)	(51,675)	(51,675)	-
Total other financing sources (uses)	<u>(31,520)</u>	<u>(30,175)</u>	<u>(34,185)</u>	<u>(4,010)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>93</u>	<u>(30,107)</u>	<u>(1,837)</u>	<u>28,270</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			<u>16,807</u>	<u>16,807</u>
NET CHANGE IN FUND BALANCE	93	(30,107)	14,970	45,077
FUND BALANCE AT BEGINNING OF YEAR	<u>46,330</u>	<u>46,330</u>	<u>46,330</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 46,423</u>	<u>\$ 16,223</u>	<u>\$ 61,300</u>	<u>\$ 45,077</u>

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

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

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION - PROPRIETARY FUNDS DECEMBER 31, 2024

(Amounts in Thousands)

	Business Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control	Nonmajor Enterprise Funds	Total Enterprise Funds	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 105,153	\$ 105,255	\$ 66,571	\$ 116,913	\$ 3,183	\$ 397,075	\$ 66,750
Investments	360,551		29,943			390,494	
Receivables:							
Accounts	76,597	157,857	18,492	1,830	24,069	278,845	82
Leases				6,482		6,482	1,589
Recoverable costs of purchased power			216			216	
Unbilled revenue	10,067	2,229	7,249	3,655		23,200	
Accrued interest	6,124	231	74	27		6,456	6
Less: Allowance for doubtful accounts	(19,589)	(4,465)	(8,975)	(521)	(23)	(33,573)	
Receivables, net	73,199	155,852	17,056	11,473	24,046	281,626	1,677
Due from other funds	1,247	39	2,468	5	31	3,790	2,890
Due from other governments		1,084		10,603		11,687	
Inventory of supplies	11,219	1,109	13,381	3,265	2	28,976	2,652
Prepaid expenses and other assets	1,166	60	439	1,366	27	3,058	536
Total current assets	552,535	263,399	129,858	143,625	27,289	1,116,706	74,505
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	110,061	33,995	5,215	291,247	10,033	450,551	
Accrued interest receivable	165	19	14	564		762	
Accrued passenger facility charges				2,655		2,655	
Accrued customer facility charges				957		957	
Total restricted assets	110,226	34,014	5,229	295,423	10,033	454,925	-
Capital assets:							
Land	5,731	295	5,035	166,882	13,431	191,374	663
Land improvements	17,533	98	3,194	107,098	17,880	145,803	276
Utility plant	2,146,534	247,026	617,708			3,011,268	
Buildings, structures and improvements	311,056	11,612	25,506	410,156	104,584	862,914	4,775
Furniture, fixtures, equipment and vehicles	632,951	18,134	93,532	125,657	6,796	877,070	22,438
Infrastructure				1,085,274		1,085,274	
Construction in progress	295,102	24,418	57,735	33,355	15,616	426,226	1,432
Right to use assets	5,735	104	2,114	885		8,838	911
Less: Accumulated depreciation and amortization	(1,614,000)	(152,292)	(489,486)	(1,356,617)	(84,284)	(3,696,679)	(23,454)
Total capital assets, net	1,800,642	149,395	315,338	572,690	74,023	2,912,088	7,041
Net Pension Asset	950	120	293	361	52	1,776	309
Net OPEB Asset	3,035	383	936	1,152	168	5,674	991
Total noncurrent assets	1,914,853	183,912	321,796	869,626	84,276	3,374,463	8,341
Total assets	2,467,388	447,311	451,654	1,013,251	111,565	4,491,169	82,846
DEFERRED OUTFLOWS OF RESOURCES							
Loss on refunding	12,917		15,484	9,002		37,403	
Pension	28,605	3,605	8,799	10,850	1,628	53,487	9,385
OPEB	2,770	361	819	1,009	148	5,107	884
Total deferred outflows of resources	44,292	3,966	25,102	20,861	1,776	95,997	10,269

CITY OF CLEVELAND, OHIO

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

DECEMBER 31, 2024

(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental
	Division of	Water	Cleveland	Department	Nonmajor	Total	Activities -
	<u>Water</u>	<u>Pollution</u>	<u>Public</u>	<u>of Port</u>	<u>Enterprise</u>	<u>Enterprise</u>	<u>Internal</u>
		<u>Control</u>	<u>Power</u>	<u>Control</u>	<u>Funds</u>	<u>Funds</u>	<u>Service Funds</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 21,809	\$ 1,816	\$ 11,820	\$ 27,556	\$ 407	\$ 63,408	\$ 3,456
Accrued wages and benefits	7,902	954	2,616	3,208	390	15,070	9,019
Claims payable						-	10,792
Due to other funds	1,942	1,217	133	1,170	87	4,549	66
Due to other governments		190,203		4,546	262	195,011	1,812
Unearned revenue				728		728	
Accrued interest payable	5,951	727	649	7,466		14,793	3
Leases	47		142			189	737
Subscriptions	1,622	35	53	182		1,892	48
Current payable from restricted assets	5,219	820		2,877		8,916	
Current portion of long-term obligations	48,988	1,415	9,353	47,550		107,306	
Total current liabilities	93,480	197,187	24,766	95,283	1,146	411,862	25,933
Noncurrent liabilities:							
Accrued wages and benefits	4,940	747	1,211	2,434	478	9,810	3,092
Construction loans payable	48,585	16,084				64,669	
Leases	1,211		1,523			2,734	26
Subscriptions	1,193	13	53	415		1,674	1
Accrued interest payable			38,459			38,459	
Revenue bonds payable	338,262	62,003	144,529	390,050		934,844	
Net pension liability	89,001	11,230	27,446	33,783	4,892	166,352	29,031
Other			180			180	
Total noncurrent liabilities	483,192	90,077	213,401	426,682	5,370	1,218,722	32,150
Total liabilities	576,672	287,264	238,167	521,965	6,516	1,630,584	58,083
DEFERRED INFLOWS OF RESOURCES							
Excess recoverable costs of purchased power			19,885			19,885	
Leases				6,387		6,387	1,431
Pension	4,772	669	481	984	115	7,021	1,249
OPEB	1,747	220	536	663	98	3,264	574
Total deferred inflows of resources	6,519	889	20,902	8,034	213	36,557	3,254
NET POSITION							
Net investment in capital assets	1,420,567	96,769	175,681	147,170	74,007	1,914,194	6,021
Restricted for capital projects	11,983	1,985	2,341	21		16,330	
Restricted for debt service	45,942	5,351	3,250	126,284		180,827	
Restricted for passenger and customer facility charges				55,456		55,456	
Restricted for pension and OPEB assets	3,985	503	1,229	1,513	220	7,450	1,300
Unrestricted	446,012	58,516	35,186	173,669	32,385	745,768	24,457
Total net position	\$ 1,928,489	\$ 163,124	\$ 217,687	\$ 504,113	\$ 106,612	\$ 2,920,025	\$ 31,778
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(6,262)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES						\$ 2,913,763	

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

CITY OF CLEVELAND, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024 (Amounts in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Division of Water	Water Pollution Control	Cleveland Public Power	Department of Port Control	Nonmajor Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES:							
Charges for services	\$ 331,595	\$ 38,805	\$ 178,340	\$ 144,310	\$ 13,909	\$ 706,959	\$ 181,057
Total operating revenue	<u>331,595</u>	<u>38,805</u>	<u>178,340</u>	<u>144,310</u>	<u>13,909</u>	<u>706,959</u>	<u>181,057</u>
OPERATING EXPENSES:							
Operations	123,214	10,337	24,421	93,414	16,946	268,332	175,504
Maintenance	75,977	10,445	21,313	5,000	60	112,795	4,103
Purchased power			105,550			105,550	
Depreciation and amortization	69,767	5,725	18,942	45,021	3,810	143,265	638
Total operating expenses	<u>268,958</u>	<u>26,507</u>	<u>170,226</u>	<u>143,435</u>	<u>20,816</u>	<u>629,942</u>	<u>180,245</u>
OPERATING INCOME (LOSS)	<u>62,637</u>	<u>12,298</u>	<u>8,114</u>	<u>875</u>	<u>(6,907)</u>	<u>77,017</u>	<u>812</u>
NON-OPERATING REVENUES (EXPENSES):							
Investment income (loss)	28,876	3,248	3,830	16,842	298	53,094	3,150
Interest revenue (expense)	(14,681)	(2,302)	(10,909)	(14,939)		(42,831)	31
Gain (loss) on disposal of capital assets	(3)	(133)		(1)	13,337	13,200	
Amortization of bond premiums and discounts	5,893	302	1,702	669		8,566	
Other revenues (expenses)	(958)	(486)	5,883	(15,048)	111	(10,498)	99
Total non-operating revenues (expenses)	<u>19,127</u>	<u>629</u>	<u>506</u>	<u>(12,477)</u>	<u>13,746</u>	<u>21,531</u>	<u>3,280</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>81,764</u>	<u>12,927</u>	<u>8,620</u>	<u>(11,602)</u>	<u>6,839</u>	<u>98,548</u>	<u>4,092</u>
Capital contributions - passenger and customer facility charges				29,149		29,149	
Capital contributions	18,802	4,149	200	29,894	6,159	59,204	806
Transfers in					3,817	3,817	767
Change in net position	<u>100,566</u>	<u>17,076</u>	<u>8,820</u>	<u>47,441</u>	<u>16,815</u>	<u>190,718</u>	<u>5,665</u>
NET POSITION BEGINNING OF YEAR AS PREVIOUSLY REPORTED	1,830,712	146,391	209,485	457,811	89,992	2,734,391	27,467
CHANGE IN ACCOUNTING PRINCIPLE (SEE NOTE 24)	(2,789)	(343)	(618)	(1,139)	(195)	(5,084)	(1,354)
RESTATE NET POSITION BEGINNING OF YEAR	<u>1,827,923</u>	<u>146,048</u>	<u>208,867</u>	<u>456,672</u>	<u>89,797</u>	<u>2,729,307</u>	<u>26,113</u>
NET POSITION AT END OF YEAR	<u>\$ 1,928,489</u>	<u>\$ 163,124</u>	<u>\$ 217,687</u>	<u>\$ 504,113</u>	<u>\$ 106,612</u>	<u>\$ 2,920,025</u>	<u>\$ 31,778</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds						\$ 190,718 206	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES						<u>\$ 190,924</u>	

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

CITY OF CLEVELAND, OHIO

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental
	Division of	Water	Cleveland	Department	Nonmajor	Total	Activities -
	<u>Water</u>	<u>Pollution</u>	<u>Public</u>	<u>of Port</u>	<u>Enterprise</u>	<u>Enterprise</u>	<u>Internal</u>
		<u>Control</u>	<u>Power</u>	<u>Control</u>	<u>Funds</u>	<u>Funds</u>	<u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers	\$ 302,465	\$ 35,789	\$ 207,214	\$ 136,982	\$ 13,980	\$ 696,430	\$ 180,130
Cash payments to suppliers for goods or services	(105,820)	(9,582)	(20,908)	(58,486)	(12,015)	(206,811)	(153,275)
Cash payments to employees for services	(86,692)	(10,423)	(22,017)	(35,261)	(5,198)	(159,591)	(30,481)
Cash payments for purchased power			(119,774)			(119,774)	
Cash received on behalf of other communities		476,294				476,294	
Agency activity on behalf of other sewer authorities		(473,248)				(473,248)	
Other	23,627	859	(4,952)			19,534	
Net cash provided by (used for) operating activities	133,580	19,689	39,563	43,235	(3,233)	232,834	(3,626)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Cash received through transfers from other funds					3,817	3,817	767
Cash received for royalties					11	11	
Grants	568		200			768	
Cash received from electric excise tax			5,828			5,828	
Net cash provided by (used for) noncapital financing activities	568	-	6,028	-	3,828	10,424	767
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Cash receipts for passenger facility charges				19,773		19,773	
Cash receipts for customer facility charges				8,929		8,929	
Proceeds from sale of revenue bonds, loans and notes	142,272	35,815		1,494		179,581	
Acquisition and construction of capital assets	(133,575)	(17,406)	(14,157)	(28,383)	(3,037)	(196,558)	(1,211)
Principal paid on long-term debt	(47,660)	(1,101)	(10,455)	(45,760)		(104,976)	
Principal paid on long-term lease agreement	(73)		(319)			(392)	(23)
Revenue from leases					96	96	120
Principal paid on long term subscription obligations	(1,699)	(55)	(58)	223	(41)	(1,630)	(181)
Interest paid on long-term debt	(12,886)	(1,740)	(5,424)	(16,002)		(36,052)	
Interest paid on long-term lease agreement	(60)					(60)	(35)
Interest paid on subscription obligations	(65)	(2)	(3)	(14)		(84)	(5)
Cash paid to escrow agent for refunding	(32,959)					(32,959)	
Capital grant proceeds		3,909		27,894		31,803	
Net cash provided by (used for) capital and related financing activities	(86,705)	19,420	(30,416)	(31,846)	(2,982)	(132,529)	(1,335)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchase of investment securities	(474,891)		(69,159)			(544,050)	
Proceed from sale and maturity of investment securities	428,560		39,186			467,746	
Interest received on investments	24,964	3,146	3,786	16,937	299	49,132	3,150
Net cash provided by (used for) investing activities	(21,367)	3,146	(26,187)	16,937	299	(27,172)	3,150
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
	26,076	42,255	(11,012)	28,326	(2,088)	83,557	(1,044)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR							
	189,138	96,995	82,798	379,834	15,304	764,069	67,794
CASH AND CASH EQUIVALENTS AT END OF YEAR							
	\$ 215,214	\$ 139,250	\$ 71,786	\$ 408,160	\$ 13,216	\$ 847,626	\$ 66,750

(Continued)

CITY OF CLEVELAND, OHIO

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(Amounts in Thousands)

	Business-Type Activities - Enterprise Funds						Governmental
	Division of <u>Water</u>	Water <u>Pollution Control</u>	Cleveland <u>Public Power</u>	Department <u>of Port Control</u>	Nonmajor <u>Enterprise Funds</u>	Total <u>Enterprise Funds</u>	Activities - <u>Internal Service Funds</u>
RECONCILIATION OF OPERATING							
INCOME (LOSS) TO NET CASH PROVIDED							
BY (USED FOR) OPERATING ACTIVITIES:							
Operating income (loss)	\$ 62,637	\$ 12,298	\$ 8,114	\$ 875	\$ (6,907)	\$ 77,017	\$ 812
Adjustment to reconcile operating income							
(loss) to net cash provided by (used for)							
operating activities:							
Depreciation and amortization	69,767	5,725	18,942	45,021	3,810	143,265	638
(Increase) Decrease in Assets:							
Receivables, net	(2,363)	(7,080)	(1,496)	2,226	129	(8,584)	(78)
Leases				1,070		1,070	
Prepaid expenses and other assets	701	12	(24)	94	4	787	27
Due from other funds	860	(10)	(39)		14	825	(433)
Inventory of supplies	220	63	(2,759)	(539)		(3,015)	(306)
Net Pension Asset	(158)	(16)	(61)	(75)	(11)	(321)	(59)
Net OPEB Asset	(3,035)	(383)	(936)	(1,152)	(168)	(5,674)	(991)
(Increase) Decrease in Deferred Outflows of Resources:							
Pension	16,198	2,257	4,310	5,318	791	28,874	4,786
OPEB	4,006	527	1,167	1,436	206	7,342	1,259
Increase (Decrease) in Liabilities:							
Accounts payable	6,044	381	971	6,841	(221)	14,016	1,378
Accrued wages and benefits	(1,380)	(272)	(171)	718	(48)	(1,153)	(1,536)
Unearned revenue				(1,300)		(1,300)	
Claims payable						-	(3,556)
Due to other funds	336	(907)	(52)	440	(35)	(218)	(72)
Due to other governments		9,800		(193)	12	9,619	744
Net pension liability	(19,562)	(3,000)	(4,371)	(5,389)	(757)	(33,079)	(5,292)
Net OPEB liability	(2,287)	(300)	(670)	(825)	(119)	(4,201)	(723)
Accrued expenses and other liabilities	723	(26)	(170)	(9,844)		(9,317)	
Increase (Decrease) in Deferred Inflows of Resources:							
Excess purchased power costs			16,474			16,474	
Leases				(1,068)		(1,068)	
Pension	(48)	505	34	(784)	11	(282)	(536)
OPEB	921	115	300	365	56	1,757	312
Total adjustments	70,943	7,391	31,449	42,360	3,674	155,817	(4,438)
NET CASH PROVIDED BY (USED FOR)							
OPERATING ACTIVITIES	\$ 133,580	\$ 19,689	\$ 39,563	\$ 43,235	\$ (3,233)	\$ 232,834	\$ (3,626)
SCHEDULE OF NONCASH CAPITAL AND RELATED							
FINANCING ACTIVITIES:							
Contributions of capital assets	\$	\$	\$	\$	\$ 6,159	\$ 6,159	\$ 806
Accounts payable related to capital assets	5,219	820		2,877		8,916	

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

(Concluded)

CITY OF CLEVELAND, OHIO

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS**

December 31, 2024

(Amounts in Thousands)

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 15,180
Taxes receivable	18,045
Accounts receivable	11,965
Due from other governments	<u>2,632</u>
Total assets	<u>47,822</u>
Liabilities	
Accounts payable	1,717
Due to others	1,876
Due to other governments	<u>26,623</u>
Total liabilities	<u>30,216</u>
Deferred Inflows of Resources	<u>11,965</u>
Total Liabilities and Deferred Inflows	<u>42,181</u>
Net Position	
Restricted	<u>5,641</u>
Total net position	<u>\$ 5,641</u>

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, 2024

(Amounts in Thousands)

	<u>Custodial Funds</u>
Additions	
Law enforcement funds	\$ 2,746
Vital Cert Fees Due State	573
Hilton Contribution Fund	496
Income tax collected for other governments	82,607
Fines collected for other governments	19,570
Special assessments	303
Fire escrow	304
Other	144
Total additions	<u>106,743</u>
Deductions	
Fire Escrow	191
Vital Cert Fees Due State	585
Hilton Contribution Fund	496
Special assessments	302
Law enforcement funds	2,752
Payments of income tax to other governments	82,607
Payments of fines to other governments	19,570
Other	86
Total deductions	<u>106,589</u>
Change in net position	154
Net position, beginning of year	<u>5,487</u>
Net position, end of year	<u>\$ 5,641</u>

CITY OF CLEVELAND, OHIO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF CITY OPERATIONS AND REPORTING ENTITY

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

Reporting Entity: The accompanying financial statements as of December 31, 2024 and for the year then ended have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

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

On this basis, the City's financial reporting entity has a blended component unit. It also includes in its financial statements the financial activities of all departments, agencies, boards and commissions that are part of the primary government, including police and fire protection, waste collection, parks and recreation, health, certain social services and general administrative services. In addition, the City owns and operates several enterprise activities, the principal ones consisting of a water system, a sewer system, an electric distribution system and two airports.

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

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

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

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

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

Gateway Economic Development Corporation of Greater Cleveland (Gateway) – Gateway is responsible for the operations of a sports complex and related economic development. The five-member board consists of two members appointed by the City, two members appointed by Cuyahoga County and one joint appointment confirmed by both the City and Cuyahoga County.

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies:

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

A. *Government-Wide and Fund Financial Statements*

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, established requirements and a reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions. Financial information of the City is presented in the following format:

Basic Financial Statements:

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

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

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

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

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

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

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

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

The City’s major Governmental Funds are the General, Capital/Urban Renewal Bond Construction, General Government, and Public Health Funds. Of the City’s business-type activities, the Division of Water Fund, Division of Water Pollution Control Fund, Cleveland Public Power Fund and Department of Port Control Fund are considered major Enterprise Funds.

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

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

The Capital/Urban Renewal Bond Construction Fund is a Capital fund used to account for all bond proceeds and capital projects costs of bond funded capital acquisitions, tax increment Urban Renewal Bond issues and construction within the City. It is not annually appropriated.

The General Government Fund is a Special Revenue fund used to account for revenue earmarked for general government activities. It is not annually appropriated. The major revenue sources are from the American Rescue Plan Act (ARPA).

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

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

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

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

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

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

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

3. The City's General Fund budget and actual statement is presented as part of the basic financial statements.
4. Notes to Financial Statements provide information that is essential to a user's understanding of the basic financial statements.
5. The Required Supplementary Information is essential to a user's understanding of the City's pension and other post-employment liabilities and contributions made to fund it.

B. *Financial Reporting Presentation*

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

GOVERNMENTAL FUNDS

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

D. ***Budgetary Procedures***

The City is required by State law to adopt annual budgets for the General Fund, certain Special Revenue Funds (including the Division of Streets, Restricted Income Tax, Rainy Day Reserve, Schools Recreation and Cultural Activities and Cleveland Stadium Operations Funds), Debt Service Funds (except for Cleveland Stadium Debt Service Fund) and Proprietary Operating Funds. Modifications to the original budget are approved by City Council throughout the year. The City maintains budgetary control by not permitting

expenditures to exceed appropriations for personnel costs (including benefits) and other costs (including debt service and capital outlay), within a division of the City, without the approval of City Council. Adjustments to the budget can only be made within a division and then within each category. Further legislation is needed in order to move budget amounts from “personnel” to “other” or vice versa, or between divisions. City Council adopted eight appropriation amendments during 2024 which reallocated appropriations and increased the budget by 2.19% from the original budget. Unencumbered appropriations for annually budgeted funds lapse at year end.

The City’s budgetary process does not include annual budgeting for certain Special Revenue Funds, including the Capital/Urban Renewal Bond Construction Fund, the General Governmental Fund, the Public Health Fund, the Cleveland Stadium Debt Service Fund and Capital Project Funds. Appropriations in these funds remain open and carry over to succeeding years (i.e., multi-year) until the related expenditures are made or until they are modified or canceled. Appropriations for these funds are controlled on a project basis.

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

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

A reconciliation of the General Fund’s results of operations for 2024 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)	\$	(1,837)
Adjustments:		
Revenue Accruals		(18,257)
Expenditure and other financing sources (uses) Accruals		(16,531)
Encumbrances and Pre-Encumbrances		66,915
Net Change in Fund Balance	\$	<u>30,290</u>

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 2024. 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 or credited to customers in future billing periods.

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

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

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

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

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

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.

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

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

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

Compensated Absences: The City accrues for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 101, *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.

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

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

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

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

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

Net Pension/OPEB Liabilities/(Assets): For purposes of measuring the net pension/OPEB liabilities/(assets), deferred outflows of resources and deferred inflows of resources related to pension/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net 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.

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

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

F. **Accounting Pronouncements**

In June of 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. As required, the City has implemented GASB Statement No. 100 as of December 31, 2024.

In June of 2022, GASB Statement No.101, *Compensated Absences*, was issued. This Statement is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As required, the City has implemented GASB Statement No. 101 as of December 31, 2024.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$1.042 billion difference are as follows:

(Amounts in Thousands)

Bonds, certificates of participation and loans payables	\$	(851,690)
Other payable		(8,000)
Unamortized bond premium/discount		(56,683)
Accrued interest payable		(5,387)
Claims and adjustments		(8,538)
Loss on refunding		3,334
Compensated absences		(104,240)
Leases		(6,801)
Subscriptions		(4,018)
Net adjustment to <i>fund balance - total governmental funds</i>		
to arrive at <i>net position - governmental activities</i>	\$	<u>(1,042,023)</u>

Another element of that reconciliation states that net pension/OPEB liabilities/(assets) are not due and payable in the current period; therefore, the liabilities/(assets) 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	\$	264,306
Deferred inflows of resources - pension		(51,777)
Net pension liability		(912,075)
Net pension asset		<u>2,891</u>
Net adjustment to <i>fund balance - total governmental funds</i>		
to arrive at <i>net position - governmental activities</i>	\$	<u>(696,655)</u>

(Amounts in Thousands)

Deferred outflows of resources - OPEB	\$	32,492
Deferred inflows of resources - OPEB		(50,906)
Net OPEB liability		(48,478)
Net OPEB asset		<u>9,224</u>
Net adjustment to <i>fund balance - total governmental funds</i>		
to arrive at <i>net position - governmental activities</i>	\$	<u>(57,668)</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives less any applicable salvage value and reported as depreciation expense. The details of this \$39.4 million difference are as follows:

(Amounts in Thousands)

Capital outlay	\$	113,213
Contributed Capital		632
Depreciation expense		(74,256)
Loss on capital asset disposals		<u>(191)</u>
Net adjustment to <i>changes in fund balances - total governmental funds</i>		
to arrive at <i>change in net position of governmental activities</i>	\$	<u>39,398</u>

Another element of that reconciliation states that revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements. The details of this \$13.9 million difference are as follows:

(Amounts in Thousands)	
Subscription Revenue	\$ (6)
Reversal of prior year deferred inflows of resources	(124,284)
Current year deferred inflows of resources	<u>138,205</u>
Net adjustment to <i>changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 13,915</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences, including accrued interest and in the treatment of long-term debt is \$370,000 which is detailed as follows:

(Amounts in Thousands)	
Debt issued or incurred:	
Issuance of general obligation bonds and other obligations	\$ (64,395)
Accrued interest	7,600
Premium on debt	(7,872)
Principal repayments:	
General obligation debt and other obligations	<u>65,037</u>
Net adjustment to <i>changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 370</u>

Another element of that reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$12.2 million difference are as follows:

(Amounts in Thousands)	
Compensated absences	\$ (8,539)
Claims judgements	(3,375)
Lease expense	(24)
Subscription expense	<u>(243)</u>
Net adjustment to <i>changes in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (12,181)</u>

NOTE 4 – POOLED AND SEGREGATED CASH AND INVESTMENTS

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

Monies of all other funds of the City, including the accounts of the General Fund, Capital/Urban Renewal Bond Construction Fund, General Governmental Fund, Public Health Fund, other Special Revenue Funds, other Capital

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

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

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

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

Monthly, the City determines that the collateral has a fair value adequate to cover the deposits and that it has been segregated either physically or in book entry form. At year end, the carrying amount of the City's deposits including certificates of deposit was \$126,676,000 and the actual bank balance totaled \$146,698,000. 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*, \$146,698,000 of the bank balance was insured or collateralized with securities held by the City or by its agent in the City's name.

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

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

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

The valuation for level 2 investments are based on current market pricing with the information provided through the Bloomberg system or broker pricing.

The following is a summary of the fair value hierarchy of the fair value of investments of the City (excluding STAR Ohio and money market mutual funds) as of December 31, 2024:

Type of Investment	Fair	Fair Value Measurements Using	
	Value	Level 1	Level 2
(Amounts in Thousands)			
U.S. Agency Obligations	\$ 134,955	\$	\$ 134,955
U.S. Treasury Bills	558,527	558,527	
U.S. Treasury Notes	305,758	305,758	
Commercial Paper	14,434		14,434
Manuscript Debt	3,842		3,842
Other	<u>815</u>	<u></u>	<u>815</u>
Total Investments	<u>\$ 1,018,331</u>	<u>\$ 864,285</u>	<u>\$ 154,046</u>

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, 2024 include U.S. Agency Obligations, U.S. Treasury Bills, U.S. Treasury Notes, STAR Ohio, commercial paper, money market mutual funds, manuscript debt and other investments. The City maintains the highest ratings for its investments. Investments in the Dreyfus Government Cash Management Mutual Fund, First American Government Obligations Fund, Federated Government Obligations Fund, Morgan Stanley Government Institutional Mutual Funds and STAR Ohio carry a rating of AAAM, which is the highest money market fund rating given by S&P Global. Investments in the Federal Home Loan Bank and Federal Farm Credit Bank carry a rating of AA+. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Investments in U.S. Bank N.A. Open Commercial Paper carries a Moody's rating of P-1. The City has no investment policy that would further limit its investment choices.

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

Type of Investment	Investment Maturities				
	Fair Value	Cost	Less than One Year	1 - 5 Years	5 Years or More
	(Amounts in Thousands)				
U.S. Agency Obligations	\$ 134,955	\$ 132,824	\$ 109,870	\$ 25,085	\$
U.S. Treasury Bills	558,527	547,828	558,527		
U.S. Treasury Notes	305,758	306,795	200,632	105,126	
STAR Ohio	565,026	565,026	565,026		
Commercial Paper	14,434	14,434	14,434		
Money Market Mutual Funds	815,010	815,010	815,010		
Manuscript Debt	3,842	3,842			3,842
Other	<u>815</u>	<u>815</u>	<u>815</u>	<u></u>	<u></u>
Total Investments	<u>2,398,367</u>	<u>2,386,574</u>	<u>2,264,314</u>	<u>130,211</u>	<u>3,842</u>
Total Deposits	<u>126,676</u>	<u>126,676</u>	<u>126,676</u>	<u></u>	<u></u>
Total Deposits and Investments	\$ 2,525,043	\$ 2,513,250	\$ 2,390,990	\$ 130,211	\$ 3,842

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's Investment Policy 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, 2024, the investments in U.S. Agency Obligations, U.S. Treasury Bills, U.S. Treasury Notes, STAR Ohio, commercial paper, money market mutual funds, manuscript debt and other are approximately 5.63%, 23.29%, 12.75%, 23.56%, 0.60%, 33.98%, 0.16% and 0.03%, 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	\$ 1,650,630
Investments	408,682
Restricted:	
Cash and cash equivalents	450,551
Total	<u>\$ 2,509,863</u>
Fund Financial Statements	
Balance Sheet – Governmental Funds:	
Unrestricted:	
Cash and cash equivalents	\$ 1,186,805
Investments	<u>18,188</u>
	1,204,993
Statement of Net Position – Proprietary Funds:	
Enterprise Funds:	
Unrestricted:	
Cash and cash equivalents	397,075
Investments	390,494
Restricted:	
Cash and cash equivalents	450,551
Internal Service Funds:	
Unrestricted:	
Cash and cash equivalents	<u>66,750</u>
Subtotal	1,304,870
Statement of Fiduciary Net Position:	
Unrestricted:	
Cash and cash equivalents	<u>15,180</u>
Total	<u>\$ 2,525,043</u>

NOTE 5 – DEBT AND OTHER LONG-TERM OBLIGATIONS A summary of the changes in long-term debt and other long-term obligations of the City during the year ended December 31, 2024 are as follows:

	Balance			Balance		Due Within
	January 1, 2024	Additions	(Reductions)	December 31, 2024	One Year	
	(Amounts in Thousands)					
Governmental Long-Term Obligations and Notes						
General Obligation Bonds due through 2051, 2.00% to 5.25%	\$ 395,640	\$ 64,395	\$ (30,000)	\$ 430,035	\$ 29,655	
<u>Other Obligations:</u>						
Subordinated Income Tax Refunding						
Bonds due through 2024, 5.00%	5,450		(5,450)	-		
Subordinate Lien Income Tax Bonds						
due through 2047, 0.74% to 6.34%	360,000		(15,305)	344,695	20,170	
<u>Non-Tax Revenue Bonds:</u>						
Taxable Economic and Community Dev. (Core City Bonds)						
due through 2036, 1.03% to 3.75%	21,140		(4,880)	16,260	3,470	
Taxable Economic and Community Dev. (Core City Bonds)						
due through 2033, 1.91% to 5.35% - Direct Placement	17,510		(1,350)	16,160	1,425	
Lower Euclid Ave. TIF 2003A due through 2032, 2.00% to 4.00%	4,105		(263)	3,842	291	
Annual Appropriation Bonds - Flats East Bank due through 2035, 6.00%	7,315		(435)	6,880	460	
Certificates of Participation 2023-Stadium due through 2028, 5.00%	40,220		(7,275)	32,945	7,645	
West 150th Street Improvement Loan - Direct Borrowing	410		(63)	347	63	
Ohio Water Development Authority Loan						
due through 2028, 2.40% -Direct Borrowing	542		(16)	526	16	
Cleveland Browns Stadium	10,000		(2,000)	8,000	2,000	
Leases	7,543	1,182	(1,158)	7,567	2,719	
Subscriptions	6,592	12	(2,536)	4,068	2,039	
Compensated Absences (Restated)	62,173	47,290	(44,751)	64,712	33,284	
Net pension liability:						
Ohio Public Employees Retirement System	319,134		(31,768)	287,366		
Ohio Police and Fire Pension Fund	631,040	10,445		641,485		
Net OPEB liability:						
Ohio Public Employees Retirement System	6,722		(6,722)	-		
Ohio Police and Fire Pension Fund	47,298	1,180		48,478		
Police and fire overtime	43,287	16,529	(11,580)	48,236	4,688	
Fire deferred vacation	1,978	2,056	(1,996)	2,038	643	
Estimated claims payable	5,163	9,514	(6,139)	8,538	1,580	
	1,993,262	152,603	(173,687)	1,972,178	110,148	
Unamortized (discount)/premium - net	56,587	7,872	(7,776)	56,683		
Total Governmental Activities, Net	\$ 2,049,849	\$ 160,475	\$ (181,463)	\$ 2,028,861	\$ 110,148	

	Balance January 1, 2024	Additions	(Reductions)	Balance December 31, 2024	Due Within One Year
	(Amounts in Thousands)				
Business-Type Activities (Enterprise Funds)					
Airport System Revenue Bonds:					
Series 2007B due through 2027, 5.00%	\$ 1,910		\$ (930)	\$ 980	\$ 310
Series 2011A due through 2024, 4.00%	1,050		(1,050)	-	-
Series 2016A due through 2031, 5.00%	83,600		(8,600)	75,000	9,200
Series 2016B due through 2024, 5.00%	12,725		(12,725)	-	-
Series 2018A due through 2048, 5.00%	52,535		(9,190)	43,345	9,470
Series 2018B due through 2048, 3.50% to 5.00%	21,745			21,745	
Series 2019A due through 2033, 2.31% to 2.98%	283,530		(5,535)	277,995	26,445
Series 2019B due through 2027, 5.00%	12,960		(6,215)	6,745	2,125
Series 2019C due through 2024, 5.00%	1,515		(1,515)	-	-
	471,570	-	(45,760)	425,810	47,550
Public Power System Revenue Bonds:					
Series 2008 due through 2038, 5.13% to 5.40%	27,903			27,903	2,832
Series 2008 Accreted Interest Payable	35,558	3,412		38,970	511
Series 2016 due through 2024, 5.00%	6,295		(6,295)	-	-
Series 2018 due through 2038, 5.00%	33,830		(4,160)	29,670	1,510
Series 2020A due through 2038, 4.00% to 5.00%	63,110			63,110	3,250
Series 2020B due through 2038, 2.01% to 2.996%	20,470			20,470	1,250
	187,166	3,412	(10,455)	180,123	9,353
Water Revenue Bonds:					
Series Y 2015 due through 2025, 5.00%	23,075		(17,615)	5,460	5,460
Series BB 2017 due through 2032, 5.00%	14,475		(3,040)	11,435	1,375
Series CC 2017 due through 2028, 5.00%	29,790		(7,780)	22,010	8,400
Series DD 2019 due through 2033, 2.00% to 5.00%	46,900		(15,675)	31,225	15,725
Series EE 2020 due through 2042, 1.55% to 3.21%	15,435		(310)	15,125	145
Series FF 2020 due through 2033, 5.00%	70,270			70,270	
Series GG 2020 due through 2037, 0.52% to 2.28%	98,525		(20,390)	78,135	220
Series HH 2024 due through 2054, 5.00%		94,130		94,130	
Series B Sub. Lien 2017 due through 2027, 5.00%	34,825		(8,065)	26,760	8,480
	333,295	94,130	(72,875)	354,550	39,805
Water Pollution Control Revenue Bonds:					
Series 2016 due through 2045, 5.00%	28,080		(730)	27,350	765
Series 2024 due through 2054, 5.00%		29,675		29,675	100
	28,080	29,675	(730)	57,025	865
Ohio Water Development Authority and Public Works					
Commission loans due through 2050, 0.00% to 3.00%, Direct Borrowings	57,656	26,409	(9,663)	74,402	9,733
Public Power System Other (See Note 7)	641	41	(251)	431	250
Airport Series 2024 Subordinate Notes Due 2027, Variable Compensated Absences (Restated)	20,461	1,494	(13,381)	1,494	9,350
Subscriptions	1,262	2,457	(153)	3,566	1,892
Leases	1,302	1,915	(294)	2,923	189
Net pension liability:					
Ohio Public Employees Retirement System	213,822		(35,215)	178,607	
Net OPEB liability:					
Ohio Public Employees Retirement System	4,505		(4,505)	-	
Estimated claims payable	241	1,033	(1,041)	233	233
	1,320,001	174,038	(194,323)	1,299,716	119,220
Unamortized (discount)/premium - net	50,179	12,408	(10,714)	51,873	
Total Business-Type Activities, Net	\$1,370,180	\$186,446	(\$205,037)	\$1,351,589	\$119,220
Total Debt and Other Long-Term Obligations	\$3,420,029	\$346,921	(\$386,500)	\$3,380,450	\$229,368

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, 2024, \$2,669,000, and \$16,776,000 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, 2024, \$2,141,000 and \$12,255,000 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. These bonds were retired in May 2024. 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 2024:

	Original Issue Amount	Balance January 1, 2024	Additions	(Reductions)	Balance December 31, 2024
(Amounts in Thousands)					
Governmental Activities Obligations:					
General Obligation Bonds					
Public Facilities	\$ 115,915	\$ 75,980	\$ 14,495	\$ (5,195)	\$ 85,280
Bridges and Roadways	213,210	146,980	24,920	(7,820)	164,080
Parks & Recreation	111,100	91,110	9,815	(2,655)	98,270
Neighborhood Development	1,750	1,545		(70)	1,475
Vehicles	45,250	28,740	15,165	(3,495)	40,410
Refunding Bonds	113,855	51,285		(10,765)	40,520
Total Governmental Activities	<u>\$ 601,080</u>	<u>\$ 395,640</u>	<u>\$ 64,395</u>	<u>\$ (30,000)</u>	<u>\$ 430,035</u>
Business-Type Activities Obligations:					
Revenue Bonds					
Airports	\$ 681,355	\$ 471,570		\$ (45,760)	\$ 425,810
Public Power	200,753	151,608		(10,455)	141,153
Waterworks	606,310	333,295	94,130	(72,875)	354,550
Water Pollution Control	62,065	28,080	29,675	(730)	57,025
Loans					
Airports*	175,000		1,494		1,494
Waterworks (Direct Borrowings)	197,280	43,962	23,098	(9,292)	57,768
Water Pollution Control (Direct Borrowings)	19,421	13,694	3,311	(371)	16,634
Total Business-Type Activities	<u>\$ 1,942,184</u>	<u>\$ 1,042,209</u>	<u>\$ 151,708</u>	<u>\$ (139,483)</u>	<u>\$ 1,054,434</u>

* - Airport Subordinate Note issued June 27, 2024

The following is a summary of the City's future debt service requirements as of December 31, 2024:

Year Ending December 31	General Obligation Bonds		Construction Loan (Direct Borrowing)		Subordinate Lien Income Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2025	\$ 29,655	\$ 18,203	\$ 16	\$ 13	\$ 20,170	\$ 13,835
2026	30,455	16,863	17	12	22,740	13,001
2027	29,835	15,489	17	12	26,480	12,104
2028	27,770	14,149	476	11	27,595	10,928
2029	27,430	12,966			28,815	9,697
2030-2034	114,180	49,355			98,825	31,728
2035-2039	90,270	27,699			65,825	16,177
2040-2044	55,230	11,500			41,410	6,172
2045-2049	22,480	3,172			12,835	666
2050-2054	2,730	183				
	<u>\$ 430,035</u>	<u>\$ 169,579</u>	<u>\$ 526</u>	<u>\$ 48</u>	<u>\$ 344,695</u>	<u>\$ 114,308</u>

Year Ending December 31	Non-Tax Revenue Bonds		Non-Tax Revenue Bonds (Direct Placement)		City Annual Appropriation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2025	\$ 3,761	\$ 567	\$ 1,425	\$ 821	\$ 460	\$ 413
2026	3,883	450	1,480	751	485	385
2027	1,145	322	1,560	679	515	356
2028	1,181	304	1,640	603	550	325
2029	1,219	273	1,720	523	580	292
2030-2034	6,883	806	8,335	1,481	3,465	896
2035-2039	2,030	89			825	50
2040-2044						
2045-2049						
2050-2054						
	<u>\$ 20,102</u>	<u>\$ 2,811</u>	<u>\$ 16,160</u>	<u>\$ 4,858</u>	<u>\$ 6,880</u>	<u>\$ 2,717</u>

Year Ending December 31	Note/Loans Payable (Direct Borrowing)		Certificates of Participation (Direct Placement)		Governmental Activities Total	
	Principal	Interest	Principal	Interest	Principal	Interest
			(Amounts in Thousands)			
2025	\$ 63	\$	\$ 7,645	\$ 1,647	\$ 63,195	\$ 35,499
2026	63		8,025	1,265	67,148	32,727
2027	63		8,425	864	68,040	29,826
2028	63		8,850	442	68,125	26,762
2029	63				59,827	23,751
2030-2034	32				231,720	84,266
2035-2039					158,950	44,015
2040-2044					96,640	17,672
2045-2049					35,315	3,838
2050-2054					2,730	183
	<u>\$ 347</u>	<u>\$ -</u>	<u>\$ 32,945</u>	<u>\$ 4,218</u>	<u>\$ 851,690</u>	<u>\$ 298,539</u>

Business-Type Activities				
Year Ending December 31	Revenue Bonds		Construction Loans (Direct Borrowing)	
	Principal	Interest	Principal	Interest
	(Amounts in Thousands)			
2025	\$ 97,062	\$ 38,719	\$ 9,733	\$ 1,016
2026	99,294	36,094	7,473	1,356
2027	93,191	32,354	7,306	1,189
2028	89,181	28,968	5,248	1,059
2029	87,382	25,880	5,119	970
2030-2034	289,778	91,162	18,257	3,890
2035-2039	114,675	57,647	16,718	2,689
2040-2044	45,550	21,072	17,069	1,399
2045-2049	35,255	11,054	5,729	296
2050-2054	27,170	3,743	350	4
	<u>\$ 978,538</u>	<u>\$ 346,693</u>	<u>\$ 93,002</u>	<u>\$ 13,868</u>

Year Ending December 31	Business-Type Activities Total	
	Principal	Interest
	(Amounts in Thousands)	
2025	\$ 106,795	\$ 39,735
2026	106,767	37,450
2027	100,497	33,543
2028	94,429	30,027
2029	92,501	26,850
2030-2034	308,035	95,052
2035-2039	131,393	60,336
2040-2044	62,619	22,471
2045-2049	40,984	11,350
2050-2054	27,520	3,747
	<u>\$ 1,071,540</u>	<u>\$ 360,561</u>

The schedule of minimum principal and interest payments for construction loans above includes the amortization for a number of loans provided to the Divisions of Water and Water Pollution Control by the Ohio Water Development Authority (OWDA) in 2024. These amortizations are based upon the full amount expected to be financed, regardless of whether the City has received all the loan proceeds. At December 31, 2024, the amounts financed on the loans, which are reflected in the amortization schedule, exceed the actual loan balances shown on the schedule of long-term debt outstanding and changes in long-term debt obligations by \$18,600,000. However, the amortization schedules are still tentative and will be finalized by OWDA. OWDA loans are direct borrowings.

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

General Obligation Bonds

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

Effective October 23, 2024, the City issued \$64,395,000 Various Purpose General Obligation Bonds, Series 2024A. The proceeds of these bonds will be used for paying costs of permanent improvements to roads and bridges, cemeteries, parks and recreation facilities and various other public facilities as well as to purchase light and heavy duty vehicles for various general government divisions.

Effective September 21, 2023, the City issued \$63,015,000 Various Purpose General Obligation Bonds, Series 2023A. The proceeds of these bonds will be used for paying costs of permanent improvements to roads and bridges, parks and recreation facilities and various other public facilities as well as to purchase light and heavy duty vehicles for various general government divisions.

Under the direct debt limitation imposed by the Ohio Revised Code, the City had the capacity to issue \$329,690,104 of additional unvoted debt at December 31, 2024.

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, which were retired on May 15, 2024, were 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 were 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 gave JPM the right to execute an interest rate swap at its discretion at any time until the option expired 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 swap was not executed by JPMorgan prior to the expiration date.

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

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

Non-Tax Revenue Bonds – Economic Development Bonds Series 2003A and Series 2003B (Lower Euclid Avenue Project): In November 2003, the City issued \$7,200,000 Economic Development Revenue Bonds, Series 2003A and \$1,000,000 Economic Development Revenue Bonds, Series 2003B-1 for the Lower Euclid Avenue Project. In November 2004, the final \$1,000,000 Economic Development Revenue Bonds, Series 2003B-2 were issued. The proceeds of these bonds were made available to the owners of certain properties on Euclid Avenue for the construction and renovation of commercial restaurant and retail facilities and the construction of a parking garage. These Tax Increment Financing (TIF) Bonds are secured by a pledge of (a) service payments in lieu of taxes received by the City

from the owners of certain properties located within the tax increment financing district, (b) loan payments payable to the City and (c) by a pledge of certain non-tax revenues of the City, subject to the prior pledge by the City of such non-tax revenues to secure other obligations of the City. Only the Series 2003A Bonds remain outstanding.

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

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

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

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

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

On September 4, 2014, the City issued \$12,365,000 Taxable Economic and Community Development Refunding Revenue Bonds, Series 2014 (Core City Fund). The City issued these bonds to refund \$11,845,000 of the outstanding Taxable Economic and Community Development Bonds, Series 2004. Net proceeds of the Series 2014 Bonds in the amount of \$12,156,019 were deposited into an irrevocable escrow account to pay the principal and interest on the refunded bonds on December 1, 2014. As a result, the refunded bonds were defeased and the liability for the Series 2004 Core City Bonds was removed from long-term debt. This refunding resulted in \$1,248,000 of debt service savings and an economic gain of \$1,219,000 or 10.3%. The Series 2014 Bonds were issued as fixed rate securities and were special obligations of the City, payable from non-tax revenues and net project revenues. The Series 2014 Bonds were paid off on December 1, 2024.

Effective May 30, 2013, the City refunded the outstanding variable rate \$25,360,000 Series 2008 Taxable Economic and Community Development Refunding Revenue Bonds with \$25,360,000 Taxable Economic and Community Development Bonds, Series 2013A. The bonds remained variable rate bonds and were privately placed with KeyBank National Association for a period of five years. In May 2018, the City entered into a new three-year direct placement of the Series 2013A Bonds with PNC Bank, National Association upon the expiration of the old direct placement. On May 3, 2021, the City entered into a new three-year direct placement of the then outstanding \$19,160,000 Series 2013A Bonds with U.S. Bank National Association. As a result of this transaction, the interest rate on the bonds was converted from a variable Index Rate to a Bank Fixed Rate until May 3, 2024. Upon the expiration of the direct placement, the City entered into a new fixed rate direct placement with U.S. Bank which expires on April 30, 2026.

Events of default under the agreement with the bank include, but are not limited to, 1) failure to pay principal of or interest on the Series 2013A Bonds or parity debt or general obligation debt payable from the City's general fund or failure to pay other obligations under the agreement; 2) failure to perform pursuant to certain covenants and provisions under the indenture; 3) certain representations and warranties under the agreement prove untrue in a material respect; 4) occurrence of bankruptcy and insolvency events; and 5) ratings downgrades of parity or general obligation debt of the City below certain levels. Upon an event of default, the Bonds shall bear interest at a default rate and the bank may cause a special mandatory redemption of the 2013A Bonds in accordance with the terms of the supplemental indenture and agreement. Under the agreement with the bank, no party has a right to accelerate the principal or interest on the 2013A Bonds. However, certain fees and expenses set forth in the agreement can be declared immediately due and payable under certain circumstances. The Bonds are payable from the City's non-tax revenues and net project revenues.

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

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

Effective April 22, 2010, the City issued \$63,225,000 COPS Series 2010A and \$69,900,000 Series 2010B COPS to refund all of the outstanding \$108,390,000 Series 2007 COPS. Proceeds of the Series 2010 COPS were used to currently refund the Series 2007 COPS on the day of closing, to fund a required debt service reserve fund deposit in the amount of \$8,324,045, to make a termination payment on the existing hedge agreement with UBS in the amount of \$17,322,000 and to pay costs of issuing the COPS. The final payment on the Series 2010A COPS was made November 15, 2020. The Series 2010B COPS, were purchased by Wells Fargo Bank, National Association, as floating rate obligations for a period of three years, the interest on which was reset weekly based on the SIFMA index plus a spread. As a result of this refunding, the City achieved an economic gain (the difference between the present values of the old and new debt service) of approximately \$3,461,000 or 3.19%.

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

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

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

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

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

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

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

Lines of Credit: The City has no unused lines of credit in the governmental funds.

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

Compensated Absences: Compensated Absences, 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, 2024, follow:

<u>Division</u>	<u>Overtime</u>		<u>Deferred Vacation</u>	
	<u>Hours</u>	<u>Dollars</u>	<u>Hours</u>	<u>Dollars</u>
	(Amounts in Thousands)			
Police	910	\$ 42,517		\$
Fire	131	5,719	45	2,038
Total	<u>1,041</u>	<u>\$ 48,236</u>	<u>45</u>	<u>\$ 2,038</u>

Business-Type (Enterprise Fund) Obligations

Airport System Revenue Bonds: These bonds are secured by the pledge of airport revenues and moneys in the special funds which include, among others, the bond service fund, bond service reserve fund, the renewal and replacement fund and the airport development fund, as defined in the revenue bond indenture. Further, the City has assigned to the trustee all its interests in and rights to the airline use agreements under the revenue bond indenture.

On October 1, 2019, the City issued \$341,675,000 Airport System Revenue Bonds Series 2019 A-C. The \$301,665,000 Series 2019A Taxable Bonds were issued to advance refund the \$235,150,000 Series 2012A Bonds and to currently refund the outstanding \$52,050,000 of Series 2013A Bonds. Bond proceeds in the amount of \$248,355,650 along with \$3,694,402 released from the debt service reserve fund and \$2,965,914 released from the Series 2012A Bond Fund, were placed in an irrevocable escrow account for the payment of the principal and interest on the Series 2012A Bonds. Additionally, \$51,232,251 of Series 2019A Bonds proceeds, along with \$817,749 released from the debt service reserve fund, were deposited into the Series 2013A Bond Fund to redeem the 2013A Bonds on October 1, 2019. The \$34,605,000 Series 2019B AMT Bonds currently refunded the variable rate \$20,100,000 Series 2009D Bonds and the \$18,170,000 Series 2014A Bonds. Lastly, the \$5,405,000 Series 2019C Non-AMT Bonds currently refunded the outstanding variable rate \$5,975,000 Series 2008D Bonds. As a result of this refunding, the City achieved debt service savings of \$32,239,000 and an economic gain (the difference between the present values of the old and new debt service) of \$22,494,000 or 6.8% while also eliminating all of Port Control's remaining variable rate bonds and terminating its letters of credit and direct placements on those bonds.

On June 27, 2024, the City entered into a short-term financing agreement with PNC Bank in an amount not to exceed \$175 million for the Department of Port Control. These Airport System Subordinate Obligation Notes, Series 2024, will enable initial work in support of the Airport System's Master Plan, including enabling projects for the Terminal Modernization Development Program.

Lines of Credit: The Department of Port Control has drawn down \$1,494,000, on a \$175,000,000 line of credit, with a remaining available balance of \$173,506,000 as of December 31, 2024.

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

On February 19, 2020, Public Power System Revenue Bonds, Series 2020, were issued in the amount of \$83,580,000. The \$63,110,000 Series 2020A Tax-Exempt Bonds were issued to advance refund \$65,325,000 of outstanding Series 2014 Public Power System Refunding Revenue Bonds. The \$20,470,000 Federally Taxable Series 2020B Bonds were issued to advance refund \$11,560,000 of outstanding Series 2014 Public Power System Refunding Revenue Bonds and \$6,510,000 of the outstanding Series 2016 Public Power System Refunding Revenue Bonds. Bond proceeds in the amount of \$97,525,417, along with \$1,697,178 from the debt service fund, were placed in an irrevocable escrow account to pay the principal and interest on the refunded bonds when due. As a result of this refunding, the City realized debt service savings in the amount of \$13,788,000 and an economic gain (the difference between the present values of the old and new debt service) of \$11,897,000 or 14.3%.

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

On September 24, 2024, the Division legally defeased all of the 2027 and 2028 maturities of the Series Y 2015 Bonds in the principal amount of \$12,415,000. Those maturities were called for optional redemption on October 24, 2024, and are no longer outstanding.

On October 30, 2024, the City issued \$94,130,000 Water Revenue Bonds, Series HH, 2024. A portion of these Bonds was issued to provide funds in the approximate amount of \$82.4 million to pay costs of improvements to the Waterworks system. The remaining portion of the Bonds was issued to purchase and cancel outstanding bonds pursuant to a tender offer. As a result of the tender, a total of \$22,065,000 of outstanding Series BB, Series EE and Series GG Bonds were purchased and retired. The City realized \$811,000 or 3.67% net present value saving from the tender.

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

Water Pollution Control Revenue Bonds: On August 15, 2024, the City issued \$29,675,000 of Water Pollution Control Revenue Bonds, Series 2024. The bonds were issued to provide funds for the Division of Water Pollution Control to 1) pay capital costs related to the acquisition, construction and improvement of the system, 2) fund the debt service reserve requirement, and 3) pay the costs of issuing the Series 2024 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 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 loans are direct borrowings.

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

Defeasance of Debt

The City had no defeased debt outstanding at December 31, 2024.

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 \$425,810,000 in various Airport System Revenue Bonds issued in various years since 2007. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport net revenues and are payable through 2048. Annual principal and interest payments on the bonds are expected to require less than 62.8% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is \$503,968,000. Principal and interest funded in the current year and total net revenues (including other available funds) were \$62,480,000 and \$98,188,000 respectively.

The City has pledged future power system revenues, net of specified operating expenses, to repay \$141,153,000 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 58.1% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is \$249,284,000. Principal and interest paid for the current year and total net revenues were \$15,879,000 and \$30,658,000 respectively.

The City has pledged future water system revenues, net of specified operating expenses, to repay \$354,550,000 in various Senior Lien Water Revenue Bonds and Subordinate Lien Bonds issued in various years since 2015. Proceeds from the bonds provided financing for Water System improvements. The bonds are payable from Water System net revenues and are payable through 2054. Annual principal and interest payments on the bonds are expected to require less than 33.4% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is \$468,584,000. Amounts deposited for principal and interest in the current year on the Senior Lien Bonds and total net revenues were \$41,524,000 and \$156,730,000 respectively.

The City has pledged future water pollution control revenues to repay \$57,025,000 in Water Pollution Control Revenue Bonds issued in 2016 and 2024. 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 2054. Annual principal and interest payments on the bonds are expected to require less than 20.0% of net revenues. The total principal and interest remaining to be paid on the Water Pollution Control Revenue Bonds is \$103,395,000. Principal and interest funded in the current year and total net revenues (including other available funds) were \$2,134,000 and \$20,484,000 respectively.

Derivative Instruments

The City's last remaining derivative instrument, a swaption associated with the Subordinated Income Tax Variable Rate Refunding Bonds, expired in May 2024.

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, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
	(Amounts in Thousands)	
Estimated claims payable, January 1	\$ 5,404	\$ 6,416
Current year claims (including IBNRs) and changes in estimates	10,547	9,265
Claim payments	<u>(7,180)</u>	<u>(10,277)</u>
Estimated claims payable, December 31	<u>\$ 8,771</u>	<u>\$ 5,404</u>

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

Insurance: Certain proprietary funds carry insurance to cover particular liability risks and property protection. Otherwise, the City is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2024. There was no significant decrease in any insurance coverage in 2024. In addition, there were no insurance settlements in excess of insurance coverage during the past five years.

The City provides the choice of two separate health insurance plans to its employees. The operating funds are charged a monthly rate per employee by type of coverage.

Expenses for claims are recorded on a current basis. Claims are accrued based upon an actuarially estimated claims liability IBNR. These estimates are based on past experience and current claims outstanding. Actual claims may differ from the estimates. This claims liability is recorded in the Internal Service Fund and the government-wide statements as claims payable.

Changes in the estimated claims payable for the Health and Prescription Self Insurance Funds during the year ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
	(Amounts in Thousands)	
Estimated claims payable, January 1	\$ 14,348	\$ 11,820
Current year claims (including IBNRs) and changes in estimates	113,324	112,113
Claim payments	<u>(116,880)</u>	<u>(109,585)</u>
Estimated claims payable, December 31	<u>\$ 10,792</u>	<u>\$ 14,348</u>

In January of 2003, the City exercised the option of retrospective rating as the premium rating mechanism for its workers' compensation program. The total estimated claims liability outstanding at December 31, 2024 was \$11,334,000. Of this amount, \$4,975,000 was recorded as a fund liability within each respective fund. The remaining \$6,359,000 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, 2024, the City had \$50,000,000 in claims for which an unfavorable outcome is deemed to be reasonably possible.

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

Contingent Liabilities: The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's project share was 80,000 kilowatts (kW) of a total 771,281 kW, giving the City a 10.37% project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed impaired and participants were obligated to pay those incurred costs. Prior to 2014, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel Corporation (Bechtel). As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs was \$13,813,694. The City received a credit of \$6,447,719 related to its participation in the AMP Fremont Energy Center (AFEC) Project and another credit of \$3,617,994 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired costs balance of \$3,747,981. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in the Cleveland Public Power fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's net impaired cost balance either positively or negatively. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a settlement in the Bechtel litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share. Since March 31, 2014, the City has made payments of \$3,517,924 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 \$179,546 and interest expense incurred on AMP's line-of-credit of \$416,023. 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, 2024, of \$431,477.

The City does have a potential PHFU liability of \$4,716,121 resulting in a net total potential liability of \$5,147,598, 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 5 years through a power cost adjustment, thus this incurred cost has been capitalized and reported as a regulated asset, as allowed by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The City intends to recover 50% of these costs from the customers through the Energy Adjustment Charge passed along to customer's monthly bills.

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

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, 2024, transfers consisted of the following:

Transfers Out	Transfers In						
	General	Public	General	Other	Total	Non-	Internal
	Fund	Health	Government	Governmental	Governmental	Major	Service
	Total	Fund	Fund	Funds	Funds	Enterprise	Funds
(Amounts in Thousands)							
Governmental Funds:							
General	\$ 58,909	\$	\$ 8,381	\$ 514	\$ 45,430	\$ 54,325	\$ 3,817
Capital/Urban Renewal Bond Construction	7,366				7,366	7,366	
General Government	340				340	340	
Other Governmental	57,738	490			57,248	57,738	
Total Governmental Funds	124,353	490	8,381	514	110,384	119,769	3,817
Total	\$ 124,353	\$ 490	\$ 8,381	\$ 514	\$ 110,384	\$ 119,769	\$ 3,817

Interfund Balances: Interfund balances at December 31, 2024 represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records and (3) payments between funds are made. All are expected to be paid within one year.

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

The most significant amounts for Due To Due From are \$8.6 million from Restricted Income Tax to Community Development Block Grant (CDBG) for the 2024 reclass of cash for reimbursement grants, \$4.2 million from Empowerment Zone to Urban Development Action Funds (UDAG) for loan repayments, \$2.4 million for CPP billings and \$1.7 million for Gateway shared taxes.

Interfund receivable and payable balances as of December 31, 2024 are as follows:

		Due From											
Due To	Total	General Fund	Public Health Fund	General Government Fund	Other Governmental Funds	Total Governmental Funds	Division of Water Fund	Division of Water Pollution Control Fund	Cleveland Public Power Fund	Department of Port Control Fund	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
(Amounts in Thousands)													
Governmental Funds:													
General	\$ 2,605	\$	\$	\$ 111	\$ 161	\$ 272	\$	\$	\$ 1,161	\$ 5	\$ 23	\$ 1,189	\$ 1,144
Public Health	98	13	66			79			6			6	13
General Government	401	54			347	401							
Other Governmental	19,580	2,797	390	272	15,249	18,708		1	8		3	12	860
Total Governmental	\$ 22,684												
Enterprise Funds:													
Division of Water	\$ 1,942	6				6		29	1,201			1,230	706
Division of Water Pollution Control	1,217						1,178		8			1,186	31
Cleveland Public Power	133	1				1	68					68	64
Department of Port Control	1,170	1,121				1,121		7	20			27	22
Nonmajor Enterprise	87	26				26		1	58			59	2
Total Enterprise	\$ 4,549												
Internal Service Funds	66	5				5	1	1	6		5	13	48
Total Due To/Due From	\$ 27,299	\$ 4,023	\$ 456	\$ 383	\$ 15,757	\$ 20,619	\$ 1,247	\$ 39	\$ 2,468	\$ 5	\$ 31	\$ 3,790	\$ 2,890

NOTE 9 – INCOME TAXES

During 2024, 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 2023 levy for collection in 2024 was based upon an assessed valuation of approximately \$6.0 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 2024. Assessed values are established by the Cuyahoga County (County) Fiscal Officer. The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City.

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

- Collection Dates Feb 20 and July 17 of the current year
- Lien Date January 1 of the year preceding the collection year
- Levy Date October 1 of the year preceding the collection year

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

- Collection Dates Feb 20 and July 17 of the current year
- Lien Date January 1 of the year preceding the collection year
- Levy Date October 1 of the year preceding the collection year

NOTE 11 – DEFERRED INFLOWS / DEFERRED OUTFLOWS OF RESOURCES

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

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

On the modified accrual basis of accounting, the City has recorded certain receivables relating to property taxes and unavailable revenue. Unavailable revenues and property taxes levied to finance 2025 operations have been reported as deferred inflows of resources in the governmental fund balance sheet for the following:

	<u>Governmental Type Funds</u>			
	<u>General</u>		<u>Other</u>	
	<u>General</u>	<u>Government</u>	<u>Governmental</u>	<u>Totals</u>
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	
	<u>(Amounts in Thousands)</u>			
Income taxes receivable	\$ 28,453	\$	\$ 3,561	\$ 32,014
Property taxes receivable	67,422		35,124	102,546
Special assessments receivable	23,609	55	35,649	59,313
Local government receivable	10,872			10,872
Homestead rollback	4,633		2,414	7,047
Emergency medical service receivable	15,606			15,606
Motor vehicle taxes receivable			1,391	1,391
Municipal gas tax receivable			895	895
State gasoline tax receivable			3,766	3,766
Leases receivable		294	904	1,198
Due from other governments	3,255	487		3,742
Accounts receivable	<u>1,176</u>			<u>1,176</u>
Total deferred inflows of resources	<u>\$ 155,026</u>	<u>\$ 836</u>	<u>\$ 83,704</u>	<u>\$ 239,566</u>

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State Statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees).

State Statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability/(asset). Resulting adjustments to the net pension liability/(asset) would be effective when the changes are legally enforceable.

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

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

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual 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 2024, 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 \$45,761,000 for 2024. 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
2024 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25	12.25
2024 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 \$41,043,000 for 2024. All required payments have been made.

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability/(asset) for OPERS was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023 and was determined by rolling forward the total pension liability/(asset) as of January 1, 2023 to December 31, 2023. The City's proportion of the

net pension liability/(asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>Traditional</u>	<u>Combined</u>	<u>OP&F</u>	<u>Total</u>
	(Amounts in Thousands)			
Proportionate Share of the Net Pension Liability/(Asset)	\$ 465,973	\$ (4,976)	\$ 641,485	\$ 1,102,482
Proportion of the Net Pension Liability/(Asset)	1.779854%	1.618968%	6.639687%	
Change in Proportion	(0.024326)%	(0.029707)%	(0.003514)%	
Pension Expense	\$ 37,593	\$ 836	\$ 56,868	\$ 95,297

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional</u>	<u>Combined</u>	<u>OP&F</u>	<u>Total</u>
	(Amounts in Thousands)			
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 7,616	\$ 202	\$ 20,593	\$ 28,411
Net difference between projected and actual earnings on pension plan investments	94,053	809	72,694	167,556
Change in assumptions		185	40,541	40,726
Change in City's proportionate share and difference in employer contributions	2,532	695	454	3,681
Contributions subsequent to the measurement date	44,373	1,388	41,043	86,804
Total Deferred Outflows of Resources	<u>\$ 148,574</u>	<u>\$ 3,279</u>	<u>\$ 175,325</u>	<u>\$ 327,178</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$	\$ 492	\$ 7,174	\$ 7,666
Changes of assumptions			9,742	9,742
Change in City's proportionate share and difference in employer contributions	10,748	170	31,721	42,639
Total Deferred Inflows of Resources	<u>\$ 10,748</u>	<u>\$ 662</u>	<u>\$ 48,637</u>	<u>\$ 60,047</u>

The \$86,804,000 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Traditional</u>	<u>Combined</u>	<u>OP&F</u>	<u>Total</u>
	(Amounts in Thousands)			
Year Ending December 31:				
2025	\$ 16,149	\$ 193	\$ 20,749	\$ 37,091
2026	30,678	294	24,554	55,526
2027	60,019	548	44,013	104,580
2028	(13,393)	(40)	(6,598)	(20,031)
2029		107	2,843	2,950
Thereafter		127	84	211
Total	<u>\$ 93,453</u>	<u>\$ 1,229</u>	<u>\$ 85,645</u>	<u>\$ 180,327</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2023
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional	2.75 to 10.75%
Combined	2.75 to 8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3.00%, simple
	Post 1/7/2013 retirees: 2.30%, simple
	through 2024, then 2.05%, simple
Investment Rate of Return	6.9%
Actuarial Cost Method	Individual Entry Age

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

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

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

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the City's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9%) or one-percentage-point higher (7.9%) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
	(Amounts in Thousands)		
City's proportionate share of the net pension liability/(asset)			
Traditional Plan	\$ 733,567	\$ 465,973	\$ 243,413
Combined Plan	(3,011)	(4,976)	(6,524)

Actuarial Assumptions – OP&F: OP&F's total pension liability as of December 31, 2023 is based on the results of an actuarial valuation date of January 1, 2023 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, 2023, are presented below:

Valuation Date	January 1, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50%
Projected Salary Increases	3.75%-10.50%
Payroll Increases	3.25%
Inflation Assumptions	2.75%
Cost of Living Adjustments	2.20% per year simple

The most recent experience study was completed December 31, 2021.

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

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

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds *	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

* 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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate: The total pension liability was calculated using the discount rate of 7.5%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State Statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return 7.5%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
	(Amounts in Thousands)		
City's proportionate share of the net pension liability	\$ 849,695	\$ 641,485	\$ 468,339

NOTE 13 – DEFINED BENEFIT OPEB PLANS

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

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

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

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

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

Plan Description – OPERS: OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Effective January 1, 2022 the Combined Plan is no longer available for member selection.

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, 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.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0% and Combined Plan was 2.0%. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0%.

The City's contractually required contribution to the OPEB plan was \$28,000 for 2024.

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 2023, 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 \$1,008,000 for 2024. All required payments have been made.

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date as of December 31, 2023, 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, 2023 and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability/(asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
	(Amounts in Thousands)		
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (15,889)	\$ 48,478	\$ 32,589
Proportion of the Net OPEB Liability/(Asset)	1.760478%	6.639687%	
Change in Proportionate Share	(0.019957)%	(0.003514)%	
OPEB Expense	\$ (2,510)	\$ 1,431	\$ (1,079)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
	(Amounts in Thousands)		
Deferred Outflows of Resources			
Differences between expected and actual economic experience	\$	\$ 2,331	\$ 2,331
Changes in assumptions	4,091	16,682	20,773
Net difference between projected and actual earnings on OPEB plan investments	9,542	3,580	13,122
Changes in proportion and differences between City contributions and proportionate share of contributions	273	948	1,221
Contributions subsequent to the measurement date	28	1,008	1,036
Total Deferred Outflows of Resources	<u>\$ 13,934</u>	<u>\$ 24,549</u>	<u>\$ 38,483</u>
Deferred Inflows of Resources			
Differences between expected and actual economic experience	\$ 2,262	\$ 8,909	\$ 11,171
Changes of assumptions	6,830	31,219	38,049
Changes in proportion and differences between City contributions and proportionate share of contributions	184	5,340	5,524
Total Deferred Inflows of Resources	<u>\$ 9,276</u>	<u>\$ 45,468</u>	<u>\$ 54,744</u>

The \$1,036,000 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/(increase) of the net OPEB liability/(asset) in 2025. Other 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	OP&F	Total
	(Amounts in Thousands)		
2025	\$ (359)	\$ (1,184)	\$ (1,543)
2026	783	(2,951)	(2,168)
2027	7,428	(2,110)	5,318
2028	(3,222)	(4,993)	(8,215)
2029		(5,031)	(5,031)
Thereafter		(5,658)	(5,658)
Total	\$ 4,630	\$ (21,927)	\$ (17,297)

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date as of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	2.75%
Projected Salary Increases, including wage inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.70%
Prior Measurement Date	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	3.77%
Prior Measurement Date	4.05%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial
	3.50%, ultimate in 2038
Prior Measurement Date	5.50%, initial
	3.50%, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

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

The allocation of investment assets with the Health Care Portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	100.00 %	

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023.

Discount Rate: A single discount rate of 5.70% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2023. 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 3.77%. 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 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the City's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 5.70%, as well as what the City's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
City's proportionate share of the net OPEB liability/(asset)	\$ 8,732	\$ (15,889)	\$ (36,283)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be

for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
	(2.50%)	(3.50%)	(4.50%)
City's proportionate share of the net OPEB liability/(asset)	(Amounts in Thousands)		
	\$ (16,548)	\$ (15,889)	\$ (15,140)

Actuarial Assumptions – OP&F: OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023 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, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50%
Projected Salary Increases	3.50% to 10.50%
Payroll Growth	Inflation rate of 3.25%
Single Discount Rate:	
Current Measurement Date	4.07%
Prior Measurement Date	4.27%
Cost of Living Adjustments	2.20% Simple per year
Projected Depletion Year	2038

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Lined Bonds *	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Gold	5.00	3.50
Real Assets	8.00	6.00
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

* 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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate: The total OPEB liability was calculated using the discount rate of 4.07%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State Statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.5%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.38% at December 31, 2023 and 3.65% at December 31, 2022, was blended with the long-term rate of 7.5%, which resulted in a blended discount rate of 4.07%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: Net OPEB liability is sensitive to changes in the discount rate and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of (4.07)%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.07%), or one-percentage-point higher (5.07%) than the current rate.

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
	(Amounts in Thousands)		
City's proportionate share of the net OPEB liability	\$ 59,712	\$ 48,478	\$ 39,018

NOTE 14 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
		(Amounts in Thousands)		
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 73,137	\$ 698	\$	\$ 73,835
Construction in progress	427,117	74,360	(98,582)	402,895
Total capital assets, not being depreciated	<u>500,254</u>	<u>75,058</u>	<u>(98,582)</u>	<u>476,730</u>
Capital assets, being depreciated:				
Land improvements	246,317	21,470		267,787
Buildings, structures and improvements	723,920	11,838		735,758
Furniture, fixtures, equipment and vehicles	321,536	29,759	(8,580)	342,715
Infrastructure	915,343	74,121	(1,811)	987,653
Right to use assets	22,906	2,869	(1,782)	23,993
Total capital assets, being depreciated	<u>2,230,022</u>	<u>140,057</u>	<u>(12,173)</u>	<u>2,357,906</u>
Less accumulated depreciation and amortization:				
Land improvements	(186,124)	(13,458)		(199,582)
Buildings, structures and improvements	(429,048)	(16,398)		(445,446)
Furniture, fixtures, equipment and vehicles	(229,096)	(11,872)	9,466	(231,502)
Infrastructure	(536,322)	(33,794)	1,760	(568,356)
Right to use assets	(7,916)	(4,171)	367	(11,720)
Total accumulated depreciation and amortization	<u>(1,388,506)</u>	<u>(79,693)</u>	<u>11,593</u>	<u>(1,456,606)</u>
Total capital assets being depreciated, net	<u>841,516</u>	<u>60,364</u>	<u>(580)</u>	<u>901,300</u>
Governmental activities capital assets, net	<u>\$ 1,341,770</u>	<u>\$ 135,422</u>	<u>\$ (99,162)</u>	<u>\$ 1,378,030</u>
	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
		(Amounts in Thousands)		
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 191,374	\$	\$	\$ 191,374
Construction in progress	362,554	164,027	(100,355)	426,226
Total capital assets, not being depreciated	<u>553,928</u>	<u>164,027</u>	<u>(100,355)</u>	<u>617,600</u>
Capital assets, being depreciated:				
Land improvements	143,528	2,466	(191)	145,803
Utility plant	2,954,110	61,784	(4,626)	3,011,268
Buildings, structures and improvements	853,839	34,442	(25,050)	863,231
Furniture, fixtures, equipment and vehicles	864,924	19,325	(5,242)	879,007
Infrastructure	1,080,732	4,542		1,085,274
Right to use asset	5,259	4,359	(700)	8,918
Total capital assets, being depreciated	<u>5,902,392</u>	<u>126,918</u>	<u>(35,809)</u>	<u>5,993,501</u>
Less accumulated depreciation and amortization for:				
Land improvements	(77,405)	(4,072)	72	(81,405)
Utility plant	(1,338,619)	(62,111)	1,811	(1,398,919)
Buildings, structures and improvements	(549,135)	(18,001)	18,053	(549,083)
Furniture, fixtures, equipment and vehicles	(716,973)	(30,495)	5,205	(742,263)
Infrastructure	(898,661)	(26,580)		(925,241)
Right to use assets	(2,387)	(1,797)	2,387	(1,797)
Total accumulated depreciation and amortization	<u>(3,583,180)</u>	<u>(143,056)</u>	<u>27,528</u>	<u>(3,698,708)</u>
Total capital assets being depreciated, net	<u>2,319,212</u>	<u>(16,138)</u>	<u>(8,281)</u>	<u>2,294,793</u>
Business-Type activities capital assets, net	<u>\$ 2,873,140</u>	<u>\$ 147,889</u>	<u>\$ (108,636)</u>	<u>\$ 2,912,393</u>

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

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

	<u>(Amounts in Thousands)</u>
Governmental Activities:	
General Government	\$ 25,752
Public Works	38,689
Public Safety	7,774
Building and Housing	110
Community Development	1,306
Public Health	405
Economic Development	220
Depreciation and amortization expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets	<u>534</u>
Total depreciation and amortization expense charged to governmental activities	<u><u>\$ 74,790</u></u>
Business-Type Activities:	
Water	\$ 69,767
Sewer	5,725
Electricity	18,942
Airport Facilities	45,021
Nonmajor activities	3,810
Depreciation and amortization expense on capital assets held by the City's internal service funds that is charged to the various functions based on their usage of the assets	<u>104</u>
Total depreciation and amortization expense charged to business-type activities	<u><u>\$ 143,369</u></u>

Capital Commitments: Significant commitments of the City as of December 31, 2024 are composed of the following:

<u>Project Description</u>	<u>Spent-to-Date</u> (Amounts in Thousands)	<u>Remaining Commitment</u>
Governmental Activities:		
Police Headquarters Building	\$ 41,909	\$ 65,092
Broadband Network		20,000
Strategic Community Investment Grant		20,000
East 105 SR 10 Quebec to Chester	8,286	17,566
HR System	1,887	11,171
City Hall Improvements	5,369	11,031
Woodhill Choice		10,806
Safety Radios	2,419	10,581
Westside Market		10,000
Down Payment Assistance		10,000
Back to Basics-Roads	8,318	8,432
West Side Market Improvements	1,714	8,286
9410 Hough		8,000
Fire Station #26 Design	9,584	7,640
Council NEF		7,104
Lead Safe Mount Sinai	6,415	6,585

<u>Project Description</u>	<u>Spent-to-Date</u> (Amounts in Thousands)	<u>Remaining Commitment</u>
Business-Type Activities:		
Design-build or engineer-construct structures	\$	\$ 45,000
Suburban Water Main	18,627	26,142
Water Main Renewal	692	20,862
PFC Jet Bridges		17,000
Water Main Renewal 2023	9,857	13,809
Baldwin Filter Underdrains II		13,200
Green Road Pump Station		12,784
Large Valve Renewal	653	10,122
Pearl Road Pump Station	936	9,338
Kirtland Crib	1,318	8,866
Payne Avenue Phase I	1,275	7,628
Independence Pump Station		7,000
10678 -LSLR 2023-2	55	6,647
Master Plan Consultant	4,018	5,982
RTA Tunnel Membrane		5,724

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 2024, the State funded \$1,063,770 of road and bridge improvement projects.

NOTE 15 – SERVICE CONCESSION ARRANGEMENTS

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

The City reports the golf courses and related equipment as a capital asset with a carrying amount of \$3,179,000 at year end.

NOTE 16 – SEGMENT INFORMATION

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

- Division of Water
- Cleveland Public Power
- Department of Port Control
- Water Pollution Control

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

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

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

<u>Purpose</u>	<u>Division of Water</u>	<u>Cleveland Public Power</u>	<u>Department of Port Control</u>	<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Water Pollution Control</u>
(Amounts in Thousands)						
Construction activities	\$ 64,119	\$ 1,965	\$ 14,084	\$ 4,807	\$	\$ 28,644
Debt retirement	45,942	3,250	126,284			5,351
Accrued passenger facility charges			42,307			
Accrued passenger facility charges			13,149			
Other	<u>165</u>	<u>14</u>	<u>99,599</u>	<u></u>	<u>5,226</u>	<u>19</u>
Total	<u>\$ 110,226</u>	<u>\$ 5,229</u>	<u>\$ 295,423</u>	<u>\$ 4,807</u>	<u>\$ 5,226</u>	<u>\$ 34,014</u>

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, 2024:

	General Fund	Capital/ Urban Renewal Bond Construction	General Government	Public Health	Other Governmental	Total Governmental
	(Amounts in Thousands)					
Fund Balances						
Nonspendable						
Prepaid expenditures and other assets	\$ 13,974	\$ -	\$ 7	\$ 63	\$ 156	\$ 14,200
Nonspendable Total	13,974	-	7	63	156	14,200
Restricted						
Debt Service					110,716	110,716
Recreation capital expenditures		47,190				47,190
Public Facilities capital expenditures		150,463				150,463
Road & Bridges capital expenditures		82,187				82,187
Stadium capital expenditures					11,463	11,463
Other capital expenditures		10,215			9,163	19,378
Repair & building of streets					12,246	12,246
Health & wellness				3,063		3,063
Protection & enforcement					10,951	10,951
Housing, community & economic development					56,453	56,453
Parks, properties & recreational services					601	601
Municipal Court			8,433			8,433
Casino			8,012			8,012
Neighborhood & sidewalk maintenance			2,348			2,348
Utilities programs			66			66
General governance			476			476
Restricted Total	-	290,055	19,335	3,063	211,593	524,046
Committed						
Health & wellness				3,736		3,736
Protection & enforcement					2,963	2,963
Parks, properties & recreational services					1,321	1,321
Housing, community & economic development					63,339	63,339
Municipal Court			1,205			1,205
Neighborhood & sidewalk maintenance			14,636			14,636
Lakefront management			3,992			3,992
Utilities programs			111			111
General governance			181,787			181,787
Committed Total	-	-	201,731	3,736	67,623	273,090
Assigned						
General governance	20,812					20,812
Protection & enforcement	14,126					14,126
Parks, properties & recreational services	10,248					10,248
Housing, community & economic development	3,349					3,349
Other purpose	153,282					153,282
Assigned Total	201,817	-	-	-	-	201,817
Unassigned	225,412					225,412
Total Fund Balances	\$ 441,203	\$ 290,055	\$ 221,073	\$ 6,862	\$ 279,372	\$ 1,238,565

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

Rainy Day Reserve Fund: The City, in accordance with Section 5705.13(A), of the Ohio Revised Code, has established by ordinance the Rainy Day Reserve Fund (Rainy Day). The Rainy Day's goal is to accumulate at least 5% for budget stabilization and up to 5% for self-insurance claims liabilities. The City funds the Rainy Day through transfers from the General Fund, when funds become available. In order to use the Rainy Day, the City must pass an ordinance. The amount of the Rainy Day is reported within the unassigned fund balance classification in the City's General Fund.

NOTE 18 – GATEWAY ECONOMIC DEVELOPMENT CORPORATION

In November 2024, the City agreed to convey the Gateway-East garage to the Cleveland-Cuyahoga Port Authority (Port Authority) in connection with the conveyance, the City, the Port Authority and the Cleveland Guardians Baseball Company, LLC entered into a cooperative agreement to enable the lease and operation of the Gateway East garage with payment to the City of \$2,000,000 for the remaining 12 years from 2025 to 2036. The first payment of \$95,891, representing the prorated portion for 2024 was received by the City on November 22, 2024.

NOTE 19 – COMPLIANCE AND ACCOUNTABILITY

At December 31, 2024, the following funds had a net position deficiency. These deficiencies are the result of changes in accounting principles for net pension and net OPEB liabilities for which there are no repayment schedules.

	<u>Amount</u>
	<u>(Amounts in Thousands)</u>
Utilities Administration	\$ 6,262
Sinking Fund Administration	143
Municipal Income Tax Administration	4,689

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, 2024.

<u>Tax Abatement Program</u>	Total Amount of Taxes Abated For the year 2024 (Amounts in Thousands)
Community Reinvestment Area (CRA)	\$ 8,595
Enterprise Zone Program	118
Tax Increment Financing (TIF)	4,066

NOTE 21 – ASSET RETIREMENT OBLIGATION

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

NOTE 22 – LEASES

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

Leases Scope:

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

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

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

Measurement of Lease Amounts as a Lessor: As a lessor for in-scope leasing arrangements, at the beginning of the lease term, the City recognizes a lease receivable for leases based on the net present value of future, fixed lease payments to be received for the lease term and a deferred inflow of resources based on net present value calculated using the rate explicit in the contract, the rate implicit in the contract, or the City's incremental borrowing rate which

is estimated using the FHLB CDA rate + 2.00% plus the net impact of any payments to be received at or before the commencement of the lease term that relate to future periods as well as lease incentives payable to the lessee. Leases that meet the GASB's definition of 'Certain Regulated Leases' are the exception to this measurement treatment. Amortization of the receivable is reported as lease and interest revenues. Deferred inflows of resources are amortized on a straight-line basis over the term of the lease.

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

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

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

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

City as a Lessor:

General Description of Lessor Leasing Arrangements: The City leases space to various non-governmental and governmental lessees for various uses. The City leases space for use as: office space, combined-use space, communications sites, sporting facilities, harbors, parking operations hub, and restaurants. These leases have term end dates ranging from December 31, 2024 to May 30, 2053. Most leases require fixed rent payments that escalate on the basis of CPI or a fixed percentage year-over-year.

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

Inflows Recognized in FY24 from Leases: The table below represents the total amount of inflows for business-type and governmental activities for existing, in-scope GASB Statement No. 87 leases. These amounts exclude inflows for certain regulated leases and variable payments not fixed in substance.

Lease Category	City-Wide Inflows			
	Governmental Activities		Business-Type Activities	
	Lease Revenue	Interest Revenue	Lease Revenue	Interest Revenue
	(Amounts in Thousands)			
Combined Use Space	\$	\$	\$ 389	\$ 130
Office Space			166	25
Harbors	62	13		
Communication Sites	90	71		
Special Purpose Property				
Parking Operations Space			2,335	88
Sporting Facilities	222	36		
Other			67	42
Total	\$ 374	\$ 120	\$ 2,957	\$ 285

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

City-Wide Maturity						
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
(Amounts in Thousands)						
2025	\$ 326	\$ 108	\$ 434	\$ 985	\$ 240	\$ 1,225
2026	342	95	437	622	235	857
2027	356	81	437	650	220	870
2028	372	67	439	543	189	732
2029	98	61	159	279	167	446
2030-2034	496	239	735	970	673	1,643
2035-2039	391	144	535	743	477	1,220
2040-2044	232	71	303	680	307	987
2045-2049	204	18	222	618	176	794
2050-2054				392	34	426
Total	\$ 2,817	\$ 884	\$ 3,701	\$ 6,482	\$ 2,718	\$ 9,200

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

City-Wide Variable Inflows		
Lease Category	Governmental Activities	Business-Type Activities
	Amount	Amount
(Amounts in Thousands)		
Combined Use Space	\$	\$ 51
Office Space		882
Harbors	11	
Communication Sites		25
Other		235
Parking Operations Space		770
Total	\$ 11	\$ 1,963

Certain Regulated Leases:

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

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

General Description of Certain Regulated Leasing Arrangements: The City maintains certain regulated leasing arrangements for air cargo facilities, airlines, aircraft maintenance operations, Fixed-Base Operators (FBOs), flight schools, fuel farms, ground handling operations, hangars, and passenger services. The leases have term end dates ranging from January 31, 2024 to August 31, 2051 and have escalating rent payment terms. There are 9 agreements – 7 Airlines and 2 Air Cargo Facility – of the 41 CRL agreements whose lessees have been granted preferential or exclusive use of Airport space (e.g., terminal and/or concourse space). All other agreements only grant lessees non-exclusive use of common Airport space.

CRL Quantitative Disclosures: The following table represents the inflows recognized for fiscal year 2024 for certain regulated leasing arrangements:

Airports - Inflows Recognized in FY24 from CRLs		
CRL Category	Total Inflows	
	(Amounts in Thousands)	
Air Cargo Facilities	\$	1,206
Airlines		92,088
FBOs		2,382
Flight School		76
Fuel Farm		100
Ground Handling Operation		243
Hangars & Aircraft Maintenance		1,348
Passenger Services		1,492
Total	\$	98,935

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

Schedule of Future Payments for CRLs		
	(Amounts in Thousands)	
2025	\$	99,328
2026		7,155
2027		7,143
2028		6,366
2029		3,285
2030 - 2034		6,709
2035 - 2039		4,217
2040 - 2044		1,373
2045 - 2049		498
2050 - 2054		166
Total	\$	136,240

CRL Variable Inflows: Variable inflows not fixed in substance are based on various lessee performance indicators such as: number of planes landed, aircraft parking, and percentage of lessee gross revenues. The variable inflows amounted to \$17,164,000 for fiscal year 2024.

City as Lessee:

General Description of Lessee Leasing Arrangements: The City leases space from various nongovernmental and governmental lessors for various uses. The City leases space for use as: office space, combined use space, warehouse space and communications sites. These leases have terms ranging from August 31, 2024 to November 30, 2045. The leases require fixed rent payments – most of which escalating on the basis of CPI or a fixed percentage year-over-year.

Outflows Recognized in FY24 from Leases: The table below represents the total amount of outflows for business-type and governmental activities for existing, in-scope GASB Statement No. 87 leases. These amounts exclude outflows for variable payments not fixed in substance.

City-Wide Outflows				
Lease Category	Governmental Activities		Business-Type Activities	
	Lease Expense	Interest Expense	Lease Expense	Interest Expense
(Amounts in Thousands)				
Combined Use Space	\$ 100	\$ 11	\$	\$
Communication Sites	47	35	72	59
Warehouse			193	36
Office Space	2,413	236		
Total	\$ 2,560	\$ 282	\$ 265	\$ 95

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

City-Wide Lease Assets and Accumulated Amortization				
Lease Category	Governmental Activities		Business-Type Activities	
	RTU Asset	Acc. Amortization	RTU Asset	Acc. Amortization
(Amounts in Thousands)				
Combined Use Space	\$ 550	\$ (300)	\$	\$
Communication Sites	827	(142)	1,395	(226)
Warehouse			1,915	(64)
Office Space	13,276	(7,008)		
Total	\$ 14,653	\$ (7,450)	\$ 3,310	\$ (290)

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

City-Wide Future Maturity				
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
(Amounts in Thousands)				
2025	\$ 2,719	\$ 347	\$ 189	\$ 163
2026	2,192	177	201	151
2027	191	114	214	139
2028	148	107	228	126
2029	160	100	244	112
2030 - 2034	1,009	378	1,192	322
2035 - 2039	1,030	123	409	108
2040 - 2044	118	12	232	22
2045 - 2049			14	
Total	\$ 7,567	\$ 1,358	\$ 2,923	\$ 1,143

Variable Outflows: Variable outflows not fixed in substance are excluded from the measurement of the lease liability and are recognized as lease expenses in the period in which the obligation for those payments is incurred. For fiscal year 2024, the City recognized \$25,000 in variable outflows related to CPI adjustments.

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

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

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

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

Furthermore, the City does not have commitments under SBITA that have not commenced as of December 31, 2024.

As of December 31, 2024, the City had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
Governmental Activities	(Amounts in thousands)		
2025	\$ 2,039	\$ 78	\$ 2,117
2026	1,045	31	1,076
2027	984		984
SBITA Liability:	<u>\$ 4,068</u>	<u>\$ 109</u>	<u>\$ 4,177</u>

	Total Principal	Total Interest	Total
Business-Type Activities	(Amounts in thousands)		
2025	\$ 1,892	\$ 84	\$ 1,976
2026	1,390	25	1,415
2027	132	7	139
2028	73	4	77
2029	79	1	80
SBITA Liability:	<u>\$ 3,566</u>	<u>\$ 121</u>	<u>\$ 3,687</u>

The governmental activities funds had SBITA assets in the amount of \$9,340,000 net of accumulated amortization of \$4,270,000, for a net SBITA asset of \$5,070,000. The business-type activities funds had SBITA assets in the amount of \$5,608,000 net of \$1,507,000 of accumulated amortization, for a net SBITA asset of \$4,101,000.

NOTE 24 – RESTATEMENT OF ACCOUNTING PRINCIPLE

For 2024, the City implemented GASB Statement No. 101, *Compensated Absences*. It established standards to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of GASB Statement No. 101 increased the compensated absences liability and the cumulative effects of compensated absences related expense on beginning net position as shown below:

	12/31/2023 As Previously Reported	Accounting Principles GASB 101	12/31/2023 As Restated/Adjusted
(Amounts in Thousands)			
Government-Wide			
Governmental Activities	\$ 1,064,929	\$ (15,728)	\$ 1,049,201
Business Activities	2,728,499	(5,660)	2,722,839
Total Primary Government	\$ 3,793,428	\$ (21,388)	\$ 3,772,040
Governmental Funds			
Major Fund			
General Fund	\$ 410,913	\$	\$ 410,913
Capital/Urban Renewal Bond Construction	296,706		296,706
General Government	291,863		291,863
Public Health	5,049		5,049
Other Governmental Funds	329,660		329,660
Total Governmental Funds	\$ 1,334,191	\$ -	\$ 1,334,191
Proprietary Funds			
Enterprise Funds:			
Water Enterprise Fund	\$ 1,830,712	\$ (2,789)	\$ 1,827,923
Cleveland Public Power Enterprise Fund	209,485	(618)	208,867
Port Control Enterprise Fund	457,811	(1,139)	456,672
Water Pollution Control	146,391	(343)	146,048
Nonmajor Enterprise Funds	89,992	(195)	89,797
Total Enterprise Funds	\$ 2,734,391	\$ (5,084)	\$ 2,729,307
Internal Service Funds	\$ 27,467	\$ (1,354)	\$ 26,113

NOTE 25 – SUBSEQUENT EVENTS

On April 16, 2025, the City issued \$159,295,000 of Airport System Revenue Bonds, Series 2025A (Non-AMT) to currently refund some outstanding revenue bonds and to purchase and cancel through a tender offer other outstanding revenue bonds. The City realized \$7.1 million in debt service savings from the transaction.

On May 1, 2025, the Department of Port Control signatory airline partners approved \$301,000,000 of funding to support increased public parking at the airport. Capacity will be increased by constructing a new 6,000 space parking garage on the site of the current Orange lot opening in 2029. This project will also include a new Ground Transportation Center and RTA (Regional Transit Authority) station.

On May 19, 2025, the City introduced legislation authorizing the issuance of not to exceed \$78,550,000 of General Obligation Bonds. These Bonds will be issued to fund park and recreation improvements, cemetery facilities improvements, public facility improvements, road and bridge improvements and the acquisition of heavy duty trucks, vehicles and equipment.

The Division of Water was the recipient of several new loan awards from the Ohio Water Development Authority in 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1), (2)**

	City's Proportion of the Net Pension Liability/(Asset)	City's Proportionate Share of the Net Pension Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)
	(Amounts in Thousands)				
Traditional:					
2015	2.005665 % \$	241,132 \$	250,992	96.07 %	86.45 %
2016	1.991565	343,995	253,925	135.47	81.08
2017	1.918603	434,615	254,500	170.77	77.25
2018	1.988234	309,209	265,054	116.66	84.66
2019	2.008996	547,978	287,186	190.81	74.70
2020	1.985574	388,322	295,329	131.49	82.17
2021	1.999777	290,351	300,679	96.57	86.88
2022	1.961767	170,682	310,979	54.89	92.62
2023	1.804180	532,956	287,443	185.41	75.74
2024	1.779854	465,973	300,157	155.24	79.01
Combined:					
2022	1.840138	(7,250)	310,979	(2.33)	169.88
2023	1.648675	(3,886)	287,443	(1.35)	137.14
2024	1.618968	(4,976)	300,157	(1.66)	144.55

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

(2) Information prior to 2014 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

Notes to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There are no changes for 2020 and 2021. For 2022, 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 7.20% down to 6.90%. (b) for defined benefit investments, decreasing the wage inflation from 3.25% to 2.75%. (c) changing the future salary increases from 3.25%-10.75% to 2.75%-10.75%. There were no changes for 2023 and 2024.

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

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2015	\$ 30,471	\$ (30,471)	\$ -	\$ 253,925	12.00 %
2016	30,540	(30,540)	-	254,500	12.00
2017	34,457	(34,457)	-	265,054	13.00
2018	40,206	(40,206)	-	287,186	14.00
2019	41,346	(41,346)	-	295,329	14.00
2020	42,095	(42,095)	-	300,679	14.00
2021	43,537	(43,537)	-	310,979	14.00
2022	40,242	(40,242)	-	287,443	14.00
2023	42,022	(42,022)	-	300,157	14.00
2024	45,761	(45,761)	-	326,864	14.00

(1) Represents City's calendar year.

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2015	\$ 33,420	\$ (33,420)	\$ -	\$ 160,828	20.78 %
2016	32,808	(32,808)	-	157,731	20.80
2017	32,482	(32,482)	-	156,994	20.69
2018	34,978	(34,978)	-	168,650	20.74
2019	37,704	(37,704)	-	182,586	20.65
2020	38,921	(38,921)	-	192,200	20.25
2021	38,223	(38,223)	-	188,756	20.25
2022	38,227	(38,227)	-	183,872	20.79
2023	40,144	(40,144)	-	189,091	21.23
2024	41,043	(41,043)	-	191,879	21.39

(1) Represents City's calendar year.

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1), (2)**

	City's Proportion of the Net OPEB Liability/(Asset)		City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
	(Amounts in Thousands)					
2017	1.884621 % \$		190,355 \$	254,500	74.80 %	54.04 %
2018	1.955919		212,398	265,054	80.13	54.14
2019	1.985567		258,873	287,186	90.14	46.33
2020	1.958141		270,468	295,329	91.58	47.80
2021	1.971128		(35,117)	300,679	(11.68)	115.57
2022	1.932166		(60,518)	310,979	(19.46)	128.23
2023	1.780435		11,227	287,443	3.91	94.79
2024	1.760478		(15,889)	300,157	(5.29)	107.76

(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 of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.50% initial to 10.00% initial. In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.00% initial, 3.25% ultimate to 10.50% initial, 3.50% ultimate in 2030. In 2021, the single discount rate changed to 6.00% and the health care cost trend rate changed to 8.50% initial, 3.50% ultimate in 2035. In 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034. In 2023 the single discount rate changed from 6.00% to 5.22%. The municipal bond rate changed from 1.84% to 4.05%. In 2024 the single discount rate changed from 5.22% to 5.70%. The municipal bond rate also changed from 4.05% to 3.77%.

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

**SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE YEARS (1), (2), (3), (4)**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
Traditional:					
2016 \$	5,090	\$ (5,090)	\$ -	\$ 254,500	2.00 %
2017	2,651	(2,651)	-	265,054	1.00
2018	-	-	-	287,186	0.00
2019	-	-	-	295,329	0.00
2020	-	-	-	300,679	0.00
2021	-	-	-	310,979	0.00
2022	-	-	-	287,443	0.00
2023	-	-	-	300,157	0.00
2024	-	-	-	326,864	0.00
Combined:					
2024	28	(28)	-	326,864	0.01

(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.

(4) In 2024, the City presented the Combined Plan separately, in prior years it was netted with the Traditional Plan.

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 EIGHT YEARS (1), (2)**

	City's Proportion of the Net OPEB Liability		City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
	(Amounts in Thousands)					
2017	7.413054 %	\$	351,881	\$ 157,731	223.09 %	15.96 %
2018	7.316628		414,550	156,994	264.05	14.13
2019	7.414638		67,521	168,650	40.04	46.57
2020	7.493444		74,018	182,586	40.54	47.08
2021	7.282615		77,160	192,200	40.15	45.40
2022	7.085664		77,665	188,200	41.27	46.90
2023	6.643201		47,298	188,400	25.11	52.60
2024	6.639687		48,478	196,600	24.66	51.90

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

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

Note to Schedule:

For 2020, the single discount rate changed from 4.66% to 3.56%. In 2021, the single discount rate changed from 3.56% to 2.96%. In 2022, the single discount rate changed from 2.96% to 2.84%. In 2023 the single discount rate changed from 2.84% to 4.27%. In 2024 the single discount rate changed from 4.27% to 4.07%.

CITY OF CLEVELAND, OHIO

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2016	\$ 789	\$ (789)	\$ -	\$ 157,731	0.50 %
2017	801	(801)	-	156,994	0.50
2018	866	(866)	-	168,650	0.50
2019	929	(929)	-	182,586	0.50
2020	961	(961)	-	192,200	0.50
2021	941	(941)	-	188,200	0.50
2022	942	(942)	-	188,400	0.50
2023	983	(983)	-	196,600	0.50
2024	1,008	(1,008)	-	201,600	0.50

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

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SUPPLEMENTARY INFORMATION

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands)**

	<u>Original</u>	<u>Final</u>		<u>Variance-</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>Increase</u>
				<u>(Decrease)</u>
REVENUES:				
Income taxes	\$ 492,851	\$ 492,851	\$ 494,429	\$ 1,578
Property taxes	46,103	46,103	45,592	(511)
State local government funds	30,836	30,836	30,733	(103)
Other taxes	48,917	48,917	52,966	4,049
Other shared revenues	16,185	16,185	15,987	(198)
Licenses and permits	25,254	27,254	28,734	1,480
Charges for services	30,841	30,841	23,030	(7,811)
Fines, forfeits and settlements	7,274	7,274	6,452	(822)
Investment earnings	28,959	38,959	40,357	1,398
Grants	1,917	3,917	4,504	587
Miscellaneous	28,669	28,669	23,066	(5,603)
TOTAL REVENUES	<u>757,806</u>	<u>771,806</u>	<u>765,850</u>	<u>(5,956)</u>
EXPENDITURES:				
Current:				
General Government:				
Council and clerk of council:				
Personnel	7,102	7,102	6,899	203
Other	<u>1,965</u>	<u>1,965</u>	<u>1,803</u>	<u>162</u>
Total council and clerk of council	<u>9,067</u>	<u>9,067</u>	<u>8,702</u>	<u>365</u>
Municipal court-judicial division:				
Personnel	20,665	19,765	18,441	1,324
Other	<u>5,537</u>	<u>5,537</u>	<u>5,119</u>	<u>418</u>
Total municipal court-judicial division	<u>26,202</u>	<u>25,302</u>	<u>23,560</u>	<u>1,742</u>
Municipal court-clerks division:				
Personnel	12,386	12,049	11,009	1,040
Other	<u>1,870</u>	<u>2,207</u>	<u>1,970</u>	<u>237</u>
Total municipal court-clerks division	<u>14,256</u>	<u>14,256</u>	<u>12,979</u>	<u>1,277</u>
Municipal court-housing division:				
Personnel	6,328	5,428	4,674	754
Other	<u>488</u>	<u>488</u>	<u>206</u>	<u>282</u>
Total municipal court-housing division	<u>6,816</u>	<u>5,916</u>	<u>4,880</u>	<u>1,036</u>
Office of the mayor:				
Personnel	3,424	3,424	3,039	385
Other	<u>292</u>	<u>292</u>	<u>291</u>	<u>1</u>
Total office of the mayor	<u>3,716</u>	<u>3,716</u>	<u>3,330</u>	<u>386</u>
Office of capital projects:				
Personnel	7,095	7,549	6,841	708
Other	<u>783</u>	<u>783</u>	<u>648</u>	<u>135</u>
Total office of capital projects	<u>7,878</u>	<u>8,332</u>	<u>7,489</u>	<u>843</u>
Office of urban analytics and innovation:				
Personnel	1,565	1,631	1,501	130
Other	<u>168</u>	<u>168</u>	<u>155</u>	<u>13</u>
Total office of urban analytics and innovation	<u>1,733</u>	<u>1,799</u>	<u>1,656</u>	<u>143</u>

(Continued)

CITY OF CLEVELAND, OHIO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Increase (Decrease)</u>
Landmarks commission:				
Personnel	\$ 366	\$ 366	\$ 351	\$ 15
Other	24	24	11	13
Total landmarks commission	<u>390</u>	<u>390</u>	<u>362</u>	<u>28</u>
Board of building standards and appeals:				
Personnel	272	272	214	58
Other	41	41	11	30
Total board of building standards and appeals	<u>313</u>	<u>313</u>	<u>225</u>	<u>88</u>
Board of zoning appeals:				
Personnel	252	272	245	27
Other	29	29	20	9
Total board of zoning appeals	<u>281</u>	<u>301</u>	<u>265</u>	<u>36</u>
Civil service commission:				
Personnel	1,310	1,388	1,282	106
Other	722	722	621	101
Total civil service commission	<u>2,032</u>	<u>2,110</u>	<u>1,903</u>	<u>207</u>
Community relations board:				
Personnel	2,296	2,350	2,011	339
Other	863	863	812	51
Total community relations board	<u>3,159</u>	<u>3,213</u>	<u>2,823</u>	<u>390</u>
City planning commission:				
Personnel	2,578	2,711	2,368	343
Other	1,168	1,308	1,292	16
Total city planning commission	<u>3,746</u>	<u>4,019</u>	<u>3,660</u>	<u>359</u>
Boxing and wrestling commission:				
Personnel	32	32	2	30
Total boxing and wrestling commission	<u>32</u>	<u>32</u>	<u>2</u>	<u>30</u>
Office of sustainability:				
Personnel	1,063	1,128	1,077	51
Other	377	312	281	31
Total office of sustainability	<u>1,440</u>	<u>1,440</u>	<u>1,358</u>	<u>82</u>
Office of equal opportunity:				
Personnel	1,101	1,234	1,036	198
Other	339	339	219	120
Total office of equal opportunity	<u>1,440</u>	<u>1,573</u>	<u>1,255</u>	<u>318</u>
Office of prevention, intervention, and opportunity:				
Personnel	2,113	1,929	1,730	199
Other	2,918	3,268	3,209	59
Total office of prevention, intervention, and opportunity	<u>5,031</u>	<u>5,197</u>	<u>4,939</u>	<u>258</u>
Office of budget and management:				
Personnel	771	771	682	89
Other	16	16	16	-
Total office of budget and management	<u>787</u>	<u>787</u>	<u>698</u>	<u>89</u>

(Continued)

CITY OF CLEVELAND, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- GENERAL FUND-LEGAL APPROPRIATION LEVEL FOR THE YEAR ENDED DECEMBER 31, 2024 (Amounts in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Increase (Decrease)</u>
Office of Professional Standards:				
Personnel	\$ 1,716	\$ 1,716	\$ 1,222	\$ 494
Other	354	354	312	42
Total office of professional standards	<u>2,070</u>	<u>2,070</u>	<u>1,534</u>	<u>536</u>
Police Review Board:				
Personnel	168	168	115	53
Other	71	71	65	6
Total police review board	<u>239</u>	<u>239</u>	<u>180</u>	<u>59</u>
Community Police Commission:				
Personnel	887	887	563	324
Other	1,327	1,327	1,325	2
Total community police commission	<u>2,214</u>	<u>2,214</u>	<u>1,888</u>	<u>326</u>
Department of aging:				
Personnel	1,356	1,411	1,315	96
Other	690	690	644	46
Total department of aging	<u>2,046</u>	<u>2,101</u>	<u>1,959</u>	<u>142</u>
Department of personnel:				
Personnel	3,033	3,395	2,900	495
Other	3,111	3,111	2,816	295
Total office of personnel	<u>6,144</u>	<u>6,506</u>	<u>5,716</u>	<u>790</u>
Department of law:				
Personnel	10,983	11,020	10,570	450
Other	9,175	10,175	10,036	139
Total department of law	<u>20,158</u>	<u>21,195</u>	<u>20,606</u>	<u>589</u>
Finance administration:				
Personnel	1,229	1,229	1,139	90
Other	219	369	318	51
Total finance administration	<u>1,448</u>	<u>1,598</u>	<u>1,457</u>	<u>141</u>
Division of accounts:				
Personnel	1,762	1,893	1,729	164
Other	953	953	894	59
Total division of accounts	<u>2,715</u>	<u>2,846</u>	<u>2,623</u>	<u>223</u>
Division of assessments and licenses:				
Personnel	3,500	2,930	2,523	407
Other	1,458	1,458	611	847
Total division of assessments and licenses	<u>4,958</u>	<u>4,388</u>	<u>3,134</u>	<u>1,254</u>
Division of treasury:				
Personnel	812	812	523	289
Other	153	153	115	38
Total division of treasury	<u>965</u>	<u>965</u>	<u>638</u>	<u>327</u>

(Continued)

CITY OF CLEVELAND, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- GENERAL FUND-LEGAL APPROPRIATION LEVEL FOR THE YEAR ENDED DECEMBER 31, 2024 (Amounts in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Increase (Decrease)</u>
Division of purchases and supplies:				
Personnel	\$ 873	\$ 935	\$ 621	\$ 314
Other	35	35	24	11
Total division of purchases and supplies	<u>908</u>	<u>970</u>	<u>645</u>	<u>325</u>
Bureau of internal audit:				
Personnel	613	674	595	79
Other	602	602	157	445
Total bureau of internal audit	<u>1,215</u>	<u>1,276</u>	<u>752</u>	<u>524</u>
Division of financial reporting and control:				
Personnel	1,790	1,853	1,586	267
Other	158	158	143	15
Total division of financial reporting and control	<u>1,948</u>	<u>2,011</u>	<u>1,729</u>	<u>282</u>
Division of information system services:				
Personnel	5,756	6,079	5,855	224
Other	13,824	13,824	12,433	1,391
Total division of information system services	<u>19,580</u>	<u>19,903</u>	<u>18,288</u>	<u>1,615</u>
Division of risk management:				
Personnel	825	825	499	326
Other	532	532	449	83
Total division of risk management	<u>1,357</u>	<u>1,357</u>	<u>948</u>	<u>409</u>
 TOTAL GENERAL GOVERNMENT	 <u>156,284</u>	 <u>157,402</u>	 <u>142,183</u>	 <u>15,219</u>
Public Health:				
Public health administration:				
Personnel	2,016	2,090	1,845	245
Other	505	505	468	37
Total public health administration	<u>2,521</u>	<u>2,595</u>	<u>2,313</u>	<u>282</u>
Division of health:				
Personnel	2,649	2,842	2,200	642
Other	3,233	3,233	1,241	1,992
Total division of health	<u>5,882</u>	<u>6,075</u>	<u>3,441</u>	<u>2,634</u>
Division of environment:				
Personnel	2,062	2,212	1,611	601
Other	523	523	310	213
Total division of environment	<u>2,585</u>	<u>2,735</u>	<u>1,921</u>	<u>814</u>
Division of air quality:				
Personnel	774	773	644	129
Other	483	483	385	98
Total division of air quality	<u>1,257</u>	<u>1,256</u>	<u>1,029</u>	<u>227</u>
Health equity & social justice:				
Personnel	1,058	1,058	891	167
Other	968	968	321	647
Total health equity & social justice	<u>2,026</u>	<u>2,026</u>	<u>1,212</u>	<u>814</u>
 TOTAL PUBLIC HEALTH	 <u>14,271</u>	 <u>14,687</u>	 <u>9,916</u>	 <u>4,771</u>

CITY OF CLEVELAND, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- GENERAL FUND-LEGAL APPROPRIATION LEVEL FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Increase (Decrease)</u>
Public Safety:				
Public safety administration:				
Personnel	\$ 4,525	\$ 4,582	\$ 4,258	\$ 324
Other	<u>1,552</u>	<u>1,552</u>	<u>1,066</u>	<u>486</u>
Total public safety administration	<u>6,077</u>	<u>6,134</u>	<u>5,324</u>	<u>810</u>
Division of police:				
Personnel	214,185	215,802	211,586	4,216
Other	<u>16,396</u>	<u>21,096</u>	<u>19,403</u>	<u>1,693</u>
Total division of police	<u>230,581</u>	<u>236,898</u>	<u>230,989</u>	<u>5,909</u>
Division of fire:				
Personnel	109,590	113,506	111,808	1,698
Other	<u>5,016</u>	<u>4,901</u>	<u>4,321</u>	<u>580</u>
Total division of fire	<u>114,606</u>	<u>118,407</u>	<u>116,129</u>	<u>2,278</u>
Division of emergency medical services:				
Personnel	31,667	32,967	32,920	47
Other	<u>4,794</u>	<u>4,794</u>	<u>3,651</u>	<u>1,143</u>
Total division of emergency medical services	<u>36,461</u>	<u>37,761</u>	<u>36,571</u>	<u>1,190</u>
Division of animal control services:				
Personnel	2,897	2,897	2,150	747
Other	<u>858</u>	<u>858</u>	<u>808</u>	<u>50</u>
Total division of animal control services	<u>3,755</u>	<u>3,755</u>	<u>2,958</u>	<u>797</u>
Division of correction:				
Personnel	308	383	317	66
Other	<u>3,752</u>	<u>3,752</u>	<u>3,441</u>	<u>311</u>
Total division of correction	<u>4,060</u>	<u>4,135</u>	<u>3,758</u>	<u>377</u>
Police Inspector General:				
Personnel	150	150	3	147
Other	<u>12</u>	<u>13</u>		<u>13</u>
Total police inspector general	<u>162</u>	<u>163</u>	<u>3</u>	<u>160</u>
Department of Justice:				
Personnel	1,387	1,461	1,403	58
Other	<u>3,277</u>	<u>2,655</u>	<u>1,785</u>	<u>870</u>
Total department of justice	<u>4,664</u>	<u>4,116</u>	<u>3,188</u>	<u>928</u>
 TOTAL PUBLIC SAFETY	 <u>400,366</u>	 <u>411,369</u>	 <u>398,920</u>	 <u>12,449</u>

(Continued)

CITY OF CLEVELAND, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- GENERAL FUND-LEGAL APPROPRIATION LEVEL FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Increase (Decrease)</u>
Public Works:				
Division of public works administration:				
Personnel	\$ 2,798	\$ 2,928	\$ 2,569	\$ 359
Other	342	342	287	55
Total division of public works administration	<u>3,140</u>	<u>3,270</u>	<u>2,856</u>	<u>414</u>
Division of recreation:				
Personnel	11,624	11,524	11,100	424
Other	7,228	6,253	5,710	543
Total division of recreation	<u>18,852</u>	<u>17,777</u>	<u>16,810</u>	<u>967</u>
Division of parking facilities:				
Personnel	1,045	1,020	856	164
Other	87	87	75	12
Total division of parking facilities	<u>1,132</u>	<u>1,107</u>	<u>931</u>	<u>176</u>
Division of property management:				
Personnel	7,125	7,125	6,845	280
Other	3,026	3,026	2,681	345
Total division of property management	<u>10,151</u>	<u>10,151</u>	<u>9,526</u>	<u>625</u>
Division of park maintenance and properties:				
Personnel	12,219	12,006	11,344	662
Other	9,425	9,725	9,577	148
Total division of park maintenance and properties	<u>21,644</u>	<u>21,731</u>	<u>20,921</u>	<u>810</u>
Division of waste collection and disposal:				
Personnel	18,963	21,063	20,506	557
Other	19,145	19,345	19,138	207
Total division of waste collection and disposal	<u>38,108</u>	<u>40,408</u>	<u>39,644</u>	<u>764</u>
Division of traffic engineering:				
Personnel	3,260	3,310	3,302	8
Other	1,181	1,131	980	151
Total division of traffic engineering	<u>4,441</u>	<u>4,441</u>	<u>4,282</u>	<u>159</u>
 TOTAL PUBLIC WORKS	 <u>97,468</u>	 <u>98,885</u>	 <u>94,970</u>	 <u>3,915</u>

(Continued)

CITY OF CLEVELAND, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- GENERAL FUND-LEGAL APPROPRIATION LEVEL FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Increase (Decrease)</u>
Community Development:				
Director's office:				
Personnel	\$ 689	\$ 829	\$ 476	\$ 353
Other	<u>1,818</u>	<u>1,818</u>	<u>1,810</u>	<u>8</u>
Total director's office	<u>2,507</u>	<u>2,647</u>	<u>2,286</u>	<u>361</u>
 TOTAL COMMUNITY DEVELOPMENT	 <u>2,507</u>	 <u>2,647</u>	 <u>2,286</u>	 <u>361</u>
Building and Housing:				
Director's office:				
Personnel	3,107	3,144	2,965	179
Other	<u>1,610</u>	<u>1,610</u>	<u>1,515</u>	<u>95</u>
Total director's office	<u>4,717</u>	<u>4,754</u>	<u>4,480</u>	<u>274</u>
Division of code enforcement:				
Personnel	10,177	8,803	8,549	254
Other	<u>410</u>	<u>410</u>	<u>201</u>	<u>209</u>
Total division of code enforcement	<u>10,587</u>	<u>9,213</u>	<u>8,750</u>	<u>463</u>
Division of construction permitting:				
Personnel	2,012	1,862	1,686	176
Other	<u>30</u>	<u>30</u>	<u>4</u>	<u>26</u>
Total division of construction permitting	<u>2,042</u>	<u>1,892</u>	<u>1,690</u>	<u>202</u>
 TOTAL BUILDING AND HOUSING	 <u>17,346</u>	 <u>15,859</u>	 <u>14,920</u>	 <u>939</u>
Economic Development:				
Economic development administration:				
Personnel	2,821	2,467	2,275	192
Other	<u>70</u>	<u>70</u>	<u>62</u>	<u>8</u>
Total economic development administration	<u>2,891</u>	<u>2,537</u>	<u>2,337</u>	<u>200</u>
 TOTAL ECONOMIC DEVELOPMENT	 <u>2,891</u>	 <u>2,537</u>	 <u>2,337</u>	 <u>200</u>

(Continued)

CITY OF CLEVELAND, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- GENERAL FUND-LEGAL APPROPRIATION LEVEL FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Increase (Decrease)</u>
Non-Departmental Expenditures:				
Personnel	\$ 6,203	\$	\$	\$
Other	<u>23,931</u>	<u>38,781</u>	<u>38,399</u>	<u>382</u>
TOTAL NON-DEPARTMENTAL EXPENDITURES	<u>30,134</u>	<u>38,781</u>	<u>38,399</u>	<u>382</u>
Capital outlay	<u>4,926</u>	<u>29,571</u>	<u>29,571</u>	<u>-</u>
TOTAL EXPENDITURES	<u>726,193</u>	<u>771,738</u>	<u>733,502</u>	<u>38,236</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	31,613	68	32,348	32,280
OTHER FINANCING SOURCES (USES):				
Transfers in	21,500	21,500	17,490	(4,010)
Transfers out	<u>(53,020)</u>	<u>(51,675)</u>	<u>(51,675)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(31,520)</u>	<u>(30,175)</u>	<u>(34,185)</u>	<u>(4,010)</u>
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES	<u> </u>	<u> </u>	<u>16,807</u>	<u>16,807</u>
NET CHANGE IN FUND BALANCE	93	(30,107)	14,970	45,077
FUND BALANCE AT BEGINNING OF YEAR	<u>46,330</u>	<u>46,330</u>	<u>46,330</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 46,423</u>	<u>\$ 16,223</u>	<u>\$ 61,300</u>	<u>\$ 45,077</u>

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CITY OF CLEVELAND, OHIO

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Division of Streets	To account for motor vehicle license tax and gasoline excise tax used for the repair and building of streets.
Restricted Income Tax	To account for one-ninth of the City's income tax collections. Monies are to be used for capital improvement purposes, repayment of debt and elimination of any deficit balance in any fund of the City.
Cleveland Stadium Operations	To account for the operating activities of Cleveland Browns Stadium.
Community Development Block Grants	To account for revenue from the federal government and expenditures as prescribed under the Community Development Block Grant Program.
Community Development Funds	To account for revenue earmarked for Citywide development.
Building and Housing Funds	To account for revenue earmarked to administer and enforce the provisions of the Cleveland building, housing and zoning codes plus the national electrical code and state building, plumbing and elevator codes.
Urban Development Action Funds	To account for revenue from the federal government under the Urban Development Action Grant Program.
Economic Development Funds	To account for revenue earmarked to revitalize distressed cities by stimulating economic development.
Workforce Innovation and Opportunity Act (WIOA)	To account for revenue and expenditures from the State of Ohio under the Workforce Innovation and Opportunity Act.
Public Works Funds	To account for specific revenue earmarked for the public works activity.
Public Safety Funds	To account for revenue earmarked for public safety activities.
Gateway Shared Income Tax Funds	To account for municipal income tax revenue derived from persons employed at the Arena and Progressive Field with 50% of the revenues shared with the other taxing districts in the City.
Neighborhood Development Investment Fund	To account for revenue earmarked for the Neighborhood Development Investment Fund.

SPECIAL REVENUE FUNDS (Continued)

Core City Program Funds	To account for revenue earmarked for certain economic and community development projects.
Supplemental Empowerment Zone	To account for revenue from the U.S. Department of Housing and Urban Development Program designed to help rebuild specified urban communities.

SPECIAL REVENUE FUNDS (for budgetary purposes only)

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

Rainy Day Reserve Fund	To account for revenue which is eligible to be used during significant periods of economic downturn.
Schools Recreation and Cultural Activities Fund	To account for revenue from special taxes earmarked for Cleveland Municipal Schools for recreation and cultural activities.
Payroll Reserve Fund	To accumulate the necessary resources for payments of the 27 th pay period in 2024 and accumulated sick and/or vacation leave.

DEBT SERVICE FUNDS

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

Unvoted Tax Supported Obligations Fund	To account for the accumulation of resources for the payment of General Obligation Bonds of the City. These bonds do not require a vote of the electors, other than self-supporting obligations. They are payable from ad valorem property taxes levied within the limitations provided by law.
Subordinated Income Tax Fund	To account for the accumulation of resources for the payment of Subordinated Income Tax Variable Rate Refunding Bonds payable from pledged income taxes.
Lower Euclid Avenue TIF	To account for the accumulation of resources for the payment of Economic Development Bonds payable from tax increment financing revenues and a pledge of the non-tax revenue of the City.
Core City Bonds	To account for the accumulation of resources for the payment of taxable Economic and Community Development Bonds payable from non-tax and net project revenues.
Subordinate Lien Income Tax Fund	To account for the accumulation of resources for the payment of Subordinate Lien Income Tax Bonds payable from pledged income taxes.
Cleveland Stadium Debt Service Fund	To account for the accumulation of resources earmarked for the repayment of debt related to Cleveland Browns Stadium.

CAPITAL PROJECT FUNDS

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

Grant Improvement	To account for capital grant revenues which fund Capital Improvement Projects within the City.
Capital Improvement	To account for miscellaneous revenues which fund capital projects.
Cleveland Stadium Construction	To account for bond proceeds and capital projects costs of the Cleveland Browns Stadium.

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2024

(Amounts in Thousands)

	Special Revenue Funds - Budgeted			
	<u>Division of Streets</u>	<u>Restricted Income Tax</u>	<u>Cleveland Stadium Operations</u>	<u>Total Budgeted Funds</u>
ASSETS				
Cash and cash equivalents	\$ 13,442	\$ 27,887	\$ 27,064	\$ 68,393
Investments				-
Receivables:				
Taxes		9,176		9,176
Accounts	1			1
Grants				-
Loans				-
Leases			912	912
Accrued interest			121	121
Assessments				-
Receivables, net	<u>1</u>	<u>9,176</u>	<u>1,033</u>	<u>10,210</u>
Due from other funds		9,193		9,193
Due from other governments	8,712			8,712
Prepaid expenditures and other assets	<u>148</u>			<u>148</u>
TOTAL ASSETS	<u>\$ 22,303</u>	<u>\$ 46,256</u>	<u>\$ 28,097</u>	<u>\$ 96,656</u>
LIABILITIES				
Accounts payable	\$ 1,430	\$ 2,170	\$	\$ 3,600
Accrued wages and benefits	1,563			1,563
Due to other governments				-
Unearned revenue				-
Due to other funds	<u>864</u>			<u>864</u>
Total liabilities	<u>3,857</u>	<u>2,170</u>	<u>-</u>	<u>6,027</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflow	6,052	3,555		9,607
Leases			905	905
Total deferred inflows of resources	<u>6,052</u>	<u>3,555</u>	<u>905</u>	<u>10,512</u>
FUND BALANCES				
Nonspendable	148			148
Restricted	12,246	40,531	27,192	79,969
Committed				-
Total fund balances	<u>12,394</u>	<u>40,531</u>	<u>27,192</u>	<u>80,117</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 22,303</u>	<u>\$ 46,256</u>	<u>\$ 28,097</u>	<u>\$ 96,656</u>

Special Revenue Funds - Non-Budgeted					
<u>Community Development Block Grants</u>	<u>Community Development Funds</u>	<u>Building and Housing Funds</u>	<u>Urban Development Action Funds</u>	<u>Economic Development Funds</u>	<u>WIOA Grants</u>
\$	\$ 11,766	\$ 4,010	\$ 20,635	\$ 15,028	\$
4,147	10,195				46
4,864	5,150		25,861	44,837	
4,661	2,233	8,200			
13,672	17,578	8,200	25,861	44,837	46
406	521		34	16,873	
	6				
<u>\$ 14,078</u>	<u>\$ 29,871</u>	<u>\$ 12,210</u>	<u>\$ 46,530</u>	<u>\$ 76,738</u>	<u>\$ 46</u>
\$ 90	\$ 97	\$ 26	\$ 190	\$ 4	\$
257	11				23
53				38,628	
	10,317	1,393		633	
9,020	359	767	4,279	34	23
9,420	10,784	2,186	4,469	39,299	46
4,658	2,233	8,200		16,873	
4,658	2,233	8,200	-	16,873	-
	6				
	10,979	3		13,484	
	5,869	1,821	42,061	7,082	
-	16,854	1,824	42,061	20,566	-
<u>\$ 14,078</u>	<u>\$ 29,871</u>	<u>\$ 12,210</u>	<u>\$ 46,530</u>	<u>\$ 76,738</u>	<u>\$ 46</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2024

(Amounts in Thousands)

	Special Revenue Funds - Non-Budgeted		
	Public Works Funds	Public Safety Funds	Gateway Shared Income Tax Funds
ASSETS			
Cash and cash equivalents	\$ 2,273	\$ 16,172	\$ 4,192
Investments			
Receivables:			
Taxes			
Accounts			
Grants		401	
Loans			
Leases			
Accrued Interest			
Assessments			
Receivables, net	<u>-</u>	<u>401</u>	<u>-</u>
Due from other funds	140	1	
Due from other governments			327
Prepaid expenditures and other assets	<u></u>	<u>2</u>	<u></u>
TOTAL ASSETS	<u>\$ 2,413</u>	<u>\$ 16,576</u>	<u>\$ 4,519</u>
LIABILITIES			
Accounts payable	\$ 432	\$ 212	\$
Accrued wages and benefits		87	
Due to other governments			2,257
Unearned revenue	59	1,568	
Due to other funds	<u></u>	<u>793</u>	<u>2,257</u>
Total liabilities	<u>491</u>	<u>2,660</u>	<u>4,514</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow			5
Leases	<u></u>	<u></u>	<u></u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>5</u>
FUND BALANCE			
Nonspendable		2	
Restricted	601	10,951	
Committed	<u>1,321</u>	<u>2,963</u>	<u></u>
Total fund balances	<u>1,922</u>	<u>13,916</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,413</u>	<u>\$ 16,576</u>	<u>\$ 4,519</u>

Special Revenue Funds - Non-Budgeted				
Neighborhood Development Investment <u>Fund</u>	Core City Program <u>Funds</u>	Supplemental Empowerment <u>Zone</u>	Total Non-Budgeted <u>Funds</u>	Total Special Revenue <u>Funds</u>
\$ 511	\$ 15,992	\$ 2,540	\$ 93,119	\$ 161,512
			-	-
			-	9,176
			-	1
			14,789	14,789
2,879	17,898	4,256	105,745	105,745
			-	912
	32		32	153
			15,094	15,094
<u>2,879</u>	<u>17,930</u>	<u>4,256</u>	<u>135,660</u>	<u>145,870</u>
	1,184	4,278	6,564	15,757
			17,200	25,912
			8	156
<u>\$ 3,390</u>	<u>\$ 35,106</u>	<u>\$ 11,074</u>	<u>\$ 252,551</u>	<u>\$ 349,207</u>
\$ 3			\$ 1,054	\$ 4,654
			378	1,941
		11,074	52,012	52,012
			13,970	13,970
			17,532	18,396
<u>3</u>	<u>-</u>	<u>11,074</u>	<u>84,946</u>	<u>90,973</u>
			31,969	41,576
				905
<u>-</u>	<u>-</u>	<u>-</u>	<u>31,969</u>	<u>42,481</u>
			8	156
	31,987		68,005	147,974
3,387	3,119		67,623	67,623
<u>3,387</u>	<u>35,106</u>	<u>-</u>	<u>135,636</u>	<u>215,753</u>
<u>\$ 3,390</u>	<u>\$ 35,106</u>	<u>\$ 11,074</u>	<u>\$ 252,551</u>	<u>\$ 349,207</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2024 (Amounts in Thousands)

	Debt Service Funds - Budgeted				
	Unvoted Tax Supported Obligations Fund	Subordinated Income Tax Fund	Lower Euclid Avenue TIF	Core City Bonds	Subordinate Lien Income Tax Fund
ASSETS					
Cash and cash equivalents	\$ 12,284	\$	\$ 3,128	\$ 1,696	\$ 10,054
Investments	12,361				
Receivables:					
Taxes	35,126				
Accounts					
Grants					
Loans					
Accrued interest	114		11	7	30
Assessments					
Receivables, net	<u>35,240</u>	<u>-</u>	<u>11</u>	<u>7</u>	<u>30</u>
Due from other funds					
Due from other governments	2,414				
Prepaid expenditures and other assets					
TOTAL ASSETS	<u>\$ 62,299</u>	<u>\$ -</u>	<u>\$ 3,139</u>	<u>\$ 1,703</u>	<u>\$ 10,084</u>
LIABILITIES					
Accounts payable	\$	\$	\$	\$	\$
Accrued wages and benefits					
Due to other governments					
Unearned revenue					
Due to other funds			1,184		
Total liabilities	<u>-</u>	<u>-</u>	<u>1,184</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflow	37,538				
Leases					
Total deferred inflows of resources	<u>37,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Nonspendable					
Restricted	24,761		1,955	1,703	10,084
Committed					
Total fund balances	<u>24,761</u>	<u>-</u>	<u>1,955</u>	<u>1,703</u>	<u>10,084</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 62,299</u>	<u>\$ -</u>	<u>\$ 3,139</u>	<u>\$ 1,703</u>	<u>\$ 10,084</u>

Debt Service Funds		
Non-Budgeted		
Total Budgeted Funds	Cleveland Stadium Debt Service Fund	Total Debt Service Funds
\$ 27,162	\$ 4,473	\$ 31,635
12,361		12,361
35,126		35,126
-		-
-		-
-		-
162	17	179
-		-
<u>35,288</u>	<u>17</u>	<u>35,305</u>
-		-
2,414		2,414
-		-
<u>\$ 77,225</u>	<u>\$ 4,490</u>	<u>\$ 81,715</u>
\$ -	\$ -	\$ -
-		-
-		-
-		-
1,184		1,184
<u>1,184</u>	<u>-</u>	<u>1,184</u>
37,538		37,538
-		-
<u>37,538</u>	<u>-</u>	<u>37,538</u>
-		-
38,503	4,490	42,993
-		-
<u>38,503</u>	<u>4,490</u>	<u>42,993</u>
<u>\$ 77,225</u>	<u>\$ 4,490</u>	<u>\$ 81,715</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2024

(Amounts in Thousands)

	Capital Projects Funds Non-Budgeted		
	Grant Improvement	Capital Improvement	Cleveland Stadium Construction
ASSETS			
Cash and cash equivalents	\$ 20,680	\$ 15,131	\$ 11,463
Investments			
Receivables:			
Taxes			
Accounts			
Grants	403		
Loans			
Leases			
Accrued interest			16
Assessments		10,049	
Less: Allowance for doubtful accounts		(6,364)	
Receivables, net	<u>403</u>	<u>3,685</u>	<u>16</u>
Due from other funds			
Due from other governments			
Prepaid expenditures and other assets			
TOTAL ASSETS	<u>\$ 21,083</u>	<u>\$ 18,816</u>	<u>\$ 11,479</u>
LIABILITIES			
Accounts payable	\$ 67	\$ 5,801	\$ 183
Accrued wages and benefits			
Due to other governments			
Unearned revenue	21,016		
Due to other funds			
Total liabilities	<u>21,083</u>	<u>5,801</u>	<u>183</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow		3,685	
Leases			
Total deferred inflows of resources	<u>-</u>	<u>3,685</u>	<u>-</u>
FUND BALANCE			
Nonspendable			
Restricted		9,330	11,296
Committed			
Total fund balances	<u>-</u>	<u>9,330</u>	<u>11,296</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 21,083</u>	<u>\$ 18,816</u>	<u>\$ 11,479</u>

Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 47,274	\$ 240,421
-	12,361
-	44,302
-	1
403	15,192
-	105,745
-	912
16	348
10,049	25,143
(6,364)	(6,364)
<u>4,104</u>	<u>185,279</u>
-	15,757
-	28,326
-	156
<u>\$ 51,378</u>	<u>\$ 482,300</u>
\$ 6,051	\$ 10,705
-	1,941
-	52,012
21,016	34,986
-	19,580
<u>27,067</u>	<u>119,224</u>
3,685	82,799
-	905
<u>3,685</u>	<u>83,704</u>
-	156
20,626	211,593
-	67,623
<u>20,626</u>	<u>279,372</u>
<u>\$ 51,378</u>	<u>\$ 482,300</u>

(Concluded)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	Special Revenue Funds - Budgeted			
	<u>Division of Streets</u>	<u>Restricted Income Tax</u>	<u>Cleveland Stadium Operations</u>	<u>Total Budgeted Funds</u>
REVENUES:				
Income taxes	\$	\$ 62,429	\$	\$ 62,429
Property taxes				-
Other shared revenues	17,676		4,467	22,143
Licenses and permits	609			609
Charges for services	15		221	236
Fines, forfeits and settlements				-
Investment earnings	643	2,053	1,219	3,915
Grants				-
Contributions				-
Miscellaneous				-
Total revenues	<u>18,943</u>	<u>64,482</u>	<u>5,907</u>	<u>89,332</u>
EXPENDITURES:				
Current:				
General Government				-
Public Works	45,275		631	45,906
Public Safety				-
Community Development				-
Building and Housing				-
Economic Development				-
Capital outlay		20,977		20,977
Debt service:				
Principal retirement	7	656		663
Interest		461		461
General Government		1		1
Total expenditures	<u>45,282</u>	<u>22,095</u>	<u>631</u>	<u>68,008</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(26,339)</u>	<u>42,387</u>	<u>5,276</u>	<u>21,324</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	20,171	340	10,550	31,061
Transfers out		(44,049)	(12,719)	(56,768)
Total other financing sources (uses)	<u>20,171</u>	<u>(43,709)</u>	<u>(2,169)</u>	<u>(25,707)</u>
NET CHANGE IN FUND BALANCES	(6,168)	(1,322)	3,107	(4,383)
FUND BALANCES AT BEGINNING OF YEAR	<u>18,562</u>	<u>41,853</u>	<u>24,085</u>	<u>84,500</u>
FUND BALANCES AT END OF YEAR	<u>\$ 12,394</u>	<u>\$ 40,531</u>	<u>\$ 27,192</u>	<u>\$ 80,117</u>

Special Revenue Funds - Non-Budgeted					
<u>Community Development Block Grants</u>	<u>Community Development Funds</u>	<u>Building and Housing Funds</u>	<u>Urban Development Action Funds</u>	<u>Economic Development Funds</u>	<u>WIOA Grants</u>
\$	\$	\$	\$	\$	\$
				15,185	
45	30	312			
11	14			2,344	
22,378	14,641		260	21	658
532			224	2,625	
22,966	14,685	312	484	20,175	658
					658
22,109	14,131				
		312			
			4,178	69,786	
844			171		
12				16	
1				13	
22,966	14,131	312	4,349	69,815	658
-	554	-	(3,865)	(49,640)	-
			3,750	(876)	
-	-	-	3,750	(876)	-
-	554	-	(115)	(50,516)	-
	16,300	1,824	42,176	71,082	
\$ -	\$ 16,854	\$ 1,824	\$ 42,061	\$ 20,566	\$ -

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(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	17		
Charges for services	185		
Fines, forfeits and settlements		1,765	
Investment earnings	27	331	
Grants	642	4,448	
Contributions	15		
Miscellaneous	16	2,797	
Total revenues	902	9,341	-
EXPENDITURES:			
Current:			
General Government			
Public Works	345		
Public Safety		4,766	
Community Development			
Building and Housing			
Economic Development			
Capital outlay	325	859	
Debt service:			
Principal retirement			
Interest			
General Government			
Total expenditures	670	5,625	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	232	3,716	-
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
Total other financing sources (uses)	-	-	-
NET CHANGE IN FUND BALANCES	232	3,716	-
FUND BALANCES AT BEGINNING OF YEAR	1,690	10,200	
FUND BALANCES AT END OF YEAR	\$ 1,922	\$ 13,916	\$ -

Special Revenue Funds - Non-Budgeted				
Neighborhood Development Investment Fund	Core City Program Funds	Supplemental Empowerment Zone	Total Non- Budgeted Funds	Total Special Revenue Funds
\$	\$	\$	\$ -	\$ 62,429
			-	-
	59	536	15,780	37,923
			17	626
			572	808
			1,765	1,765
	896	154	3,777	7,692
			43,048	43,048
			15	15
11	861		7,066	7,066
11	1,816	690	72,040	161,372
			658	658
			345	46,251
			4,766	4,766
			36,240	36,240
			312	312
385		690	75,039	75,039
	22		2,221	23,198
			28	691
			14	475
			-	1
385	22	690	119,623	187,631
(374)	1,794	-	(47,583)	(26,259)
			3,750	34,811
			(876)	(57,644)
-	-	-	2,874	(22,833)
(374)	1,794	-	(44,709)	(49,092)
3,761	33,312		180,345	264,845
\$ 3,387	\$ 35,106	\$ -	\$ 135,636	\$ 215,753

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	Debt Service Funds - Budgeted				
	Unvoted Tax Supported Obligations <u>Fund</u>	Subordinated Income Tax <u>Fund</u>	Lower Euclid Avenue <u>TIF</u>	Core City <u>Bonds</u>	Subordinate Lien Income Tax <u>Fund</u>
REVENUES:					
Income taxes	\$	\$	\$	\$	\$
Property taxes	23,607				
Other shared revenues	1,988				
Licenses and permits					
Charges for services					
Fines, forfeits and settlements					
Investment earnings	1,954	94	145	233	638
Grants					
Contributions					
Miscellaneous					489
Total revenues	<u>27,549</u>	<u>94</u>	<u>145</u>	<u>233</u>	<u>1,127</u>
EXPENDITURES:					
Current:					
General Government					
Public Works					
Public Safety					
Community Development					
Building and Housing					
Economic Development					
Capital outlay					
Debt service:					
Principal retirement	30,000	5,450	263	6,230	15,305
Interest	16,674	136	123	1,177	14,492
General Government			1,184		
Total expenditures	<u>46,674</u>	<u>5,586</u>	<u>1,570</u>	<u>7,407</u>	<u>29,797</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,125)</u>	<u>(5,492)</u>	<u>(1,425)</u>	<u>(7,174)</u>	<u>(28,670)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	22,866	1,767	386	7,192	28,643
Transfers out		(94)			
Total other financing sources (uses)	<u>22,866</u>	<u>1,673</u>	<u>386</u>	<u>7,192</u>	<u>28,643</u>
NET CHANGE IN FUND BALANCES	3,741	(3,819)	(1,039)	18	(27)
FUND BALANCES AT BEGINNING OF YEAR	<u>21,020</u>	<u>3,819</u>	<u>2,994</u>	<u>1,685</u>	<u>10,111</u>
FUND BALANCES AT END OF YEAR	<u>\$ 24,761</u>	<u>\$ -</u>	<u>\$ 1,955</u>	<u>\$ 1,703</u>	<u>\$ 10,084</u>

Debt Service Funds		
Non-Budgeted		
Total Budgeted Funds	Cleveland Stadium Debt Service Fund	Total Debt Service Funds
\$ -	\$	\$ -
23,607		23,607
1,988		1,988
-		-
-		-
-		-
3,064	419	3,483
-		-
-		-
489		489
<u>29,148</u>	<u>419</u>	<u>29,567</u>
-		-
-		-
-		-
-		-
-		-
-		-
57,248	7,275	64,523
32,602	2,017	34,619
1,184	226	1,410
<u>91,034</u>	<u>9,518</u>	<u>100,552</u>
(61,886)	(9,099)	(70,985)
60,854	8,960	69,814
(94)		(94)
<u>60,760</u>	<u>8,960</u>	<u>69,720</u>
(1,126)	(139)	(1,265)
<u>39,629</u>	<u>4,629</u>	<u>44,258</u>
<u>\$ 38,503</u>	<u>\$ 4,490</u>	<u>\$ 42,993</u>

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	Capital Projects Funds		
	Non-Budgeted		
	Grant <u>Improvement</u>	Capital <u>Improvement</u>	Cleveland Stadium <u>Construction</u>
REVENUES:			
Income taxes	\$	\$	\$
Property taxes			
Other shared revenues		1,080	
Licenses and permits			
Charges for services			
Fines, forfeits and settlements			
Investment earnings		253	697
Grants	2,921		
Contributions			
Miscellaneous			
Total revenues	<u>2,921</u>	<u>1,333</u>	<u>697</u>
EXPENDITURES:			
Current:			
General Government			
Public Works			
Public Safety			
Community Development			
Building and Housing			
Economic Development			
Capital outlay	2,921	153	7,567
Debt service:			
Principal retirement			
Interest			
General Government			
Total expenditures	<u>2,921</u>	<u>153</u>	<u>7,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,180</u>	<u>(6,870)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in			5,759
Transfers out			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,759</u>
NET CHANGE IN FUND BALANCES	-	1,180	(1,111)
FUND BALANCES AT BEGINNING OF YEAR	<u></u>	<u>8,150</u>	<u>12,407</u>
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>\$ 9,330</u>	<u>\$ 11,296</u>

Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ 62,429
-	23,607
1,080	40,991
-	626
-	808
-	1,765
950	12,125
2,921	45,969
-	15
-	7,555
<u>4,951</u>	<u>195,890</u>
-	658
-	46,251
-	4,766
-	36,240
-	312
-	75,039
10,641	33,839
-	65,214
-	35,094
-	1,411
<u>10,641</u>	<u>298,824</u>
<u>(5,690)</u>	<u>(102,934)</u>
5,759	110,384
-	(57,738)
<u>5,759</u>	<u>52,646</u>
69	(50,288)
<u>20,557</u>	<u>329,660</u>
<u>\$ 20,626</u>	<u>\$ 279,372</u>

(Concluded)

CITY OF CLEVELAND, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	Division of Streets			
	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
REVENUES:				
Income taxes	\$	\$	\$	\$ -
Other shared revenues	18,075	18,075	17,848	(227)
Licenses and permits	895	895	632	(263)
Charges for services	5,035	5,035	3,515	(1,520)
Investment earnings	210	210	643	433
Total revenues	24,215	24,215	22,638	(1,577)
EXPENDITURES:				
Current:				
Public Works:				
Personnel	24,324	27,739	27,379	360
Other	18,603	15,188	15,145	43
Capital outlay				-
Principal retirement				-
Interest				-
Total expenditures	42,927	42,927	42,524	403
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(18,712)	(18,712)	(19,886)	(1,174)
OTHER FINANCING SOURCES (USES):				
Transfers in	19,602	19,602	20,171	(569)
Transfers out				-
Total other financing sources (uses)	19,602	19,602	20,171	(569)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	890	890	285	(605)
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES			8	8
FUND BALANCES AT BEGINNING OF YEAR	170	170	170	-
FUND BALANCES AT END OF YEAR	\$ 1,060	\$ 1,060	\$ 463	\$ (597)

Restricted Income Tax				Rainy Day Reserve Fund				Payroll Reserve Fund			
Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
\$ 60,900	\$ 60,900	\$ 61,804	\$ 904	\$	\$	\$	\$ -	\$	\$	\$	\$ -
			-				-				-
			-				-				-
			-				-				-
800	800	2,053	1,253				-				-
61,700	61,700	63,857	2,157	-	-	-	-	-	-	-	-
			-				-				-
			-				-				-
16,714	16,676	16,675	1				-				-
575	575	499	76				-				-
400	400	452	(52)				-				-
17,689	17,651	17,626	25	-	-	-	-	-	-	-	-
44,011	44,049	46,231	2,182	-	-	-	-	-	-	-	-
			-				-				-
(44,011)	(44,049)	(44,049)	-				-	(17,000)	(17,000)	(17,000)	-
(44,011)	(44,049)	(44,049)	-	-	-	-	-	(17,000)	(17,000)	(17,000)	-
		2,182	2,182					(17,000)	(17,000)	(17,000)	-
		171	171				-				-
1,662	1,662	1,662	-	67,599	67,599	67,599	-	90,000	90,000	90,000	-
\$ 1,662	\$ 1,662	\$ 4,015	\$ 2,353	\$ 67,599	\$ 67,599	\$ 67,599	\$ -	\$ 73,000	\$ 73,000	\$ 73,000	\$ -

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)- BUDGETED SPECIAL REVENUE FUNDS-LEGAL APPROPRIATION LEVEL FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

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

Cleveland Stadium Operations				Totals			
Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
\$	\$	\$	\$	\$	\$	\$	\$
4,000	4,000	4,467	- 467	60,900	60,900	61,804	904
			-	22,075	22,075	22,315	240
250	250	250	-	895	895	632	(263)
100	100	1,188	1,088	5,285	5,285	3,765	(1,520)
4,350	4,350	5,905	1,555	1,110	1,110	3,884	2,774
				90,265	90,265	92,400	2,135
			-	24,324	27,739	27,379	360
1,598	1,598	1,428	170	21,326	17,911	17,698	213
			-	16,714	16,676	16,675	1
			-	575	575	499	76
			-	400	400	452	(52)
1,598	1,598	1,428	170	63,339	63,301	62,703	598
2,752	2,752	4,477	1,725	26,926	26,964	29,697	2,733
10,550	10,550	10,550	-	31,277	31,277	31,846	569
(14,300)	(14,300)	(12,719)	1,581	(75,311)	(75,349)	(73,768)	1,581
(3,750)	(3,750)	(2,169)	1,581	(44,034)	(44,072)	(41,922)	2,150
(998)	(998)	2,308	3,306	(17,108)	(17,108)	(12,225)	4,883
			-	-	-	179	179
24,754	24,754	24,754	-	184,185	184,185	184,185	-
\$ 23,756	\$ 23,756	\$ 27,062	\$ 3,306	\$ 167,077	\$ 167,077	\$ 172,139	\$ 5,062

(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, 2024 (Amounts in Thousands)

	Unvoted Tax Supported Obligations Fund			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance- Increase (Decrease)</u>
REVENUES:				
Property taxes	\$ 22,022	\$ 22,022	\$ 23,607	\$ 1,585
Other shared revenues	1,950	1,950	1,988	38
Investment earnings	1,150	1,100	1,865	765
Miscellaneous				-
Total revenues	<u>25,122</u>	<u>25,072</u>	<u>27,460</u>	<u>2,388</u>
EXPENDITURES:				
Principal retirement	30,000	30,000	30,000	-
Interest	<u>17,460</u>	<u>17,140</u>	<u>16,674</u>	<u>466</u>
Total expenditures	<u>47,460</u>	<u>47,140</u>	<u>46,674</u>	<u>466</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(22,338)</u>	<u>(22,068)</u>	<u>(19,214)</u>	<u>2,854</u>
OTHER FINANCING SOURCES (USES):				
Transfers in:				
From other subfunds	4,000	4,000	7,366	3,366
Restricted income tax fund	15,500	15,500	15,500	-
Transfers out:				
To other subfunds				-
Total other financing sources (uses)	<u>19,500</u>	<u>19,500</u>	<u>22,866</u>	<u>3,366</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(2,838)</u>	<u>(2,568)</u>	<u>3,652</u>	<u>6,220</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>20,943</u>	<u>20,943</u>	<u>20,943</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 18,105</u>	<u>\$ 18,375</u>	<u>\$ 24,595</u>	<u>\$ 6,220</u>

Subordinated Income Tax Fund			
Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
\$	\$	\$	\$ -
50	100	109	9
			-
50	100	109	9
5,450	5,450	5,450	-
136	136	136	-
5,586	5,586	5,586	-
(5,536)	(5,486)	(5,477)	9
1,777	1,777	1,767	(10)
			-
	(94)	(94)	-
1,777	1,683	1,673	(10)
(3,759)	(3,803)	(3,804)	(1)
3,804	3,804	3,804	-
\$ 45	\$ 1	\$ -	\$ (1)

(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, 2024

(Amounts in Thousands)

	Lower Euclid Avenue TIF				Core City Bonds			
	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
REVENUES:								
Property taxes	\$	\$	\$	\$ -	\$	\$	\$	\$ -
Other shared revenues				-				-
Investment earnings	104	104	147	43	173	173	232	59
Miscellaneous				-				-
Total revenues	<u>104</u>	<u>104</u>	<u>147</u>	<u>43</u>	<u>173</u>	<u>173</u>	<u>232</u>	<u>59</u>
EXPENDITURES:								
Principal retirement	263	263	263	-	6,230	6,230	6,230	-
Interest	<u>123</u>	<u>123</u>	<u>123</u>	-	<u>1,130</u>	<u>1,177</u>	<u>1,177</u>	-
Total expenditures	<u>386</u>	<u>386</u>	<u>386</u>	-	<u>7,360</u>	<u>7,407</u>	<u>7,407</u>	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(282)</u>	<u>(282)</u>	<u>(239)</u>	<u>43</u>	<u>(7,187)</u>	<u>(7,234)</u>	<u>(7,175)</u>	<u>59</u>
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds	386	386	386	-	7,360	7,360	7,192	(168)
Restricted income tax fund				-				-
Transfers out:								
To other subfunds				-				-
Total other financing sources (uses)	<u>386</u>	<u>386</u>	<u>386</u>	-	<u>7,360</u>	<u>7,360</u>	<u>7,192</u>	<u>(168)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>104</u>	<u>104</u>	<u>147</u>	<u>43</u>	<u>173</u>	<u>126</u>	<u>17</u>	<u>(109)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>2,981</u>	<u>2,981</u>	<u>2,981</u>	-	<u>1,679</u>	<u>1,679</u>	<u>1,679</u>	-
FUND BALANCES AT END OF YEAR	<u>\$ 3,085</u>	<u>\$ 3,085</u>	<u>\$ 3,128</u>	<u>\$ 43</u>	<u>\$ 1,852</u>	<u>\$ 1,805</u>	<u>\$ 1,696</u>	<u>\$ (109)</u>

Subordinate Lien Income Tax Bonds				Totals			
Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)	Original Budget	Revised Budget	Actual	Variance- Increase (Decrease)
\$	\$	\$	\$	\$	\$	\$	\$
			-	22,022	22,022	23,607	1,585
			-	1,950	1,950	1,988	38
615	615	646	31	2,092	2,092	2,999	907
473	473	489	16	473	473	489	16
1,088	1,088	1,135	47	26,537	26,537	29,083	2,546
15,305	15,305	15,305	-	57,248	57,248	57,248	-
14,492	14,492	14,492	-	33,341	33,068	32,602	466
29,797	29,797	29,797	-	90,589	90,316	89,850	466
(28,709)	(28,709)	(28,662)	47	(64,052)	(63,779)	(60,767)	3,012
		94	94	13,523	13,523	16,805	3,282
28,549	28,549	28,549	-	44,049	44,049	44,049	-
		-	-	-	(94)	(94)	-
28,549	28,549	28,643	94	57,572	57,478	60,760	3,282
(160)	(160)	(19)	141	(6,480)	(6,301)	(7)	6,294
10,073	10,073	10,073	-	39,480	39,480	39,480	-
\$ 9,913	\$ 9,913	\$ 10,054	\$ 141	\$ 33,000	\$ 33,179	\$ 39,473	\$ 6,294

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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, 2024

(Amounts in Thousands)

	<u>Public Auditorium</u>	<u>West Side Market</u>	<u>East Side Market</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 138	\$ 159	\$
Receivables:			
Accounts	66		
Leases			
Accrued interest			
Less: Allowance for doubtful accounts	(23)		
Receivables, net	<u>43</u>	<u>-</u>	<u>-</u>
Due from other funds			
Inventory of supplies			
Prepaid expenses and other assets	12		
Total current assets	<u>193</u>	<u>159</u>	<u>-</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents			
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets:			
Land	4,261	198	413
Land improvements		848	484
Buildings, structures and improvements	30,631	15,422	8,241
Furniture, fixtures, equipment and vehicles	1,125	1,821	450
Construction in progress	5,569	8,785	
Less: Accumulated depreciation and amortization	(23,467)	(14,407)	(3,777)
Total capital assets, net	<u>18,119</u>	<u>12,667</u>	<u>5,811</u>
Net Pension Asset	17	5	
Net OPEB Asset	<u>56</u>	<u>16</u>	
Total noncurrent assets	<u>18,192</u>	<u>12,688</u>	<u>5,811</u>
Total assets	<u>18,385</u>	<u>12,847</u>	<u>5,811</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	543	168	
OPEB	<u>51</u>	<u>14</u>	
Total deferred outflows of resources	<u>594</u>	<u>182</u>	<u>-</u>

<u>Municipal Parking Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 1,984	\$ 317	\$ 585	\$ 3,183
24,003			24,069
			-
			-
			(23)
<u>24,003</u>	<u>-</u>	<u>-</u>	<u>24,046</u>
31			31
	2		2
8	7		27
<u>26,026</u>	<u>326</u>	<u>585</u>	<u>27,289</u>
4,807	5,226		10,033
<u>4,807</u>	<u>5,226</u>	<u>-</u>	<u>10,033</u>
5,478	1,259	1,822	13,431
4,750	7,629	4,169	17,880
36,087	12,200	2,003	104,584
2,634	508	258	6,796
557		705	15,616
(26,370)	(10,485)	(5,778)	(84,284)
<u>23,136</u>	<u>11,111</u>	<u>3,179</u>	<u>74,023</u>
16	14		52
<u>53</u>	<u>43</u>		<u>168</u>
<u>28,012</u>	<u>16,394</u>	<u>3,179</u>	<u>84,276</u>
<u>54,038</u>	<u>16,720</u>	<u>3,764</u>	<u>111,565</u>
513	404		1,628
<u>45</u>	<u>38</u>		<u>148</u>
<u>558</u>	<u>442</u>	<u>-</u>	<u>1,776</u>
(Continued)			

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS

DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Public Auditorium</u>	<u>West Side Market</u>	<u>East Side Market</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 118	\$ 104	\$
Accrued wages and benefits	139		
Due to other funds	36	14	
Due to other governments			
Total current liabilities	<u>293</u>	<u>118</u>	<u>-</u>
Long-term liabilities:			
Accrued wages and benefits	85		
Net pension liability	<u>1,631</u>	<u>466</u>	
Total liabilities	<u>2,009</u>	<u>584</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Leases			
Pension	55	13	
OPEB	<u>32</u>	<u>10</u>	
Total deferred inflows of resources	<u>87</u>	<u>23</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	18,119	12,667	5,811
Restricted for pension and OPEB asset	73	21	
Unrestricted	<u>(1,309)</u>	<u>(266)</u>	
Total net position	<u>\$ 16,883</u>	<u>\$ 12,422</u>	<u>\$ 5,811</u>

Municipal Parking <u>Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	Total Nonmajor Enterprise <u>Funds</u>
\$ 174	\$ 11	\$	\$ 407
100	151		390
36	1		87
<u>262</u>			<u>262</u>
<u>572</u>	<u>163</u>	<u>-</u>	<u>1,146</u>
292	101		478
<u>1,537</u>	<u>1,258</u>		<u>4,892</u>
<u>2,401</u>	<u>1,522</u>	<u>-</u>	<u>6,516</u>
2	45		115
<u>31</u>	<u>25</u>		<u>98</u>
<u>33</u>	<u>70</u>	<u>-</u>	<u>213</u>
23,120	11,111	3,179	74,007
69	57		220
<u>28,973</u>	<u>4,402</u>	<u>585</u>	<u>32,385</u>
<u>\$ 52,162</u>	<u>\$ 15,570</u>	<u>\$ 3,764</u>	<u>\$ 106,612</u>

(Concluded)

CITY OF CLEVELAND, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION-NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

(Amounts in Thousands)

	<u>Public Auditorium</u>	<u>West Side Market</u>	<u>East Side Market</u>
OPERATING REVENUES:			
Charges for services	\$ 1,160	\$ 1,414	\$
Total operating revenue	<u>1,160</u>	<u>1,414</u>	<u>-</u>
OPERATING EXPENSES:			
Operations	3,463	2,286	
Maintenance	11	1	
Depreciation and amortization	<u>324</u>	<u>519</u>	<u>223</u>
Total operating expenses	<u>3,798</u>	<u>2,806</u>	<u>223</u>
OPERATING INCOME (LOSS)	<u>(2,638)</u>	<u>(1,392)</u>	<u>(223)</u>
NON-OPERATING REVENUE (EXPENSES):			
Investment income (loss)	4	12	
Interest revenue (expense)			
Gain (Loss) on disposal of capital assets			
Other revenues (expenses)	<u></u>	<u></u>	<u></u>
Total non-operating revenues (expenses)	<u>4</u>	<u>12</u>	<u>-</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(2,634)	(1,380)	(223)
Capital contributions	2,807	2,999	
Transfers in	<u>2,287</u>	<u>537</u>	<u></u>
CHANGE IN NET POSITION	2,460	2,156	(223)
NET POSITION AT BEGINNING OF YEAR AS PREVIOUSLY REPORTED	14,464	10,275	6,034
CHANGE IN ACCOUNTING PRINCIPLE (SEE NOTE 24)	<u>(41)</u>	<u>(9)</u>	<u></u>
RESTATEMENT NET POSITION BEGINNING OF YEAR	<u>14,423</u>	<u>10,266</u>	<u>6,034</u>
NET POSITION AT END OF YEAR	<u>\$ 16,883</u>	<u>\$ 12,422</u>	<u>\$ 5,811</u>

Municipal Parking <u>Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	Total Nonmajor Enterprise <u>Funds</u>
\$ 8,225	\$ 1,482	\$ 1,628	\$ 13,909
<u>8,225</u>	<u>1,482</u>	<u>1,628</u>	<u>13,909</u>
7,402	1,862	1,933	16,946
46	2		60
<u>1,918</u>	<u>774</u>	<u>52</u>	<u>3,810</u>
<u>9,366</u>	<u>2,638</u>	<u>1,985</u>	<u>20,816</u>
<u>(1,141)</u>	<u>(1,156)</u>	<u>(357)</u>	<u>(6,907)</u>
	282		298
			-
13,337			13,337
<u>100</u>		<u>11</u>	<u>111</u>
<u>13,437</u>	<u>282</u>	<u>11</u>	<u>13,746</u>
12,296	(874)	(346)	6,839
353			6,159
<u></u>	<u>437</u>	<u>556</u>	<u>3,817</u>
12,649	(437)	210	16,815
39,594	16,071	3,554	89,992
<u>(81)</u>	<u>(64)</u>		<u>(195)</u>
<u>39,513</u>	<u>16,007</u>	<u>3,554</u>	<u>89,797</u>
<u>\$ 52,162</u>	<u>\$ 15,570</u>	<u>\$ 3,764</u>	<u>\$ 106,612</u>
(Concluded)			

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Public Auditorium</u>	<u>West Side Market</u>	<u>East Side Market</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,227	\$ 1,417	\$
Cash payments to suppliers for goods or services	(1,497)	(2,222)	
Cash payments to employees for services	(1,967)	(170)	
Net cash provided by (used for) operating activities	<u>(2,237)</u>	<u>(975)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received through transfers from other funds	2,287	537	
Cash received for royalties			
Net cash provided by (used for) noncapital financing activities	<u>2,287</u>	<u>537</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets			
Revenue from leases			
Principal paid on long-term subscription obligations			
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	4	12	
Net cash provided by (used for) investing activities	<u>4</u>	<u>12</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54	(426)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>84</u>	<u>585</u>	
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 138</u>	<u>\$ 159</u>	<u>\$ -</u>

Municipal Parking <u>Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	Total Nonmajor Enterprise <u>Funds</u>
\$ 8,221	\$ 1,487	\$ 1,628	\$ 13,980
(5,889)	(474)	(1,933)	(12,015)
(1,665)	(1,396)		(5,198)
667	(383)	(305)	(3,233)
	437	556	3,817
		11	11
-	437	567	3,828
(2,332)		(705)	(3,037)
96			96
(41)			(41)
(2,277)	-	(705)	(2,982)
1	282		299
1	282	-	299
(1,609)	336	(443)	(2,088)
8,400	5,207	1,028	15,304
\$ 6,791	\$ 5,543	\$ 585	\$ 13,216
			(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Public Auditorium</u>	<u>West Side Market</u>	<u>East Side Market</u>
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED FOR)			
OPERATING ACTIVITIES:			
Operating income (loss)	\$ (2,638)	\$ (1,392)	\$ (223)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	324	519	223
(Increase) Decrease in Assets:			
Receivables, net	66	3	
Prepaid expenses and other assets	(1)	3	
Due from other funds			
Net Pension Asset	(3)	(1)	
Net OPEB Asset	(56)	(16)	
(Increase) Decrease in Deferred Outflows of Resources:			
Pension	331	30	
OPEB	73	16	
Increase (Decrease) in Liabilities:			
Accounts payable	15	(37)	
Accrued wages and benefits	(27)	(56)	
Due to other funds	(4)	(1)	
Due to other governments			
Net pension liability	(341)	(14)	
Net OPEB liability	(41)	(10)	
Increase (Decrease) in Deferred Inflows of Resources:			
Pension	47	(25)	
OPEB	18	6	
Total adjustments	<u>401</u>	<u>417</u>	<u>223</u>
NET CASH PROVIDED BY (USED FOR)			
OPERATING ACTIVITIES	<u>\$ (2,237)</u>	<u>\$ (975)</u>	<u>\$ -</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributions of Capital Assets	\$ 2,807	\$ 2,999	\$

Municipal Parking <u>Lots</u>	<u>Cemeteries</u>	<u>Golf Courses</u>	Total Nonmajor Enterprise <u>Funds</u>
\$ (1,141)	\$ (1,156)	\$ (357)	\$ (6,907)
1,918	774	52	3,810
55	5		129
1	1		4
14			14
(4)	(3)		(11)
(53)	(43)		(168)
218	212		791
62	55		206
(195)	(4)		(221)
(9)	44		(48)
(21)	(9)		(35)
12			12
(168)	(234)		(757)
(36)	(32)		(119)
(4)	(7)		11
18	14		56
<u>1,808</u>	<u>773</u>	<u>52</u>	<u>3,674</u>
<u>\$ 667</u>	<u>\$ (383)</u>	<u>\$ (305)</u>	<u>\$ (3,233)</u>

\$ 353 \$ \$ \$ 6,159

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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, 2024

(Amounts in Thousands)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 22,180	\$ 1,290	\$ 36	\$ 4,024
Receivables:				
Accounts	4			
Leases				
Accrued interest				
Due from other funds	2,575	243	40	14
Inventory of supplies	2,571	81		
Prepaid expenses and other assets	41	28	1	88
Total current assets	<u>27,371</u>	<u>1,642</u>	<u>77</u>	<u>4,126</u>
Noncurrent assets:				
Capital assets:				
Land	663			
Land improvements	226			
Buildings, structures and improvements	3,462	884		317
Furniture, fixtures, equipment and vehicles	17,845	1,576		1,937
Construction in progress				
Right to use assets				80
Less: Accumulated depreciation and amortization	(18,421)	(1,933)		(2,029)
Total capital assets, net	<u>3,775</u>	<u>527</u>	<u>-</u>	<u>305</u>
Net Pension Assets	68	12		131
Net OPEB Asset	218	38	2	418
Total noncurrent assets	<u>4,061</u>	<u>577</u>	<u>2</u>	<u>854</u>
TOTAL ASSETS	<u>31,432</u>	<u>2,219</u>	<u>79</u>	<u>4,980</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	2,050	361	15	3,938
OPEB	195	33	3	370
Total deferred outflows of resources	<u>2,245</u>	<u>394</u>	<u>18</u>	<u>4,308</u>

<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Health Self Insurance Fund</u>	<u>Prescription Self Insurance Fund</u>	<u>Total</u>
\$ 120	\$ 2,907	\$ 3,953	\$ 4,103	\$ 14,908	\$ 12,497	\$ 732	\$ 66,750
			78				82
			1,589				1,589
			6				6
18							2,890
							2,652
1	34	223	120				536
139	2,941	4,176	5,896	14,908	12,497	732	74,505
							663
			50				276
			112				4,775
	421	44	615				22,438
			1,432				1,432
			831				911
	(403)	(44)	(624)				(23,454)
-	18	-	2,416	-	-	-	7,041
3	74	17	4				309
10	235	56	14				991
13	327	73	2,434	-	-	-	8,341
152	3,268	4,249	8,330	14,908	12,497	732	82,846
91	2,219	576	135				9,385
8	215	48	12				884
99	2,434	624	147	-	-	-	10,269

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS

DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,732	\$ 91	\$ 6	\$ 10
Accrued wages and benefits	606	100	6	1,129
Claims payable				
Due to other funds	9	2		11
Due to other governments				
Accrued interest payable				
Leases				
Subscriptions				
Total current liabilities	<u>2,347</u>	<u>193</u>	<u>6</u>	<u>1,150</u>
Long-term liabilities:				
Accrued wages and benefits	1,075	26	13	1,392
Lease liability				
Subscription liability				
Net pension liability	<u>6,384</u>	<u>1,118</u>	<u>47</u>	<u>12,255</u>
Total liabilities	<u>9,806</u>	<u>1,337</u>	<u>66</u>	<u>14,797</u>
DEFERRED INFLOWS OF RESOURCES				
Leases				
Pension	232	15	23	512
OPEB	<u>125</u>	<u>22</u>	<u>1</u>	<u>241</u>
Total deferred inflows of resources	<u>357</u>	<u>37</u>	<u>24</u>	<u>753</u>
NET POSITION				
Net investment in capital assets	3,520	527		305
Restricted for pension and OPEB asset	286	50	2	549
Unrestricted	<u>19,708</u>	<u>662</u>	<u>5</u>	<u>(7,116)</u>
Total net position	<u>\$ 23,514</u>	<u>\$ 1,239</u>	<u>\$ 7</u>	<u>\$ (6,262)</u>

<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Health Self Insurance Fund</u>	<u>Prescription Self Insurance Fund</u>	<u>Total</u>
\$ 13	\$ 112	\$ 750	\$ 748	\$	\$	\$	\$ 3,456
21	622	130	46	6,359			9,019
					10,342	450	10,792
	43		1				66
	1,811		1				1,812
			3				3
			737				737
		47	1				48
<u>34</u>	<u>2,588</u>	<u>927</u>	<u>1,537</u>	<u>6,359</u>	<u>10,342</u>	<u>450</u>	<u>25,933</u>
69	371	71	75				3,092
			26				26
			1				1
<u>280</u>	<u>6,897</u>	<u>1,631</u>	<u>419</u>				<u>29,031</u>
<u>383</u>	<u>9,856</u>	<u>2,629</u>	<u>2,058</u>	<u>6,359</u>	<u>10,342</u>	<u>450</u>	<u>58,083</u>
			1,431				1,431
5	400	41	21				1,249
<u>6</u>	<u>135</u>	<u>35</u>	<u>9</u>				<u>574</u>
<u>11</u>	<u>535</u>	<u>76</u>	<u>1,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,254</u>
	18		1,651				6,021
13	309	73	18				1,300
<u>(156)</u>	<u>(5,016)</u>	<u>2,095</u>	<u>3,289</u>	<u>8,549</u>	<u>2,155</u>	<u>282</u>	<u>24,457</u>
<u>\$ (143)</u>	<u>\$ (4,689)</u>	<u>\$ 2,168</u>	<u>\$ 4,958</u>	<u>\$ 8,549</u>	<u>\$ 2,155</u>	<u>\$ 282</u>	<u>\$ 31,778</u>

(Concluded)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - ALL INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
OPERATING REVENUES:				
Charges for services	\$ 26,569	\$ 2,459	\$ 506	\$ 13,235
Total operating revenue	<u>26,569</u>	<u>2,459</u>	<u>506</u>	<u>13,235</u>
OPERATING EXPENSES:				
Operations	21,438	2,037	547	12,936
Maintenance	1,074	203		279
Depreciation and amortization	261	79		104
Total operating expenses	<u>22,773</u>	<u>2,319</u>	<u>547</u>	<u>13,319</u>
OPERATING INCOME (LOSS)	<u>3,796</u>	<u>140</u>	<u>(41)</u>	<u>(84)</u>
NON-OPERATING REVENUES (EXPENSES):				
Investment income	962	60	4	291
Interest revenue (expense)				(1)
Other revenue (expenses)				
Total non-operating revenues (expenses)	<u>962</u>	<u>60</u>	<u>4</u>	<u>290</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	4,758	200	(37)	206
Capital contributions	806			
Transfers in				
CHANGE IN NET POSITION	5,564	200	(37)	206
NET POSITION AT BEGINNING OF YEAR AS PREVIOUSLY REPORTED	18,368	1,062	47	(5,892)
CHANGE IN ACCOUNTING PRINCIPLE (SEE NOTE 24)	(418)	(23)	(3)	(576)
RESTATED NET POSITION BEGINNING OF YEAR	<u>17,950</u>	<u>1,039</u>	<u>44</u>	<u>(6,468)</u>
NET POSITION END OF YEAR	<u>\$ 23,514</u>	<u>\$ 1,239</u>	<u>\$ 7</u>	<u>\$ (6,262)</u>

<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Health Self Insurance Fund</u>	<u>Prescription Self Insurance Fund</u>	<u>Total</u>
\$ 85	\$ 9,051	\$ 9,834	\$ 3,539	\$ 1,365	\$ 94,150	\$ 20,264	\$ 181,057
85	9,051	9,834	3,539	1,365	94,150	20,264	181,057
952	9,738	9,193	1,783		94,973	21,907	175,504
	200	25	2,322				4,103
	28	80	86				638
952	9,966	9,298	4,191	-	94,973	21,907	180,245
(867)	(915)	536	(652)	1,365	(823)	(1,643)	812
	1,497	116	220				3,150
		(4)	36				31
			99				99
-	1,497	112	355	-	-	-	3,280
(867)	582	648	(297)	1,365	(823)	(1,643)	4,092
767							806
							767
(100)	582	648	(297)	1,365	(823)	(1,643)	5,665
(6)	(5,060)	1,559	5,302	7,184	2,978	1,925	27,467
(37)	(211)	(39)	(47)				(1,354)
(43)	(5,271)	1,520	5,255	7,184	2,978	1,925	26,113
<u>\$ (143)</u>	<u>\$ (4,689)</u>	<u>\$ 2,168</u>	<u>\$ 4,958</u>	<u>\$ 8,549</u>	<u>\$ 2,155</u>	<u>\$ 282</u>	<u>\$ 31,778</u>

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 26,001	\$ 2,471	\$ 490	\$ 13,235
Cash payments to suppliers for goods or services	(15,232)	(1,322)	(481)	(964)
Cash payments to employees for services	(7,323)	(871)	(78)	(12,932)
Net cash provided by (used for) operating activities	<u>3,446</u>	<u>278</u>	<u>(69)</u>	<u>(661)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received through transfers from other funds				
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(966)	(23)		(21)
Principal paid on long term lease obligations				
Interest paid on long term lease obligations				
Revenue from leases				
Principal paid on long term subscription obligations				(41)
Interest paid on long term subscription obligations				(1)
Net cash provided by (used for) capital and related financing activities	<u>(966)</u>	<u>(23)</u>	<u>-</u>	<u>(63)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on investments	962	60	4	291
Net cash provided by (used for) investing activities	<u>962</u>	<u>60</u>	<u>4</u>	<u>291</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,442	315	(65)	(433)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>18,738</u>	<u>975</u>	<u>101</u>	<u>4,457</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 22,180</u>	<u>\$ 1,290</u>	<u>\$ 36</u>	<u>\$ 4,024</u>

<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Health Self Insurance Fund</u>	<u>Prescription Self Insurance Fund</u>	<u>Total</u>
\$ 67	\$ 9,800	\$ 9,974	\$ 3,567	\$ 111	\$ 94,150	\$ 20,264	\$ 180,130
(686)	(3,896)	(7,302)	(2,956)		(98,236)	(22,200)	(153,275)
(260)	(6,693)	(1,727)	(597)				(30,481)
(879)	(789)	945	14	111	(4,086)	(1,936)	(3,626)
767							767
767	-	-	-	-	-	-	767
			(201)				(1,211)
			(23)				(23)
			(35)				(35)
			120				120
		(139)	(1)				(181)
		(4)					(5)
-	-	(143)	(140)	-	-	-	(1,335)
	1,497	116	220				3,150
-	1,497	116	220	-	-	-	3,150
(112)	708	918	94	111	(4,086)	(1,936)	(1,044)
232	2,199	3,035	4,009	14,797	16,583	2,668	67,794
\$ 120	\$ 2,907	\$ 3,953	\$ 4,103	\$ 14,908	\$ 12,497	\$ 732	\$ 66,750

(Continued)

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	<u>Motor Vehicle Maintenance</u>	<u>Printing and Reproduction</u>	<u>City Storeroom and Warehouse</u>	<u>Utilities Administration</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 3,796	\$ 140	\$ (41)	\$ (84)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	261	79		104
(Increase) Decrease in Assets:				
Receivables, net	(4)			
Prepaid expenses and other assets	3	2	(1)	11
Due from other funds	(564)	12	(16)	13
Inventory of supplies	(311)	5		
Net pension assets	(12)	(3)	1	(26)
Net OPEB assets	(218)	(38)	(2)	(418)
(Increase) Decrease in Deferred Outflows of Resources:				
Pension	1,092	166	29	2,007
OPEB	281	47	4	528
Increase (Decrease) in Liabilities:				
Accounts payable	435	53		(19)
Accrued wages and benefits	(8)	(1)	(1)	(81)
Claims payable				
Due to other funds	(3)	1		
Due to other governments				
Net pension liability	(1,237)	(161)	(59)	(2,135)
Net OPEB liability	(161)	(27)	(2)	(303)
Increase (Decrease) in Deferred Inflows of Resources:				
Pension	28	(9)	19	(388)
OPEB	68	12		130
Total adjustments	<u>(350)</u>	<u>138</u>	<u>(28)</u>	<u>(577)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 3,446</u>	<u>\$ 278</u>	<u>\$ (69)</u>	<u>\$ (661)</u>
FINANCING ACTIVITIES:				
Contributions of Capital Assets	\$ 806	\$	\$	\$

<u>Sinking Fund Administration</u>	<u>Municipal Income Tax Administration</u>	<u>Telephone Exchange</u>	<u>Radio Communications</u>	<u>Workers' Compensation Reserve</u>	<u>Health Self Insurance Fund</u>	<u>Prescription Self Insurance Fund</u>	<u>Total</u>
\$ (867)	\$ (915)	\$ 536	\$ (652)	\$ 1,365	\$ (823)	\$ (1,643)	\$ 812
	28	80	86				638
			(74)				(78)
1	9	2					27
(18)		140					(433)
							(306)
(1)	(13)	(4)	(1)				(59)
(10)	(235)	(56)	(14)				(991)
41	1,258	129	64				4,786
12	311	58	18				1,259
5	(61)	258	707				1,378
7	(176)	(28)	6	(1,254)			(1,536)
					(3,263)	(293)	(3,556)
	(52)		(18)				(72)
	749		(5)				744
(40)	(1,524)	(75)	(61)				(5,292)
(7)	(177)	(36)	(10)				(723)
(6)	(62)	(81)	(37)				(536)
4	71	22	5				312
(12)	126	409	666	(1,254)	(3,263)	(293)	(4,438)
<u>\$ (879)</u>	<u>\$ (789)</u>	<u>\$ 945</u>	<u>\$ 14</u>	<u>\$ 111</u>	<u>\$ (4,086)</u>	<u>\$ (1,936)</u>	<u>\$ (3,626)</u>

\$ \$ \$ \$ \$ \$ \$ 806

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CITY OF CLEVELAND, OHIO

CUSTODIAL FUNDS

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

Municipal Courts

To account for assets received and disbursed by the Municipal Courts as agent or custodian related to Civil and Criminal Court matters.

Central Collection Agency

To account for the collection of the Municipal Income Tax for other municipalities.

Other Custodials

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

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

December 31, 2024

(Amounts in Thousands)

	Municipal Courts	Central Collection Agency	Other	Total
Assets				
Cash and cash equivalents	\$ 1,876	\$ 3,181	\$ 10,123	\$ 15,180
Taxes receivable		18,045		18,045
Accounts receivable			11,965	11,965
Due from other governments		2,632		2,632
Total assets	<u>1,876</u>	<u>23,858</u>	<u>22,088</u>	<u>47,822</u>
Liabilities				
Accounts payable			1,717	1,717
Due to others	1,876			1,876
Due to other government		23,858	2,765	26,623
Total liabilities	<u>1,876</u>	<u>23,858</u>	<u>4,482</u>	<u>30,216</u>
Deferred Inflow of Resources			11,965	11,965
Total Liabilities and Deferred Inflows	<u>1,876</u>	<u>23,858</u>	<u>16,447</u>	<u>42,181</u>
Net Position				
Restricted for individuals, organizations and other governments			5,641	5,641
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,641</u>	<u>\$ 5,641</u>

CITY OF CLEVELAND, OHIO

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in Thousands)

	Municipal Courts	Central Collection Agency	Other	Total
Additions				
Law enforcement funds	\$	\$	\$ 2,746	\$ 2,746
Vital Cert Fees Due State			573	573
Hilton Contribution Fund			496	496
Income tax collected for other governments		82,607		82,607
Fines collected for other governments	19,570			19,570
Special Assessments			303	303
Fire escrow			304	304
Other			144	144
Total additions	<u>19,570</u>	<u>82,607</u>	<u>4,566</u>	<u>106,743</u>
Deductions				
Fire Escrow			191	191
Vital Cert Fees Due State			585	585
Hilton Contribution Fund			496	496
Special assessments			302	302
Law enforcement funds			2,752	2,752
Payments of income tax to other governments		82,607		82,607
Payments of fines to other governments	19,570			19,570
Other			86	86
Total deductions	<u>19,570</u>	<u>82,607</u>	<u>4,412</u>	<u>106,589</u>
Change in net position	-	-	154	154
Net position, beginning of year			5,487	5,487
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,641</u>	<u>\$ 5,641</u>

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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, 2024

(Amounts in Thousands)

Governmental Funds Capital Assets:

Land	\$ 73,172
Land improvements	267,511
Buildings, structures and improvements	731,300
Furniture, fixtures, equipment and vehicles	322,214
Infrastructure	987,653
Construction in progress	401,463
Right to use assets	<u>23,162</u>

TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u><u>\$ 2,806,475</u></u>

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

CITY OF CLEVELAND, OHIO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY* DECEMBER 31, 2024 (Amounts in Thousands)

	<u>Total</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings, Structures and Improvements</u>	<u>Furniture, Fixtures, Equipment Vehicles</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Right To Use Assets</u>
General Government:								
General government	\$ 429,776	\$ 3,578	\$ 5,958	\$ 307,191	\$ 27,107	\$ 33,360	\$ 45,293	\$ 7,289
City Hall	29,538	877		26,004		1,347	1,310	
Engineering and construction	516,494		28,083		1,789	486,317	305	
Research, planning and development	49,035	903	39,786	4,326	61	2,997	962	
Charles V. Carr Municipal Center	647		15	632				
Total general government	<u>1,025,490</u>	<u>5,358</u>	<u>73,842</u>	<u>338,153</u>	<u>28,957</u>	<u>524,021</u>	<u>47,870</u>	<u>7,289</u>
Public Works:								
Waste collection	50,151	499		9,999	36,541	1,460	1,652	
Streets	680,219	1,540	16,124	14,393	40,433	431,912	175,266	551
Traffic engineering	6,357			813	3,298	2,229	17	
Park maintenance and properties	193,144	38,838	81,275	27,996	20,663	316	24,056	
Recreation	227,652	648	70,205	89,819	3,217		63,763	
Other	156,363	2,669	14,018	119,997	5,564	74	13,972	69
Total public works	<u>1,313,886</u>	<u>44,194</u>	<u>181,622</u>	<u>263,017</u>	<u>109,716</u>	<u>435,991</u>	<u>278,726</u>	<u>620</u>
Public Safety:								
Police	217,060	5,429	1,183	54,105	97,385	162	47,893	10,903
Fire	102,998	1,689		38,798	55,684		6,827	
Emergency medical service	29,109			1,168	20,953	5,614	1,374	
Correction	7,581	249		6,570	739	23		
Dog pound	8,922			8,036	883		3	
Other	13,234				1,318		10,451	1,465
Total public safety	<u>378,904</u>	<u>7,367</u>	<u>1,183</u>	<u>108,677</u>	<u>176,962</u>	<u>5,799</u>	<u>66,548</u>	<u>12,368</u>
Public Health:								
Health and environment	18,881	1,112	208	10,846	4,335	56		2,324
Total public health	<u>18,881</u>	<u>1,112</u>	<u>208</u>	<u>10,846</u>	<u>4,335</u>	<u>56</u>	<u>-</u>	<u>2,324</u>
Community Development:								
Community development	49,165	7,138	7,694	9,467	1,762	15,807	7,229	68
Total community development	<u>49,165</u>	<u>7,138</u>	<u>7,694</u>	<u>9,467</u>	<u>1,762</u>	<u>15,807</u>	<u>7,229</u>	<u>68</u>
Economic Development:								
Economic development	15,143	8,003	2,962	740		2,398	1,040	
Total economic development	<u>15,143</u>	<u>8,003</u>	<u>2,962</u>	<u>740</u>	<u>-</u>	<u>2,398</u>	<u>1,040</u>	<u>-</u>
Building and Housing:								
Building and housing	5,006			400	482	3,581	50	493
Total building and housing	<u>5,006</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>482</u>	<u>3,581</u>	<u>50</u>	<u>493</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 2,806,475</u>	<u>\$ 73,172</u>	<u>\$ 267,511</u>	<u>\$ 731,300</u>	<u>\$ 322,214</u>	<u>\$ 987,653</u>	<u>\$ 401,463</u>	<u>\$ 23,162</u>

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

CITY OF CLEVELAND, OHIO

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY* FOR THE YEAR ENDED DECEMBER 31, 2024 (Amounts in Thousands)

	Balance January 1, 2024	Additions	Deductions	Transfers	Balance December 31, 2024
General Government:					
General government	\$ 410,895	\$ 31,107	\$ (1,793)	\$ (10,433)	\$ 429,776
City Hall	29,538				29,538
Engineering and construction	516,494				516,494
Research, planning and development	49,035				49,035
Charles V. Carr Municipal Center	647				647
Total general government	<u>1,006,609</u>	<u>31,107</u>	<u>(1,793)</u>	<u>(10,433)</u>	<u>1,025,490</u>
Public Works:					
Waste collection	47,678	2,887	(454)	40	50,151
Streets	651,181	20,872	(2,948)	11,114	680,219
Traffic engineering	5,620	746	(25)	16	6,357
Park maintenance and properties	190,108	3,515	(687)	208	193,144
Recreation	216,717	11,063	(128)		227,652
Other	153,941	2,884	(539)	77	156,363
Total public works	<u>1,265,245</u>	<u>41,967</u>	<u>(4,781)</u>	<u>11,455</u>	<u>1,313,886</u>
Public Safety:					
Police	187,020	33,388	(3,348)		217,060
Fire	97,531	7,648	(2,181)		102,998
Emergency medical service	29,096	901	(906)	18	29,109
Correction	7,581				7,581
Dog pound	8,893			29	8,922
Other	13,204	30			13,234
Total public safety	<u>343,325</u>	<u>41,967</u>	<u>(6,435)</u>	<u>47</u>	<u>378,904</u>
Public Health:					
Health and environment	18,598	411	(128)		18,881
Total public health	<u>18,598</u>	<u>411</u>	<u>(128)</u>	<u>-</u>	<u>18,881</u>
Community Development:					
Community development	48,319	870	(24)		49,165
Total community development	<u>48,319</u>	<u>870</u>	<u>(24)</u>	<u>-</u>	<u>49,165</u>
Economic Development:					
Economic development	16,146		(1,003)		15,143
Total economic development	<u>16,146</u>	<u>-</u>	<u>(1,003)</u>	<u>-</u>	<u>15,143</u>
Building and Housing:					
Building and housing	5,008		(2)		5,006
Total building and housing	<u>5,008</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>5,006</u>
TOTAL GOVERNMENTAL FUNDS					
CAPITAL ASSETS	<u>\$ 2,703,250</u>	<u>\$ 116,322</u>	<u>\$ (14,166)</u>	<u>\$ 1,069</u>	<u>\$ 2,806,475</u>

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

STATISTICAL SECTION

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CITY OF CLEVELAND, OHIO

Statistical Section

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

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

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

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

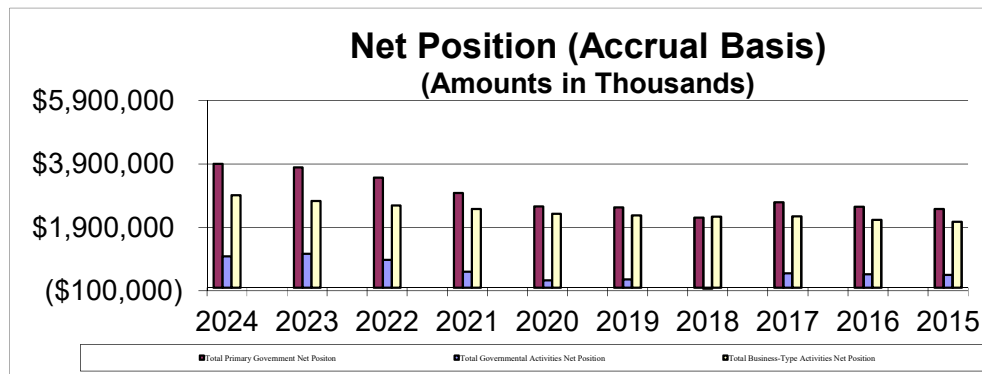
	2024	2023	2022	2021
Governmental Activities				
Net investment in capital assets	\$ 792,600	\$ 799,523	\$ 751,679	\$ 725,546
Restricted	252,919	234,787	230,517	218,181
Unrestricted	(55,761)	30,619	(104,143)	(446,496)
<i>Total Governmental Activities Net Position</i>	<u>\$ 989,758</u>	<u>\$ 1,064,929</u>	<u>\$ 878,053</u>	<u>\$ 497,231</u>
Business-Type Activities				
Net investment in capital assets	\$ 1,914,499	\$ 1,833,433	\$ 1,776,111	\$ 1,735,824
Restricted	260,612	216,013	192,072	196,842
Unrestricted	738,652	679,053	623,844	550,534
<i>Total Business-Type Activities Net Position</i>	<u>\$ 2,913,763</u>	<u>\$ 2,728,499</u>	<u>\$ 2,592,027</u>	<u>\$ 2,483,200</u>
Primary Government				
Net investment in capital assets	\$ 2,707,099	\$ 2,632,956	\$ 2,527,790	\$ 2,461,370
Restricted	513,531	450,800	422,589	415,023
Unrestricted	682,891	709,672	519,701	104,038
<i>Total Primary Government Net Position</i>	<u>\$ 3,903,521</u>	<u>\$ 3,793,428</u>	<u>\$ 3,470,080</u>	<u>\$ 2,980,431</u>

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

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

GASB issued Statement No. 101 effective for reporting periods beginning after December 15, 2023. This statement updates the recognition and measurement guidance for compensated absences. The City did not restate prior years in the statistical tables.

2020	2019	2018	2017	2016	2015
\$ 722,806	\$ 722,633	\$ 714,288	\$ 719,579	\$ 722,785	\$ 653,925
209,288	208,522	188,612	161,003	155,224	167,042
(702,088)	(677,805)	(933,271)	(433,843)	(459,804)	(422,125)
<u>\$ 230,006</u>	<u>\$ 253,350</u>	<u>\$ (30,371)</u>	<u>\$ 446,739</u>	<u>\$ 418,205</u>	<u>\$ 398,842</u>
\$ 1,724,704	\$ 1,633,097	\$ 1,544,414	\$ 1,482,861	\$ 1,367,544	\$ 1,354,871
184,926	207,837	219,202	214,161	236,772	240,979
417,570	438,760	474,284	548,411	532,257	482,852
<u>\$ 2,327,200</u>	<u>\$ 2,279,694</u>	<u>\$ 2,237,900</u>	<u>\$ 2,245,433</u>	<u>\$ 2,136,573</u>	<u>\$ 2,078,702</u>
\$ 2,447,510	\$ 2,355,730	\$ 2,258,702	\$ 2,202,440	\$ 2,090,329	\$ 2,008,796
394,214	416,359	407,814	375,164	391,996	408,021
(284,518)	(239,045)	(458,987)	114,568	72,453	60,727
<u>\$ 2,557,206</u>	<u>\$ 2,533,044</u>	<u>\$ 2,207,529</u>	<u>\$ 2,692,172</u>	<u>\$ 2,554,778</u>	<u>\$ 2,477,544</u>



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

	2024	2023	2022	2021
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 23,883	\$ 13,892	\$ 12,963	\$ 15,829
Public Works	17,241	18,809	17,421	19,655
Public Safety	19,100	21,863	20,325	16,557
Community Development	910	1,491	748	1,043
Building and Housing	30,255	27,282	25,086	22,072
Public Health	4,750	4,069	3,086	2,863
Economic Development	125	120	114	163
Subtotal - Charges for Services	96,264	87,526	79,743	78,182
Operating Grants and Contributions:				
General Government	13,711	158,380	229,358	116,538
Public Works	18,349	17,899	19,892	18,893
Public Safety	8,309	7,798	2,847	7,916
Community Development	37,551	45,967	46,364	55,940
Building and Housing	2,875	810	232	772
Public Health	7,652	7,862	8,644	10,596
Economic Development	19,782	16,978	17,325	17,609
Subtotal - Operating Grants and Contributions	108,229	255,694	324,662	228,264
Capital Grants and Contributions:				
General Government	1,272	3,663	5,745	9,140
Public Works	7,554	11,316	19,867	11,056
Public Safety			512	26
Economic Development	1,080	444	160	293
Subtotal - Capital Grants and Contributions	9,906	15,423	26,284	20,515
<i>Total Governmental Activities Program Revenues</i>	214,399	358,643	430,689	326,961
Business-Type Activities:				
Charges for Services:				
Water	331,596	317,380	319,753	325,811
Sewer	38,805	35,189	32,559	29,625
Electricity	184,168	194,750	205,751	202,902
Airport facilities	144,310	135,556	117,887	111,108
Nonmajor activities	13,909	12,425	11,220	9,258
Subtotal - Charges for Services	712,788	695,300	687,170	678,704
Operating Grants and Contributions:				
Water	48	35	54	497
Sewer	8	11	14	12
Electricity	55	72	72	48
Airport facilities				
Nonmajor activities	11		9	13
Subtotal - Operating Grants and Contributions	122	118	149	570
Capital Grants and Contributions:				
Water	18,802	10,663	2,447	312
Sewer	4,149	2,719	367	5,105
Electricity	200	411	126	2
Airport facilities	59,043	41,368	37,985	54,075
Nonmajor activities			80	2
Subtotal - Capital Grants and Contributions	82,194	55,161	41,005	59,496
<i>Total Business-Type Activities Program Revenues</i>	795,104	750,579	728,324	738,770
<i>Total Primary Government Program Revenues</i>	\$ 1,009,503	\$ 1,109,222	\$ 1,159,013	\$ 1,065,731

	2020	2019 (1)	2018	2017	2016	2015
\$	13,105	\$ 19,447	\$ 20,408	\$ 19,573	\$ 18,636	\$ 23,007
	18,452	19,395	17,973	18,408	18,301	17,587
	15,853	14,262	15,123	17,803	18,075	13,032
	1,167	1,072	359	777	952	844
	18,827	20,900	19,008	16,377	17,717	16,408
	2,389	3,827	3,715	3,091	3,463	2,544
	142	158	140	103	103	103
	69,935	79,061	76,726	76,132	77,247	73,525
	9,649	4,293	4,450	3,343	3,468	4,349
	22,350	16,228	14,729	24,106	14,802	14,753
	51,911	3,130	5,067	6,144	46,421	3,806
	30,668	28,560	30,325	26,173	28,950	32,729
	2,390	540	2,360	2,413	4,380	3,609
	7,983	8,056	8,327	8,809	8,122	8,974
	14,593	19,487	18,843	3,023	8,614	11,752
	139,544	80,294	84,101	74,011	114,757	79,972
	115	5,918	1,259	34	134	415
	12,173	17,121	19,561	35,744	87,304	45,581
				97	6	91
	294	240	308			
	12,582	23,279	21,128	35,875	87,444	46,087
	222,061	182,634	181,955	186,018	279,448	199,584
	327,272	320,168	306,159	301,621	310,111	301,283
	29,392	32,176				
	192,583	209,787	218,096	194,904	192,967	192,861
	103,088	148,421	145,981	145,206	142,433	128,033
	7,750	14,040	44,352	42,643	42,133	39,351
	660,085	724,592	714,588	684,374	687,644	661,528
	3,085	3,041	8,346	4,087	1,678	413
	222	741				
	188	598	409	4,105	3,340	3,225
	575	1,750	1,399	314	191	85
	68	199	588	648	218	299
	4,138	6,329	10,742	9,154	5,427	4,022
	7,816	18,635	17,686	50,693	4,326	25,158
	3,967	4,154				
	2,134	1,455	1,458	189	354	481
	74,313	52,972	53,867	56,757	32,280	20,159
	50	296	5,318	4,452	1,092	1,245
	88,280	77,512	78,329	112,091	38,052	47,043
	752,503	808,433	803,659	805,619	731,123	712,593
\$	974,564	\$ 991,067	\$ 985,614	\$ 991,637	\$ 1,010,571	\$ 912,177

(Continued)

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

	2024	2023	2022	2021
Expenses				
Governmental Activities:				
General Government	\$ 235,483	\$ 184,057	\$ 151,424	\$ 105,239
Public Works	199,763	147,377	136,627	118,315
Public Safety	413,731	478,912	347,142	351,515
Community Development	40,248	49,951	42,259	55,675
Building and Housing	14,963	14,326	9,063	7,194
Public Health	19,381	15,683	15,765	15,843
Economic Development	131,103	31,682	22,757	38,358
Interest on debt	29,273	26,074	25,134	25,054
<i>Total Governmental Activities Expenses</i>	<i>1,083,945</i>	<i>948,062</i>	<i>750,171</i>	<i>717,193</i>
Business-Type Activities				
Water	278,668	270,012	250,686	219,063
Sewer	29,168	27,540	25,703	21,917
Electricity	179,432	187,428	196,200	190,647
Airport facilities	172,904	150,477	149,774	137,587
Nonmajor activities	20,806	19,786	16,810	12,757
<i>Total Business-Type Activities Expenses</i>	<i>680,978</i>	<i>655,243</i>	<i>639,173</i>	<i>581,971</i>
<i>Total Primary Government Program Expenses</i>	<i>1,764,923</i>	<i>1,603,305</i>	<i>1,389,344</i>	<i>1,299,164</i>
Net (Expense)/Revenue				
Governmental Activities	(869,546)	(589,419)	(319,482)	(390,232)
Business-Type Activities	114,126	95,336	89,151	156,799
<i>Total Primary Government Net Expense</i>	<i>(755,420)</i>	<i>(494,083)</i>	<i>(230,331)</i>	<i>(233,433)</i>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Income taxes	565,411	534,003	518,824	495,297
Property taxes	67,661	66,831	69,754	57,327
Other taxes	54,032	46,453	40,115	30,505
Unrestricted shared revenues	24,570	23,134	22,428	23,499
Unrestricted state and local government funds	31,846	31,766	31,546	30,806
Unrestricted investment earnings	70,295	70,399	20,555	590
Other	6,265	9,225	7,315	25,279
Transfers	(9,977)	(5,516)	(10,233)	(5,846)
<i>Total Governmental Activities</i>	<i>810,103</i>	<i>776,295</i>	<i>700,304</i>	<i>657,457</i>
Business-Type Activities				
Unrestricted investment earnings	53,384	35,520	9,443	479
Other	13,437	100		610
Transfers	9,977	5,516	10,233	5,846
<i>Total Business-Type Activities Expenses</i>	<i>76,798</i>	<i>41,136</i>	<i>19,676</i>	<i>6,935</i>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<i>886,901</i>	<i>817,431</i>	<i>719,980</i>	<i>664,392</i>
Change in Net Position				
Governmental Activities	(59,443)	186,876	380,822	267,225
Business-Type Activities	190,924	136,472	108,827	163,734
<i>Total Primary Government Change in Net Position</i>	<i>\$ 131,481</i>	<i>\$ 323,348</i>	<i>\$ 489,649</i>	<i>\$ 430,959</i>

Note:

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

Business-type activities on the Government-wide Statement of Activities summarizes other Enterprise Funds as Nonmajor activities. In years 2018 and prior these include Sewer, Public Auditorium, West Side Market, East Side Market, Municipal Parking Lots, Cemeteries and Golf Courses. In 2019, Sewer was reclassified as a major enterprise fund.

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

	2020	2019 (1)	2018	2017	2016	2015
\$	160,148	\$ 191,388	\$ 157,730	\$ 160,117	\$ 139,022	\$ 140,946
	156,576	172,526	151,476	137,256	119,019	117,040
	397,692	75,355	415,703	357,248	383,453	328,453
	33,643	31,523	33,464	28,555	32,173	35,026
	15,320	16,974	15,294	14,240	14,111	13,433
	18,321	21,269	19,189	18,038	16,110	16,841
	20,454	28,428	27,251	36,189	37,913	29,474
	27,198	27,059	26,286	28,630	27,596	36,489
	829,352	564,522	846,393	780,273	769,397	717,702
	300,180	316,588	302,725	293,148	270,014	259,892
	29,358	31,318				
	199,950	220,883	218,261	197,613	196,092	197,823
	168,310	187,779	173,624	172,383	172,254	162,499
	14,916	17,834	44,863	41,990	39,501	37,088
	712,714	774,402	739,473	705,134	677,861	657,302
	1,542,066	1,338,924	1,585,866	1,485,407	1,447,258	1,375,004
	(607,291)	(381,888)	(664,438)	(594,255)	(489,949)	(518,118)
	39,789	34,031	64,186	100,485	53,262	55,291
	(567,502)	(347,857)	(600,252)	(493,770)	(436,687)	(462,827)
	458,943	487,077	480,966	451,929	359,668	346,797
	57,955	58,252	53,839	51,985	28,634	55,017
	16,349	44,633	45,235	46,704	48,945	38,904
	15,556	20,894	19,338	37,428	35,888	34,974
	25,936	26,658	25,191	24,331	24,061	26,567
	3,827	14,997	10,730	4,392	1,801	1,060
	13,022	20,210	19,070	14,374	14,906	8,760
	(7,641)	(7,112)	(4,852)	(8,354)	(4,591)	(1,957)
	583,947	665,609	649,517	622,789	509,312	510,122
	11	26	24	13	7	4
	65	625		8	11	
	7,641	7,112	4,852	8,354	4,591	1,957
	7,717	7,763	4,876	8,375	4,609	1,961
	591,664	673,372	654,393	631,164	513,921	512,083
	(23,344)	283,721	(14,921)	28,534	19,363	(7,996)
	47,506	41,794	69,062	108,860	57,871	57,252
\$	24,162	\$ 325,515	\$ 54,141	\$ 137,394	\$ 77,234	\$ 49,256

(Concluded)

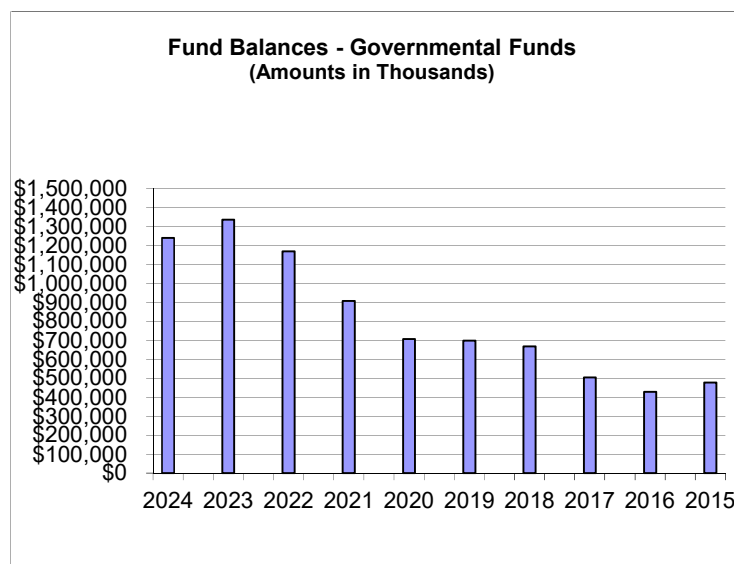
City of Cleveland, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)
(Amounts in Thousands)

	2024	2023	2022	2021	2020
General Fund					
Nondisposable	\$ 13,974	\$ 14,683	\$ 13,084	\$ 11,039	\$ 8,082
Assigned	201,817	208,389	179,065	83,232	84,600
Unassigned	225,412	187,841	166,580	228,891	121,872
Total General Fund	441,203	410,913	358,729	323,162	214,554
Capital/Urban Renewal Bond Construction (2)					
Nondisposable					
Restricted	290,055	296,706	286,057	285,612	
Committed					
Total Capital/Urban Renewal Bond Construction	290,055	296,706	286,057	285,612	
General Government (2)					
Nondisposable	7	12	8	5	
Restricted	19,335	17,995	17,858	16,864	
Committed	201,731	273,856	225,191	9,542	
Total General Government	221,073	291,863	243,057	26,411	
Public Health (1)					
Nondisposable	63	72	78	18	32
Restricted	3,063	2,783	2,494	2,157	1,897
Committed	3,736	2,194	1,016	696	584
Total Public Health	6,862	5,049	3,588	2,871	2,513
All Other Governmental Funds					
Nondisposable	156	180	175	122	128
Restricted	211,593	208,234	205,008	195,796	420,543
Committed	67,623	121,246	71,920	72,860	68,930
Assigned					
Unassigned					
Total All Other Governmental Funds	279,372	329,660	277,103	268,778	489,601
Total Governmental Funds	<u>\$ 1,238,565</u>	<u>\$ 1,334,191</u>	<u>\$ 1,168,534</u>	<u>\$ 906,834</u>	<u>\$ 706,668</u>

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

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

2019	2018	2017	2016	2015
\$ 3,069	\$ 3,035	\$	\$	\$ 740
85,953	67,388	42,168	15,631	11,979
114,870	116,486	92,692	66,091	68,490
203,892	186,909	134,860	81,722	81,209
32				
1,446				
387				
1,865				
138	168			865
427,063	416,726	296,361	287,250	312,089
64,813	62,927	72,770	70,597	82,189
11	9	11	2	6
			(11,514)	
492,025	479,830	369,142	346,335	395,149
\$ 697,782	\$ 666,739	\$ 504,002	\$ 428,057	\$ 476,358



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

	2024	2023	2022	2021
Revenues				
Income taxes	\$ 561,862	\$ 535,148	\$ 512,741	\$ 495,532
Property taxes	69,198	68,794	68,112	59,438
State and local government funds	31,480	31,674	31,276	29,932
Other taxes	54,032	46,453	40,115	30,505
Other shared revenues	63,986	62,575	60,866	60,565
Licenses and permits	31,111	25,125	24,714	22,126
Charges for services	33,628	29,470	37,610	37,766
Fines, forfeits and settlements	11,387	13,076	8,298	9,820
Investment earnings	67,436	68,368	19,984	572
Grants	66,130	224,317	301,866	196,373
Contributions	15	127	705	467
Miscellaneous	25,149	14,546	13,373	29,596
<i>Total Revenues</i>	<u>1,015,414</u>	<u>1,119,673</u>	<u>1,119,660</u>	<u>972,692</u>
Expenditures				
Current:				
General Government	141,297	137,245	112,171	114,539
Public Works	136,998	120,320	116,431	109,248
Public Safety	383,819	385,085	358,624	358,048
Community Development	38,287	49,676	42,547	57,208
Building and Housing	15,131	17,655	13,044	13,967
Public Health	18,989	18,577	18,714	20,493
Economic Development	77,335	31,933	22,990	38,965
Other	33,408	10,728	10,043	8,066
Capital outlay	228,841	149,045	117,698	100,284
Inception of capital lease				
Debt service:				
Principal retirement	67,427	67,478	59,268	54,472
Interest	35,228	32,746	32,562	30,426
General Government	1,969	988	402	1,237
Other			1,103	1,095
<i>Total Expenditures</i>	<u>1,178,729</u>	<u>1,021,476</u>	<u>905,597</u>	<u>908,048</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(163,315)</u>	<u>98,197</u>	<u>214,063</u>	<u>64,644</u>
Other Financing Sources (Uses)				
Transfers in	119,769	308,018	333,123	133,383
Transfers out	(124,353)	(312,330)	(337,763)	(136,912)
Inception of subscriptions	6	6,281		
Payment of refunding C.O.P.S.		(45,070)		
Issuance of refunding C.O.P.S.		40,220		
C.O.P.S. Premium		1,092		
Issuance of bonds	64,395	63,015	45,910	128,420
Issuance of refunding bonds				22,640
Premium on bonds and notes	7,872	5,824	6,367	12,104
Discount on bonds and notes				
Payment to refund bonds and notes				(24,113)
Issuance of Loans				
Sale of City assets		410		
Capital leases				
<i>Total Other Financing Sources (Uses)</i>	<u>67,689</u>	<u>67,460</u>	<u>47,637</u>	<u>135,522</u>
<i>Net Change in Fund Balances</i>	<u>\$ (95,626)</u>	<u>\$ 165,657</u>	<u>\$ 261,700</u>	<u>\$ 200,166</u>
Debt Service as a Percentage of Noncapital Expenditures	9.6%	10.9%	11.2%	10.1%

2020	2019	2018	2017	2016	2015
\$ 466,699	\$ 486,792	\$ 473,306	\$ 447,259	\$ 355,092	\$ 350,524
58,364	57,580	52,665	51,473	49,311	49,697
25,616	26,304	24,970	24,375	24,431	26,433
16,349	44,739	45,149	46,683	48,945	38,904
53,053	55,319	53,866	61,079	49,108	48,864
18,120	21,892	21,196	19,407	21,236	18,884
36,905	38,158	39,194	39,177	37,620	35,169
8,186	14,292	15,296	14,299	14,295	18,864
3,671	14,277	10,186	4,147	1,725	927
112,741	52,890	60,385	80,077	125,956	102,257
377	1,787	4,398	1,704	1,844	2,803
16,844	25,437	15,068	11,618	16,067	13,565
816,925	839,467	815,679	801,298	745,630	706,891
110,683	107,996	97,343	100,372	98,102	86,686
104,711	109,612	104,949	98,228	93,148	90,961
354,729	345,025	332,423	322,483	347,426	311,177
30,929	27,857	30,876	25,827	29,990	33,076
14,146	14,019	13,829	13,216	13,710	13,419
17,019	18,343	17,735	16,382	15,410	16,462
19,846	27,718	26,850	35,748	37,552	29,393
9,032	8,255	9,030	6,640	7,388	8,635
120,315	113,170	88,812	85,888	99,622	127,001
					571
55,103	55,423	55,368	49,041	49,370	48,648
31,353	34,968	31,006	30,000	30,365	28,627
1,088	450	1,485	971	476	2,462
1,088	1,080	1,077	1,069	1,070	1,071
870,042	863,916	810,783	785,865	823,629	798,189
(53,117)	(24,449)	4,896	15,433	(77,999)	(91,298)
101,945	123,680	112,956	81,122	72,227	92,273
(107,597)	(126,729)	(116,926)	(83,188)	(74,118)	(94,734)
132,555	51,015	135,680		28,125	101,385
			142,850	23,680	117,325
5,200	5,740	16,868	21,916	7,497	30,085
(70,109)			(108,761)	(28,150)	(135,757)
	601	15			
9	1,185	9,248	6,573	437	1,713
62,003	55,492	157,841	60,512	29,698	112,290
\$ 8,886	\$ 31,043	\$ 162,737	\$ 75,945	\$ (48,301)	\$ 20,992
11.1%	11.5%	11.6%	10.8%	10.8%	11.1%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2024	\$ 2,808,752	\$ 2,614,632	\$ 15,495,382	\$ 570,982	\$ 648,843
2023	2,784,003	2,581,523	15,330,075	553,233	628,674
2022	2,762,701	2,566,659	15,226,744	520,673	591,674
2021	2,184,072	2,483,157	13,334,939	496,441	564,138
2020	2,158,209	2,506,117	13,326,645	468,023	531,844
2019	2,161,965	2,664,334	13,789,426	436,992	496,582
2018	1,987,511	2,325,434	12,322,700	415,800	472,500
2017	2,002,109	2,238,298	12,115,449	387,919	440,817
2016	2,002,439	2,255,156	12,164,557	331,843	377,094
2015	2,035,581	2,593,704	13,226,529	318,829	362,306

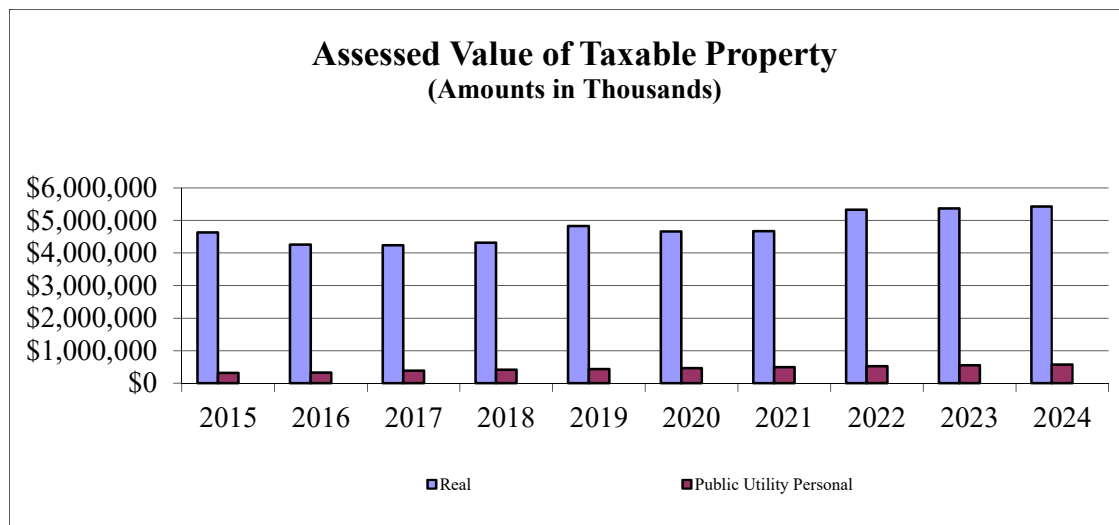
The assessed valuation level for real property in Cuyahoga County is 35% of appraised market value, except for certain agricultural land and public utility property.

Electric deregulation took place January 1, 2001. Under prior law, an electric company's taxable production equipment was assessed at 100% of true value, while all of its other taxable property was assessed at 88% of true value. Effective in 2002, the valuation on electric utility production equipment was reduced from 100% to 25% of true value, with makeup payments in varying amounts to be made through 2021 to taxing subdivisions by the State of Ohio from State resources. All taxable property remained at 88% true value.

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

Source: Cuyahoga County Fiscal Officer.

		Total		
		Estimated	Total	
Assessed		Actual	Direct	
Value		Value	Tax Rate	Ratio
\$ 5,994,366	\$	16,144,225	12.70	37.1 %
5,918,759		15,958,749	12.70	37.1
5,850,033		15,818,418	12.70	37.0
5,163,670		13,899,077	12.70	37.2
5,132,348		13,858,489	12.70	37.0
5,263,291		14,286,008	12.70	36.8
4,728,745		12,795,200	12.70	37.0
4,628,326		12,556,266	12.70	36.9
4,589,438		12,541,651	12.70	36.6
4,948,114		13,588,835	12.70	36.4



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

	2024	2023	2022	2021
Unvoted Millage				
Debt	4.350000	4.350000	4.350000	4.350000
Fire Pension	0.050000	0.050000	0.050000	0.050000
<i>Total Unvoted Millage</i>	<u>4.400000</u>	<u>4.400000</u>	<u>4.400000</u>	<u>4.400000</u>
Charter Millage				
Operating	7.750000	7.750000	7.750000	7.750000
Fire Pension	0.250000	0.250000	0.250000	0.250000
Police Pension	0.300000	0.300000	0.300000	0.300000
<i>Total Charter Millage</i>	<u>8.300000</u>	<u>8.300000</u>	<u>8.300000</u>	<u>8.300000</u>
Total Millage	<u>12.700000</u>	<u>12.700000</u>	<u>12.700000</u>	<u>12.700000</u>

Overlapping Rates by Taxing District

City School District				
Residential/Agricultural Real	39.804838	45.770237	45.748138	45.750328
Commercial/Industrial and Public Utility Real	63.781894	58.636897	58.809971	59.268791
General Business and Public Utility Personal	92.700000	84.100000	84.100000	84.100000
County				
Residential/Agricultural Real	9.700242	12.260240	12.251926	12.255221
Commercial/Industrial and Public Utility Real	12.722328	13.591012	13.633084	13.670579
General Business and Public Utility Personal	14.850000	14.850000	14.850000	14.850000
Special Taxing Districts (1)				
Residential/Agricultural Real	9.901569	13.480597	13.072079	12.483336
Commercial/Industrial and Public Utility Real	14.003507	14.943638	14.592648	14.388187
General Business and Public Utility Personal	16.980000	16.980000	16.580000	16.580000

Note:

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

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

Source: Cuyahoga County Fiscal Officer.

2020	2019	2018	2017	2016	2015
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
54.635189	49.324018	49.475411	52.627462	52.527150	52.479460
61.877129	56.853103	55.336037	61.103106	61.578271	61.740058
84.300000	79.100000	79.300000	79.300000	79.300000	79.300000
14.006317	12.801150	12.797318	13.914095	13.880201	13.869781
14.303665	13.230331	13.077038	14.006049	14.012362	14.050000
14.850000	14.050000	14.050000	14.050000	14.050000	14.050000
14.874736	14.830000	14.431850	13.636727	13.116607	13.112910
15.075454	15.080000	14.324894	13.760521	13.322508	13.363153
16.580000	16.580000	16.180000	14.180000	13.680000	13.680000

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

<u>Year</u>	<u>Current Tax Levy (1)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Current Tax Collections To Current Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2024	\$ 92,239,006	\$ 85,207,008	92.38 %	\$ 6,218,078	\$ 91,425,085
2023	89,971,295	82,689,317	91.91	6,417,404	89,106,721
2022	88,065,482	80,638,135	91.57	7,538,901	88,177,035
2021	80,573,965	74,434,601	92.38	4,674,084	79,108,685
2020	78,536,205	71,810,777	91.44	4,691,071	76,501,848
2019	72,955,931	71,218,160	97.62	5,828,919	77,047,080
2018	74,752,362	66,628,584	89.13	4,538,024	71,166,608
2017	72,023,002	64,982,553	90.22	4,280,681	69,263,234
2016	70,861,467	61,490,574	86.78	3,862,554	65,353,128
2015	75,115,511	62,192,254	82.80	4,537,073	66,729,327

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.

<u>Total Tax Levy (3)</u>	<u>Percent of Total Tax Collections To Total Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$ 114,341,211	79.96 %	\$ 20,842,575	18.23 %
113,540,640	78.48	22,621,526	19.92
114,690,294	76.88	24,849,705	21.67
102,816,932	76.94	22,853,906	22.23
103,132,280	74.18	25,397,758	24.63
98,584,152	78.15	24,209,291	24.56
97,367,860	73.09	24,479,163	25.14
94,787,217	73.07	23,227,032	24.50
87,924,969	74.33	23,066,836	26.23
110,147,288	60.58	47,220,991	42.87

City of Cleveland, Ohio
Principal Taxpayers - Real Estate Tax
2024 and 2015

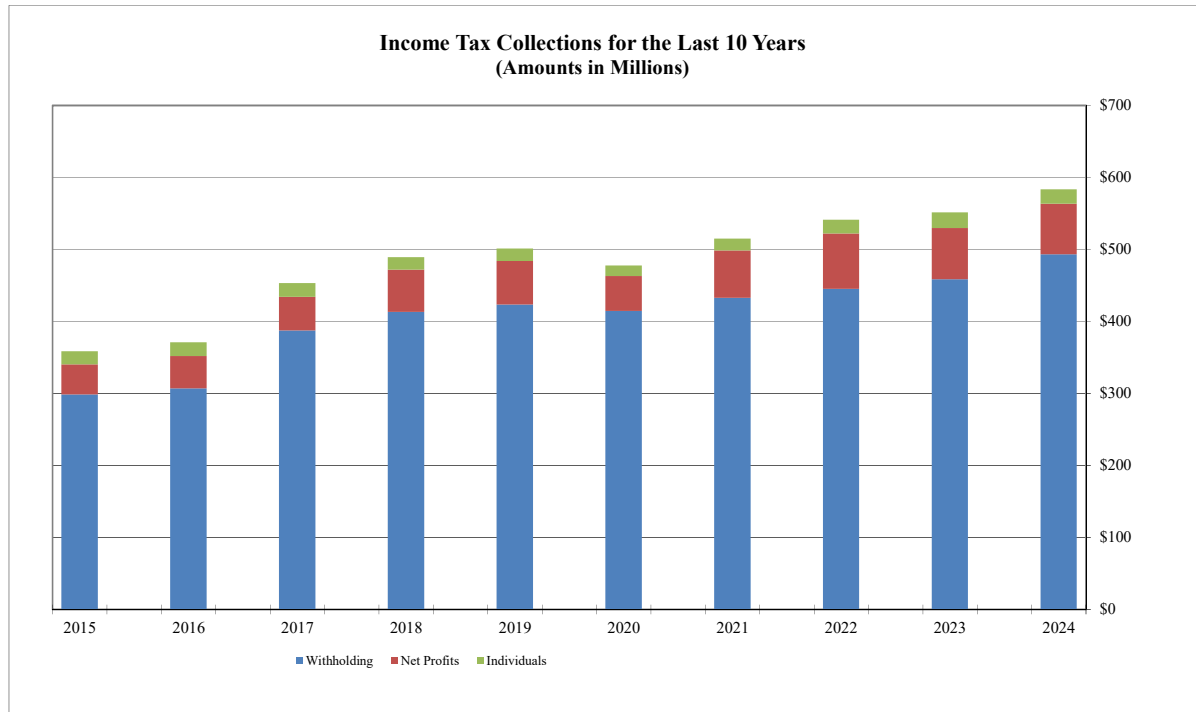
2024		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Cleveland Electric Illuminating Co.	\$ 280,361,070	5.17 %
East Ohio Gas Co.	174,235,340	3.21
Cleveland Clinic Foundation	141,779,640	2.61
American Transmission System	141,465,160	2.61
City of Cleveland, Ohio	123,925,360	2.28
K&D Properties	85,845,330	1.58
127 PS Fee Owner, LLC	82,988,820	1.53
Cleveland-Cuyahoga Port Authority	72,049,630	1.33
Cleveland Propco II, LLC	38,869,230	0.72
Flats East Office Tower LLC	30,701,390	0.57
Total	\$ 1,172,220,970	21.61 %
Total Real Property Assessed Valuation	\$ 5,423,384,000	
2015		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Cleveland Electric Illuminating Co.	\$ 204,079,950	4.41 %
Cuyahoga County, Ohio	84,938,640	1.83
East Ohio Gas Co.	81,294,510	1.76
Key Center Properties LLC	80,915,000	1.75
City of Cleveland, Ohio	74,169,060	1.60
Cleveland Clinic Foundation	50,592,610	1.09
Rock Ohio Caesars Cleveland LLC	49,792,550	1.08
Cleveland Financial Associates, LLC	43,903,130	0.95
American Transmission System	43,142,090	0.93
National City Bank	33,508,720	0.72
Total	\$ 746,336,260	16.12 %
Total Real Property Assessed Valuation	\$ 4,629,285,000	

(1) The amounts presented represent the assessed values upon which 2024 and 2015 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
2024	2.50%	\$ 583,501,136	\$ 493,104,160	84.51%	\$ 70,155,041	12.02%	\$ 20,241,934	3.47%
2023	2.50	551,345,329	458,485,947	83.16	70,995,593	12.88	21,863,790	3.96
2022	2.50	541,130,412	445,131,348	82.26	76,730,164	14.18	19,268,900	3.56
2021	2.50	515,026,273	432,797,541	84.04	65,636,165	12.74	16,592,567	3.22
2020	2.50	477,455,352	414,445,798	86.80	48,378,491	10.13	14,631,063	3.07
2019	2.50	501,323,695	423,375,271	84.45	60,595,378	12.09	17,353,046	3.46
2018	2.50	489,235,527	413,232,659	84.47	58,623,924	11.98	17,378,944	3.55
2017	2.00	453,091,275	387,201,556	85.46	46,757,836	10.32	19,131,883	4.22
2016	2.00	370,753,947	307,143,756	82.84	44,644,300	12.04	18,965,891	5.12
2015	2.00	358,677,459	298,318,465	83.17	41,948,933	11.70	18,410,061	5.13



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	Annual Appropriation Bonds	Note / Loans Payable
2024	\$ 465,329,000	\$	\$ 36,262,000	\$	\$	\$ 33,656,000	\$365,434,000	\$ 6,819,000	\$ 873,000
2023	427,304,000		42,755,000		5,585,000	41,270,000	383,810,000	7,244,000	952,000
2022	390,919,000		49,047,000		11,039,000	53,590,000	402,044,000	7,644,000	1,031,000
2021	368,333,000		55,156,000		16,360,000	61,865,000	419,089,000	8,018,000	1,109,000
2020	337,202,000		47,069,000		21,552,000	69,900,000	367,083,000	8,372,000	1,187,000
2019	318,912,000		49,122,000	488,000	26,630,000	77,750,000	361,740,000	8,705,000	1,266,000
2018	291,055,000		53,107,000	1,874,000	31,593,000	85,266,000	377,853,000	9,018,000	1,024,000
2017	230,353,000	835,000	56,968,000	4,363,000	36,346,000	92,506,000	329,359,000	9,315,000	1,344,000
2016	256,139,000	1,615,000	60,751,000	7,344,000	39,458,000	99,438,000	280,057,000	9,592,000	1,671,000
2015	247,235,000	2,345,000	64,438,000	11,354,000	43,910,000	106,095,000	289,810,000	9,854,000	2,240,000

Note:

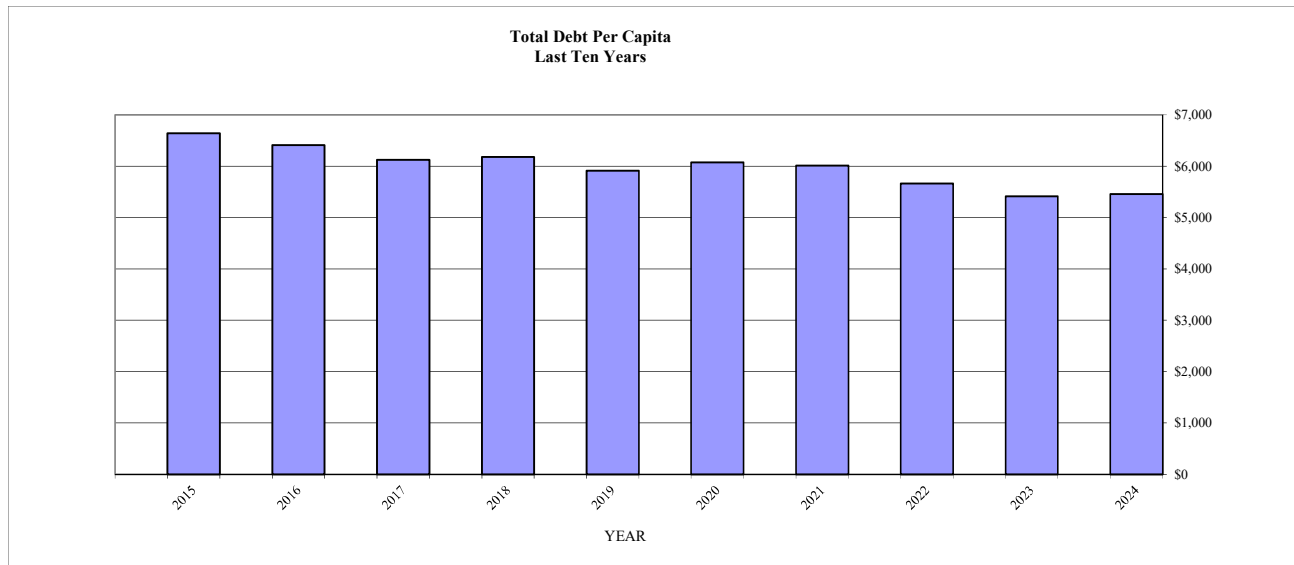
Population and Personal Income data are presented on page S21.

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

In 2023, Subscription Based Information Technology Arrangements added for GASB 96.

In 2024, Department of Port Control issued a Subordinate Note added to Notes/Loans.

Business-Type Activities								
Leases	Subscriptions	Revenue Bonds	OWDA / OPWC / Loans / Note	Leases	Subscriptions	Total Debt	Percentage of Personal Income	Per Capita
\$ 7,567,000	\$ 4,068,000	\$ 1,030,411,000	\$ 75,896,000	\$ 2,923,000	\$ 3,566,000	\$ 2,032,804,000	20.15%	\$ 5,455
7,543,000	6,592,000	1,034,732,000	57,656,000	1,302,000	1,262,000	2,018,007,000	20.78	5,412
4,417,000		1,137,182,000	58,867,000	1,600,000		2,117,380,000	24.18	5,661
		1,244,403,000	65,110,000			2,239,443,000	26.78	6,010
		1,339,827,000	72,254,000			2,264,446,000	26.89	6,077
		1,429,751,000	72,750,000			2,347,114,000	29.45	5,915
		1,525,350,000	75,545,000			2,451,685,000	32.79	6,178
		1,584,033,000	83,478,000			2,428,900,000	34.00	6,121
		1,696,483,000	91,316,000			2,543,864,000	36.56	6,411
		1,758,793,000	99,220,000			2,635,294,000	38.09	6,641



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

Year	Population (1)		Assessed Value of Taxable Property (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value of Taxable Property	Net Bonded Debt Per Capita
(Amounts in Thousands)						
2024	372,624	(a)	\$ 5,994,366	\$ 440,568	7.35 %	\$ 1,182.34
2023	372,624	(a)	5,918,759	406,284	6.86	1,090.33
2022	372,624	(a)	5,850,033	373,038	6.38	1,001.11
2021	372,624	(a)	5,163,670	354,499	6.87	951.36
2020	372,624	(a)	5,132,348	323,543	6.30	868.28
2019	396,815	(b)	5,263,291	305,732	5.81	770.46
2018	396,815	(b)	4,728,745	279,415	5.91	704.14
2017	396,815	(b)	4,628,326	225,338	4.87	567.87
2016	396,815	(b)	4,589,438	251,060	5.47	632.69
2015	396,815	(b)	4,948,114	244,111	4.93	615.18

Note:

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

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

Sources:

(1) U.S. Bureau of Census, Census of Population.

(a) 2020 Federal Census

(b) 2010 Federal Census

(2) Cuyahoga County Fiscal Officer's Office.

City of Cleveland, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2024

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Cleveland			
General Obligation Bonds	\$ 465,329,000	100.00 %	\$ 465,329,000
Subordinate Lien Income Tax Bonds	365,434,000	100.00	365,434,000
Non-Tax Revenue Bonds	36,262,000	100.00	36,262,000
Certificates of Participation	33,656,000	100.00	33,656,000
Annual Appropriation Bonds	6,819,000	100.00	6,819,000
Note/Loans Payable/Leases/Subscriptions	12,508,000	100.00	12,508,000
<i>Total Direct Debt</i>	920,008,000		920,008,000
Overlapping			
Cleveland Municipal School District			
General Obligation Bonds	153,970,588	96.99	149,336,073
Cuyahoga County			
General Obligation Bonds	216,475,000	17.37	37,601,708
Cuyahoga Community College	177,515,000	17.37	30,834,356
Berea School District	104,315,000	2.92	3,045,998
Shaker Heights School District	125,620,000	6.45	8,102,490
Total	\$ 1,697,903,588		\$ 1,148,928,625

(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/Budget Commission.

City of Cleveland, Ohio

Legal Debt Margin

Last Ten Years

	2024	2023	2022	2021
Total Assessed Property Value	<u>\$ 5,994,365,520</u>	<u>\$ 5,918,759,930</u>	<u>\$ 5,850,033,190</u>	<u>\$ 5,163,670,000</u>
Overall Legal Debt Limit (10½% of Assessed Valuation)	<u>629,408,380</u>	<u>621,469,793</u>	<u>614,253,485</u>	<u>542,185,350</u>
Debt Outstanding:				
General Obligation Bonds	430,035,000	395,640,000	361,080,000	341,075,000
Revenue Bonds	978,538,000	984,553,000	1,075,213,000	1,168,768,000
Urban Renewal Bonds				
Subordinated Income Tax Refunding Bonds		5,450,000	10,640,000	15,575,000
Subordinate Lien Income Tax Bonds	344,695,000	360,000,000	375,010,000	388,590,000
OWDA/OPWC Loans and Note	75,896,000	58,198,000	57,424,000	65,682,000
Non-tax Revenue Bonds	36,262,000	42,755,000	49,048,000	55,158,000
Annual Appropriation Bonds	<u>6,880,000</u>	<u>7,315,000</u>	<u>7,725,000</u>	<u>8,110,000</u>
Total Gross Indebtedness	1,872,306,000	1,853,911,000	1,936,140,000	2,042,958,000
Less:				
General Obligation Bonds	430,035,000	395,640,000	361,080,000	341,075,000
Revenue Bonds	978,538,000	984,553,000	1,075,213,000	1,168,768,000
Urban Renewal Bonds				
Subordinated Income Tax Refunding Bonds		5,450,000	10,640,000	15,575,000
Subordinate Lien Income Tax Bonds	344,695,000	360,000,000	375,010,000	388,590,000
OWDA/OPWC Loans and Note	75,896,000	58,198,000	57,424,000	65,682,000
Non-tax Revenue Bonds	36,262,000	42,755,000	49,048,000	55,158,000
Annual Appropriation Bonds	6,880,000	7,315,000	7,725,000	8,110,000
General Obligation Bond Retirement Fund Balance	<u>24,761,000</u>	<u>21,020,000</u>	<u>17,882,000</u>	<u>13,834,000</u>
Total Net Debt Applicable to Debt Limit*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin Within 10½% Limitations	<u>\$ 629,408,380</u>	<u>\$ 621,469,793</u>	<u>\$ 614,253,485</u>	<u>\$ 542,185,350</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation (5½% of Assessed Valuation)	<u>\$ 329,690,104</u>	<u>\$ 325,531,796</u>	<u>\$ 321,751,826</u>	<u>\$ 284,001,850</u>
Total Gross Indebtedness	1,872,306,000	1,853,911,000	1,936,140,000	2,042,958,000
Less:				
General Obligation Bonds	430,035,000	395,640,000	361,080,000	341,075,000
Revenue Bonds	978,538,000	984,553,000	1,075,213,000	1,168,768,000
Urban Renewal Bonds				
Subordinated Income Tax Refunding Bonds		5,450,000	10,640,000	15,575,000
Subordinate Lien Income Tax Bonds	344,695,000	360,000,000	375,010,000	388,590,000
OWDA/OPWC Loans and Note	75,896,000	58,198,000	57,424,000	65,682,000
Non-tax Revenue Bonds	36,262,000	42,755,000	49,048,000	55,158,000
Annual Appropriation Bonds	6,880,000	7,315,000	7,725,000	8,110,000
General Obligation Bond Retirement Fund Balance	<u>24,761,000</u>	<u>21,020,000</u>	<u>17,882,000</u>	<u>13,834,000</u>
Net Debt Within 5½% Limitations*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Legal Debt Margin Within 5½% Limitations	<u>\$ 329,690,104</u>	<u>\$ 325,531,796</u>	<u>\$ 321,751,826</u>	<u>\$ 284,001,850</u>
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.

2020	2019	2018	2017	2016	2015
<u>\$ 5,132,348,420</u>	<u>\$ 5,263,290,660</u>	<u>\$ 4,728,745,440</u>	<u>\$ 4,628,325,790</u>	<u>\$ 4,589,437,780</u>	<u>\$ 4,948,113,550</u>
<u>538,896,584</u>	<u>552,645,519</u>	<u>496,518,271</u>	<u>485,974,208</u>	<u>481,890,967</u>	<u>519,551,923</u>
310,985,000	292,810,000	267,135,000	211,400,000	233,900,000	228,740,000
1,248,613,000	1,352,593,000	1,439,068,000	1,501,493,000	1,617,778,000	1,699,688,000
			835,000	1,615,000	2,345,000
20,265,000	24,730,000	28,975,000	32,960,000	35,275,000	38,885,000
339,850,000	327,260,000	339,690,000	296,285,000	258,160,000	265,995,000
72,841,000	73,352,000	75,560,000	83,478,000	91,316,000	99,220,000
47,072,000	49,078,000	52,971,000	56,705,000	60,328,000	63,829,000
8,475,000	8,820,000	9,145,000	9,455,000	9,745,000	10,020,000
<u>2,048,101,000</u>	<u>2,128,643,000</u>	<u>2,212,544,000</u>	<u>2,192,611,000</u>	<u>2,308,117,000</u>	<u>2,408,722,000</u>
310,985,000	292,810,000	267,135,000	211,400,000	233,900,000	228,740,000
1,248,613,000	1,352,593,000	1,439,068,000	1,501,493,000	1,617,778,000	1,699,688,000
			835,000	1,615,000	2,345,000
20,265,000	24,730,000	28,975,000	32,960,000	35,275,000	38,885,000
339,850,000	327,260,000	339,690,000	296,285,000	258,160,000	265,995,000
72,841,000	73,352,000	75,560,000	83,478,000	91,316,000	99,220,000
47,072,000	49,078,000	52,971,000	56,705,000	60,328,000	63,829,000
8,475,000	8,820,000	9,145,000	9,455,000	9,745,000	10,020,000
13,659,000	13,180,000	11,640,000	5,015,000	5,079,000	3,124,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 538,896,584</u>	<u>\$ 552,645,519</u>	<u>\$ 496,518,271</u>	<u>\$ 485,974,208</u>	<u>\$ 481,890,967</u>	<u>\$ 519,551,923</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>\$ 282,279,163</u>	<u>\$ 289,480,986</u>	<u>\$ 260,080,999</u>	<u>\$ 254,557,918</u>	<u>\$ 252,419,078</u>	<u>\$ 272,146,245</u>
2,048,101,000	2,128,643,000	2,212,544,000	2,192,611,000	2,308,117,000	2,408,722,000
310,985,000	292,810,000	267,135,000	211,400,000	233,900,000	228,740,000
1,248,613,000	1,352,593,000	1,439,068,000	1,501,493,000	1,617,778,000	1,699,688,000
			835,000	1,615,000	2,345,000
20,265,000	24,730,000	28,975,000	32,960,000	35,275,000	38,885,000
339,850,000	327,260,000	339,690,000	296,285,000	258,160,000	265,995,000
72,841,000	73,352,000	75,560,000	83,478,000	91,316,000	99,220,000
47,072,000	49,078,000	52,971,000	56,705,000	60,328,000	63,829,000
8,475,000	8,820,000	9,145,000	9,455,000	9,745,000	10,020,000
13,659,000	13,180,000	11,640,000	5,015,000	5,079,000	3,124,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 282,279,163</u>	<u>\$ 289,480,986</u>	<u>\$ 260,080,999</u>	<u>\$ 254,557,918</u>	<u>\$ 252,419,078</u>	<u>\$ 272,146,245</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2024	\$ 193,702,000	\$ 95,514,000	\$ 98,188,000	\$ 47,550,000	\$ 14,930,296	1.57
2023	183,260,000	85,023,000	98,237,000	45,760,000	17,058,849	1.56
2022	172,821,000	81,326,000	91,495,000	43,535,000	19,080,451	1.46
2021	164,262,000	70,096,000	94,166,000	44,575,000	21,168,624	1.43
2020	172,662,000	75,896,000	96,766,000	44,250,000	22,338,666	1.45
2019	189,211,000	81,118,000	108,093,000	41,585,000	23,263,000	1.67
2018	185,477,000	81,551,000	103,926,000	39,970,000	28,633,914	1.51
2017	183,268,000	85,399,000	97,869,000	38,535,000	29,902,274	1.43
2016	178,723,000	81,501,000	97,222,000	39,765,000	29,907,925	1.40
2015	164,346,000	74,841,000	89,505,000	34,415,000	33,357,922	1.32

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

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

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

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2024	\$ 182,170,000	\$ 151,512,000	\$ 30,658,000	\$ 10,455,000	\$ 5,424,015	1.93
2023	191,987,000	160,487,000	31,500,000	9,960,000	5,922,016	1.98
2022	200,561,000	172,627,000	27,934,000	9,485,000	6,396,266	1.76
2021	196,985,000	169,918,000	27,067,000	9,030,000	6,847,766	1.70
2020	186,957,000	162,529,000	24,428,000	3,740,000	6,142,349	2.47
2019	204,286,000	179,977,000	24,309,000	5,640,000	8,453,175	1.73
2018	212,383,000	181,141,000	31,242,000	7,705,000	8,569,901	1.92
2017	195,188,000	167,923,000	27,265,000	8,785,000	9,116,666	1.52
2016	193,194,000	166,591,000	26,603,000	8,055,000	9,859,269	1.49
2015	192,934,000	166,150,000	26,784,000	7,500,000	10,410,464	1.50

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

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

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

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service (4)		Coverage
				Principal	Interest (3)	
2024	\$ 359,887,000	\$ 203,157,000	\$ 156,730,000	\$ 31,325,000	\$ 10,199,496	3.77
2023	346,041,000	189,602,000	156,439,000	30,330,000	11,256,672	3.76
2022	326,271,000	188,983,000	137,288,000	28,800,000	12,681,617	3.31
2021	326,153,000	192,917,000	133,236,000	27,520,000	14,029,824	3.21
2020	330,316,000	189,864,000	140,452,000	17,995,000	14,572,634	4.31
2019	323,043,000	217,352,000	105,691,000	27,540,000	15,092,505	2.48
2018	315,296,000	197,901,000	117,395,000	30,640,000	16,950,832	2.47
2017	305,971,000	185,367,000	120,604,000	29,700,000	15,664,601	2.66
2016	311,882,000	162,618,000	149,264,000	44,720,000	15,100,291	2.50
2015	301,715,000	165,981,000	135,734,000	42,110,000	21,034,935	2.15

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

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

(3) Per indenture, interest expense was reduced by amount released from reserve fund at the start of year through 2019.

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

City of Cleveland, Ohio
Pledged Revenue Coverage
Water Pollution Control Revenue Bonds
Last Nine Years

Year (3)	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2024	\$ 41,561,000	\$ 21,077,000	\$ 20,484,000	\$ 730,000	\$ 1,404,000	9.60
2023	37,493,000	20,204,000	17,289,000	695,000	1,438,750	8.10
2022	33,235,000	21,699,000	11,536,000	660,000	1,471,750	5.41
2021	29,653,000	22,202,000	7,451,000	635,000	1,497,150	3.49
2020	29,608,000	21,890,000	7,718,000	610,000	1,521,550	3.62
2019	32,956,000	21,742,000	11,214,000	590,000	1,545,150	5.25
2018	30,443,000	20,136,000	10,307,000	570,000	1,562,250	4.83
2017	29,847,000	21,075,000	8,772,000	550,000	1,584,250	4.11
2016	28,861,000	19,010,000	9,851,000		928,547	10.61

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

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

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

City of Cleveland, Ohio

Principal Employers

2024 and 2015

2024		
Employer	Employees	Percentage of Total City Employment
Cleveland Clinic	51,351	32.79%
University Hospitals	25,936	16.56
U.S. Federal Government	16,665	10.64
The MetroHealth System	7,688	4.91
City of Cleveland	7,457	4.76
Cuyahoga County	7,074	4.52
Sherwin-Williams Co.	6,462	4.13
VA Northeast Ohio Healthcare System	6,090	3.89
KeyCorp	5,726	3.66
Cleveland Metropolitan School District	5,640	3.60
Total	140,089	89.46%
Total Employment within the City	156,600	
2015		
Employer	Employees	Percentage of Total City Employment
Cleveland Clinic	32,269	21.36%
University Hospitals	15,447	10.22
U.S. Office of Personnel Management	11,536	7.63
Cuyahoga County	7,772	5.14
Cleveland Metropolitan School District	7,203	4.77
City of Cleveland	6,666	4.41
MetroHealth System	5,839	3.86
KeyCorp	4,708	3.12
Case Western Reserve University	4,443	2.94
U.S. Postal Services	3,941	2.61
Total	99,824	66.06%
Total Employment within the City	151,100	

Note:

Largest employers headquartered in the City ranked by FTE employees.

Source:

Number of employees from Crain's Cleveland:

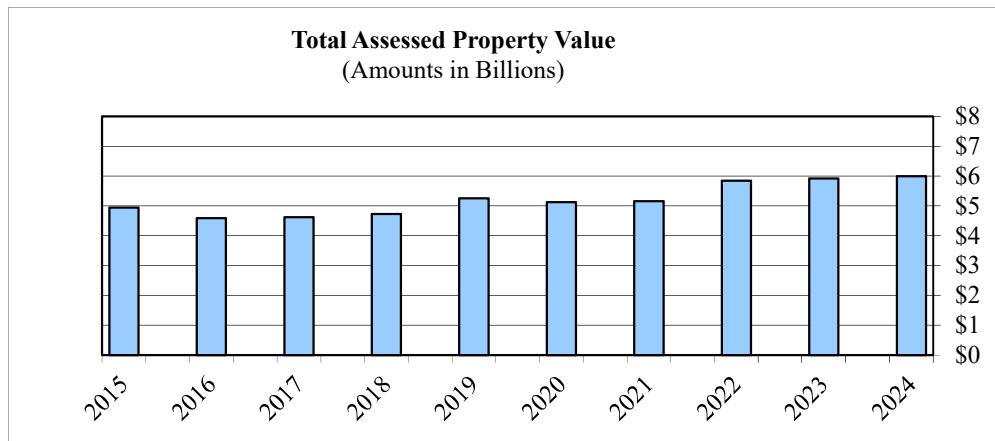
Book of Lists 2025, Largest Cuyahoga County Employers; FTEs as of 6/30/2024

Book of Lists 2016, Largest Cuyahoga County Employers; FTEs as of 6/30/2015

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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	
2024	372,624	(1)A	\$ 10,089,912,672	\$ 27,078	(14)	\$ 39,187	(14)	36.3	(14)
2023	372,624	(1)A	9,703,128,960	26,040	(13)	37,271	(13)	36.8	(1)
2022	372,624	(1)A	8,724,990,960	23,415	(12)	33,678	(12)	36.3	(1)
2021	372,624	(1)A	8,362,427,808	22,442	(11)	31,838	(11)	36.3	(1)
2020	372,624	(1)A	7,908,199,152	21,223	(10)	30,907	(10)	35.5	(1)
2019	396,815	(1)	7,970,029,275	20,085	(9)	29,008	(9)	35.7	(1)
2018	396,815	(1)	7,477,581,860	18,844	(8)	27,854	(8)	35.7	(1)
2017	396,815	(1)	7,143,860,445	18,003	(7)	26,583	(7)	35.7	(1)
2016	396,815	(1)	6,958,944,655	17,537	(6)	26,150	(6)	35.7	(1)
2015	396,815	(1)	6,918,866,340	17,436	(1)	26,179	(1)	35.7	(1)



- (1) Source: U. S. Census Bureau. 2010 Census, (1)A Population total was updated to reflect 2020 U.S. Census Bureau results.
(2) Source: Ohio Department of Education Website: "<http://education.ohio.gov>".
(3) Source: Ohio Labor Market Info, Website: "<http://ohiolmi.com>".
(4) Source: Cuyahoga County Fiscal Officer.
(5) Computation of per capita personal income multiplied by population.
(6) Source: U. S. Census Bureau. 2015 dollars years 2011-2015.
(7) Source: U. S. Census Bureau. 2016 dollars years 2012-2016.
(8) Source: U. S. Census Bureau. 2017 dollars years 2013-2017.
(9) Source: U. S. Census Bureau. 2018 dollars years 2014-2018.
(10) Source: U. S. Census Bureau. 2019 dollars years 2015-2019.
(11) Source: U. S. Census Bureau. 2020 dollars years 2016-2020.
(12) Source: U. S. Census Bureau. 2021 dollars years 2017-2021.
(13) Source: U. S. Census Bureau. 2022 dollars years 2018-2022.
(14) Source: U. S. Census Bureau. 2023 dollars years 2019-2023.

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)
21.3%	(14)	34,598	4.6%	\$ 144,500	\$ 5,994,366
20.3	(13)	34,928	4.8	118,700	5,918,759
19.2	(12)	34,890	6.0	121,900	5,850,033
18.6	(11)	34,511	8.5	144,100	5,163,670
17.5	(10)	37,158	13.9	89,100	5,132,348
16.9	(9)	37,701	5.2	77,900	5,263,291
16.4	(8)	38,645	6.5	69,500	4,728,745
16.1	(7)	38,949	7.7	76,458	4,628,326
15.6	(6)	39,125	6.9	59,403	4,589,438
15.2	(1)	38,555	5.2	67,280	4,948,114



City of Cleveland, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2024	2023	2022	2021
General Government				
Council	68.00	69.00	66.50	62.00
Mayor's Office	21.50	18.50	17.00	6.00
Office of Capital Projects	61.00	60.00	57.00	58.00
Mayor's Office of Sustainability	11.00	10.00	8.00	7.00
Mayor's Office of Quality Control		13.50	11.00	10.00
Landmarks Commission	6.50	6.50	6.50	5.50
Building Standards and Appeals	4.50	4.50	4.50	3.00
Board of Zoning Appeals	4.50	4.50	4.50	4.00
Civil Service Commission	14.00	12.50	7.50	7.50
Community Relations Board	24.50	24.50	23.50	24.50
City Planning Commission	26.50	27.50	25.00	22.00
Equal Employment Opportunity	11.00	8.00	7.00	6.00
Prevention Intervention and Opportunity	18.00	18.00	10.00	12.00
Court	388.50	375.50	380.00	384.00
Office of Budget Administration	6.00	6.00	6.00	7.00
Aging	28.50	26.00	21.00	20.50
Personnel and Human Resources	34.00	28.00	34.00	19.00
Law	91.50	82.50	78.50	74.00
Finance	264.00	233.50	228.50	245.00
Security of Persons and Property				
Administration	40.00	36.50	38.00	37.00
Police	1,504.00	1,454.00	1,599.50	1,817.00
Fire	743.00	736.50	721.00	740.00
EMS	277.00	277.00	281.00	280.00
Dog Pound	30.00	30.00	28.50	30.50
House of Corrections	2.00	2.00	2.00	2.00
Department of Justice Compliance	33.50	35.00	19.50	30.00
Public Health Services	142.50	121.50	121.00	124.00
Leisure Time Activities				
Recreation	200.00	194.50	203.00	194.00
Public Auditorium, Westside Market and Cleveland Stadium	49.00	54.50	57.00	57.50
Parking Facilities	37.00	34.50	33.50	33.50
Property Management	64.00	66.00	71.00	69.00
Parks Maintenance	138.00	124.00	127.00	139.00
Community Development	90.50	77.00	72.00	77.50
Building and Housing	134.00	125.00	123.00	135.00
Economic Development	24.00	24.00	20.00	19.00
Public Works				
Public Works Administration	27.00	25.00	28.00	31.00
Waste Collection and Disposal	226.00	207.00	227.00	213.50
Motor Vehicle Maintenance	73.00	71.00	73.00	76.00
Streets	306.00	321.00	293.00	265.00
Traffic Engineering	27.00	26.00	29.00	29.00
Port Control	354.00	320.00	316.50	317.50
Basic Utility Services				
Water	1,009.00	986.50	1,028.50	1,104.00
Cleveland Public Power	208.00	209.00	212.00	223.00
Water Pollution Control	127.00	126.00	128.00	136.00
Totals:	6,949.00	6,712.00	6,848.00	7,157.00

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

Source: City Payroll Department.

2020	2019	2018	2017	2016	2015
61.00	64.00	65.50	60.00	65.50	60.50
19.50	19.50	18.50	24.00	25.00	23.00
59.50	61.50	57.00	54.00	49.00	55.50
10.00	8.00	8.00	8.00		
12.00	11.50	9.50	10.50		
4.50	5.00	5.50	4.00	3.00	3.50
3.00	3.00	5.50	5.50	5.50	5.50
4.50	4.50	4.00	4.50	4.50	4.00
8.50	7.50	8.50	8.50	8.50	8.50
26.50	26.00	24.00	22.00	22.00	23.00
23.50	23.00	21.50	20.50	20.50	21.50
7.00	7.00	7.00	8.00	6.00	8.50
5.00					
410.00	436.50	441.50	443.50	446.00	448.00
7.00	7.00	8.00	7.00	7.00	7.00
25.00	25.50	26.00	23.50	19.00	23.50
17.50	18.50	17.50	16.50	12.00	15.50
74.00	78.00	80.00	78.50	73.50	71.50
252.50	264.00	267.50	248.50	239.50	238.50
38.00	37.00	36.00	36.00	37.00	35.00
1,934.00	2,013.00	1,972.00	1,822.50	1,826.50	1,903.00
681.00	718.00	722.00	702.00	696.00	705.00
279.00	305.00	310.00	288.00	244.00	238.00
32.00	33.50	26.50	22.00	18.00	18.00
1.50	1.00	1.00	106.00	117.50	117.50
32.00	36.00	27.50	26.00	13.50	8.50
118.00	139.50	138.50	127.50	135.00	139.00
200.00	230.50	230.00	222.00	203.00	202.50
59.00	64.00	61.50	53.50	53.00	55.00
33.00	37.50	40.50	37.50	40.00	42.50
68.50	72.50	71.50	70.50	64.50	67.50
143.00	145.00	140.00	138.00	132.00	128.00
78.00	77.00	71.50	62.00	61.50	63.00
146.00	148.00	142.00	129.00	119.00	109.00
22.00	24.00	24.00	23.00	26.00	26.00
32.00	32.00	36.00	32.00	34.00	36.00
206.50	217.50	199.50	206.50	179.50	171.00
75.00	75.00	79.00	76.00	70.00	72.00
263.00	266.00	270.00	263.00	252.00	257.00
30.00	31.00	33.00	32.00	29.00	30.00
366.50	408.00	387.50	392.50	393.50	410.00
1,174.00	1,150.50	1,126.50	1,067.50	980.00	1,013.00
237.00	249.00	253.00	242.00	248.00	244.00
134.50	140.00	133.00	116.00	123.00	121.00
7,414.00	7,720.50	7,607.00	7,340.00	7,102.00	7,229.00

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

Function/Program	2024	2023	2022	2021	2020
General Government					
<i>Council and Clerk</i>					
Number of ordinances passed	512	559	486	479	451
Number of resolutions adopted	554	568	492	346	293
Number of other actions (communications, tabled legislation, etc.)	492	268	311	325	242
Number of planning commission docket items	301	288	278	348	326
Zoning board of appeals docket items	223	234	237	206	207
<i>Finance Department</i>					
Number of payments issued	31,635	31,869	33,729	33,053	32,463
Total amount of payments	\$ 2,134,832,942	\$ 1,881,337,242	\$ 1,773,310,953	\$ 1,796,197,886	\$ 1,736,678,895
Interest earnings for fiscal year (cash basis)	\$ 120,207,522	\$ 97,921,457	\$ 33,146,696	\$ 1,174,985	\$ 9,479,564
Number of receiving warrants	30,723	31,214	31,772	29,566	26,342
Number of journal entries issued	164,336	163,148	166,127	158,025	154,009
Number of budget adjustments issued	8	5	7	2	2
Agency ratings - S&P Global (1)	AA+	AA+	AA+	AA+	AA+
Agency ratings - Moody's Financial Services (1)	Aa3	Aa3	Aa3	A1	A1
Health insurance costs vs. General Fund expenditures %	16%	14%	11%	19%	19%
General Fund receipts (in thousands)	\$ 764,587	\$ 730,108	\$ 673,235	\$ 649,107	\$ 581,864
General Fund expenditures (in thousands)	\$ 675,884	\$ 480,946	\$ 364,888	\$ 474,821	\$ 514,770
General Fund cash balances (in thousands)	\$ 402,438	\$ 378,032	\$ 349,704	\$ 315,276	\$ 203,399
<i>Income Tax Department</i>					
Number of individual returns	110,860	135,989	132,509	125,006	102,387
Number of business returns	20,233	24,821	32,692	31,865	16,381
Number of business withholding accounts	18,463	17,731	16,088	15,032	14,730
Amount of penalties and interest collected	\$ 3,043,463	\$ 4,044,207	\$ 2,788,887	\$ 2,619,579	\$ 1,598,475
Annual number of corporate withholding forms processed	219,506	223,120	219,230	190,445	147,777
Annual number of balance due statements forms processed	25,220	31,379	25,668	19,824	14,451
Annual number of estimated payment forms processed	31,246	31,525	31,786	25,476	22,317
Annual number of reconciliations of withholdings processed	10,371	16,086	15,531	13,047	2,429
<i>Engineer Contracted Services</i>					
Dollar amount of construction overseen by engineer (2)	\$ 41,394,317	\$ 48,369,386	\$ 29,061,947	\$ 36,777,103	\$ 40,005,457
<i>Municipal Court</i>					
Number of civil cases	17,470	15,014	13,534	12,775	11,868
Number of criminal cases	31,520	30,671	30,160	37,672	37,722
<i>Vital Statistics</i>					
Certificates filed (3)					
Number of births	19,056	18,849	18,634	19,101	18,406
Number of deaths	15,685	15,565	16,488	17,762	16,505
Number of fetal deaths	128	138	229	136	109
Certificates issued (3)					
Number of births	42,557	45,210	43,633	30,535	30,449
Number of deaths	63,996	65,930	69,198	62,475	32,805
<i>Civil Service</i>					
Number of police entry tests administered	12	5	4	4	1
Number of fire entry tests administered		1	1	1	
Number of police promotional tests administered			3	3	
Number of fire promotional tests administered	4		1		
Number of hires of police officers from certified lists	113	22	33	62	86
Number of hires of fire/medics from certified lists		40	39	84	
Number of promotions from police certified lists	19		46		40
Number of promotions from fire certified lists	102				11

2019	2018	2017	2016	2015
573	573	621	526	621
575	543	554	587	564
313	365	330	353	399
544	344	283	310	127
324	290	379	325	274
39,486	40,932	37,683	37,602	37,931
\$ 1,791,913,475	\$ 1,712,667,992	\$ 1,645,342,974	\$ 1,526,411,690	\$ 1,463,635,524
\$ 34,234,237	\$ 26,062,457	\$ 11,609,282	\$ 4,638,092	\$ 1,669,023
31,786	37,061	35,563	33,848	34,912
194,878	206,659	201,067	189,424	260,377
2	3	5	2	2
AA+	AA+	AA+	AA	AA
A1	A1	A1	A1	A1
16%	16%	17%	18%	17%
\$ 648,273	\$ 623,090	\$ 591,969	\$ 513,561	\$ 495,331
\$ 564,761	\$ 533,048	\$ 508,535	\$ 483,971	\$ 481,730
\$ 190,621	\$ 173,275	\$ 117,631	\$ 61,405	\$ 79,239
134,391	131,908	158,124	174,471	181,382
23,373	28,396	24,982	22,352	28,502
14,599	15,015	14,640	13,867	13,863
\$ 2,366,212	\$ 2,169,049	\$ 2,357,037	\$ 1,980,758	\$ 2,010,333
168,213	166,191	159,442	156,603	153,640
24,247	26,382	31,261	41,688	41,837
28,329	28,448	35,319	40,598	39,577
12,461	12,898	11,494	11,728	12,248
\$ 26,128,469	\$ 18,489,204	\$ 26,721,178	\$ 59,585,941	\$ 104,493,079
20,360	19,599	19,146	18,646	19,411
59,535	60,525	64,371	64,050	78,238
18,993	18,765	19,878	18,607	18,524
15,077	15,302	15,158	14,832	14,349
150	308	348	385	407
55,464	56,102	58,805	58,611	58,513
63,979	65,338	64,265	63,348	63,930
2	3	1	1	1
	1	1		
	1			
		1		
40	248	52	56	45
55	40		29	40
35	24	44	30	48
22	52		33	16

(Continued)

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

Function/Program	2024	2023	2022	2021	2020
Building Department Indicators					
Construction permits issued	14,955	14,366	14,852	14,613	13,533
Estimated value of construction	\$ 2,810,233,943	\$ 1,800,849,667	\$ 1,274,106,147	\$ 1,092,815,108	\$ 873,031,083
Number of other permits issued	999	1,117	1,146	1,010	1,134
Amount of revenue generated from permits	\$ 20,614,775	\$ 14,573,646	\$ 15,119,084	\$ 12,180,779	\$ 8,329,511
Number of contractor registrations issued	3,249	3,556	3,128	3,104	2,502
Annual apartment/rooming house license fees	\$ 4,417,647	\$ 4,869,182	\$ 4,840,181	\$ 4,564,031	\$ 4,293,764
Security of Persons and Property					
Police					
Number of traffic citations issued	29,573	30,562	27,046	32,302	28,042
Number of parking citations issued	25,994	27,924	26,827	20,777	17,075
Number of criminal arrests	7,995	7,582	7,351	9,257	9,217
Number of accident reports completed	14,384	15,802	16,777	16,525	15,237
Part 1 offenses (major offenses)	23,472	25,734	24,823	23,536	24,291
OVI arrests	118	86	101	167	44
Prisoners	7,723	6,095	6,031	8,979	5,723
Motor vehicle accidents	14,384	15,802	16,777	16,525	15,237
Fatalities from motor vehicle accidents	75	59	45	73	74
Community diversion program youths	61	105	93	33	83
Fire					
Fire calls - incoming for services	76,135	72,626	72,629	74,657	65,724
Fires	2,297	2,187	2,103	2,057	2,228
Fires with loss	2,279	1,089	737	232	519
Fires with losses exceeding \$10K	514	488	283	77	200
Fire losses \$	\$ 27,807,140	\$ 20,976,970	\$ 20,543,044	\$ 4,765,800	\$ 8,664,535
Fire safety inspections	3,411	3,334	2,705	2,020	2,706
Number of times mutual aid given to fire					
EMS					
EMS calls - incoming for service	122,741	120,017	120,383	124,842	119,272
Ambulance billing collections (net)	\$ 3,953,054	\$ 8,549,268	\$ 15,007,500	\$ 15,718,538	\$ 13,189,469
Public Health and Welfare					
Number of health inspections					
Barber shops	115	174	174	187	168
Food	5,440	5,871	4,456	4,286	4,029
Hotels/motels	31	36	36	43	44
Laundries	8	20	20	23	32
Nuisance	6,309	3,862	5,035	5,993	4,030
Pools	131	122	128	113	40
Schools	284	175	222	325	397
Day care inspections	91	187	166	158	186
Maternity inspections					
Abortion inspections	4	4	4	4	4
Cemetery cremations	259	232	217	178	204

2019	2018	2017	2016	2015
19,947	17,173	17,865	16,125	15,038
\$ 1,194,734,824	\$ 1,461,758,104	\$ 1,338,571,317	\$ 1,468,917,169	\$ 1,430,231,410
2,026	2,235	2,871	2,820	3,274
\$ 13,146,280	\$ 12,550,454	\$ 10,985,010	\$ 12,799,847	\$ 11,580,333
2,441	3,330	3,261	3,202	3,262
\$ 2,339,748	\$ 2,307,275	\$ 2,144,227	\$ 1,582,496	\$ 1,515,849
41,747	41,095	45,734	49,084	64,565
24,017	26,970	30,966	32,516	39,862
12,790	15,584	18,975	19,670	24,308
17,282	17,982	17,876	18,256	17,712
23,229	24,557	31,163	34,158	29,048
318	472	505	491	387
12,299	13,025	12,536	14,214	17,284
17,282	17,982	17,876	18,256	17,712
54	46	61	56	48
104	82	141	119	108
70,005	70,213	71,663	70,988	68,983
1,896	2,078	2,732	2,752	2,469
518	935	1,489	1,035	1,591
168	284	323	344	346
\$ 8,541,535	\$ 14,374,870	\$ 19,714,210	\$ 15,495,855	\$ 18,625,607
2,988	7,900	20,660	9,059	12,963
3				
123,364	120,487	116,751	116,056	115,303
\$ 16,250,754	\$ 14,470,837	\$ 14,633,032	\$ 13,157,301	\$ 10,348,422
109	165	156	124	211
7,800	7,800	7,200	7,041	7,356
38	40	43	42	36
30	30	38	77	54
12,000	1,909	1,186	1,176	2,450
130	125	127	114	165
330	235	330	293	398
183	181	180	181	187
1	1	1	1	
3	3	4	4	4
268	259	279	263	260

(Continued)

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

Function/Program	2024	2023	2022	2021	2020
Leisure Time Activities					
Recreation men and women leagues receipts	\$	\$	\$	\$	\$
Economic Development					
Grant amounts received (Amounts in Thousands) (4)	\$ 939	\$ 1,701	\$ 3,302	\$ 3,187	\$ 1,692
Public Works					
Street improvements - asphalt overlay (square yards)	200,020	247,101	282,444	413,567	406,698
Crackseal coating program (linear feet)	158,024	588,453	336,458	330,106	302,000
Street repair (curbs, aprons, berms, asphalt) (hours)	79,248	61,403	68,640	56,134	34,043
Guardrail repair (hours)	1,787	1,538	1,510	908	1,244
Paint striping					
Lane line (miles)	461	540	347	333	345
Crosswalks (each)	3,696	3,425	3,824	3,672	4,211
Arrows (each)	3,160	2,100	2,458	2,877	4,000
Street sweeper (hours)	13,868	13,836	7,464	9,582	11,310
Cold patch (hours)	4,559	3,322	3,018	4,122	5,893
Snow and ice removal regular hours	213,546	122,747	71,732	76,048	72,453
Snow and ice removal overtime hours	24,828	13,638	8,831	13,766	12,303
Leaf collection (hours)	4,404	2,800	4,438	4,545	4,720
Holiday lights setup (hours)					
Equipment repair/body shop (hours)	12,480	6,240	6,240	6,240	4,200
Tons of snow melting salt purchased November-March	38,500	42,652	56,000	44,000	50,779
Cost of salt purchased	\$ 2,025,485	\$ 2,016,160	\$ 2,645,440	\$ 2,208,800	\$ 3,706,873
Refuse disposal per year (in tons)	191,386	256,445	235,527	298,054	266,793
Refuse disposal costs per year	\$ 6,870,749	\$ 9,421,783	\$ 8,188,107	\$ 8,462,138	\$ 6,988,485
Annual recycling tonnage (excluding leaf, and compost items)	3,773	3,679	2,977		
Percentage of waste recycled	1.97%	1.23%	2.20%		
Port Control					
Cleveland Hopkins Airport					
Landed weight (in thousands of pounds)	5,975,953	5,949,755	5,222,496	4,609,992	3,514,736
Total operations	110,961	108,788	101,314	91,605	71,141
Total passengers	10,173,861	9,868,868	8,693,866	7,283,896	4,122,517
Total enplaned passengers	5,087,949	4,939,279	4,348,607	3,646,410	2,059,668
Burke Lakefront Airport					
Total operations	48,617	47,664	52,877	48,831	39,000
Total passengers	158,907	193,781	1,473,771	151,225	105,453
Total enplaned passengers	78,559	95,584	70,883	76,175	53,598
Water Department					
Water rates per 1st 600 cubic feet of water used	\$ 22.65	\$ 21.85	\$ 21.85	\$ 21.85	\$ 21.85
Average number of water accounts billed monthly (5)	434,659	434,668	433,169	432,446	432,372
Total water collections annually (including P&I)	\$ 303,391,627	\$ 292,729,255	\$ 293,929,153	\$ 289,322,817	\$ 287,016,260
Payments to Cleveland for bulk water purchases	\$ 10,279,450	\$ 9,349,502	\$ 9,872,220	\$ 10,230,008	\$ 9,919,477
Wastewater Department					
Sewer and sanitary calls for service	4,131	4,509	4,684	4,540	5,193
After hours sewer calls (hours)	167	180	210	321	499
Electric Power					
KWH Sold	1,559,599,721	1,527,625,974	1,568,358,009	1,579,054,792	1,528,489,824
Average accounts billed per month	73,666	72,917	73,643	74,000	73,998
Receipts	\$ 194,323,254	\$ 196,767,796	\$ 192,471,698	\$ 196,598,920	\$ 188,350,724

- (1) General obligation bond rating.
- (2) Amounts are new construction starts. The majority of engineering and construction projects are multi-year projects.
- (3) Includes entire area serviced by the Division of Vital Statistics (i.e., Cleveland + suburbs).
- (4) Economic Development grants received were restated in 2011 for all years shown. They include Neighborhood Development Investment Fund, Supplemental Empowerment Zone, Economic Development Funds, Urban Development Action Funds, WIA Grants and Core City Program Funds.
- (5) Beginning in 2017, the Water Department switched to monthly billing for its customers.

2019		2018		2017		2016		2015	
\$	14,585	\$	13,318	\$	795	\$	1,305	\$	1,425
\$	3,180	\$	3,238	\$	4,310	\$	10,107	\$	8,244
	401,772		422,485		476,296		279,170		244,774
	422,097		476,296		318,415		252,160		320,785
	102,400		183,040		106,080		118,560		136,993
	1,093		1,320		1,061		380		765
	455		526		630		629		485
	4,800		5,476		5,356		6,007		3,783
	3,650		3,528		3,695		3,853		3,664
	1,904		1,120		1,257		672		744
	10,693		5,760		7,680		6,400		12,960
	76,834		75,564		72,015		70,137		88,865
	12,152		13,342		7,843		16,244		14,876
	432		1,200		240				
			120		220		240		240
	4,421		3,960		1,643		2,060		2,110
	54,000		61,089		31,422		57,424		61,447
\$	3,957,120	\$	1,778,889	\$	918,490	\$	3,037,155	\$	3,147,313
	243,825		222,559		241,250		241,911		217,083
\$	6,542,835	\$	5,612,889	\$	5,660,667	\$	5,552,840	\$	5,729,541
	23,743		19,152		26,915		25,600		21,809
	8.87%		7.90%		10.04%		9.45%		9.54%
	5,928,580		5,686,461		5,455,096		5,117,105		5,118,972
	126,999		116,333		122,392		118,653		117,773
	10,040,817		9,642,729		9,140,445		8,422,676		8,100,073
	5,023,316		4,836,580		4,562,740		4,205,739		4,046,634
	50,022		46,765		50,789		53,495		63,603
	174,382		229,172		178,521		163,696		161,006
	86,408		113,843		89,051		81,934		80,724
\$	20.57	\$	19.26	\$	19.26	\$	19.26	\$	19.26
	433,000		428,778		430,478		138,816		139,823
\$	283,912,463	\$	273,421,478	\$	295,099,937	\$	282,194,878	\$	273,223,067
\$	9,519,525	\$	9,489,107	\$	9,979,059	\$	21,309,226	\$	21,889,987
	3,906		4,810		5,342		4,537		3,919
	306		358		270		180		438
	1,589,109,934		1,657,523,780		1,588,113,898		1,612,905,829		1,616,459,441
	75,064		75,287		73,363		73,340		73,661
\$	208,987,691	\$	212,797,846	\$	190,495,223	\$	191,759,714	\$	194,358,017

(Concluded)

City of Cleveland, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2024	2023	2022	2021	2020
General Government					
Square footage occupied (4)	3,998,701	3,998,701	3,998,701	3,998,701	3,874,685
Administrative vehicles	35	35	35	35	35
Police					
Stations	5	5	5	5	5
Square footage of buildings (1)	770,169	770,169	770,169	770,169	770,169
Vehicles	892	947	958	952	945
Fire					
Stations	26	26	26	26	26
Square footage of buildings	311,655	311,655	311,655	311,655	311,655
Vehicles	135	136	134	132	132
EMS					
Stations (headquarters)	1	1	1	1	1
Square footage of buildings	52,776	52,776	52,776	52,776	52,776
Vehicles	70	71	72	70	69
Port Control (Hopkins)					
Runways	3	3	3	3	3
Terminal area (approximate square footage)	1,142,810	1,142,810	1,142,810	1,142,810	1,142,810
Gates	58	58	58	58	58
Parking spaces (approximately)					
CLE Smart Park Garage	4,059	4,047	3,772	4,305	4,059
Surface	2,604	2,709	2,599	1,675	1,680
Total parking spaces	6,663	6,756	6,371	5,980	5,739
Vehicles	329	327	332	337	364
Other Public Works					
Streets (miles)	1,265	1,322	1,300	1,300	1,300
Service vehicles	2,731	2,554	2,557	2,428	2,428

2019	2018	2017	2016	2015
3,177,900 35	3,177,900 35	3,177,900 35	3,075,124 36	3,659,100 35
5 770,169 921	5 756,846 924	5 756,846 899	5 783,546 805	5 614,500 842
26 311,655 126	26 311,655 126	26 311,655 113	26 311,655 135	26 313,224 92
1 52,776 68	1 52,776 66	1 52,776 52	1 52,776 56	1 33,000 46
3 1,142,810 58	3 1,142,810 58	3 935,000 58	3 935,000 65	3 935,000 65
3,674 2,095 5,769 355	3,811 2,095 5,906 362	3,811 2,095 5,906 358	3,811 2,095 5,906 329	3,811 2,055 5,866 313
1,300 2,433	1,300 2,249	1,300 2,179	1,300 1,686	1,300 1,646

(Continued)

City of Cleveland, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2024	2023	2022	2021	2020
Recreation					
Number of parks	160	168	168	168	168
Number of playgrounds	105	106	108	108	108
Number of baseball diamonds	105	107	111	130	130
Number of tennis courts	63	66	70	92	92
Number of basketball courts					
Full	88	88	88	96	96
Half	11	11	11	11	11
Number of soccer fields	9	9	9	5	5
Number of recreation centers	20	20	20	21	21
Number of pools					
Indoor	19	19	19	19	19
Outdoor	21	20	21	20	20
Number of aquatic playgrounds	47	45	45	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	1,634	1,667	1,839	1,863	1,863
Vehicles	57	78	85	86	88
Wastewater					
Sanitary sewers (miles)	173	173	173	173	173
Storm sewers (miles)	214	214	214	214	214
Combined sewers (miles)	1,049	1,049	1,049	1,057	1,057
Vehicles	151	134	144	139	137
Electric Power					
Total Distribution lines (miles)	950	950	950	900	900
Total Transmission lines (miles)	40	40	40	50	50
Vehicles	101	96	88	84	80
Water Department					
Water lines (miles) (2)	4,049	3,972	3,917	3,928	3,933
Vehicles	800	787	785	774	761

- (1) Includes Dog Kennels and Inspection Garage.
- (2) These are calculated totals of all trunk mains [20" diameter and larger] (433 miles), distribution mains [16" and smaller] within the City of Cleveland (1,284 miles) plus distribution mains within certain suburbs with updated service agreements (2,161 miles) which transferred ownership of the distribution mains within those suburban boundaries to the City of Cleveland. Not included in these totals are the distribution mains in all master meter communities and any direct service suburban community who has not entered into a new service agreement.
- (3) In 2018, the City took back the operations of Highland Park Golf Course.
- (4) In 2021, the new Frederick Douglass Rec Center, the fire training tower and the pool houses were added.

2019	2018	2017	2016	2015
168	168	168	168	168
108	108	108	108	109
130	130	130	130	133
92	92	92	92	90
96	96	96	96	110
11	11	11	11	10
5	4	4	4	4
21	21	21	21	21
19	19	19	19	19
20	22	22	22	22
25	25	25	25	25
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
1,863	1,863	1,863	1,863	1,863
77	74	80	91	85
170	170	170	170	170
199	199	199	199	199
1,066	1,065	1,065	1,065	1,065
179	139	152	117	110
900	900	900	900	900
50	50	50	50	50
78	43	79	265	217
3,945	3,878	3,544	3,315	3,300
722	719	748	740	596

(Concluded)

CITY OF CLEVELAND, OHIO

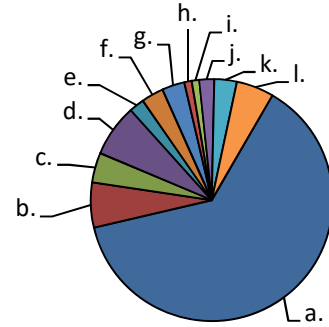
SCHEDULE OF STATISTICS-GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2024

OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

REVENUE DOLLAR BY SOURCE

Where the money came from

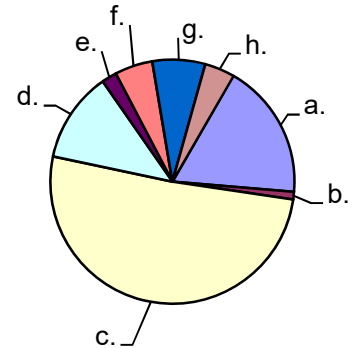
a. Income taxes	a. 0.63
b. Property taxes	b. 0.06
c. State local government funds	c. 0.04
d. Other taxes	d. 0.07
e. Other shared revenues	e. 0.02
f. Licenses and permits	f. 0.03
g. Charges for services	g. 0.03
h. Fines, forfeits and settlements	h. 0.01
i. Grant Revenue	i. 0.01
j. Transfers in	j. 0.02
k. Miscellaneous	k. 0.03
l. Investment Earnings	l. 0.05
	<u>\$1.00</u>



EXPENDITURE DOLLAR BY FUNCTION

Where the money was spent

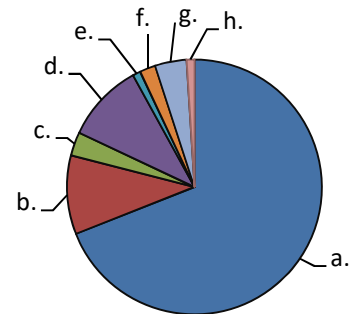
a. General Government	a. 0.18
b. Public Health	b. 0.01
c. Public Safety	c. 0.51
d. Public Works	d. 0.12
e. Building and Housing	e. 0.02
f. Economic and Community Development and other	f. 0.05
g. Transfers out	g. 0.07
h. Capital Outlay	h. 0.04
	<u>\$1.00</u>



EXPENDITURE DOLLAR BY OBJECT

What the money was spent on

a. Salaries, wages and related benefits	a. 0.69
b. Interdepartmental charges	b. 0.10
c. Utilities	c. 0.03
d. Contractual services	d. 0.10
e. Materials and supplies	e. 0.01
f. Maintenance	f. 0.02
g. Capital Outlay	g. 0.04
h. Claims/Refunds	h. 0.01
	<u>\$1.00</u>



SPECIAL THANKS TO:

The Division of Financial Reporting and Control

Accounting and Administrative

Adam Badalamenti
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Seren Courtright
Logan Gomez

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CITY OF CLEVELAND, OHIO



DEPARTMENT OF PUBLIC UTILITIES DIVISION OF CLEVELAND PUBLIC POWER

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2024**

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES DIVISION OF CLEVELAND PUBLIC POWER

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Public Utilities
Division of Cleveland Public Power
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Public Utilities, Division of Cleveland Public Power:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Public Utilities, Division of Cleveland Public Power of the City of Cleveland, Cuyahoga County, Ohio (the Division), as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Public Utilities, Division of Cleveland Public Power of the City of Cleveland as of December 31, 2024, and the changes in financial position and its cash flows thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Public Utilities, Division of Cleveland Public Power of the City of Cleveland, are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities and the major fund of the City of Cleveland that is attributable to the transactions of the Department of Public Utilities, Division of Cleveland Public Power. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2024, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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



Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2025

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**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT’S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland’s (the City) Department of Public Utilities, Division of Cleveland Public Power (the Division), we offer readers of the Division’s financial statements this narrative overview and analysis of the financial activities of the Division for the year ended December 31, 2024. Please read this information in conjunction with the Division’s financial statements and footnotes that begin on page 20.

The Division was created in 1906 and charged with the responsibility for the distribution of electricity and related electric service to customers within its service areas. The Division operates a municipal electric system that is the largest in the State of Ohio and the 43rd largest by customers served in the United States according to the American Public Power Association’s statistics for 2022. The Division serves an area bound by the City limits and presently serves approximately 74,000 customers.

The Division is one of the very few municipal electric companies in the United States that competes with an investor-owned utility, in this case FirstEnergy Corporation’s Cleveland Electric Illuminating Company (CEI).

According to the 2020 census, the City’s population is approximately 373,000 people. The Division has distribution facilities in about 60% of the geographical area of the City, primarily on the east side.

The Division obtains substantially all of its power and energy requirements through agreements with various regional utilities and other power suppliers for power delivered through CEI interconnections. The balance of the Division's power and energy requirements are satisfied with production from the Division's 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

- As a result of implementing GASB Statement No. 101, *Compensated Absences*, the Division’s total net position at December 31, 2023 was restated from \$209,485,000 to \$208,867,000 a decrease of \$618,000. The total net position at December 31, 2024 was \$217,687,000. Of these amounts, \$35,186,000 and \$34,418,000 are unrestricted net position at December 31, 2024 and 2023, respectively, which may be used to meet the Division’s ongoing obligations to customers and creditors.
- Operating income decreased by \$2,783,000, primarily due to a \$3,563,000 increase in maintenance expense.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL HIGHLIGHTS (Continued)

- The Division’s total long-term bonded debt decreased by \$10,455,000 for the year ended December 31, 2024. The decrease is due to scheduled payments to bondholders on the outstanding Series 2016 and Series 2018 Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Division’s basic financial statements. The accompanying financial statements present financial information for the City’s Division of Cleveland Public Power Fund, in which the City accounts for the operations of the Department of Public Utilities, Division of Cleveland Public Power. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Division is considered an enterprise fund because the operations of the Division are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Division, the economic resources measurement focus and accrual basis of accounting are used. This is similar to businesses in the private sector.

The basic financial statements of the Division are on pages 20 - 25 of this report. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements are on pages 27 – 57 of this report. Required supplementary information is on pages 58 - 61.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is condensed statement of net position information for the Division as of December 31, 2024 and 2023:

	2024	2023
	(Amounts in Thousands)	
Assets:		
Current assets	\$ 129,858	\$ 107,099
Restricted assets	5,229	4,666
Noncurrent assets	1,229	232
Capital assets, net of accumulated depreciation	315,338	318,083
Total assets	451,654	430,080
 Deferred outflows of resources	 25,102	 32,677
Liabilities:		
Current liabilities	24,766	24,965
Long-term obligations	213,401	224,213
Total liabilities	238,167	249,178
 Deferred inflows of resources	 20,902	 4,094
 Net Position:		
Net investment in capital assets	175,681	170,053
Restricted for capital projects	2,341	1,880
Restricted for debt service	3,250	2,902
Restricted for pension and OPEB assets	1,229	232
Unrestricted	35,186	34,418
Total net position	\$ 217,687	\$ 209,485

Current assets: The Division's current assets increased by \$22,759,000 in 2024. The increase is mainly due to an increase of \$18,367,000 in cash and cash equivalents, and investments. The rise is primarily attributed to the sale of renewable energy credits totaling \$15,019,000. Also, there was a \$2,759,000 increase in materials and supplies due to an increase in noncapital transformers, coupled with the current inflationary environment.

Restricted assets: The Division's restricted assets increased by \$563,000. The increase is primarily due to an increase of \$564,000 in cash and cash equivalents, mainly attributed to a \$347,000 growth in the debt service fund due to increases in required debt payments.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Noncurrent assets: The Division's noncurrent assets increased by \$997,000, mainly attributed to a \$936,000 increase in net OPEB asset.

Capital assets: The Division's capital assets as of December 31, 2024, amounted to \$315,338,000 (net of accumulated depreciation and amortization). The total decrease in the Division's net capital assets for the current year was \$2,745,000. A summary of the activity in the Division's capital assets during the year ended December 31, 2024, is as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
	(Amounts in Thousands)			
Land	\$ 5,035	\$	\$	\$ 5,035
Construction in progress	52,195	6,827	(1,287)	57,735
Land improvements	3,194			3,194
Utility plant	613,632	6,288	(2,212)	617,708
Buildings, structures and improvements	25,478	28		25,506
Furniture, fixtures, equipment and vehicles	94,065	2,357	(2,890)	93,532
Right to use assets	761	1,915	(562)	2,114
Total	794,360	17,415	(6,951)	804,824
Less: Accumulated depreciation and amortization	(476,277)	(18,942)	5,733	(489,486)
Capital assets, net	<u>\$ 318,083</u>	<u>\$ (1,527)</u>	<u>\$ (1,218)</u>	<u>\$ 315,338</u>

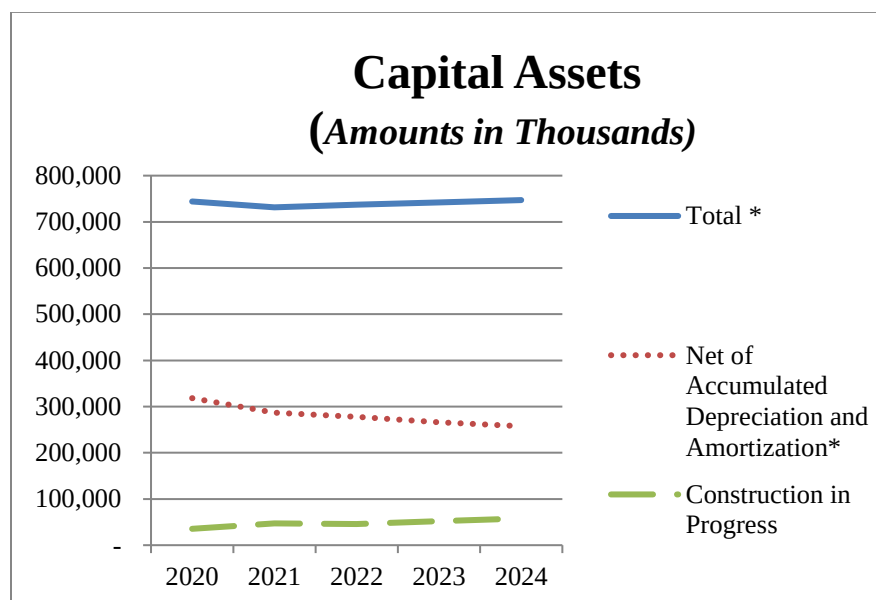
The principal additions to construction in progress during 2024 included the following:

- Southern Transmission Line
- Supervisory Control and Data Acquisition (SCADA)
- General engineering services
- Autotransformers

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)



* Construction in Progress not included

Additional information on the Division's capital assets, including commitments made for future capital expenditures, are found in Note D – Capital Assets to the basic financial statements.

Deferred outflows of resources: There was a decrease of \$7,575,000 in deferred outflows of resources. Pension outflows decreased by \$4,310,000, primarily due to a decrease of \$3,566,000 in the net difference between projected and actual earnings on plan investments. Deferred OPEB outflows decreased by \$1,167,000, again chiefly due to a decrease of \$769,000 in the net difference between projected and actual earnings on OPEB plan investments. Unamortized loss on debt refunding decreased by \$2,098,000 due to scheduled amortization.

Current liabilities: The decrease in current liabilities of \$199,000 is primarily attributed to a \$1,613,000 decrease in the current portion of long-term debt, due within one year. This is mainly due to the maturity of the 2016 Revenue Bonds in 2024. The decrease was partially offset by increases of \$971,000 and \$511,000, respectively, in accounts payable and accreted interest payable. The increase in accreted interest payable is due to accreted interest payments beginning in 2025.

Long-term obligations: The long-term obligations decrease of \$10,812,000 is mainly due to decreases of \$10,544,000 in revenue bonds and \$4,371,000 in net pension liability. The decrease in revenue bonds is due to scheduled principal payments and related amortization, while the decrease in net pension liability is primarily attributed to investment returns exceeding expectations. These decreases were partially offset by an increase of \$2,901,000 in accreted interest payable.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

At December 31, 2024, the Division had total bonded debt outstanding of \$141,153,000. All bonds are backed by the revenues generated by the Division.

The Division issued revenue bonds in the public capital markets in the late 1980's and early 1990's to finance a substantial expansion to its service territory. The Division also issued bonds in April 2008 for system expansion. In 2006, 2010, 2012, 2016, 2018 and 2020 the Division issued bonds to refinance a portion of its long-term debt. In 2014, the Division issued refunding bonds for leveling the Division's debt service payments over the life of the debt. This outstanding debt is being retired in accordance with repayment schedules through 2038.

Accreted interest payable will increase every year until 2025, due to interest accruing on the Division's 2008B Capital Appreciation Bonds (CABs). Payments of the accreted amount will begin in 2025.

The activity in the Division's debt obligations outstanding during the year ended December 31, 2024, is summarized in the following table (excluding unamortized discounts, premiums and accreted interest):

	Balance January 1, 2024	Debt Issued	Debt Retired	Balance December 31, 2024
	(Amounts in Thousands)			
Revenue Bonds:				
Revenue Bonds 2008 B-2	\$ 27,903	\$	\$	\$ 27,903
Revenue Bonds 2016	6,295		(6,295)	-
Revenue Bonds 2018	33,830		(4,160)	29,670
Revenue Bonds 2020	83,580			83,580
Total	<u>\$ 151,608</u>	<u>\$ -</u>	<u>\$ (10,455)</u>	<u>\$ 141,153</u>

The bond ratings for the Division's outstanding revenue bonds are as follows:

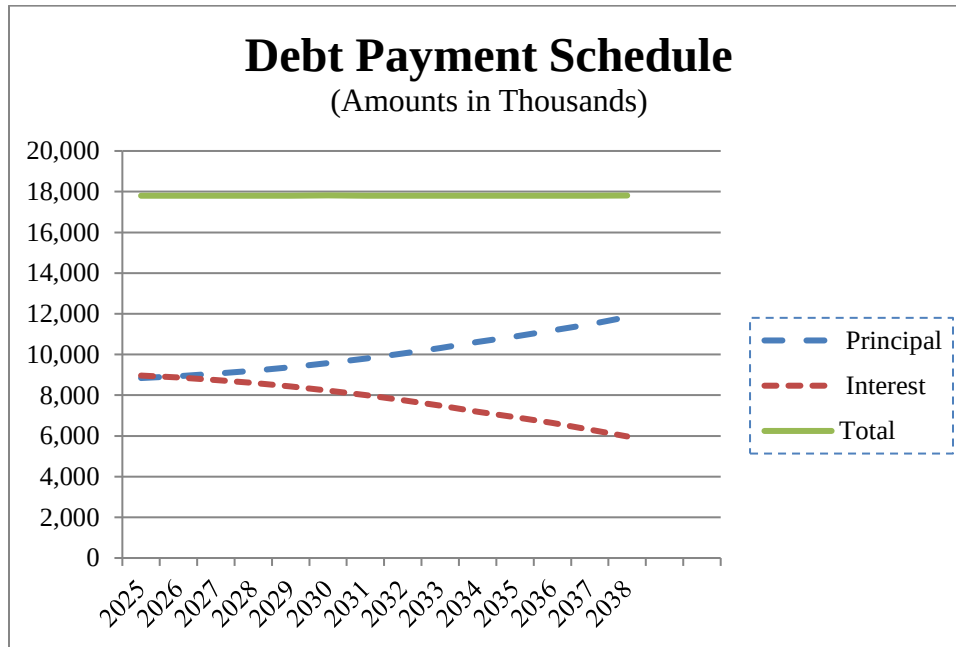
Moody's	
Investors Service	S&P Global
A3	A-

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 2024 and 2023 was 193% and 198%, respectively. Additional information on the Division's long-term debt can be found in Note B – Debt and Other Long-term Obligations to the basic financial statements on pages 31 - 35.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)



Net pension/OPEB liabilities/(assets): The net pension liability/(asset) is reported by the Division at December 31, 2024 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. For fiscal year 2019, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities/(assets) related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability/(asset) and the net OPEB liability/(asset) to the reported net position and subtracting the net pension asset, OPEB asset and deferred outflows of resources related to pension and OPEB.

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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

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

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

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

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

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

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Deferred inflows of resources: There was a \$16,808,000 increase in deferred inflows of resources. Excess purchased power costs increased by \$16,474,000, mainly due to the sale of renewable energy credits totaling \$15,019,000. There were also minor increases of \$300,000 and \$34,000 in OPEB and pension inflows, respectively

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 \$217,687,000 and \$209,485,000 at December 31, 2024 and 2023, respectively.

Of the Division's net position at December 31, 2024, \$175,681,000 reflects the Division's investment in capital assets (e.g., land, buildings, utility plant, furniture, fixtures, vehicles, equipment and right to use assets), net of accumulated depreciation and amortization, less any related, still-outstanding debt used to acquire those assets. The Division uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the Division's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, \$2,341,000 denotes funds restricted for use in capital projects, \$3,250,000 represents resources subject to debt service restrictions, and \$1,229,000 represents resources subject to pension and OPEB restrictions.

The remaining \$35,186,000 reflects unrestricted funds available to meet the Division's ongoing obligations to customers and creditors.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

The Division had a net increase of \$8,820,000 in net position in 2024. Provided below are key elements of the Division's results of operations as of and for the years ended December 31, 2024 and 2023:

	2024	2023
	(Amounts in Thousands)	
Operating revenues	\$ 178,340	\$ 189,050
Operating expenses	<u>170,226</u>	<u>178,153</u>
Operating income (loss)	8,114	10,897
Non-operating revenue (expense):		
Investment income	3,830	2,998
Interest expense	(10,909)	(11,227)
Amortization of bond premiums and discounts	1,702	1,862
Gain (loss) on disposal of assets		(263)
Other	<u>5,883</u>	<u>5,772</u>
Total non-operating revenue (expense), net	506	(858)
Capital and other contributions	<u>200</u>	<u> </u>
Increase (decrease) in net position	8,820	10,039
Net position, beginning of year	209,485	199,446
Restatement of accounting principle	<u>(618)</u>	<u> </u>
Net position, beginning of year (as restated)	<u>208,867</u>	<u>199,446</u>
Net position, end of year	<u>\$ 217,687</u>	<u>\$ 209,485</u>

The information necessary to restate 2023 beginning balances and the related compensated absences expense amounts for the effects of the initial implementation of GASB Statement No. 101, *Compensated Absences*, is not reasonably available. Therefore, 2023 expenses are not adjusted from previously reported amounts and the accumulated effect of the restatement for the change in accounting principal totaling a negative \$618,000 is netted against the 2024 beginning net position.

Operating revenues: In 2024, operating revenues decreased by \$10,710,000, primarily due to a \$15,019,000 deferral of revenue related to the sale of Renewable Energy Credits (REC). The decrease was partially offset by a \$4,476,000 increase in billed kilowatt-hours (kWh).

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

Operating expenses: Total operating expenses decreased by \$7,927,000. Purchased power costs decreased by \$15,136,000, also primarily associated with the sale of the REC, which reduced 2024 power costs. Maintenance and operations expenses increased by \$3,563,000 and \$3,443,000, respectively. The primary sources of the growth were costs associated with the ratification of a number of union contracts resulting in wage increases. These increases amounted to \$2,960,000 for maintenance and \$2,862,000 for operations.

There was an increase in depreciation and amortization expense of \$203,000, or 1.1%.

Non-operating revenue: Other non-operating revenue increased by \$783,000, chiefly attributed to investment income increasing by \$832,000, mainly due to a combination of higher average cash balances and increases in interest rates. The increase was partially offset by a decrease in amortization of bond premiums and discounts of \$160,000, due scheduled amortization.

Non-operating expense: Other non-operating expenses decreased by \$581,000. Interest expense decreased by \$318,000, due to scheduled debt service payments on long-term bonds. Loss on disposal of assets decreased by \$263,000, due to not incurring any asset losses in 2024.

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

As a municipally owned utility, the Division's mission is to improve the quality of life in the City by providing reliable, affordable energy and energy services to the residents and businesses of the City. The following sections describe major projects likely to affect the Division over the next several years.

Capacity Expansion Program

The Lake Road Project involved constructing a duct line and feeder cables to the 11th Street Substation, which was re-fed to increase capacity in the downtown area and along the corridor between the Lake Road and 11th Street substations. Additionally, a new step-up substation, the South Marginal Substation, was completed to provide capacity from the 11.5kV distribution system in downtown to a portion of the 13.8 kV distribution system located east and southeast of downtown. The South Marginal Substation will be energized when the Division's new Supervisory Control and Data Acquisition (SCADA) System is put into service in 2025.

The Division's completed overhead portion of the 138 kV Southern Project will be put into service once regulatory standards are met. This project involved modifying the Ridge Road Substation to create a ring bus that supports the new 138 kV transmission loop, which runs from the Ridge Road Substation to the Pofok Substation. The Division successfully collaborated with the City, Cuyahoga County, and the Ohio Department of Transportation to combine the construction of an underground segment of the transmission line with a roadway project.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

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 2024, about 20.3% of the Division’s energy was supplied from renewable sources including hydroelectric, wind and bioenergy and the Division has voluntarily pursued renewable goals, which are consistent with the Ohio state-mandated Renewable Portfolio Standard (RPS) targets applicable to investor-owned utilities (IOUs).

The Division’s power supply portfolio is also made up of a variety of market energy purchases of various sizes, terms and delivery locations. These market purchases, often referred to as “block power” purchases because of their standard market types, are often procured as part of the Division’s current market purchases, including block power purchased around-the-clock (7x24), weekday peak periods (5x16), weekend peak periods (2x16) and off-peak periods at night (7x8). AMP can procure these blocks on the Division’s behalf with the cost and a service charge directly passed through to the Division. Alternatively, the Division has the option to contract directly with third parties.

Generation Projects

The Division has chosen to participate in generation projects in order to (i) diversify its power supply portfolio and increase use of renewable energy, (ii) secure long-term stable sources of power, (iii) explore local generation opportunities where transmission congestion costs are mostly avoided and (iv) mitigate the costs of meeting its resource adequacy obligations.

The generation projects through AMP in which the Division participates are AMP Fremont Energy Center, AMP Hydro Phase 1/Phase 2 and Prairie State. The following sections describe these projects.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

FACTORS EXPECTED TO IMPACT THE DIVISION’S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS (Continued)

Prairie State Energy Campus

AMP has a 23% ownership interest in the Prairie State Energy Campus in Illinois, a pulverized coal plant consisting of two generating units with a total rating of 1,582 MW. AMP is entitled to 368 MW as an owner of the facility in partnership with public power agencies and cooperatives in Illinois, Indiana, Kentucky and Missouri. The project is a “mouth-of-the mine” project that includes entitlement to 200 million tons of coal reserves in an adjacent coalmine. The project was developed by Peabody Energy and went into commercial operation in 2012. The Division purchases 25 MW from the Prairie State project through a participation agreement with AMP. On September 15, 2021, the State of Illinois’ Climate and Equitable Jobs act was signed into law, which requires Prairie State to reduce carbon emissions by 45% by June 30, 2038, and to permanently reduce carbon emissions to zero no later than December 31, 2045.

ADDITIONAL INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF NET POSITION
December 31, 2024
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$ 66,571
Investments	29,943
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of \$8,975	9,517
Recoverable costs of purchased power	216
Unbilled revenue	7,249
Accrued interest receivable	74
Due from other City of Cleveland departments, divisions or funds	2,468
Materials and supplies	13,381
Prepaid expenses	439
TOTAL CURRENT ASSETS	129,858

RESTRICTED ASSETS

Cash and cash equivalents	5,215
Accrued interest receivable	14
TOTAL RESTRICTED ASSETS	5,229

NONCURRENT ASSETS

Net OPEB asset	936
Net pension asset	293
TOTAL NONCURRENT ASSETS	1,229

CAPITAL ASSETS

Land	5,035
Land improvements	3,194
Utility plant	617,708
Buildings, structures and improvements	25,506
Furniture, fixtures, equipment and vehicles	93,532
Right to use assets	2,114
	<u>747,089</u>
Less: Accumulated depreciation and amortization	<u>(489,486)</u>
	257,603
Construction in progress	57,735
CAPITAL ASSETS, NET	315,338
TOTAL ASSETS	451,654

DEFERRED OUTFLOWS OF RESOURCES

Unamortized loss on debt refunding	15,484
Pension	8,799
OPEB	819
TOTAL DEFERRED OUTFLOWS OF RESOURCES	25,102

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF NET POSITION
December 31, 2024
(Amounts in Thousands)

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION**

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 11,131
Other accrued expenses	412
Customer deposits and other liabilities	277
Current portion of accrued wages and benefits	2,616
Due to other City of Cleveland departments, divisions or funds	133
Leases	142
Subscriptions	53
Accrued interest payable	649
Accreted interest payable	511
Current portion of long-term debt, due within one year	<u>8,842</u>
TOTAL CURRENT LIABILITIES	<u><u>24,766</u></u>

LONG-TERM OBLIGATIONS-excluding amounts due within one year

Accrued wages and benefits	1,211
Accreted interest payable	38,459
Revenue bonds	144,529
Net pension liability	27,446
Leases	1,523
Subscriptions	53
Other	<u>180</u>
TOTAL LONG-TERM OBLIGATIONS	<u><u>213,401</u></u>
TOTAL LIABILITIES	<u><u>238,167</u></u>

DEFERRED INFLOWS OF RESOURCES

Excess purchased power costs	19,885
Pension	481
OPEB	<u>536</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>20,902</u></u>

NET POSITION

Net investment in capital assets	175,681
Restricted for capital projects	2,341
Restricted for debt service	3,250
Restricted for pension and OPEB assets	1,229
Unrestricted	<u>35,186</u>
TOTAL NET POSITION	<u><u>\$ 217,687</u></u>

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, 2024
(Amounts in Thousands)**

OPERATING REVENUES

Charges for services	\$ 178,340
TOTAL OPERATING REVENUES	178,340

OPERATING EXPENSES

Purchased power	105,550
Operations	24,421
Maintenance	21,313
Depreciation and amortization	18,942
TOTAL OPERATING EXPENSES	170,226

OPERATING INCOME (LOSS) 8,114

NON-OPERATING REVENUE (EXPENSE)

Investment income	3,830
Interest expense	(10,909)
Amortization of bond premiums and discounts	1,702
Other	5,883
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	506

**INCOME (LOSS) BEFORE CAPITAL AND OTHER
CONTRIBUTIONS** 8,620

Capital and other contributions	200

INCREASE (DECREASE) IN NET POSITION 8,820

NET POSITION BEGINNING OF YEAR AS

PREVIOUSLY REPORTED 209,485

CHANGE IN ACCOUNTING PRINCIPLE (SEE NOTE N) (618)

RESTATED NET POSITION BEGINNING OF YEAR 208,867

NET POSITION END OF YEAR \$ 217,687

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, 2024

(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 207,214
Cash payments to suppliers for goods or services	(20,908)
Cash payments to employees for services	(22,017)
Cash payments for purchased power	(119,774)
Electric excise tax payments to custodial fund and other	<u>(4,952)</u>

NET CASH PROVIDED BY (USED FOR)

OPERATING ACTIVITIES 39,563

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Electric excise tax receipts	5,828
Operating grant proceeds	<u>200</u>

NET CASH PROVIDED BY (USED FOR) NONCAPITAL

FINANCING ACTIVITIES 6,028

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(14,157)
Principal paid on long-term debt	(10,455)
Principal paid on lease obligations	(319)
Principal paid on subscriptions	(58)
Interest paid on long-term debt	(5,424)
Interest paid on subscriptions	<u>(3)</u>

NET CASH PROVIDED BY (USED FOR) CAPITAL AND

RELATED FINANCING ACTIVITIES (30,416)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investment securities	(69,159)
Proceeds from sale and maturity of investment securities	39,186
Interest received on investments	<u>3,786</u>

NET CASH PROVIDED BY (USED FOR)

INVESTING ACTIVITIES (26,187)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(11,012)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

82,798

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 71,786

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024
(Amounts in Thousands)

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

OPERATING INCOME (LOSS)	\$ 8,114
Adjustments:	
Depreciation and amortization	18,942
(Increase) decrease in assets:	
Accounts receivable, net	(1,011)
Recoverable costs of purchased power	104
Unbilled revenue	(589)
Due from other City of Cleveland departments, divisions or funds	(39)
Materials and supplies, net	(2,759)
Prepaid expenses	(24)
Net pension asset	(61)
Net OPEB asset	(936)
(Increase) decrease in deferred outflows of resources:	
Pension	4,310
OPEB	1,167
Increase (decrease) in liabilities:	
Accounts payable	971
Other accrued expenses	6
Customer deposits and other liabilities	35
Accrued wages and benefits	(171)
Due to other City of Cleveland departments, divisions or funds	(52)
Other long-term liabilities	(211)
Net pension liability	(4,371)
Net OPEB liability	(670)
Increase (decrease) in deferred inflows of resources:	
Excess purchased power costs	16,474
Pension	34
OPEB	300
TOTAL ADJUSTMENTS	<u>31,449</u>
NET CASH PROVIDED BY (USED FOR)	
OPERATING ACTIVITIES	<u>\$ 39,563</u>

See notes to financial statements.

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**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Cleveland Public Power (the Division) is reported as an Enterprise Fund of the City of Cleveland's (the City) Department of Public Utilities and is a part of the City's primary government. The Division was created for the purpose of supplying electrical services to customers within the City. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Division comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. As required, the Division has implemented GASB Statement No. 100 as of December 31, 2024.

In June of 2022, GASB Statement No.101, *Compensated Absences*, was issued. This Statement is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As required, the Division has implemented GASB Statement No. 101 as of December 31, 2024.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's net position is accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Amount restricted for pension and OPEB assets
- Remaining unrestricted amount

Basis of Accounting: The Division's financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized as incurred.

Revenues: Revenues are derived primarily from sales of electricity to residential, commercial and industrial customers based upon actual consumption. Electricity rates are authorized by City Council and billings are made on a cyclical basis. Estimates for services between the end of the various cycles and the end of the year are recorded as unbilled revenue.

Inventory of Supplies: The Division's inventory is valued at average cost. Inventory costs are charged to operations when consumed.

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

Interfund Transactions: During the course of normal operations, the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year-end are generally reflected as due to or due from in the accompanying financial statements.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing and investment activities.

The Division transfers electric excise tax revenue from billed customers on a monthly basis to a custodial fund in the City. Additional electric excise tax revenue from large customers is invoiced separately and deposited directly into a custodial fund in the City.

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand and cash deposits maintained by the City Treasurer on behalf of the Division. Cash equivalents are defined as highly liquid investments with maturity of three months or less when purchased.

Investments: The Division follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Division's investments in money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Division has invested funds in STAR Ohio during 2024. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pools Participants* for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of revenue bonds are classified as restricted assets since their use is limited by the bond indentures.

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

Capital Assets and Depreciation: Capital assets are stated based on historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets less any applicable salvage value over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than \$5,000 for land, furniture, fixtures, equipment and vehicles and \$10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility plant	5 to 100 years
Land improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Bond Issuance Costs, Discounts, Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resources and is amortized over the shorter of the defeased bond or the newly issued bond.

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

Net Pension/OPEB Liabilities/(Assets): For purposes of measuring the net pension/OPEB liabilities/(assets), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net 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 Division accrues for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 101, *Compensated Absences*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. The portion of the compensated absence liability that is not expected to be paid out within one year is reported as a long-term liability.

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

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE B - DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt outstanding at December 31, 2024, is as follows:

	Interest Rate	Original Issuance	2024
		(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	
Series 2018, due through 2038	5.00%	47,245	29,670
Series 2020, due through 2038	2.01-5.00%	83,580	83,580
		<u>\$ 200,753</u>	<u>141,153</u>
Less:			
Unamortized premium (discount)-current interest bonds (net)			12,218
Current portion			<u>(8,842)</u>
Total long-term debt			\$ 144,529

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

Summary: Changes in long-term obligations for the year ended December 31, 2024, are as follows:

	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024	Due Within One Year
	(Amounts in Thousands)				
Revenue Bonds:					
Series 2008 B-2, due through 2038	\$ 27,903	\$	\$	\$ 27,903	\$ 2,832
Series 2016, due through 2024	6,295		(6,295)	-	
Series 2018, due through 2038	33,830		(4,160)	29,670	1,510
Series 2020, due through 2038	83,580			83,580	4,500
Total revenue bonds	151,608	-	(10,455)	141,153	8,842
Accrued wages and benefits, restated	3,997	2,605	(2,775)	3,827	2,616
Leases		1,665		1,665	142
Subscriptions	164		(58)	106	53
Net pension liability	31,817		(4,371)	27,446	
Net OPEB liability	670		(670)		
Total	<u>\$ 188,256</u>	<u>\$ 4,270</u>	<u>\$ (18,329)</u>	<u>\$ 174,197</u>	<u>\$ 11,653</u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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)				
2025	\$	8,842	\$	8,964	\$ 17,806
2026		8,939		8,870	17,809
2027		9,056		8,749	17,805
2028		9,196		8,608	17,804
2029		9,377		8,430	17,807
2030-2034		50,363		38,667	89,030
2035-2038		45,380		25,843	71,223
	\$	141,153	\$	108,131	\$ 249,284

The City has pledged future power system revenues, net of specified operating expenses, to repay \$141,153,000 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 58.1% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is \$249,284,000. Principal and interest paid for the current year and total net revenues were \$15,879,000 and \$30,658,000, 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 no defeased debt outstanding at December 31, 2024.

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DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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, 2024, 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, 2024, 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.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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, 2024, the Division's carrying amount of deposits totaled \$22,814,000 and the Division's bank balances totaled \$24,437,000. 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*, \$24,437,000 of the bank balances at December 31, 2024, 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.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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, 2024:

Type of Investment	Fair Value Measurement	
	Fair Value	Using Level 1
(Amounts in Thousands)		
U.S. Treasury Bills	\$ 19,943	\$ 19,943
U.S. Treasury Notes	10,000	10,000
Total Investments	<u>\$ 29,943</u>	<u>\$ 29,943</u>

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, 2024, include STAR Ohio and money market mutual funds. Investments in the U.S. Treasury Bills and U.S. Treasury Notes carry a Moody's rating of Aaa. Investments in STAR Ohio and First American Government Obligations Fund carry a rating of AAAm, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Division's Investment Policy 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, 2024, 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	Investment Maturities			
	2024 Fair Value	2024 Cost	Less than One Year	1 - 5 Years
(Amounts in Thousands)				
U.S. Treasury Bills	\$ 19,943	\$ 19,862	\$ 19,943	\$
U.S. Treasury Notes	10,000	10,110		10,000
STAR Ohio	44,395	44,395	44,395	
Money Market Mutual Funds	<u>4,577</u>	<u>4,577</u>	<u>4,577</u>	
Total Investments	78,915	78,944	68,915	10,000
Total Deposits	<u>22,814</u>	<u>22,814</u>	<u>22,814</u>	
Total Deposits and Investments	\$ 101,729	\$ 101,758	\$ 91,729	\$ 10,000

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, 2024, the investments in U.S. Treasury Bills, U.S. Treasury Notes, STAR Ohio and money market mutual funds are approximately 25.3%, 12.7%, 56.2% and 5.8%, respectively, of the Division's total investments.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE D - CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
	(Amounts in Thousands)			
Capital assets, not being depreciated:				
Land	\$ 5,035	\$	\$	\$ 5,035
Construction in progress	52,195	6,827	(1,287)	57,735
Total capital assets, not being depreciated	57,230	6,827	(1,287)	62,770
Capital assets, being depreciated:				
Land improvements	3,194			3,194
Utility plant	613,632	6,288	(2,212)	617,708
Buildings, structures and improvements	25,478	28		25,506
Furniture, fixtures, equipment and vehicles	94,065	2,357	(2,890)	93,532
Right to use assets	761	1,915	(562)	2,114
Total capital assets, being depreciated	737,130	10,588	(5,664)	742,054
Less: Accumulated depreciation and amortization	(476,277)	(18,942)	5,733	(489,486)
Total capital assets being depreciated, net	260,853	(8,354)	69	252,568
Capital assets, net	<u>\$ 318,083</u>	<u>\$ (1,527)</u>	<u>\$ (1,218)</u>	<u>\$ 315,338</u>

Commitments: The Division has outstanding commitments of approximately \$24,720,000 for future capital expenditures at December 31, 2024. 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.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E - DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

Ohio Public Employees Retirement System (OPERS): The Division's employees participate in OPERS. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Division's employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

**CITY OF CLEVELAND, OHIO
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DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.

**CITY OF CLEVELAND, OHIO
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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2024, 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 \$2,697,000 for 2024. All required payments have been made.

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability/(asset) for OPERS was measured as of December 31, 2023 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. Following is information related to the proportionate share and pension expense:

	Traditional	Combined
	(Amounts in Thousands)	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 27,446	\$ (293)
Proportion of the Net Pension Liability/(Asset)	0.104833%	0.095357%
Change in Proportion	(0.002877)%	(0.003069)%
Pension Expense	\$ 2,150	\$ 50

At December 31, 2024, the Division has reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined
	(Amounts in Thousands)	
Deferred Outflows of Resources		
Differences between expected and actual economic experience	\$ 448	\$ 12
Net difference between projected and actual earnings on pension plan investments	5,540	48
Change in Division's proportionate share and difference in employer contributions		43
Change in assumptions		11
Division's contributions subsequent to the measurement date	2,614	83
Total Deferred Outflows of Resources	<u>\$ 8,602</u>	<u>\$ 197</u>
Deferred Inflows of Resources		
Differences between expected and actual economic experience	\$	\$ 29
Change in Division's proportionate share and difference in employer contributions	443	9
Total Deferred Inflows of Resources	<u>\$ 443</u>	<u>\$ 38</u>

**CITY OF CLEVELAND, OHIO
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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

The \$2,697,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined
	(Amounts in Thousands)	
Year Ending December 31:		
2025	\$ 1,043	\$ 12
2026	1,756	18
2027	3,535	33
2028	(789)	(2)
2029		7
Thereafter		8
Total	\$ 5,545	\$ 76

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/(asset) in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2023
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional Plan	2.75%-10.75%
Combined	2.75%-8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3.00%, simple
	Post 1/7/2013 retirees: 2.30%, simple
	through 2024, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	100.00 %	

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE E - DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate: The discount rate used to measure the total pension liability/(asset) was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

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

	Current		
	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability/(asset):			
Traditional plan	\$ 43,207	\$ 27,446	\$ 14,337
Combined plan	(177)	(293)	(384)

NOTE F – DEFINED BENEFIT OPEB PLANS

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

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

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Effective January 1, 2022, the Combined Plan is no longer available for member selection. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0% and Combined Plan was 2.0% in 2024. 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 2023 was 4.0%.

For the year ended December 31, 2024, OPERS did not allocate any employer contributions to the OPEB plan.

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Division's proportion of the net OPEB liability/(asset) was based on the Division's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
	(Amounts in Thousands)
Proportionate Share of the Net	
OPEB Liability/(Asset)	\$ (936)
Proportion of the Net OPEB Liability/(Asset):	0.103692%
Change in Proportionate Share	(0.002600)%
OPEB Expense	\$ (202)

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2024, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
	(Amounts in Thousands)
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 562
Changes in assumptions	241
Changes in proportion and differences between Division's contributions and proportionate share of contributions	16
Total Deferred Outflows of Resources	\$ 819
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 133
Change in assumptions	402
Changes in proportion and differences between Division's contributions and proportionate share of contributions	1
Total Deferred Inflows of Resources	\$ 536

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)
2025	\$ (14)
2026	49
2027	437
2028	(189)
Total	\$ 283

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.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	2.75%
Projected Salary Increases, including wage inflation	2.75% - 10.75%
Single Discount Rate:	
Current Measurement Date	5.70%
Prior Measurement Date	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	3.77%
Prior Measurement Date	4.05%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial 3.50%, ultimate in 2038
Prior Measurement Date	5.50%, initial 3.50%, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	<u>100.00 %</u>	

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023.

Discount Rate: A single discount rate of 5.70% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2023. 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 3.77%. 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 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 5.70%, as well as what the Division's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower 4.70% or one-percentage-point higher 6.70% than the current rate:

	1% Decrease	Current	1% Increase
	4.70%	Discount Rate	6.70%
	5.70%		
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	\$ 514	\$ (936)	\$ (2,137)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care	1% Increase
	2.50%	Cost Trend Rate	4.50%
	Assumption		
	3.50%		
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	\$ (975)	\$ (936)	\$ (892)

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE G – LEASES

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

Leases Scope:

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

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

Accounting Treatment at Adoption: The Division is a lessor and a lessee in various non-cancellable leases. In accordance with GASB Statement No. 87, leases that commenced before the adoption date of January 1, 2022 are considered to have commenced on this date. All leases with base rent payments adjusted by an index or rate (e.g., Consumer Price Index) have measured their receivables and liabilities based upon the most recent adjustment as of January 1, 2022, unless otherwise noted.

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

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

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE G – LEASES (Continued)

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

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

Division as a Lessor:

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

Variable Inflows: Variable lease payments are excluded from the measurement of lease receivables. Such amounts are recognized in the period in which the lease receivable is incurred. For fiscal year 2024, variable inflows amounted to \$25,000.

Division as a Lessee:

General Description of Lessee Leasing Arrangements: The Division leases warehouse space from a non-governmental lessor. The lease has a term end date of August 31, 2034, and the annual lease payments are fixed for the term of the lease.

Outflows Recognized in FY24 from Leases: For fiscal year 2024, lease expense and interest expense were \$193,000 and \$36,000, respectively.

Total Amount of Lease Assets and Accumulated Amortization: For fiscal year 2024, the RTU asset and related accumulated amortization is \$1,915,000 and \$64,000, respectively.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE G – LEASES (Continued)

Schedule of Future Payments: The table below represents the future expected minimum principal and interest amounts to be paid for the existing, in-scope GASB 87 leases:

Maturity Schedule			
(Amounts in Thousands)			
Year Ending December 31:	Principal	Interest	
2025	\$ 142	\$	106
2026	151		96
2027	161		86
2028	171		76
2029	183		64
2030-2034	857		129
Total	<u>\$ 1,665</u>	<u>\$</u>	<u>557</u>

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

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

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

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

Furthermore, the Division does not have commitments under SBITA that have not commenced as of December 31, 2024.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

As of December 31, 2024, the Division had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
	(Amounts in Thousands)		
2025	\$ 53	\$ 2	\$ 55
2026	52		52
2027	1		1
SBITA Liability:	<u>\$ 106</u>	<u>\$ 2</u>	<u>\$ 108</u>

The Division had SBITA assets in the amount of \$198,979 net of accumulated amortization of \$99,489, for a net SBITA asset of \$99,490.

NOTE I - CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: The Division is a member of American Municipal Power (AMP) and participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Division's project share was 80,000 kilowatts (kW) of a total 771,281 kW, giving the City a 10.37% project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed impaired and participants were obligated to pay those incurred costs. Prior to 2014, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel Corporation (Bechtel). As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The Division's estimated share of the impaired costs at March 31, 2014, was \$13,813,694. The Division received a credit of \$6,447,719 related to their participation in the AMP Fremont Energy Center (AFEC) Project and another credit of \$3,617,994 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired costs balance of \$3,747,981. Because payment is now probable and reasonably estimable, the Division is reporting a payable to AMP in its business-type activities and in its electric enterprise fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will affect the Division's net impaired cost balance either positively or negatively. These amounts will be recorded as they become estimable.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE I - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

In late 2016, AMP reached a settlement in the Bechtel litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014, the Division has made payments of \$3,517,924 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 \$179,546 and interest expense incurred on AMP's line-of-credit of \$416,023. 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, 2024, of \$431,477.

The Division does have a potential PHFU Liability of \$4,716,121 resulting in a net total potential liability of \$5,147,598, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) has no value and assuming the Division's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include negative items such as property taxes as well as positive items like revenue from leases or sale of all or a portion of the Meigs County site property.

The Division intends to recover these costs and repay AMP over the next 5 years through a power cost adjustment, thus this incurred cost has been capitalized and reported as a regulated asset, as allowed by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Division intends to recover 50% of these costs from the customers through the Energy Adjustment Charge passed along to customer's monthly bills.

In addition, various claims are pending against the City involving the Division for personal injuries, property damage and other matters, for which the City is responsible. The City's management is of the opinion that ultimate resolution of such claims could result in a material adverse effect on the Division's financial position, results of operations or cash flows. This amount is indeterminable at this time.

Risk Management: The Division is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Division is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2024.

The City provides the choice of two separate health insurance plans to its employees. The operating funds charge a monthly rate per employee by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts) and other economic and social factors.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE I - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Division is reported as part of accounts payable on the statement of net position and is immaterial.

NOTE J - RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides services to the City, including its various departments and divisions. The usual and customary rates are charged to all City departments and divisions.

Operating Expenses: Other divisions within the City provide various services to CPP. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the year ended December 31, 2024, are as follows:

(Amounts in Thousands)		
City Administration	\$	2,863
Utilities Administration and Fiscal Control		2,080
Telephone Exchange		1,162
Motor Vehicle Maintenance		453
Division of Water		374

NOTE K - CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately \$1,168,000 for the year ended December 31, 2024.

NOTE L - KILOWATT PER HOUR TAX

In May 2001, the Division started billing its customers the electric deregulation kilowatt-hour tax according to the laws of the State of Ohio. This law requires the Division to remit the proceeds to the City's General Fund, except for any proceeds attributable to sales outside the City, which are payable to the State of Ohio. The Division remitted \$5,151,000 for this tax in 2024, of which \$19,651 was due to the State. Ordinance No. 1086-2023, passed November 13, 2023, directed that 100% of the proceeds go to the Division in 2024 and 2025.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF CLEVELAND PUBLIC POWER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE M – RENEWABLE ENERGY CREDITS

Renewable Energy Credits (REC) are certificates that represent the environmental attributes of a megawatt-hour (MWh) of electricity generated from a renewable source. The Division has multiple contracts with AMP mandating the purchase of electricity generation from various hydroelectric power plants. These power plants have generated a large quantity of REC during the 2019-2023 period. The REC are held by AMP, but since the Division is a member of AMP, they are allocated a proportionate share of the REC generated. Prior to 2024, the Division had retained the REC as a component of meeting their clean energy goals.

Due to favorable conditions in the renewable energy market, the Division sold a large number of REC for \$18,528,000 on July 18, 2024. At the same time, the Division purchased \$2,790,000 of unrelated REC to continue meeting their clean energy goals. Professional fees associated with the transactions totaled \$719,000, leaving a net amount received of \$15,019,000. This amount is included in deferred inflows in 2024, with the expectation that the revenue will be realized in the following years by reductions to customers energy bills.

NOTE N - RESTATEMENT OF AN ACCOUNTING PRINCIPLE

For 2024, the Division implemented GASB Statement No. 101, *Compensated Absences*. It established standards to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of GASB Statement No. 101 had the following effect on net position as reported December 31, 2023:

	Net Position		Restated Net Position
	December 31, 2023	Restatement	December 31, 2023
	(Amounts in Thousands)		
Beginning net position:	\$ 209,485	\$ (618)	\$ 208,867

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

Required Supplementary Information

**Schedule of the Division's Proportionate Share of the Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten Years (1)**

	Division's Proportion of the Net Pension Liability/ (Asset)	Division's Proportionate Share of the Net Pension Liability/ (Asset)	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)
(Amounts in Thousands)					
Traditional:					
2015	0.136385	\$ 16,397	\$ 17,067	96.07%	86.45%
2016	0.139410	23,597	17,775	132.75	81.08
2017	0.124709	29,488	16,542	178.26	77.55
2018	0.125259	21,587	16,769	128.73	84.66
2019	0.122549	36,152	17,543	206.08	74.70
2020	0.121120	26,253	18,200	144.25	82.17
2021	0.123986	20,179	18,729	107.74	86.88
2022	0.110840	9,644	17,579	54.86	92.62
2023	0.107710	31,817	16,236	195.97	75.74
2024	0.104833	27,446	17,921	153.15	79.01
Combined:					
2022	0.103968	(410)	17,579	(2.33)	169.88
2023	0.098426	(232)	16,236	(1.43)	137.14
2024	0.095357	(293)	17,921	(1.63)	144.55

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

Note to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020 and 2021. For 2022, the most significant changes of assumptions that affected the total pension liability/(asset) since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumption in 2023 and 2024.

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

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

Required Supplementary Information (Continued)

**Schedule of Contributions - Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten Years (1)**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2015	\$ 2,133	\$ (2,133)	\$ -	\$ 17,775	12.00 %
2016	1,985	(1,985)	-	16,542	12.00
2017	2,180	(2,180)	-	16,769	13.00
2018	2,456	(2,456)	-	17,543	14.00
2019	2,548	(2,548)	-	18,200	14.00
2020	2,622	(2,622)	-	18,729	14.00
2021	2,461	(2,461)	-	17,579	14.00
2022	2,273	(2,273)	-	16,236	14.00
2023	2,509	(2,509)	-	17,921	14.00
2024	2,697	(2,697)	-	19,264	14.00

(1) Represents Division's calendar year.

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

Required Supplementary Information (Continued)

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

	Division's Proportion of the Net OPEB Liability/(Asset)	Division's Proportionate Share of the Net OPEB Liability/(Asset)	Division's Covered Payroll	Division's Proportional Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
(Amounts in Thousands)					
2017	0.122500 %	\$ 12,374	\$ 16,542	74.80%	54.04%
2018	0.123223	13,762	16,769	82.07	54.14
2019	0.121120	16,597	17,543	94.61	46.33
2020	0.119447	17,316	18,200	95.14	47.80
2021	0.122210	(2,177)	18,729	(11.62)	115.57
2022	0.109167	(3,419)	17,579	(19.45)	128.23
2023	0.106292	670	16,236	4.13	94.79
2024	0.103692	(936)	17,921	(5.22)	107.76

- (1) Information presented for each year was determined as of the Division's measurement date, which is the prior year-end.
- (2) Information prior to 2017 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.50% initial to 10.0% initial. In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030. In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset. In 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034. In 2023, the single discount rate changed from 6.0% to 5.22%. The municipal bond rate changed from 1.84% to 4.05%. The health care cost rate changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036. In 2024, the single discount rate changed from 5.22% to 5.70%. The municipal bond rate also changed from 4.05% to 3.77%.

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

Required Supplementary Information (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2016	\$ 331	\$ (331)	\$ -	\$ 16,542	2.00 %
2017	168	(168)	-	16,769	1.00
2018	-	-	-	17,543	0.00
2019	-	-	-	18,200	0.00
2020	-	-	-	18,729	0.00
2021	-	-	-	17,579	0.00
2022	-	-	-	16,236	0.00
2023	-	-	-	17,921	0.00
2024	-	-	-	19,264	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, 2024**

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES DIVISION OF WATER

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Public Utilities
Division of Water
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Public Utilities, Division of Water:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Public Utilities, Division of Water of the City of Cleveland, Cuyahoga County, Ohio (the Division), as of and for the year ended December 31, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Department of Public Utilities, Division of Water of the City of Cleveland, as of December 31, 2024, and the respective changes in financial position and its cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Public Utilities, Division of Water of the City of Cleveland, are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities and the major fund of the City of Cleveland that is attributable to the transactions of the Department of Public Utilities, Division of Water. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2024, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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



Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2025

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the City) Department of Public Utilities, Division of Water (the Division), we offer readers of the Division's financial statements this narrative overview and analysis of the financial activities of the Division for the period ended December 31, 2024. Please read this information in conjunction with the Division's financial statements and footnotes that begin on page 18.

The Division services not only the City, but also 69 direct service communities, seven master meter communities and three emergency standby communities. They provide water to approximately 435,000 city and suburban accounts in the Cleveland metropolitan area. They also sell water to master meter communities that operate their own distribution systems and they provide billing and payment services for the Northeast Ohio Regional Sewer District and other communities.

During 2024, the Division provided services to approximately 117,000 accounts located within Cleveland and approximately 318,000 accounts located in direct service communities. Water provided to each master meter community is metered at community's boundary. Consumers within the City of Cleveland accounted for 23.6% of the Division's metered sales revenue, while the direct service communities accounted for 72.3% and master meter and emergency communities accounted for 4.1% of metered sales revenue.

The Division, along with the Division of Utilities Fiscal Control (UFC), provides a complete array of processing services including billing, payment processing, mailing delinquency notices, terminating water service on delinquent accounts and distributing the money collected to the communities.

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

FINANCIAL HIGHLIGHTS

- As a result of implementing GASB Statement No. 101, *Compensated Absences*, the Division's total net position at December 31, 2023 was restated from \$1,830,712,000 to \$1,827,923,000, a decrease of \$2,789,000. The total net position at December 31, 2024 was \$1,928,489,000. Of these amounts, \$446,012,000 and \$425,860,000 are unrestricted net position at December 31, 2024 and December 31, 2023, respectively, and may be used to meet the Division's ongoing obligations to customers and creditors.
- The Division's overall net position increased by \$100,566,000 during 2024. The increase is primarily attributed to a \$14,216,000 increase in operating revenues due to higher water rates.
- The total long-term revenue bonds and loans payable of the Division increased by \$35,061,000 due to the issuance of \$94,130,000 Water Revenue Bonds, Series HH and \$23,098,000 of Ohio Water Development Authority (OWDA) loans. These additions were partially offset by \$82,167,000 in principal payments and debt refundings.
- Capital and other contributions increased by \$9,495,000, or 102.0%. This was mainly attributed to receiving a number of forgivable OWDA loans.

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

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 18 – 23 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to financial statements can be found on pages 25 – 55 of this report. Required supplementary information can be found on pages 56 – 59.

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

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, 2024 and December 31, 2023:

	2024	2023
	(Amounts in Thousands)	
Assets:		
Current assets	\$ 552,535	\$ 536,051
Restricted assets	110,226	49,809
Noncurrent assets	3,985	792
Capital assets, net	1,800,642	1,731,320
Total assets	<u>2,467,388</u>	<u>2,317,972</u>
 Deferred outflows of resources	 44,292	 68,390
Liabilities:		
Current liabilities	93,480	86,113
Long-term obligations	483,192	463,891
Total liabilities	<u>576,672</u>	<u>550,004</u>
 Deferred inflows of resources	 6,519	 5,646
Net Position:		
Net investment in capital assets	1,420,567	1,349,001
Restricted for capital projects	11,983	9,513
Restricted for debt service	45,942	45,546
Restricted for pension and OPEB	3,985	792
Unrestricted	446,012	425,860
Total Net Position	<u>\$ 1,928,489</u>	<u>\$ 1,830,712</u>

Current Assets: The Division had an increase in current assets of \$16,484,000, primarily due to a net increase of \$19,295,000 in unrestricted cash and cash equivalents, and investments. This was mainly due to increases of \$9,580,000 in cash provided by operating activities and \$4,615,000 in interest revenue. Also, accrued interest receivable increased by \$2,047,000, primarily due to retaining more long-term investments at year end.

Restricted Assets: The Division's restricted assets increased by \$60,417,000, mostly attributable to residual bonds proceeds related to the issuance of the Series HH 2024 revenue bonds.

Noncurrent Assets: There was an increase of \$3,193,000 in noncurrent assets. Net OPEB asset increased by \$3,035,000, primarily due to investment returns exceeding expectations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Capital Assets: The Division's capital assets, as of December 31, 2024, amounted to \$1,800,642,000 (net of accumulated depreciation and amortization). The total net increase in the Division's capital assets was \$69,322,000. A summary of the activity in the Division's capital assets through December 31, 2024, is as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
	(Amounts in Thousands)			
Land	\$ 5,731	\$	\$	\$ 5,731
Construction in progress	248,106	123,868	(76,872)	295,102
Land improvements	17,466	67		17,533
Utility plant	2,095,594	53,303	(2,363)	2,146,534
Buildings, structures and improvements	287,672	23,384		311,056
Furniture, fixtures, equipment and vehicles	620,355	14,198	(1,602)	632,951
Right to use assets	3,337	2,398		5,735
Total	3,278,261	217,218	(80,837)	3,414,642
Less: Accumulated depreciation and amortization	(1,546,941)	(69,767)	2,708	(1,614,000)
Capital assets, net	<u>\$ 1,731,320</u>	<u>\$ 147,451</u>	<u>\$ (78,129)</u>	<u>\$ 1,800,642</u>

Construction in progress had additions of \$123,868,000. The increase was related to additional spending on lead service lines, city and suburban water main renewals, Richfield Tower and Pump Station, and enhancements to the Baldwin plant.

Major projects still under construction chiefly consist of both city and suburban water main renewals, plant enhancement programs and lead service line replacements.

Deferred Outflows of Resources: The Division's deferred outflows of resources decreased by \$24,098,000, mainly attributed to a decrease in pension and OPEB outflows of \$16,198,000 and \$4,006,000, respectively. The reduction in both is primarily due to decreases of \$13,113,000 and \$2,719,000, respectively, in the net difference between projected and actual earnings on pension and OPEB plan investments.

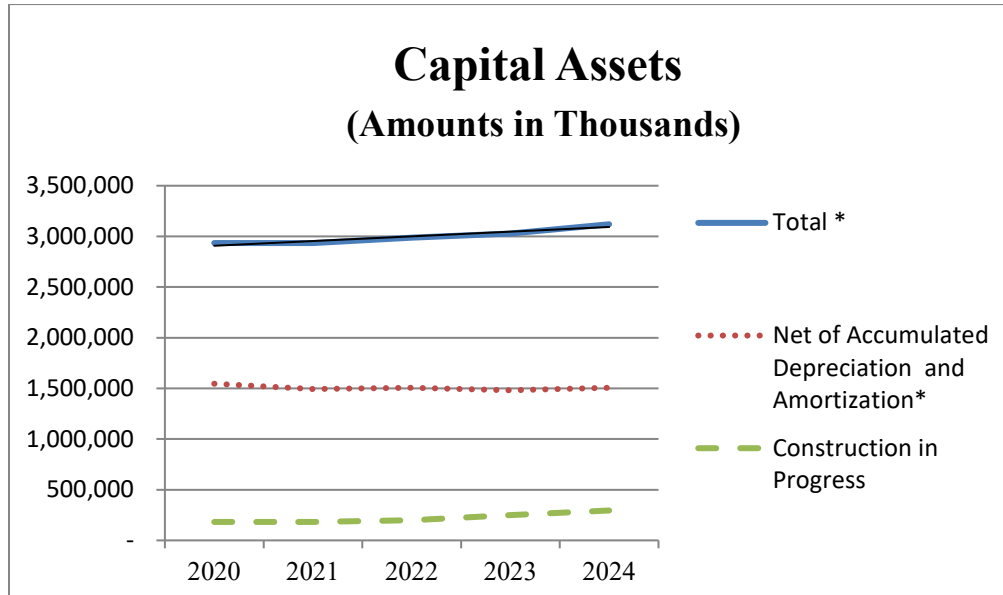
In addition, unamortized loss on debt refunding decreased \$3,894,000 due to the issuance of the Series HH 2024 refunding bonds and scheduled amortization.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Additional information on the Division's capital assets, including commitments made for future capital expenditures, can be found in Note D – Capital Assets to the basic financial statements.



* Construction in Progress not included

Current Liabilities: In 2024, total current liabilities increased by \$7,367,000. Accounts payable increased by \$6,044,000, mainly due to increased construction activity, resulting in additional invoices outstanding at year end. The current portion of long-term debt, due within one year increased by \$1,306,000, due to scheduled debt service. These increases were partially offset by a decrease in accrued wages and benefits of \$1,545,000, mainly due to the timing differences of employee pay period end dates.

Long-Term Obligations: The most significant factor contributing to the Division's increase in long-term obligations of \$19,301,000 is an increase in revenue bonds of \$23,390,000, primarily attributed to the issuance of the Series HH 2024 bonds. In addition, OWDA loans increased by \$13,910,000, due to receipt of a number of loans related to lead service line replacements. These increases were partially offset by a decrease of \$19,562,000 in net pension liability primarily due to investment returns exceeding expectations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Deferred Inflows of Resources: The Division's deferred inflows of resources increased by \$873,000 in 2024, mainly due to a \$921,000 increase in OPEB inflows. The change was primarily related to an increase of \$1,121,000 in certain economic or demographic assumptions.

Net Pension/OPEB Liabilities/(Assets): The net pension liability/(asset) is reported by the Division at December 31, 2024 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. In 2018, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset, the net OPEB asset and deferred outflows of resources related to pension and OPEB.

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Long-Term Debt: At December 31, 2024, the Division had total long-term debt outstanding of \$412,318,000. 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 through December 31, 2024, is summarized below (excluding unamortized discounts and premiums):

	Balance January 1, 2024	Debt Issued	Debt Retired	Balance December 31, 2024
	(Amounts in Thousands)			
Water Revenue Bonds:				
Series Y 2015	\$ 23,075	\$	\$ (17,615)	\$ 5,460
Series BB 2017	14,475		(3,040)	11,435
Series CC 2017	29,790		(7,780)	22,010
Series DD 2019	46,900		(15,675)	31,225
Series EE 2020	15,435		(310)	15,125
Series FF 2020	70,270			70,270
Series GG 2020	98,525		(20,390)	78,135
Series HH 2024		94,130		94,130
Second Lien Series B 2017	34,825		(8,065)	26,760
Ohio Water Development Authority Loans	43,962	23,098	(9,292)	57,768
Total	<u>\$ 377,257</u>	<u>\$ 117,228</u>	<u>\$ (82,167)</u>	<u>\$ 412,318</u>

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

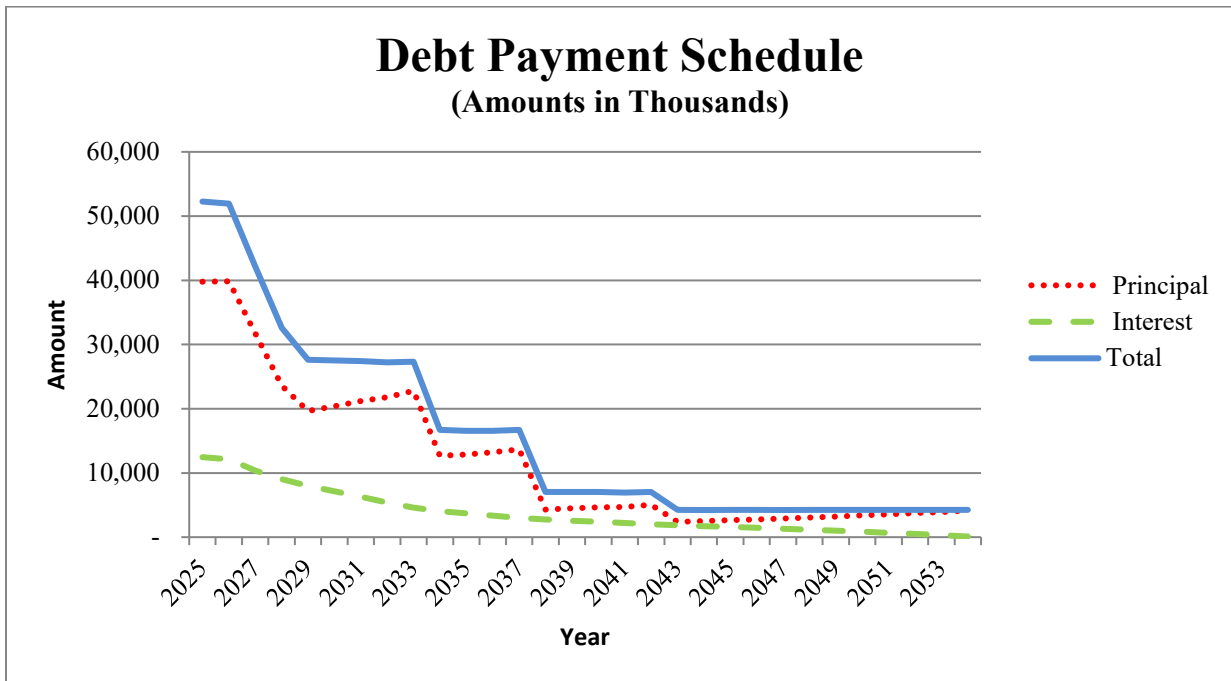
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The bond ratings for the Division's outstanding revenue bonds as of December 31, 2024, 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 2024 was 377% and was 376% for 2023.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Additional information on the Division's long-term debt can be found in Note B – Debt and Other Long-Term Obligations on pages 29 – 34.

Net Position: Net position serves as a useful indicator of a government's financial position. In the case of the Division, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$1,928,489,000 and \$1,827,923,000 at December 31, 2024 and December 31, 2023, respectively.

Of the Division's net position, \$1,420,567,000 at December 31, 2024, 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 \$61,910,000 at December 31, 2024, represents resources that are subject to external restrictions. These funds are set aside for the payment of revenue bonds, capital projects, and pension and OPEB.

The remaining balance of unrestricted net position, \$446,012,000 at December 31, 2024, may be used to meet the Division's ongoing obligations to customers and creditors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

The Division's net position increased during 2024 by \$100,566,000. The following table identifies the key elements of the Division's results of operations for the period ended December 31, 2024 and December 31, 2023:

	2024	2023
	(Amounts in Thousands)	
Operating revenues	\$ 331,595	\$ 317,379
Operating expenses	<u>268,958</u>	<u>260,242</u>
Operating income (loss)	62,637	57,137
Non-operating revenue (expense):		
Investment income	28,876	28,661
Interest expense	(14,681)	(16,325)
Amortization of bond premiums and discounts	5,893	6,285
Gain (loss) on disposal of capital assets	(3)	(1,017)
Other	<u>(958)</u>	<u>35</u>
Total non-operating revenue (expense), net	<u>19,127</u>	<u>17,639</u>
Income (loss) before capital and other contributions	81,764	74,776
Capital and other contributions	<u>18,802</u>	<u>9,307</u>
Change in net position	<u>100,566</u>	<u>84,083</u>
Beginning net position	1,830,712	1,746,629
Restatement for change in accounting principle	<u>(2,789)</u>	<u></u>
Beginning net position (as restated)	<u>1,827,923</u>	<u>1,746,629</u>
Ending net position	<u>\$ 1,928,489</u>	<u>\$ 1,830,712</u>

The information necessary to restate 2023 beginning balances and the related compensated absences expense amounts for the effects of the initial implementation of GASB Statement No. 101, *Compensated Absences*, is not reasonably available. Therefore, 2023 expenses are not adjusted from previously reported amounts and the accumulated effect of the restatement for the change in accounting principle totaling a negative \$2,789,000 is netted against the 2024 beginning net position.

Operating Revenue: In 2024, total operating revenues of the Division increased by \$14,216,000, or 4.5%. The increase is primarily attributed to rate increases.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

Operating Expenses: The overall increase in operating expenses of \$8,716,000 in 2024 was primarily attributed to a \$5,037,000 increase in maintenance expense. The main drivers were increases of \$2,112,000 in salary and benefit costs, and \$1,920,000 in repairs to water mains, hydrants, valves and connections. The salary and benefit increase was primarily attributed to the ratification of various union contracts resulting in higher wages.

Operations expense increased by \$5,054,000, mainly caused by an increase of \$7,367,000 in materials and supplies cost, with the largest increases occurring in chemical and postage costs. These increases were primarily attributed to the current inflationary environment. The increases were partially offset by a net decrease of \$4,131,000 in pension and OPEB expense, mainly due to differences between projected and actual investment returns.

Depreciation and amortization expense decreased by \$1,375,000, or 1.9%.

Non-Operating Revenue: Amortization of bond premiums decreased by \$392,000 due to scheduled amortization. Investment income increased by \$215,000, or 0.8%.

Non-Operating Expense: Interest expense decreased \$1,644,000 in 2024, primarily due to continued principal payments on the Division's revenue bonds. Other expenses increased by \$993,000, primarily due to costs associated with the issuance of the Series HH 2024 revenue bonds.

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, 2024

(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$ 105,153
Investments	360,551
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of \$19,589	57,008
Unbilled revenue	10,067
Accrued interest receivable	6,124
Due from other City of Cleveland departments, divisions or funds	1,247
Materials and supplies - at average cost	11,219
Prepaid expenses	1,166
TOTAL CURRENT ASSETS	552,535

RESTRICTED ASSETS

Cash and cash equivalents	110,061
Accrued interest receivable	165
TOTAL RESTRICTED ASSETS	110,226

NONCURRENT ASSETS

Net OPEB asset	3,035
Net pension asset	950
	<u>3,985</u>

CAPITAL ASSETS

Land	5,731
Land improvements	17,533
Utility plant	2,146,534
Buildings, structures and improvements	311,056
Furniture, fixtures, equipment and vehicles	632,951
Right to use assets	5,735
	<u>3,119,540</u>
Less: Accumulated depreciation and amortization	<u>(1,614,000)</u>
	1,505,540
Construction in progress	295,102
	<u>1,800,642</u>
CAPITAL ASSETS, NET	1,800,642
TOTAL ASSETS	2,467,388

DEFERRED OUTFLOWS OF RESOURCES

Unamortized loss on bond refunding	12,917
Pension	28,605
OPEB	2,770
	<u>44,292</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	44,292

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER
STATEMENT OF NET POSITION
December 31, 2024
(Amounts in Thousands)

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION**

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 18,180
Customer deposits and other liabilities	3,629
Accrued wages and benefits	7,902
Due to other City of Cleveland departments, divisions or funds	1,942
Accrued interest payable	5,951
Leases	47
Subscriptions	1,622
Retainage payable	5,219
Current portion of long-term debt, due within one year	48,988
TOTAL CURRENT LIABILITIES	93,480

LONG-TERM OBLIGATIONS-excluding amounts due within one year:

Revenue bonds	338,262
Accrued wages and benefits	4,940
Leases	1,211
Subscriptions	1,193
OWDA loans	48,585
Net pension liability	89,001
TOTAL LONG-TERM OBLIGATIONS	483,192

TOTAL LIABILITIES 576,672

DEFERRED INFLOWS OF RESOURCES

Pension	4,772
OPEB	1,747
TOTAL DEFERRED INFLOWS OF RESOURCES	6,519

NET POSITION

Net investment in capital assets	1,420,567
Restricted for capital projects	11,983
Restricted for debt service	45,942
Restricted for pension and OPEB assets	3,985
Unrestricted	446,012
TOTAL NET POSITION	\$ 1,928,489

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 period ended December 31, 2024

(Amounts in Thousands)

OPERATING REVENUES

Charges for services	\$ 331,595
TOTAL OPERATING REVENUES	331,595

OPERATING EXPENSES

Operations	123,214
Maintenance	75,977
Depreciation and amortization	69,767
TOTAL OPERATING EXPENSES	268,958

OPERATING INCOME (LOSS) 62,637

NON-OPERATING REVENUE (EXPENSE)

Investment income	28,876
Interest expense	(14,681)
Amortization of bond premiums and discounts	5,893
Gain (loss) on disposal of assets	(3)
Other	(958)
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	19,127

INCOME (LOSS) BEFORE CAPITAL AND OTHER CONTRIBUTIONS 81,764

Capital and other contributions	18,802
INCREASE (DECREASE) IN NET POSITION	100,566

NET POSITION BEGINNING OF YEAR AS

PREVIOUSLY REPORTED 1,830,712

CHANGE IN ACCOUNTING PRINCIPLE (SEE NOTE L) (2,789)

RESTATED NET POSITION, BEGINNING OF YEAR 1,827,923

NET POSITION, END OF YEAR \$ 1,928,489

See notes to financial statements.

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

STATEMENT OF CASH FLOWS

For the period ended December 31, 2024

(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 302,465
Cash payments to suppliers for goods or services	(105,820)
Cash payments to employees for services	(86,692)
Cash received from fees for services	<u>23,627</u>

NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES 133,580

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Operating grant proceeds	<u>568</u>

**NET CASH PROVIDED BY (USED FOR) NONCAPITAL AND
RELATED FINANCING ACTIVITIES** 568

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from sale of revenue bonds and loans	142,272
Acquisition and construction of capital assets	(133,575)
Principal paid on long-term debt	(47,660)
Principal paid on long-term lease agreements	(73)
Principal paid on subscriptions	(1,699)
Interest paid on long-term debt	(12,886)
Interest paid on long-term lease agreements	(60)
Interest paid on subscriptions	(65)
Cash paid to escrow agent for refunding	<u>(32,959)</u>

**NET CASH PROVIDED BY (USED FOR) CAPITAL AND
RELATED FINANCING ACTIVITIES** (86,705)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investment securities	(474,891)
Proceeds from sale and maturity of investment securities	428,560
Interest received on investments	<u>24,964</u>

**NET CASH PROVIDED BY
(USED FOR) INVESTING ACTIVITIES** (21,367)

**NET INCREASE (DECREASE) IN
CASH AND CASH EQUIVALENTS** 26,076

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 189,138

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 215,214

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PUBLIC UTILITIES

DIVISION OF WATER

STATEMENT OF CASH FLOWS

For the period ended December 31, 2024

(Amounts in Thousands)

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

OPERATING INCOME (LOSS)	\$ 62,637
Adjustments	
Depreciation and amortization	69,767
(Increase) decrease in assets:	
Accounts receivable, net	(1,823)
Unbilled revenue	(540)
Due from other City of Cleveland departments, divisions or funds	860
Materials and supplies, net	220
Prepaid expenses	701
Net pension asset	(158)
Net OPEB asset	(3,035)
(Increase) decrease in deferred outflows of resources:	
Pension	16,198
OPEB	4,006
Increase (decrease) in liabilities:	
Accounts payable	6,044
Customer deposits and other liabilities	723
Accrued wages and benefits	(1,380)
Due to other City of Cleveland departments, divisions or funds	336
Net pension liability	(19,562)
Net OPEB liability	(2,287)
Increase (decrease) in deferred inflows of resources:	
Pension	(48)
OPEB	921
TOTAL ADJUSTMENTS	<u>70,943</u>
NET CASH PROVIDED BY (USED FOR)	
OPERATING ACTIVITIES	<u>\$ 133,580</u>

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Accounts payable related to capital assets	\$ 5,219

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Water (the Division) is reported as an Enterprise Fund of the City of Cleveland's Department of Public Utilities and is a part of the City of Cleveland's (the City) primary government. The Division was created for the purpose of supplying water services to customers within the metropolitan area. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Division comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. As required, the Division has implemented GASB Statement No. 100 as of December 31, 2024.

In June of 2022, GASB Statement No.101, *Compensated Absences*, was issued. This Statement is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As required, the Division has implemented GASB Statement No. 101 as of December 31, 2024.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's net position is accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Amount restricted for pension and OPEB
- Remaining unrestricted amount

In addition, certain financial information regarding the Division is included in these footnotes.

Basis of Accounting: The Division's financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized as incurred.

Revenues: Revenues are derived primarily from sales of water to residential, commercial and industrial customers based upon actual water consumption and from a fixed charge based upon meter size. Water rates are authorized by City Council and billings are made on a cyclical basis. Estimates for services between the ends of the various cycles and the end of the year are recorded as unbilled revenue.

Inventory of Supplies: The Division's inventory is valued at average cost. Inventory costs are charged to operations when consumed.

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

Interfund Transactions: During the course of normal operations the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

Statement of Cash Flows: The Division utilizes the direct method of reporting for the statement of cash flows as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In a statement of cash flows, cash receipts and cash payments are classified according to operating, noncapital financing, capital and related financing and investment activities.

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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 2024. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of revenue bonds are classified as restricted assets since their use is limited by the bond indentures.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost, or if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than \$5,000 for land, furniture, fixtures, equipment and vehicles and \$10,000 for all other assets. When capital assets are disposed, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility Plant	5 to 100 years
Land improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Bond Issuance Costs, Discounts, Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resources and is amortized over the shorter of the defeased bond or the newly issued bond.

Compensated Absences: The Division accrues for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 101, *Compensated Absences*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability.

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

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

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

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

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

**CITY OF CLEVELAND, OHIO
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DIVISION OF WATER**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonoperating revenues/expenses: The Division defines revenues and expenses as nonoperating using the following criteria:

- All subsidies received and provided
- Financing-related revenues and expenses
- Resources from the disposal of capital assets and inventory
- Investment income and expenses

All other revenues and expenses are considered operating.

NOTE B – DEBT AND OTHER LONG-TERM OBLIGATIONS

Debt outstanding at December 31, 2024, is as follows:

	Interest Rate	Original Issuance	2024
		(Amounts in Thousands)	
Water Revenue Bonds:			
Series Y 2015 due through 2025	5.00%	\$ 116,205	\$ 5,460
Series BB 2017 due through 2032	5.00%	15,760	11,435
Series CC 2017 due through 2028	5.00%	54,730	22,010
Series DD 2019 due through 2033	2.00% - 5.00%	97,160	31,225
Series EE 2020 due through 2042	1.55% - 3.21%	15,815	15,125
Series FF 2020 due through 2033	5.00%	70,270	70,270
Series GG 2020 due through 2037	0.52% - 2.28%	99,145	78,135
Series HH 2024 due through 2054	5.00%	94,130	94,130
Second Lien Series B 2017 due through 2027	5.00%	43,095	26,760
Ohio Water Development Authority Loans payable annually through 2046, direct borrowing	0.00% - 3.00%	197,280	57,768
		<u>\$ 803,590</u>	<u>412,318</u>
Adjustments:			
Unamortized discount and premium			23,517
Current portion			(48,988)
Total Long-Term Debt			<u>\$ 386,847</u>

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

Summary: Changes in long-term obligations for the year ended December 31, 2024, are as follows:

	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024	Due Within One Year
	(Amounts in Thousands)				
Water Revenue Bonds:					
Series Y 2015 due through 2025	\$ 23,075	\$	\$ (17,615)	\$ 5,460	\$ 5,460
Series BB 2017 due through 2032	14,475		(3,040)	11,435	1,375
Series CC 2017 due through 2028	29,790		(7,780)	22,010	8,400
Series DD 2019 due through 2033	46,900		(15,675)	31,225	15,725
Series EE 2020 due through 2042	15,435		(310)	15,125	145
Series FF 2020 due through 2033	70,270			70,270	
Series GG 2020 due through 2037	98,525		(20,390)	78,135	220
Series HH 2024 due through 2054		94,130		94,130	
Second Lien Series B 2017 due through 2027	34,825		(8,065)	26,760	8,480
Ohio Water Development Authority Loans payable annually through 2046, direct borrowing	43,962	23,098	(9,292)	57,768	9,183
Total revenue bonds/loans	377,257	117,228	(82,167)	412,318	48,988
Accrued wages and benefits, restated	14,222	8,068	(9,448)	12,842	7,902
Net pension liability	108,563		(19,562)	89,001	
Net OPEB liability	2,287		(2,287)		
Leases	1,302		(44)	1,258	47
Subscriptions	598	2,565	(348)	2,815	1,622
Total	\$ 504,229	\$ 127,861	\$ (113,856)	\$ 518,234	\$ 58,559

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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:

	OWDA Loans (Direct Borrowing)			
	Bonds Principal	Principal	Interest	Total
	(Amounts in Thousands)			
2025	\$ 39,805	\$ 9,183	\$ 13,020	\$ 62,008
2026	39,840	6,909	13,018	59,767
2027	31,765	6,727	11,164	49,656
2028	23,580	4,654	9,697	37,931
2029	19,625	4,510	8,577	32,712
2030-2034	98,810	14,963	29,566	143,339
2035-2039	48,520	12,970	16,838	78,328
2040-2044	19,320	12,804	10,826	42,950
2045-2049	14,570	2,462	6,600	23,632
2050-2054	18,715		2,433	21,148
Total	<u>\$ 354,550</u>	<u>\$ 75,182</u>	<u>\$ 121,739</u>	<u>\$ 551,471</u>

The above schedule of minimum principal and interest payments on long-term debt includes the amortization on thirty 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 thirty loans. From the information received, the City prepared a detailed amortization schedule for each loan based upon the amount expected to be financed. However, the amortization schedule is tentative and is adjusted if and when, OWDA revises the amount to be financed.

Further, OWDA requires the City to begin making semi-annual payments for each loan based on the agreed upon initial repayment date, regardless of whether the City has received all loan proceeds or has completed the project(s).

In 2024, the Division expended \$23,098,000 on a variety of loans. The largest amount was \$5,595,000 on the Boosted 3rd High System Pump Station, which is funded by a 2.58% OWDA loan of \$10,602,187 maturing in January 2046. Payments on this loan begin July1, 2026, and are included in the debt service schedule above as are the payments on the new loans.

At December 31, 2024, the amount financed on the thirty loan projects, less principal payments made, totaled \$75,182,000 and is reflected in the debt service payment schedule. However, the total of the actual loan balances received by the Division was \$57,768,000 as reflected on the schedules of long-term debt outstanding and changes in long-term debt obligations as of December 31, 2024. The difference of \$17,414,000 will be received or accrued in future years as the funds are drawn down.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

The Division has, from time to time, defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Division's financial statements.

The Division had no defeased debt outstanding at December 31, 2024.

In 1996, the City authorized the adoption of the eighth supplemental indenture to amend and restate the existing indenture, subject to the receipt of consent of the requisite number of bondholders. With the issuance of the Series J bonds, the City reached the 66.7% consent required to enact the Amended and Restated Indenture. Effective October 5, 2001, all outstanding bonds and any future bonds were secured by the Amended and Restated Indenture. Under the new indenture, the bonds are no longer secured by a mortgage lien. All bonds are secured by the Division's net revenues and by the pledged funds.

The Division's indentures have certain restrictive covenants and principally require that bond reserve funds may be maintained for certain series of bonds and charges for fees to customers must be sufficient in amount, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal and maintenance of properties in good condition.

The indenture requires that at all times the Division will charge rates and fees for the products and services of the waterworks system, so that revenues will be at least sufficient to provide funds for the payment in each year of the necessary operating and maintenance expenses of the waterworks system and the greater of (1) an amount equal to 1.25 times the payments of principal, premium, if any, and interest on the revenue bonds then outstanding due in that year or (2) an amount sufficient to maintain the required balances in all funds and accounts created under the indenture. As of December 31, 2024, 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

Debt Service Reserve Fund: Deposits will be made to this fund if the amount in the debt service fund reserve at any time is less than the debt service reserve requirement. Amounts in the fund were deposited from the proceeds of the revenue bonds secured by the reserve fund and represent the maximum annual debt service requirement of these bonds. However, not all series of bonds were covered by the reserve funds. Currently, there are no series of bonds covered by a reserve fund.

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

Construction Fund: Proceeds from the various series of revenue bonds were deposited into this fund to be used, along with earnings from investments of amounts held therein, for the payment of capital costs. Capital costs include all costs of additions, extensions, renewals, replacements, alterations, betterments and any other capital improvements to the waterworks system. Amounts held in this fund are subject to a lien in favor of bondholders and may be used to pay principal of outstanding revenue bonds to the extent that amounts in all other funds are insufficient. No payments need be made into a fund if the amounts in such fund are equal to the required fund balance, if any.

Amounts held in any fund may be invested by the City Treasurer or the trustee in permitted investments. However, the use of funds is limited by the bond indenture and accordingly, the funds are classified as restricted assets in the accompanying financial statements.

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

The City has pledged future water system revenues, net of specified operating expenses, to repay \$354,550,000 in various Senior Lien Water Revenue Bonds and Subordinate Lien Bonds issued in various years since 2015. Proceeds from the bonds provided financing for Water System improvements. The bonds are payable from Water System net revenues and are payable through 2054. Annual principal and interest payments on the bonds are expected to require less than 33.4% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is \$468,584,000. Amounts deposited for principal and interest in the current year on the Senior Lien Bonds and total net revenues were \$41,524,000 and \$156,730,000, respectively.

On September 24, 2024, the Division legally defeased all of the 2027 and 2028 maturities of the Series Y 2015 Bonds in the principal amount of \$12,415,000. Those maturities were called for optional redemption on October 24, 2024, and are no longer outstanding.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

On October 30, 2024, the Division issued \$94,130,000 Water Revenue Bonds, Series HH, 2024. A portion of these Bonds was issued to provide funds in the approximate amount of \$82.4 million to pay costs of improvements to the Waterworks system. The remaining portion of the Bond proceeds was issued to purchase and cancel \$22,065,000 of outstanding Series BB, Series EE and Series GG bonds pursuant to a tender offer to the holders of the bonds. As a result of the tender, the Division realized net present value savings of \$811,000 or 3.67%.

NOTE C – DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Division's deposits at December 31, 2024, totaled \$6,971,000 and the Division's bank balances were \$7,518,000 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*, \$7,518,000 of the bank balances at December 31, 2024, was insured or collateralized with securities held by the City or by its agent in the City's name.

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

Investments: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. The City's investment policies are governed by state Statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; State Treasurer Asset Reserve Fund (STAR Ohio); commercial paper; US Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; and repurchase transactions. Such repurchase transactions must be purchased from financial institutions or registered broker/dealers and are not to exceed a period of one year and confirmation of securities pledged must be obtained.

Generally, investments are recorded and are kept at the Federal Reserve Bank in the depository institution's separate custodial account for the City, apart from the assets of the depository institution. Ohio Statute prohibits the use of reverse repurchase agreements.

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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, 2024:

Type of Investment	Fair Value Measurement Using		
	Fair Value	Level 1	Level 2
(Amounts in Thousands)			
U.S. Agency Obligations	\$ 74,945	\$	\$ 74,945
U.S. Treasury Bills	265,510	265,510	
U.S. Treasury Notes	20,096	20,096	
Total Investments	\$ 360,551	\$ 285,606	\$ 74,945

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, 2024, include STAR Ohio and money market mutual funds. Investments in the U.S. Agency Obligations, U.S. Treasury Bills and U.S. Treasury Notes carry a Moody's rating of Aaa. Investments in STAR Ohio, First American Government Obligations Fund and 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.

**CITY OF CLEVELAND, OHIO
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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Division's Investment Policy 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, 2024, 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	2024 Fair Value	2024 Cost	Investment Maturities
			Less than One Year
(Amounts in Thousands)			
U.S. Agency Obligations	\$ 74,945	\$ 74,148	\$ 74,945
U.S. Treasury Bills	265,510	260,443	265,510
U.S. Treasury Notes	20,096	20,015	20,096
STAR Ohio	87,952	87,952	87,952
Money Market Mutual Funds	120,291	120,291	120,291
Total Investments	568,794	562,849	568,794
Total Deposits	6,971	6,971	6,971
Total Deposits and Investments	\$ 575,765	\$ 569,820	\$ 575,765

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, 2024, the investments in U.S. Agency Obligations, U.S. Treasury Bills, U.S. Treasury Notes, STAR Ohio and money market mutual funds are approximately 13.2%, 46.7%, 3.5%, 15.5% and 21.1%, respectively, of the Division's total investments.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE D – CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
	(Amounts in Thousands)			
Capital assets, not being depreciated				
Land	\$ 5,731	\$	\$	\$ 5,731
Construction in progress	248,106	123,868	(76,872)	295,102
Total capital assets, not being depreciated	253,837	123,868	(76,872)	300,833
Capital assets, being depreciated				
Land improvements	17,466	67		17,533
Utility plant	2,095,594	53,303	(2,363)	2,146,534
Buildings, structures and improvements	287,672	23,384		311,056
Furniture, fixtures, equipment and vehicles	620,355	14,198	(1,602)	632,951
Right to use assets	3,337	2,398		5,735
Total capital assets, being depreciated	3,024,424	93,350	(3,965)	3,113,809
Less: Accumulated depreciation and amortization	(1,546,941)	(69,767)	2,708	(1,614,000)
Total capital assets being depreciated, net	1,477,483	23,583	(1,257)	1,499,809
Capital assets, net	<u>\$ 1,731,320</u>	<u>\$ 147,451</u>	<u>\$ (78,129)</u>	<u>\$ 1,800,642</u>

Commitments: The Division has outstanding commitments at December 31, 2024, of approximately \$281,484,000 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

Ohio Public Employees Retirement System (OPERS): The Division's employees participate in OPERS. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Division's employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2024, 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 \$8,745,000 for 2024. All required payments have been made.

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability/(asset) for OPERS was measured as of December 31, 2023 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. Following is information related to the proportionate share and pension expense:

	OPERS	
	Traditional	Combined
	(Amounts in Thousands)	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 89,001	\$ (950)
Proportionate of the Net Pension Liability/(Asset)	0.339952%	0.309223%
Changes in Proportion	(0.027559)%	(0.026612)%
Pension Expense	\$ 4,363	\$ 170

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2024, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	
	Traditional	Combined
	(Amounts in Thousands)	
Deferred Outflows of Resources		
Differences between expected and actual economic experience	\$ 1,455	\$ 39
Net difference between projected and actual earnings on pension plan investments	17,964	155
Changes in assumptions		35
Changes in Division's proportionate share and difference in employer contributions		212
Division's contributions subsequent to the measurement date	8,475	270
Total Deferred Outflows of Resources	<u>\$ 27,894</u>	<u>\$ 711</u>
Deferred Inflows of Resources		
Differences between expected and actual economic experience	\$	\$ 94
Changes in Division's proportionate share and difference in employer contributions	4,643	35
Total Deferred Inflows of Resources	<u>\$ 4,643</u>	<u>\$ 129</u>

The \$8,745,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date which will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined
	(Amounts in Thousands)	
Year Ending December 31:		
2025	\$ 823	\$ 48
2026	5,047	67
2027	11,464	115
2028	(2,558)	3
2029		32
Thereafter		47
Total	<u><u>\$ 14,776</u></u>	<u><u>\$ 312</u></u>

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/(asset) in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2023
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional Plan	2.75% to 10.75%
Combined Plan	2.75% to 8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3.00%, simple
	Post 1/7/2013 retirees: 2.30%, simple
	Through 2024, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

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

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

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the Division's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net pension liability/(asset) calculated using the current period discount rate assumption of 6.9%, as well as what the Division's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9%) or one-percentage-point higher (7.9%) than the current rate:

	1% Decrease 5.9%	Current Discount Rate 6.9%	1% Increase 7.9%
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability/ (asset)			
Traditional Plan	\$ 140,111	\$ 89,001	\$ 46,492
Combined Plan	(575)	(950)	(1,246)

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS

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

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

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

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

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

Plan Description – OPERS: OPERS administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Effective January 1, 2022, the Combined Plan is no longer available for member selection.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Effective January 1, 2022, the Combined Plan is no longer available for member selection. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0% and Combined Plan was 2.0% in 2024. 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 2023 was 4.0%.

For the year ended December 31, 2024, OPERS did not allocate any employer contributions to the OPEB plan.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Division's proportion of the net OPEB liability/(asset) was based on the Division's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
	(Amounts in Thousands)
Proportionate Share of the Net: OPEB Liability / (Asset)	\$ (3,035)
Proportion of Net OPEB Liability /(Asset):	0.336251%
Change in Proportion Share	(0.026424%)
OPEB Expense	\$ (413)

At December 31, 2024, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
	(Amounts in Thousands)
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,823
Change in assumptions	781
Change in Division's proportionate share and difference in employer contributions	166
Total Deferred Outflows of Resources	\$ 2,770
Deferred Inflows of Resources	
Differences between expected and actual economic experience	\$ 432
Change in assumptions	1,305
Change in Division's proportionate share and difference in employer contributions	10
Total Deferred Inflows of Resources	\$ 1,747

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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)
2025	\$ 20
2026	200
2027	1,419
2028	(616)
Total	<u>\$ 1,023</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date as of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	2.75%
Projected Salary Increases, including inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.70%
Prior Measurement Date	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	3.77%
Prior Measurement Date	4.05%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial 3.50% ultimate in 2038
Prior Measurement Date	5.50%, initial 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	<u>100.00 %</u>	

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

Discount Rate: A single discount rate of 5.70% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2023. 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 3.77%. 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 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 5.70%, as well as what the Division's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower 4.70% or one-percentage-point higher 6.70% than the current rate:

	1% Decrease 4.70%	Current Discount Rate 5.70%	1% Increase 6.70%
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	\$ 1,668	\$ (3,035)	\$ (6,930)

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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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 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuarial projected premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	\$ (3,161)	\$ (3,035)	\$ (2,892)

NOTE G – LEASES

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

Leases Scope:

GASB 87 – Scope

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

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

Accounting Treatment at Adoption: The Division is a lessee in all non-cancellable leases. In accordance with the GASB Statement No. 87, leases that commenced before the adoption date of January 1, 2022, are considered to have commenced on this date. All leases with base rent payments adjusted by an index or rate (e.g., CPI) have measured their liabilities based upon the most recent adjustment as of January 1, 2022, unless otherwise noted.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE G – LEASES (Continued)

Measurement of Lease Amounts as a Lessee:

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

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

Other Conditions:

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

Short-term Leases:

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

Division as a Lessee:

General Description of Lessee Leasing Arrangements:

The Division leases communications sites from various non-governmental and governmental lessors. These leases have term end dates ranging from March 31, 2032 to November 30, 2045. The leases require fixed rent payments that escalate on the basis of CPI or a fixed percentage year-over-year.

Outflows Recognized in FY24 from Leases:

For fiscal year 2024, the Division recognized \$73,000 and \$60,000 for lease expense and interest expense, respectively.

Total Amount of Lease Assets and Accumulated Amortization:

For fiscal year 2024, the amount of RTU assets and related accumulated amortization were \$1,396,000 and \$226,000, respectively.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE G – LEASES (Continued)

The table below represents the future expected minimum principal and interest amounts to be paid for the existing, in-scope GASB 87 leases:

Maturity Schedule			
(Amounts in Thousands)			
Year Ending December 31:	Principal	Interest	
2025	\$ 47	\$	57
2026	50		55
2027	53		53
2028	57		50
2029	61		48
2030-2034	335		193
2035-2039	409		108
2040-2044	232		22
2045-2049	14		
Total	\$ 1,258	\$	586

Variable outflows not fixed in substance are excluded from the measurement of the lease liability and are recognized as lease expenses in the period in which the obligation for those payments is incurred. For fiscal year 2024, the Division recognized \$25,000 for variable outflows.

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

Furthermore, the Division does not have commitments under SBITA that have not commenced as of December 31, 2024.

As of December 31, 2024, the Division had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
	(Amounts in Thousands)		
2025	\$ 1,622	\$ 66	\$ 1,688
2026	1,167	14	1,181
2027	26		26
SBITA Liability:	\$ 2,815	\$ 80	\$ 2,895

The Division had SBITA assets in the amount of \$4,340,000 net of accumulated amortization of \$1,084,000, for a net SBITA asset of \$3,256,000.

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 2024.

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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE I – CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Division is immaterial.

NOTE J – RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides water services to the City, including its various departments and divisions. Standard consumption rates are charged, except for the Division of Fire, public buildings and certain other facilities owned by the City, which by ordinance are provided free water services.

The Division performs billing, collection and various services for the Division of Water Pollution Control for a fee. This fee is based on the number of billings made on behalf of that division during the year at the same rates as charged to other users of the billing system. Revenue from the Division of Water Pollution Control for such services was approximately \$2,244,000 in 2024. The Division also provides security services to other departments and divisions of the City. Revenue realized from such services was approximately \$667,000 in 2024.

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, 2024 was as follows:

	(Amounts in Thousands)
Electricity Purchases	\$ 16,573
Utilities Administration and Utilities Fiscal Control	8,203
City Administration	5,080
Motor Vehicle Maintenance	4,117
Telephone Exchange	1,172

NOTE K – CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately \$5,506,000 for December 31, 2024.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE L – RESTATEMENT OF AN ACCOUNTING PRINCIPLE

For 2024, the Division implemented GASB Statement No. 101, *Compensated Absences*. It established standards to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of GASB Statement No. 101 had the following effect on net position as reported December 31, 2023:

	Net Position December 31, 2023	Restatement	Restated Net Position December 31, 2023
	(Amounts in Thousands)		
Beginning net position:	\$ 1,830,712	\$ (2,789)	\$ 1,827,923

NOTE M – SUBSEQUENT EVENTS

The Division is in receipt of seven OWDA loan awards in 2025 with a maximum total financed amount of \$21,292,000. Interest rates vary from 0.00% to 2.81%. The first loan repayments are due January 1, 2027.

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

Required Supplementary Information

Schedule of the Division's Proportionate Share of the Net Pension Liability / (Asset)
Ohio Public Employees Retirement System
Last Ten Years (1)

	Division's Proportion of the Net Pension Liability/(Asset)	Division's Proportionate Share of the Net Pension Liability/(Asset)	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)
(Amounts in Thousands)					
Traditional:					
2015	0.411161 % \$	49,432 \$	51,458	96.06 %	86.45 %
2016	0.396321	69,902	50,533	138.33	81.08
2017	0.379883	87,844	50,392	174.32	77.25
2018	0.395659	62,889	52,731	119.26	84.66
2019	0.407826	111,359	58,257	191.15	74.70
2020	0.403071	78,470	60,729	129.21	82.17
2021	0.419953	57,896	63,193	91.62	86.88
2022	0.409225	35,604	64,879	54.88	92.62
2023	0.367511	108,563	59,964	181.03	75.74
2024	0.339952	89,001	61,143	145.56	79.01
Combined:					
2022	0.383853	(1,512)	64,879	(2.33)	169.88
2023	0.335835	(792)	59,964	(1.32)	137.14
2024	0.309223	(950)	61,143	(1.55)	144.55

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

Note to Schedule:

Change in assumptions: There were not changes in the methods or assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes in assumptions that affected the total pension liability since the prior measurement date: (a) a reduction of the discount rate from 8.0% to 7.5%, (b) for defined benefit investments, decreasing the wage inflation rate from 3.73% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumption in 2018. For 2019, the following was the most significant change that affected the total pension since the prior measurement date (a) the assumed rate of return and discount rate were reduced from 7.5% to 7.2%. There were no changes in assumptions in 2020 and 2021. For 2022, the most significant changes in assumptions that affected the total pension liability/(asset) since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumptions for 2023 and 2024.

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

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

Required Supplementary Information (Continued)

**Schedule of Contributions - Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten Years (1)**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2015	\$ 6,064	\$ (6,064)	\$ -	\$ 50,533	12.00 %
2016	6,047	(6,047)	-	50,392	12.00
2017	6,855	(6,855)	-	52,731	13.00
2018	8,156	(8,156)	-	58,257	14.00
2019	8,502	(8,502)	-	60,729	14.00
2020	8,847	(8,847)	-	63,193	14.00
2021	9,083	(9,083)	-	64,879	14.00
2022	8,395	(8,395)	-	59,964	14.00
2023	8,560	(8,560)	-	61,143	14.00
2024	8,745	(8,745)	-	62,464	14.00

(1) Represents the Division's calendar year.

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

Required Supplementary Information (Continued)

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

Division's		Division's		Division's	
Proportionate		Proportionate		Proportionate	
Share of the Net		Share of the Net		Share of the Net	
OPEB Liability / (Asset)		OPEB Liability / (Asset)		OPEB Liability / (Asset)	
as a Percentage of		as a Percentage of		as a Percentage of	
its Covered Payroll		its Covered Payroll		its Covered Payroll	
Plan Fiduciary		Plan Fiduciary		Plan Fiduciary	
Net Position as a		Net Position as a		Net Position as a	
Percentage of the Total		Percentage of the Total		Percentage of the Total	
OPEB Liability / (Asset)		OPEB Liability / (Asset)		OPEB Liability / (Asset)	
(Amounts in Thousands)					
2017	0.373155 %	\$ 37,690	\$ 50,392	74.79 %	54.04 %
2018	0.389228	42,077	52,731	79.80	54.14
2019	0.403070	51,511	58,257	88.42	46.33
2020	0.397503	53,900	60,729	88.75	47.80
2021	0.413937	(7,375)	63,193	(11.67)	115.57
2022	0.403050	(12,624)	64,879	(19.46)	128.23
2023	0.362675	2,287	59,964	3.81	94.74
2024	0.336251	(3,035)	61,143	(4.96)	107.76

- (1) Information presented for each year was determined as of the Division's measurement date, which is the prior year-end.
- (2) Information prior to 2017 was not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.5% initial to 10.0% initial. In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030. In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset. In 2023, the single discount rate changed from 6.00% to 5.22%. The municipal bond rate also changed from 1.84% to 4.05%. In 2024, the discount rate changed from 5.22% to 5.70%. The municipal bond rate also changed from 4.05% to 3.77%

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

Required Supplementary Information (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2016	\$ 1,008	\$ (1,008)	\$ -	\$ 50,392	2.00 %
2017	527	(527)	-	52,731	1.00
2018	-	-	-	58,257	0.00
2019	-	-	-	60,729	0.00
2020	-	-	-	63,193	0.00
2021	-	-	-	64,879	0.00
2022	-	-	-	59,964	0.00
2023	-	-	-	61,143	0.00
2024	-	-	-	62,464	0.00

- (1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
- (2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member-Plan.
- (3) Represents Division's calendar year. Information prior to 2016 was not available. The Division will present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO



DEPARTMENT OF PUBLIC UTILITIES DIVISION OF WATER POLLUTION CONTROL

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2024**

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

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Public Utilities
Division of Water Pollution Control
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Public Utilities, Division of Water Pollution Control:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Public Utilities, Division of Water Pollution Control of the City of Cleveland, Cuyahoga County, Ohio (the Division), as of and for the year ended December 31, 2024, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Department of Public Utilities, Division of Water Pollution Control of the City of Cleveland, as of December 31, 2024, and the respective changes in financial position and its cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Public Utilities, Division of Water Pollution Control of the City of Cleveland, are intended to present the financial position, the changes in financial position, and where applicable cash flows of only that portion of the business-type activities and the major fund of the City of Cleveland that is attributable to the transactions of the Department of Public Utilities, Division of Water Pollution Control. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2024, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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



Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2025

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**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

MANAGEMENT’S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland’s (the City) Department of Public Utilities, Division of Water Pollution Control (the Division), we offer readers of the Division’s financial statements this narrative overview and analysis of the financial activities of the Division for the year ended December 31, 2024. Please read this information in conjunction with the Division’s basic financial statements and footnotes that begin on page 18.

The Division was created for the purpose of supplying sewer services to customers within the Cleveland metropolitan area. Embarking with a rudimentary system in the late 1800’s, the Cleveland Sewer System developed as the City itself expanded. Until the early 1970’s, the City operated the entire system and managed all aspects of sewage treatment and disposal.

In 1972, a court order created the Northeast Ohio Regional Sewer District (NEORSR) and transferred the operation of all wastewater treatment plants and interceptors to the NEORSR in December 1973.

The City retained responsibility for the sewer collector system in Cleveland. The Division serves a significant portion of the entire metropolitan area by managing the sanitary sewage and storm water drainage collection system. The sewer collection system transfers sanitary and storm sewage from its point of origin to an interceptor sewer or treatment plant for processing. The system is comprised of 1,436 miles of sewer lines with attendant catch basins and includes 11 pump/lift stations. The Division is also responsible for the cleaning of approximately 43,500 catch basins and for maintaining two storm detention basins.

The Division currently has approximately 117,000 customer accounts in the City, of which 95.5% are residential and 4.5% commercial. Also, in 2024 the Division’s sewers transported 1,402,200 Mcf’s (thousand cubic feet) of water.

The Division acts as a custodian of billings and receipts for 18 other agencies including the NEORSR, 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 \$163,124,000 and \$146,391,000 at December 31, 2024 and 2023, respectively. Of these amounts, \$58,516,000 and \$48,873,000 are unrestricted net position at December 31, 2024 and 2023, respectively, and may be used to meet the Division’s ongoing obligations to customers and creditors.
- The Division’s net position rose by \$17,076,000 in 2024, primarily due to operating income of \$12,298,000.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL HIGHLIGHTS (Continued)

- The Division’s total debt increased in 2024 by \$31,885,000 due to the issuance of \$29,675,000 Water Pollution Control Revenue Bonds and \$3,311,000 in Ohio Water Development Authority (OWDA) loans. The increase was partially offset by payments on the Division’s OWDA loan along with payment of principal on the Division’s revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Division’s basic financial statements. The accompanying financial statements present financial information for the City’s Division of Water Pollution Control Fund, in which the City accounts for the operations of the Department of Public Utilities, Division of Water Pollution Control. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Division is considered an enterprise fund because the operations of the Division are similar to a private sector business enterprise. Accordingly, in accounting for the activities of the Division, the economic resources measurement focus and the accrual basis of accounting is used.

The basic financial statements of the Division can be found on pages 18 - 23 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 25 - 52 of this report. Required supplementary information can be found on pages 53 - 56 of this report.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below are the statements of net position information for the Division as of December 31, 2024 and December 31, 2023:

	2024	2023
	(Amounts in Thousands)	
Assets:		
Current assets	\$ 263,399	\$ 244,678
Restricted assets	34,014	3,124
Noncurrent assets	503	104
Capital assets, net	<u>149,395</u>	<u>138,021</u>
Total assets	447,311	385,927
Deferred outflows of resources	<u>3,966</u>	<u>6,750</u>
Liabilities:		
Current liabilities	197,187	187,139
Long-term obligations	<u>90,077</u>	<u>58,878</u>
Total liabilities	287,264	246,017
Deferred inflows of resources	<u>889</u>	<u>269</u>
Net position:		
Net investment in capital assets	96,769	92,892
Restricted for capital projects	1,985	1,657
Restricted for debt service	5,351	2,865
Restricted for pension and OPEB assets	503	104
Unrestricted	<u>58,516</u>	<u>48,873</u>
Total net position	<u><u>\$ 163,124</u></u>	<u><u>\$ 146,391</u></u>

Current assets: The Division's current assets increased by \$18,721,000. Unrestricted cash and cash equivalents increased by \$11,936,000, mainly due to increases of \$2,980,000 in cash received from customers and \$960,000 in net cash received on behalf of other communities. Net accounts receivable increased by \$6,897,000, primarily due to an increase of \$6,396,000 in the custodial portion of the balance.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The Division's unrestricted cash balances for the previous five years is as follows:

	Water Pollution Control	Custodial Fund	Total
	(Amounts in Thousands)		
2024	\$ 52,904	\$ 51,531	\$ 104,435
2023	44,971	48,348	93,319
2022	38,084	46,396	84,480
2021	34,818	46,885	81,703
2020	35,167	43,344	78,511

Restricted assets: The Division's restricted assets increased by \$30,890,000, primarily due to an increase of \$30,883,000 in cash and cash equivalents. Of this increase, \$28,607,000 is comprised of proceeds from the issuance of the Series 2024 revenue bonds.

Noncurrent assets: Noncurrent assets increased by \$399,000 in 2024. The increase is primarily attributed to a \$383,000 increase in net OPEB assets.

Capital assets: At December 31, 2024, net capital assets amounted to \$149,395,000. A summary of the activity in the Division's capital assets during the year ending December 31, 2024, is as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
	(Amounts in Thousands)			
Land	\$ 295	\$	\$	\$ 295
Construction in progress	10,645	15,974	(2,201)	24,418
Land improvements	289		(191)	98
Utility plant	244,884	2,193	(51)	247,026
Buildings, structures and improvements	11,592	20		11,612
Furniture, fixture, equipment and vehicles	17,506	1,191	(563)	18,134
Right to use assets	66	38		104
Total	285,277	19,416	(3,006)	301,687
Less: Accumulated depreciation and amortization	(147,256)	(5,725)	689	(152,292)
Capital assets, net	<u>\$ 138,021</u>	<u>\$ 13,691</u>	<u>\$ (2,317)</u>	<u>\$ 149,395</u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

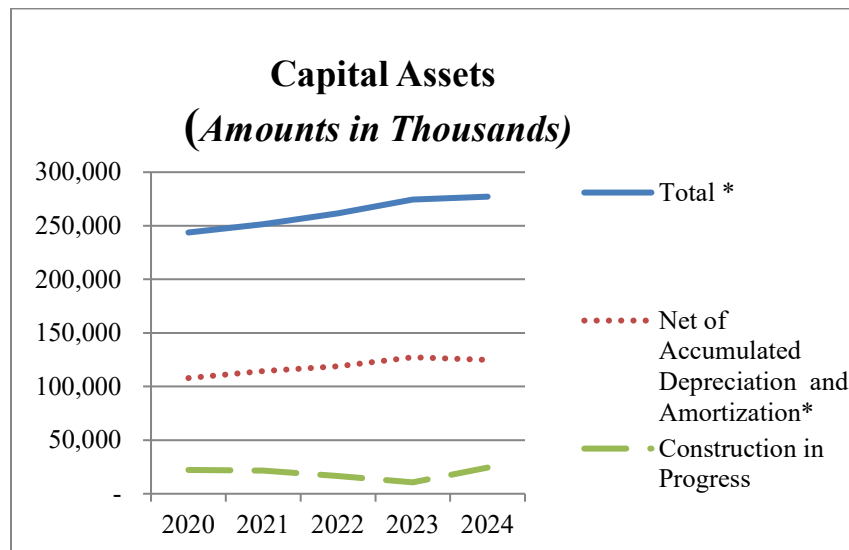
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

In 2024, the principal outlays for construction in progress included Brookside Boulevard and other sewer replacement, emergency sewer repairs, East 97th street sewer replacement, and catch basins and manholes.

The major capital additions for the year included:

- Sewer installations
- Sewer connections
- Catch basins and manholes



* 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 \$2,784,000 in 2024. Pension deferred outflows decreased by \$2,257,000, mainly due to a \$1,807,000 decrease in the net difference between projected and actual earnings on plan investments and a decrease of \$290,000 in the difference between expected and actual economic experience. OPEB deferred outflows decreased by \$527,000, also primarily due to a \$365,000 decrease in the net difference between projected and actual earnings on OPEB plan investments and decrease of \$194,000 in change in assumptions regarding certain economic or demographic factors.

Current liabilities: Current liabilities increased by \$10,048,000 in 2024, mainly due to an increase in amounts due for billings on behalf of others of \$9,800,000. The growth is primarily attributed to steadily rising customer account balances associated with the NEORS. The increase was partially offset by decreases of \$907,000 and \$337,000, respectively, in due to other City of Cleveland departments, divisions or funds, and accrued wages & benefits.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Net pension/Other Postemployment Benefits (OPEB) liabilities/(assets): The net pension liability/(asset) is reported by the Division at December 31, 2024 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the Division adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities/(assets) related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Division's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset, net OPEB asset and deferred outflows of resources related to pension and OPEB.

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

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

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

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

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

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

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

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

Long-term debt: At the end of 2024, the Division had total debt outstanding of \$73,659,000 associated with its issuance of revenue bonds and two OWDA loans. 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, 2024 is summarized below:

	Balance January 1, 2024	Debt Issued	Debt Retired	Balance December 31, 2024
	(Amounts in Thousands)			
Water Pollution Control				
Revenue Bonds, Series 2016	\$ 28,080	\$	\$ (730)	\$ 27,350
Water Pollution Control				
Revenue Bonds, Series 2024		29,675		29,675
Ohio Water Development				
Authority Loans (OWDA)	<u>13,694</u>	<u>3,311</u>	<u>(371)</u>	<u>16,634</u>
Total	<u>\$ 41,774</u>	<u>\$ 32,986</u>	<u>\$ (1,101)</u>	<u>\$ 73,659</u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

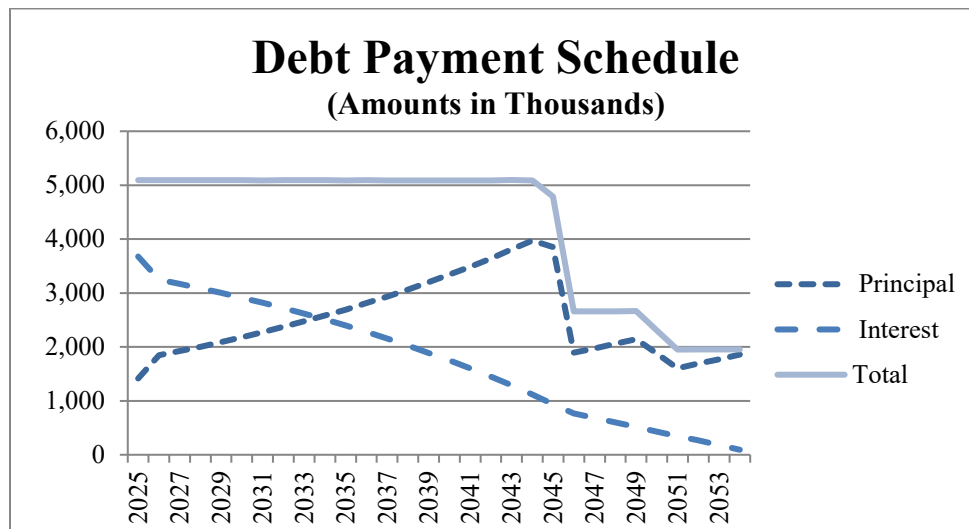
CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

The bonds ratings for the Division’s outstanding revenue bonds as of December 31, 2024, are as follows:

	<u>Moody’s Investors Service</u>	<u>S&P Global</u>
Water Pollution Control Revenue Bonds	Aa3	AA-

On July 23, 2024, S&P Global Ratings upgraded its rating on the Division’s revenue bonds to AA- from A+.

The ratio of net revenue available for debt service to debt service requirements (revenue bond coverage) is a useful indicator of the Division’s debt position to management, customers, creditors and investors. The Division’s revenue bond coverage for 2024 and 2023 was 960% and 810%, respectively.



Additional information on the Division’s long-term debt can be found in Note B – Long-term Obligations on pages 29 - 33.

Deferred inflows of resources: Deferred inflows of resources increased by \$620,000 in 2024. Pension deferred inflows increased by \$505,000, mainly due to a \$508,000 increase in the change in the Division’s proportionate share and difference in employer contribution. OPEB deferred inflows increased by \$115,000, primarily due to a \$141,000 increase in the change in assumptions with regard to certain economic and demographic factors, which was partially offset by a \$20,000 decrease in the difference between expected and actual experience with regard to certain economic and demographic factors.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

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 \$163,124,000 and \$146,391,000 at December 31, 2024, and 2023, respectively.

The largest portion of the Division's net position, \$96,769,000 at December 31, 2024, reflects its investment in capital assets (e.g., land, buildings, utility plant, machinery, equipment and right to use assets), net of accumulated depreciation and amortization, less any related outstanding debt used to acquire those assets. The Division uses these capital assets to provide services to its customers. Consequently, these assets are not available for future spending. Although the Division's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Division's net position, \$7,839,000 at December 31, 2024, represents resources that are subject to external restrictions. These funds are set aside for the payment of revenue bonds, capital projects, and net pension and OPEB assets.

The remaining balance of net position, \$58,516,000 at December 31, 2024, is unrestricted and may be used to meet the Division's ongoing obligations to customers and creditors.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

During 2024, the Division's operations increased its net position by \$17,076,000. Provided below are the key elements of the Division's results of operations for the years ended December 31, 2024, and 2023:

	2024	2023
	(Amounts in Thousands)	
Operating revenues	\$ 38,805	\$ 35,189
Operating expenses	<u>26,507</u>	<u>26,098</u>
Operating income (loss)	<u>12,298</u>	<u>9,091</u>
Non-operating revenue (expense):		
Investment income	3,248	2,303
Interest expense	(2,302)	(1,781)
Amortization of bond premiums and discounts	302	254
Gain (loss) on the disposal of assets	(133)	(92)
Other	<u>(486)</u>	<u>11</u>
Total non-operating revenue (expense), net	629	695
Income (loss) before capital and other contributions	12,927	9,786
Capital and other contributions	<u>4,149</u>	<u>2,536</u>
Change in net position	17,076	12,322
Net position, beginning of year	<u>146,391</u>	<u>134,069</u>
Restatement for change in accounting principle	<u>(343)</u>	<u></u>
Net position, beginning of year (as restated)	<u>146,048</u>	<u>134,069</u>
Net position, end of year	<u><u>\$ 163,124</u></u>	<u><u>\$ 146,391</u></u>

The information necessary to restate 2023 beginning balances and the related compensated absences expense amounts for the effects of the initial implementation of GASB Statement No. 101, *Compensated Absences*, is not reasonably available. Therefore, 2023 expenses are not adjusted from previously reported amounts and the accumulated effect of the restatement for the change in accounting principal totaling a negative \$343,000 is netted against the 2024 beginning net position.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

Operating revenues: Operating revenues amounted to \$38,805,000 in 2024, which was an increase of \$3,616,000 from the previous year. The increase is primarily attributed to a 10.0% increase in rates per MCF.

Operating expenses: In 2024, total operating expenses increased by \$409,000. Maintenance costs increased by \$820,000, primarily due to ratification of a number of union contracts resulting in higher wages. Operations expense decreased by \$485,000, primarily due to a \$1,195,000 decrease in pension expense. This decrease was partially offset by an increase of \$192,000 in salary costs.

Depreciation and amortization expense increased by \$74,000, or 1.3% in 2024.

Non-operating revenues: In 2024, non-operating revenues increased by \$982,000. This increase is primarily related to an increase in interest revenue of \$945,000, due to a combination of higher average cash balances and elevated interest rates.

Non-operating expenses: From 2023 to 2024, non-operating expenses increased by \$1,048,000. The increase is mainly attributed to a \$521,000 increase in interest expense due to the issuance of the Series 2024 revenue bonds. Other expenses also increased by \$486,000, primarily due to the costs associated with the issuance of the Series 2024 revenue bonds.

Capital and other contributions: The Division was the recipient of grants totaling \$2,849,000 from the NEORSF to address water quality and quantity issues, as well as the rehabilitation of the Brookside Boulevard sewer. In addition, American Rescue Plan Act (ARPA) funds totaling \$1,300,000 were used in the rehabilitation of the East 97th Street sewer.

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, 2024
(Amounts in Thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$ 105,255
Receivables:	
Accounts receivable - net of allowance for doubtful accounts of \$4,465	153,392
Unbilled revenue	2,229
Accrued interest receivable	231
Due from other governments	1,084
Due from other City of Cleveland departments, divisions or funds	39
Materials and supplies	1,109
Prepaid expenses	60
TOTAL CURRENT ASSETS	263,399

RESTRICTED ASSETS

Cash and cash equivalents	33,995
Accrued interest receivable	19
TOTAL RESTRICTED ASSETS	34,014

NONCURRENT ASSETS

Net OPEB asset	383
Net pension asset	120
	<u>503</u>

CAPITAL ASSETS

Land	295
Land improvements	98
Utility plant	247,026
Buildings, structures and improvements	11,612
Furniture, fixtures, equipment and vehicles	18,134
Right to use assets	104
	<u>277,269</u>
Less: Accumulated depreciation and amortization	<u>(152,292)</u>
	124,977
Construction in progress	24,418
	<u>149,395</u>
CAPITAL ASSETS, NET	149,395
TOTAL ASSETS	447,311

DEFERRED OUTFLOWS OF RESOURCES

Pension	3,605
OPEB	361
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,966

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF NET POSITION
December 31, 2024
(Amounts in Thousands)

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION**

CURRENT LIABILITIES

Accounts payable	\$ 1,691
Customer deposits and other liabilities	125
Retainage payable	820
Accrued wages and benefits	954
Due to other City of Cleveland departments, divisions or funds	1,217
Amounts due for billing on behalf of others	190,203
Subscriptions	35
Accrued interest payable	727
Current portion of long-term debt, due within one year	1,415
TOTAL CURRENT LIABILITIES	197,187

LONG-TERM OBLIGATIONS-excluding amounts due within one year:

OWDA loans	16,084
Accrued wages and benefits	747
Revenue bonds	62,003
Subscriptions	13
Net pension liability	11,230
TOTAL LONG-TERM OBLIGATIONS	90,077
TOTAL LIABILITIES	287,264

DEFERRED INFLOWS OF RESOURCES

Pension	669
OPEB	220
TOTAL DEFERRED INFLOWS OF RESOURCES	889

NET POSITION

Net investment in capital assets	96,769
Restricted for capital projects	1,985
Restricted for debt service	5,351
Restricted for pension and OPEB assets	503
Unrestricted	58,516
TOTAL NET POSITION	\$ 163,124

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, 2024

(Amounts in Thousands)

OPERATING REVENUES

Charges for services	\$ 38,805
TOTAL OPERATING REVENUES	38,805

OPERATING EXPENSES

Operations	10,337
Maintenance	10,445
Depreciation and amortization	5,725
TOTAL OPERATING EXPENSES	26,507

OPERATING INCOME (LOSS) 12,298

NON-OPERATING REVENUE (EXPENSE)

Investment income	3,248
Interest expense	(2,302)
Amortization of bond premiums and discounts	302
Gain (loss) on disposal of assets	(133)
Other	(486)
TOTAL NON-OPERATING REVENUE (EXPENSE), NET	629

INCOME (LOSS) BEFORE CAPITAL AND OTHER CONTRIBUTIONS 12,927

Capital and other contributions	4,149
INCREASE (DECREASE) IN NET POSITION	17,076

NET POSITION, BEGINNING OF YEAR AS

PREVIOUSLY REPORTED	146,391
CHANGE IN ACCOUNTING PRINCIPLE (SEE NOTE L)	(343)
RESTATED NET POSITION, BEGINNING OF YEAR	146,048

NET POSITION, END OF YEAR \$ **163,124**

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, 2024

(Amounts in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 35,789
Cash payments to suppliers for goods or services	(9,582)
Cash payments to employees for services	(10,423)
Cash receipts on behalf of other communities	476,294
Cash payments on behalf of other communities	(473,248)
Other	859

NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	19,689

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from sale of revenue bonds, loans and notes	35,815
Acquisition and construction of capital assets	(17,406)
Principal paid on long-term debt	(1,101)
Principal paid on subscriptions	(55)
Interest paid on long-term debt	(1,740)
Interest paid on subscriptions	(2)
Capital grant proceeds	3,909

NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	19,420

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on investments	3,146

NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	3,146

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,255

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	96,995

CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 139,250

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL
STATEMENT OF CASH FLOWS
For the year ended December 31, 2024
(Amounts in Thousands)

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

OPERATING INCOME (LOSS)	\$ 12,298
Adjustments	
Depreciation and amortization	5,725
(Increase) decrease in assets:	
Accounts receivable, net	(6,897)
Accrued and unbilled revenue	(183)
Due from other City of Cleveland departments, divisions or funds	(10)
Materials and supplies, net	63
Prepaid expenses	12
Net pension asset	(16)
Net OPEB asset	(383)
(Increase) decrease in deferred outflows of resources:	
Pension	2,257
OPEB	527
Increase (decrease) in liabilities:	
Accounts payable	381
Customer deposits and other liabilities	(26)
Accrued wages and benefits	(272)
Due to other City of Cleveland departments, divisions or funds	(907)
Amounts due for billings on behalf of others	9,800
Net pension liability	(3,000)
Net OPEB liability	(300)
Increase (decrease) in deferred inflows of resources:	
Pension	505
OPEB	115
TOTAL ADJUSTMENTS	<u>7,391</u>
NET CASH PROVIDED BY (USED FOR)	
OPERATING ACTIVITIES	<u>\$ 19,689</u>

**SCHEDULE OF NONCASH CAPITAL AND RELATED
FINANCING ACTIVITIES:**

Accounts payable related to capital assets	\$ 820

See notes to financial statements.

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**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Division of Water Pollution Control (the Division) is reported as an Enterprise Fund of the City of Cleveland's Department of Public Utilities and is a part of the City of Cleveland's (the City) primary government. The Division was created for the purpose of supplying sewer services to customers within the metropolitan area. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Division comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. As required, the Division has implemented GASB Statement No. 100 as of December 31, 2024.

In June of 2022, GASB Statement No.101, *Compensated Absences*, was issued. This Statement is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As required, the Division has implemented GASB Statement No. 101 as of December 31, 2024.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Division's net position is accounted for in the accompanying statements of net position and is divided into the following categories:

- Net investment in capital assets
- Restricted for capital projects
- Amount restricted for debt service
- Amount restricted for pension and OPEB assets
- Remaining unrestricted amount

In addition, certain additional financial information regarding the Division is included in these footnotes.

Basis of Accounting: The Division's financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized as incurred.

Revenues: Revenues are derived primarily from sales of sewer services to residential, commercial and industrial customers based upon actual water consumption. Sewer rates are authorized by City Council and billings are made on a cyclical basis. Estimates for services between the end of the various cycles and the end of the year are recorded as unbilled revenue.

Inventory of Supplies: The Division's inventory is valued at average cost. Inventory costs are charged to operations when consumed.

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

Interfund Transactions: During the course of normal operations the Division has numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivables: The Division's share of the accounts receivable balance is \$14,726,000, net of allowance for doubtful accounts of \$4,465,000. The remaining net accounts receivable balance of \$138,666,000 belongs to the NEORSD, other municipalities in the Greater Cleveland Region and 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 2024. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Division measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV share that approximates fair value.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets less any applicable salvage value over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than \$5,000 for furniture, fixtures, equipment and vehicles and \$10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Utility plant	5 to 100 years
Land improvements	15 to 100 years
Building, structures and improvements	5 to 60 years
Furniture, fixtures, equipment and vehicles	3 to 60 years

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Bond Issuance Costs, Discounts, Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resources and is amortized over the shorter of the defeased bond or the newly issued bond.

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

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

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. 101, *Compensated Absences*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. The portion of the compensated absence liability that is not expected to be paid or utilized within one year is reported as a long-term liability.

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

Amounts Due for Billing on Behalf of Others: The Division includes custodial balances in both its accounts receivable and unrestricted cash and cash equivalents balances. The total amount of these balances comprises the balance in amounts due for billing on behalf of others.

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonoperating revenues/expenses: The Division defines revenues and expenses as nonoperating using the following criteria:

- All subsidies received and provided
- Financing-related revenues and expenses
- Resources from the disposal of capital assets and inventory
- Investment income and expenses

All other revenues and expenses are considered operating.

NOTE B - LONG-TERM OBLIGATIONS

Long-term obligations outstanding at December 31, 2024 as follows:

	Interest Rate	Original Issuance	2024
	(Amounts in Thousands)		
Water Pollution Control Revenue Bonds, Series 2016 due through 2045	5.00%	\$ 32,390	\$ 27,350
Water Pollution Control Revenue Bonds, Series 2024 due through 2054	5.00%	29,675	29,675
Ohio Water Development Authority (OWDA) Loans payable annually through 2050, direct borrowing	2.47 - 2.88%	<u>19,421</u>	<u>16,634</u>
		<u>\$ 81,486</u>	73,659
Less:			
Unamortized discount and premium			5,843
Current portion			<u>(1,415)</u>
Total Long-Term Debt			<u>\$ 78,087</u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE B - LONG-TERM OBLIGATIONS (Continued)

Summary: Changes in long-term obligations for the year ended December 31, 2024, are as follows:

	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024	Due Within One Year
	(Amounts in Thousands)				
Water Pollution Control Revenue Bonds, Series 2016 due through 2045	\$ 28,080	\$	\$ (730)	\$ 27,350	\$ 765
Water Pollution Control Revenue Bonds, Series 2024 due through 2054		29,675		29,675	100
Ohio Water Development Authority (OWDA) Loans payable annually through 2050, direct borrowing	<u>13,694</u>	<u>3,311</u>	<u>(371)</u>	<u>16,634</u>	<u>550</u>
Total bonds and loans	<u>41,774</u>	<u>32,986</u>	<u>(1,101)</u>	<u>73,659</u>	<u>1,415</u>
Accrued wages and benefits, as restated	1,973	1,019	(1,291)	1,701	954
Net pension liability	14,230		(3,000)	11,230	
Net OPEB liability	300		(300)	-	
Subscriptions	<u>47</u>	<u>48</u>	<u>(47)</u>	<u>48</u>	<u>35</u>
Total	<u>\$ 58,324</u>	<u>\$ 34,053</u>	<u>\$ (5,739)</u>	<u>\$ 86,638</u>	<u>\$ 2,404</u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE B - LONG-TERM OBLIGATIONS (Continued)

Minimum principal and interest payments on long-term debt are as follows:

	Bond	OWDA (Direct Borrowing)		
	Principal	Principal	Interest	Total
	(Amounts in Thousands)			
2025	\$ 865	\$ 550	\$ 3,677	\$ 5,092
2026	1,280	564	3,249	5,093
2027	1,345	579	3,170	5,094
2028	1,410	594	3,087	5,091
2029	1,480	609	3,002	5,091
2030-2034	8,590	3,294	13,573	25,457
2035-2039	10,955	3,748	10,747	25,450
2040-2044	13,985	4,265	7,203	25,453
2045-2049	8,660	3,267	3,511	15,438
2050-2054	<u>8,455</u>	<u>350</u>	<u>1,314</u>	<u>10,119</u>
Total	<u>\$ 57,025</u>	<u>\$ 17,820</u>	<u>\$ 52,533</u>	<u>\$ 127,378</u>

The above schedule of minimum principal and interest payments on long-term debt includes the amortization of two OWDA loans provided to the City.

On October 26, 2023, the Ohio Water Development Authority approved a loan for phase one of the Bellaire Road area sewer replacement. The total loan amount is \$4,497,000 and repayment begins on July 1, 2025.

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, 2024, the amount financed on this loan, which is reflected in the amortization schedule, exceeded the actual loan balance shown in the long-term debt outstanding by \$1,186,000.

The Ohio Water Development Authority Loans are being paid from the revenues derived from operations of the Division.

On August 15, 2024, the City issued \$29,675,000 Water Pollution Control Revenue Bonds, Series 2024. This was the second series of revenue bonds issued by the Division, with the bonds being issued under and secured by the Master Trust Agreement. The proceeds of these bonds will be 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.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE B - LONG-TERM OBLIGATIONS (Continued)

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

The indenture requires that the City will at all times prescribe, charge and collect such rates, rental and other charges for the use of the services of the system and will restrict the operating expenses of the system in such a way that the net revenues available for debt service in each fiscal year shall be not less than the greater of i) 120.0% of debt service on all bonds then outstanding and payable during the fiscal year or ii) 100.0% of the sum of (a) debt service on all bonds then outstanding payable during that fiscal year, (b) all required deposits to the debt service reserve fund during that fiscal year, (c) all required deposits to the subordinated debt service fund and to any reserve fund securing subordinated indebtedness during the fiscal year, (d) all required deposits to the contingency fund during the fiscal year and (e) debt service payable on any other obligations payable from the balance subfund and deposits to any reserve funds securing such other obligations. As of December 31, 2024, 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.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE B - LONG-TERM OBLIGATIONS (Continued)

The City has pledged future water pollution control revenues to repay \$57,025,000 in Water Pollution Control Revenue Bonds issued in 2016 and 2024. Proceeds from the bonds have been 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 2054. Annual principal and interest payments on the bonds are expected to require less than 20.0% of net revenues.

The total bond principal and interest remaining to be paid on the Water Pollution Control Revenue Bonds is \$103,395,000. Principal and interest funded in the current year and total net revenues (including other available funds) were \$2,134,000 and \$20,484,000 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.

NOTE C - DEPOSITS AND INVESTMENTS

Deposits: The Division's carrying amount of deposits at December 31, 2024, totaled \$19,958,000 and the Division's bank balances were approximately \$25,310,000. 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*, \$25,310,000 of the bank balances at December 31, 2024, 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.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Investments: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments recorded in investment earnings in the year in which the change occurs. The City's investment policies are governed by State Statutes and City ordinances which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; State Treasurer Asset Reserve Fund (STAR Ohio); commercial paper; U.S. Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; and repurchase transactions. Such repurchase transactions must be purchased from financial institutions or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained.

Generally, investments are recorded and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the City, apart from the assets of the depository institution. Ohio Statute prohibits the use of reverse repurchase agreements.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Division invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

Credit Risk: The Division's investments as of December 31, 2024 include STAR Ohio and money market mutual funds. The Division maintains the highest ratings for their investments. Investments in STAR Ohio, Federated Government Obligation Funds and the First American Government Obligations Fund carry a rating of AAAM, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Division's Investment Policy 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, 2024, 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	2024 Fair Value	2024 Cost	Investment Maturities
			Less than One Year
(Amounts in Thousands)			
STAR Ohio	\$ 45,773	\$ 45,773	\$ 45,773
Money Market Mutual Funds	73,519	73,519	73,519
Total Investments	119,292	119,292	119,292
Total Deposits	19,958	19,958	19,958
Total Deposits and Investments	\$ 139,250	\$ 139,250	\$ 139,250

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, 2024, the investments in STAR Ohio and money market mutual funds are 38.4% and 61.6%, 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, 2024

NOTE D - CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
	(Amounts in Thousands)			
Capital assets, not being depreciated:				
Land	\$ 295	\$	\$	\$ 295
Construction in progress	10,645	15,974	(2,201)	24,418
Total capital assets, not being depreciated	10,940	15,974	(2,201)	24,713
Capital assets, being depreciated:				
Land improvements	289		(191)	98
Utility plant	244,884	2,193	(51)	247,026
Buildings, structures and improvements	11,592	20		11,612
Furniture, fixtures, equipment and vehicles	17,506	1,191	(563)	18,134
Right to use assets	66	38		104
Total capital assets, being depreciated	274,337	3,442	(805)	276,974
Less: Accumulated depreciation	(147,256)	(5,725)	689	(152,292)
Total capital assets being depreciated, net	127,081	(2,283)	(116)	124,682
Capital assets, net	<u>\$ 138,021</u>	<u>\$ 13,691</u>	<u>\$ (2,317)</u>	<u>\$ 149,395</u>

Commitments: The Division had outstanding commitments of approximately \$37,682,000 for future capital expenses at December 31, 2024. 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.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

Ohio Public Employees Retirement System (OPERS): The Division's employees participate in OPERS. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Division's employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.

**CITY OF CLEVELAND, OHIO
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DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy: The Ohio Revised Code (ORC) provides statutory authority for member and employer. For 2024, 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 \$1,103,000 for 2024. All required payments have been made.

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability/(asset) for OPERS was measured as of December 31, 2023, and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Division's proportion of the net pension liability/(asset) was based on the Division's share of contributions to the pension plan relative to the contributions of all participating entities. The following is information related to the proportionate share and pension expense:

	OPERS	
	Traditional	Combined
	(Amounts in Thousands)	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 11,230	\$ (120)
Proportion of the Net Pension Liability/(Asset)	0.042894%	0.039017%
Change in proportion	(0.005278)%	(0.005003)%
Pension Expense	\$ 725	\$ 21

**CITY OF CLEVELAND, OHIO
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DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2024, the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	
	Traditional	Combined
	(Amounts in Thousands)	
Deferred Outflows of Resources		
Differences between expected and actual economic experience	\$ 184	\$ 5
Net difference between projected and actual earnings on pension plan investments	2,267	20
Change in assumptions		4
Change in Division's proportionate share and difference in employer contributions		22
Division's contributions subsequent to the measurement date	<u>1,069</u>	<u>34</u>
Total Deferred Outflows of Resources	<u><u>\$ 3,520</u></u>	<u><u>\$ 85</u></u>
Deferred Inflows of Resources		
Differences between expected and actual economic experience	\$	\$ 12
Change in Division's proportionate share and difference in employer contributions	<u>653</u>	<u>4</u>
Total Deferred Inflows of Resources	<u><u>\$ 653</u></u>	<u><u>\$ 16</u></u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PUBLIC UTILITIES
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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

The \$1,103,000 reported as deferred outflows of resources related to pension resulting from the Division's contributions subsequent to the measurement date which will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ending December 31, 2025. 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	
	Traditional	Combined
	(Amounts in Thousands)	
Year Ending December 31:		
2025	\$ 100	\$ 5
2026	573	8
2027	1,446	14
2028	(321)	
2029		3
Thereafter		5
Total	<u>\$ 1,798</u>	<u>\$ 35</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/(asset) in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2023
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional Plan	2.75% - 10.75%
Combined Plan	2.75% - 8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 2.30% simple
	through 2024, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE E – DEFINED BENEFIT PENSION PLANS (Continued)

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

	1% Decrease	Current	1% Increase
	5.90%	Discount Rate	7.90%
		6.90%	
	(Amounts in Thousands)		
Division's proportionate share of the net pension liability/(asset)			
Traditional Plan	\$ 17,679	\$ 11,230	\$ 5,866
Combined Plan	(73)	(120)	(157)

NOTE F – DEFINED BENEFIT OPEB PLANS

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

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

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

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

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DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Effective January 1, 2022, the Combined Plan is no longer available for member selection. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, 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.

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DIVISION OF WATER POLLUTION CONTROL**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0% and Combined Plan was 2.0% in 2024. 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 2023 was 4.0%.

For the year ended December 31, 2024, OPERS did not allocate any employer contributions to the OPEB plan.

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Division's proportion of the net OPEB liability/(asset) was based on the Division's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
	(Amounts in Thousands)
Proportionate share of the Net OPEB Liability/(Asset)	\$ (383)
Proportion of the Net OPEB Liability/(Asset)	0.042428%
Change in Proportion Share	(0.005110)%
OPEB Expense	\$ (40)

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2024, the Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
	(Amounts in Thousands)
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 230
Changes in assumptions	99
Change in Division's proportionate share and difference in employer contributions	32
Total Deferred Outflows of Resources	\$ 361
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 55
Change in assumptions	165
Total Deferred Inflows of Resources	\$ 220

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	(Amounts in Thousands)
2025	\$ 11
2026	29
2027	179
2028	(78)
Total	\$ 141

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.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	2.75%
Projected Salary Increases, including wage inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.70%
Prior Measurement Date	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	3.77%
Prior Measurement Date	4.05%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial 3.50%, ultimate in 2038
Prior Measurement Date	5.50%, initial 3.50%, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	100.00 %	

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023.

Discount Rate: A single discount rate of 5.70% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2023. 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 3.77%. 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 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Division's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Division's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of (5.70%), as well as what the Division's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current	1% Increase
	4.70%	Discount Rate	6.70%
	5.70%		
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	\$ 210	\$ (383)	\$ (874)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuarial projected premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care	1% Increase
	2.50%	Cost Trend Rate	4.50%
	Assumption		
	3.50%		
	(Amounts in Thousands)		
Division's proportionate share of the net OPEB liability/(asset)	\$ (399)	\$ (383)	\$ (365)

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

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

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

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

Furthermore, the Division does not have commitments under SBITA that have not commenced as of December 31, 2024.

As of December 31, 2024, the Division had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
	(in thousands)		
2025	\$ 35	\$ 1	\$ 36
2026	13		13
SBITA Liability:	<u>\$ 48</u>	<u>\$ 1</u>	<u>\$ 49</u>

The Division had SBITA assets in the amount of \$104,287 net of accumulated amortization of \$43,989, for a net SBITA asset of \$60,298.

NOTE H - CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Division for personal injuries, property damage and other matters, which the City is responsible for. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Division's financial position, results of operations or cash flows.

Risk Management: The Division is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Division is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2024.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE H - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

The City provides the choice of two separate health insurance plans to its employees. The operating funds are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Division is immaterial.

NOTE I - RELATED PARTY TRANSACTIONS

Revenues and Accounts Receivable: The Division provides sewer services to the City, including its various departments and divisions. Standard consumption rates are charged, except for the Division of Fire, public buildings and certain other facilities owned by the City, which by ordinance are provided free sewer services.

Operating Expenses: The Division is provided various intra-city services. Charges are based on actual use or on a reasonable pro-rata basis. The more significant costs for the year ended December 31, 2024, was as follows:

	(Amounts in Thousands)
Division of Water	\$ 2,907
Utilities Administration and Utilities Fiscal Control	1,271
City Administration	611
Motor Vehicle Maintenance	309
Telecommunications	192

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 \$2,244,000 in 2024.

NOTE J - CUYAHOGA COUNTY REAL PROPERTY TAXES

The Division is required by ordinance to keep records of the estimated property taxes which would be payable to Cuyahoga County were it subject to such taxes. The estimated property taxes for the Division, based on book value of real estate at the current tax rates, would have been approximately \$21,000 for the year ended December 31, 2024.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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.

NOTE L – RESTATEMENT OF AN ACCOUNTING PRINCIPLE

For 2024, the Division implemented GASB Statement No. 101, *Compensated Absences*. It established standards to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of GASB Statement No. 101 had the following effect on net position as reported December 31, 2023:

	Net Position December 31, 2023	Restatement	Restated Net Position December 31, 2023
	(Amounts in Thousands)		
Beginning net position:	\$ 146,391	\$ (343)	\$ 146,048

**CITY OF CLEVELAND, OHIO
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Required Supplementary Information

**Schedule of the Division's Proportionate Share of the Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten Years (1)**

Division's Proportion of the Net Pension Liability/ (Asset)	Division's Proportionate Share of the Net Pension Liability/ (Asset)	Division's Covered Payroll	Division's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)
(Amounts in Thousands)				

Traditional:

2015	0.054153 %	\$ 6,511	\$ 6,783	95.99 %	86.45 %
2016	0.047798	8,979	6,092	147.39	81.08
2017	0.047965	11,245	6,367	176.61	77.25
2018	0.049706	8,110	6,585	123.16	84.66
2019	0.048216	13,840	6,850	202.04	74.70
2020	0.047654	9,849	7,443	132.33	82.17
2021	0.049994	7,399	7,657	96.63	86.88
2022	0.049240	4,284	7,800	54.92	96.62
2023	0.048172	14,230	7,214	197.26	75.74
2024	0.042894	11,230	8,014	140.13	79.01

Combined:

2022	0.046187	(182)	7,800	(2.33)	169.88
2023	0.044020	(104)	7,214	(1.44)	137.14
2024	0.039017	(120)	8,014	(1.50)	144.55

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

Note to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020 and 2021. For 2022, the most significant changes of assumptions that affected the total pension liability/(asset) since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumptions for 2023 and for 2024.

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

**CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

Required Supplementary Information (Continued)

**Schedule of Contributions - Net Pension Liability/(Asset)
Ohio Public Employees Retirement System
Last Ten Years (1)**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2015	\$ 731	\$ (731)	\$ -	\$ 6,092	12.00 %
2016	764	(764)	-	6,367	12.00
2017	856	(856)	-	6,585	13.00
2018	959	(959)	-	6,850	14.00
2019	1,042	(1,042)	-	7,443	14.00
2020	1,072	(1,072)	-	7,657	14.00
2021	1,092	(1,092)	-	7,800	14.00
2022	1,010	(1,010)	-	7,214	14.00
2023	1,122	(1,122)	-	8,014	14.00
2024	1,103	(1,103)	-	7,879	14.00

(1) Represents Division's calendar year.

**CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

Required Supplementary Information (Continued)

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

Division's Proportion of the Net OPEB Liability/(Asset)	Division's Proportionate Share of the Net OPEB Liability/(Asset)	Division's Covered Payroll	Division's Proportional Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
(Amounts in Thousands)				
2017	0.047116 %	\$ 4,758	\$ 6,367	74.73 %
2018	0.048898	5,310	6,585	80.64
2019	0.047654	6,425	6,850	93.80
2020	0.046995	6,715	7,443	90.22
2021	0.049278	(878)	7,657	(11.47)
2022	0.048497	(1,519)	7,800	(19.47)
2023	0.047538	300	7,214	4.16
2024	0.042428	(383)	8,014	(4.78)

- (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. In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend changed from 10.5% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset. In 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034. In 2023, the single discount rate changed from 6.00% to 5.22%. The municipal bond rate also changed from 1.84% to 4.05%. The health care cost trend rate changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036. In 2024, the single discount rate changed from 5.22% to 5.70%. The municipal bond rate changed from 4.05% to 3.77%.

**CITY OF CLEVELAND
DEPARTMENT OF PUBLIC UTILITIES
DIVISION OF WATER POLLUTION CONTROL**

Required Supplementary Information (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Division's Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2016	\$ 127	\$ (127)	\$ -	\$ 6,367	2.00 %
2017	66	(66)	-	6,585	1.00
2018	-	-	-	6,850	0.00
2019	-	-	-	7,443	0.00
2020	-	-	-	7,657	0.00
2021	-	-	-	7,800	0.00
2022	-	-	-	7,214	0.00
2023	-	-	-	8,014	0.00
2024	-	-	-	7,879	0.00

- (1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
- (2) The OPEB plan includes the members of the Traditional Plan, the Combined Plan and the Member-Directed Plan.
- (3) Represents Division's calendar year. Information prior to 2016 is not available. The Division will continue to present information for years available until a full ten-year trend is compiled.

CITY OF CLEVELAND, OHIO



DEPARTMENT OF PORT CONTROL DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2024**

CITY OF CLEVELAND, OHIO

DEPARTMENT OF PORT CONTROL DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS

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INDEPENDENT AUDITOR'S REPORT

City of Cleveland
Department of Port Control
Divisions of Cleveland Hopkins International
and Burke Lakefront Airports
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland, Cuyahoga County, Ohio (the Divisions), as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland as of December 31, 2024, and the changes in financial position and cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland, are intended to present the financial position, the changes in financial position, and cash flows, of only that portion of the business-type activities and major fund of the City of Cleveland that is attributable to the transactions of the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2024, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Divisions' basic financial statements. The Schedule of Airport Revenues and Operating Expenses as Defined in the Airline Use Agreements, the Schedule of Passenger Facility Revenue and Interest and the Schedule of Expenditures of Passenger Facility Charges (the schedules), as required by the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2025

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**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

MANAGEMENT’S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland’s (the City) Department of Port Control, Divisions of Cleveland Hopkins International (CLE) and Burke Lakefront (BKL) Airports (the Divisions), we offer readers of the Divisions’ financial statements this narrative overview and analysis of the financial activities of the Divisions for the year ended December 31, 2024. 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 2024, the Divisions were served by eight scheduled United States (U.S.) based airlines, two foreign based airlines, ten regional U.S. based airlines, one regularly scheduled charter and five U.S. based all – cargo airlines. There were 46,000 scheduled landings with landed weight amounting to 5,975,953,000 pounds. There were approximately 5,088,000 passengers enplaned at Cleveland Hopkins International Airport and 79,000 passengers enplaned at Burke Lakefront Airport during 2024.

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 \$504,113,000 and \$457,811,000 at December 31, 2024 and 2023, respectively. Of these amounts, \$174,821,000 and \$164,219,000 (unrestricted net position) at December 31, 2024 and 2023, respectively, may be used to meet the Divisions’ ongoing obligations to customers and creditors.
- The Divisions’ total net position increased by \$47,441,000 in 2024.
- Additions to capital assets totaled \$18,807,000 in 2024.
- The major capital projects during 2024 were the Demolition and Site Improvement of the old Sheraton Hotel, Wildlife Fence, and Fire Suppression Systems.
- The Divisions’ total bonded debt decreased by \$45,760,000 in 2024. This was the result of the regularly scheduled principal payments made on the Divisions’ outstanding bonds.
- The Divisions’ entered into a loan agreement with PNC Bank, National Association not to exceed \$175 million of Airport System Subordinate Obligation Notes, Series 2024, to pay costs of certain improvements to the airport system.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

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 23-54 of this report. The required supplementary information can be found on pages 55-58 of this report. The Schedule of Airport Revenues and Operating Expenses as Defined in the Airline Use Agreements can be found on page 59 of this report. The Schedule of Passenger Facility Revenue and Interest Report can be found on page 60 and the Schedule of Expenditures of Passenger Facility Charges can be found on page 61. The Notes to Schedules of Revenue, Interest, and Expenditures of Passenger Facility Charges can be found on page 62. The Independent Auditor’s Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance with 14 CFR Part 158 can be found on pages 63-65 of this report.

**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

Provided below is condensed statement of net position information for the Divisions as of December 31, 2024 and 2023:

	2024	2023
	(Amounts in Thousands)	
Assets and deferred outflows of resources:		
Assets:		
Current assets	\$ 143,625	\$ 154,451
Restricted assets	295,423	256,772
Non-current assets	1,513	286
Capital assets, net	<u>572,690</u>	<u>606,031</u>
Total assets	1,013,251	1,017,540
 Deferred outflows of resources	 20,861	 29,628
 Liabilities, deferred inflows of resources and net position:		
Liabilities:		
Current liabilities	95,283	99,401
Long-term obligations	<u>426,682</u>	<u>480,435</u>
Total liabilities	521,965	579,836
 Deferred inflows of resources	 8,034	 9,521
 Net position:		
Net investment in capital assets	147,170	141,802
Restricted for debt service	126,284	125,890
Restricted for capital projects	21	21
Restricted for passenger and customer facility charges	55,456	25,593
Restricted for pension and OPEB assets	1,513	286
Unrestricted	<u>173,669</u>	<u>164,219</u>
Total net position	<u>\$ 504,113</u>	<u>\$ 457,811</u>

**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)

Assets and Deferred Outflow of Resources: Total assets and deferred outflows of resources decreased \$13,056,000 or 1.2% in 2024. The changes are primarily due to a decrease in capital assets due to depreciation expense in 2024. Current assets decreased \$10,826,000 as a result of a decrease in current cash and receivables offset by an increase in due from other governments. The decrease in current cash is a result of increased cash payments. The decrease in receivables and increase in due from other governments is a result of timing of billings. Deferred outflows of resources related to pension and OPEB decreased resulting from changes in assumptions.

Capital Assets: The Divisions' capital assets as of December 31, 2024 amounted to \$572,690,000 (net of accumulated depreciation and amortization), which is a decrease of 5.5%. These capital assets include: land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; infrastructure; vehicles; right to use assets; and construction in progress. There was an increase in building, structures and improvements of \$4,574,000 and infrastructure of \$4,542,000 primarily due to items being removed from construction in progress and placed into service.

A summary of the activity in the Divisions' capital assets during the year ended December 31, 2024 is as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
	(Amounts in Thousands)			
Land	\$ 166,882	\$	\$	\$ 166,882
Construction in progress	32,299	8,549	(7,493)	33,355
Land improvements	107,098			107,098
Buildings, structures and improvements	405,582	4,574		410,156
Furniture, fixtures and equipment	102,225	1,009		103,234
Infrastructure	1,080,732	4,542		1,085,274
Vehicles	22,298	125		22,423
Right to use assets	877	8		885
Total	1,917,993	18,807	(7,493)	1,929,307
Less: Accumulated depreciation and amortization	(1,311,962)	(44,655)		(1,356,617)
Capital assets, net	<u>\$ 606,031</u>	<u>\$ (25,848)</u>	<u>\$ (7,493)</u>	<u>\$ 572,690</u>

**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)

Major events during 2024 affecting the Divisions’ capital assets included the following:

- Brookpark Road Guardrail: 5,900 linear feet of Ohio Department of Transportation (ODOT) Type 5 guardrail was installed along Brookpark Road to prevent perimeter breaches.
- Demolition of the Former Sheraton Hotel: The former Sheraton Hotel, originally built in 1959, was demolished as one of the first steps in the airport’s modernization plans.
- Fire Suppression Systems: In 2024, continued progress was made with the fire suppression systems for CLE and Burke. This project includes fire alarm replacement at the main terminal.

Additional information on the Divisions’ capital assets, including commitments made for future capital expenses can be found in Note A – Summary of Significant Accounting Policies and Note E – Capital Assets to the basic financial statements.

Liabilities: In 2024, total liabilities decreased \$57,871,000 or 10.0%. Current liabilities decreased \$4,118,000 or 4.1% as a result of a decrease in landing fee settlement and interest payable. Long-term liabilities decreased \$53,753,000 or 11.2% due to a decrease in revenue bonds payable and net pension liability offset by an increase of accrued wages and benefits.

Net Pension/OPEB Liabilities/(Assets): The net pension liability/(asset) is reported by the Divisions at December 31, 2024 and is reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the Divisions adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Divisions’ actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset, net OPEB asset and deferred outflows of resources related to pension and OPEB.

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

**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)

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

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

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

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

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

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

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

**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)

Long-Term Debt: At December 31, 2024 and 2023, the Divisions had \$425,810,000 and \$471,570,000 respectively, in total bonded debt outstanding. The Airport System Revenue Bonds are secured by the pledge of all airport revenues, as defined in the revenue bond indenture.

The activity in the Divisions’ debt obligations outstanding during the year ended December 31, 2024 is summarized below:

	Balance January 1, 2024	Debt Issued	Debt Retired	Balance December 31, 2024
	(Amounts in Thousands)			
Airport System Revenue Bonds:				
Series 2007	\$ 1,910	\$	\$ (930)	\$ 980
Series 2011	1,050		(1,050)	-
Series 2016	96,325		(21,325)	75,000
Series 2018	74,280		(9,190)	65,090
Series 2019	298,005		(13,265)	284,740
Total	<u>\$ 471,570</u>	<u>\$ -</u>	<u>\$ (45,760)</u>	<u>\$ 425,810</u>

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-

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 2024 was 157%.

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.

**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)

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 \$504,113,000 and \$457,811,000 at December 31, 2024 and 2023, respectively. Of the Divisions' net position at December 31, 2024 and 2023, \$147,170,000 and \$141,802,000, respectively, reflects its investment in capital assets (e.g., construction in progress; land; land improvements; buildings, structures and improvements; furniture, fixtures and equipment; vehicles; infrastructure; and right to use assets) net of accumulated depreciation and amortization, less any related, still-outstanding debt used to acquire those assets. The Divisions use these capital assets to provide services to their customers. Consequently, these assets are not available for future spending.

Although the Divisions' investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Divisions' net position represents resources that are subject to external restrictions. At December 31, 2024 and 2023, the restricted net position amounted to \$183,274,000 and \$151,790,000, respectively. The restricted net position included amounts set aside in various fund accounts for capital projects and for payment of revenue bonds, which are limited by the bond indentures and passenger facility charges imposed and collected at CLE based on an approved FAA application. Passenger facility charges are restricted for designated capital projects and approved debt service. Customer facility charges are also restricted for designated capital projects. The remaining balance of unrestricted net position, \$173,669,000 and \$164,219,000 for December 31, 2024 and 2023, respectively, may be used to meet the Divisions' ongoing obligations to customers and creditors.

**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 REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION

The Divisions’ net position increased by \$47,441,000 in 2024. Provided below are key elements of the Divisions’ results of operations as of and for the years ended December 31, 2024 and 2023:

	2024	2023
	(Amounts in Thousands)	
Operating revenues:		
Landing fees, terminal and concourse rentals	\$ 63,760	\$ 61,791
Concessions	70,966	65,595
Utility sales and other	9,584	8,170
Total operating revenues	<u>144,310</u>	<u>135,556</u>
Operating expenses	<u>143,435</u>	<u>138,817</u>
Operating income (loss)	875	(3,261)
Non-operating revenue (expense):		
Non-operating revenue (expense)	(15,048)	2,979
Gain (loss) on disposal of capital asset	(1)	100
Investment income (loss)	16,842	16,919
Interest expense	(14,939)	(17,059)
Amortization of bond discounts/premiums and loss on debt refundings	<u>669</u>	<u>1,218</u>
Total non-operating revenue (expense), net	(12,477)	4,157
Capital contributions - passenger and customer facility charges	29,149	24,260
Capital and other contributions	<u>29,894</u>	<u>3,264</u>
Change in net position	47,441	29,559
Net position, beginning of year	457,811	428,252
Restatement for change in accounting principle	<u>(1,139)</u>	
Net position at beginning of year, as restated	<u>456,672</u>	<u>428,252</u>
Net position, end of year	<u><u>\$ 504,113</u></u>	<u><u>\$ 457,811</u></u>

The information necessary to restate 2023 beginning balances and the related compensated absences expense amounts for the effects of the initial implementation of GASB Statement No. 101, Compensated Absences, is not reasonably available. Therefore, 2023 expenses are not adjusted from previously reported amounts and the accumulated effect of the restatement for the change in accounting principal totaling a negative \$1,139 is netted against the 2024 beginning net position.

**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 REVENUES, EXPENSES AND CHANGES IN NET POSITION
INFORMATION (Continued)**

Operating Revenues: Operating revenues for 2024 were \$144,310,000. Landing fee revenue is offset by a payable to the airlines at year-end. Scheduled terminal rentals accounted for \$43,882,000 or 30.4% of total operating revenues. Parking revenues increased \$4,417,000 or 10.9% from 2023 due to an increase in demand for services. Parking revenues amounted to \$45,044,000 or 31.2% of total operating revenues for 2024. The fourth largest airport revenue source, terminal concessions revenue accounted for \$18,139,000 or 12.6% of operating revenue. Another major revenue source, rental cars, accounted for 8.5% of total operating revenues. The increases of operating revenues are due to increased passengers and flights.

Operating Expenses: Total operating expenses for 2024 increased \$5,757,000 or 4.2%. The increase is primarily due to an increase in employee benefits. This is a result of the net pension and OPEB expenses. The net OPEB expense component of salaries, wages and benefits increased due to changes in assumptions.

Non-Operating Revenue and Expenses: Non-operating revenues and expenses decreased by \$16,634,000. The primary reason for this decrease was expenses for professional services relating to major future airport improvements.

Capital and Other Contributions: In 2024 there was a increase in capital and other contributions of \$26,630,000 due to increased capital projects in preparation for the terminal modernization project.

**FACTORS EXPECTED TO IMPACT THE DIVISIONS’ FINANCIAL POSITION OR RESULTS OF
OPERATIONS**

The recovery in air travel continued in 2024. Cleveland saw 10,173,861 passengers in 2024 which is up 3.1% versus 2023 and marked the first time the 10 million passenger mark has been exceeded since pre-pandemic levels in 2019. Despite the challenges, non-airline revenues increased during 2024. Non-airline revenues including concessions, parking and ride shares increased \$9,034,000.

With new airlines and new destinations, it is anticipated that there will be increased passenger traffic. In 2024, AerLingus continued its successful Cleveland to Dublin market and as a result total international enplaned passengers were up 14.98%. Frontier Airlines announced an expansion that offers new flights to Austin, TX, New York, NY (LaGuardia Airport), Salt Lake City, and West Palm Beach. Frontier’s CLE crew base saw more than a 32% increase in passenger activity.

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, 2024
(Amounts in Thousands)**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 116,913
Receivables:	
Accounts-net of allowance for doubtful accounts of \$521	1,309
Leases receivable	6,482
Unbilled revenue	3,655
Accrued interest receivable	27
Total receivables	<u>11,473</u>
Prepaid expenses	1,366
Due from other funds	5
Due from other governments	10,603
Materials and supplies-at cost	<u>3,265</u>
TOTAL CURRENT ASSETS	143,625

RESTRICTED ASSETS

Cash and cash equivalents	291,247
Accrued interest receivable	564
Accrued passenger facility charges	2,655
Accrued customer facility charges	<u>957</u>
TOTAL RESTRICTED ASSETS	295,423

NON-CURRENT ASSETS

Net OPEB asset	1,152
Net pension asset	<u>361</u>
TOTAL NON-CURRENT ASSETS	1,513

CAPITAL ASSETS

Land	166,882
Land improvements	107,098
Buildings, structures and improvements	410,156
Furniture, fixtures and equipment	103,234
Infrastructure	1,085,274
Vehicles	22,423
Right to use assets	<u>885</u>
	1,895,952
Less: Accumulated depreciation and amortization	<u>(1,356,617)</u>
	539,335
Construction in progress	<u>33,355</u>
CAPITAL ASSETS, NET	572,690
TOTAL ASSETS	1,013,251

DEFERRED OUTFLOWS OF RESOURCES

Loss on refunding	9,002
Pension	10,850
OPEB	<u>1,009</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,861

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS

STATEMENT OF NET POSITION

DECEMBER 31, 2024

(Amounts in Thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES

CURRENT LIABILITIES

Current portion of long-term debt, due within one year	\$ 47,550
Accounts payable	13,106
Unearned revenue	728
Landing fee settlement payable to airlines	14,450
Due to other funds	1,170
Current portion of accrued wages and benefits	3,208
Current portion subscriptions payable	182
Accrued interest payable	7,466
Accrued property taxes	4,546
Construction fund payable from restricted assets	2,877
TOTAL CURRENT LIABILITIES	95,283

LONG-TERM OBLIGATIONS - excluding amounts due within one year

Revenue bonds	388,556
Subordinate Note	1,494
Subscriptions	415
Net pension liability	33,783
Accrued wages and benefits	2,434
TOTAL LONG-TERM OBLIGATIONS	426,682

TOTAL LIABILITIES 521,965

DEFERRED INFLOWS OF RESOURCES

Leases	6,387
Pension	984
OPEB	663
TOTAL DEFERRED INFLOWS OF RESOURCES	8,034

NET POSITION

Net investment in capital assets	147,170
Restricted for debt service	126,284
Restricted for capital projects	21
Restricted for passenger and customer facility charges	55,456
Restricted for net pension and OPEB assets	1,513
Unrestricted	173,669
TOTAL NET POSITION	\$ 504,113

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, 2024
(Amounts in Thousands)**

OPERATING REVENUES

Landing fees, terminal rentals, and concourse rentals:		
Scheduled airlines	\$	43,655
Other		20,105
		<u>63,760</u>
Concessions		70,966
Utility sales and other		9,584
TOTAL OPERATING REVENUES		<u>144,310</u>

OPERATING EXPENSES

Operations		93,414
Maintenance		5,000
Depreciation and amortization		45,021
TOTAL OPERATING EXPENSES		<u>143,435</u>

OPERATING INCOME (LOSS) 875

NON-OPERATING REVENUE (EXPENSE)

Non-operating revenue (expense)		(15,048)
Gain (loss) on disposal of capital asset		(1)
Investment income (loss)		16,842
Interest expense		(14,939)
Amortization of bond discounts/premiums and loss on debt refundings		669

TOTAL NON-OPERATING REVENUE (EXPENSE) - NET (12,477)

INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS (11,602)

Capital contributions - passenger and customer facility charges		29,149
Capital and other contributions		<u>29,894</u>

INCREASE (DECREASE) IN NET POSITION 47,441

NET POSITION BEGINNING OF YEAR AS PREVIOUSLY REPORTED 457,811

CHANGE IN ACCOUNTING PRINCIPLE (SEE NOTE O) (1,139)

RESTATED NET POSITION BEGINNING OF YEAR 456,672

NET POSITION, END OF YEAR \$ 504,113

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, 2024
(Amounts in Thousands)**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 136,982
Cash payments to suppliers for goods and services	(58,486)
Cash payments to employees for services	(35,261)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>43,235</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(28,383)
Cash receipts for passenger facility charges	19,773
Cash receipts for customer facility charges	8,929
Proceeds from subordinate note	1,494
Principal paid on long-term debt	(45,760)
Principal paid on long-term subscriptions	223
Interest paid on long-term debt	(16,002)
Interest paid on long-term subscriptions	(14)
Capital grant proceeds	27,894
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(31,846)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received on investments	16,937
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>16,937</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

28,326

Cash and cash equivalents, beginning of year	379,834
Cash and cash equivalents, end of year	<u><u>\$ 408,160</u></u>

**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, 2024
(Amounts in Thousands)**

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

OPERATING INCOME (LOSS)	\$ 875
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation and amortization	45,021
Changes in assets:	
Accounts receivables	758
Leases receivable	1,070
Unbilled revenue	1,468
Prepaid expenses	94
Materials and supplies, at cost	(539)
Net pension asset	(75)
Net OPEB asset	(1,152)
Changes in deferred outflows of resources:	
Pension	5,318
OPEB	1,436
Changes in liabilities:	
Accounts payable	6,841
Unearned revenue	(1,300)
Due to other City of Cleveland departments, divisions or funds	440
Accrued wages and benefits	718
Landing fee adjustment	(9,844)
Accrued property taxes	(193)
Net pension liability	(5,389)
Net OPEB liability	(825)
Changes in deferred inflows of resources:	
Leases	(1,068)
Pension	(784)
OPEB	365
TOTAL ADJUSTMENTS	42,360
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 43,235

Schedule of Noncash Capital and Related Financing Activities:

Accounts payable related to capital assets	\$ 2,877

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**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Divisions of Cleveland Hopkins International and Burke Lakefront Airports (the Divisions) are reported as an Enterprise Fund of the City of Cleveland, Department of Port Control and are part of the City of Cleveland's (the City) primary government. The Divisions were created for the purpose of operating the airports within the Cleveland Metropolitan Area. The following is a summary of the more significant accounting policies.

Reporting Model and Basis of Accounting: The accounting policies and financial reporting practices of the Divisions comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. As required, the Divisions have implemented GASB Statement No. 100 as of December 31, 2024.

In June of 2022, GASB Statement No. 101, *Compensated Absences*, was issued. This Statement is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As required, the Divisions have implemented GASB Statement No. 101 as of December 31, 2024.

The Divisions' net position accounted for in the accompanying statement of net position and the net position is divided into the following categories:

- Net investment in capital assets
- Amount restricted for capital projects
- Amount restricted for debt service
- Amount restricted for passenger and customer facility charges
- Amount restricted for net pension and OPEB assets
- Remaining unrestricted amount

In addition, certain additional financial information regarding the Divisions is included in these notes.

Basis of Accounting: The Divisions' financial statements are prepared under the accrual basis of accounting. Under this method, revenues are recognized when earned and measurable and expenses are recognized when incurred.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Cash Flows: The Divisions utilize the direct method of reporting for the statement of cash flows as defined by the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In the statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing and all investment activities.

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand and cash deposits maintained by the City Treasurer on behalf of the Divisions. Cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased.

Investments: The Divisions follow the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Divisions' investments in money market mutual funds and State Treasury Asset Reserve of Ohio (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Divisions have invested funds in STAR Ohio during 2024. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Divisions measure their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

Inventory of Supplies: The Divisions' inventory is valued at cost using the first in/first out method. Inventory costs are charged to operations when consumed.

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

Interfund Transactions: During the course of normal operations, the Divisions have numerous transactions between other City divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets: Proceeds from debt and amounts set aside in various fund accounts for payment of revenue bonds are classified as restricted assets since their use is limited by the bond indentures.

Restricted for Passenger Facility Charges: These assets are for passenger facility charges imposed and collected at CLE based on an approved FAA application. These are restricted for designated capital projects or debt service.

Restricted for Customer Facility Charges: The assets are for customer facility charges imposed and collected at CLE based on renting a vehicle. These are restricted for planning, development, financing, construction and operation of the Rental Car Facility, Rental Car Facility improvements and related infrastructure.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost or, if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets less any applicable salvage value over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as a tangible item with a useful life in excess of one year and an individual cost of more than \$5,000 for furniture, fixtures, equipment and vehicles and \$10,000 for all other assets. When capital assets are disposed of, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Land Improvements	15 to 100 years
Buildings, structures and improvements	5 to 60 years
Furniture, fixtures and equipment	3 to 35 years
Infrastructure	3 to 50 years
Vehicles	3 to 35 years

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

Bond Issuance Costs, Discounts/Premiums and Unamortized Losses on Debt Refundings: Bond issuance costs are expensed when incurred. Deferred bond discounts/premiums are netted against long-term debt. The discounts/premiums are amortized over the lives of the applicable bonds. Unamortized loss on debt refundings are categorized as a deferred outflow of resource and is amortized over the shorter of the defeased bond or the newly issued bond.

Compensated Absences: The Divisions accrue for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 101, *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.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Environmental Expenses: Environmental expenses consist of costs incurred for remediation efforts to airport property. Environmental expenses that relate to current operations are expensed or capitalized, as appropriate. Environmental expenses that relate to existing conditions caused by past operations and which do not contribute to future revenues are expensed. Liabilities are recorded when remedial efforts are probable and the costs can be reasonably estimated.

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

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

Non-Operating Revenues (Expenses): Non-operating expenses relate to expenses of the Divisions incurred for purposes other than the operations of the airports and consist primarily of interest costs incurred on the Divisions' long-term debt. The funding for non-operating expenses is non-operating revenue (passenger facility charges, customer facility charges, revenue bonds and federal grants).

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE B – LONG-TERM DEBT AND OTHER OBLIGATIONS

Long-term debt outstanding at December 31, 2024 is as follows:

	<u>Interest Rate</u>	<u>Original Issuance</u>	<u>2024</u>
		(Amounts in Thousands)	
Airport System Revenue Bonds:			
Series 2007, due through 2027	5.00%	\$ 11,255	\$ 980
Series 2011, due through 2024	4.00%	74,385	-
Series 2016, due through 2031	5.00%	144,355	75,000
Series 2018, due through 2048	3.50%-5.00%	109,685	65,090
Series 2019, due through 2033	2.31%-5.00%	341,675	284,740
Subordinate Note		<u>175,000</u>	<u>1,494</u>
		<u>\$ 856,355</u>	427,304
Unamortized (discount) premium			10,296
Current portion (due within one year)			<u>(47,550)</u>
Total Long-Term Debt			<u>\$ 390,050</u>

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

Summary: Changes in long-term obligations for the year ended December 31, 2024 are as follows:

	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024	Due Within One Year
	(Amounts in Thousands)				
Airport System Revenue Bonds:					
Series 2007	\$ 1,910	\$	\$ (930)	\$ 980	\$ 310
Series 2011	1,050		(1,050)	-	-
Series 2016	96,325		(21,325)	75,000	9,200
Series 2018	74,280		(9,190)	65,090	9,470
Series 2019	298,005		(13,265)	284,740	28,570
Total revenue bonds	471,570	-	(45,760)	425,810	47,550
Subordinate note	-	1,494	-	1,494	
Accrued wages and benefits (Restated)	6,063	3,102	(3,523)	5,642	3,208
Net pension liability	39,172		(5,389)	33,783	
Net OPEB liability	825		(825)	-	
Subscriptions	374	223		597	182
Total	<u>\$ 518,004</u>	<u>\$ 4,819</u>	<u>\$ (55,497)</u>	<u>\$ 467,326</u>	<u>\$ 50,940</u>

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For the Year Ended December 31, 2024**

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)		
2025	\$ 47,550	\$ 14,073	\$ 61,623
2026	49,235	12,314	61,549
2027	51,025	10,460	61,485
2028	54,995	8,634	63,629
2029	56,900	6,842	63,742
2030-2034	132,015	13,246	145,261
2035-2039	9,820	6,908	16,728
2040-2044	12,245	4,442	16,687
2045-2048	12,025	1,239	13,264
Total	<u>\$ 425,810</u>	<u>\$ 78,158</u>	<u>\$ 503,968</u>

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, 2024, 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.

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

On June 27, 2024, the City entered into a short-term financing agreement with PNC Bank, structured as a revolving line of credit in an amount not to exceed \$175 million for Port Control. These Airport System Subordinate Obligation Notes, Series 2024, will enable initial work in support of the Airport System's Master Plan, including enabling projects for the Terminal Modernization Development Program. As of December 31, 2024, the Airport has drawn \$1,494,000 on the line of credit.

Effective October 1, 2019, the City issued \$341,675,000 Airport System Revenue Bonds, Series 2019A-C. The \$301,665,000 Series 2019A Taxable Bonds were issued to advance refund the \$235,150,000 Series 2012A Bonds and to currently refund the outstanding \$52,050,000 of Series 2013A Bonds. Bond proceeds in the amount of \$248,355,650 along with \$3,694,402 released from the debt service reserve fund and \$2,965,914 released from the Series 2012A Bond Fund, were placed in an irrevocable escrow account for the payment of the principal and interest on the Series 2012A Bonds. The \$34,605,000 Series 2019B AMT Bonds currently refunded the variable rate \$20,100,000 Series 2009D Bonds and the \$18,170,000 Series 2014A Bonds. Finally, the \$5,405,000 Series 2019C Non-AMT Bonds currently refunded the outstanding variable rate \$5,975,000 Series 2008D Bonds. As a result of this refunding, the City achieved an economic gain (the difference between the present values of the old and new debt service) of \$22,494,000 of net present value debt service savings or 6.8% while also eliminating all of Port Control's remaining variable rate bonds and terminating its letters of credit and direct placements on those bonds.

From time to time, the Divisions have defeased certain Revenue Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on old bonds. At December 31, 2024, the Airport System had no defeased Revenue Bonds outstanding.

The City has pledged future airport revenues to repay \$425,810,000 in Airport System Revenue Bonds issued in various years since 2007. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport revenues and are payable through 2048. Annual principal and interest payments on the bonds are expected to require less than 62.8% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is \$503,968,000. Principal and interest funded in the current year and total net revenues (including other available funds) were \$62,480,000 and \$98,188,000, respectively.

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NOTE C – SPECIAL FACILITY REVENUE BONDS

Airport Special Revenue Bonds, Series 1998, totaling \$75,120,000 were issued in 1998 to finance the design and construction of certain airport facilities leased to Continental Airlines, now United Continental Holdings, Inc., including a new regional jet concourse. Because all principal and interest on these bonds is unconditionally guaranteed by United Airlines and paid directly by United Airlines, these bonds do not constitute a debt, liability or general obligation of the City or a pledge of the City's revenues. As such, no liabilities relating to these bonds are included in the accompanying financial statements.

NOTE D – DEPOSITS AND INVESTMENTS

Deposits: The Divisions' carrying amount of deposits at December 31, 2024, totaled approximately \$44,676,000 and the Divisions' bank balance was approximately \$38,571,000. 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*, \$38,571,000 of the bank balances at December 31, 2024 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.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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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, 2024.

Type of Investment	Fair Value Measurement Using	
	Fair Value	Level 2
(Amounts in Thousands)		
Other Investments	\$ 815	\$ 815
Total Investments	<u>\$ 815</u>	<u>\$ 815</u>

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, 2024, 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.

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NOTE D – DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Divisions Investment Policy places 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, 2024, 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	2024 Fair Value	2024 Cost	Investment Maturities Less than One Year
(Amounts in Thousands)			
STAR Ohio	\$ 186,356	\$ 186,356	\$ 186,356
Money Market Mutual Funds	176,313	176,313	176,313
Other Investments	815	815	815
Total Investments	363,484	363,484	363,484
Total Deposits	44,676	44,676	44,676
Total Deposits and Investments	<u>\$ 408,160</u>	<u>\$ 408,160</u>	<u>\$ 408,160</u>

These amounts are monies invested by the City Treasurer on behalf of the Divisions and are used in daily operations with excess monies invested daily in STAR Ohio and money market mutual funds. These investments are carried at cost which approximates fair value. Investment type Other Investments consist of deposits into collective cash escrow pools managed by either Bank of New York or U.S. Bank National Association, as trustees.

As of December 31, 2024, the investments in STAR Ohio, money market mutual funds and other investments are approximately 51.3%, 48.5%, and 0.2%, respectively, of the Divisions' total investments.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE E – CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
	(Amounts in Thousands)			
Capital Assets, not being depreciated:				
Land	\$ 166,882	\$	\$	\$ 166,882
Construction in progress	32,299	8,549	(7,493)	33,355
Total capital assets, not being depreciated	199,181	8,549	(7,493)	200,237
Capital assets, being depreciated and amortized:				
Land improvements	107,098			107,098
Buildings, structures and improvements	405,582	4,574		410,156
Furniture, fixtures and equipment	102,225	1,009		103,234
Infrastructure	1,080,732	4,542		1,085,274
Vehicles	22,298	125		22,423
Right to use assets	877	8		885
Total capital assets, being depreciated	1,718,812	10,258	-	1,729,070
Less: Total accumulated depreciation and amortization	(1,311,962)	(44,655)		(1,356,617)
Total capital assets being depreciated, net	406,850	(34,397)	-	372,453
Capital assets, net	\$ 606,031	\$ (25,848)	\$ (7,493)	\$ 572,690

Commitments: As of December 31, 2024, the Divisions had capital expenditure purchase commitments outstanding of approximately \$33,355,000.

NOTE F – LEASES AND CONCESSIONS

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

NOTE F – LEASES AND CONCESSIONS (Continued)

Leases Scope:

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

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

Accounting Treatment at Adoption:

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

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

Other Conditions: The Divisions assume optional extension terms present in lease agreements will be exercised unless optional extension periods have undefined future payment terms - these terms are excluded in the calculation of lease term length unless otherwise noted. The Divisions did not record revenue related to residual value guarantees or lease termination penalties.

Short-Term Leases: For short-term lease contracts – defined as having a maximum possible term of 12 months or less - the Divisions recognize revenue based on the payment provisions of the lease contract.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE F – LEASES AND CONCESSIONS (Continued)

Divisions as a Lessor:

General Description of Lessor Leasing Arrangements: The Divisions lease space to various non-governmental and governmental lessees for various uses. The Divisions lease space for use as: office space, combined-use space, communications sites, sporting facility, harbors, parking operations hub, and restaurants. These leases have term end dates ranging from December 31, 2025 to May 30, 2054. Most leases require fixed rent payments which are escalating and several require rent based on CPI adjustment.

The Divisions maintain separate leases classified as certain regulated leases – see “Certain Regulated Leases” section for these required disclosures.

Inflows Recognized in Fiscal Year 24 from Leases: For fiscal year 2024, the total amount of inflows of resources recognized from in-scope GASB Statement No. 87 leases for lease and interest revenue is \$3.0 million and \$285,000, respectively. These amounts exclude inflows for certain regulated leases and variable payments not fixed in substance.

Schedule of Future Payments: The table below represents the future expected minimum principal and interest amounts to be received from the existing, in-scope GASB 87 leases:

Schedule of Future Payments For In-Scope Leases			
(Amounts in Thousands)			
Period - Ending December 31	Principal		Interest
2025	\$ 985	\$	240
2026	622		235
2027	650		220
2028	543		189
2029	279		167
2030-2034	970		673
2035-2039	743		477
2040-2044	680		307
2045-2049	618		176
2050-2054	392		34
Total	6,482		2,718

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NOTE F – LEASES AND CONCESSIONS (Continued)

Variable Inflows: Variable inflows not fixed in substance are recognized in fiscal 2024 and are based on percentage of gross revenues. The table below represents inflows not included in the calculation of lease receivable values:

Variable Inflows (Amounts in Thousands)	
Lease Category	Amount
Common Use Space	\$ 51
Office Space	882
Other	235
Parking Operations Space	770
Total	<u>\$ 1,938</u>

Certain Regulated Leases (CRL):

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

These lease agreements are subject to the non-discriminatory criteria outlined in paragraph 43 of GASB Statement No. 87 by the FAA’s *Rates and Charges Policy*. The principals of this policy apply to all aeronautical users of the airport. Paragraph 18.3a of FAA Order 5190.6B (FAA compliance manual) directs the Divisions’ classification of leases as certain regulated leases by noting: “all activities that involve or are directly related to the operation of the aircraft, including activities that make the operation of the aircraft possible and safe. Services located on the airport that are directly and substantially related to the movement of passengers, baggage, mail, and cargo are considered aeronautical uses.”

General Description of CRL Arrangements: The Divisions maintain certain regulated leasing arrangements for air cargo facilities, airlines, aircraft maintenance operations, FBO’s, fuel farms, ground handling operations, hangars, and passenger services. The leases have term end dates ranging from June 30, 2025 to August 31, 2051 and have escalating rent payment terms. There are nine agreements – seven Airlines and two Air Cargo Facilities – of the 43 CRL agreements whose lessees have been granted preferential or exclusive use of Airport space (e.g. terminal and/or concourse space). All other agreements only allow lessees non-exclusive use of common Airport space.

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NOTE F – LEASES AND CONCESSIONS (Continued)

CRL's Quantitative Disclosures: The following table represents the inflows recognized for fiscal year 2024 for regulated leasing arrangements:

Inflows Recognized FY24 from CRLs (Amounts in Thousands)	
CRL Category	Total Inflows
Air Cargo Facilities	\$ 1,206
Airlines	92,088
FBOs	2,382
Flight School	76
Fuel Farm	100
Ground Handling Operation	243
Hangars & Aircraft Maintenance	1,348
Passenger Services	1,492
Total	<u>\$ 98,935</u>

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

Schedule of Future Payments For Regulated Leases (Amounts in Thousands)	
Period - Ending December 31	Amount
2025	\$ 99,328
2026	7,155
2027	7,143
2028	6,366
2029	3,285
2030-2034	6,709
2035-2039	4,217
2040-2044	1,373
2045-2049	498
2050-2054	166
Total	<u>\$ 136,240</u>

CRL Variable Inflows: Variable inflows not fixed in substance are based on various lessee performance indicators such as: number of planes landed, aircraft parking, and percentage of gross revenues. The variable inflows amounted to \$17.2 million for fiscal year 2024.

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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 2024. There was no significant decrease in any insurance coverage in 2024. In addition, there were no material insurance settlements in excess of insurance coverage during the past three years.

The City provides the choice of two separate health insurance plans to its employees. The Divisions are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio's Worker's Compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims payable has been included with accounts payable and is considered to be immaterial for the Divisions.

NOTE H – DEFINED BENEFIT PENSION PLANS

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

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

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Ohio Public Employees Retirement System (OPERS): The Divisions' employees participate in the OPERS. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Divisions' employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

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

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2024, 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 \$3,320,000 for 2024. All required payments have been made.

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability/(asset) for OPERS was measured as of December 31, 2023 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Divisions' proportion of the net pension liability/(asset) was based on the Divisions' share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional	Combined
	(Amounts in Thousands)	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 33,783	\$ (361)
Proportion of the Net Pension Liability/(Asset)	0.129039 %	0.117375 %
Change in Proportion	(0.003568) %	(0.003803) %
Pension Expense	\$ 1,971	\$ 65

At December 31, 2024, the Divisions reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined
	(Amounts in Thousands)	
Deferred Outflows of Resources		
Differences between expected and actual economic experience	\$ 552	\$ 15
Net difference between projected and actual earnings on pension plan investments	6,819	59
Changes in assumptions		13
Change in Divisions' proportionate share and difference in employer contributions		72
Divisions' contributions subsequent to the measurement date	3,217	103
Total Deferred Outflows of Resources	<u>\$ 10,588</u>	<u>\$ 262</u>
Deferred Inflows of Resources		
Differences between expected and actual economic experience	\$	\$ 36
Change in Divisions' proportionate share and difference in employer contributions	939	9
Total Deferred Inflows of Resources	<u>\$ 939</u>	<u>\$ 45</u>

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

The \$3,320,000 reported as deferred outflows of resources related to pension resulting from the Divisions' contributions subsequent to the measurement date which will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Traditional</u>	<u>Combined</u>
	(Amounts in Thousands)	
Year Ending December 31:		
2025	\$ 891	\$ 18
2026	2,160	26
2027	4,351	44
2028	(970)	1
2029		12
Thereafter		13
Total	<u>\$ 6,432</u>	<u>\$ 114</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2023
Wage Inflation	2.75%
Future Salary Increases, including inflation	
Traditional Plan	2.75% to 10.75%
Combined Plan	2.75% to 8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 2.30%, simple
	through 2024, then 2.05%, simple
Investment Rate of Return	6.9%
Actuarial Cost Method	Individual Entry Age

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	<u>100.00 %</u>	

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NOTE H – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
	(Amounts in Thousands)		
Divisions' proportionate share of the net pension liability/(asset)			
Traditional Plan	\$ 53,184	\$ 33,783	\$ 17,647
Combined Plan	(218)	(361)	(473)

NOTE I – DEFINED BENEFIT OPEB PLANS

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

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

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

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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Effective January 1, 2022, the Combined Plan is no longer available for member selection. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The ORC permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the 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.

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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0% and Combined Plan was 2.0% in 2024. 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 2023 was 4.0%.

For the year ended December 31, 2024, OPERS did not allocate any employer contributions to the OPEB plan.

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date as of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Divisions' proportion of the net OPEB liability/(asset) was based on the Divisions' share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
	(Amounts in Thousands)
Proportion of the Net OPEB Liability/(Asset):	
Current Measurement Date	0.127635 %
Prior Measurement Date	0.130862 %
Change in Proportionate Share	(0.003227) %
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,152)
OPEB Expense	\$ (229)

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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2024, the Divisions reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
	(Amounts in Thousands)
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 692
Change in Divisions' proportion share and difference in employers contributions	297
Change in assumptions	20
Total Deferred Outflows of Resources	\$ 1,009
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 164
Change in assumptions	495
Change in Divisions' proportion share and difference in employers contributions	4
Total Deferred Inflows of Resources	\$ 663

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)
2025	\$ (20)
2026	61
2027	539
2028	(234)
Total	\$ 346

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.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date as of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	2.75%
Projected Salary Increases, including inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.70%
Prior Measurement Date	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate	
Current Measurement Date	3.77%
Prior Measurement Date	4.05%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial
	3.50%, ultimate in 2038
Prior Measurement Date	5.50% initial
	3.50%, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

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

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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 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	<u>100.00 %</u>	

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 14.0% for 2023.

Discount Rate: A single discount rate of 5.70% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2023. 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 3.77%. 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 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

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NOTE I – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Divisions' Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Divisions' proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 5.70%, as well as what the Divisions' proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
	(Amounts in Thousands)		
Divisions' proportionate share of the net OPEB liability/(asset)	\$ 633	\$ (1,152)	\$ (2,631)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease (2.50%)	Current Health Care Cost Trend Rate Assumption (3.50%)	1% Increase (4.50%)
	(Amounts in Thousands)		
Divisions' proportionate share of the net OPEB liability/(asset)	\$ (1,200)	\$ (1,152)	\$ (1,098)

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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, 2024 are as follows:

	(Amounts in Thousands)
City Central Services, including police	\$ 13,256
Telephone Exchange	325
Electricity purchased	261
Motor vehicle maintenance	26
Radio Communication	239

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 2024 was a payable to the airlines from the Division in the amount of \$14,450,000.

The Divisions collected \$14,223,000 landing fee revenue and it was offset by a \$14,450,000 reduction to the scheduled airlines. This resulted in a difference of \$227,000. The reduction to landing fee revenue consisted of \$1,107,000 net pension and OPEB expenses related to changes in differences between projected and actual earnings on plan investments. The remaining portion \$13,343,000 is the landing fee adjustment based on budgeted versus actual calculations, excluding the net pension and OPEB figure.

As a result of this activity, airline revenue, terminal and concourse rentals were netted together for scheduled airlines. Salaries, wages and employee benefits were also netted together.

The airline use agreements also provide an incentive for the City to provide the highest quality management for the airport system. There was no incentive compensation expense in 2024.

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.

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NOTE L – PASSENGER FACILITY CHARGES (Continued)

As of December 31, 2024, CLE had the authority from the FAA to collect approximately \$619,448,000. Of the \$619,448,000, an estimated 13.9% was spent on noise abatement for the residents of communities surrounding the airport. An additional 51.5% was spent on runway expansion and improvements with the remaining 34.6% was spent on airport development. PFC revenues and related interest earnings are recorded as non-operating revenues and non-capitalized expenses funded by PFC revenues are recorded as non-operating expenses.

NOTE M – MAJOR CUSTOMER

In 2024, operating revenues from one airline group for landing fees, rental and other charges amounted to approximately 37.4% of total operating revenue.

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

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

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

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

Furthermore, the Divisions do not have commitments under SBITA that have not commenced as of December 31, 2024.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2024**

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

As of December 31, 2024, the Divisions had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows:

	Total Principal	Total Interest	Total
	(Amounts in Thousands)		
2025	\$ 182	\$ 16	\$ 198
2026	158	10	168
2027	105	7	112
2028	73	4	77
2029	79	1	80
SBITA Liability:	<u>\$ 597</u>	<u>\$ 38</u>	<u>\$ 635</u>

The Divisions had SBITA assets in the amount of \$885,875 net of accumulated amortization of \$226,062, for a net SBITA asset of \$659,813.

NOTE O – RESTATEMENT OF AN ACCOUNTING PRINCIPLE

For 2024, the Division implemented GASB Statement No. 101, *Compensated Absences*. It established standards to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of GASB Statement No. 101 had the following effect on net position as reported December 31, 2023:

	Net Position December 31, 2023	Restatement	Restated Net Position December 31, 2023
	(Amounts in Thousands)		
Beginning net position: \$	457,811	\$ (1,139)	\$ 456,672

NOTE P – SUBSEQUENT EVENTS

On April 16, 2025, the City issued \$159,295,000 in Airport System Revenue Bonds. Funds were used for the purpose of refunding the outstanding Series 2016A revenue bonds and to purchase through a tender option a portion of the Series 2019A revenue bonds.

On May 1, 2025, the airports signatory airline partners approved \$301,000,000 of funding to support increased public parking capacity at the airport. Capacity will be increased by constructing a new 6,000 space parking garage on the site of the current Orange lot opening in 2029. This project will also include a new Ground Transportation Center and RTA station.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

REQUIRED SUPPLEMENTARY INFORMATION

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

	Divisions' Proportion of the Net Pension Liability/(Asset)	Divisions' Proportionate Share of the Net Pension Liability/(Asset)	Divisions' Covered Payroll	Divisions' Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Pension Liability/(Asset)
(Amounts in Thousands)					
Traditional:					
2015	0.158448 % \$	19,049 \$	19,825	96.09 %	86.45 %
2016	0.155342	27,073	19,800	136.73	81.08
2017	0.159244	34,594	21,125	163.76	77.25
2018	0.161047	24,436	21,508	113.61	84.66
2019	0.160720	43,538	23,029	189.06	74.70
2020	0.158846	30,925	23,393	132.20	82.17
2021	0.159982	23,087	23,936	96.45	86.88
2022	0.147917	12,869	23,450	54.88	96.62
2023	0.132607	39,172	21,671	180.76	75.74
2024	0.129039	33,783	22,064	153.11	79.01
Combined:					
2022	0.138746	(547)	23,450	(2.33)	(169.88)
2023	0.121178	(286)	21,671	(1.32)	137.14
2024	0.117375	(361)	22,064	(1.64)	144.55

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

Note to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following was the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020 and 2021. For 2022, the most significant changes of assumptions that affected the total pension liability since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumptions in 2023 and 2024.

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Divisions' Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2015	\$ 2,376	\$ (2,376)	\$ -	\$ 19,800	12.00 %
2016	2,535	(2,535)	-	21,125	12.00
2017	2,796	(2,796)	-	21,508	13.00
2018	3,224	(3,224)	-	23,029	14.00
2019	3,275	(3,275)	-	23,393	14.00
2020	3,351	(3,351)	-	23,936	14.00
2021	3,283	(3,283)	-	23,450	14.00
2022	3,034	(3,034)	-	21,671	14.00
2023	3,089	(3,089)	-	22,064	14.00
2024	3,320	(3,320)	-	23,714	14.00

(1) Represents Divisions' calendar year.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

**SCHEDULE OF THE DIVISIONS' PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1), (2)**

	Divisions' Proportion of the Net OPEB Liability/(Asset)	Divisions' Proportionate Share of the Net OPEB Liability/(Asset)	Divisions' Covered Payroll	Divisions' Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
	(Amounts in Thousands)				
2017	0.156424 % \$	15,800 \$	21,125	74.79 %	54.05 %
2018	0.158429	17,585	21,508	81.76	54.14
2019	0.158845	21,303	23,029	92.51	46.33
2020	0.156651	22,219	23,393	94.98	47.80
2021	0.157690	(2,809)	23,936	(11.74)	115.57
2022	0.145685	(4,563)	23,450	(19.46)	128.23
2023	0.130862	825	21,671	3.81	94.79
2024	0.127635	(1,152)	22,064	(5.22)	107.76

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

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

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%. In 2019, the single discount rate change from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.50% initial to 10.00% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset.

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

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

In 2024, the single discount rate changed from 5.22% to 5.70%. The municipal bond rate also changed from 4.05% to 3.77%.

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Divisions' Covered Payroll	Contributions as a Percentage of Covered Payroll
(Amounts in Thousands)					
2016	\$ 423	\$ (423)	\$ -	\$ 21,125	2.00 %
2017	215	(215)	-	21,508	1.00
2018	-	-	-	23,029	0.00
2019	-	-	-	23,393	0.00
2020	-	-	-	23,936	0.00
2021	-	-	-	23,450	0.00
2022	-	-	-	21,671	0.00
2023	-	-	-	22,064	0.00
2024	-	-	-	23,714	0.00

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

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

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

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**SCHEDULE OF AIRPORT REVENUES AND OPERATING EXPENSES
AS DEFINED IN THE AIRLINE USE AGREEMENTS**

For the Year Ended December 31, 2024

(Amounts in Thousands)

	Cleveland Hopkins International	Burke Lakefront	Total
REVENUE			
Airline revenue:			
Landing fees and terminal rentals	\$ 43,655	\$	\$ 43,655
Other	10,548		10,548
	<u>54,203</u>	<u>-</u>	<u>54,203</u>
Operating revenues from other sources:			
Concessions	70,366	600	70,966
Rentals	8,914	309	9,223
Landing fees	1,088	184	1,272
Other	6,636	275	6,911
	<u>87,004</u>	<u>1,368</u>	<u>88,372</u>
Non-operating revenue:			
Interest income	6,612		6,612
	<u>6,612</u>		<u>6,612</u>
TOTAL REVENUE	<u><u>\$ 147,819</u></u>	<u><u>\$ 1,368</u></u>	<u><u>\$ 149,187</u></u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	\$ 33,278	\$ 1,480	\$ 34,758
City Central Services, including police	13,419	457	13,876
Materials and supplies	8,760	284	9,044
Contractual services	36,232	497	36,729
	<u>36,232</u>	<u>497</u>	<u>36,729</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 91,689</u></u>	<u><u>\$ 2,718</u></u>	<u><u>\$ 94,407</u></u>

Note to Schedule:

The Divisions collected \$14,223,000 landing fee revenue and it was offset by a \$14,450,000 reduction to the scheduled airlines. This resulted in difference of \$227,000. The reduction to landing fee revenue consisted of \$1,107,000 net pension and OPEB expenses related to changes in assumptions. The remaining portion \$13,343,000 is the landing fee adjustment based on budgeted versus actual calculations, excluding the net OPEB figure.

As a result of the OPEB activity resulting in a net OPEB asset, airline revenue, terminal and concourse rentals were netted together for scheduled airlines. Salaries, wages and employee benefits were also netted together.

CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL AND BURKE LAKEFRONT AIRPORTS
SCHEDULE OF PASSENGER FACILITY REVENUE AND INTEREST
For The Year Ended December 31, 2024

	<u>PFC Revenues</u>	<u>Interest</u>	<u>Expenditures</u>	<u>Unliquidated PFC Revenue</u>
Cumulative Balances at January 1, 2024	\$ 550,723,155	\$ 34,054,266	\$ (560,367,787)	\$ 24,409,634
1st quarter activity 2024 activity	4,615,988	272,075	-	4,888,063
2nd quarter activity 2024 activity	5,349,327	273,373	-	5,622,700
3rd quarter activity 2024 activity	5,272,060	276,827	-	5,548,887
4th quarter activity 2024 activity	<u>4,536,110</u>	<u>305,278</u>	<u>-</u>	<u>4,841,388</u>
2024 totals	<u>19,773,485</u>	<u>1,127,553</u>	<u>-</u>	<u>20,901,038</u>
Cumulative Balances at December 31, 2024	<u>\$ 570,496,640</u>	<u>\$ 35,181,819</u>	<u>\$ (560,367,787)</u>	<u>\$ 45,310,672</u>

**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, 2024

Projects	Approved Project Budget	Cumulative Expenditures thru 2023	2024 1st Quarter Expenditures	2024 2nd Quarter Expenditures	2024 3rd Quarter Expenditures	2024 4th Quarter Expenditures	2024 YTD Expenditures	Cumulative Expenditures thru 2024
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 Analox 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
Analox 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 ILS	530,286	530,286	-	-	-	-	-	530,286
Runway 6L/23R	2,181,400	2,181,400	-	-	-	-	-	2,181,400
Runway 6R/24L Uncoupling	270,550,360	248,922,763	-	-	-	-	-	248,922,763
Runway 28 Safety Improvements	2,685,000	2,685,000	-	-	-	-	-	2,685,000
Midfield Deicing Pad	975,958	975,958	-	-	-	-	-	975,958
Taxiway M Improvements	40,755,499	40,755,499	-	-	-	-	-	40,755,499
Doan Brook Restoration	3,883,602	3,883,602	-	-	-	-	-	3,883,602
Deicing Environmental Upgrades	1,727,796	1,727,796	-	-	-	-	-	1,727,796
Main Terminal Roof Replacement	2,800,222	2,800,222	-	-	-	-	-	2,800,222
Roadway Expansion Joint Repair/Replacement	992,986	992,986	-	-	-	-	-	992,986
Airport-wide Flight Information Display System (FIDS)/Baggage Information Display System (BIDS) and Signage Replacement	1,985,973	1,985,973	-	-	-	-	-	1,985,973
Airport Master Plan Update	7,681,742	7,681,742	-	-	-	-	-	7,681,742
Runway 10/28- Runway Safety Area Improvements	4,170,543	4,170,543	-	-	-	-	-	4,170,543
South Cargo Ramp Rehabilitation	23,155,051	23,155,051	-	-	-	-	-	23,155,051
Taxiway N Rehabilitation	5,957,918	5,957,918	-	-	-	-	-	5,957,918
SIDA Security System Enhancements	8,738,280	8,738,280	-	-	-	-	-	8,738,280
Interactive Part 139 Airport Operations Training Program	1,985,973	1,985,973	-	-	-	-	-	1,985,973
Main Substation (MS1 & MS2) Redundant Electrical Power Feed & Emergency Generators	496,493	496,493	-	-	-	-	-	496,493
North Airfield Improvements Phase 2, Construction	8,261,646	8,261,646	-	-	-	-	-	8,261,646
North Airfield Improvements Phase 3, Construction	6,319,985	-	-	-	-	-	-	-
Cleveland Master Plan	4,977,313	-	-	-	-	-	-	-
Passenger Loading Bridge Replacement	8,656,990	-	-	-	-	-	-	-
PTC Administrative Costs	17,000,000	-	-	-	-	-	-	-
	147,415	-	-	-	-	-	-	-
Total	\$ 619,447,534	\$ 560,367,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,367,787

**CITY OF CLEVELAND, OHIO
DEPARTMENT OF PORT CONTROL
DIVISIONS OF CLEVELAND HOPKINS INTERNATIONAL
AND BURKE LAKEFRONT AIRPORTS**

**NOTES TO SCHEDULES OF REVENUE, INTEREST, AND EXPENDITURES OF PASSENGER
FACILITY CHARGES**

For the Year Ended December 31, 2024

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



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 14 CFR PART 158

City of Cleveland
Department of Port Control
Divisions of Cleveland Hopkins International
and Burke Lakefront Airports
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Justin M. Bibb, Mayor, Members of City Council and the Audit Committee and the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports:

Report on Compliance on the Passenger Facility Charge Program

Opinion on Passenger Facility Charge Program

We have audited the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports' (the Divisions') of the City of Cleveland compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, for the Passenger Facility Charge Program, for the year ended December 31, 2024.

In our opinion, the Department of Port Control, Divisions of Cleveland Hopkins International and Burke Lakefront Airports of the City of Cleveland complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge Program, for the year ended December 31, 2024.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guide. Our responsibilities under those standards and the Guide are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

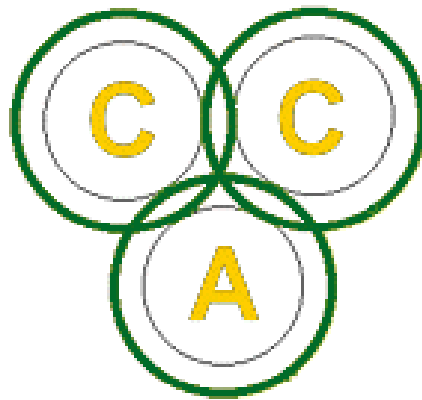
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2025

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, 2024

CITY OF CLEVELAND, OHIO

**CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Internal Service and Custodial Funds of the Department of Finance, Division of Taxation, Central Collection Agency of the City of Cleveland, Cuyahoga County, Ohio (the Agency), as of and for the year ended December 31, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department of Finance, Division of Taxation, Central Collection Agency of the City of Cleveland as of December 31, 2024, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Presentation

As discussed in Note A, the financial statements of the Department of Finance, Division of Taxation, Central Collection Agency of the City of Cleveland, are intended to present the financial position, the changes in financial position, and where applicable cash flows, of only that portion of the aggregate remaining fund information of the City of Cleveland that is attributable to the transactions of the Department of Finance, Division of Taxation, Central Collection Agency. They do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2024, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Supplementary information

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

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



Keith Faber
Auditor of State
Columbus, Ohio

June 26, 2025

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland’s (the City) Department of Finance, Division of Taxation, Central Collection Agency (the Agency), we offer readers of the Agency’s financial statements this narrative overview and analysis of the financial activities of the Agency for the year ended December 31, 2024. Please read this information in conjunction with the Agency’s financial statements and footnotes starting on page 14.

The Division of Taxation was created in 1966 by the enactment of the City of Cleveland’s Income Tax Ordinance providing the City’s Income Tax Administrator with the authority to enter into agreements with any other municipal corporation to administer income tax laws and to provide a central income tax collection facility. Initially, in 1966, the Agency provided service for 14 member communities. By 2024, the Agency was providing a full range of tax collection services for 62 member communities throughout 34 Ohio counties. The Agency employs an average of 100 individuals to process approximately 700,000 returns, estimated payments and tax assessments.

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources for the internal service fund of the Agency are \$5,702,059 and \$6,352,416 at December 31, 2024 and 2023, respectively. The Agency’s total assets and deferred outflows of resources decreased by \$650,357 in 2024.
- The charges for services are \$9,050,908 and \$9,457,258 at December 31, 2024 and 2023, respectively.
- The Agency’s total operating expenses were \$9,966,563 in 2024 and \$10,788,284 in 2023. In 2024, operating expenses consisted of \$6,155,185 for employee’s wages and benefits, \$1,945,486 for allocated charges and \$1,865,892 for other expenses.
- The Agency provides the opportunity for member municipalities to maximize efficiencies, minimize costs and capitalize from economies of scale. Pooling tax collections and investing at current market rates allows the operating expenses of the Agency to be reduced by interest income. The Agency’s member municipalities also benefit by the Agency printing, mailing and delivering large volumes of income tax information and forms in bulk to local community public buildings and their taxpayers. This information is also available on the Agency’s website – www.ccatax.ci.cleveland.oh.us.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency’s financial statements. The accompanying financial statements present financial information for the City of Cleveland’s Division of Taxation Fund, in which the City accounts for the operations of the Department of Finance, Division of Taxation. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

The notes to the financial statements and accompanying schedules provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements, required supplementary information, and supplementary information can be found on pages 21-47 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is condensed statement of net position information for the internal service of the Agency as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Assets:		
Cash and cash equivalents	\$ 2,907,298	\$ 2,199,238
Prepaid expenses	34,087	43,321
Capital assets, net of accumulated depreciation	18,192	45,681
Net pension asset	73,651	61,395
Net OPEB asset	235,153	
Total assets	<u>3,268,381</u>	<u>2,349,635</u>
Deferred outflows of resources	2,433,678	4,002,781
Liabilities:		
Accounts payable	112,614	172,867
Due to CCA custodial fund	1,811,772	1,062,518
Due to the City of Cleveland	42,528	94,824
Accrued wages and benefits - current	621,262	705,435
Accrued wages and benefits - long-term	371,401	252,596
Net pension liability	6,896,401	8,420,698
Net OPEB liability		177,371
Total liabilities	<u>9,855,978</u>	<u>10,886,309</u>
Deferred inflows of resources	535,417	526,222
Net Position:		
Investment in capital assets	18,192	45,681
Restricted for Net Pension and OPEB assets	308,804	61,395
Unrestricted	(5,016,332)	(5,167,191)
Total net position	<u>\$ (4,689,336)</u>	<u>\$ (5,060,115)</u>

**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 (Continued)

Assets: The Agency collects and disburses income tax receipts monthly, except for the Cities of Cleveland, Clayton, Montpelier, Riverside and Union that receive advances intermittently during the month; the remaining tax receipts balance is disbursed on the scheduled monthly distribution date. Assets primarily consist of cash on hand. The total assets and deferred outflows of resources were decreased by \$650,357 in 2024.

Capital Assets: The Agency’s net capital assets as of December 31, 2024 amounted to \$18,192. Capital assets include equipment and vehicles. A summary of the Agency’s capital assets during the year ended December 31, 2024 is as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
Furniture, fixtures, equipment and vehicles	\$ 420,330	\$	\$	\$ 420,330
Total	420,330			420,330
Less: Accumulated depreciation	(374,649)	(27,489)		(402,138)
Total net capital assets	<u>\$ 45,681</u>	<u>\$ (27,489)</u>	<u>\$ -</u>	<u>\$ 18,192</u>

Liabilities: Liabilities primarily consist of amounts due for pension funding responsibilities. During 2024, the net decrease in liabilities resulted from a significant decrease in net pension liability.

Net Pension/Other Postemployment Benefits (OPEB) Liabilities/(Assets): The net pension and net OPEB liabilities/(assets) are reported by the Agency at December 31, 2024 and are reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27*. In 2018, the Agency adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to OPEB. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Agency’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset, net OPEB asset and deferred outflows of resources related to pension and OPEB.

**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 (Continued)

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

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

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

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

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

**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 (Continued)

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

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

As a result of implementing GASB Statement No's 68 & 75, the Agency is reporting net pension liability/(asset) and net OPEB liability/(asset) and deferred inflows/outflows of resources related to pension and OPEB on the accrual basis of accounting.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Provided below are the statements of revenue, expenses and changes in net position for the internal service fund of the Agency for the years ended December 31, 2024 and 2023:

	Internal Service Fund	
	2024	2023
Operating Revenues		
Charges for services	\$ 9,050,908	\$ 9,457,258
Total operating revenues	9,050,908	9,457,258
Operating Expenses		
Salaries and wages and Employee benefits	6,155,185	6,502,766
Postage and office supplies	173,819	136,987
Allocation of City of Cleveland costs	1,945,486	2,082,069
Other administrative expenses	1,664,584	2,038,974
Depreciation	27,489	27,488
Total operating expense	9,966,563	10,788,284
Operating income (loss)	(915,655)	(1,331,026)
Non-operating Activity		
Interest income	1,496,955	1,217,787
Change in net position	581,300	(113,239)
Net position at beginning of year	(5,060,115)	(4,946,876)
Restatement for change in accounting principle	(210,521)	
Net position at beginning of year, as restated	(5,270,636)	(4,946,876)
Net position at end of year	\$ (4,689,336)	\$ (5,060,115)

**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 (Continued)

The information necessary to restate 2023 beginning balances and the related compensated absences expense amounts for the effects of the initial implementation of GASB Statement No. 101, *Compensated Absences*, is not reasonably available. Therefore, 2023 expenses are not adjusted from previously reported amounts and the accumulated effect of the restatement for the change in accounting principle totaling a negative \$210,521 is netted against the 2024 beginning net position.

Operating Revenues: In 2024, charges for services decreased by \$406,350. Charges for services are shared proportionately among all the members.

Operating Expenses: Salaries and wages and Employee benefits decreased by \$347,581 as a result of a large decrease in net pension expense. Other administrative expenses decreased by \$374,390 as a result of a decrease in professional services expense for ongoing enhancements to the CCA website and electronic filing services.

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

FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
December 31, 2024**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,907,298
Prepaid expenses	34,087
TOTAL CURRENT ASSETS	2,941,385

CAPITAL ASSETS:

Furniture, fixtures, equipment and vehicles	420,330
Less: Accumulated depreciation	(402,138)
CAPITAL ASSETS, NET	18,192

NONCURRENT ASSETS:

Net pension asset	73,651
Net OPEB asset	235,153
TOTAL NONCURRENT ASSETS	308,804

DEFERRED OUTFLOWS OF RESOURCES

Pension	2,218,905
OPEB	214,773
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,433,678

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

**STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
December 31, 2024**

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 112,614
Due to CCA custodial fund	1,811,772
Due to the City of Cleveland	42,528
Accrued wages and benefits	621,262
TOTAL CURRENT LIABILITIES	2,588,176

LONG-TERM LIABILITIES

Accrued wages and benefits	371,401
Net pension liability	6,896,401
TOTAL LONG-TERM LIABILITIES	7,267,802

DEFERRED INFLOWS OF RESOURCES

Pension	399,910
OPEB	135,507
TOTAL DEFERRED INFLOWS OF RESOURCES	535,417

NET POSITION

Investment in capital assets	18,192
Restricted for Net Pension and OPEB assets	308,804
Unrestricted	(5,016,332)
TOTAL NET POSITION	\$ (4,689,336)

See notes to financial statements.

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND**

For the Year Ended December 31, 2024

OPERATING REVENUES

Charges for services	\$ 9,050,908
TOTAL OPERATING REVENUES	9,050,908

OPERATING EXPENSES

Salaries and wages and Employee benefits	6,155,185
Postage and office supplies	173,819
Allocation of City of Cleveland costs	1,945,486
Other administrative expenses	1,664,584
Depreciation	27,489
TOTAL OPERATING EXPENSES	9,966,563

OPERATING INCOME (LOSS) (915,655)

NON-OPERATING ACTIVITY

Interest income	1,496,955

CHANGE IN NET POSITION 581,300

NET POSITION BEGINNING OF YEAR AS PREVIOUSLY REPORTED (5,060,115)

CHANGE IN ACCOUNTING PRINCIPLE (SEE NOTE L) (210,521)

RESTATED NET POSITION BEGINNING OF YEAR (5,270,636)

NET POSITION AT END OF YEAR \$ (4,689,336)

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, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from member municipalities	\$ 9,800,162
Cash payments to suppliers of goods and services	(3,896,438)
Cash payments for employee services and benefits	(6,692,619)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(788,895)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned on investments	1,496,955
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	1,496,955

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 708,060

Cash and cash equivalents at beginning of year 2,199,238

Cash and cash equivalents at end of year \$ 2,907,298

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

Operating income (loss)	\$ (915,655)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	27,489
Changes in assets:	
Prepaid expense	9,234
Net pension asset	(12,256)
Net OPEB asset	(235,153)
Changes in deferred outflows of resources:	
Pension	1,258,370
OPEB	310,733
Changes in liabilities:	
Accounts payable	(60,253)
Accrued wages and benefits	(175,889)
Net pension liability	(1,524,297)
Net OPEB liability	(177,371)
Due to other funds	(52,296)
Due to other governments	749,254
Changes in deferred inflows of resources:	
Pension	(61,722)
OPEB	70,917
Total adjustments	<u>126,760</u>

NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ (788,895)

See notes to financial statements.

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

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
December 31, 2024**

Assets

Cash and cash equivalents	\$ 10,229,307
Taxes receivable	101,046,547
Due from CCA internal service fund	1,811,772
Due from member municipalities	820,118
Total assets	<u>113,907,744</u>

Liabilities

Due to the City of Cleveland	\$ 88,649,224
Due to member municipalities	25,258,520
Total liabilities	<u>113,907,744</u>

Net Position

<u>\$ -</u>

See notes to financial statements.

CITY OF CLEVELAND, OHIO

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Central Collection Agency
Additions	
Income tax collected for other governments	\$ 658,969,229
Total additions	<u>658,969,229</u>
Deductions	
Payments of income tax to other governments	<u>658,969,229</u>
Total deductions	<u>658,969,229</u>
Change in net position	-
Net position, beginning of year	-
Net position, end of year	<u><u>\$ -</u></u>

See notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024**

NOTE A - DESCRIPTION OF OPERATIONS AND BASIS OF PRESENTATION

The Central Collection Agency, Division of Taxation, City of Cleveland, Ohio (the Agency) is reported as part of the City of Cleveland's primary government and was created for the purpose of collecting city income taxes and disbursing those funds to the respective member municipalities (members) after payment of related expenses. Allocations of tax collections to members are based upon information provided by the taxpayers on the returns and supporting data. Such allocations are subject to adjustments in the subsequent year, dependent upon final returns filed by taxpayers and final review by the Agency. Refunds for overpayments are offset against allocated collections as amounts are determined.

Basis of Presentation: The financial statements are presented in accordance with Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) which requires financial statements by fund type. These financial statements present a columnar total for all fund types included in the statement of assets and liabilities.

The following fund types are used by the Agency:

Proprietary Fund Type - Internal Service Fund: This fund is used to account for the services provided to members on a cost-reimbursement basis.

Fiduciary Fund Type - Custodial Fund: This fund is used to account for assets held by the Agency as an agent for others.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and financial reporting practices of the Agency comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In June of 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2023. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. As required, the Agency has implemented GASB Statement No. 100 as of December 31, 2024.

In June of 2022, GASB Statement No.101, *Compensated Absences*, was issued. This Statement is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As required, the Agency has implemented GASB Statement No. 101 as of December 31, 2024.

The Agency's net position is accounted for in the accompanying statement of net position and is divided into amounts in investment in capital assets, restricted and unrestricted. The negative unrestricted amount is primarily the unfunded net pension and OPEB liabilities/(assets) and will not be passed along to members of the Agency.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: All financial transactions of the Agency are reported on the accrual basis of accounting. Under this accounting method, assets and the related liabilities at the end of the year primarily consist of individual income taxes receivable arising from payroll tax withholdings in December and a receivable for quarterly and annual payments of income taxes pertaining to net profits, self-employment and residents' taxes earned in the prior years. Financial transactions for the internal service fund are reported on the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized as incurred.

For accounting purposes, the operations of the internal service fund are similar to a private-sector business enterprise. Accordingly, in accounting for the operating activities, the economic resources measurement focus is used.

Supplies: Supplies are expensed when purchased.

Statement of Cash Flows: The Agency utilizes the direct method of reporting for the statement of cash flows as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, for its internal service fund. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing and investing activities.

For purposes of this statement, cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased and all of the Agency's share of the City of Cleveland's pooled cash accounts.

Allocation of Expenses: The Agency allocates all operating expenses, net of interest income and changes to unfunded pension and OPEB liabilities/(assets), to members based upon the arithmetic mean of the percentage of each municipality's transactions to total transactions and the percentage of each municipality's revenue to total revenue.

Allocation of Interest Income: Excess funds are invested on a daily basis and interest income earned on such investments is allocated to members based on the percentage of each municipality's revenue to total revenue. The City of Cleveland receives collections of tax receipts in advance of the regular monthly distribution date and accordingly, interest income is allocated exclusively to the other members.

Investments: The Agency follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 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 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.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Agency has invested funds in STAR Ohio during 2024. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, for the purpose of measuring the value of shares in STAR Ohio. The Agency measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

Interfund Transactions: During the course of normal operations, the Agency has numerous transactions between other city divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost, or if contributed, at their acquisition value on the date contributed. Depreciation is computed by allocating the cost of capital assets less any applicable salvage value over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than \$5,000 for land, furniture, fixtures, equipment and vehicles and \$10,000 for all other assets. When capital assets are disposed, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Furniture, fixtures, equipment and vehicles	3 to 60 years

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

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: The Agency accrues for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 101, *Accounting for Compensated Absences*. These amounts are recorded as accrued wages and benefits in the accompanying statement of net position. Normally, all vacation time is to be taken in the year available. The Agency allows employees to carryover vacation time from one year to the next. Sick days not taken may be accumulated until retirement. An employee is paid one-third of accumulated sick leave upon retirement, calculated at the three-year average base salary rate, with the balance being forfeited.

NOTE C – LONG TERM LIABILITIES

Summary: Changes in long-term obligations for the Internal Service Fund for the year ended December 31, 2024 are as follows:

	Balance January 1,			Balance Due Within December 31,	
	2024	Increase	Decrease	2024	One Year
Accrued wages and benefits, restated	\$ 1,168,552	\$ 529,547	\$ (705,436)	\$ 992,663	\$ 621,262
Net pension liability	8,420,698		(1,524,297)	6,896,401	
Net OPEB liability	177,371		(177,371)	-	
Total	\$ 9,766,621	\$ 529,547	\$ (2,407,104)	\$ 7,889,064	\$ 621,262

NOTE D - DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Agency's deposits at December 31, 2024 totaled \$3,506,837 and the Agency's bank balances were \$4,311,797. 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*, \$4,311,797 of the bank balances at December 31, 2024, 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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE D - DEPOSITS AND INVESTMENTS (Continued)

the U.S. Treasury, agencies and instrumentalities; STAR Ohio; commercial paper; U.S. Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; and repurchase transactions. Such repurchase transactions must be purchased from financial institutions or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained.

Generally, investments are recorded in segregated accounts and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the Agency, apart from the assets of the depository institution. Ohio statute prohibits the use of reverse repurchase agreements.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Agency invests primarily in both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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

Credit Risk: The Agency's investments as of December 31, 2024 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's Investment Policy 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, 2024, 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:

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE D - DEPOSITS AND INVESTMENTS (Continued)

Type of Investment	2024 Fair Value	2024 Cost	Investment Maturities Less Than One Year
STAR Ohio	\$ 2,276,821	\$ 2,276,821	\$ 2,276,821
Money Market Mutual Funds	<u>7,352,947</u>	<u>7,352,947</u>	<u>7,352,947</u>
Total Investments	9,629,768	9,629,768	9,629,768
Total Deposits	<u>3,506,837</u>	<u>3,506,837</u>	<u>3,506,837</u>
Total Deposits and Investments	<u><u>\$ 13,136,605</u></u>	<u><u>\$ 13,136,605</u></u>	<u><u>\$ 13,136,605</u></u>

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, 2024, the investments in STAR Ohio and money market mutual funds are approximately 23.6% and 76.4% of the Agency's total investments.

NOTE E - CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the Internal Service Fund for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
Capital assets, being depreciated				
Furniture, fixtures, equipment and vehicles	\$ 420,330	\$	\$	\$ 420,330
Total capital assets, being depreciated	420,330			420,330
Less: Total accumulated depreciation	<u>(374,649)</u>	<u>(27,489)</u>		<u>(402,138)</u>
Total capital assets, being depreciated, net	45,681	(27,489)		18,192
Capital assets, net	<u><u>\$ 45,681</u></u>	<u><u>\$ (27,489)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,192</u></u>

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.

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NOTE F - DUE TO AND DUE FROM TRANSACTIONS (Continued)

Individual due to and due from and certain payable balances as of December 31, 2024 are as follows:

	Internal Service	Custodial	
	Fund	Fund	Total
Due from CCA internal service fund	\$	\$ 1,811,772	\$ 1,811,772
Due from member municipalities		820,118	820,118
Total Due From	\$ -	\$ 2,631,890	\$ 2,631,890
Due to CCA custodial fund	\$ 1,811,772	\$	\$ 1,811,772
Due to the City of Cleveland	42,528	88,649,224	88,691,752
Due to member municipalities		25,258,520	25,258,520
Total Due To	\$ 1,854,300	\$ 113,907,744	\$ 115,762,044

NOTE G - DEFINED BENEFIT PENSION PLANS

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State Statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State Statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability/(asset). Resulting adjustments to the net pension liability/(asset) would be effective when the changes are legally enforceable.

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

Ohio Public Employees Retirement System (OPERS): The Agency's employees participate in the OPERS. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Agency's employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

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

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

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

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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

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 2024, 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 Agency's contractually required contribution was \$677,677 for 2024. All required payments have been made.

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability/(asset) for OPERS was measured as of December 31, 2023 and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability/(asset) was based on the Agency's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional	Combined
Proportionate Share of the Net Pension Liability/(Asset)	\$ 6,896,401	\$ (73,651)
Proportion of the Net Pension Liability/(Asset)	0.026342%	0.023961%
Change in Proportion	(0.002164%)	(0.002088%)
Pension Expense	\$ 326,256	\$ 13,950

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined
Deferred Outflows of Resources		
Differences between expected and actual economic experience	\$ 112,716	\$ 2,985
Net difference between projected and actual earnings on pension plan investments	1,391,988	11,979
Changes in assumptions		2,733
Change in Agency's proportionate share and difference in employer contributions		18,827
Agency's contributions subsequent to the measurement date	656,718	20,959
Total Deferred Outflows of Resources	\$ 2,161,422	\$ 57,483
Deferred Inflows of Resources		
Differences between expected and actual economic experience	\$	\$ 7,285
Change in Agency's proportionate share and difference in employer contributions	391,324	1,301
Total Deferred Inflows of Resources	\$ 391,324	\$ 8,586

The \$677,677 reported as deferred outflows of resources related to pension resulting from the Agency's contributions subsequent to the measurement date which will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Year Ending December 31:	Traditional	Combined
2025	\$ 33,253	\$ 4,436
2026	390,053	5,947
2027	888,288	9,721
2028	(198,214)	1,066
2029		2,929
Thereafter		3,839
Total	<u>\$ 1,113,380</u>	<u>\$ 27,938</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2023
Wage Inflation	2.75%
Future Salary Increases, including wage inflation	
Traditional	2.75 to 10.75%
Combined	2.75 to 8.25%
COLA or Ad Hoc COLA	2.75%, simple
	Pre 1/7/2013 retirees: 3.00%, simple
	Post 1/7/2013 retirees: 2.30%, simple
	through 2024, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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

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

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board approved asset allocation policy for 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	2.85 %
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Agency's proportionate share of the net pension liability/(asset):			
Traditional Pension Plan	\$ 10,856,789	\$ 6,896,401	\$ 3,602,510
Combined Pension Plan	(44,567)	(73,651)	(96,562)

NOTE H – DEFINED BENEFIT OPEB PLANS

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

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

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

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Effective January 1, 2022 the Combined Plan is no longer available for member selection. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of OPEB as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0.0% and Combined Plan was 2.0% in 2024. 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

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NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0%.

For the year ended December 31, 2024, OPERS did not allocate any employer contributions to the OPEB plan.

OPEB Liability/(Asset), OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability/(asset) and total OPEB liability/(asset) for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Agency's proportion of the net OPEB liability/(asset) was based on the Agency's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (235,153)
Proportion of the Net OPEB Liability/(Asset)	0.026055%
Change in Proportionate Share	(0.002076%)
OPEB Expense	\$ (24,206)

At December 31, 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows:	
Net Difference between projected and actual earnings on OPEB plan investments	\$ 141,223
Change of assumptions	60,540
Change in Agency's proportionate share and difference in employer contributions	13,010
Total deferred outflows	\$ 214,773
Deferred inflows:	
Difference between expected and actual earnings on OPEB plan investments	\$ 33,469
Change in assumptions	101,085
Change in Agency's proportionate share and difference in employer contributions	953
Total deferred inflows	\$ 135,507

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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:

<u>Year Ending December 31:</u>	<u>OPERS</u>
2025	\$ 1,443
2026	15,579
2027	109,930
2028	<u>(47,686)</u>
Total	<u>\$ 79,266</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	2.75%
Projected Salary Increases, including wage inflation	2.75% to 10.75%
Single Discount Rate:	
Current Measurement Date	5.70%
Prior Measurement Date	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	3.77%
Prior Measurement Date	4.05%
Health Care Cost Trend Rate:	
Current Measurement Date	5.50%, initial 3.50%, ultimate in 2038
Prior Measurement Date	5.50%, initial 3.50%, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board approved asset allocation policy for 2023 and the long-term expected real rates of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	100.00 %	

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023.

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NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Discount Rate: A single discount rate of 5.70% was used to measure the total OPEB liability/(asset) on the measurement date of December 31, 2023. 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 3.77%. 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 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Agency's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Agency's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 5.70%, as well as what the Agency's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current	1% Increase
	(4.70%)	(5.70%)	(6.70%)
Agency's proportionate share of the net OPEB liability/(asset)	\$ 129,233	\$ (235,153)	\$ (536,995)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

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NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

	Current Health Care Cost Trend Rate		
	1% Decrease (2.50%)	Assumption (3.50%)	1% Increase (4.50%)
Agency's proportionate share of the net OPEB liability/(asset)	\$ (244,918)	\$ (235,153)	\$ (224,074)

NOTE I - RELATED PARTY TRANSACTIONS

The Agency is provided various services by the City of Cleveland. Charges are based on actual use or on a reasonable pro rata basis. These costs, as reported in the statement of revenues and expenses and changes in net position of the internal service fund for the year ended December 31, 2024 were as follows:

City Administration	\$ 1,000,000
Office Rent	428,271
Telephone	23,223
Utilities	192,182
Parking Facilities	1,320
Printing Services	289,280
Motor Vehicle Maintenance	11,210
Total	<u>\$ 1,945,486</u>

NOTE J - DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling \$820,118 at December 31, 2024 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.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE K - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

Risk Management: The Agency is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2024.

The City provides the choice of two separate health insurance plans to its employees. The Agency is charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio Worker's Compensation retrospective rating program.

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards.

Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims.

Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Agency is immaterial.

NOTE L – RESTATEMENT OF AN ACCOUNTING PRINCIPLE

For 2024, the Agency implemented GASB Statement No. 101, *Compensated Absences*. It established standards to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The implementation of GASB Statement No. 101 had the following effect on net position as reported December 31, 2023:

	Net Position		Restated Net Position	
	December 31, 2023	Restatement	December 31, 2023	
Beginning net position	\$ (5,060,115)	\$ (210,521)	\$ (5,270,636)	

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Agency's Proportion of the Net Pension Liability/(Asset)	Agency's Proportionate Share of the Net Pension Liability/(Asset)	Agency's Covered Payroll	Agency's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)
Traditional:					
2015	0.030085%	\$ 3,617,001	\$ 3,764,833	96.07%	86.45%
2016	0.033857	5,365,647	4,316,792	124.30	81.08
2017	0.032616	6,906,177	4,326,558	159.62	77.25
2018	0.033800	4,774,282	4,565,446	104.57	84.66
2019	0.036162	9,072,105	5,124,500	177.03	74.70
2020	0.035740	6,357,970	5,084,007	125.06	82.17
2021	0.031972	4,734,395	4,919,314	96.24	86.88
2022	0.032565	2,833,316	4,689,600	60.42	92.62
2023	0.028506	8,420,698	4,771,471	176.48	75.74
2024	0.026342	6,896,401	4,742,414	145.42	79.01
Combined:					
2021	0.030756	(88,782)	4,919,314	(1.80)	157.67
2022	0.030546	(120,354)	4,689,600	(2.57)	169.88
2023	0.026049	(61,395)	4,771,471	(1.29)	137.14
2024	0.023961	(73,651)	4,742,414	(1.55)	144.55

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

Notes to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following was the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following was the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020 and 2021. For 2022, the most significant changes of assumptions that affected the total pension liability/(asset) since the prior measurement date was the assumed rate of return and discount rate were reduced from 7.2% down to 6.9%. There were no changes in assumption for 2023 and 2024.

In 2021, the Agency presented the Combined Pension Plan separately. In prior years it was netted with the Traditional Pension Plan.

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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Agency's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 518,015	\$ (518,015)	\$ -	\$ 4,316,792	12.00 %
2016	519,187	(519,187)	-	4,326,558	12.00
2017	593,508	(593,508)	-	4,565,446	13.00
2018	717,430	(717,430)	-	5,124,500	14.00
2019	711,761	(711,761)	-	5,084,007	14.00
2020	688,704	(688,704)	-	4,919,314	14.00
2021	656,544	(656,544)	-	4,689,600	14.00
2022	668,006	(668,006)	-	4,771,471	14.00
2023	663,938	(663,938)	-	4,742,414	14.00
2024	677,677	(677,677)	-	4,840,550	14.00

(1) Represents Agency's calendar year.

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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

**SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1), (2)**

	Agency's Proportion of the Net OPEB Liability/(Asset)	Agency's Proportionate Share of the Net OPEB Liability/ (Asset)	Agency's Covered Payroll	Agency's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2017	0.032039 %	\$ 3,236,001	\$ 4,326,558	74.79 %	54.04 %
2018	0.033251	3,610,773	4,565,446	79.09	54.14
2019	0.033755	4,400,808	5,124,500	85.88	46.33
2020	0.033288	4,597,992	5,084,007	90.44	47.80
2021	0.031538	(561,876)	4,919,314	(11.42)	115.57
2022	0.032074	(1,004,605)	4,689,600	(21.42)	128.23
2023	0.028131	177,371	4,771,471	3.72	94.79
2024	0.026055	(235,153)	4,742,414	(4.96)	107.76

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

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

Notes to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035. Also in 2021, the net OPEB liability changed to a net OPEB asset.

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

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

In 2024, the single discount rate changed from 5.22% to 5.70%. The municipal bond rate also changed from 4.05% to 3.77%.

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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Agency's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 86,531	\$ (86,531)	\$ -	\$ 4,326,558	2.00 %
2017	45,654	(45,654)	-	4,565,446	1.00
2018	-	-	-	5,124,500	0.00
2019	-	-	-	5,084,007	0.00
2020	-	-	-	4,919,314	0.00
2021	5,252	(5,252)	-	4,689,600	0.00
2022	-	-	-	4,771,471	0.00
2023	-	-	-	4,742,414	0.00
2024	-	-	-	4,840,550	0.00

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

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

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

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**SCHEDULE OF CASH RECEIPTS AND DISTRIBUTION OF FUNDS
FOR YEAR ENDED DECEMBER 31, 2024**

Members	Balance Collected and Due Members January 1, 2024	Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses	Total Disbursements and Expenses	Balance Collected And Due Members December 31, 2024
AKRON	\$ 47.50	\$ 325.00	\$ 372.50	\$ 210.00	\$ 81.25	\$ 291.25	\$ 81.25
ALLIANCE	(2.50)		(2.50)				(2.50)
BURTON	83,395.94	834,567.78	917,963.72	826,306.75	14,176.00	840,482.75	77,480.97
CHILLICOTHE	(22.87)		(22.87)				(22.87)
CLAYTON	398,401.79	6,139,362.69	6,537,764.48	6,053,944.92	80,020.44	6,133,965.36	403,799.12
CLEVELAND	2,072,801.17	571,642,896.74	573,715,697.91	559,796,053.06	8,271,757.79	568,067,810.85	5,647,887.06
DALTON	56,016.45	920,200.89	976,217.34	887,927.34	12,626.35	900,553.69	75,663.65
DAYTON	(13.49)		(13.49)				(13.49)
EDON		428,361.22	428,361.22	392,448.24	5,341.09	397,789.33	30,571.89
ELIDA	68,001.37	631,933.77	699,935.14	630,600.00	13,817.57	644,417.57	55,517.57
ENGLEWOOD	(112.26)		(112.26)				(112.26)
GENEVA-ON-THE-LAKE	27,804.71	306,899.20	334,703.91	297,945.90	6,128.97	304,074.87	30,629.04
GERMANTOWN	257,135.26	2,427,413.27	2,684,548.53	2,451,758.23	40,582.05	2,492,340.28	192,208.25
GRAND RAPIDS	24,377.52	248,795.93	273,173.45	244,115.22	9,056.36	253,171.58	20,001.87
GRAND RIVER	26,114.71	396,175.41	422,290.12	342,475.52	3,588.66	346,064.18	76,225.94
HARTVILLE	(146.28)		(146.28)				(146.28)
HIGHLAND HILLS	249,151.02	3,478,926.85	3,728,077.87	3,397,508.08	14,928.83	3,412,436.91	315,640.96
LAKEWOOD	(3.00)		(3.00)				(3.00)
LINNDALE	7,094.41	54,600.79	61,695.20	55,785.20	798.00	56,583.20	5,112.00
LORAIN	(333.87)		(333.87)				(333.87)
MARBLE CLIFF	157,168.63	1,681,592.39	1,838,761.02	1,711,991.02	10,085.71	1,722,076.73	116,684.29
MENTOR-ON-THE-LAKE	167,290.18	1,747,988.75	1,915,278.93	1,712,026.32	28,271.85	1,740,298.17	174,980.76
MONTPELIER	152,187.34	2,260,969.93	2,413,157.27	2,280,447.27	21,078.63	2,301,525.90	111,631.37
MUNROE FALLS	218,304.92	2,449,552.98	2,667,857.90	2,395,376.93	33,521.34	2,428,898.27	238,959.63
NEW CARLISLE	200,877.64	2,108,350.43	2,309,228.07	2,076,803.84	35,671.15	2,112,474.99	196,753.08
NEW MADISON	18,212.45	200,676.37	218,888.82	202,088.82	4,308.25	206,397.07	12,491.75
NEW MIAMI	16,003.23	183,555.49	199,558.72	180,393.72	6,412.35	186,806.07	12,752.65
NEW PARIS	20,096.41	234,677.91	254,774.32	226,709.32	7,499.39	234,208.71	20,565.61
NORTH BALTIMORE	133,780.54	1,658,949.51	1,792,730.05	1,546,944.77	20,834.81	1,567,779.58	224,950.47
NORTH RANDALL	1,024,272.90	9,677,361.25	10,701,634.15	9,833,193.85	31,400.51	9,864,594.36	837,039.79
OBETZ	1,266,019.50	12,285,452.87	13,551,472.37	12,170,390.10	58,277.37	12,228,667.47	1,322,804.90
ORWELL	108,791.82	1,374,750.31	1,483,542.13	1,355,444.81	10,389.11	1,365,833.92	117,708.21
PAULDING	137,181.97	1,437,538.85	1,574,720.82	1,434,997.90	21,189.23	1,456,187.13	118,533.69
PHILLIPSBURG	8,017.05	94,598.89	102,615.94	91,050.94	3,396.99	94,447.93	8,168.01
PITTSBURG	4,898.64	100,237.14	105,135.78	94,035.78	2,573.72	96,609.50	8,526.28
PRAIRIE OBETZ	579,301.70	5,491,627.44	6,070,929.14	5,624,658.89	16,632.78	5,641,291.67	429,637.47
RIVERSIDE	764,034.60	9,863,623.66	10,627,658.26	10,043,913.83	100,254.23	10,144,168.06	483,490.20
ROCK CREEK	8,606.14	130,631.70	139,237.84	126,247.84	3,668.46	129,916.30	9,321.54
RUSSELLS POINT	32,282.50	387,744.44	420,026.94	376,001.94	9,062.57	385,064.51	34,962.43
SEVILLE	220,852.38	1,985,965.02	2,206,817.40	2,005,240.27	25,724.07	2,030,964.34	175,853.06
SHREVE	35,973.38	340,403.25	376,376.63	339,218.63	8,309.05	347,527.68	28,848.95
SOMERSET	12,279.21	513,761.90	526,041.11	486,073.11	7,477.81	493,550.92	32,490.19
SOUTH RUSSELL	261,598.73	2,702,679.13	2,964,277.86	2,666,453.38	34,843.77	2,701,297.15	262,980.71
SPRINGFIELD	(16.25)	300.00	283.75	195.00	75.00	270.00	13.75
STOW	(12.50)		(12.50)				(12.50)
TROTWOOD	(408.72)	472.03	63.31		118.01	118.01	(54.70)
TROY	(32.00)		(32.00)				(32.00)
UNION	248,793.56	4,621,558.06	4,870,351.62	4,543,840.40	38,848.73	4,582,689.13	287,662.49
VILLAGE OF OAKWOOD	11,197.33	157,882.01	169,079.34	145,511.27	3,416.97	148,928.24	20,151.10
WARREN	12.50	100.00	112.50	70.00	25.00	95.00	17.50
WAYNESFIELD	16,079.77	164,383.53	180,463.30	164,678.30	3,869.12	168,547.42	11,915.88
WEST MILTON	184,994.91	1,948,003.45	2,132,998.36	1,923,342.73	30,769.04	1,954,111.77	178,886.59
TOTALS	\$ 9,278,348.04	\$ 653,315,848.23	\$ 662,594,196.27	\$ 641,134,419.44	\$ 9,050,908.38	\$ 650,185,327.82	\$ 12,408,868.45

**CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION**

**SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE ENTIRE YEAR ENDED DECEMBER 31, 2024**

Members	Cost Allocation Percent	Interest Allocation Percent	Cost Allocation Before Interest Income	Interest Income of Municipalities (Excluding Cleveland)	Allocation of Net Operating Expenses
AKRON	0.000000%	0.000000%	\$ 81.25	\$	\$ 81.25
ALLIANCE	0.000000%	0.000000%			-
BURTON	0.484113%	1.820116%	41,422.32	27,246.32	14,176.00
CLAYTON	2.732714%	10.274161%	233,820.03	153,799.59	80,020.44
CLEVELAND	73.402070%	0.000000%	8,271,757.79	-	8,271,757.79
DALTON	0.431193%	1.621151%	36,894.25	24,267.90	12,626.35
EDON	0.182399%	0.685765%	15,606.68	10,265.59	5,341.09
ELIDA	0.471873%	1.774095%	40,374.98	26,557.41	13,817.57
GENEVA-ON-THE-LAKE	0.209306%	0.786924%	17,908.87	11,779.90	6,128.97
GERMANTOWN	1.385885%	5.210500%	118,580.90	77,998.85	40,582.05
GRAND RAPIDS	0.309277%	1.162785%	26,462.73	17,406.37	9,056.36
GRAND RIVER	0.122554%	0.460763%	10,486.08	6,897.42	3,588.66
HIGHLAND HILLS	0.509822%	1.916775%	43,622.09	28,693.26	14,928.83
LINNDALE	0.027252%	0.102459%	2,331.76	1,533.76	798.00
MARBLE CLIFF	0.344429%	1.294947%	29,470.48	19,384.77	10,085.71
MENTOR-ON-THE-LAKE	0.965489%	3.629942%	82,610.46	54,338.61	28,271.85
MONTPELIER	0.719839%	2.706374%	61,591.83	40,513.20	21,078.63
MUNROE FALLS	1.144761%	4.303947%	97,949.49	64,428.15	33,521.34
NEW CARLISLE	1.218177%	4.579969%	104,231.23	68,560.08	35,671.15
NEW MADISON	0.147127%	0.553154%	12,588.71	8,280.46	4,308.25
NEW MIAMI	0.218983%	0.823309%	18,736.91	12,324.56	6,412.35
NEW PARIS	0.256106%	0.962879%	21,913.26	14,413.87	7,499.39
NORTH BALTIMORE	0.711513%	2.675068%	60,879.38	40,044.57	20,834.81
NORTH RANDALL	1.072334%	4.031644%	91,752.41	60,351.90	31,400.51
OBETZ	1.990185%	7.482481%	170,286.76	112,009.39	58,277.37
ORWELL	0.354790%	1.333901%	30,357.01	19,967.90	10,389.11
PAULDING	0.723616%	2.720574%	61,915.00	40,725.77	21,189.23
PHILLIPSBURG	0.116008%	0.436153%	9,926.01	6,529.02	3,396.99
PITSBURG	0.087893%	0.330450%	7,520.41	4,946.69	2,573.72
PRAIRIE OBETZ JEDZ	0.568013%	2.135552%	48,601.04	31,968.26	16,632.78
RIVERSIDE	3.423702%	12.872062%	292,943.23	192,689.00	100,254.23
ROCK CREEK	0.125279%	0.471009%	10,719.25	7,050.79	3,668.46
RUSSELLS POINT	0.309488%	1.163581%	26,480.85	17,418.28	9,062.57
SEVILLE	0.878482%	3.302822%	75,165.83	49,441.76	25,724.07
SHREVE	0.283756%	1.066834%	24,279.08	15,970.03	8,309.05
SOMERSET	0.255369%	0.960108%	21,850.19	14,372.38	7,477.81
SOUTH RUSSELL	1.189922%	4.473738%	101,813.62	66,969.85	34,843.77
SPRINGFIELD	0.000000%	0.000000%	75.00		75.00
TROTWOOD	0.000000%	0.000000%	118.01		118.01
UNION	1.326692%	4.987952%	113,516.14	74,667.41	38,848.73
VILLAGE OF OAKWOOD	0.116690%	0.438719%	9,984.39	6,567.42	3,416.97
WARREN	0.000000%	0.000000%	25.00		25.00
WAYNESFIELD	0.132130%	0.496770%	11,305.57	7,436.45	3,869.12
WEST MILTON	1.050769%	3.950567%	89,907.26	59,138.22	30,769.04
TOTAL	100.000000%	100.000000%	\$ 10,547,863.54	\$ 1,496,955.16	\$ 9,050,908.38

**CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION**

**SCHEDULE OF INCOME TAXES RECEIVABLE
FOR YEAR ENDED DECEMBER 31, 2024**

AKRON	\$ 50.00
BURTON	202,178.07
CLAYTON	1,702,156.75
CLEVELAND	83,001,336.60
DALTON	380,159.05
EDON	36,183.46
ELIDA	201,157.66
GENEVA-ON-THE-LAKE	80,709.40
GERMANTOWN	673,094.33
GRAND RAPIDS	83,289.33
GRAND RIVER	69,075.32
HIGHLAND HILLS	343,157.89
LINNDALE	9,797.89
MARBLE CLIFF	331,579.45
MENTOR-ON-THE-LAKE	497,907.20
MONTPELIER	478,239.32
MUNROE FALLS	713,560.16
NEW CARLISLE	626,417.83
NEW MADISON	48,146.93
NEW MIAMI	68,789.94
NEW PARIS	99,875.27
NORTH BALTIMORE	427,350.45
NORTH RANDALL	1,274,639.20
OBETZ	2,180,667.21
ORWELL	219,710.73
PAULDING	360,802.63
PHILLIPSBURG	40,879.37
PITTSBURG	50,632.14
PRAIRIE OBETZ	480,054.36
RIVERSIDE	2,463,833.54
ROCK CREEK	36,493.05
RUSSELLS POINT	107,090.70
SEVILLE	584,112.35
SHREVE	102,905.17
SOMERSET	327,905.12
SOUTH RUSSELL	931,815.54
SPRINGFIELD	50.00
UNION	1,128,053.81
VILLAGE OF OAKWOOD	34,194.36
WARREN	50.00
WEST MILTON	648,445.58
TOTAL	<u>\$ 101,046,547.16</u>

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 7/15/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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