### CITY OF CLEVELAND, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2014

### CITY OF CLEVELAND



### Comprehensive Annual Financial Report

For the year ended December 31, 2014

Issued by the Department of Finance

Sharon Dumas Director

James E. Gentile, CPA City Controller This Page Intentionally Left Blank.

### CITY OF CLEVELAND, OHIO

### TABLE OF CONTENTS COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

Introductory Section
Transmittal Letter
City Officials
City Council
Certificate of Achievement for Excellence in Financial Reporting
Administrative Organization Chart
Financial Highlights
Financial Section
Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements:
Government-Wide Financial Statements:
Statement of Net Position
Statement of Activities
Fund Financial Statements:
Balance Sheet - Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities of Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) -
General Fund
Statement of Net Position - Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
Statement of Cash Flows - Proprietary Funds
Statement of Fiduciary Assets and Liabilities
Notes to Financial Statements
Supplementary Information:
Combining and Individual Fund Financial Statements and Schedules:
General Fund:
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis) - General Fund-Legal Appropriation Level
Nonmajor Governmental Funds:
Nonmajor Governmental Funds
Combining Balance Sheet - Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor
Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and
Actual (Non-GAAP Budgetary Basis) - Budgeted Special Revenue Funds - Legal
Appropriation Level
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and
Actual (Non-GAAP Budgetary Basis) - Budgeted Debt Service Funds - Legal
Appropriation Level

**Page** 

# INTRODUCTORY SECTION

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June 24, 2015

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

### Introduction

We are pleased to submit the Comprehensive Annual Financial Report of the City of Cleveland (the City) for the year ended December 31, 2014. 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 2014 activities. Our intention is to provide a clear, comprehensive and materially accurate overview of the City's financial position at the close of last year. The enclosed information has been designed to allow the reader to gain an understanding of the City's finances, including financial trends, financial instruments and fund performances. The City has complete responsibility for all information contained in this report.

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

The City's financial statements have been audited by Clark, Schaefer, Hackett & Co. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Clark, Schaefer, Hackett & Co. concluded, based upon its audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended December 31, 2014, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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

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

### Structure of this Comprehensive Annual Financial Report

This Comprehensive Annual Financial Report (CAFR) is designed to assist the reader in understanding the City's finances. This CAFR consists of the following sections:

- The Introductory Section, which includes this letter of transmittal and contains information pertinent to the City's management and organization.
- The Financial Section contains the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements 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 2005 through 2014.

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

### **Profile of the Government**

The City

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

The City is included in the Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lake, Lorain, Geauga and Medina counties. This MSA is the 29<sup>th</sup> largest of 381 Metropolitan Areas in the United States and the second largest Metropolitan Area in the State of Ohio.

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

### City Government

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

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

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

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

### Financial Reporting Entity

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

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

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

### Internal Control

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

As a recipient of federal, state and county financial assistance, the City is also responsible for maintaining a rigorous internal control structure that ensures full compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management, external auditors and the internal audit staff of the City. The City is required to undergo an annual audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-profit Organizations*. The information related to the Single Audit, including the schedule of federal awards expenditures, findings and recommendations and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report.

### Accounting and Financial Reporting

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

Except for budgetary purposes, the basis of accounting used by the City conforms to GAAP as applicable to governmental units. All governmental funds are accounted for using a current financial resources (current assets, current liabilities and deferred inflows) 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, liabilities and deferred inflows). The accrual basis of accounting (revenues are recognized when earned and expenses when incurred) is utilized for the Enterprise and Internal Service Funds.

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

In June of 2012, Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25 was issued. This Statement is effective for fiscal periods beginning after June 15, 2013. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and GASB Statement No. 50 – An Amendment of GASB Statements No. 25 and No. 27 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The City has determined that GASB Statement No. 67 has no impact on its financial statements as of December 31, 2014.

In January of 2013, Governmental Accounting Standards Board (GASB) Statement No. 69, Government Combinations and Disposals of Government Operations was issued. This Statement is effective for fiscal periods beginning after December 15, 2013. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The City has determined that GASB Statement No. 69 has no impact on its financial statements as of December 31, 2014.

In April of 2013, Governmental Accounting Standards Board (GASB) Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees was issued. This Statement is effective for fiscal periods beginning after June 15, 2013. The objective of this Statement was to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The City has determined that GASB Statement No. 70 has no impact on its financial statements as of December 31, 2014.

### **Budgeting Procedures**

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is shown on page 61 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 118.

### **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.

Cleveland'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. Cleveland 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

Cleveland, 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, Cleveland has tried to combat the declining industry base with more professional and service industry opportunities. The City's budget basis income tax collections decreased 1.2% in 2014.

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

The 2007 economic census indicates that Cleveland's employment base continues to become more diversified. The following table summarizes the percentage of Clevelanders employed by industry type based on 2007 census figures.

<u>Industry</u>	Percent of <u>Workforce</u>
Utilities	0.39 %
Administration and Support of Waste Management and Remediation Services	8.40
Manufacturing	16.77
Wholesale Trade	6.54
Retail Trade	12.60
Transportation and Warehousing	3.28
Information	2.42
Finance, Insurance and Real Estate	9.57
Professional, Scientific Management	6.09
Education, Health, Social Services	19.43
Arts, Entertainment, Recreation	1.62
Accomodation and Food Services	9.47
Other Services	3.42
Total	100.00 %

### Current Projects and 2014 Accomplishments

The 2014 budget focused on continuing the City's commitment to improve the quality of life of its citizens by strengthening our neighborhoods, fostering a favorable business climate and providing superior services.

Despite fiscal constraints and economic challenges, the City achieved the following 2014 programmatic goals and projects without an income or property tax increase:

### Department of Community Development

- The Department continued implementing neighborhood strategies to alleviate blight and promote recovery from the economic downturn by making or supporting investments in demolition, housing renovation, home repair and land reutilization. All approaches are consistent with the City-wide plan to deploy sustainable and "green" principles.
- All housing projects that receive City financial assistance including tax abatement are required to meet the City's Green Building Standards. The City's Green Building Standards incorporate National standards such as Leadership in Energy & Environmental Design (LEED) and Enterprise Community Partners' Green Community Standards.
- Completed an assessment of the Energy Savers pilot program. The assessment demonstrated quantitative savings that homeowners could achieve for specific energy improvement measures and enabled homeowners to calculate a return on investment.
- A shift in focus, from new construction to renovation, undertaken by Habitat for Humanity was successful. Habitat for Humanity completed 10 of the 17 homes in its expanded project focused in 2 neighborhoods.
- Several noteworthy multifamily projects were completed in 2014, including Kingsbury Tower, the renovation of a 126-unit apartment building for low income families; Magnolia On Detroit, the renovation of a 84-unit low income apartment complex; and Morningstar Tower, the renovation of a 200-unit senior apartment building.

- Construction started on several projects that promoted strategic citywide or neighborhood objectives, including Templin Bradley, a 30-unit, mixed income apartment project; Innova, a 177-unit, market rate apartment project in the 38-acre redevelopment planning area; and New Community Place, a 147-unit apartment complex for lowincome persons.
- To prepare for and encourage a rebound in the housing market, the City operates a land bank and strategically assembles land. Several sites across the City are, or have been, assembled for re-development when the market is ready. One of those sites, Trailside at Morgana Run, is constructing a 72-unit housing project. The first ten units are completed and 4 of them have been sold.
- The City has increased the amount of vacant urban land repositioned into productive community gardens and
  urban farms, reflecting our priority for making our neighborhoods more sustainable and healthy. To better
  partner with the expanding urban agriculture community the City reformed its policies and increased its efforts
  and investment in land reuse, with an emphasis on urban agriculture projects. An innovative recent project
  created a bio-cellar to grow crops such as mushrooms year-round in the foundation of a partially demolished
  house.

### Department of Building and Housing

- Since January 2006, the Department has inspected, condemned and razed over 7,875 structures, of which 217 were demolished in 2014.
- Initiated 1,540 court cases against negligent property owners.
- Issued 4,320 violation notices.
- Issued 14,002 construction permits valued at \$952 millon in new construction.
- Boarded-up and secured 3,580 vacant structures.
- Issued 1,019 condemnation notices.

### Department of Economic Development

- The City, in partnership with OneCommunity, applied for and was awarded a U.S. Economic Development Administration grant in the amount of \$714,860. The grant will be used to facilitate the construction of the first commercially available 100 gigabit fiber network in the nation. Upon completion in mid-2015, the project is destined to become the new "Gold Standard" for broadband connectivity.
- Awarded a \$70,000 Vacant Property Initiative (VPI) loan for tenant improvements at 6555 Carnegie Avenue. The funds will be used to help in the installation of a humidity control system required for production of nanofibers. MemPro Materials Corporation, the tenant, relocated from Colorado and is expected to grow by 20 employees over the next 5 years with an average salary of \$70,000.
- The City, in cooperation with the Port Authority, Cleveland Development Advisors, the State of Ohio and Cuyahoga County, provided incentives to retain Applied Industrial Technologies. The company, a leading industrial distributor, was considering relocating out of state due to an unfavorable lease with the Port Authority. The headquarters facility, located at 3201 Euclid Avenue, employs over 300 people, with a \$52 million payroll and annual payroll taxes to the City of \$1,040,000.
- Owens & Minor is a Fortune 500 medical distribution and warehousing company that recently extended its contract with University Hospitals. As part of the extension, the company relocated its warehouse operations to a new facility constructed on South Marginal road. The property consisted of fill and required environmental and geotechnical remediation. In addition to selling the property, the City provided an Enterprise Zone tax abatement and a VPI loan. The \$6 million project brought over 30 new jobs to Cleveland.
- Under the VPI program, the City provided a forgivable loan of \$180,000 to Care Alliance to construct a new, two-story, 30,000 square foot medical facility located at 2916 Central Avenue at a cost of \$9.8 million. As a Federally Qualified Health Center, Care Alliance is a nonprofit community health center that serves low-income residents within the City. The company will create 30 full-time jobs.

### Department of Public Health (CDPH)

- Administered 2,567 seasonal influenza vaccinations at the City's health centers; a significant increase over the 2013 flu season due to an aggressive flu shot campaign.
- Extended reproductive health clinic service hours to include weekends.
- Purchased electronic computer kiosks to improve efficiency of the patient registration process at the City's health centers, providing faster patient intake services.
- Conducted 3,801 HIV tests, 3,658 syphilis tests, 4,301 chlamydia and 4,400 gonorrhea tests through City health center services.
- The Department provided over 201,000 condoms through departmental and partner events.
- Awarded Level 3 Healthy Start funding of \$2 million per year for the next five years (2014-2019). MOMSFirst
  was one of eighteen sites nationally awarded.
- Set a national standard for effectively tracing and monitoring Ebola cases in a joint effort with Cuyahoga County.
   The Ebola incident helped to re-engage stakeholders and cooperation among agencies and was thorough and well organized.
- Provided disease surveillance consisting of the following: contact tracing and monitoring was conducted and consisted of exposure risk assessments, survey administration, active symptom monitoring, health education and coordination of healthcare access. A total of 24 direct contacts and 1 international traveler have been monitored to date. No contacts became symptomatic.
- In 2014 the Department of Public Health established the Healthy Cleveland Initiative. Through City and community collaboration we were able to better align with our partnering health initiatives such as HIP-C and begin launching large scale initiatives such as #waterfirstforthirst.
- Received funding by the Sudden Infant Death Syndrome (SIDS) Network of Ohio to host Infant Safe Sleep workshops in high infant mortality rate neighborhoods.
- Selected by the National League of Cities to participate in the Learning Collaborative on Health Disparities.
- Achieved continued success in investigation and case management strategies focusing on helping children who may have already been poisoned by lead. Using the standard of >10 microgram per deciliter, the lead poisoning rate in Cleveland is 3.3%.
- Performed 17,117 proactive nuisance inspections by utilizing previous years' data to target problematic areas of the City. As a result, nuisance complaints have decreased more than 14% from the previous year.
- Conducted 18 food safety-training workshops to new food service operators. The State mandates that new food shop operators take a level one food safety training course prior to operating to reduce the incident of food borne illness. Inspectors who have been certified to teach the state-approved course conduct the classes.
- Inspected 7,187 food service operations, mobile operations, retail food establishments, temporary food establishments, and vending food service equipment.
- The Division of Air Quality surpassed their annual goal for issuing City Air Contaminant Source permits. As a result, the division's revenue (predominantly from City Air Permit fees) achieved its 2014 calendar year goal of \$155,000.
- Air Quality Enforcement Section personnel processed a total of 3,435 asbestos National Emission Standards for Hazardous Air Pollutants (NESHAP) notifications, which consisted of 1,361 original and 2,074 revised notifications.

- The Monitoring Section of the Division of Air Quality brought a new air monitoring site on line as part of a new U.S. Environmental Protection Agency (EPA) program for Near Road Monitoring. The Division received (and fully expended) a grant of \$200,000 for this purpose. A location on Ohio Department of Transportation property in Warrensville Heights that meets all of U.S. EPA's site criteria was selected. The monitoring station became fully operational in the second half of 2014.
- The Forward Looking Infrared (FLIR) camera that the Division of Air Quality obtained in 2013 was successfully utilized in 2014. In addition to enhancing their own internal capabilities, on several occasions the Division's Environmental Specialists accompanied personnel from Ohio EPA's Northeast District Office to support their facility inspections. The FLIR equipment produced video documentation of volatile organic emissions that otherwise would have gone undetected.

### Department of Aging

- Provided core services to 5,631 clients including senior citizens and adults with disabilities.
- Secured approximately \$600,000 of external grants.
- The Annual Senior Day Program held in May 2014 attracted more than 2,000 senior citizens. The Annual Cleveland Senior Walk, held in September had over 900 participants. The Annual Disability Awareness Day luncheon held in October included over 200 participants.
- Provided the following services: 3,279 clients received supportive services; 75 received help with a major home repair; 620 received grass cutting services; 260 received help with indoor chores; 607 received help with leaf raking; 710 with snow removal; 285 clients received a daily call through the automated telephone reassurance program to check on their well-being; 188 received assistance to prevent homelessness; through the Senior Transportation Connection 25,494 trips were provided for Cleveland seniors; 215 clients received help through the Economic Security Project; 1,384 clients received a benefits checkup; 293 clients received long-term support counseling; and the Department handled 901 information and assistance contacts for Cleveland residents in 2014.

### The Office of Equal Opportunity (OEO)

- Under Codified Ordinance No. 188, OEO penalizes contractors that fail to meet the Resident Employment Law. Since 2009, over \$298,000 in penalties have been collected for non-compliance with Codified Ordinance No. 188.
- Under Codified Ordinance No. 123.08, OEO is the Citywide Prevailing Wage Coordinator. Since 2011, OEO has established itself as a convener and facilitator of standardized policies and procedures related to prevailing wage. This model of Prevailing Wage Coordinators informally reporting to the Director of OEO to ensure standardization in practices, policies and procedures has been deemed effective. In addition, the implementation of Labor Compliance Tracker (LCP) software has enhanced standardization and effectiveness through technology. As such OEO, through the Director, will continue the role of Convener and Facilitator.
- As a result of the Disparity Study (Conducted by National Employment Rights Authority), completed in December 2012, OEO continues to work interdepartmentally with the Division of Purchasing and the Department of Law to implement recommendations from the Disparity Study.
- OEO is in the third year of implementation of Business to Government Now (B2GNow) & LCP, OEO's real-time compliance software that went live in January 2013. Adoption of this technology meets the Mayoral goal of "efficiency through technology".
- In 2014, OEO continued to provide technical assistance to both internal and external customers: contractors, subcontractors and City of Cleveland contracting departments as a matter of *customer service*, a Mayoral goal, and in an effort to implement seamless Go Live implementation of B2GNow & LCPTracker.
- In 2014, OEO monitored over 100 construction contracts exceeding \$100,000 each to ensure compliance with the Cleveland Resident Employment Law (Fannie M. Lewis Law) requiring that at least 20% construction worker hours are City of Cleveland residents.

### Department of Public Works

- The Division of Recreation served over 161,744 nutritious after school and summer meals during 2014.
- The Division of Park Maintenance serviced 56,684 vacant properties in 2014.
- The Division of Motor Vehicle Maintenance purchased 180 new vehicles. Included in the total are 8 waste packers, 1 fire pumper and 80 police vehicles.
- The Division of Park Maintenance, Urban Forestry section, trimmed 1,122 trees, removed 1,050 trees and planted 262 new trees.
- The Division of Waste Collection collected and disposed of 209,410 tons of debris and recycled 17,900 tons of materials. They expanded the automated waste collection and curbside recycling program to 25,000 additional households, bringing the citywide total to 120,000.
- The Division of Parking installed smart meters on West 6<sup>th</sup> Street. These meters give customers the flexibility of paying with credit or cash. The meters also provide alerts to the Division of Parking staff whenever a meter maintenance/repair issue arises so meters are pro-actively maintained.
- The Division of Streets resurfaced 183,876 square yards of curb-to-curb projects and 60,624 square yards of spot resurfacing. The Division also performed crack-sealing on 124 miles of roadway to extend each road's useful life.
- The Division of Traffic Engineering painted over 640 miles of lane lines and replaced over 3,364 traffic light bulbs.

### Department of Public Safety

- The City of Cleveland continued its efforts to expand its wireless video surveillance initiative CS3 Cleveland Shared Security Surveillance in 2014. The Department of Public Safety added 13 surveillance cameras bringing the Citywide total to 114 cameras. Cameras were added in Cleveland City Council Wards 1, 6 and 11. Additional infrastructure protection cameras were added around City Hall and the Public Auditorium. Five of the 13 surveillance cameras were donated by the Ohio Department of Transportation Innerbelt Bridge project. This is part of the City's Public/Private partnership which allows entities to purchase and donate video surveillance cameras as part of the wireless video network.
- The 800 MHz communication system allows the City to expand interoperability with our community partners across Cuyahoga County. To date these community partners include: Berea, Brook Park, Middleburg Heights, North Olmsted, North Royalton, Olmsted Township, Parma Heights, Strongsville, Brooklyn, Garfield Heights, Bedford Heights, Warrensville Heights, East Cleveland, Cuyahoga County Sheriff's Office, and the Cuyahoga Metropolitan Housing Authority. The system also provides regional interoperability "talkgroups/channels" that have been programmed into all capable radios across the county that can be accessed for pre-planned and emergency events. The ability to communicate across jurisdictions is paramount to our strong regional partnerships.
- In October of 2014 the Cleveland Division of Police contracted with TASER International for the purchase of wearable body cameras for police officers. The cameras will be worn by on-duty police officers who work in the various Police Districts. These cameras will hold the officers and citizens more accountable and allow the Division of Police to be more transparent.
- In 2014 the City of Cleveland was awarded the honor of hosting the 2016 Republican National Convention (RNC). The Department of Public Safety has started working towards planning, needs assessments, coordination of law enforcement and security efforts, and training for the RNC.
- In the summer of 2014 the City of Cleveland hosted the Gay Games for the first time. The Department of Public Safety along with other regional partners made this a safe and successful sporting event for all that participated and attended.

- In November of 2013, the Department of Public Safety broke ground on the new Division of Police Third District Headquarters. This state-of-the-art facility is scheduled to be completed in the second quarter of 2015 and will house the new Public Safety Communication Operations.
- In the spring of 2015, the Department of Public Safety will break ground for a new Division of Fire and Emergency Medical Service (EMS) facility that will replace outdated Fire Station 36.
- The Division of Fire's Public Education (PE) Unit provides a key service in the reduction of the risk of fire incidence through public education and prevention efforts. In collaboration with the Red Cross Association, which provides the Smoke Alarms, 150,000 smoke alarms have been installed in Cleveland residents' homes by Cleveland Firefighters since this program began in 1992. In addition, the PE unit has presented hundreds of fire safety presentations to all ages, seniors, children and adults. These are educational tools used to reduce risk and to save lives. The PE unit has also increased its presence at the city schools.
- The Division of EMS had another record breaking year for emergency medical calls. The division received 109,045 calls for service and transported 71,128 patients to area hospitals. In addition, the arrival of Ebola to Northeast Ohio created an opportunity for the nation to see the quality pre-hospital safety net that the Division of EMS provides for the community on a daily basis. The leadership the Division exhibited in the training, education, preparedness and response was exceptional; time after time, national, state and local officials were impressed with the responsiveness and professionalism. The City of Cleveland and the Division of EMS became a national model for the pre-hospital management of prevailing infectious diseases.
- A site for the new kennel for the Division of Animal Care and Control has been approved. The Department of
  Public Safety has engaged community stakeholders in the design of the new facility. Work began in the third
  quarter of 2014. We continue to work with our regional partners to develop a regional approach to animal care
  and control.
- The City of Cleveland and Cuyahoga County continue to negotiate the transfer of the operations of the City's Division of Correction to the Cuyahoga County Sheriff's Department. The Cuyahoga County Sheriff would assume the duties of booking, housing, transporting and other related services for City prisoners. This is another example of the Department of Public Safety's commitment to working with regional partners in an effort to enhance service delivery to the community, increase operational efficiencies, and implement processes that are fiscally responsible.

### Department of Public Utilities

- The Division of Water services not only the City, but also sixty-eight direct service communities, eight master meter communities, and three emergency standby communities. They provide water to approximately 418,381 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.
- The Division of Cleveland Public Power (CPP) provided 73,000 residential and business customers in the City of Cleveland with reliable and affordable power. In 2014, CPP continued work on the Lake Road Project, which includes the construction of a duct line and feeder cables to the 11th Street Substation.
- The Division of Water Pollution Control maintains the local sanitary sewer and storm water collection system within the City of Cleveland. The system is comprised of 1,434 miles of sewer lines, more than 42,000 storm drains and 15 pump stations. In 2014, the Division's sewers transported 1,824,168 Mcf's (thousand cubic feet) of water.

### Department of Port Control

- <u>Terminal Terrazzo Flooring Project</u>: The first phase of the Cleveland Hopkins International Airport (CLE) terrazzo floor and artwork installation project began in January 2011 and was completed in August 2014. The project consisted of removing old flooring and carpet to replace them with terrazzo starting at security checkpoint C, continuing up Concourse C, then proceeding to Concourses A and B. Also, as part of the terrazzo flooring project, artwork selected from an airport artist competition was installed into select floor locations.
- Regional Transit Authority (RTA) Level Art Gallery Project: Construction for this project commenced at the end of 2011 and involved the transformation of the CLE RTA level interior from a standard passageway into a formal art gallery. The effort included replacement of all flooring, walls, stair treads, and columns to allow wall and floor artwork to be shown. The space holds cultural exhibits/performances. Also being planned for the art gallery is a formal dedication display to former Congresswoman Stephanie Tubbs Jones. Phase I of the project was substantially completed in April 2012 and Phase II was complete in October 2014.
- The Parking Redevelopment Project, Phase I: Consisted of the demolition of the long-term garage and replaced it with a 1,000 space surface parking lot. The demolition and parking lot were completed in 2013. The project also improved several of the existing peripheral lots and included the installation of "smart parking" technology which increased the efficiency of the existing short-term garage usage. The Smart Parking installation was also completed in 2013 and in 2014 a parking management building and access structure was constructed. All major aspects of the project are substantially complete.
- <u>Power Distribution Enhancement Project, Phase I</u>: The Airport has experienced significant power outages on several occasions over the years. Consequently, a project was developed to permit the airport to function effectively and to provide an adequate level of operations, safety and security in the event of another power outage. Phase I involved the purchase and installation of four (4) generators in November 2011. Phase IIA consisted of upgrading existing electrical vaults to increase the areas served by emergency generators. The project design began in late 2012 and construction was substantially completed in 2013. Phase IIB calls for a redundant feeder system that will allow power to be supplied to the Terminal uninterrupted from either substation. Design for the project began in 2013 and construction is expected to be complete in 2015.
- <u>CLE Terminal Exterior Façade/Ticketing Lobby Project</u>: This project includes the modernization and upgrade of the exterior façade on the passenger terminal building for the upper and lower levels. Construction is expected to commence in April 2015 with substantial completion scheduled for May 2016.
- South Cargo Ramp Rehabilitation and Taxiway November (N) Reconstruction: The South Cargo Ramp is south of Taxiway J between Cargo and Postal Roads. Portions built in 1975 along the Cargo Road Hangars are in need of major reconstruction. Taxiway N construction dates back to 1990 and has pavement in major distress. This taxiway is in need of full-depth replacement. Repairs to the construction haul roads and other areas were complete in October 2014. This project is substantially complete and in the close-out phase.

### Department of Law

- Drafted approximately 603 contracts and reviewed over 860 contracts for legal form and correctness.
- Prepared 463 pieces of legislation for introduction to City Council.
- Obtained 489 search warrants for Housing Court enforcement actions and helped Building and Housing obtain legal authorization for more than 802 demolitions of unsafe structures in the City.
- Responded to 2,908 citizen requests for non-routine public records.
- Processed 1,616 claims for property damage and other losses.
- Initiated 1,536 criminal prosecutions in Housing Court for Health and Safety Code violations to ensure that property owners adequately maintain their properties. Successfully prosecuted civil nuisance abatement actions for numerous properties across the City.

### Office of Capital Projects

- Continued to meet with the Complete and Green task force to plan and implement complete and green streetscape projects.
  - ♦ Completed Design and Construction: Waterloo (East 152nd to East 162nd Street) and Larchmere (MLK to North Moreland); Streetscapes Improvements included trees, landscaping and pedestrian bump outs within the project limits. The scope of work included the installation of public art, new lighting and traffic signalization as part of the road improvements to create a safer, more pedestrian friendly roadway footprint.
  - ♦ Installed 583 Americans with Disability Act (ADA) ramps in conjunction with the City's resurfacing program.
- Further the City's neighborhood revitalization efforts through the implementation, construction, and/or rehabilitation of City facilities and infrastructure in accordance with the Mayor's Capital Improvement Plan.
  - ♦ Completed design and bidding of the Woodland Cemetery Gatehouse Reconstruction.
  - ♦ Completed construction of: Historic League Park and Fannie M. Lewis Memorial Community Park; Erie Street and Monroe Street Cemetery Structure Improvements; Loew Park Improvements; JoAnn Park Site Improvements; Treadway Creek Trail Improvements; Public Auditorium; West Side Market Phases 2,3 and 4; and McCafferty Health Center HVAC Improvements.
- Plan, design, manage, and construct street and bridge capital improvement projects and develop funding strategies through the pursuit of grants and loans from various sources.
  - ♦ Completed construction of: 2013 sidewalk assessment (West 10<sup>th</sup>, West 114<sup>th</sup> and East 156<sup>th</sup> Street); 50/50 Sidewalk Program; Broadway Ackley intersection improvements; Martin Luther King retaining (emergency repair); Waterloo reconstruction (East 152<sup>nd</sup> to East 162<sup>nd</sup>); and West 6<sup>th</sup> Street (St. Clair to Lakeside).
  - ♦ Completed the 2014 Tree Damage Sidewalk Pilot in Wards 1 and 2.
- Completed 83 required inspections and inventory of bridges.
- Inspected 300 roads, bridges, subdivisions and utility cut projects in the public right-of-way to ensure quality control.
- Oversaw right-of-way and real estate matters for road and bridge reconstruction projects, including Carter Road, East 79<sup>th</sup> Street Bridge and Fleet Avenue. As well as continued assistance on Canal Road, West Shoreway, Opportunity Corridor and Voinovich Pedestrian Bridge.

### Office of Sustainability

- Continued promoting the City's community electric aggregation program. Beginning July 2013, about 65,000 customers began receiving both 21% savings off the market rate and 100% of their electricity from green energy sources. In recognition of this achievement, the World Wildlife Fund honored Cleveland with a "Bright Place to Live" award and the U. S. EPA recognized Cleveland as a "Green Power Community" for providing residents with 100% renewable electricity.
- Working with other City departments, began assessing Cleveland's potential for cost-effective solar projects on 20 different sites, including brownfields, City-owned land, large rooftops and other vacant land.
- Continued to require LEED accredited professional involvement for all City capital improvement projects. New buildings incorporating LEED include the 3<sup>rd</sup> District Police Station, Fire Station No. 36 and the East Side Maintenance Facility.
- Continued to implement the Summer Rain Barrel Program as part of the Mayor's Summer Youth Employment
  Program, which provided 410 free rain barrels to Cleveland residents across all 17 wards. In collaboration with
  Youth Opportunities Unlimited, the Northeast Ohio Regional Sewer District and the Division of Water, residents
  and youth actively engaged in storm-water management.

- Worked with the Division of Waste Collection to procure and install 70 downtown recycling bins.
- Engaged 550 stakeholders at the 6<sup>th</sup> Annual Summit, which focused on celebrating zero waste, planning for the Year of Clean Water and implementing the Cleveland Climate Action Plan.
- Released the Bikeway Implementation Plan, designed to increase the number of bikeway miles by 250% by the end of 2017. Thirteen miles of bikeway were added to the network in 2014.

### 2015 Budget

During 2014, the City maintained existing staffing levels. Despite economic growth in our area, the City's revenue remains flat. The City receives no direct benefit i.e. sales tax, business tax (Commercial Activity Tax) from the development of restaurants, hotels and businesses in greater Cleveland. Our municipal budget is supported primarily by income taxes and other taxes. We continue to have challenges to our tax base (such as House Bill 5 effective 2016) and requests for exemptions from municipal tax collections by professional sports players and executive-level professionals. There is no anticipation of any new taxes that would positively impact revenue collection, so our only option is to control costs. Successfully controlling costs will preserve our current work force and the efficient delivery of services. Other challenges for fiscal 2015 are continuing contract negotiations with Public Safety and Department of Justice compliance. The City is also beginning significant planning for the arrival of the Republican National Convention in 2016. The Budget Management strategy for fiscal 2015 includes, but is not limited to, the following:

- The hiring of 10 additional police officers.
- A 3% increase in healthcare due to self-insurance.
- The cost of salt used during snow removal per ton doubling in cost.
- Enhanced downtown public safety and services.
- Scheduled debt service for First Energy Stadium (Cleveland Browns Stadium).

The estimate of receipts and expenditures for all General Fund departments and divisions for the 2015 budget are:

- Revenues and other sources are projected to decrease from \$515.2 million in 2014 to \$494.5 million in 2015. This decline is primarily attributed to a reduction of \$6.9 million in fines and forfeitures due to the loss of the camera enforcement program, and a one-time worker's compensation refund of \$3.3 million.
- Expenditures and other uses are estimated to increase from \$517.2 million in 2014 to \$542.3 million in 2015.
   The rise is primarily attributed to an April 1<sup>st</sup> 2% wage increase for negotiated contracts and increases in health care costs.

### Long-term financial planning:

The City has a long-term goal of increasing the Rainy Day Reserve Fund to 5% of General Fund expenditures (approximately \$27 million). The fund balance in the Rainy Day Reserve Fund at December 31, 2014 is \$18.7 million. This will allow the City to obtain the lowest rates possible when issuing debt and also withstand economic downturns with minimum disruptions to City services. The City also has a goal of having a structurally balanced budget where the cost to run the City is in line with the revenue collected. A structurally balanced budget allows the City to eliminate the dependency on carry-over balance. In order to achieve structural balance the City will need to reduce budget expenditures or increase revenue over the next 3 years, 2015 – 2017, to close the structural budget gap.

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

- The City was chosen to host the 2016 Republican Presidential Nominating Convention. The event is expected to draw 50,000 attendees to the City and have a \$400 million dollar economic impact.
- Construction continued on Phase Two of the Flats East Bank Project. The second phase includes a 243-unit upscale apartment complex as well as 10-15 restaurants/nightclubs and additional parking.

- The Cleveland Clinic broke ground on the construction of a new \$276 million Cancer Institute in the Health Tech Corridor. The 377,000 square foot facility will provide state-of-the-art cancer care while at the same time optimizing the patient experience.
- With the completion of an advanced fiber-optic/digital network in mid-year 2015, Cleveland will become the first city in the country to offer commercial internet service at 100 gigabits per second along the 3 mile Health Tech Corridor. The network will offer companies unprecedented ability to transmit "Big Data" efficiently and allow the City to follow the future of healthcare and tele-medicine.
- Work began on the \$32 million renovation of Public Square, the historic center and symbolic heart of the City. The remake will close Ontario Street and create two large, rectangular, park-like spaces with corner gardens, an outdoor café, splash zone and fresh landscaping.
- Cuyahoga County continued the construction of a \$260 million 600-room convention center hotel. The construction is expected to be completed by 2016 and Hilton Worldwide will operate the facility.

### **Major Initiatives**

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

- Connecting Cleveland: The Waterfront District Plan a comprehensive blueprint for Cleveland's Downtown Lakefront. The plan creates a framework to allow the City to move forward in creating robust, mixed-use development on its lakefront. Major projects underway or recently completed include: Cleveland Lakefront Nature Preserve; Flats East Bank; North Coast Harbor Pedestrian Bridge and the North Coast Marina.
- Mayor Frank G. Jackson Scholarship Program improving the quality of life for all residents has been the driving force behind the goals Mayor Jackson has set for his administration. The key to this effort is ensuring that all children have access to a high quality education. As such, due to the generous contributions through the United Way Combined Campaign, the Mayor established several scholarship programs to support City of Cleveland employees, their children, and Cleveland Municipal School District students interested in pursuing a full-time college education.
- Sustainable Cleveland 2019 a 10-year initiative facilitated by the Office of Sustainability that engages people from all walks of life, working together to design and develop a thriving and resilient region. Working groups emerge from the annual Sustainable Cleveland 2019 summits and focus on different topics to build a brighter future for Cleveland. Since 2013, the City has implemented its sustainable building policy on new construction, renovations and "Fix it First" projects. This policy sets the standard of LEED Silver for new construction.

### **Awards and Acknowledgements**

The Independent Audit: The City Charter requires an annual audit of the financial statements of all accounts of the City by an Independent Certified Public Accountant. Accordingly, this year's audit was completed by Clark, Schaefer, Hackett & Co. The year ended December 31, 2014, represents the 34<sup>th</sup> consecutive year the City has prepared a Comprehensive Annual Financial Report (CAFR). In addition to the independent auditors, the City maintains its own Internal Audit Division. Along with the duty of assisting the independent auditors, the Internal Audit Division is responsible for strengthening and reviewing the City's internal controls. The Internal Audit Division performs its own independent operational and financial audits of the City's many funds, departments and divisions. We believe that the City's internal control structure adequately safeguards its assets and provides reasonable assurance of proper recording of all financial transactions.

GFOA Certificate of Achievement Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cleveland, Ohio for its CAFR for the fiscal year ended December 31, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such CAFRs 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 30 years (years ended 1984 – 2013). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

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

Very truly yours,

Sharon Dumas, Director Department of Finance

James E. Gentile, CPA City Controller

### CITY OF CLEVELAND, OHIO

### City Officials Frank G. Jackson, Mayor

### **EXECUTIVE STAFF**

Valarie J. McCall	
Monyka S. Price, M.A.Ed., M.Ed	
Dan Williams	
Jenita McGowan	
Natoya J. Walker Minor	
Edward W. Rybka	
Sharon Dumas	
Barbara A. Langhenry	Director, Department of Law
Michael C. McGrath	Director, Department of Public Safety
Α	DMINISTRATION
Jane E. Fumich	
Ronald J. H. O'Leary	
Freddy L. Collier, Jr	Director, City Planning Commission
Lucille Ambroz	
Daryl P. Rush, Esq	Director, Department of Community Development
Blaine Griffin	
Tracey A. Nichols	Director, Department of Economic Development
Toinette Parrilla	
Melissa K. Burrows, Ph.D	Director, Office of Equal Opportunity
Michael E. Cox	
Deborah Southerington	Director, Department of Human Resources
Ricky D. Smith, Sr	
Matthew L. Spronz	Director, Mayor's Office of Capital Projects
Robert L. Davis	

### CITY OF CLEVELAND, OHIO

### **City Council**

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



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

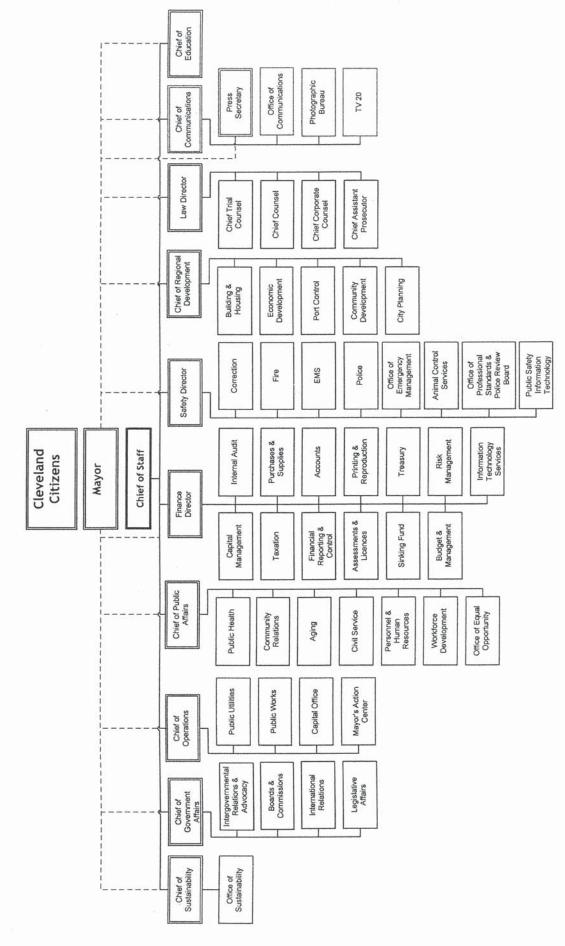
## City of Cleveland Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

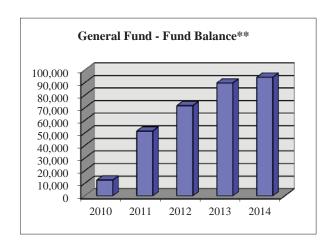
# CITY OF CLEVELAND, OHIO ADMINISTRATIVE ORGANIZATION CHART

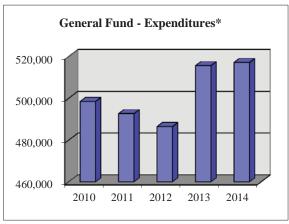


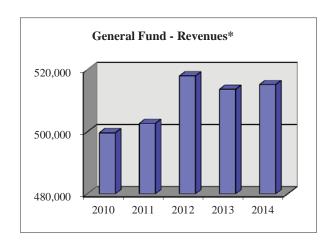
### CITY OF CLEVELAND, OHIO

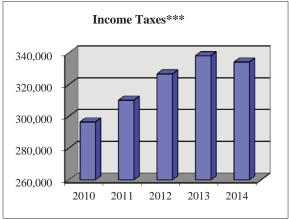
### FINANCIAL HIGHLIGHTS

(Amounts in 000's)









For	General	General	General	
Year	Fund	Fund	Fund	Income
Ended	Fund Balance**	Revenues*	Expenditures*	Taxes***
2010	12,541	499,681	498,504	296,525
2011	51,594	502,703	492,672	310,197
2012	71,750	518,001	486,484	326,783
2013	89,748	513,698	515,594	338,229
2014	94,327	515,233	517,156	334,264

<sup>\*</sup> Budget Basis - General Fund revenues and expenditures include other financing sources (uses).

<sup>\*\*</sup> GAAP Basis.

<sup>\*\*\*</sup> Budget Basis - Income Taxes includes General Fund and Restricted Income Tax Fund.

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## FINANCIAL SECTION

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### INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Ohio (the "City") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

one east fourth street, ste. 1200 cincinnati, oh 45202

www.cshco.com p. 513.241.3111 f. 513.241.1212 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cleveland, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 35 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

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

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2015 on our consideration of the City of Cleveland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cleveland's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio June 24, 2015 This Page Intentionally Left Blank.

### CITY OF CLEVELAND, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cleveland (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2014. Please read this information in conjunction with the City's financial statements and footnotes that begin on page 54.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at December 31, 2014 by approximately \$2.976 billion (net position). Of this amount, \$415.3 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- Of the approximately \$2.976 billion of net position, governmental activities accounted for approximately \$870 million of net position, while business-type activities net position accounted for approximately \$2.106 billion.
- The City's net position increased by \$170.7 million as compared to 2013. The governmental activities net position increased by \$90.6 million and the business-type activities net position increased by \$80.1 million.
- At the end of the current year, unassigned fund balance for the General Fund was \$78.4 million, which represents the amount available for spending at the City's discretion. The unassigned fund balance equals 15.9% of the total General Fund expenditures and other financing uses.
- In 2014, the City's total long-term debt and other long-term debt-related obligations, excluding premiums, accreted interest and discounts decreased by \$63.7 million. The decrease indicates that the City's debt service payments and debt refunded or defeased exceeded new debt issued in 2014.

### 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 four components: (1) government-wide financial statements, (2) fund financial statements, (3) General Fund budget and actual statement and (4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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

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

The government-wide financial statements can be found on pages 54-57 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 58-61 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 62-66 of this report.

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

The basic fiduciary fund financial statement can be found on page 67 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 69-116 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, 2014 and 2013

		Governmental <u>Activities</u>			Business-Type <u>Activities</u> (Amounts in 000's)				<u>Total</u>		
		2014		2013	(Amount) 2014	s in	000's) 2013		2014		2013
Assets: Current and other assets	\$	793,665	\$	765,631	\$ 1,099,149	\$	1,143,316	\$	1,892,814	\$	1,908,947
Capital assets Total assets	_	1,136,326 1,929,991		1,025,543 1,791,174	 3,099,352 4,198,501	_	3,085,009 4,228,325		4,235,678 6,128,492		4,110,552 6,019,499
Deferred outflows of resources		7,283		8,241	81,174		79,369		88,457		87,610
Liabilities:											
Long-term obligations		833,293		784,325	1,978,958		2,071,097		2,812,251		2,855,422
Other liabilities		172,580		176,798	174,976		192,982		347,556		369,780
Total liabilities		1,005,873		961,123	2,153,934		2,264,079		3,159,807		3,225,202
Deferred inflows of resources		61,689		59,217	19,639		17,573		81,328		76,790
Net position:											
Net investment in capital assets		828,002		686,794	1,335,195		1,307,661		2,163,197		1,994,455
Restricted		152,360		145,729	244,937		244,196		397,297		389,925
Unrestricted		(110,650)	_	(53,448)	 525,970		474,185		415,320		420,737
Total net position	\$	869,712	\$	779,075	\$ 2,106,102	\$	2,026,042	\$	2,975,814	\$	2,805,117

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 exceeded liabilities and deferred inflows by approximately \$2.976 billion at the close of the most recent fiscal year. This represents an increase of 6.1% in 2014. Of the City's net position, 29.2% represents its governmental net position and 70.8% represents its business-type net position.

Of the net position from governmental activities, \$828.0 million represents its investment in capital assets (e.g., land, land improvements, buildings, infrastructure, furniture, fixtures, equipment and vehicles), net of accumulated depreciation, less any related, still-outstanding debt issued to acquire, construct or improve those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. Another significant portion of net position, \$152.4 million, represents resources that are subject to external restrictions on how they may be used. There was a decrease in unrestricted net position of \$57.2 million.

In 2014, the total assets and deferred outflows from governmental activities increased by \$137.9 million. This increase is primarily attributed to increases in capital assets of \$110.8 million. The increase in capital assets relates largely to renovations to the Cleveland Browns Stadium of \$74.9 million.

Also in 2014, the total liabilities and deferred inflows of resources from governmental activities increased by \$47.2 million. This was caused primarily by an increase in long-term obligations of \$49.0 million.

In 2014, business-type total assets and deferred outflows of resources decreased by \$28.0 million. Restricted cash and cash equivalents decreased \$69.3 million which was offset by an increase in net capital assets of \$14.3 million and unrestricted cash and cash equivalents of \$20.1 million. The increase in capital assets is largely related to the additions in construction in progress for the Division of Water, relating to several ongoing projects such as the Meter Automation and Replacement Programs, Cleveland and Suburban Water Main Renewal Programs and Nottingham Filter Roofs.

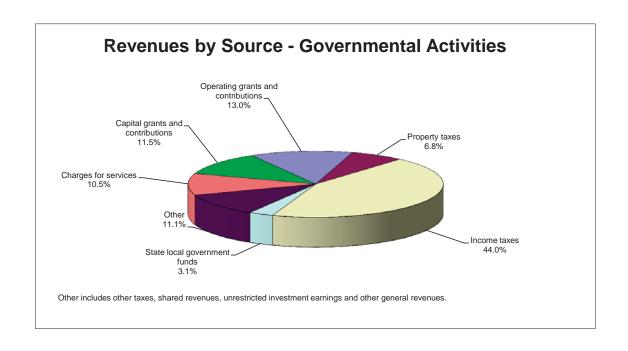
Business-type total liabilities and deferred inflows of resources decreased by \$108.1 million primarily due to a decrease in long-term obligations related to debt retirement and a decrease of \$11.6 million in current payable from restricted assets.

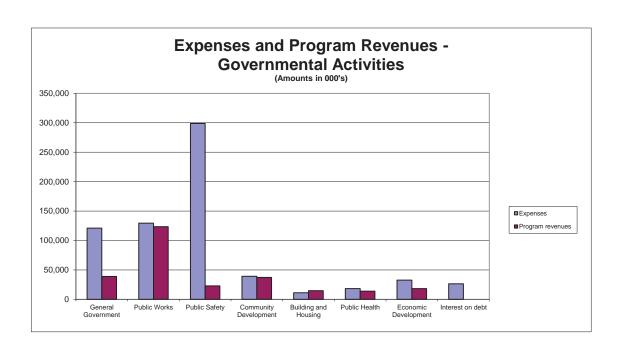
At the end of the current year, the City is able to report positive balances in total net position for both its governmental activities and its business-type activities. Information regarding government-wide changes in net position is provided below:

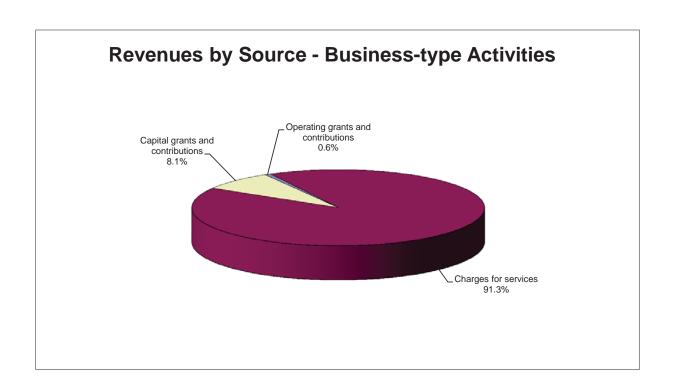
Changes in Net Position
For Fiscal Years Ended December 31, 2014 and 2013

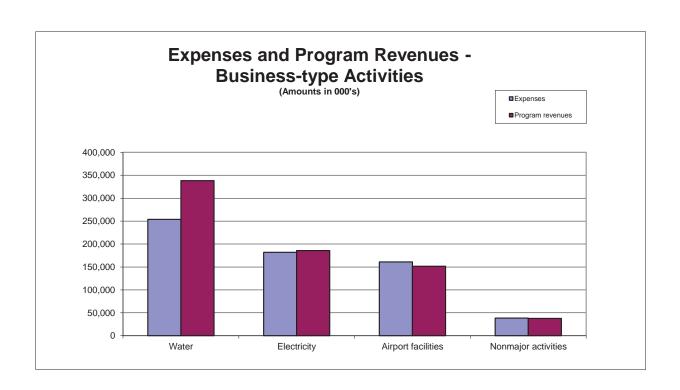
	G	Governmental Business-Type Activities Activities (Amounts in 000's)				<u>Total</u>					
	2014			2013	2014	)uiits ii	2013		2014		2013
Revenues:											
Program revenues:											
Charges for services	\$ 80,9	35	\$	79,650	\$ 651,255	\$	590,395	\$	732,190	\$	670,045
Operating grants and contributions	99,7	90		119,587	4,565		6,858		104,355		126,445
Capital grants and contributions	88,2	88		94,958	57,756		48,736		146,044		143,694
General revenues:											
Income taxes	337,9	33		332,719					337,933		332,719
Property taxes	52,3	27		45,055					52,327		45,055
Other taxes	35,8	51		37,765					35,851		37,765
Shared revenues	37,2	40		34,434					37,240		34,434
State local government funds	23,8	46		30,081					23,846		30,081
Unrestricted investment earnings	1,1	93		683	3		3		1,196		686
Other	11,4	54		21,194	 				11,454		21,194
Total revenues	768,8	57	_	796,126	 713,579		645,992		1,482,436		1,442,118
Expenses:											
General Government	121,0	50		115,793					121,050		115,793
Public Works	129,5	51		130,108					129,551		130,108
Public Safety	298,7	68		310,246					298,768		310,246
Community Development	39,0	99		44,337					39,099		44,337
Building and Housing	11,0	59		17,694					11,059		17,694
Public Health	18,2	36		15,405					18,236		15,405
Economic Development	32,5	08		18,142					32,508		18,142
Interest on debt	26,3	33		24,913					26,333		24,913
Water					253,822		258,014		253,822		258,014
Electricity					181,862		171,669		181,862		171,669
Airport facilities					161,021		155,343		161,021		155,343
Nonmajor activities					 38,430		35,235		38,430		35,235
Total expenses	676,6	04		676,638	 635,135		620,261		1,311,739		1,296,899
Changes in net position before transfers	92,2	53		119,488	78,444		25,731		170,697		145,219
Transfers	(1,6	16)		(1,527)	 1,616		1,527				
Changes in net position	90,6	37		117,961	80,060		27,258		170,697		145,219
Net position at beginning of year	779,0	75		661,114	 2,026,042		1,998,784		2,805,117		2,659,898
Net position at end of year	\$ 869,7	12	\$	779,075	\$ 2,106,102	\$	2,026,042	\$	2,975,814	\$	2,805,117

Business-type net position increased by \$80.1 million in 2014. Of the business-type net position, \$1.335 billion represents its investment in capital assets, net of accumulated depreciation, less any related, still-outstanding debt issued to acquire, construct or improve those assets. These capital assets are used to provide services to their customers. Consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$245.0 million of net position is subject to external restrictions on their use. The remaining balance of \$526.0 million is unrestricted and may be used to meet the City's ongoing obligations to customers and creditors.









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

**Division of Water:** The Division operates a major public water supply system, the ninth largest in the United States that serves not only the City, but also 68 direct service, eight master meter and three emergency standby suburban municipalities in Cuyahoga, Medina, Summit and Geauga counties. They provide water to approximately 418,381 city and suburban accounts in the Cleveland Metropolitan Area. Operating revenue in 2014 increased to \$303.4 million from \$272.7 million in 2013. The increase is mainly due to an increase in fixed fee rates and usage charges beginning January 1, 2014, in addition to an increase in net consumption of 3.7%. Operating expenses, exclusive of depreciation, decreased approximately 0.8% to \$153.6 million compared to \$154.9 million in 2013.

**Division of Cleveland Public Power:** The Division supplies electrical service to approximately 73,000 customers in the City. The Division is responsible for supplying, transmitting and distributing electricity and providing related electrical services to customers within its service area. The Division's 2014 operating revenue increased 6.8% to \$181.8 million from \$170.3 million in 2013. Purchased power expense increased 14.9% to \$115.9 million in 2014 from \$100.9 million in 2013. Operating expenses, exclusive of depreciation and purchased power, decreased 5.0% to \$38.2 million compared to \$40.2 million in 2013.

**Department of Port Control:** The City's Department of Port Control consists of the Divisions of Cleveland Hopkins International Airport and Burke Lakefront Airport. During 2014, 25 passenger airlines provide scheduled airline service at Cleveland Hopkins International Airport. Burke Lakefront Airport, a federally certified commercial and general aviation reliever airport, provides the majority of its services to air taxi operators serving the City's downtown business activities. The airports' operating income increased \$12.1 million in 2014 largely due to a 37.2% increase in terminal and concourse rentals to scheduled airlines and increased landing fees. There was a \$12.3 million decrease in capital and other contributions in 2014 which primarily resulted from less expenses in 2014 relating to the Burke Runway Safety Area Project.

#### 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 \$455.4 million, an increase of \$21.4 million and approximately 4.9% in comparison with the prior year. The components of the governmental fund balances include an unassigned balance of \$78.4 million, which indicates the amount available for spending at the City's discretion. An additional \$268.9 million of fund balance is available for expenditures that are legally restricted for a particular purpose. The nonspendable portion of fund balance has \$2.3 million of items that are not in a spendable form, such as inventory. An additional \$90.7 million is committed to fund specific purposes and cannot be reassigned without legislative approval. The remaining assigned balance of \$15.1 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 \$78.4 million and the total fund balance was \$94.3 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 15.9% of total General Fund expenditures and other financing uses, while total fund balance represents approximately 19.1% 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 2014 and 2013 (Amounts in 000's)

	2014	2013		
Revenues:				
Income taxes	\$ 299,669	\$ 295,758		
Property taxes	32,349	32,705		
State local government funds	25,077	28,439		
Other taxes	35,851	37,764		
Other shared revenues	17,541	19,212		
Licenses and permits	13,046	13,614		
Charges for services	33,512	33,447		
Fines, forfeits and settlements	23,348	20,543		
Investment earnings	507	515		
Grants	1,706	2,701		
Miscellaneous	8,208	14,741		
Total revenues	490,814	499,439		
Expenditures:				
General Government	84,408	75,834		
Public Works	66,553	62,444		
Public Safety	285,937	295,028		
Community Development	245	168		
Building and Housing	8,610	8,874		
Public Health	5,604	4,419		
Economic Development	1,514	1,472		
Other	10,580	11,877		
Capital outlay	716	13		
Principal retirement	250	250		
Total expenditures	464,417	460,379		
Excess (deficiency) of revenues				
over (under) expenditures	26,397	39,060		
Other financing sources (uses):				
Transfers in	5,597	2,444		
Transfers out	(28,459)	(23,507)		
Sale of City assets	1,044	1		
Net change in fund balance	4,579	17,998		
Fund balance at beginning of year	89,748	71,750		
Fund balance at end of year	\$ 94,327	\$ 89,748		

#### Analysis of General Fund Revenues

General Fund revenues and other sources totaled \$497.5 million in 2014, a decrease of approximately \$4.4 million from 2013. A discussion of each of the major types of General Fund revenues follows.

### Municipal Income Taxes

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

The income tax is also imposed on gross salaries and wages earned in the City by non-residents of the City and on salaries, wages and other compensation of City residents earned within or outside the City. The income tax liability of a City resident employed outside the City is reduced by a credit equal to 50% of the tax paid to the municipality in which the City resident is employed. The tax on business profits is imposed on that part of profits attributable to business conducted within the City. In 2014, approximately 90% of the total income taxes paid to the City were derived from non-residents employed in the City and business profits.

Income tax revenue increased approximately \$3.9 million in 2014, primarily due to increased employment throughout the City.

## Property Taxes

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

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

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

Tax Collection <u>Year</u>	Real <u>Property</u>	(Am	Public Utility Tangible <u>Personal</u> iounts in 000's)	Total Assessed <u>Valuation</u>	
2014	\$ 4,601,349	\$	298,603	\$	4,899,952
2013	\$ 4,602,210	\$	266,558	\$	4,868,768

Property tax revenue decreased by \$356,000 as a result of a decrease in both residential property valuations and lower collection rates.

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 \$3.4 million or 11.8% due to decreases in the distributions to local governments implemented as part of the State's budget balancing measures. Other Taxes decreased \$1.9 million or 5.1% from 2013 levels primarily as a result of decreases in electric excise tax revenues. Other Shared Revenues decreased \$1.7 million or 8.7% from 2013 levels primarily as a result in decreases in estate tax revenues.

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

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

Distributions from the State of Ohio and Cuyahoga County (as a conduit between the State and City) have generally decreased since 2000.

#### Analysis of General Fund Expenditures

General Fund expenditures and other financing uses totaled \$492.9 million in 2014, an increase of 1.9% from 2013. The amount of expenditures and other uses by function on a GAAP basis, including the increases (decreases) over the prior year, are shown in the following table:

Expenditures and Other	Actual	% of		Actual	% of	Ir	icrease	%
Financing Uses	<u>2014</u>	<b>Total</b>		<u>2013</u>	<b>Total</b>	<u>(D</u>	ecrease)	Change
			(Am	ounts in 000'	s)			
Current:								
General Government	\$ 84,408	17.13	\$	75,834	15.67	\$	8,574	11.31
Public Works	66,553	13.50		62,444	12.91		4,109	6.58
Public Safety	285,937	58.01		295,028	60.97		(9,091)	(3.08)
Community Development	245	0.05		168	0.03		77	45.83
<b>Building and Housing</b>	8,610	1.75		8,874	1.83		(264)	(2.97)
Public Health	5,604	1.14		4,419	0.91		1,185	26.82
Economic Development	1,514	0.31		1,472	0.31		42	2.85
Other	10,580	2.15		11,877	2.46		(1,297)	(10.92)
Capital Outlay	716	0.14		13	0.00		703	5,407.69
Principal retirement	250	0.05		250	0.05		-	0.00
Transfers Out	 28,459	5.77		23,507	4.86		4,952	21.07
Total Expenditures and Other								
Financing Uses	\$ 492,876		\$	483,886		\$	8,990	

The total expenditures and other financing uses increased by \$9.0 million. The increase was primarily caused by a \$4.9 million increase due to legal settlements. There was also a \$2.5 million increase in transfers out to the Cleveland Stadium Operations Fund, as well as a \$2.0 million increase in transfers out to the Capital Repair Fund at the Cleveland Browns Stadium. This was primarily offset by a decrease of \$3.0 million in payroll and benefits for Public Safety relating to less pay periods in 2014 than in 2013.

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

The unrestricted net position of the Division of Water, Cleveland Public Power and the Department of Port Control Funds amounted to \$322.1 million, \$41.2 million and \$124.4 million, respectively, at December 31, 2014. The change in net position for each of the respective funds amounted to an increase of \$85.1 million and \$4.0 million and a decrease of \$9.5 million during 2014. 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, 2014 and 2013, the City had approximately 6,969 and 7,109 full-time employees, respectively. Of the 6,969 full-time employees, approximately 5,226 full-time employees are represented by 31 collective bargaining units. The largest collective bargaining units, together with the approximate number of employees represented by such units, include the American Federation of State, County and Municipal Employees, Local 100 - 1,104 members; Cleveland Police Patrolmen's Association -1,252 members; the Association of Cleveland Firefighters -743 members; Municipal Foreman and Laborers Union, Local 1099 - 416 members; and Local 244 - 223 members.

There have been no significant labor disputes or work stoppages in the City within the last 31 years.

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

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

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

Year		Amount Paid					
	(Amo	unts in 000's)					
2014	\$	421,809					
2013		431,853					

In 2014, there was a decrease in salaries and wages payable due to 2013 having a 27<sup>th</sup> pay period.

#### Employee Retirement Benefits

City employees are members of one of two retirement systems. These retirement systems provide both pension and post-retirement health care benefits to participants. They were created pursuant to Ohio statutes and are administered by state created Boards of Trustees. The boards are comprised of a combination of elected members from the respective retirement system's membership and ex-officio members from certain state and local offices.

### These two retirement systems are:

- Ohio Public Employees Retirement System (OPERS), created in 1935, represents state and local government employees not included in one of the other retirement systems. Management of the system indicates there are 347,727 actively contributing members and total net position of this pension system approximated \$89.0 billion as of December 31, 2013, the latest information available. More data on this pension system is shown in Note 13 Defined Benefit Pension Plans and Note 14 Other Postemployment Benefits of this report.
- Ohio Police and Fire Pension Fund (OP&F), created in 1965, represents sworn personnel, not civilians, employed in police and fire divisions of Ohio's local governments. As of December 31, 2013, the latest information available, management of the fund indicates membership of 27,444 active members and net position of this pension fund approximated \$13.0 billion. All of the City's police and fire officers are members of this pension fund. More data on this pension fund is shown in Note 13 Defined Benefit Pension Plans and Note 14 Other Postemployment Benefits of this report.

Over the past two years, the City and its employees have paid the following amounts to OPERS and OP&F:

		2014 (Amount	2013 s in 000's)		
Paid by City to: OPERS	\$	36,013	\$	35,261	
OP&F	Φ	34,126	<u> </u>	31,956	
Total paid by City		70,139		67,217	
Paid by employees to:					
OPERS		25,651		25,130	
OP&F		16,559		15,582	
Total paid by employees		42,210		40,712	
Total	\$	112,349	\$	107,929	

The City is current in all of its required contributions to the respective pension funds. The pension plans and other postemployment benefits for health care are explained in Note 13 – Defined Benefit Pension Plans and Note 14 – Other Postemployment Benefits.

#### GENERAL FUND BUDGETARY ANALYSIS

In 2014, there were no major differences between the original and the final amended budget at a total revenue and expenditure level, including transfers in and out (see page 61).

The major differences between the final amended budget and the actual total revenues were increases of \$5.0 million in fines, forfeits and settlements and \$7.6 million in miscellaneous revenue. The increase in fines, forfeits and settlements is primarily attributed to an increase in red light camera fines which were offset by slight decreases in various other fines. Miscellaneous revenue increases were due to a worker's compensation refund and reimbursement for demolition costs of the Stanley Building. There were decreases in Public Safety expenditures largely due to turnover and decreases in salaries and benefits due to increased operating efficiencies and reduced payroll costs compared to the previous year which had a 27<sup>th</sup> pay period. Also, there was a decrease in other expenditures due to the continued negotiation with the County for Justice Center Tower Maintenance which resulted in a lower payment in 2014 than expected.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City's capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$4.236 billion (net of accumulated depreciation). This capital assets balance includes land; land improvements; utility plant; buildings, structures and improvements; furniture, fixtures, equipment and vehicles; infrastructure; and construction in progress. The total increase in the City's capital assets for the current fiscal year was 3.0% (a 10.8% increase for governmental activities and a 0.5% increase for business-type activities). A summary of the City's capital assets at December 31, 2014 is as follows:

		Capital Assets, Net of Accumulated Depreciation						
	Go	overnmental	<b>Business-Type</b>					
		<u>Activities</u>		Activities		<b>Total</b>		
			(Amo	unts in 000's)				
Land	\$	66,721	\$	191,677	\$	258,398		
Land improvements		58,677		63,012		121,689		
Utility plant				1,603,050		1,603,050		
Buildings, structures and improvements		393,537		324,619		718,156		
Furniture, fixtures, equipment and vehicles		44,233		116,672		160,905		
Infrastructure		391,169		461,390		852,559		
Construction in progress		181,989		338,932		520,921		
Total	\$	1,136,326	\$	3,099,352	\$	4,235,678		

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

- Cleveland Public Power incurred \$25.8 million of capital additions relating to the Lake Road Project, Denison Avenue Project and the East 9<sup>th</sup> Duct Bank.
- The Division of Water had capital improvements totaling \$69.3 million. Major improvements were for the continuing renovations and enhancements of water mains and water tanks as well as automated meter reading system.
- Port Control capital improvements totaled approximately \$19.7 million. Major initiatives were the Power
  Distribution Enhancement Project, installation of a new terrazzo floor in the main concourse, the Regional
  Transportation Authority (RTA) Level Art Gallery, which replaces various interior infrastructure items to allow for
  the display of wall and floor artwork, the Consolidated Maintenance Facility and the Parking Redevelopment Project.
- Water Pollution Control had capital improvements of \$6.6 million. Major components included emergency sewer repairs, Lamille Court Project, West 149 Street Sewer Rehabilitation and Ridgeland Circle Sewer Repair.
- Major capital projects for Governmental Activities included land improvements, building improvements, vehicles
  and equipment, various computer system upgrades and infrastructure improvements. The increase also included
  \$74.9 million of renovations to the Cleveland Browns Stadium.

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 15 – Capital Assets.

**Long-term debt and certain other obligations:** At the end of the current fiscal year, the City had total long-term debt and certain other obligations outstanding of \$2.576 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, 2014 is summarized below (excluding unamortized discounts, premiums and accreted interest).

	Balance January 1, <u>2014</u>		Debt <u>Issued</u>			Debt <u>Retired</u>	Balance December 31, 2014	
Governmental Activities:								
General Obligation Bonds	\$	282,550	\$	\$	\$	(24,985)	\$	257,565
Urban Renewal Bonds		3,670				(640)		3,030
Subordinated Income Tax Refunding Bonds		46,915				(3,265)		43,650
Subordinate Lien Income Tax Bonds		124,490	69,200			(5,355)		188,335
Non-Tax Revenue Bonds		53,108	20,110	(20,120)		(2,895)		50,203
Annual Appropriation Bonds		10,525				(245)		10,280
Certificates of Participation		117,670				(5,890)		111,780
Capital Lease Obligations		19,185				(3,923)		15,262
Note/Loans Payable		3,355			_	(554)		2,801
Total Governmental Activities		661,468	89,310	(20,120)	_	(47,752)		682,906
Business – Type Activities:								
Revenue Bonds	1	1,863,588	110,210	(102,070)		(85,445)		1,786,283
Loans Payable		114,372				(7,557)		106,815
Deferred Payment Obligation		280			_	(280)		
Total Business -Type Activities	1	1,978,240	110,210	(102,070)		(93,282)		1,893,098
Total	\$ 2	2,639,708	\$ 199,520	\$ (122,190)	\$	(141,034)	\$	2,576,004

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 \$16.8 million in 2014 which represents approximately 44% 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 56% of debt service requirements is retired from a portion of the City's restricted income tax proceeds, homestead and rollback reimbursement from the State, interest earnings and other miscellaneous revenue sources generated within the Debt Service Funds.

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

The City's bond ratings for general obligation and revenue bonds are as follows as of December 31, 2014:

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

<sup>\*</sup> On July 2, 2014, Moody's Investors Service changed its rating on Cleveland Public Power debt to A3 (negative outlook) from A2 (stable). The outlook was returned to stable in October 2014.

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, 2014 was:

Net General Bonded Debt: \$254,484,000

Ratio of Net Bonded Debt to Assessed Valuation: 5.19%

Net General Bonded Debt Per Capita:

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.50% of the assessed value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.50% of total assessed value of property. The City's total debt limit (10.50%) is \$514,494,983 and unvoted debt limit (5.50%) is \$269,497,372. At December 31, 2014, the City had capacity under the indirect debt limitation calculation per the Ohio Revised Code to issue less than \$35 million in additional unvoted debt. However, these debt limitations are not expected to affect the financing of any currently planned facilities or services.

\$641.32

<sup>\*\*</sup> Effective February 5, 2014, Fitch Ratings downgraded its rating on Cleveland Airport Revenue Bonds to BBB+ (negative outlook) from A- (negative outlook).

<sup>\*\*\*</sup> On March 18, 2014, Standard & Poor's raised its rating on Assured Guaranty Municipal Corp. to AA. Parking Facilities' bonds only carry an insured rating.

In addition, the City has entered into various derivative or hedging agreements since 1999. Derivative instruments are contracts, the value of which depends on, or derives from, the value of an underlying asset, index or rate. The most common types of derivatives used by governments are interest rate swaps and interest rate locks. A detailed description of each outstanding derivative, including its terms, objectives, risks and fair value, can be found in Note 5 – Debt and Other Long-Term Obligations.

The City reports a deferred outflow and a liability in the amount of the fair value of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2014 and an investment loss or gain as appropriate based on the change in fair value. The specific terms and conditions of each swap have been provided by the respective counterparty for each swap and confirmed by the City's financial advisor.

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

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

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

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

### Other Impacting Factors

- Effective April 9, 2015 the City issued \$86,105,000 Subordinate Lien Income Tax Bonds, Series 2015 and \$15,280,000 Taxable Community and Economic Development Bonds, Series 2015 (Core City).
- On April 14, 2015 the City sold \$132,135,000 Water Revenue Bonds, Series 2015 consisting of \$116,205,000 Water Revenue Bonds, Series Y and \$15,930,000 Water Revenue Bonds, Series Z.
- Effective May 27, 2015 the City issued \$90,800,000 Water Revenue Bonds, Series AA.

See Note 21- Subsequent Events for additional information.

#### NEED ADDITIONAL INFORMATION

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

# BASIC FINANCIAL STATEMENTS

# STATEMENT OF NET POSITION DECEMBER 31, 2014

(Amounts in 000's)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 399,575	\$ 425,941	\$ 825,516
Investments	1,522	14,052	15,574
Receivables:			
Taxes	137,373		137,373
Accounts	33,492	178,717	212,209
Recoverable costs of purchased power		9,634	9,634
Grants	6,803		6,803
Loans	184,724		184,724
Unbilled revenue		42,918	42,918
Accrued interest	12		12
Assessments	4,273		4,273
Less: Allowance for doubtful accounts	(24,420)	(31,022)	(55,442)
Receivables, net	342,257	200,247	542,504
Internal balances	4,586	(4,586)	-
Due from other governments	42,493	2,520	45,013
Inventory of supplies	3,232	19,569	22,801
Prepaid expenses and other assets		1,948	1,948
Restricted assets:			
Cash and cash equivalents		437,512	437,512
Accrued interest receivable		13	13
Accrued passenger facility charge		1,933	1,933
Total restricted assets		439,458	439,458
Capital assets:			
Land and construction in progress	248,710	530,609	779,319
Other capital assets, net of accumulated depreciation	887,616	2,568,743	3,456,359
Total capital assets	1,136,326	3,099,352	4,235,678
Total assets	1,929,991	4,198,501	6,128,492
DEFERRED OUTFLOWS OF RESOURCES			
Derivative instruments-interest rate swaps		19,455	19,455
Loss on refunding	7,283	61,719	69,002
Total deferred outflows of resources	7,283	81,174	88,457

# STATEMENT OF NET POSITION DECEMBER 31, 2014

(Amounts in 000's)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
LIABILITIES			
Accounts payable	\$ 14,062	\$ 21,370	\$ 35,432
Accrued wages and benefits	39,561	8,307	47,868
Due to other governments	100,273	101,627	201,900
Accrued interest payable	4,531	32,605	37,136
Unearned revenue	14,153		14,153
Liabilities payable from restricted assets		11,067	11,067
Long-term obligations:			
Due within one year	87,758	100,821	188,579
Due in more than one year	745,535	1,878,137	2,623,672
Total liabilities	1,005,873	2,153,934	3,159,807
DEFERRED INFLOWS OF RESOURCES			
Property tax	50,732		50,732
Special assessment - TIF	10,812		10,812
Derivative instruments-interest rate swaps	145	19,639	19,784
Total deferred inflows of resources	61,689	19,639	81,328
NET POSITION			
Net investment in capital assets	828,002	1,335,195	2,163,197
Restricted for:			
Capital	37,048	626	37,674
Debt service	37,392	232,586	269,978
Loans	35,633		35,633
Other purposes	42,287	11,725	54,012
Unrestricted	(110,650)	525,970	415,320
Total net position	\$ 869,712	\$ 2,106,102	\$ 2,975,814

# STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

			Program Revenue Operating
	<u>Expenses</u>	Charges for <u>Services</u>	Grants and Contributions
nctions/Programs:			
Governmental activities:			
General Government	\$ 121,050	\$ 31,589	\$ 4,351
Public Works	129,551	17,706	20,373
Public Safety	298,768	15,318	7,315
Community Development	39,099	1,483	35,673
Building and Housing	11,059	11,984	2,804
Public Health	18,236	2,754	11,040
Economic Development	32,508	101	18,234
Interest on debt	26,333		
Total governmental activities	676,604	80,935	99,790
Business-type activities:			
Water	253,822	303,412	301
Electricity	181,862	181,843	4,030
Airport facilities	161,021	131,724	73
Nonmajor activities:			
Sewer	24,824	22,547	54
Public Auditorium	2,742	1,008	
Westside Market	1,752	1,302	4
Eastside Market	89		
Municipal Parking Lots	7,071	7,916	
Cemeteries	1,799	1,503	44
Golf Courses	153		59
Total business-type activities	635,135	651,255	4,565
Total	\$ 1,311,739	\$ 732,190	\$ 104,355

General revenues:

Income taxes

Property taxes

Other taxes

Shared revenues

State local government funds

Unrestricted investment earnings

Other

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

		et (Expense) Revenue Changes in Net Posite	
Capital Grants and Contributions	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
\$ 2,862 85,253 173	\$ (82,248) (6,219) (275,962) (1,943) 3,729	\$	\$ (82,248) (6,219) (275,962) (1,943) 3,729
88,288	(4,442) (14,173) (26,333) (407,591)		(4,442) (14,173) (26,333) (407,591)
34,699 2		84,590 4,013	84,590 4,013
19,775 86		(9,449) (2,137)	(9,449) (2,137)
439		(1,295)	(1,295)
1,848		1,402	1,402
		(89)	(89)
625		1,470	1,470
140		(112)	(112)
<u>142</u> <u>57,756</u>		78,441	<u>48</u> 78,441
\$ 146,044	(407,591)	78,441	(329,150)
	337,933		337,933
	52,327		52,327
	35,851		35,851
	37,240		37,240
	23,846		23,846
	1,193	3	1,196
	11,454	1 616	11,454
	(1,616)	1,616	400.047
	498,228	1,619	499,847
	90,637 779,075	80,060	170,697 2 805 117
	779,075 \$ 869,712	2,026,042 \$ 2,106,102	2,805,117 \$ 2,975,814
	ψ 007,/12	ψ 2,100,102	Ψ 2,773,014

# BALANCE SHEET-GOVERNMENTAL FUNDS DECEMBER 31, 2014

(Amounts in 000's)

(Amounts in 000's	3)	Other	Total
		Governmental	Governmental
	<u>General</u>	<b>Funds</b>	<b>Funds</b>
ASSETS			
Cash and cash equivalents	\$ 92,693	\$ 282,904	\$ 375,597
Investments		1,522	1,522
Receivables:			
Taxes	101,892	35,481	137,373
Accounts	33,476	1	33,477
Grants		6,803	6,803
Loans		184,724	184,724
Accrued interest		12	12
Assessments		4,273	4,273
Less: Allowance for doubtful accounts	(24,420)		(24,420)
Receivables, net	110,948	231,294	342,242
Due from other funds	1,334	7,943	9,277
Due from other governments	21,962	20,531	42,493
Inventory of supplies	885	1,387	2,272
TOTAL ASSETS	\$ 227,822	\$ 545,581	\$ 773,403
LIABILITIES			
Accounts payable	\$ 7,066	\$ 8,663	\$ 15,729
Accrued wages and benefits	23,470	1,678	25,148
Due to other governments	1,779	97,295	99,074
Unearned revenue	354	13,799	14,153
Due to other funds	8,112	9,516	17,628
Total liabilities	40,781	130,951	171,732
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow	92,714	53,591	146,305
Total deferred inflows of resouces	92,714	53,591	146,305
FUND BALANCES			
Nonspendable	885	1,387	2,272
Restricted		268,905	268,905
Committed		90,739	90,739
Assigned	15,041	8	15,049
Unassigned	78,401		78,401
Total fund balances	94,327	361,039	455,366
TOTAL LIABILITIES, DEFERRED INFLOWS			
AND FUND BALANCES	\$ 227,822	\$ 545,581	
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.			1,132,222
Other long-term assets are not available to pay for current-period			
expenditures and, therefore, are deferred in the funds.			84,761
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.			(812,028)
The assets and liabilities of most of the internal service funds are			, ,- ,-
included in the governmental activities in the statement of net position.			9,391
Net position of governmental activities			\$ 869,712

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

(Amoun	tts in 000's)	Other Governmental	Total Governmental
	General	<b>Funds</b>	<b>Funds</b>
REVENUES:			
Income taxes	\$ 299,669	\$ 37,074	\$ 336,743
Property taxes	32,349	16,849	49,198
State local government funds	25,077	,	25,077
Other taxes	35,851		35,851
Other shared revenues	17,541	36,788	54,329
Licenses and permits	13,046	2,358	15,404
Charges for services	33,512	2,608	36,120
Fines, forfeits and settlements	23,348	5,580	28,928
Investment earnings	507	351	858
Grants	1,706	110,229	111,935
Contributions		2,571	2,571
Miscellaneous	8,208	10,326	18,534
Total revenues	490,814	224,734	715,548
EXPENDITURES:			
Current:			
General Government	84,408	6,791	91,199
Public Works	66,553	22,489	89,042
Public Safety	285,937	8,668	294,605
Community Development	245	36,946	37,191
Building and Housing	8,610	2,275	10,885
Public Health	5,604	12,118	17,722
Economic Development	1,514	30,846	32,360
Other	10,580		10,580
Capital outlay	716	100,152	100,868
Inception of capital lease		6,044	6,044
Debt service:			
Principal retirement	250	47,502	47,752
Interest		27,935	27,935
General Government		1,114	1,114
Other		1,077	1,077
Total expenditures	464,417	303,957	768,374
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENDITURES	26,397	(79,223)	(52,826)
OTHER FINANCING SOURCES (USES):			
Transfers in	5,597	72,062	77,659
Transfers out	(28,459)	(51,307)	(79,766)
Issuance of debt		69,200	69,200
Premium on bonds		6,666	6,666
Discount on bonds		(13)	(13)
Payment to refund bonds		(20,635)	(20,635)
Sale of City assets	1,044		1,044
Issuance of refunding bonds		20,110	20,110
Total other financing sources (uses)	(21,818)	96,083	74,265
NET CHANGE IN FUND BALANCES	4,579	16,860	21,439
FUND BALANCES AT BEGINNING OF YEAR	89,748	344,179	433,927
FUND BALANCES AT END OF YEAR	\$ 94,327	\$ 361,039	\$ 455,366

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES OF GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

Amounts reported for governmental activities in the statement of activities (pages 56 and 57) are different because:	
Net change in fund balances - total governmental funds (page 59)	\$ 21,439
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.	110,856
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,821
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.	(51,117)
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.	5,867
The net revenue of certain activities of internal service funds is reported with governmental activities.	(229)
Change in net position of governmental activities (pages 56 and 57)	\$ 90,637

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (BUDGET AND ACTUAL) - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

		Original <u>Budget</u>		Final Budget		Actual*	]	ariance- Positive Negative)
REVENUES:								
Income taxes	\$	296,275	\$	296,275	\$	297,124	\$	849
Property taxes		33,965		33,965		32,338		(1,627)
State local government funds		27,629		27,629		25,021		(2,608)
Other taxes		33,514		33,514		35,415		1,901
Other shared revenues		13,984		13,984		14,506		522
Licenses and permits		14,467		14,467		13,106		(1,361)
Charges for services		31,564		31,564		33,418		1,854
Fines, forfeits and settlements		18,780		18,780		23,733		4,953
Investment earnings		400		400		454		54
Grants		1,800		1,800		1,774		(26)
Miscellaneous		18,415		18,415		25,971		7,556
Total revenues		490,793		490,793		502,860		12,067
EXPENDITURES:								
Current:								
General Government		89,724		90,724		83,892		6,832
Public Works		66,441		66,441		64,977		1,464
Public Safety		309,188		308,058		299,797		8,261
Community Development		293		293		238		55
Building and Housing		9,744		9,744		8,658		1,086
Public Health		5,764		5,894		5,705		189
Economic Development		1,735		1,735		1,538		197
Other		20,847		20,847		18,848		1,999
Capital outlay		3,681		3,681		3,681		-
Principal retirement		250		250		250		-
Total expenditures		507,667		507,667		487,584		20,083
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES		(16,874)		(16,874)		15,276		32,150
OTHER FINANCING SOURCES (USES):								
Transfers in		2,984		2,984		11,329		8,345
Transfers out		(32,923)		(32,923)		(29,572)		3,351
Sale of City assets						1,044		1,044
Total other financing sources (uses)		(29,939)	_	(29,939)	_	(17,199)	_	12,740
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER								
FINANCING USES		(46,813)		(46,813)		(1,923)	_	44,890
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND PRE-ENCUMBRANCES						2,247		2,247
THE THE ENCORDING NOES			_			2,247	_	<u> </u>
NET CHANGE IN FUND BALANCE	_	(46,813)		(46,813)		324	_	47,137
FUND BALANCE AT BEGINNING OF YEAR	_	49,303	_	49,303	_	49,303	_	
FUND BALANCE AT END OF YEAR	\$	2,490	\$	2,490	\$	49,627	\$	47,137

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

# STATEMENT OF NET POSITION - PROPRIETARY FUNDS DECEMBER 31, 2014

(Amounts in 000's)

		Governmental				
	Division of <u>Water</u>	Cleveland Division of Public		erprise Funds Nonmajor Enterprise Funds	Total Enterprise <u>Funds</u>	Activities - Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 235,891	\$ 47,870	\$ 84,485	\$ 56,710	\$ 424,956	\$ 24,963
Restricted cash and cash equivalents	3,743	1,677	5,647		11,067	
Investments	10,037		4,015		14,052	
Receivables:						
Accounts	67,268	15,610	6,093	89,746	178,717	15
Recoverable costs of purchased power		9,634			9,634	
Unbilled revenue	32,825	2,590	4,615	2,888	42,918	
Accrued interest					-	
Less: Allowance for doubtful accounts	(16,860)			(2,754)	(31,022)	
Receivables, net	83,233	18,223	8,911	89,880	200,247	15
Due from other funds	17,395	3,053	6	340	20,794	13,199
Due from other governments			2,520		2,520	
Inventory of supplies	8,076	8,816	2,236	441	19,569	960
Prepaid expenses and other assets	1,258	167	515		1,940	8
Total current assets	359,633	79,806	108,335	147,371	695,145	39,145
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	137,286	30,342	244,171	14,646	426,445	
Accrued interest receivable	11		2		13	
Accrued passenger facility charges			1,933		1,933	
Total restricted assets	137,297	30,342	246,106	14,646	428,391	-
Capital assets:						
Land	5,463	5,029	167,457	13,728	191,677	663
Land improvements	17,427	305	84,172	7,869	109,773	146
Utility plant	1,644,691	520,125		142,919	2,307,735	
Buildings, structures and improvements	262,302	21,315	340,944	107,945	732,506	4,127
Furniture, fixtures, equipment and vehicles	577,995	83,418	48,050	21,116	730,579	12,657
Infrastructure			1,000,398		1,000,398	
Construction in progress	199,922	68,752	47,666	22,592	338,932	
Less: Accumulated depreciation	(968,997)					(13,286)
Total capital assets, net	1,738,803	353,620	867,341	139,385	3,099,149	4,307
Total noncurrent assets	1,876,100	383,962	1,113,447	154,031	3,527,540	4,307
TOTAL ASSETS	2,235,733	463,768	1,221,782	301,402	4,222,685	43,452
DEFERRED OUTFLOWS OF RESOURCES						
Derivative instruments-interest rate swaps	19,455				19,455	
Loss on refunding	20,972	17,448	21,762	1,537	61,719	
Total deferred outflows of resources	40,427	17,448	21,762	1,537	81,174	
			·			
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 2,276,160	\$ 481,216	\$ 1,243,544	\$ 302,939	\$ 4,303,859	\$ 43,452

(Continued)

# STATEMENT OF NET POSITION - PROPRIETARY FUNDS DECEMBER 31, 2014

(Amounts in 000's)

		Governmental				
	Cleveland Division of Public Water Power		pe Activities - Ent Department of Port <u>Control</u>	Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Activities - Internal Service Funds
LIABILITIES						
Current liabilities:	ф <b>5</b> со4	¢ 11.220	¢ 2.471	¢ 2.024	ф 22.42 <b>7</b>	¢ 1.700
Accounts payable	\$ 5,694 7,629	\$ 11,238 2,572	\$ 3,471 3,220	\$ 2,024 1,540	\$ 22,427 14,961	\$ 1,700 2,193
Accrued wages and benefits Claims payable	7,029	2,372	3,220	1,340	14,901	13,976
Due to other funds	3,742	5,214	1,810	14,542	25,308	334
Due to other governments	5,7.12	3,21.	5,652	95,975	101,627	1,199
Accrued interest payable	13,888	1,455	16,866	396	32,605	,
Current payable from restricted assets	3,743	1,677	5,647		11,067	
Current portion of long-term obligations	48,437	7,500	33,155	3,285	92,377	
Total current liabilities	83,133	29,656	69,821	117,762	300,372	19,402
Long-term liabilities:						
Accrued wages and benefits	1,388	436	612	203	2,639	14,426
Construction loans payable	98,310	150	012	753	99,063	11,120
Accreted interest payable	,0,010	11,707		,,,,	11,707	
Revenue bonds payable	701,053	223,572	811,944	24,546	1,761,115	
Other		3,455			3,455	
Total noncurrent liabilities	800,751	239,170	812,556	25,502	1,877,979	14,426
Total liabilities	883,884	268,826	882,377	143,264	2,178,351	33,828
DEFERRED INFLOWS OF RESOURCES						
Derivative instruments-interest rate swaps	19,455			184	19,639	
Total deferred inflows of resources	19,455		-	184	19,639	-
NET POSITION	0.7.7 44.0	1	07.500	117.700	4 004 000	4.205
Net investment in capital assets	955,410 99	166,363	97,689	115,530	1,334,992	4,307
Restricted for capital projects Restricted for debt service	95,240	482 4,349	127,401	45 5,596	626 232,586	
Restricted for debt service  Restricted for passenger facility charges	93,240	4,349	11,725	3,390	11,725	
Unrestricted  Unrestricted	322,072	41,196	124,352	38,320	525,940	5,317
	1 272 921	212 200	261.167	150 401	2.105.060	0.624
Total net position TOTAL LIABILITIES, DEFERRED INFLOWS	1,372,821	212,390	361,167	159,491	2,105,869	9,624
AND NET POSITION	\$ 2,276,160	\$ 481,216	\$ 1,243,544	\$ 302,939		\$ 43,452
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					233	
NET POSITION OF BUSINESS-TYPE ACTIVITIES					\$ 2,106,102	

(Concluded)

# STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

	-	G				
	Division of Water	Cleveland Public Power	Department of Port Control	Nonmajor Enterprise Funds	Total Enterprise <u>Funds</u>	Governmental Activities - Internal Service Funds
OPERATING REVENUES:						
Charges for services	\$ 303,408	\$ 181,843	\$ 131,724	\$ 34,276	\$ 651,251	\$ 100,402
Total operating revenue	303,408	181,843	131,724	34,276	651,251	100,402
OPERATING EXPENSES:						
Operations	99,286	20,688	68,615	19,928	208,517	99,171
Maintenance	54,273	17,504	3,486	8,616	83,879	2,020
Purchased power		115,923			115,923	
Depreciation	71,628	18,354	52,351	8,172	150,505	685
Total operating expenses	225,187	172,469	124,452	36,716	558,824	101,876
OPERATING INCOME (LOSS)	78,221	9,374	7,272	(2,440)	92,427	(1,474)
NON-OPERATING REVENUES (EXPENSES):						
Investment income (loss)	774	37	115	286	1,212	28
Interest expense	(28,138)	(9,285)	(32,095)	(1,649)	(71,167)	
Passenger facility charges	(20,150)	(5,200)	14,798	(-, /	14,798	
Sound insulation program			(1,250)		(1,250)	
Loss on disposal of capital assets	(26)		(9)		(35)	(1)
Other revenues (expenses)	4,835	3,862	(3,284)	145	5,558	(1)
Total non-operating		2,002	(8,28.)			
revenues (expenses)	(22,555)	(5,386)	(21,725)	(1,218)	(50,884)	27
INCOME (LOSS) BEFORE CONTRIBUTIONS						
AND TRANSFERS	55,666	3,988	(14,453)	(3,658)	41,543	(1,447)
Capital contributions	29,391		4,935	3,010	37,336	292
Transfers in				1,616	1,616	491
Change in net position	85,057	3,988	(9,518)	968	80,495	(664)
NET POSITION AT BEGINNING OF YEAR	1,287,764	208,402	370,685	158,523		10,288
NET POSITION AT END OF YEAR	\$ 1,372,821	\$ 212,390	\$ 361,167	\$ 159,491		\$ 9,624
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds					(435)	
CHANGE IN NET POSITION OF						
BUSINESS-TYPE ACTIVITIES					\$ 80,060	

# STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

		Governmental				
	Division of <u>Water</u>	Cleveland Public Power	Department of Port Control	nterprise Funds Nonmajor Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES: Cash received from customers Cash payments to suppliers for goods or services Cash payments to employees for services Cash payments for purchased power Agency activity on behalf of other sewer authorities Other	\$ 287,531 (79,201) (74,591)	\$ 184,299 (18,814) (17,637) (116,276) (5,371)	\$ 126,194 (44,546) (28,078)	\$ 33,632 (13,113) (13,679) 5,856	\$ 631,656 (155,674) (133,985) (116,276) 5,856 (5,371)	\$ 95,417 (66,133) (20,330)
Net cash provided by (used for) operating activities	133,739	26,201	53,570	12,696	226,206	8,954
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: Cash payments for sound insulation of homes Cash received through transfers			(1,385)		(1,385)	
from other funds  Cash received for royalties  Cash received from electric excise tax  Net cash provided by (used for) noncapital		2,801		1,616	1,616 59 2,801	491
financing activities		2,801	(1,385)	1,675	3,091	491
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: Cash receipts for passenger facility charges Proceeds from sale of revenue bonds, loans and notes Acquisition and construction of capital assets Principal paid on long-term debt Interest paid on long-term debt Cash paid to escrow agent for refunding Capital grant proceeds Net cash provided by (used for) capital	(67,887) (46,922) (36,235)		15,079 33,325 (28,681) (32,120) (35,144) (33,325) 4,217	(8,109) (3,190) (1,533)	15,079 110,210 (131,841) (93,002) (80,986) (109,088) 4,217	(265)
and related financing activities	(151,044)	(44,886)	(76,649)	(12,832)	(285,411)	(265)
CASH FLOWS FROM INVESTING ACTIVITIES: Purchase of investment securities Proceeds from sale and maturity of investment securities Interest received on investments	(14,996) 14,991 855	40	(2) 111	5,952 103	(14,998) - 20,943 1,109	28
Net cash provided by (used for) investing activities	850	40	109	6,055	7,054	28
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,455)	(15,844)	(24,355)	7,594	(49,060)	9,208
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	393,375	95,733	358,658	63,762	911,528	15,755
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 376,920	\$ 79,889	\$ 334,303	\$ 71,356	\$ 862,468	\$ 24,963

(Continued)

# STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

	Business-Type Activities - Enterprise Funds						Governmental					
		vision of	(	Cleveland Public		epartment of Port	Eı	onmajor nterprise	E	Total Interprise	Iı	tivities - nternal
		<u>Water</u>		<u>Power</u>		Control		<u>Funds</u>		<u>Funds</u>	Serv	ice Funds
RECONCILIATION OF OPERATING												
INCOME (LOSS) TO NET CASH PROVIDED												
BY (USED FOR) OPERATING ACTIVITIES:												
Operating income (loss)	\$	78,221	\$	9,374	\$	7,272	\$	(2,440)	\$	92,427	\$	(1,474)
Adjustment to reconcile operating income												
(loss) to net cash provided by (used for)												
operating activities:												
Depreciation		71,628		18,354		52,351		8,172		150,505		685
Noncash rental income						(282)				(282)		
Changes in assets and liabilities:										.=		
Receivables, net		(6,275)		719		(2,084)		(219)		(7,859)		(15)
Due from other funds		(1,796)		(398)		(6)		970		(1,230)		(2,900)
Inventory of supplies		(3,407)		(1,002)		(157)		69		(4,497)		260
Prepaid expenses and other assets		(60)		429		(447)		(2(1)		(78)		4
Accounts payable		(1,945)		(965)		(2,856)		(361)		(6,127)		(1,108)
Accrued wages and benefits		(659)		(857)		26 157		(242)		(1,732)		13,119 186
Due to other funds		368		558				1,951		3,034		186 197
Due to other governments		(2.226)		(1.1)		(404)		4,796		4,392		197
Accrued expenses and other liabilities		(2,336)		(11)	_					(2,347)		
Total adjustments		55,518		16,827		46,298		15,136		133,779	-	10,428
NET CASH PROVIDED BY (USED FOR)												
OPERATING ACTIVITIES	\$	133,739	\$	26,201	\$	53,570	\$	12,696	\$	226,206	\$	8,954
NONCASH OPERATING ACTIVITY:												
Rental income					\$	282						
SCHEDULE OF NONCASH CAPITAL AND RELATED												
FINANCING ACTIVITIES:												
Contributions of capital assets	\$	29,391					\$	3,010			\$	292

(Concluded)

# STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS DECEMBER 31, 2014

(Amounts in 000's)

	Agency <u>Funds</u>
ASSETS	
Cash and cash equivalents	\$ 28,762
Taxes receivable	21,587
Due from other governments	1,653
Total assets	\$ 52,002
LIABILITIES	
Due to other governments	26,902
Due to others	25,100
Total liabilities	\$ 52,002

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### 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, 2014 and for the year then ended have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

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

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

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

- Cuyahoga Metropolitan Housing Authority Created under the Ohio Revised Code, the Cuyahoga Metropolitan Housing Authority provides public housing services. The five-member board consists of two appointed by the Mayor of the City of Cleveland, two appointed by Cleveland City Council and one appointed by the Mayor of the City of East Cleveland with approval from its City Council.
- Cleveland-Cuyahoga County Port Authority Created under the Ohio Revised Code, the Cleveland-Cuyahoga County Port Authority conducts port operations and economic development activities. The nine-member Board of Directors consists of three appointed by the Cuyahoga County Commissioners and six appointed by the City of Cleveland.
- Cleveland Metropolitan School District (Schools) In November of 1998, the Mayor of the City of Cleveland was given appointing authority for the Schools. As approved by the State Legislature, the Ohio Revised Code provides for the Mayor to appoint a Chief Executive Officer who must be approved by the Board of Education (the Board). The Board is comprised of nine-members. The members of the Board are appointed by the Mayor from a pool of candidates presented to the Mayor by an independent nominating panel. In November 2002, the voters of Cleveland elected to maintain the current governance structure.

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

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

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Significant Accounting Policies:

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

#### A. Government-Wide and Fund Financial Statements

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

#### **Basic Financial Statements:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 3. The City's General Fund budget to actual statement is presented as part of the basic financial statements.
- 4. Notes to financial statements provide information that is essential to a user's understanding of the basic financial statements.

### B. Financial Reporting Presentation

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

#### **GOVERNMENTAL FUNDS**

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

#### PROPRIETARY FUNDS

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

# FIDUCIARY FUNDS

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

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

# C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

# D. Budgetary Procedures

The City is required by State law to adopt annual budgets for the General Fund, certain Special Revenue Funds (including the Division of Streets, Restricted Income Tax, Rainy Day Reserve, Schools Recreation and Cultural Activities and Cleveland Stadium Operations Funds), Debt Service Funds (except for Urban Renewal and Urban Renewal Reserve Funds) and Proprietary Operating Funds. Modifications to the original budget are approved by City Council throughout the year. The City maintains budgetary control by not permitting expenditures to exceed appropriations for personnel costs (including benefits) and other costs (including debt service and capital outlay), within a division of the City, without the approval of City Council. Adjustments to the budget can only be made within a division and then within each category. Further legislation is needed in order to move budget amounts from "personnel" to "other" or vice versa, or between divisions. City Council adopted four appropriation amendments during 2014 which reallocated appropriations and increased the budget by less than 1% from the original budget.

Unencumbered appropriations for annually budgeted funds lapse at year end.

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

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

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

A reconciliation of the General Fund's results of operations for 2014 reported on the budget basis versus the GAAP basis is as follows:

		ounts in 000's)
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses (Budget Basis)		(1,923)
Adjustments:		
Revenue Accruals		(17,778)
Expenditure and other financing sources (uses) Accruals		10,848
Encumbrances and Pre-Encumbrances		13,432
Net Change in Fund Balance	\$	4,579

# E. Other Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Swap Agreements:** The City may enter into interest rate swap agreements to modify interest rates on outstanding debt. The City has accordingly recorded the fair value of each swap in the Government-wide financial statements. As further described in Note 5 – Debt And Other Long-Term Obligations, the City has four swap agreements outstanding at December 31, 2014, one for its Subordinated Income Tax Variable Rate Refunding Bonds, one on the Parking Facilities Refunding Revenue Bonds and two associated with the 2008 Water Revenue Bonds Series O and 2010 Water Revenue Bonds Series U and V.

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

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

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

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

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

# F. Accounting Pronouncements

In June of 2012, Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25 was issued. This Statement is effective for fiscal periods beginning after June 15, 2013. GASB Statement No. 67 replaces the requirements of GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and GASB Statement No. 50 – An Amendment of GASB Statements No. 25 and No. 27 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The City has determined that GASB Statement No. 67 has no impact on its financial statements as of December 31, 2014.

In January of 2013, Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations* was issued. This Statement is effective for fiscal periods beginning after December 15, 2013. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions and transfers of operations. The City has determined that GASB Statement No. 69 has no impact on its financial statements as of December 31, 2014.

In April of 2013, Governmental Accounting Standards Board (GASB) Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees were issued. This Statement is effective for fiscal periods beginning after June 15, 2013. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The City has determined that GASB Statement No. 70 has no impact on its financial statements as of December 31, 2014.

### 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 \$812.0 million difference are as follows:

	(Amounts in 000's)		
Bonds and notes payable	\$	(667,644)	
Other payable		(28,000)	
Interest rate swap		(145)	
Unamortized bond premium/discount		(25,184)	
Accrued interest payable		(4,531)	
Capital leases payable		(15,262)	
Claims and adjustments		(3,819)	
Loss on refunding		7,283	
Compensated absences		(74,726)	
Net adjustments to reduce fund balance - total governmental funds			
to arrive at net position - governmental activities	\$	(812,028)	

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances* – *total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$110.9 million difference are as follows:

	(Amounts in 000's)			
Capital outlay	\$	119,209		
Contributed Capital		45,037		
Depreciation expense		(53,263)		
Capital asset disposal		(127)		
Net adjustment to increase net changes in fund balances - total governmental				
funds to arrive at changes in net position of governmental activities	\$	110,856		

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

	(Amounts in 000's)		
Reversal of prior year deferred inflows of resources	\$	(80,940)	
Current year deferred inflows of resources		84,761	
Net adjustment to increase net changes in fund balances -			
total governmental funds to arrive at changes in net position			
of governmental activities	\$	3,821	

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 \$51.1 million which is detailed as follows:

	(Amounts in 000's	
Debt issued or incurred:		
Issuance of general obligation bonds and other obligations	\$	(125,963)
Accrued interest		1,760
Interest rate swap		309
Principal repayments:		
General obligation debt and other obligations		45,829
Payment on capital lease		3,923
Payment on loan		2,390
Refunding of general obligation bonds and other obligations		20,635
Net adjustment to decrease net changes in fund balances - total		
governmental funds to arrive at changes in net position of		
governmental activities	\$	(51,117)

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 \$5.9 million difference are as follows:

	(Amounts in 000's)		
Compensated absences	\$	5,542	
Claims judgements		325	
Net adjustment to increase net changes in fund balances - total			
governmental funds to arrive at changes in net position of			
governmental activities	\$	5,867	

#### NOTE 4 – POOLED AND SEGREGATED CASH AND INVESTMENTS

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

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

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

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

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

Monthly, the City determines that the collateral has a market value adequate to cover the deposits and that it has been segregated either physically or in book entry form. At year end, the carrying amount of the City's deposits including certificates of deposit was \$337,188,000 and the actual bank balance totaled \$342,734,000. The difference represents outstanding warrants payable and normal reconciling items. Based on the criteria described in GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Repurchase Agreements and GASB Statement No. 40, Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3, \$342,734,000 of the bank balance was insured or collateralized with securities held by the City or by its agent in the City's name.

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

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

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

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

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

Credit Risk: The City's investments as of December 31, 2014 include U.S. Agency Obligations, U.S. Treasury Notes, U.S. Treasury Bills, STAROhio, commercial paper, mutual funds, manuscript debt and other investments. The City maintains the highest ratings for its investments. The investments in U.S. Agencies carry a Fitch rating of AAA, the highest rating given by Fitch. Investments in the Dreyfus Government Cash Management Fund, First American Government Obligations Fund, Federated Government Obligations Fund, PNC Treasury Money Market Fund, Huntington Funds U.S. Treasury Money Market Fund and STAROhio carry a rating of AAAm, which is the highest money market fund rating given by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. Investments in U.S. Bank N.A. Open Commercial Paper carries a Standard & Poor's rating of A-1+. The City has no investment policy that would further limit its investment choices.

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

					<b>Investment Maturities</b>			
		Fair		Ι	ess than		1 - 5	5 Years
Type of Investment		<b>Value</b>	Cost	(	)ne Year		Years	or More
			(An	nounts	s in 000's)			
U.S. Agency Obligations	\$	19,993	\$ 19,993	\$		\$	19,993	\$
U.S. Treasury Notes		20,066	20,000				20,066	
U.S. Treasury Bills		1,592	1,592		1,592			
STAROhio		316,965	316,965		316,965			
Commercial Paper		269,550	269,550		269,550			
Mutual Funds		329,817	329,817		329,817			
Manuscript Debt		6,058	6,058					6,058
Other	_	6,135	 6,135		6,135	_		
Total Investments		970,176	970,110		924,059		40,059	6,058
Total Deposits		337,188	 337,188		337,188	_		
Total Deposits and Investments	\$	1,307,364	\$ 1,307,298	\$ 1	1,261,247	\$	40,059	\$ 6,058

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

Concentration of Credit Risk: The City places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. As of December 31, 2014, the investments in U. S. Agency Obligations, U.S. Treasury Notes, U.S. Treasury Bills, STAROhio, commercial paper, mutual funds, manuscript debt and other are approximately 2.0%, 2.1%, 0.2%, 32.7%, 27.8%, 34.0%, 0.6% and 0.6%, respectively, of the City's total investments.

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

Government-Wide Financial Statements

	(Amounts in 000's)
Unrestricted:	
Cash and cash equivalents	\$ 825,516
Investments	15,574
Restricted:	
Cash and cash equivalents	437,512
Total	\$ 1,278,602

# Fund Financial Statements

	(Amounts in 000's)		
Balance Sheet – Governmental Funds: Unrestricted:			
Cash and cash equivalents Investments	\$	375,597 1,522	
		377,119	
Statement of Net Position – Proprietary Funds:			
Enterprise Funds:			
Unrestricted:			
Cash and cash equivalents		424,956	
Investments		14,052	
Restricted:			
Cash and cash equivalents		437,512	
Internal Service Funds:			
Unrestricted:			
Cash and cash equivalents		24,963	
Subtotal		901,483	
Statement of Fiduciary Assets and Liabilities:			
Unrestricted:			
Cash and cash equivalents		28,762	
Total	\$	1,307,364	

# 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, 2014, are as follows:

	Balance January 1, 2014	Additions	(Reductions)	Balance December 31, 2014	Due Within One Year
	2014	<u> </u>		2014	<u>1 cai</u>
Governmental Long-Term Obligations and Notes		(Amou	unts in 000's)		
Governmental Bong Term Obligations and Protes					
General Obligation Bonds due through 2033	\$ 282,550	\$	\$ (24,985)	\$ 257,565	\$ 24,820
Other Obligations:					
Urban Renewal Bonds due through 2018, 6.75%	3,670		(640)	3,030	685
Subordinated Income Tax Refunding					
Bonds due through 2024, 5.00% to 5.25%	46,915		(3,265)	43,650	3,430
Subordinate Lien Income Tax Bonds					
due through 2038, 1.00% to 6.34%	124,490	69,200	(5,355)	188,335	7,145
Non-Tax Revenue Bonds:					
Stadium due through 2020, 2.00% to 5.13%	9,445	7,745	(9,445)	7,745	610
Taxable Economic and Community Dev. (Core City Bonds)					
due through 2033, 0.60% to 5.40%	37,450	12,365	(13,415)	36,400	875
Lower Euclid Ave. TIF 2003A due through 2032,					
2.00% to 4.00%	6,213		(155)	6,058	169
Annual Appropriation Bonds - Flats East Bank due through					
2035, 5.75% to 6.00%	10,525		(245)	10,280	260
Certificates of Participation-Stadium due through 2028,					
0.88% to 5.00%	117,670		(5,890)	111,780	6,185
State Infrastructure Bank Loan	1,559		(241)	1,318	248
West 150th Street Improvement Loan	1,046		(63)	983	63
Capital Lease Obligations, due through 2020, 1.39% to 3.22%	19,185		(3,923)	15,262	3,908
Gateway Note Payable, due through 2016	750		(250)	500	250
Cleveland Browns Stadium		30,000	(2,000)	28,000	2,000
Accrued wages and benefits	50,359	7,811	(10,911)	47,259	28,830
Police and fire overtime	43,250	454	(3,506)	40,198	610
Fire deferred vacation	2,786		(429)	2,357	281
Estimated claims payable	4,456	6,547	(3,614)	7,389	7,389
	762,319	134,122	(88,332)	808,109	87,758
Unamortized (discount)/premium - net	22,006	6,653	(3,475)	25,184	
Total Governmental Activities, Net	\$ 784,325	\$ 140,775	\$ (91,807)	\$ 833,293	\$ 87,758

(Continued)

	Balance January 1,			Balance December 31,	Due Within One
	2014	Additions	(Reductions)	2014	Year
	<del></del>	(Amounts	s in 000's)	<del></del>	
Business-Type Activities (Enterprise Funds)			,		
Airport System Revenue Bonds:					
Series 2000C due through 2031, 4.00% to 5.00%	\$ 149,000	\$	\$ (5,200)	\$ 143,800	\$ 5,400
Series 2006A-B due through 2024, 5.00% to 5.25%	113,715		(7,160)	106,555	7,625
Series 2007B due through 2027, 4.00% to 5.00%	9,095		(570)	8,525	600
Series 2008D due through 2024, Variable Rate	5,975			5,975	
Series 2009A-B due through 2027, Variable Rate	34,605		(34,605)	-	
Series 2009C-D due through 2027, 0.03% to 5.00%	170,600		(10,590)	160,010	11,165
Series 2011A due through 2024, 3.00% to 5.00%	71,505		(7,320)	64,185	6,995
Series 2012A due through 2031, 5.00%	235,150			235,150	
Series 2013A due through 2033, Variable Rate	58,000			58,000	
Series 2014A&B due through 2027, Variable Rate		33,325		33,325	1,370
	847,645	33,325	(65,445)	815,525	33,155
Public Power System Revenue Bonds:					
Series 2006 due through 2024, 5.00%	107,560		(56,260)	51,300	1,580
Series 2008 due through 2038, 4.00% to 5.40%	91,863		(5,185)	86,678	
Series 2008 Accreted Interest Payable	9,686	2,021		11,707	
Series 2010 due through 2017, 5.00%	23,470		(8,560)	14,910	5,920
Series 2012 due through 2016, 2.00%	9,510		(9,510)	-	
Series 2014 due through 2038, 5.50%		76,885		76,885	
	242,089	78,906	(79,515)	241,480	7,500
Waterworks Improvement Revenue Bonds:					
Series G 1993 due through 2021, 5.50%	66,550		(330)	66,220	345
Series N 2005 due through 2023, 3.50% to 5.00%	22,735		(870)	21,865	905
Series O 2007 due through 2037, 4.25% to 5.00%	130,610		(2,950)	127,660	3,080
Series P 2007 due through 2028, 4.50% to 5.00%	113,280		(9,290)	103,990	9,755
Series Q 2008 due through 2033, Variable Rate	90,800			90,800	
Series T 2009 due through 2021, 2.50% to 5.00%	65,150		(8,130)	57,020	8,335
Series U 2010 due through 2033, Variable Rate	54,935			54,935	
Series V 2010 due through 2033, Variable Rate	26,495			26,495	
Series W 2011 due through 2026, 2.00% to 5.00%	62,760		(18,340)	44,420	18,780
Series X 2012 due through 2042, 3.63% to 5.00%	44,410			44,410	
Series A Second Lien 2012 due through 2027, 4.00% to 5.00%	76,710			76,710	
	754,435	-	(39,910)	714,525	41,200
Ohio Water Development Authority and Public Works					
Commission Loans due through 2033, 0.00% to 4.18%	114,372		(7,557)	106,815	7,752
Parking Facilities Refunding Revenue Bonds:					
Series 2006 due through 2022, 4.00% to 5.25%	29,105		(2,645)	26,460	2,770
Public Power System Other (See Note 8)	3,747		(43)	3,704	249
Deferred Payment Obligation	280		(280)	-	
Accrued wages and benefits	10,100	1,011	(966)	10,145	7,348
Estimated claims payable	1,003	476	(632)	847	847
	2,002,776	113,718	(196,993)	1,919,501	100,821
Unamortized (discount)/premium - net	68,321		(8,864)	59,457	
Total Business-Type Activities, Net	\$ 2,071,097	\$ 113,718	\$ (205,857)	\$ 1,978,958	\$ 100,821
Total Debt and Other Long-Term Obligations	\$ 2,855,422	\$ 254,493	\$ (297,664)	\$ 2,812,251	\$ 188,579

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, 2014, \$1,169,731 of the Internal Service Funds, except for Utilities Administration Fund, compensated absences were included in the governmental activities accrued wages and benefits. 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, 2014, \$563,845 of the Utilities Administration Fund compensated absences were included in business-type activities accrued wages and benefits.

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

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

A detailed summary of principal due for General Obligation Bonds and business-type activities debt by purpose is as follows for 2014:

	Original Issue <u>Amount</u>		Balance January 1, 2014	(Ar	Additions mounts in 000's)		(Reductions)		Balance December 31, 2014
Governmental Activities Obligations:				·	·				
General Obligation Bonds									
Public Facilities	\$ 68,130	\$	47,075	\$		\$	(3,365)	\$	43,710
Convention Center	1,010		890				(40)		850
Residential Redevelopment	13,985		8,395				(620)		7,775
Bridges and Roadways	107,695		64,790				(5,470)		59,320
Parks & Recreation	38,820		25,680				(1,705)		23,975
Refunding Bonds	201,045		119,945				(13,280)		106,665
Revitalization	6,020		5,115				(175)		4,940
Judgments/Settlements	 12,140	_	10,660	_			(330)	_	10,330
Total Governmental Activities	\$ 448,845	\$	282,550	\$	<u> </u>	\$	(24,985)	\$	257,565
Business-Type Activities Obligations:									
Revenue Bonds / Notes									
Airports	\$ 946,855	\$	847,645	\$	33,325	\$	(65,445)	\$	815,525
Public Power	317,398		232,403		76,885		(79,515)		229,773
Waterworks	1,031,695		754,435				(39,910)		714,525
Parking Facilities	57,520		29,105				(2,645)		26,460
Loans									
Waterworks	153,828		112,559				(7,012)		105,547
Water Pollution Control	 8,378	_	1,813			_	(545)	_	1,268
Total Business-Type Activities	\$ 2,515,674	\$	1,977,960	\$	110,210	\$	(195,072)	\$	1,893,098

The following is a summary of the City's future debt service requirements as of December 31, 2014:

					(	Government	al Activ	ities				
Year Ending		Gei Obligati	neral	da		Urban R Boi				Subor Income T		
December 31		rincipal		nterest	Pı	rincipal		terest	_	Principal		interest
December 51		тистрат		nerest		(Amounts				тистрат		interest
2015	\$	24,820	\$	12,378	\$	685	\$	181	\$	10,575	\$	10,432
2015	Ψ	24,355	Ψ	11,261	Ψ	730	Ψ	134	Ψ	11,825	Ψ	10,076
2017		24,333		10,058		780		83		12,230		9,654
2017		23,200		8,925		835		28		12,680		9,034
2019		21,845		7,833		633		20		13,200		8,632
2020-2024		81,495		25,218						73,245		33,839
2020-2024												18,009
		49,310		8,931						60,365		
2030-2034 2035-2039		8,370		749						26,845		5,463
2033-2039	<u></u>	257.565	Ф.	05.252	<u> </u>	2.020	e	126	<u></u>	11,020	<u>e</u>	1,178
	\$	257,565	\$	85,353	\$	3,030	\$	426	\$	231,985	\$	106,455
Year Ending		Non Revenu	-Tax ie Bond	ls		City A	Annual tion Bon	ds			ficates icipation	
December 31	P	rincipal		nterest	Pı	rincipal		terest		Principal	Interest	
December 51		пистриг	_	increst.		(Amounts				тистрат	_	interest
2015	\$	1,654	\$	1,829	\$	260	\$	612	\$	6,185	\$	4,103
2016	Ψ	3,501	Ψ	1,709	Ψ	275	Ψ	597	Ψ	6,495	Ψ	3,793
2017		3,623		1,621		290		582		6,800		3,487
2017		3,734		1,531		310		565		7,140		3,147
2019		3,893		1,408		325		547		7,445		2,841
2020-2024		15,071		5,128		1,940		2,426		41,425		9,381
2025-2024		8,374		2,974		2,590		1,772		36,290		2,695
2030-2034						,		895		30,290		2,093
2030-2034		10,353		1,058		3,465 825		50				
2033-2039	\$	50,203	\$	17,258	\$	10,280	\$	8,046	\$	111,780	\$	29,447
	Ψ	30,203	Ψ	17,230	Ψ	10,200	Ψ	0,040	Ψ	111,700	Ψ	27,447
57 TO 19			pital			Note/Loans		Governmental Activities Total				
Year Ending		Lease O				Paya		4	_			
December 31	<u>_r</u>	rincipal		nterest		rincipal		terest		Principal		Interest
2015	\$	3,908	\$	247	\$	(Amounts	s	s) 46	\$	48,648	\$	29,828
2015	Ф	4,010	Ф	162	Ф	569	φ	38	φ	51,760	Ф	27,770
2010		2,981		93		327		30		51,700		25,608
2018		2,489		44		335		22		50,723		23,434
2019		1,386		16		343		14		48,437		21,291
2020-2024		488		2		317				213,981		75,994
2025-2029						317				157,246		34,381
2030-2034						32				49,065		8,165
2035-2039	_	170:-				• 0000				11,845	_	1,228
	\$	15,262	\$	564	\$	2,801	\$	150	\$	682,906	\$	247,699

<b>Business-</b>	Type	Activities

Year Ending	1	Revenue B		<b>Construction Loans</b>				
December 31	Pri	ncipal		nterest	Pı	Principal		nterest
			(Amou	ints in 000's)				
2015	\$	84,625	\$	83,463	\$	7,752	\$	3,268
2016		86,635		79,221		7,951		3,016
2017		95,050		74,698		7,886		2,759
2018		93,045		70,127		7,982		2,507
2019		97,080		65,536		8,239		2,250
2020-2024		499,595		254,279		42,740		7,214
2025-2029		463,575		161,652		22,494		1,501
2030-2034		274,453		70,537		2,832		69
2035-2039		83,055		32,796				
2040-2044		9,170		703				
	\$ 1	,786,283	\$	893,012	\$	107,876	\$	22,584

Year Ending	Activities Total							
December 31		Principal	Interest					
			(Amo	unts in 000's)				
2015	\$	92,377	\$	86,731				
2016		94,586		82,237				
2017		102,936		77,457				
2018		101,027		72,634				
2019		105,319		67,786				
2020-2024		542,335		261,493				
2025-2029		486,069		163,153				
2030-2034		277,285		70,606				
2035-2039		83,055		32,796				
2040-2044		9,170		703				
	\$	1,894,159	\$	915,596				

The schedule of minimum principal and interest payments for construction loans includes the amortization on sixteen loans provided to the Division of Water and the Division of Water Pollution Control by the Ohio Water Development Authority (OWDA) and two loans to the Division of Water Pollution Control by the Ohio Public Works Commission (OPWC). This amortization is based upon the full amount expected to be financed, regardless of whether the Division of Water and the Division of Water Pollution Control have received all the loan proceeds. Therefore, at December 31, 2014, the amount financed on these OWDA loan projects, which is reflected in the amortization schedule, less the principal payments made to date, exceeds the actual loan balances shown on the schedule of long-term debt outstanding and changes in long-term debt obligations by \$1,061,000.

### **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.

Under the direct debt limitation imposed by the Ohio Revised Code, the City had the capacity to issue \$269,497,372 of additional unvoted debt at December 31, 2014.

### **Other Governmental Obligations**

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

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

Effective August 6, 2008, the City issued \$59,960,000 Subordinate Lien Unrestricted Income Tax Bonds, Series 2008 (Police and Fire Pension Payment) to refund all the outstanding Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994. The interest rate swap related to the Series 1994 Bonds was terminated by the City on July 28, 2008 and the termination payment of \$4,325,000 owed to Ambac Financial Services, LLC, the swap counterparty, was paid from the proceeds of the Series 2008 Bonds. The City refunded the Series 1994 Bonds in order to address the increased interest rates incurred on the Bonds as a result of the downgrade of the bond insurer. The Bonds are not general obligations of the City and are not secured by its full faith and credit. The Series 2008 Bonds are unvoted special obligations secured by a pledge of and a lien on the unrestricted municipal income taxes of the City, to the extent that such income taxes are not needed to pay debt service on the City's currently outstanding unvoted General Obligation Bonds or unvoted General Obligation Bonds issued in the future.

### Interest Rate Swap Transaction:

<u>Terms:</u> On February 7, 2003, the City sold an option to JPMorgan Chase Bank (JPM) that gives JPM the right to execute an interest rate swap at its discretion at any time until the option expires on May 15, 2024 on a declining notional amount equal to the outstanding principal amount of the City's Subordinated Income Tax Variable Rate Refunding Bonds, Series 1994. The swaption is now associated with the Series 2008 Bonds. Under the swap agreement, the City will be the fixed rate receiver, receiving the fixed rate of 4.88%, and JPM will be the floating rate receiver, receiving interest on what would have been the outstanding notional amount of the original 1994 Bonds of \$42,100,000 at December 31, 2014, at a rate equal to the weekly Securities Industry and Financial Markets Association (SIFMA) index. If the option is exercised, the stated termination date under the swap agreement with JPM will be May 15, 2024. The obligation of the City under the swap agreement to make periodic floating rate payments (but not any termination payment) is secured by a subordinate pledge of the income tax receipts, subordinate to the pledge of the income tax receipts made under the "General Bond Ordinance" securing the City's General Obligation Bonds. The payment of any termination payment is subordinate to the payment of debt service on the Subordinate Lien Unrestricted Income Tax Bonds, Series 2008, and the periodic floating rate payments under the swap agreement.

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

<u>Basis Risk</u>: There is no basis risk for the City associated with this transaction with the exception of the risk inherent in all variable rate debt. If the option is exercised, the City will receive a fixed rate of 4.88% which is approximately 29 basis points less than the fixed rate being paid on the Series 2008 Bonds. This transaction would leave the City paying the weekly SIFMA rate plus 29 basis points.

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

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

*Fair Value*: The fair value of the swaption at December 31, 2014 as reported by JPM was \$145,000 which would be payable by the City.

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

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

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

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

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

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

Effective July 24, 2008, the City issued \$28,160,000 Taxable Economic and Community Development Refunding Revenue Bonds, Series 2008 (Core City Fund). The proceeds of these bonds were used to refund the outstanding \$26,900,000 Series 2003 Taxable Economic and Community Development Revenue Bonds, to fund a bond reserve fund and to pay the costs of issuing the bonds. The Series 2003 Bonds were refunded in order to address increased interest rates incurred on the bonds due to the collapse of the auction rate securities market. The Series 2008 Bonds, which were special obligations of the City, were issued as variable rate demand obligations secured by a letter of credit provided by Citizens Bank. Upon the expiration of the letter of credit in 2011, the City obtained a new letter of credit for the Series 2008 Bonds from PNC Bank. At the expiration of the PNC Bank letter of credit, the City elected to refund the outstanding \$25,360,000 Series 2008 Bonds with \$25,360,000 Taxable Economic and Community Development Bonds, Series 2013A, effective May 30, 2013. The bonds remain variable rate bonds and were privately placed with KeyBank National Association for a period of five years. As a result of this refunding, it is estimated that the City will achieve net present value debt service savings of \$1,178,000 or 4.65% and total debt service savings of \$1,464,000. The Bonds are payable from the City's non-tax revenues and net project revenues.

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

Certificates of Participation (COPS) - Stadium: In June 1997, Certificates of Participation (COPS) in the amount of \$139,345,000 were issued to assist in the construction of an open-air stadium for the play of professional football and other events. In October 1999, COPS in the amount of \$20,545,000 were issued to retire then outstanding Non-Tax Revenue Bond Anticipation Notes. The City will make lease payments subject to annual appropriation by City Council and certification by the Director of Finance as to the availability of funds from those appropriations. These obligations do not constitute a debt or pledge of the full faith and credit of the City.

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

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

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

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

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

In February 2010, the City entered into an equipment lease agreement with The Fifth Third Leasing Company which resulted in the City purchasing approximately \$6,690,000 of heavy duty vehicles and apparatus. On June 30, 2011, the City entered into an equipment lease agreement with PNC Equipment Finance LLC. This enabled the City to purchase approximately \$6,585,000 of vehicles and equipment for various departments, including police cars, a fire truck, waste collection equipment and EMS ambulances. On June 5, 2012, the City entered into a second vehicle lease agreement with PNC Equipment Finance LLC in the amount of \$6,507,400. The funds were used to purchase a variety of vehicles including police cars, EMS ambulances and waste collection equipment. Effective June 20, 2013, the City entered into a \$6,535,000 vehicle lease agreement with Huntington Public Capital Corporation. The funds will again be used to purchase a variety of vehicles including police cars, EMS ambulances and waste collection equipment. Payments on all of these equipment leases are made over a period of seven years from issuance from the Restricted Income Tax Fund.

Covernmental

The assets recorded by the City under Capital Leases were as follows as of December 31, 2014:

	<u>#</u>	Activities unts in 000's)
Furniture, fixtures and equipment	\$	46,765
Less – accumulated depreciation		(21,419)
Net book value	\$	25,346

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

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

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

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

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

**Police and Fire Overtime and Deferred Vacation Pay:** Uniformed employees of the Police and Fire Divisions accumulate overtime compensation in accordance with the union contracts and the requirements of the Fair Labor Standards Act. In addition, uniformed employees may defer earned vacation time, with the appropriate approvals, until retirement. The liabilities for overtime and deferred vacation time, at current pay rates including their related fringe benefits and converted to straight time hours, at December 31, 2014, follow:

	_	Ov	ertin	ne	<b>Deferred Vacation</b>			
<b>Division</b>		<b>Hours</b>		<u> Dollars</u>	<b>Hours</b>	<b>Dollars</b>		
				(Amounts	its in 000's)			
Police		1,133	\$	35,344		\$		
Fire		162		4,854	79		2,357	
	Total	1,295	\$	40,198	79	\$	2,357	

# **Business-Type (Enterprise Fund) Obligations**

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

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

Effective April 24, 2013, the City issued \$58,000,000 Airport System Revenue Bonds, Series 2013A. Proceeds of the bonds were used to refund the outstanding \$58,000,000 Airport System Revenue Bonds, Series 2008F, upon the expiration of the existing letter of credit. The bonds were directly purchased by U.S. Bank National Association as variable rate bonds with the City paying on a monthly basis an amount equal to one month LIBOR plus a spread. As a result of this refunding, the refunded bonds were defeased and the liability for the 2008F Bonds has been removed from long-term debt. The City expects to achieve an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$2.7 million or 4.61% and debt service savings from the refundings of approximately \$3.4 million or 5.87%.

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

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

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

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

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

Interest Rate Swap Transactions:

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

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

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

termination payment) was secured by a pledge of and lien on the net revenues of the Water System on a parity with the pledge and lien securing the payment of debt service on the bonds. Both the bond debt service payments on the Series M Bonds and the periodic swap payments were insured by Financial Security Assurance (FSA).

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

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

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

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

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

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

*Fair Value*: The fair value of the swaps (including accrued amounts) at December 31, 2014 as reported by JPM and Morgan Stanley totaled \$19,455,000 which would be payable by the City.

Ohio Water Development Authority and Ohio Public Works Commission Loans: These loans are payable from net revenues derived from the Waterworks and Water Pollution Control Systems. These obligations do not have a lien on revenues of the Divisions. In 2013, Water expended an additional \$9,747,250 out of an anticipated \$10,954,516 for the Crown Waterworks Chemical Project and also expended \$2,203,181 on a new Shaker Heights Water Main Replacement project.

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

Effective October 6, 2011, the City completed the sale of the City-owned Gateway North Parking Garage to Rock Ohio Caesars Gateway LLC. The garage is now being used by the purchaser in conjunction with a casino constructed in the Higbee Building adjacent to the garage. The net proceeds of the sale of the garage received by the City totaled \$20,915,504. Of this amount, \$19,578,288 was placed into an irrevocable escrow fund, along with \$1,967,425 released from the debt service reserve fund as a result of the transaction, to be used to pay the principal

and interest as it comes due on \$16,145,000 Parking Facilities Refunding Revenue Bonds, Series 2006. As a result, these bonds were considered to be defeased and the liability for the bonds has been removed from long-term debt. In addition, \$480,000 of the sale proceeds was used to terminate the portion of an existing basis swap which was associated with the bonds being defeased. Sale proceeds were also utilized to pay costs of the transaction. As a result of this transaction, the City expects to save approximately \$600,000 annually through 2022.

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

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

### Interest Rate Swap Transaction:

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

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

Basis Risk: By entering into a swap based upon the 30 day LIBOR rate of interest, the City has undertaken basis risk associated with a change in tax rates and structure. While the average relationship between the SIFMA (tax-exempt) and LIBOR (taxable) interest rates has been 67%, this relationship may not always apply. Since late 2008, this relationship has been significantly higher for various periods of time due to the disruptions in the financial markets. The payments received from the counterparty may be less than the amount owed to the counterparty, resulting in a net increase in debt service. However, in 2013 and 2014 the SIFMA/LIBOR relationship was significantly lower than 67%. In this case, payments received from the counterparty have been greater than the amount owed to the counterparty which results in a net decrease in debt service. In addition, a reduction in federal income tax rates might increase the percentage relationship between SIFMA and LIBOR and may potentially increase the cost of the financing.

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

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

*Fair Value*: The fair value of the swap at December 31, 2014 as reported by PNC totaled \$184,000, which would be payable by the City.

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

#### **Defeasance of Debt**

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

The aggregate amount of defeased debt outstanding at December 31, 2014 is as follows:

Bond Issue	(Amounts in 000's)		<b>Bond Issue</b>	(Amounts in 000's)		
Parking Facilities Bonds: Series 2006	\$	12,545	Unvoted Tax Supported General Obligation: Series 2005A	\$	13,275	
Public Power System Revenue Bonds:						
Series 2006A-1, A-2	\$	56,260				
Series 2008A		2,065				
Series 2008B-1		2,145				
Series 2010		415				

### **Airport Special Facilities Revenue Bonds**

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

## **Pledges of Future Revenues**

The City has pledged future airport revenues to repay \$815,525,000 in various Airport System Revenue Bonds issued in various years since 2001. Proceeds from the bonds provided financing for airport operations. The bonds are payable from airport net revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require less than 73% of net revenues. The total principal and interest remaining to be paid on the various Airport System Revenue Bonds is \$1,190,581,000. Principal and interest paid for the current year and total net revenues (including other available funds) were \$67,723,000 and \$93,679,000 respectively.

The City has pledged future power system revenues, net of specified operating expenses, to repay \$229,773,000 in various Public Power System Revenue Bonds issued in various years since 2006. Proceeds from the bonds provided financing for Public Power System improvements. The bonds are payable from Public Power System net revenues and are payable through 2038. Annual principal and interest payments on the bonds are expected to require less than 68% of net revenues. The total principal and interest remaining to be paid on the various Public Power System Revenue Bonds is \$429,869,000. Principal and interest paid for the current year and total net revenues were \$18,832,000 and \$27,762,000, respectively.

The City has pledged future water system revenues, net of specified operating expenses, to repay \$714,525,000 in various Senior Lien Water Revenue Bonds and Subordinate Lien Bonds issued in various years since 1993. Proceeds from the bonds provided financing for Water System improvements. The bonds are payable from Water System net revenues and are payable through 2042. Annual principal and interest payments on the bonds are expected to require less than 47% of net revenues. The total principal and interest remaining to be paid on the various Senior and Subordinate Lien Water Revenue Bonds is \$1,025,800,000. Principal and interest paid for the current year on the Senior Lien Bonds and total net revenues were \$69,363,000 and \$150,623,000, respectively.

The City has pledged future revenues from certain parking facilities, net of specified operating expenses, and other operating revenues to repay \$26,460,000 in Parking Facilities Refunding Revenue Bonds issued in 2006. Proceeds from the bonds initially issued provided financing for the construction of parking facilities. The bonds are payable from parking facilities net revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require the full amount of net operating revenues. The total principal and interest remaining to be paid on the Parking Facilities Refunding Revenue Bonds is \$33,045,000. Principal and interest paid for the current year (including net swap payments) and total net revenues were \$4,117,000 and \$4,034,000 respectively.

In 2014, no additional pledged revenue was required to meet the debt service on the Parking Facilities Refunding Revenue Bonds. The trust indenture requires, among other things, that the Division of Parking Facilities will fix parking rates and will charge and collect fees for the use of the parking facilities and will restrict operating expenses. As of December 31, 2014, the Division of Parking Facilities was in compliance with the terms and requirements of the trust indenture.

#### **Derivative Instruments**

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

The table below presents the fair value balances and notional amounts of the City's derivative instruments outstanding at December 31, 2014, classified by type, and the changes in fair value of these derivatives during fiscal year 2014 as reported in the 2014 financial statements. The fair values of the interest rate swaps, which reflect the prevailing interest rate environment at December 31, 2014 and the specific terms and conditions of each swap, have been provided by the respective counterparty for each swap and confirmed by the City's financial advisor.

	<b>Changes in Fair</b>	Value	Fair Value at December 31, 2014					
	Classification	<b>Amount</b>	Classification	<b>Amount</b>	<b>Notional</b>			
			(Amounts in 000's)					
<b>Investment Derivatives:</b>								
Governmental Activities:								
Fixed to floating interest rate swap								
2003 Subordinated Income Tax Swaption	Investment Revenue	\$ 309	Investment	\$ (145)	\$ 42,100			
<b>Business-Type Activities:</b>								
Floating to floating interest rate swap								
2006 Parking Basis Swap	Investment Revenue	183	Investment	(184)	26,460			
Hedging Derivatives:								
Floating to fixed interest rate swaps								
2008 Q Water Swap	Deferred inflow	837	Debt	(5,416)	61,370			
2010 U Water Swap	Deferred outflow	(2,083)	Debt	(9,386)	54,735			
2010 V Water Swap	Deferred outflow	(1,003)	Debt	(4,653)	26,295			

The table below presents the objective and significant terms of the City's derivative instruments at December 31, 2014, along with the credit rating of each swap counterparty.

	Bonds	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
•	Subordinated Income Tax Bonds	Receive Fixed Interest Rate Swaption	Hedge of changes in fair value of Series 1994 Subordinated Income Tax Bonds	\$ 42,100,000	2/7/2003	5/15/2024	If option is exercised, Receive 4.88%, pay SIFMA	Aa3/A+/A+
	Water Series Q	Pay Fixed Interest Rate Swap	Hedge of changes in cash flow on the Series Q Water System Bonds	\$ 40,185,000	8/10/2004	1/1/2021	Pay 3.553%, receive 61.25% of LIBOR + 28 bps	Aa3/A+/A+
	Water Series Q	Pay Fixed Interest Rate Swap	Hedge of changes in cash flow on the Series Q Water System Bonds	\$ 21,185,000	8/10/2004	1/1/2021	Pay 3.5975%, receive 61.25% of LIBOR + 28 bps	Baa2/A-/A
	Water Series U	Pay Fixed Interest Rate Swap	Hedge in changes in cash flow on the Series U Water System Bonds	\$ 54,735,000	2/12/2009	1/1/2033	Pay 3.553%, receive 61.25% of LIBOR + 28 bps	Aa3/A+/A+
	Water Series V	Pay Fixed Interest Rate Swap	Hedge in changes in cash flow on the Series V Water System Bonds	\$ 26,295,000	2/12/2009	1/1/2033	Pay 3.5975%, receive 61.25% of LIBOR + 28 bps	Baa2/A-/A
	2006 Parking Bonds	Basis Swap - Pay Floating/Receive Floating	Exchange floating rate payments on Series 2006 Parking System Bonds	\$ 26,460,000	8/15/2006	9/15/2022	Pay SIFMA, receive 67% of LIBOR	A2/A/A÷

The following table presents the aggregate debt service requirements on the City's hedged debt and net receipts/payments on the associated hedging derivative instruments as of December 31, 2014. These amounts assume that the interest rates on variable rate bonds and the reference rates in existence as of December 31, 2014 remain the same for the life of the hedging agreement. However, these rates will vary over time and the actual interest payments on the variable rate bonds and the net receipts/payments on the hedging derivative instruments will deviate from the numbers presented below.

## **Aggregate Cash Flows on Hedging Derivative Instruments**

Fiscal Year Ending			Hedging								
December 31	Principal		I	nterest	<b>Derivatives, Net</b>			Total			
			(A	Amounts in (	000's)						
2015	\$		\$	430	\$	4,287	\$	4,717			
2016				430		4,229		4,659			
2017				430		4,190		4,620			
2018				430		3,864		4,294			
2019				430		3,448		3,878			
2020-2024		48,430		1,688		10,357		60,475			
2025-2029		75,930		333		1,289		77,552			
2030-2033		47,870		47		119		48,036			
Total	\$	172,230	\$	4,218	\$	31,783	\$	208,231			

# NOTE 6 - DEFERRED PAYMENT OBLIGATION / I-X CENTER

In January 1999, the City purchased the International Exposition (I-X) Center and the land on and around it for \$66.5 million as part of its master plan to expand Cleveland Hopkins International Airport. As part of the purchase agreement, the City leased the building back to the former owner for 15 years, after which the City may demolish the building to make way for airport development. Of the \$66.5 million purchase price, \$36.5 million was paid in cash in 1999. The remaining \$30 million, including interest at 7.75%, is being deferred by the seller and will be offset by future lease payments owed to the City over the 15 year lease period. The future lease payments are equal to the remaining purchase price plus interest at 7.75%, and as such, no cash will be exchanged between the City and the lessee over the term of the lease.

In the event that either a similar facility is developed that exceeds a specified size, or there is an expansion of an existing facility that exceeds a specified size within the municipal boundary of the City of Cleveland, the lessee has the right to terminate the lease. Such termination would require the City to pay the lessee the remaining portion of the deferred purchase price.

Rental income recognized by the City under this agreement totaled \$282,000 in 2014. Of this amount \$2,000 was offset against interest expense and \$280,000 was offset against the principal balance of the deferred obligation. The deferred payment obligation agreement expired on January 31, 2014.

#### **NOTE 7 – RISK MANAGEMENT**

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

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

Changes in the estimated claims payable for all funds during the years ended December 31, 2014 and 2013 were as follows:

	2014 (Amount	2013 s in 000's)		
Estimated claims payable, January 1	\$ 5,459	\$	3,993	
Current year claims (including IBNRs) and changes				
in estimates	7,023		4,116	
Claim payments	 (4,246)		(2,650)	
Estimated claims payable, December 31	\$ 8,236	\$	5,459	

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

*Insurance*: Certain proprietary funds carry insurance to cover particular liability risks and property protection. Otherwise, the City is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2014. There was no significant decrease in any insurance coverage in 2014. In addition, there were no insurance settlements in excess of insurance coverage during the past three years.

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

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

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

	2014 (Amounts in 000's)			
Estimated claims payable, January 1	\$			
Current year claims (including IBNRs) and changes				
in estimates	66,816			
Claim payments	(52,840)			
Estimated claims payable, December 31	\$ 13,976			

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, 2014 was \$20,238,070. Of this amount, \$6,317,240 was recorded as a fund liability within each respective fund. The remaining \$13,920,830 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 8 – 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 7 – Risk Management), while those claims that are considered "reasonably possible" are disclosed but not accrued.

As of December 31, 2014, the City had \$4,900,000 in claims for which an unfavorable outcome is deemed to be reasonably possible.

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

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

its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable. The City made payments in 2014 totaling \$124,933 leaving a net impaired cost estimate of \$3,704,495 at December 31, 2014.

The City intends to recover these costs and repay AMP over the next 15 years through a power cost adjustment, thus this incurred cost has been capitalized and reported as a regulated asset, as allowed by GASB Statement No. 65. The City intends to recover 50% of these costs from the customers through the Energy Adjustment Charge passed along to customer's monthly bills.

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

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

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

#### NOTE 9 – INTERFUND TRANSACTIONS AND BALANCES

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

- (1) Reciprocal interfund services provided and used Purchases and sales of goods and services between funds for a price approximating their external exchange value.
- (2) Nonreciprocal interfund transfers Flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. This includes transfers to subsidize various funds.
- (3) Nonreciprocal interfund reimbursements Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

For the year ended December 31, 2014, transfers consisted of the following:

Transfers Out	Transfers In								
	Total	_ General Fund	Other Govern- mental Funds	Total Govern- mental Funds	Enterprise Funds	Internal Service Funds			
	(Amounts in 000's)								
Governmental Funds:									
General	\$ 28,459	\$	\$ 26,352	\$ 26,352	\$ 1,616	\$ 491			
Other Governmental	51,307	5,597	45,710	51,307					
Total Governmental Funds	79,766	5,597	72,062	77,659	1,616	491			
Total	\$ 79,766	\$ 5,597	\$ 72,062	\$ 77,659	\$ 1,616	\$ 491			

*Interfund Balances:* Interfund balances at December 31, 2014 represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records and (3) payments between funds are made. All are expected to be paid within one year.

Interfund receivable and payable balances as of December 31, 2014 are as follows:

			Due From							
Due To	Total	General <u>Fund</u>	Other Govern- mental <u>Funds</u>	Total Govern- mental <u>Funds</u>	Division of Water <u>Fund</u> (Amounts	Cleveland Public Power <u>Fund</u> in 000's)	Department of Port Control <u>Fund</u>	Other Enterprise <u>Funds</u>	Total Enterprise <u>Funds</u>	Internal Service <u>Funds</u>
Governmental Funds: General Other Governmental	\$ 8,112 9,516	\$ 929	\$ 7,909	\$ - 8,838	\$	\$ 1,456 13	\$ 6	\$ 27 22	\$ 1,489 35	\$ 6,623 643
Total Governmental	\$ 17,628									
Enterprise Funds: Division of Water	\$ 3,742	12	18	30		1,253		155	1,408	2,304
Cleveland Public Power Department of Port	5,214	6	16	6	3,855	1,233		8	3,863	1,345
Control Other Enterprise	1,810 14,542	240 143	16	240 159	13,540	21 302		118 5	139 13,847	1,431 536
Total Enterprise	\$ 25,308									
Internal Service Funds	334	4		4		8		5	13	317
Total Due To/Due From	\$ 43,270	\$ 1,334	\$ 7,943	\$ 9,277	\$ 17,395	\$ 3,053	\$ 6	\$ 340	\$ 20,794	\$ 13,199

# **NOTE 10 – INCOME TAXES**

During 2014, the City income tax rate remained at 2% and the credit provided to City residents for income taxes paid to other municipalities remained at 50% and the maximum credit is limited to 1%. A portion of the City income tax is restricted in its use to capital expenditures and debt service and is included in the Restricted Income Tax Special Revenue Fund. All other income tax proceeds are included in the General Fund.

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

#### **NOTE 11 – PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. The 2014 levy was based upon an assessed valuation of approximately \$4.9 billion. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Under current procedures, the City's share is 4.4 mills, of which 4.35 mills is dedicated to debt service and .05 mills is dedicated to the payment of fire pension obligations. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. The last reappraisal was completed in 2012. Assessed values are established by the Cuyahoga County (County) Auditor. The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City.

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

Collection Dates
 January 24 and July 10 of the current year

Lien Date
 January 1 of the year preceding the collection year

Levy Date
 October 1 of the year preceding the collection year

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

• Collection Dates January 20 and June 20 of the current year

• Lien Date December 31 of the second year preceding the collection year

Levy Date October 1 of the year preceding the collection year

#### NOTE 12 – DEFERRED INFLOWS / DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualifies for reporting in this category. It is the deferred charge for derivative instruments – interest rate swaps in the government-wide and proprietary fund statements of net position along with the loss on refunding.

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

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

		<b>Governmental Type Funds</b>						
	Other Governmental							
	!	<u>General</u>	<b>Funds</b>			<b>Totals</b>		
	(Amounts in 000's)							
Income taxes receivable	\$	16,032	\$	2,024	\$	18,056		
Property taxes receivable		57,440		29,924		87,364		
Special assessments receivable		4,211		10,854		15,065		
Local government receivable		8,654				8,654		
Estate tax receivable		9				9		
Homestead rollback		3,305		1,722		5,027		
Emergency medical service receivable		356				356		
Motor vehicle taxes receivable				1,369		1,369		
Municipal gas tax receivable				1,066		1,066		
State gasoline tax receivable				2,049		2,049		
Grant receivable				4,165		4,165		
Due from other governments		2,707		418		3,125		
Total deferred inflows of resources	\$	92,714	\$	53,591	\$	146,305		

#### NOTE 13 – DEFINED BENEFIT PENSION PLANS

*Ohio Public Employees Retirement System*: All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

- 1) The Traditional Pension Plan a cost-sharing, multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- 3) The Combined Plan a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. Member contribution rates were 10.00% in 2014, 2013 and 2012. The employer contribution rates were 14.00% of covered payroll in 2014, 2013 and 2012.

The City's required employer contributions to OPERS for the pension portion of all the plans for the years ending December 31, 2014, 2013 and 2012 were \$30,870,635, \$32,743,188 and \$25,369,016 each year, respectively. The required payments due in 2014, 2013 and 2012 have been made.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard replaces GASB Statement No. 27, and it is effective for employer fiscal years beginning after June 15, 2014.

Ohio Police and Fire Pension Fund: The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. The report is also available on OP&F's website at <a href="https://www.op-f.org">www.op-f.org</a>.

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.50% of their annual covered salary. Throughout 2014, Employers were required to contribute 19.50% and 24.00% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2014, 2013 and 2012 were \$33,305,812, \$26,565,919 and \$22,183,185, respectively. The required payments due in 2014, 2013 and 2012 have been made.

# NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System: All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a costsharing, 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 plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. OPERS'eligibilty requirements for postemployment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. The employer contribution rates were 14.00% of covered payroll in 2014, 2013 and 2012. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll. Active members do not make contributions to the OPEB Plan. OPERS' Postemployment Health Care plan was established under and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. Employer contribution rates used to fund postemployment benefits were 2.00% for members of the Traditional Plan in 2014 and 1.00% in 2013 and 4.00% in 2012, 2.00% for members of the Combined Plan in 2014 and 1.00% for 2013 and 6.05% for 2012. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.00% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees 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 City's actual contributions to OPERS to fund postemployment benefits were \$5,142,705 in 2014, \$2,517,622 in 2013 and \$10,146,896 in 2012. The required payments due in 2014, 2013 and 2012 have been made.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund: The City contributes to the OP&F sponsored health care program; a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents. OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

The Ohio Revised Code provides for contribution requirements of the participating employers and 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 19.50% of covered payroll for police and 24.00% of covered payroll for firefighters. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police and 24.00% of covered payroll for firefighters. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .50% of covered payroll from January 1, 2014 through December 31, 2014. 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 provisions of Sections 115 and 401(h). The OP&F Board of Trustees is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's contributions to the OP&F that was allocated to the health care plan was \$820,533 for the year ending December 31, 2014 \$5,390,151 for 2013 and \$10,424,190 for 2012. The required payments due in 2014, 2013, and 2012 have been made.

### NOTE 15 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance anuary 1,					Balance ecember 31,
	2014	<u>A</u>	dditions	_	eductions	2014
			(Amoun	t in (	000's)	
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 66,188	\$	537	\$	(4)	\$ 66,721
Construction in progress	 158,865		67,816		(44,692)	181,989
Total capital assets, not being depreciated	 225,053		68,353		(44,696)	 248,710
Capital assets, being depreciated:						
Land improvements	162,449		9,465			171,914
Buildings, structures and improvements	633,092		82,164			715,256
Furniture, fixtures, equipment and vehicles	199,160		10,367		(3,368)	206,159
Infrastructure	 638,322		40,465		(1,249)	 677,538
Total capital assets, being depreciated	 1,633,023		142,461		(4,617)	 1,770,867
Less accumulated depreciation for:						
Land improvements	(107,367)		(5,870)			(113,237)
Buildings, structures and improvements	(307,486)		(14,233)			(321,719)
Furniture, fixtures, equipment and vehicles	(154,167)		(11,009)		3,250	(161,926)
Infrastructure	 (263,513)		(24,049)		1,193	 (286,369)
Total accumulated depreciation	 (832,533)		(55,161)		4,443	 (883,251)
Total capital assets being depreciated, net	 800,490		87,300		(174)	 887,616
Governmental activities capital assets, net	\$ 1,025,543	\$	155,653	\$	(44,870)	\$ 1,136,326

	Balance			Balance
	January 1,			December 31,
	<u>2014</u>	<u>Additions</u>	Reductions	<u>2014</u>
		(Amoun	it in 000's)	
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 191,677	\$	\$	\$ 191,677
Construction in progress	317,259	125,233	(103,560)	338,932
Total capital assets, not being depreciated	508,936	125,233	(103,560)	530,609
Capital assets, being depreciated:				
Land improvements	100,378	9,395		109,773
Utility plant	2,198,414	122,242	(12,921)	2,307,735
Buildings, structures and improvements	726,262	6,277	(33)	732,506
Furniture, fixtures, equipment and vehicles	749,937	11,215	(29,303)	731,849
Infrastructure	996,934	3,464		1,000,398
Total capital assets, being depreciated	4,771,925	152,593	(42,257)	4,882,261
Less accumulated depreciation for:				
Land improvements	(44,585)	(2,176)		(46,761)
Utility plant	(653,314)	(64,266)	12,895	(704,685)
Buildings, structures and improvements	(391,828)	(16,092)	33	(407,887)
Furniture, fixtures, equipment and vehicles	(608,923)	(35,539)	29,285	(615,177)
Infrastructure	(497,202)	(41,806)		(539,008)
Total accumulated depreciation	(2,195,852)	(159,879)	42,213	(2,313,518)
Total capital assets being depreciated, net	2,576,073	(7,286)	(44)	2,568,743
Business-Type activities capital assets, net	\$ 3,085,009	\$ 117,947	\$ (103,604)	\$ 3,099,352

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

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

	(Amo	unts in 000's
Governmental Activities:		
General Government	\$	28,880
Public Works		14,258
Public Safety		7,979
Building and Housing		141
Community Development		1,517
Public Health		369
Economic Development		119
Depreciation expense on capital assets held by the City's		
internal service funds that is charged to the various functions		
based on their usage of the assets		554
Total depreciation expense charged to governmental activities	\$	53,817
Business-Type Activities:		
Water	\$	71,628
Electricity		18,354
Airport Facilities		52,351
Nonmajor activities		8,172
Depreciation expense on capital assets held by the City's		
internal service funds that is charged to the various functions		
based on their usage of the assets		131
Total depreciation expense charged to business-type activities	\$	150,636

*Capital Commitments*: Significant commitments of the City as of December 31, 2014 are composed of the following:

Lorain Avenue W.150-W.117 \$ 491 \$ 9,509
Fleet Avenue 1,055 8,656
3rd District Police Station Design & Construction 13,210 6,943
East Side Maintenance Facility 1,827 6,059
West 130 Brookpark to Lorain 173 5,427
Fire Station #36 Design 375 5,168
Northcoast Pedestrian Bridge 5,097
Highland Park Mausoleum 8 4,681
Tree Roots and Sidewalk Program 716 4,284
Financial Management System 7,286 3,529
Ward 1 Recreation Center 3,500
W.73 St. Extension 15,601 3,277
West 25 I-71 to Detroit 339 3,071

Project Description  Business-Type Activities:	Spe	ent-to-Date (Amount	Co	emaining mmitment 0's)
Crown Water Plant	\$	13,170	\$	11,409
Southern Transmission Line		971		9,933
Terminal Exterior Façade		936		8,997
Post PEP Plant				6,500
Transmission Main Renewal Program		2,583		5,417
Sound Insulation of Homes		92,932		5,309
Suburban Water Main Renewal Program		20,212		5,254
Watermain Renewal 2015				5,000
Wetlands & Stream Mitigation		21,476		4,577
MS1/MS2 Tie-In		1,570		4,430
Ridge Road Substation		322		4,282
Terminal Ticketing Renovations		592		3,758
Runway 10/28 Phase IV		19,909		3,416

Capital Grant Programs: The City participates in the State Issue 2 program and the Local Transportation Improvement Program. Through these programs, the State of Ohio (State) provides financial assistance to the City for its various road and bridge improvements and storm water detention facilities. The Ohio Public Works Commission (OPWC) is the State agency which oversees the allocation of State bond proceeds and tax revenue to selected projects which have met funding requirements. Upon approval of the OPWC, the City and the State create project agreements establishing each entity's financial contribution toward each project. Through December 31, 2014, the State funded \$184,935,000 of road and bridge improvement projects and \$6,974,000 for storm water detention facilities.

*Capitalized Interest:* Interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest income earned on invested debt proceeds. For 2014, interest expense incurred for the Enterprise Funds was \$85,716,000 of which \$14,475,000 was capitalized net of \$74,000 of interest income capitalized.

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

#### NOTE 16 – 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 the next 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 before December 31, 2015. As completed, all capital improvements performed by Cleveland Metroparks will become an asset of Seneca Golf Course and the City. Upon expiration of the agreement, all improvements will be vest in the City. Cleveland Metroparks is required to operate and maintain the golf course in accordance with the City Contract.

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

The City reports the golf courses and related equipment as a capital asset with a carrying amount of \$3,342,000 at year end.

### **NOTE 17 – SEGMENT INFORMATION**

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

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

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

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

<b>Condensed Statement of Net Position Information</b>		unicipal
	·	rking Lots unts in 000's)
Assets:		
Current assets	\$	5,024
Restricted assets		8,804
Capital assets, net		34,718
Total assets		48,546
Deferred outflows of resources:		
Loss on refunding		1,537
Total assets and deferred outflows of resources	\$	50,083
Liabilities:		
Current liabilities	\$	3,911
Long-term liabilities		24,564
Total liabilities		28,475
Deferred inflows of resources:		
Derivative instruments-interest rate swaps		184
Total liabilities		184
Net position:		
Net investment in capital assets		12,131
Restricted for debt service		5,596
Unrestricted		3,697
Total net position		21,424
Total liabilities, deferred inflows of resources and net position	\$	50,083

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

	Municipal <u>Parking Lots</u>
	(Amounts in 000's)
Charges for services	\$ 7,916
Depreciation (expense)	(1,360)
Other operating (expenses)	(4,118)
Operating income (loss)	2,438
Nonoperating revenues (expenses):	
Investment income	184
Interest expense	(1,588)
Capital Contibutions	441
Change in net position	1,475
Net position at beginning of year	19,949
Net position at end of year	\$ 21,424

Condensed Statement of Cash Flows Information	Municipal  Parking Lots
	(Amounts in 000's)
Net cash provided by (used for):	
Operating activities	\$ 3,872
Capital and related financing activities	(4,439)
Investing activities	1
Net increase (decrease) in cash and cash equivalents	(566)
Beginning cash and cash equivalents	14,308
Ending cash and cash equivalents	\$ 13,742

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

<u>Purpose</u>	Division of <u>Water</u>	Cleveland Public <u>Power</u>	Department of Port Control (Amounts	Municipal Parking Lots s in 000's)	Cemeteries	Water Pollution <u>Control</u>
Construction activities	\$ 45,789	\$27,670	\$ 57,469	\$ 3,208	\$	\$ 393
Debt retirement	95,240	4,349	127,401	5,596		
Accrued passenger						
facility charges			11,725			
Other	11		55,158	<u> </u>	5,449	
Total	\$ 141,040	\$32,019	\$ 251,753	\$ 8,804	\$ 5,449	\$ 393

### NOTE 18 - FUND BALANCES / NET POSITION

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

Below are the fund balance classifications for the governmental funds by category with specific purpose information at December 31, 2014:

		General Fund	Gor	Other vernmental	Go	Total vernmental
		2 01101		unts in 000's		, 02 222202
Fund Balances			`		,	
Nonspendable						
Inventory	\$	885	\$	1,387	\$	2,272
Nonspendable Total		885	<u> </u>	1,387		2,272
Restricted						
Debt Service				63,204		63,204
Recreation capital expenditures				22,109		22,109
Public Facilities capital expeditures				57,611		57,611
Road & Bridges capital expenditures				44,892		44,892
Cemetery capital expenditures				5,039		5,039
Other capital expenditures				6,036		6,036
Repair & building of streets				1,337		1,337
Health & wellness				587		587
Protection & enforcement				6,699		6,699
Housing, community & economic development				47,468		47,468
Parks, properties & recreational services				741		741
Municipal Court				7,284		7,284
Casino				3,805		3,805
General governance	_			2,093		2,093
Restricted Total		-		268,905		268,905
Committed						
Health & wellness				59		59
Protection & enforcement				302		302
Parks, properties & recreational services				390		390
Housing, community & economic development				82,371		82,371
Municipal Court				1,715		1,715
General governance				5,902		5,902
Committed Total		-		90,739		90,739
Assigned						
Debt Service				8		8
General governance		4,790				4,790
Health & wellness		190				190
Protection & enforcement		1,528				1,528
Parks, properties & recreational services		2,810				2,810
Housing, community & economic development		269				269
Other purpose		5,454				5,454
Assigned Total		15,041		8		15,049
Unassigned		78,401				78,401
Total Fund Balances	\$	94,327	\$	361,039	\$	455,366

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

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

#### NOTE 19 – GATEWAY ECONOMIC DEVELOPMENT CORPORATION

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

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

In 2014, net revenues generated by the one remaining Gateway garage were less than the debt service payments attributed to that garage by \$1,633,000. Cumulative debt service payments funded by the City that are due from Gateway totaled \$48,398,000 at December 31, 2014. Due to the uncertainty of collecting such amounts, an allowance has been recorded to offset the amounts in full; therefore, these amounts do not appear in the accompanying financial statements.

To enhance the security of the bonds issued by the County for the construction of facilities at Gateway, the City has agreed to pledge annually a percentage of admissions taxes on all events held at the arena to pay debt service if other revenue sources are not sufficient. Any exempted admissions tax not required for debt service will be reimbursed to the City. The City's current admissions tax rate is 8%. For the year ended December 31, 2014, the City pledged \$3,148,398.

### NOTE 20 - COMPLIANCE AND ACCOUNTABILITY

At December 31, 2014, the Health Self Insurance Fund had a net position deficiency of \$2,039,000 and the Prescription Self Insurance Fund had a net position deficiency of \$669,000. These deficiencies will be eliminated by increasing the rates charged to user departments during 2015.

#### **NOTE 21 – SUBSEQUENT EVENTS**

On January 15, 2015, Spirit Airlines began flying to and from Cleveland. Spirit is an ultra-low cost carrier that will bring more flying options at lower fares for travelers. On April 30, 2015, JetBlue Airlines began service at CLE. JetBlue began by offering nonstop access to Boston and has already begun to include other destinations.

On or about April 3, 2015, an oily substance was discovered on Lake Erie. Pollution responders with the U.S. Coast Guard and U.S. Environmental Protection Agency (EPA) worked with a contractor to place booms, skimmers and other equipment in the water to clear the oily water mixture that was last reported to be about 2,900 gallons. The City agreed to cooperate as a potentially responsible party under the Oil Pollution Control Act of 1990 and Federal Water Pollution Control Act when a leaking tank containing lube oil at their facility was believed to be the cause of the spill. The City entered into an emergency purchase order to continue the clean-up and is negotiating a contract to conduct additional clean-up work. The Coast Guard ordered the City to set up a claims process as well.

Effective April 9, 2015 the City issued \$86,105,000 Subordinate Lien Income Tax Bonds, Series 2015. Proceeds of these bonds will be used to fund various projects including public facility improvements, bridge and roadway improvements, parks and recreation facility improvements and housing and neighborhood development. On the same day, the City issued \$15,280,000 Taxable Economic and Community Development Revenue Bonds, Series 2015 (Core City Fund) to provide funds for various neighborhood projects.

On April 14, 2015 the City sold \$132,135,000 Water Revenue Bonds, Series 2015 consisting of \$116,205,000 Water Revenue Bonds, Series Y and \$15,930,000 Water Revenue Bonds, Series Z. These bonds were issued to refund certain outstanding Series N Water Revenue Bonds and Series O Water Revenue Bonds for debt service savings. A portion of the Series O Bonds were tendered for purchase and cancelled in lieu of being refunded. The Series Y Bonds were issued effective May 27, 2015. The Series Z Bonds were sold on a forward delivery basis and are expected to close on or about October 5, 2015. As a result of this refunding the Division will achieve net present value debt service savings of \$12.8 million or 9.6%.

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

# **SUPPLEMENTARY INFORMATION**

## 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, 2014

(Amounts in 000's)

( <i>F</i>	Amounts in 000's)			
				Variance-
	Original	Final		Positive
	<u>Budget</u>	<b>Budget</b>	<u>Actual</u>	(Negative)
REVENUES:				
Income taxes	\$ 296,275	\$ 296,275	\$297,124	\$ 849
Property taxes	33,965	33,965	32,338	(1,627)
State local government funds	27,629	27,629	25,021	(2,608)
Other taxes	33,514	33,514	35,415	1,901
Other shared revenues	13,984	13,984	14,506	522
Licenses and permits	14,467	14,467	13,106	(1,361)
Charges for services	31,564	31,564	33,418	1,854
Fines, forfeits and settlements	18,780	18,780	23,733	4,953
Investment earnings	400	400	454	54
Grants	1,800	1,800	1,774	(26)
Miscellaneous	18,415	18,415	25,971	7,556
TOTAL REVENUES	490,793	490,793	502,860	12,067
EXPENDITURES:				
Current:				
General Government:				
Council and clerk of council:				
Personnel	4,924	4,924	4,916	8
Other	2,013	2,013	1,498	515
Total council and clerk of council	6,937	6,937	6,414	523
Municipal court-judicial division:				
Personnel	19,405	19,405	18,827	578
Other	2,668	2,668	2,567	101
Total municipal court-judicial division	22,073	22,073	21,394	679
Municipal court-clerks division:				
Personnel	9,402	9,402	8,992	410
Other	5,010	5,010	4,989	21
Total municipal court-clerks division	14,412	14,412	13,981	431
Municipal court-housing division:				
Personnel	3,426	3,401	3,286	115
Other	157	182	171	11
Total municipal court-housing division	3,583	3,583	3,457	126
Office of the mayor:				
Personnel	2,446	2,436	2,304	132
Other	122	132	106	26
Total office of the mayor	2,568	2,568	2,410	158
Office of capital projects:				
Personnel	4,564	4,489	3,991	498
Other	552	627	481	146
Total office of capital projects	5,116	5,116	4,472	644
				(Continued)

# 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, 2014

(Amounts in 000's)

(Amou	nts in 000's)			
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
Landmarks commission:				
Personnel	\$ 237	\$ 237	\$ 136	\$ 101
Other	7	7	6	1
Total landmarks commission	244	244	142	102
Board of building standards and appeals:				
Personnel	124	124	120	4
Other	12	12	7	5
Total board of building standards and appeals	136	136	127	9
Board of zoning appeals:				
Personnel	220	220	219	1
Other	15	15	13	2
Total board of zoning appeals	235	235	232	3
Civil service commission:				
Personnel	613	638	608	30
Other	191	191	166	25
Total civil service commission	804	829	774	55
Community relations board:				
Personnel	1,267	1,267	1,242	25
Other	46	46	45	1
Total community relations board	1,313	1,313	1,287	26
City planning commission:				
Personnel	1,538	1,538	1,463	75
Other	104	104	99	5
Total city planning commission	1,642	1,642	1,562	80
Boxing and wrestling commission:				
Personnel	8	8	5	3
Total boxing and wrestling commission	8	8	5	3
Office of equal opportunity:				
Personnel	824	824	488	336
Other	24	24	19	5
Total office of equal opportunity	848	848	507	341
Office of budget and management:				
Personnel	763	763	674	89
Other	21	21	14	7
Total office of budget and management	784	784	688	96

119

## 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, 2014

(Amounts in 000's)

(AIII)	ounts in 000's)			
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
Department of aging:				
Personnel	\$ 841	\$ 841	\$ 757	\$ 84
Other	278	278	267	11
Total department of aging	1,119	1,119	1,024	95
Office of personnel:				
Personnel	1,394	1,394	1,333	61
Other	788	788	746	42
Total office of personnel	2,182	2,182	2,079	103
Department of law:				
Personnel	6,520	6,295	6,233	62
Other	4,105	5,305	5,197	108
Total department of law	10,625	11,600	11,430	170
Finance administration:				
Personnel	917	917	663	254
Other	346	346	342	4
Total finance administration	1,263	1,263	1,005	258
Division of accounts:				
Personnel	1,336	1,336	1,162	174
Other	683	683	599	84
Total division of accounts	2,019	2,019	1,761	258
Division of assessments and licenses:				
Personnel	2,395	2,395	1,950	445
Other	1,375	1,375	859	516
Total division of assessments and licenses	3,770	3,770	2,809	961
Division of treasury:				
Personnel	634	634	631	3
Other	95	95	90	5
Total division of treasury	729	729	721	8
Division of purchases and supplies:				
Personnel	686	686	561	125
Other	35	35	34	1
Total division of purchases and supplies	721	721	595	126
Bureau of internal audit:				
Personnel	590	590	474	116
Other	634	634	320	314
Total bureau of internal audit	1,224	1,224	794	430

120

## 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, 2014

### (Amounts in 000's)

(Amou	nts in 000's)			
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
Division of financial reporting and control:				
Personnel	\$ 1,335	\$ 1,335	\$ 1,000	\$ 335
Other	20	20	18	2
Total division of financial reporting and control	1,355	1,355	1,018	337
Division of information system services:				
Personnel	2,117	2,117	1,559	558
Other	1,897	1,897	1,645	252
Total division of information system services	4,014	4,014	3,204	810
TOTAL GENERAL GOVERNMENT	89,724	90,724	83,892	6,832
Public Health:				
Public health administration:				
Personnel	671	751	719	32
Other	334	334	334	<u> </u>
Total public health administration	1,005	1,085	1,053	32
Division of health:				
Personnel	1,926	1,876	1,787	89
Other	1,453	1,453	1,453	<u> </u>
Total division of health	3,379	3,329	3,240	89
Division of environment:				
Personnel	780	830	779	51
Other	208	218	218	
Total division of environment	988	1,048	997	51
Division of air quality:				
Personnel	111	141	124	17
Other	281	291	291	<u></u>
Total division of air quality	392	432	415	17
TOTAL PUBLIC HEALTH	5,764	5,894	5,705	189

# 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, 2014

(Amounts in 000's)

(Timo	unts m ooo s)			
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative
Public Safety:				
Public safety administration:				
Personnel	\$ 3,554	\$ 3,804	\$ 3,700	\$ 104
Other	1,345	1,345	1,032	313
Total public safety administration	4,899	5,149	4,732	417
Division of police:				
Personnel	168,752	167,282	164,891	2,391
Other	10,272	10,272	9,694	578
Total division of police	179,024	177,554	174,585	2,969
Division of fire:				
Personnel	82,318	82,118	80,896	1,222
Other	3,786	3,986	3,944	42
Total division of fire	86,104	86,104	84,840	1,264
Division of emergency medical services:				
Personnel	20,427	20,427	19,249	1,178
Other	2,616	2,616	2,610	6
Total division of emergency medical services	23,043	23,043	21,859	1,184
Division of animal control services:				
Personnel	1,030	1,120	1,072	48
Other	395	395	383	12
Total division of animal control services	1,425	1,515	1,455	60
Division of correction:				
Personnel	10,877	10,877	9,062	1,815
Other	3,816	3,816	3,264	552
Total division correction	14,693	14,693	12,326	2,367
TOTAL PUBLIC SAFETY	309,188	308,058	299,797	8,261

# 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, 2014

### (Amounts in 000's)

(Thiothir)	is iii uuu s <i>)</i>			
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
Public Works:				
Division of public works administration:				
Personnel	\$ 2,810	\$ 2,660	\$ 2,651	\$ 9
Other	203	203	203	<u> </u>
Total division of public works administration	3,013	2,863	2,854	9
Division of recreation:				
Personnel	8,154	7,904	7,875	29
Other	3,996	3,996	3,842	154
Total division of recreation	12,150	11,900	11,717	183
Division of parking facilities:				
Personnel	1,149	1,149	1,057	92
Other	85	85	69	16
Total division of parking facilities	1,234	1,234	1,126	108
Division of property management:				
Personnel	5,533	5,333	5,308	25
Other	2,478	2,478	2,257	221
Total division of property management	8,011	7,811	7,565	246
Division of park maintenance and properties:				
Personnel	8,400	8,215	8,050	165
Other	5,169	5,419	5,409	10
Total division of park maintenance and properties	13,569	13,634	13,459	175
Division of waste collection and disposal:				
Personnel	13,674	14,124	13,933	191
Other	11,324	11,499	11,002	497
Total division of waste collection and disposal	24,998	25,623	24,935	688
Division of traffic engineering:				
Personnel	2,658	2,558	2,508	50
Other	808	818	813	5
Total division of traffic engineering	3,466	3,376	3,321	55
TOTAL PUBLIC WORKS	66,441	66,441	64,977	1,464

### 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, 2014

(Amounts in 000's)

(An	nounts in 000's)			
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
Community Development: Director's office:				
Personnel	\$ 281	\$ 281	\$ 228	\$ 53
Other	12	12	10	ψ 33 2
Total director's office	293	293	238	55
TOTAL COMMUNITY DEVELOPMENT	293	293	238	55
Building and Housing: Director's office:				
Personnel	1,703	1,703	1,453	250
Other	514	514	444	70
Total director's office	2,217	2,217	1,897	320
Division of code enforcement:				
Personnel	5,713	5,713	5,322	391
Other	194	194	193	1
Total division of code enforcement	5,907	5,907	5,515	392
Division of construction permitting:				
Personnel	1,594	1,594	1,227	367
Other	26	26	19	7
Total division of construction permitting	1,620	1,620	1,246	374
TOTAL BUILDING AND HOUSING	9,744	9,744	8,658	1,086
Economic Development:				
Economic development administration:				
Personnel	1,669	1,669	1,472	197
Other	66	66	66	
Total economic development administration	1,735	1,735	1,538	197
TOTAL ECONOMIC DEVELOPMENT	1,735	1,735	1,538	197
Non-Departmental Expenditures:				
Other	20,847	20,847	18,848	1,999
TOTAL NON-DEPARTMENTAL EXPENDITURES	20,847	20,847	18,848	1,999
Capital outlay	3,681	3,681	3,681	
Principal retirement	250	250	250	
TOTAL EXPENDITURES	507,667	507,667	487,584	20,083
	124			(Continued)

## 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, 2014

(Amounts in 000's)

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(16,874)	(16,874)	15,276	32,150
OTHER FINANCING SOURCES (USES):				
Transfers in	2,984	2,984	11,329	8,345
Transfers out	(32,923)	(32,923)	(29,572)	3,351
Sale of City assets			1,044	1,044
TOTAL OTHER FINANCING				
SOURCES (USES)	(29,939)	(29,939)	(17,199)	12,740
DECERTIFICATION OF PRIOR YEAR				
ENCUMBRANCES AND PRE-ENCUMBRANCES			2,247	2,247
NET CHANGE IN FUND BALANCE	(46,813)	(46,813)	324	47,137
FUND BALANCE AT BEGINNING OF YEAR	49,303	49,303	49,303	
FUND BALANCE AT END OF YEAR	\$ 2,490	\$ 2,490	\$ 49,627	\$ 47,137

(Concluded)

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### 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 and repayment of debt.

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 City-wide

development.

Building and Housing Funds

To account for revenue earmarked to administer and enforce

the provisions of the Cleveland building, housing and zoning codes plus the national electrical code and state building,

plumbing and elevator codes.

Urban Development Action Funds

To account for revenue from the federal government

under the Urban Development Action Grant Program.

Economic Development Funds To account for revenue earmarked to revitalize distressed

cities by stimulating economic development.

Home Weatherization Grants To account for revenue from the State of Ohio and

expenditures as prescribed under the Home Weatherization

Assistance Program.

Work Force Investment Act Grants (WIA)

To account for revenue and expenditures from the State

of Ohio under the Work Force Investment Act.

General Government Funds

To account for revenue earmarked for general government

activities.

Public Works Funds To account for revenue earmarked for the public works

activity.

Public Safety Funds To account for revenue earmarked for public safety activities.

### **SPECIAL REVENUE FUNDS (Continued)**

Public Health Funds

To account for revenue earmarked for the improvement of

public health.

Cleveland Stadium Debt Service Fund To account for the accumulation of resources earmarked for

the repayment of debt related to Cleveland Browns Stadium.

Gateway Shared Income Tax Funds

To account for municipal income tax revenue derived from

persons employed at the Arena and Progressive Field with 50% of the revenues shared with the other taxing districts

in the City.

Neighborhood Development Investment Fund To account for revenue earmarked for the Neighborhood

Development Investment Fund.

Core City Program Funds

To account for revenue earmarked for certain economic and

community development projects.

Supplemental Empowerment Zone To account for revenue from the U.S. Department of Housing

and Urban Development Program designed to help rebuild

specified urban communities.

### SPECIAL REVENUE FUNDS (for budgetary purposes only)

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

Rainy Day Reserve Fund To account for revenue which is eligible to be used during

significant periods of economic downturn.

Schools Recreation and Cultural

Activities Fund

To account for revenue from special taxes earmarked for Cleveland Municipal Schools for recreation and cultural

activities.

### **DEBT SERVICE FUNDS**

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

Unvoted Tax Supported Obligations Fund

To account for the accumulation of resources for the

payment of General Obligation Bonds of the City. These bonds do not require a vote of the electors, other than selfsupporting obligations. They are payable from ad valorem property taxes levied within the limitations provided by law.

Stadium Bond Fund To account for the accumulation of resources for the

payment of the Certificates of Participation (COPS) - Stadium

from pledged City taxes.

Subordinated Income Tax Fund

To account for the accumulation of resources for the payment

of Subordinated Income Tax Variable Rate Refunding Bonds

payable from pledged income taxes.

### **DEBT SERVICE FUNDS (Continued)**

Lower Euclid Avenue TIF

To account for the accumulation of resources for the payment

of Economic Development Bonds payable from tax increment financing revenues and a pledge of the non-tax revenue of the

City.

Core City Bonds To account for the accumulation of resources for the payment

of taxable Economic and Community Development Bonds

payable from non-tax and net project revenues.

Subordinate Lien Income Tax Fund

To account for the accumulation of resources for the payment

of Subordinate Lien Income Tax Bonds payable from pledged

income taxes.

Urban Renewal Fund

To account for the accumulation of resources for the

payment of tax increment Urban Renewal Bonds payable

from deposits made in lieu of taxes.

Urban Renewal Reserve Fund

The account is to be maintained at an amount equal to one

year's maximum annual debt service on certain Urban Renewal Bonds and can be used to cover any debt

insufficiency payable from certain urban renewal bonds.

### **CAPITAL PROJECT FUNDS**

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

Capital/Urban Renewal Bond Construction To account for all bond proceeds and capital projects costs

of bond-funded capital acquisitions, tax increment Urban

Renewal Bond issues and construction within the City.

Grant Improvement To account for capital grant revenues which fund

Capital Improvement Projects within the City.

Capital Improvement To account for miscellaneous revenues which fund

capital projects.

Certificates of Participation/Capital Leases To account for Certificates of Participation (COPS) and

capital lease proceeds which fund certain capital funds.

Cleveland Stadium Construction To account for bond proceeds and capital projects costs

of the Cleveland Browns Stadium.

### COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2014

			Special Revenue	Func	ls - Budgeted		
	Division of Streets		Restricted Income Tax		Cleveland Stadium Operations		Total Budgeted <u>Funds</u>
ASSETS							
Cash and cash equivalents	\$ 1,213	\$	6,856	\$	23,812	\$	31,881
Investments							-
Receivables:							
Taxes	1		5,557				5,557
Accounts	1						1
Grants Loans							-
Accrued interest					2		2
Assessments					2		_
	 1	_	5,557	_	2		5,560
Receivables, net	 1	_	3,337				3,300
Due from other funds	33		1,820				1,853
Due from other governments	6,729		16				6,745
Inventory of supplies	 1,387		_				1,387
TOTAL ASSETS	\$ 9,363	\$	14,249	\$	23,814	\$	47,426
LIABILITIES							
Accounts payable	\$ 511	\$	172	\$		\$	683
Accrued wages and benefits	1,127						1,127
Due to other governments					337		337
Unearned revenue							-
Due to other funds	 517						517
Total liabilities	 2,155	_	172		337		2,664
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflow	4,484		2,004				6,488
Total deferred inflows of resouces	 4,484	_	2,004	_			6,488
FUND BALANCES							
Nonspendable	1,387						1,387
Restricted	1,337		12,073		23,477		36,887
Committed	<i>y</i>		,		-, -,		-
Assigned							-
Total fund balances	2,724	_	12,073		23,477		38,274
TOTAL LIABILITIES, DEFERRED INFLOWS							
AND FUND BALANCES	\$ 9,363	\$	14,249	\$	23,814	\$	47,426
	 ·	_	·	_	·	_	

				Special Re	venue	Funds - Non-I	Budgete	d				
Dev	mmunity elopment <u>ck Grants</u>	ommunity velopment <u>Funds</u>	Building and Housing <u>Funds</u>	Urban evelopment etion Funds	]	Economic evelopment <u>Funds</u>	Weat	Home herization <u>Frants</u>		WIA <u>Grants</u>	G	General overnment <u>Funds</u>
\$		\$ 2,793	\$	\$ 17,519	\$	19,717	\$		\$		\$	20,960
	8,835	755 8,220		38,644		1,003 55,553		341		430		624
	1,174	1,292	1,767									40
	10,009	10,267	1,767	38,644		56,556		341		430		664
	1,125	 	 2,192			10,974						92 943
\$	11,134	\$ 13,060	\$ 3,959	\$ 56,163	\$	87,247	\$	341	\$	430	\$	22,659
\$	32 192 88 7,258 2,412	\$ 21 2,024 487 1,531	\$ 220 1,434	\$ 3	\$	71 2 52,017 1,596 1,649	\$	341	\$	19 30 381	\$	564 40 153 599 66
	9,982	 4,063	 1,776	 3		55,335		341		430		1,422
	1,152	 1,292	 1,763	 		10,812						438
	1,152	 1,292	 1,763	 		10,812			-		-	438
		6,289 1,416	161 259	56,160		11,674 9,426						13,182 7,617
	-	 7,705	 420	56,160		21,100		-		-		20,799
\$	11,134	\$ 13,060	\$ 3,959	\$ 56,163	\$	87,247	\$	341	\$	430	\$	22,659

### COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2014

		Sp	ecia	l Revenue Fu	nds	- Non-Budget	ed	
		Public Works <u>Funds</u>		Public Safety <u>Funds</u>		Public Health <u>Funds</u>	;	Cleveland Stadium bt Service <u>Fund</u>
ASSETS								
Cash and cash equivalents	\$	911	\$	7,700	\$	1,725	\$	8,670
Investments								
Receivables:								
Taxes								
Accounts		20		125		606		
Grants Loans		29 2		435		000		
Accrued interest		2						1
Assessments								1
	_	31	_	435	_	606	_	1
Receivables, net		31	_	433	_	000		1
Due from other funds		895				137		
Due from other governments		673				157		
Inventory of supplies								
inventory or supplies				-	-	-		
TOTAL ASSETS	\$	1,837	\$	8,135	\$	2,468	\$	8,671
LIABILITIES								
Accounts payable	\$	76	\$	106	\$	170	\$	
Accrued wages and benefits				14		252		
Due to other governments		227		6		11		
Unearned revenue		381		986		1,288		
Due to other funds		22	_	22		101		
Total liabilities		706		1,134		1,822		
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflow								
Total deferred inflows of resouces								
FUND BALANCE								
Nonspendable								
Restricted		741		6,699		587		8,671
Committed		390		302		59		
Assigned					_			
Total fund balances		1,131	_	7,001	_	646		8,671
TOTAL LIABILITIES, DEFERRED INFLOWS								
AND FUND BALANCES	\$	1,837	\$	8,135	\$	2,468	\$	8,671

			Special I	Revei	nue Funds - Non-l	Budge	eted	_			
Inc	ateway Shared ome Tax <u>Funds</u>	Dev	ghborhood velopment vestment <u>Fund</u>		Core City Program <u>Funds</u>		pplemental powerment <u>Zone</u>	No	Total n-Budgeted <u>Funds</u>		Total Special Revenue <u>Funds</u>
\$	1,773	\$	4,340	\$	1,197	\$	3,025	\$	90,330	\$	122,211
									-		5,557 1
			10,770		28,147		1,492 34,553		5,715 184,724 1		5,715 184,724 3
			10,770	_	28,147		36,045		4,273 194,713	_	4,273
	144						1,649		6,090 12,061		7,943 18,806 1,387
\$	1,917	<u>\$</u>	15,110	\$	29,344	\$	40,719	\$	303,194	\$	350,620
\$		\$		\$		\$		\$	1,160 551	\$	1,843 1,678
	984 933						40,719		96,229 12,815 8,895		96,566 12,815 9,412
	1,917		_		-		40,719		119,650		122,314
				_		_			15,457 15,457		21,945 21,945
									10,107		
			15,110		29,344				77,348 90,739		1,387 114,235 90,739
	_		15,110	_	29,344		-		168,087	_	206,361
\$	1,917	\$	15,110	\$	29,344	\$	40,719	\$	303,194	\$	350,620

### COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2014

				De	bt Service I	unds	- Budgeted
	Su	voted Tax upported oligations Fund	tadium Bond <u>Fund</u>	Inc	ordinated come Tax <u>Fund</u>		Lower Euclid Avenue <u>TIF</u>
ASSETS							
Cash and cash equivalents	\$	1,556	\$ 8	\$	2,666	\$	856
Investments		1,522					
Receivables:							
Taxes		29,924					
Accounts							
Grants							
Loans							
Accrued interest							
Assessments			 				
Receivables, net		29,924	 -				
Due from other funds							
Due from other governments		1,725					
Inventory of supplies			 				
TOTAL ASSETS	\$	34,727	\$ 8	\$	2,666	\$	856
LIABILITIES							
Accounts payable	\$		\$	\$		\$	
Accrued wages and benefits							
Due to other governments							
Unearned revenue							
Due to other funds			 				
Total liabilities		-	 -		-		-
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflow		31,646	 				
Total deferred inflows of resouces		31,646	 -				-
FUND BALANCE							
Nonspendable							
Restricted		3,081			2,666		856
Committed							
Assigned			 8				
Total fund balances		3,081	 8		2,666		856
TOTAL LIABILITIES, DEFERRED INFLOWS							
AND FUND BALANCES	\$	34,727	\$ 8	\$	2,666	\$	856

			_			Debt Serv Non-B			-			
Core City Bonds	Subordinate Lien Income Tax <u>Fund</u>		Total Budgeted <u>Funds</u>			Urban Renewal <u>Fund</u>		Urban Renewal Reserve <u>Fund</u>		Total Non- Budgeted <u>Funds</u>		Total Debt Service <u>Funds</u>
\$ 3,896	\$	4,945	\$	13,927 1,522	\$	1,337	\$	2,202	\$	3,539 -	\$	17,466 1,522
				29,924						-		29,924
				-						-		-
				-						-		-
				-						-		-
				-						-		-
_,				29,924								29,924
				-						-		-
				1,725						<u> </u>		1,725
\$ 3,896	\$	4,945	\$	47,098	\$	1,337	\$	2,202	\$	3,539	\$	50,637
\$	\$		\$	_	\$		\$		\$	_	\$	-
				-	·		·		·	-		-
				-						-		-
				-						-		-
 				-					_		_	-
 				31,646							_	31,646
 <del>-</del>				31,646				<del>-</del>		-		31,646
2.00		4045		-		1 225		2 202		-		-
3,896		4,945		15,444		1,337		2,202		3,539		18,983
				8						-		- 8
3,896		4,945	_	15,452		1,337		2,202		3,539		18,991
\$ 3,896	\$	4,945	\$	47,098	\$	1,337	\$	2,202	\$	3,539	\$	50,637

### COMBINING BALANCE SHEET-NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2014

	Capital Projects Funds Non-Budgeted					
		Capital/ Urban Renewal Bond onstruction	Grant Improvement		Capital <u>Improvement</u>	
ASSETS						
Cash and cash equivalents	\$	133,167	\$		\$	5,523
Investments						
Receivables:						
Taxes						
Accounts				1 000		
Grants Loans				1,088		
Accrued interest		9				
Assessments		,				
Receivables, net		9		1,088		_
,						
Due from other funds						
Due from other governments						
Inventory of supplies						
TOTAL ASSETS	\$	133,176	\$	1,088	\$	5,523
LIABILITIES						
Accounts payable	\$	2,717	\$		\$	4,099
Accrued wages and benefits		,				,
Due to other governments		729				
Unearned revenue				984		
Due to other funds				104		
Total liabilities		3,446		1,088		4,099
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflow						
Total deferred inflows of resouces						-
FUND BALANCE						
Nonspendable						
Restricted		129,730				1,424
Committed		,,,,,,,,,				-,
Assigned						
Total fund balances		129,730		-		1,424
TOTAL LIABILITIES, DEFERRED INFLOWS						
AND FUND BALANCES	\$	133,176	\$	1,088	\$	5,523

Certificates of Participation/ Capital <u>Leases</u>		St	Cleveland Stadium <u>Construction</u>		Total Capital Projects <u>Funds</u>		Total Nonmajor vernmental <u>Funds</u>
\$	940	\$	3,597	\$	143,227	\$	282,904 1,522
					-		35,481 1
					1,088		6,803
					- 9		184,724 12
					1.007		4,273
		-			1,097	-	231,294
					-		7,943
					-		20,531 1,387
\$	940	\$	3,597	\$	144,324	\$	545,581
\$	4	\$		\$	6,820	\$	8,663
					- 729		1,678 97,295
					984		13,799
					104		9,516
	4				8,637		130,951
					-		53,591
					-		53,591
					-		1,387
	936		3,597		135,687		268,905
					_		90,739 8
	936		3,597		135,687		361,039
\$	940	\$	3,597	\$	144,324	<u>\$</u>	545,581

(Concluded)

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

		Spe	cial R	evenue Funds - Budge	ted	_	
		Division of Streets		Restricted Income Tax	Cleveland Stadium <u>Operations</u>		Total Budgeted <u>Funds</u>
REVENUES:							
Income taxes	\$		\$	37,070	\$	\$	37,070
Property taxes							-
Other shared revenues		13,288			5,861		19,149
Licenses and permits		1,134					1,134
Charges for services		16			250		266
Fines, forfeits and settlements							-
Investment earnings		1		28	22		51
Grants							-
Contributions							-
Miscellaneous		137					137
Total revenues		14,576		37,098	6,133		57,807
EXPENDITURES:							
Current:							
General Government							-
Public Works		20,445			788		21,233
Public Safety							-
Community Development							-
Building and Housing							-
Public Health							-
Economic Development				5.012			- 5.012
Capital outlay				5,912			5,912
Inception of capital lease							-
Debt service:				4,257			4,257
Principal retirement Interest				1,008			1,008
General Government				1,008			1,008
Other				1,074			1,074
Total expenditures		20,445		12,251	788		33,484
EXCESS (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES		(5,869)		24,847	5,345		24,323
OVER (UNDER) EM ENDITORES		(5,007)		21,017	3,313		21,323
OTHER FINANCING SOURCES (USES):							
Transfers in		6,460			9,700		16,160
Transfers out				(27,545)	(9,484)		(37,029)
Issuance of debt							-
Premium on bonds							-
Discount on bonds							-
Payment to refund bonds							-
Issuance of refunding bonds	-	( 460		(27.545)	216		(20.000)
Total other financing sources (uses)		6,460	_	(27,545)	216		(20,869)
NET CHANGE IN FUND BALANCES		591		(2,698)	5,561		3,454
FUND BALANCES AT BEGINNING OF YEAR		2,133		14,771	17,916		34,820
FUND BALANCES AT END OF YEAR	\$	2,724	\$	12,073	\$ 23,477	\$	38,274

	Special Revenue Funds - Non-Budgeted Building							
Community Development Block Grants	Community Development <u>Funds</u>	and Housing <u>Funds</u>	Urban Development <u>Action Funds</u>	Economic Development <u>Funds</u>	Home Weatherization <u>Grants</u>	WIA <u>Grants</u>	General Government <u>Funds</u>	
\$	\$	\$	\$	\$	\$	\$	\$ 4	
			63	10,053			1,663	
626	181						1,418 3,549	
26 23,805	39 8,999	1,950		11 4,971	2,513	1,896	34 1,870	
474	356	285	3,025	1,490		7	1 243	
24,931	9,575	2,235	3,088	16,525	2,513	1,903	8,782	
						1,903	4,866	
24,606	9,827	2,275			2,513			
			5,041	16,672				
325			183	20			2,068	
24,931	9,827	2,275	5,224	16,692	2,513	1,903	6,934	
	(252)	(40)	(2,136)	(167)			1,848	
		250	(250)	3,804 (684)			119	
-		250	(250)	3,120			119	
	(252)	210	(2,386)	2,953	-	-	1,967	
	7,957	210	58,546	18,147			18,832	
\$ -	\$ 7,705	\$ 420	\$ 56,160	\$ 21,100	\$ -	\$ -	\$ 20,799	

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds - Non-Budgeted						
		Public Works <u>Funds</u>	S	ublic afety unds	Public Health <u>Funds</u>	Cleveland Stadium Debt Service <u>Fund</u>	Gateway Shared Income Tax <u>Funds</u>
REVENUES:							
Income taxes	\$		\$		\$	\$	\$
Property taxes							
Other shared revenues							
Licenses and permits					1,224		
Charges for services		107			10		
Fines, forfeits and settlements				2,031			
Investment earnings		2			2	10	
Grants		1,195		4,124	10,633		
Contributions		2.5		1 400	405		
Miscellaneous		25		1,490	407		
Total revenues	_	1,329		7,645	12,276	10	-
EXPENDITURES:							
Current:							
General Government							
Public Works		1,256					
Public Safety				8,668			
Community Development							
Building and Housing							
Public Health					12,118		
Economic Development							
Capital outlay		37		103			
Inception of capital lease							
Debt service:							
Principal retirement						5,890	
Interest						2,930	
General Government							
Other							
Total expenditures		1,293		8,771	12,118	8,820	
EXCESS (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES		36		(1,126)	158	(8,810)	
OTHER FINANCING COURCES (LISES).							
OTHER FINANCING SOURCES (USES): Transfers in						0.225	
						9,325	
Transfers out Issuance of debt							
Premium on bonds							
Discount on bonds							
Payment to refund bonds							
Issuance of refunding bonds							_
Total other financing sources (uses)		_				9,325	
Total other financing sources (uses)						7,323	
NET CHANGE IN FUND BALANCES		36		(1,126)	158	515	-
FUND BALANCES AT BEGINNING OF YEAR		1,095		8,127	488	8,156	
FUND BALANCES AT END OF YEAR	\$	1,131	\$	7,001	\$ 646	\$ 8,671	\$ -

	venue Funds - Non	-Budgeted	_	
Neighborhood Development Investment <u>Fund</u>	Core City Program <u>Funds</u>	Supplemental Empowerment Zone	Total Non- Budgeted <u>Funds</u>	Total Special Revenue <u>Funds</u>
\$	\$	\$	\$ 4	\$ 37,074
			-	-
127	353		12,259	31,408
			1,224	2,358
			2,342 5,580	2,608 5,580
17	35		176	227
1,	33	7,885	69,841	69,841
		,,,,,	1	1
	800		8,602	8,739
144	1,188	7,885	100,029	157,836
			6,769	6,769
			1,256	22,489
			8,668	8,668
			36,946 2,275	36,946 2,275
			12,118	12,118
1,221	27	7,885	30,846	30,846
1,221	_,	7,000	2,736	8,648
			5,890	10 147
			2,930	10,147 3,938
			2,730	5,756
			-	1,074
1,221	27	7,885	110,434	143,918
(1,077)	1,161		(10,405)	13,918
			13,498	29,658
(5,522)	(5,414)		(11,870)	(48,899)
			-	-
			-	-
			-	-
			-	-
(5.500)	(5.41.4)		1.600	(10.241)
(5,522)	(5,414)		1,628	(19,241)
(6,599)	(4,253)	-	(8,777)	(5,323)
21,709	33,597		176,864	211,684
\$ 15,110	\$ 29,344	\$ -	\$ 168,087	\$ 206,361

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

		Debt Service Funds - Budgeted					
	Unvoted Tax Supported Obligations <u>Fund</u>	Stadium Bond <u>Fund</u>	Subordinated Income Tax <u>Fund</u>	Lower Euclid Avenue <u>TIF</u>	Core City Bonds		
REVENUES:							
Income taxes	\$	\$	\$	\$	\$		
Property taxes	16,849						
Other shared revenues	5,161						
Licenses and permits							
Charges for services							
Fines, forfeits and settlements							
Investment earnings	6		2				
Grants							
Contributions							
Miscellaneous	22.016						
Total revenues	22,016		2				
EXPENDITURES:							
Current:							
General Government							
Public Works							
Public Safety							
Community Development							
Building and Housing Public Health							
Economic Development							
Capital outlay							
Inception of capital lease							
Debt service:							
Principal retirement	24,985	1,170	3,265	155	1,570		
Interest	13,378	332	2,336	148	577		
General Government	•	139			204		
Other							
Total expenditures	38,363	1,641	5,601	303	2,351		
EXCESS (DEFICIENCY) OF REVENUES							
OVER (UNDER) EXPENDITURES	(16,347)	(1,641)	(5,599)	(303)	(2,351)		
OTHER FINANCING SOURCES (USES):							
Transfers in	16,002	1,502	5,671	667	2,452		
Transfers out							
Issuance of debt							
Premium on bonds		878					
Discount on bonds					(13)		
Payment to refund bonds and notes		(8,479)			(12,156)		
Issuance of refunding bonds	4 4 0 0 0	7,745			12,365		
Total other financing sources (uses)	16,002	1,646	5,671	667	2,648		
NET CHANGE IN FUND BALANCES	(345)	5	72	364	297		
FUND BALANCES AT BEGINNING OF YEAR	3,426	3	2,594	492	3,599		
FUND BALANCES AT END OF YEAR	\$ 3,081	\$ 8	\$ 2,666	\$ 856	\$ 3,896		

		Debt Servic Non-Budg		_	
Subordinate Lien Income Tax <u>Fund</u>	Total Budgeted <u>Funds</u>	Urban Renewal <u>Fund</u>	Urban Renewal Reserve <u>Fund</u>	Total Non- Budgeted <u>Funds</u>	Total Debt Service <u>Funds</u>
\$	\$ -	\$	\$	\$ -	\$ -
	16,849			-	16,849
	5,161			-	5,161
	-			-	-
	-			-	-
6	- 14			-	14
6	14			-	14
	-			-	-
506	506	1,077		1,077	1,583
512	22,530	1,077		1,077	23,607
	-			-	-
	-			-	-
	-			-	-
	_			_	-
	_			_	-
	-			_	-
	-			-	-
	-			-	-
5,355	36,500	640		640	37,140
7,000	23,771	226		226	23,997
	343			-	343
				-	- (1.400
12,355	60,614	866	-	866	61,480
(11,843)	(38,084)	211		211	(37,873)
13,951	40,245			-	40,245
	-			-	-
	-			-	-
	878			-	878
	(13)			-	(13)
	(20,635)			-	(20,635)
12.051	20,110				20,110
13,951	40,585		-		40,585
2,108	2,501	211		211	2,712
2,837	12,951	1,126	2,202	3,328	16,279
\$ 4,945	\$ 15,452	\$ 1,337	\$ 2,202	\$ 3,539	\$ 18,991

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	(Amounts in 600 s)	Capital Projects Funds	
		Non-Budgeted	
	Capital/ Urban Renewal Bond Construction	Grant Improvement	Capital Improvement
REVENUES:			
Income taxes	\$	\$	\$
Property taxes			
Other shared revenues			219
Licenses and permits			
Charges for services			
Fines, forfeits and settlements			_
Investment earnings	97	40.000	7
Grants		40,388	• == 0
Contributions		4	2,570
Miscellaneous		40.202	2706
Total revenues	97	40,392	2,796
EXPENDITURES:			
Current:	22		
General Government	22		
Public Works			
Public Safety Community Development			
Community Development			
Building and Housing Public Health			
Economic Development			
Capital outlay	44,670	40,392	4,165
Inception of capital lease	11,070	10,372	1,100
Debt service:			
Principal retirement			
Interest			
General Government	771		
Other			
Total expenditures	45,463	40,392	4,165
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENDITURES	(45,366)		(1,369)
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	(2,408)		
Issuance of debt	69,200		
Premium on bonds	5,788		
Discount on bonds			
Payment to refund bonds			
Issuance of refunding bonds		·	-
Total other financing sources (uses)	72,580		
NET CHANGE IN FUND BALANCES	27,214	-	(1,369)
FUND BALANCES AT BEGINNING OF YEAR	102,516		2,793
FUND BALANCES AT END OF YEAR	\$ 129,730	\$ -	\$ 1,424

Certificates			
of Participation/ Capital <u>Leases</u>	Cleveland Stadium <u>Construction</u>	Total Capital Projects <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
\$	\$	\$ -	\$ 37,074
		· -	16,849
		219	36,788
		-	2,358
		-	2,608
		-	5,580
2	4	110	351
		40,388	110,229
		2,570	2,571
		4	10,326
2	4	43,291	224,734
		22	6,791 22,489
		_	8,668
		_	36,946
		_	2,275
		_	12,118
			30,846
	2,277	91,504	100,152
6,044	2,277	6,044	6,044
215		215	47,502
213		-	27,935
		771	1,114
3		3	1,077
6,262	2,277	98,559	303,957
(6,260)	(2,273)	(55,268)	(79,223)
	2.150	2.150	<b>50.000</b>
	2,159	2,159	72,062
		(2,408)	(51,307)
		69,200	69,200
		5,788	6,666
		-	(13)
		-	(20,635)
<del></del>			20,110
-	2,159	74,739	96,083
(6,260)	(114)	19,471	16,860
7,196	3,711	116,216	344,179
\$ 936	\$ 3,597	\$ 135,687	\$ 361,039

(Concluded)

# 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, 2014

			Division of	of Streets	
		Original Budget	Revised Budget	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:					
Income taxes	\$	\$		\$	\$ -
Other shared revenues		12,708	12,708	13,081	373
Licenses and permits		894	894	1,100	206
Charges for services		5,855	5,855	4,123	(1,732)
Investment earnings				1	1
Miscellaneous				137	137
Total revenues	-	19,457	19,457	18,442	(1,015)
EXPENDITURES:					
Public Works:					
Personnel		15,154	15,954	15,135	819
Other		12,294	11,494	10,069	1,425
Capital outlay					-
Principal retirement					-
Interest					
Total expenditures	-	27,448	27,448	25,204	2,244
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES		(7,991)	(7,991)	(6,762)	1,229
OTHER FINANCING SOURCES (USES):					
Transfers in		7,975	7,975	6,460	(1,515)
Transfers out		1,713	1,513	0,400	(1,515)
Total other financing sources (uses)		7,975	7,975	6,460	(1,515)
Total other financing sources (uses)	-	1,913	1,913	0,400	(1,313)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND					
OTHER FINANCING USES		(16)	(16)	(302)	(286)
DECERTIFICATION OF PRIOR YEAR ENCUMBRANCES AND					
PRE-ENCUMBRANCES				288	288
FUND BALANCES AT BEGINNING					
OF YEAR		16	16	16	<del>-</del>
FUND BALANCES AT END OF YEAR	\$	- \$	-	\$ 2	\$ 2

		Restricted	Income Tax		Rainy Day Reserve Fund						
	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)		Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)		
\$	37,034	\$ 37,034	\$ 37,140	\$ 106 - -	\$		\$	\$	\$ - - -		
	40	40	28	(12)		65	65	52	(13)		
	37,074	37,074	37,168	94		65	65	52			
				-					-		
				-					-		
	4,381	4,381	4,547	(166)					-		
	5,497	5,497	5,331	166					-		
_	1,008	1,008	1,008			<del></del>			-		
	10,886	10,886	10,886					·	-		
	26,188	26,188	26,282	94		65	65	52	(13)		
				-					-		
	(27,545)	(27,545)	(27,545)								
	(27,545)	(27,545)	(27,545)			-					
	(1,357)	(1,357)	(1,263)	94		65	65	52	(13)		
			10	10					-		
	1,357	1,357	1,357	<del>-</del>		18,623	18,623	18,623			
\$	_	\$ -	\$ 104	\$ 104	\$	18,688	\$ 18,688	\$ 18,675	\$ (13)		

(Continued)

# 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, 2014

	Schools Recreation and Cultural Activities							
	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)				
REVENUES:								
Income taxes	\$	\$	\$	\$ -				
Other shared revenues Licenses and permits				-				
Charges for services				- -				
Investment earnings				-				
Miscellaneous				-				
Total revenues	-	-	-	-				
EXPENDITURES:								
Public Works:								
Personnel				-				
Other	1,17	75 1,175	1,125	50				
Capital outlay				-				
Principal retirement				-				
Interest Total amondianes	1,1	75 1,175	1,125	50				
Total expenditures	1,1	1,1/3	1,123					
EXCESS (DEFICIENCY) OF REVENUES								
OVER (UNDER) EXPENDITURES	(1,17	75) (1,175)	(1,125)	50				
	· · · · · · · · · · · · · · · · · · ·							
OTHER FINANCING SOURCES (USES):								
Transfers in	1,1	75 1,175	1,125	(50)				
Transfers out								
Total other financing sources (uses)	1,17	75 1,175	1,125	(50)				
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 Stad	ium Operations	** .		To	tals	<b>T7</b>
Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	Variance- Positive  Actual (Negative)		Revised <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
\$	\$	\$	\$ -	\$ 37,034			
5,861	5,861	5,861	-	18,569	18,569	18,942	373
			-	894	894	1,100	206
250	250	250	-	6,105	6,105	4,373	(1,732
		22	22	105	105	103	(2
						137	137
6,111	6,111	6,133	22	62,707	62,707	61,795	(912
			_	15,154	15,954	15,135	819
805	805	781	24	14,274	13,474	11,975	1,499
002	000	,01	-	4,381	4,381	4,547	(166
			_	5,497	5,497	5,331	166
			-	1,008	1,008	1,008	-
805	805	781	24	40,314	40,314	37,996	2,318
5,306	5,306	5,352	46	22,393	22,393	23,799	1,406
10,113	10,113	9,700	(413)	19,263	19,263	17,285	(1,978
(9,918)	(9,918)	(9,484)	434	(37,463)		(37,029)	434
195	195	216	21	(18,200)	(18,200)	(19,744)	(1,544
5,501	5,501	5,568	67	4,193	4,193	4,055	(138
			-	-	-	298	298
18,244	18,244	18,244		38,240	38,240	38,240	
23,745	\$ 23,745	\$ 23,812	\$ 67	\$ 42,433	\$ 42,433	\$ 42,593	\$ 160

(Concluded)

# 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, 2014

		Original <u>Budget</u>	Revised Budget		<u>Actual</u>		Variance- Positive (Negative)
REVENUES:							
Property taxes	\$	17,674	\$ 17,690	\$	16,846	\$	(844)
Other shared revenues		5,166	5,166		5,161		(5)
Investment earnings		12	10		6		(4)
Miscellaneous			 			_	<u>-</u>
Total revenues		22,852	 22,866		22,013	_	(853)
EXPENDITURES:							
Principal retirement		24,985	24,985		24,985		-
Interest		13,378	13,378		13,378		-
General Government							<u> </u>
Total expenditures		38,363	 38,363	-	38,363	_	
EXCESS (DEFICIENCY) OF							
REVENUES OVER (UNDER) EXPENDITURES		(15,511)	 (15,497)	-	(16,350)	_	(853)
OTHER FINANCING SOURCES (USES):							
Transfers in:							
From other subfunds					2		2
Restricted income tax fund		16,000	16,000		16,000		-
Transfers out:							
To other subfunds							-
Premium from Bonds and Notes							-
Proceeds from the Sale of Debt							-
Discount from Bonds and Notes							_
Payment to refund bonds and notes							-
Total other financing sources (uses)		16,000	16,000		16,002		2
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES							
OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES		489	503		(348)		(851)
FUND BALANCES AT BEGINNING							
OF YEAR	_	3,426	 3,426		3,426		-
FUND BALANCES AT END OF YEAR	\$	3,915	\$ 3,929	\$	3,078	\$	(851)

	Stadium	Bond Fund		Subordinated Income Tax Fund					
Original Budget	Revised <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)		
\$	\$	\$	\$ -	\$	\$	\$	\$ -		
1	1		(1)	3	3	2	(1)		
 1	1		(1)	3	3	2	(1)		
1,170	1,170	1,170	_	3,265	3,265	3,265			
460	457	332	125	2,336		2,336	-		
 	200	139	61						
 1,630	1,827	1,641	186	5,601	5,601	5,601			
 (1,629)	(1,826)	(1,641)	185	(5,598	(5,598)	(5,599)	(1)		
 1,630	1,627	1,502	(125)	5,671	5,671	5,671	<u>-</u>		
	878	878	-				-		
9,200	8,000	7,745	(255)				-		
(9,200)	(8,650)	(8,479)	- 171				<del>-</del>		
1,630	1,855	1,646	(209)	5,671	5,671	5,671			
1	29	5	(24)	73	73	72	(1)		
 3	3	3		2,594	2,594	2,594			
\$ 4	\$ 32	\$ 8	\$ (24)	\$ 2,667	\$ 2,667	\$ 2,666	\$ (1)		

(Continued)

# 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, 2014

		Lower Euclid	Avenue TIF			Core	City Bonds	
	Original <u>Budget</u>	Revised <u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)	Original <u>Budget</u>	Revised Budget	Actual	Variance- Positive (Negative)
REVENUES:								
Property taxes	\$	\$	\$	\$ -	\$	\$	\$	\$ -
Other shared revenues				-				- (1)
Investment earnings				-	1	1		(1)
Miscellaneous								- (1)
Total revenues					1	1		(1)
EXPENDITURES:								
Principal retirement	155	155	155	-	1,570	1,570	1,570	-
Interest	148	148	148	-	1,036	1,035	577	458
General Government				-	15	216	204	12
Total expenditures	303	303	303		2,621	2,821	2,351	470
EXCESS (DEFICIENCY) OF								
REVENUES OVER (UNDER) EXPENDITURES	(303)	(303)	(303)		(2,620)	(2,820)	(2,351)	469
OTHER FINANCING SOURCES (USES):								
Transfers in:								
From other subfunds	303	663	667	4	4,244	2,493	2,452	(41)
Restricted income tax fund				-				-
Transfers out:								
To other subfunds				-	(1,755)	(1,755)		1,755
Premium from Bonds and Notes				-				-
Proceeds from the Sale of Debt				_	13,000	12,760	12,365	(395)
Discount from Bonds and Notes				_			(13)	(13)
Payment to refund bonds and notes				-	(13,000)	(13,150)	(12,156)	994
Total other financing sources (uses)	303	663	667	4	2,489	348	2,648	2,300
Total outer maileing sources (uses)				-				
EXCESS (DEFICIENCY) OF REVENUES								
AND OTHER FINANCING SOURCES								
OVER (UNDER) EXPENDITURES AND								
OTHER FINANCING USES	-	360	364	4	(131)	(2,472)	297	2,769
FUND BALANCES AT BEGINNING								
OF YEAR	492	492	492		3,599	3,599	3,599	
FUND BALANCES AT END OF YEAR	\$ 492	\$ 852	\$ 856	\$ 4	\$ 3,468	\$ 1,127	\$ 3,896	\$ 2,769

Subordinate Lien Income Tax Bonds								Totals						
Original <u>Budget</u>		Revised <u>Budget</u>		<u>Actual</u>	Po	riance- sitive gative)		Original <u>Budget</u>		Revised Budget	<u>Actual</u>		Variance- Positive (Negative)	
\$		\$		\$	\$	-	\$	17,674	\$	17,690	\$ 16,846	\$	(844	
						-		5,166		5,166	5,161		(5	
	6		8	6		(2)		23		23	14		(9	
	06		06	506	-	-		506		506	506	_	-	
5	512	5	14	512		(2)		23,369		23,385	22,527	_	(858	
5,3	355	5,3	55	5,355		_		36,500		36,500	36,500		_	
7,6		7,6		7,000		617		24,975		24,971	23,771		1,200	
.,-		.,.		.,		-		15		416	343		73	
12,9	72	12,9	72	12,355		617		61,490		61,887	60,614	_	1,273	
(12,4	<u>160</u> )	(12,4	<u>58</u> )	(11,843)		615		(38,121)		(38,502)	(38,087)		415	
1,3 10,7		2,4 11,5		2,406 11,545		1		13,148 26,713		12,859 27,545	12,700 27,545		(159	
						-		(1,755)		(1,755)	-		1,755	
						-		-		878	878		-	
						-		22,200		20,760	20,110		(650	
						-		-		-	(13)		(13	
						-		(22,200)		(21,800)	(20,635)		1,165	
12,0	013	13,9	50	13,951		1		38,106		38,487	40,585	_	2,098	
(4	47)	1,4	92	2,108		616		(15)		(15)	2,498		2,513	
2,8	337	2,8	<u>37</u>	2,837				12,951		12,951	12,951	_		
\$ 2,3	90	\$ 4,3	29	\$ 4,945	\$	616	\$	12,936	\$	12,936	\$ 15,449	\$	2,513	

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#### NONMAJOR ENTERPRISE FUNDS

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

Water Pollution Control The Division of Water Pollution Control is a segment of the Department of Public Utilities of the City. The Division of Water Pollution Control was created for the purpose of providing sewage services to customers and to maintain the local sewer system of the City. Public Auditorium The Public Auditorium is a multi-purpose performing arts, entertainment and conference center. It was constructed in the grand opera tradition and features a spacious 21,780 square foot registration lobby, a 10,000 seat auditorium, the 3,000 seat Cleveland Music Hall and 600 seat Little Theater. West Side Market The West Side Market provides a public market where Cleveland area residents can purchase a variety of quality foods in a centralized location. East Side Market The East Side Market provides a public market where Cleveland area residents can purchase a variety of quality foods in a centralized location. Municipal Parking Lots The Division of Parking was established to provide municipal parking within the City's limits. Cemeteries The Division of Cemeteries was established to provide interment and cremation services for the City and its neighboring communities. Golf Courses The Golf Course Division was established to provide the City and neighboring communities with recreational facilities for golfing and cross country skiing. Currently, both City golf courses are being leased out. Seneca is being leased by Cleveland Metroparks and Highland is leased by Mark A

Nance Golf Ohio.

## COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS DECEMBER 31, 2014

	Water Pollution <u>Control</u>	Public <u>Auditorium</u>	West Side <u>Market</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 49,853	\$ 41	\$ 1,603
Receivables:			
Accounts	89,560	165	
Unbilled revenue	2,888		
Less: Allowance for doubtful accounts	 (2,687)	(67)	
Receivables, net	 89,761	98	
Due from other funds	288	6	3
Inventory of supplies	412		
Total current assets	 140,314	145	1,606
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	393		
Total restricted assets	 393	-	-
Capital assets:			
Land	297	4,261	198
Land improvements	291	4,201	190
Utility plant	142,919		
Buildings, structures and improvements	8,963	21,218	13,234
Furniture, fixtures, equipment and vehicles	15,361	1,143	1,722
Construction in progress	10,216	4,506	1,841
Less: Accumulated depreciation	(107,218)	(21,356)	
Total capital assets, net	 70,538	9,772	8,458
Total noncurrent assets	 70,931	9,772	8,458
TOTAL ASSETS	211,245	9,917	10,064
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding			
Total deferred outflows of resources	 	-	
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 211,245	\$ 9,917	\$ 10,064

East Side <u>Market</u>		Municipal Parking <u>Lots</u>		<u>Cemeteries</u>		Golf <u>Courses</u>		Total Nonmajor Enterprise <u>Funds</u>
\$ 28	\$	4,938	\$	113	\$	134	\$	56,710
		21						89,746 2,888
 		21			_			(2,754) 89,880
		43						340
 28		5,024	_	7 120	_	134		441 147,371
 <u>-</u>	_	8,804 8,804	_	5,449 5,449	_	<u> </u>		14,646 14,646
413		5,478		1,259		1,822		13,728
484		1,256		2,096		4,033		7,869 142,919
2,400		54,167		6,148		1,815		107,945
450		1,252		709 5 000		479		21,116
(2,524)		789 (28,224)		5,090 (3,968)		150 (4,957)		22,592 (176,784)
 1,223		34,718	-	11,334	_	3,342		139,385
1,223		43,522		16,783		3,342		154,031
1,251		48,546		16,903		3,476		301,402
		1,537						1,537
 -		1,537	_	-	_	-	_	1,537
\$ 1,251	\$	50,083	\$	16,903	\$	3,476	\$	302,939

(Continued)

## COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS DECEMBER 31, 2014

		Water Pollution <u>Control</u>		Public <u>Auditorium</u>		West Side <u>Market</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$	1,450	\$	174	\$	130
Accrued wages and benefits		1,204		99		37
Due to other funds		14,237		60		54
Due to other governments		95,744				
Accrued interest payable						
Current portion of long-term obligations		515				
Total current liabilities		113,150		333		221
Long-term liabilities:     Accrued wages and benefits     Construction loans payable     Revenue bonds payable     Total liabilities  DEFERRED INFLOWS OF RESOURCES Derivative instruments-interest rate swaps     Total deferred inflows of resources		140 753 114,043		351		225
NET POSITION  Net investment in capital assets Restricted for capital projects Restricted for debt service Unrestricted		69,270 45 27,887		9,772 (206)		8,458 1,381
o modificate	-	27,007		(200)		1,301
Total net position TOTAL LIABILITIES, DEFERRED INFLOWS	<b>-</b>	97,202	<u> </u>	9,566	<u> </u>	9,839
AND NET POSITION	\$	211,245	\$	9,917	\$	10,064

East Side <u>Market</u>		Municipal Parking <u>Lots</u>	<u>Cemeteries</u>	Golf <u>Courses</u>	Total Nonmajor Enterprise <u>Funds</u>
\$	5 \$	260	\$ 4	\$	\$ 2,024
		85	110	5	1,540
		169	19	3	14,542
		231			95,975
		396			396
	<u> </u>	2,770	 133	8	 3,285
,	,	3,911	133	o	117,762
		18	23		203
		24,546			753 24,546
	<u> </u>	28,475	 156	 8	 143,264
	<u>,                                    </u>	20,473	 130	8	 143,204
		184		 	 184
		184	 <del>-</del>	 -	 184
1,223	3	12,131	11,334	3,342	115,530 45
		5,596			5,596
22	2	3,697	 5,413	 126	 38,320
1,24:	<u> </u>	21,424	 16,747	 3,468	 159,491
\$ 1,25	\$	50,083	\$ 16,903	\$ 3,476	\$ 302,939

(Concluded)

# COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION-NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	P	Water Pollution Control	Public uditorium	West Side <u>Market</u>
OPERATING REVENUES:				
Charges for services	\$	22,547	\$ 1,008	\$ 1,302
Total operating revenue		22,547	 1,008	 1,302
OPERATING EXPENSES:				
Operations		10,670	2,669	1,069
Maintenance		8,459	21	20
Depreciation		5,579	 62	 660
Total operating expenses		24,708	 2,752	 1,749
OPERATING INCOME (LOSS)		(2,161)	 (1,744)	 (447)
NON-OPERATING REVENUE (EXPENSES):				
Investment income		54		4
Interest expense		(61)		
Other revenues (expenses)		86		
Total non-operating				 
revenues (expenses)		79	 -	 4
INCOME (LOSS) BEFORE CONTRIBUTIONS				
AND TRANSFERS		(2,082)	(1,744)	(443)
Capital contributions			439	1,848
Transfers in			 1,471	 
CHANGE IN NET POSITION		(2,082)	166	1,405
NET POSITION AT BEGINNING OF YEAR		99,284	 9,400	 8,434
NET POSITION AT END OF YEAR	\$	97,202	\$ 9,566	\$ 9,839

East Side <u>Market</u>	Municipal Parking <u>Lots</u>	<u>Cemeteries</u>	Golf <u>Courses</u>	Total Nonmajor Enterprise <u>Funds</u>
\$ -	\$ 7,916 7,916	\$ 1,503 1,503	<u>\$</u>	\$ 34,276 34,276
29	4,021 97	1,461 1	9 18	19,928 8,616
<u>60</u> 89	1,360 5,478	325 1,787	126 153	8,172 36,716
(89)	2,438	(284)	(153)	(2,440)
	184 (1,588)	44	59	286 (1,649) 145
<del>-</del>	(1,404)	44	59	(1,218)
(89)	1,034	(240)	(94)	(3,658)
12	441	140 133	142	3,010 1,616
(77)	1,475	33	48	968
1,322	19,949	16,714	3,420	158,523
\$ 1,245	\$ 21,424	\$ 16,747	\$ 3,468	\$ 159,491

#### COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	Poll	ater ution ntrol	Public <u>Auditorium</u>	West Side <u>Market</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$	21,361 \$	,	\$ 1,294
Cash payments to suppliers for goods or services		(7,205)	(1,202)	(748)
Cash payments to employees for services		(9,704)	(1,356)	(354)
Agency activity on behalf of other sewer authorities		5,856		
Net cash provided by (used for) operating activities		10,308	(1,486)	192
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received through transfers from other funds Cash received for royalties			1,471	
Net cash provided by (used for)				
noncapital financing activities			1,471	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets		(7,235)		
Principal paid on long-term debt		(545)		
Interest paid on long-term debt		(61)		
Net cash provided by (used for) capital				
and related financing activities		(7,841)		
CASH FLOWS FROM INVESTING ACTIVITIES: Proceeds from sale and maturity of investment securities				
Interest received on investments		54		4
Net cash provided by (used for) investing activities		54		4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,521	(15)	196
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		47,725	56	1,407
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	50,246 \$	41	\$ 1,603

st Side <u>Iarket</u>	Municipal Parking <u>Lots</u>	<u>Cemeteries</u>	Golf <u>Courses</u>	Total Nonmajor Enterprise <u>Funds</u>
\$	\$ 8,403	\$ 1,502	\$	\$ 33,632
(26)	(3,488)	(426)	(18)	(13,113)
	(1,043)	(1,202)	(20)	(13,679)
 				5,856
 (26)	3,872	(126)	(38)	12,696
12		133		1,616
 			59	59
 12		133	59	1,675
	(322) (2,645) (1,472)	(552)		(8,109) (3,190) (1,533)
 	(4,439)	(552)		(12,832)
		5,952		5,952
 	1	44		103
	1	5,996		6,055
(14)	(566)	5,451	21	7,594
 42	14,308	111	113	63,762
\$ 28	\$ 13,742	\$ 5,562	<u>\$ 134</u>	\$ 71,356 (Continued)

(Continued)

#### COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	Water Pollution <u>Control</u>	Public <u>Auditorium</u>	West Side <u>Market</u>
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED FOR)			
OPERATING ACTIVITIES:			
Operating income (loss)	\$ (2,161)	\$ (1,744)	\$ (447)
Adjustments to reconcile operating income (loss) to			
net cash provided by (used for) operating activities:			
Depreciation	5,579	62	660
Changes in assets and liabilities:			
Receivables, net	(275)	62	
Due from other funds	941	3	
Inventory of supplies	(49)		
Accounts payable	(272)	86	1
Accrued wages and benefits	(184)	9	(13)
Due to other funds	1,938	36	(9)
Due to other governments	4,791	 	 
Total adjustments	 12,469	 258	 639
NET CASH PROVIDED BY (USED FOR)			
OPERATING ACTIVITIES	\$ 10,308	\$ (1,486)	\$ 192
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributions of capital assets		\$ 439	\$ 1,848

East Side <u>Market</u>	Municipal Parking <u>Lots</u>	<u>Cemeteries</u>	Golf <u>Courses</u>	Total Nonmajor Enterprise <u>Funds</u>
\$ (89)	\$ 2,438	\$ (284)	\$ (153)	\$ (2,440)
60	1,360	325	126	8,172
	(8) 26	2		(219) 970
	123	(5)		69
3	(23)	(156)		(361)
	(27)	(16)	(11)	(242)
	(22)	8		1,951
 63	 1,434	 158	 115	 4,796 15,136
 03	 1,434	 138	 113	 13,130
\$ (26)	\$ 3,872	\$ (126)	\$ (38)	\$ 12,696
	\$ 441	\$ 140	\$ 142	\$ 3,010
				(Concluded)

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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 Cleveland 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 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.

## COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS DECEMBER 31, 2014

	,	Motor Vehicle <u>intenance</u>	rinting and roduction		City toreroom and <u>/arehouse</u>	Utilities ninistration
ASSETS						
Current assets:						
Cash and cash equivalents	\$	2,675	\$ 746	\$	73	\$ 985
Receivables:						
Accounts						
Due from other funds		1,390	169		37	
Inventory of supplies		843	117			
Prepaid expenses and other assets						8
Total current assets		4,908	 1,032		110	 993
Capital assets:						
Land		663				
Land improvements		146				
Buildings, structures and improvements		3,131	884			
Furniture, fixtures, equipment and vehicles		9,729	1,167			1,270
Less: Accumulated depreciation		(10,716)	(1,272)			(1,067)
Total capital assets, net		2,953	 779		-	 203
Total noncurrent assets		2,953	 779			 203
TOTAL ASSETS	\$	7,861	\$ 1,811	\$	110	\$ 1,196

F	nking 'und <u>nistration</u>	Municipal Income Tax <u>Administration</u>		Telephone <u>Exchange</u>		Workers' Health Self Radio Compensation Insurance Communications Reserve Fund		P	Prescription Self Insurance <u>Fund</u>		<u>Total</u>			
\$	70	\$ 2,129	\$	312	\$	2,953	\$	8,672	\$	6,098	\$	250	\$	24,963
				3		12								15
	28			1,201		206		5,248		3,976		944		13,199 960
	98	2,129	_	1,516	_	3,171	_	13,920	_	10,074	_	1,194	_	39,145
														663 146
						112								4,127
		220		153		118								12,657
		(70)	) _	(122)		(39)								(13,286)
		150	_	31		191							_	4,307
		150	_	31	_	191			_		_	<u> </u>	_	4,307
\$	98	\$ 2,279	\$	1,547	\$	3,362	\$	13,920	\$	10,074	\$	1,194	\$	43,452

(Continued)

## COMBINING STATEMENT OF NET POSITION - ALL INTERNAL SERVICE FUNDS DECEMBER 31, 2014

	Motor Printing Vehicle and <u>Maintenance Reproduction</u>		City toreroom and Varehouse	Utilities ninistration	
LIABILITIES					
Current liabilities:					
Accounts payable	\$	687	\$ 86	\$ 2	\$ 39
Accrued wages and benefits		581	108	6	690
Claims payable					
Due to other funds		95	36		72
Due to other governments			 	 	 
Total current liabilities		1,363	230	8	801
Long-term liabilities:					
Accrued wages and benefits		155	 24	 2	 162
Total liabilities		1,518	 254	 10	 963
NET POSITION					
Net investment in capital assets		2,953	779		203
Unrestricted		3,390	 778	 100	 30
Total net position		6,343	 1,557	 100	 233
TOTAL LIABILITIES AND NET POSITION	\$	7,861	\$ 1,811	\$ 110	\$ 1,196

1	inking Fund inistration	Municipal Income Tax <u>Administration</u>	Telephone <u>Exchange</u>	Radio <u>Communications</u>	Workers' Compensation <u>Reserve</u>	Health Self Insurance <u>Fund</u>	Prescription Self Insurance <u>Fund</u>	<u>Total</u>
\$	3	\$ 268	\$ 363	\$ 252	\$	\$	\$	\$ 1,700
	18	611	130	49				2,193
						12,113	1,863	13,976
	1	109	12	9				334
		1,193		6				1,199
	22	2,181	505	316	-	12,113	1,863	19,402
	7 29	98 2,279	38 543	20 336	13,920 13,920	12,113	1,863	14,426 33,828
		150	31	191				4,307
	69	(150)	973	2,835		(2,039)	(669)	5,317
	69	<u>-</u>	1,004	3,026	-	(2,039)	(669)	9,624
\$	98	\$ 2,279	\$ 1,547	\$ 3,362	\$ 13,920	\$ 10,074	\$ 1,194	\$ 43,452

(Concluded)

# COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - ALL INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	V	Motor /ehicle intenance	Printing and <u>Reproduction</u>	City Storeroom and <u>Warehouse</u>	Utilities <u>Administration</u>
OPERATING REVENUES:					
Charges for services	\$	19,271	\$ 2,346	\$ 513	\$ 8,250
Total operating revenue		19,271	2,346	513	8,250
OPERATING EXPENSES:					
Operations		18,238	2,140	484	8,465
Maintenance		1,155	89		92
Depreciation		443	64		131
Total operating expenses		19,836	2,293	484	8,688
OPERATING INCOME (LOSS)		(565)	53	29	(438)
NON-OPERATING REVENUES (EXPENSES):					
Investment income		8	2		3
Loss on disposal of capital assets		(1)			
Total non-operating					
revenues (expenses)		7	2		3
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS		(558)	55	29	(435)
Capital contributions Transfers in		292			
CHANGE IN NET POSITION		(266)	55	29	(435)
NET POSITION AT BEGINNING OF YEAR		6,609	1,502	71	668
NET POSITION AT END OF YEAR	\$	6,343	\$ 1,557	\$ 100	\$ 233

Sinking Fund <u>Administration</u>	Municipal Income Tax <u>Administration</u>	Telephone <u>Exchange</u>	Radio <u>Communications</u>	Workers' Compensation <u>Reserve</u>	Health Self Insurance <u>Fund</u>	Prescription Self Insurance <u>Fund</u>	<u>Total</u>
\$ 128	\$ 8,659	\$ 6,751	\$ 3,220	\$ 1,132	\$ 41,019	\$ 9,113	\$ 100,402
128	8,659	6,751	3,220	1,132	41,019	9,113	100,402
656	8,508 128 30	5,573 155 5	1,135 401 12	1,132	43,058	9,782	99,171 2,020 685
656	8,666	5,733	1,548	1,132	43,058	9,782	101,876
(528)	(7)	1,018	1,672		(2,039)	(669)	(1,474)
	7	1	7				28 (1)
	7_	1	7				27
(528)	-	1,019	1,679	-	(2,039)	(669)	(1,447)
491							292 491
(37)	-	1,019	1,679	-	(2,039)	(669)	(664)
106		(15)	1,347				10,288
\$ 69	<u>\$</u> -	\$ 1,004	\$ 3,026	\$ -	\$ (2,039)	\$ (669)	\$ 9,624

## COMBINING STATEMENT OF CASH FLOWS-ALL INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	Motor Vehicle <u>Maintenance</u>	Printing and <u>Reproduction</u>	City Storeroom and <u>Warehouse</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 19,523	\$ 2,330	\$ 516
Cash payments to suppliers for goods or services	(14,113)	(1,493) (799)	(424) (59)
Cash payments to employees for services  Net cash provided by (used for) operating activities	(5,183)	38	33
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received through transfers from other funds			
Net cash provided by (used for) noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets			
Net cash provided by (used for) capital			
and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	8	2	
Net cash provided by investing activities	8	2	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	235	40	33
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,440	706	40
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,675	\$ 746	\$ 73
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (565)	\$ 53	\$ 29
Adjustments to reconcile operating income (loss) to			
net cash provided by (used for) operating activities:	440	- 4	
Depreciation Change in assets and liabilities:	443	64	
Receivables, net			
Due from other funds	251	(15)	2
Due from other governments		, ,	
Inventory of supplies	256	4	
Prepaid expenses			_
Accounts payable	(202)	(98)	2
Accrued wages and benefits  Due to other funds	(16) 60	25	
Due to other governments	00	5	
Total adjustments	792	(15)	4
Total aujustinents		(13)	
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 227	\$ 38	\$ 33
SCHEDULE OF NONCASH CAPITAL AND RELATED			
FINANCING ACTIVITIES:			
Contributions of capital assets	\$ 292		
•			

<u>Ad</u>	Utilities ministration		Sinking Fund ministration	In	Aunicipal come Tax ministration		Felephone Exchange	<u>Con</u>	Radio munications	Co	Workers' mpensation <u>Reserve</u>		Health Self Insurance <u>Fund</u>		scription Self Insurance Fund		<u>Total</u>
\$	8,250 (1,176) (7,141)	\$	125 (467) (188)	\$	8,853 (3,081) (5,296)	\$	6,528 (5,380) (1,232)	\$	3,278 (1,135) (432)	\$	802	\$	37,043 (30,945)	\$	8,169 (7,919)	\$	95,417 (66,133) (20,330)
_	(67)		(530)		476		(84)		1,711		802	_	6,098		250	_	8,954
			491														491
_	-		491		-		-			_	-	_	-	_	-		491
	(7.6)				(60)		(26)		(02)								(265)
	(76)				(60)		(36)		(93)								(265)
	(76)				(60)		(36)		(93)		-	_	-				(265)
	3				7		1		7								28
	3			_	7		1	_	7					_			28
	(140)		(39)		423		(119)		1,625		802		6,098		250		9,208
_	1,125		109		1,706		431		1,328		7,870	_					15,755
\$	985	\$	70	\$	2,129	\$	312	\$	2,953	\$	8,672	\$	6,098	\$	250	\$	24,963
\$	(438)	\$	(528)	\$	(7)	\$	1,018	\$	1,672	\$		\$	(2,039)	\$	(669)	\$	(1,474)
	131				30		5		12								685
			(3)				(3) (219)		(12) 69		1,935		(3,976)		(944)		(15) (2,900)
	4																260 4
	4		1		123		(897)		(41)		(1.122)		10 112		1 062		(1,108)
	166 66		(1) 1		99 36		12		3		(1,133)		12,113		1,863		13,119 186
_	371	_	(2)	_	195 483	_	(1,102)	_	39	_	802	_	8,137	=	919	_	197 10,428
\$	(67)	\$	(530)	\$	476	\$	(84)	\$	1,711	\$	802	\$	6,098	\$	250	\$	8,954

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#### **AGENCY FUNDS**

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

Municipal Courts To account for assets received and disbursed by the

Municipal Courts as agent or custodian related to Civil

and Criminal Court matters.

Central Collection Agency

To account for the collection of the Municipal Income

Tax for the City of Cleveland and any other municipalities that employ the Central Collection Agency as their agency.

Other Agencies To account for miscellaneous assets held by the City for

governmental units or individuals.

# COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

#### FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

	(Amounts in 000's)			
	Balance at Beginning			Balance at End
	of Year	<u>Additions</u>	<b>Deductions</b>	of Year
MUNICIPAL COURTS				
ASSETS				
Cash and cash equivalents	\$ 3,243	\$ 15,379	\$ 13,864	\$ 4,758
Total assets	\$ 3,243	\$ 15,379	\$ 13,864	\$ 4,758
LIABILITIES				
Due to others	\$ 3,243	\$ 15,379	\$ 13,864	\$ 4,758
Total liabilities	\$ 3,243	\$ 15,379	\$ 13,864	\$ 4,758
CENTRAL COLLECTION AGENCY				
ASSETS				
Cash and cash equivalents	\$ 4,927	\$ 3,662	\$ 4,927	\$ 3,662
Taxes receivable	19,978	21,587	19,978	21,587
Due from other governments	1,373	1,653	1,373	1,653
Total assets	\$ 26,278	\$ 26,902	\$ 26,278	\$ 26,902
LIABILITIES				
Due to other governments	\$ 26,278	\$ 26,902	\$ 26,278	\$ 26,902
Total liabilities	\$ 26,278	\$ 26,902	\$ 26,278	\$ 26,902

(Continued)

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

#### FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

Balance at End Octuous of Year	<u>Additions</u>	Balance at Beginning of Year	
			OTHER AGENCIES
			ASSETS
285,013 \$ 20,342	\$ 283,664	\$ 21,691	Cash and cash equivalents
285,013 \$ 20,342	\$ 283,664	\$ 21,691	Total assets
			LIABILITIES
285,013 \$ 20,342	\$ 283,664	\$ 21,691	Due to others
285,013 \$ 20,342	\$ 283,664	\$ 21,691	Total liabilities
			TOTALS-ALL AGENCY FUNDS
			ASSETS
303,804 \$ 28,762		\$ 29,861	Cash and cash equivalents
19,978 21,587	21,587	19,978	Taxes receivable
1,373 1,653	1,653	1,373	Due from other governments
325,155 \$ 52,002	\$ 325,945	\$ 51,212	Total assets
			LIABILITIES
26,278 \$ 26,902		\$ 26,278	Due to other governments
298,877 25,100	299,043	24,934	Due to others
<u>325,155</u> <u>\$ 52,002</u>	\$ 325,945	\$ 51,212	Total liabilities

(Concluded)

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# CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

### CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY TYPE\* DECEMBER 31, 2014

(Amounts in 000's)

Land	\$ 66,058
Land improvements	171,768
Buildings, structures and improvements	711,129
Furniture, fixtures, equipment and vehicles	194,772
Infrastructure	677,538
Construction in progress	181,989
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 2,003,254

<sup>\*</sup> 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.

### CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY\* DECEMBER 31, 2014

(Amounts in 000's)

	<u>Total</u>			<u>Land</u>	<u>Im</u>	Land provements	S	Buildings, Structures and provements	I	Furniture, Fixtures, Equipment nd Vehicles	<u>Ir</u>	<u>frastructure</u>		struction In rogress
General Government:														
General government	\$	344,110	\$	208	\$	1,484	\$	305,601	\$	24,924	\$	6,663	\$	5,230
City Hall		28,408		877				25,916				1,347		268
Engineering and construction		532,141				28,505				1,867		474,770		26,999
Justice Center		29,776						28,930		846				
Research, planning and development		49,035		903		39,786		4,326		61		2,997		962
Charles V. Carr Municipal Center		647	_			15		632			_			
Total general government		984,117	_	1,988		69,790		365,405		27,698	_	485,777		33,459
Public Works:														
Waste collection		35,187		499				9,263		23,412		1,460		553
Streets		273,828		1,540		11,602		14,393		20,245		161,538		64,510
Traffic engineering		5,327						813		2,297		2,200		17
Park maintenance and properties		116,927		37,385		24,727		18,796		16,258		316		19,445
Recreation		134,840		976		57,217		73,384		2,493				770
Other		124,870	_	2,669				108,485		968				12,748
Total public works		690,979	_	43,069		93,546		225,134		65,673	_	165,514		98,043
Public Safety:														
Police		158,081		4,805		573		59,791		52,662		162		40,088
Fire		66,550		1,663				30,901		33,535				451
Emergency medical service		17,417						1,090		10,622		5,614		91
Correction		7,603		264				6,570		746		23		
Dog pound		1,400	_					1,048		349	_			3
Total public safety		251,051	_	6,732	_	573	_	99,400	_	97,914	_	5,799		40,633
Public Health:														
Health and environment		13,793		1,112		208		10,746		1,667		56		4
Total public health	_	13,793	_	1,112		208	_	10,746		1,667	_	56		4
Community Development:														
Community development		45,876		7,130		7,376		9,384		1,382		15,807		4,797
Total community development	_	45,876	_	7,130		7,376		9,384		1,382		15,807		4,797
Economic Development:														
Economic development		13,049		6,027		275		740				1,004		5,003
Total economic development		13,049	_	6,027		275		740			_	1,004		5,003
Building and Housing:														
Building and housing		4,389						320		438		3,581		50
Total building and housing		4,389	_					320		438		3,581		50
TOTAL GOVERNMENTAL														
FUNDS CAPITAL ASSETS	\$	2,003,254	\$	66,058	\$	171,768	\$	711,129	\$	194,772	\$	677,538	\$ 1	81,989

<sup>\*</sup> 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.

### CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY\* FOR THE YEAR ENDED DECEMBER 31, 2014

(Amounts in 000's)

	:	Balance January 1,  2014  Additions			<u>Deductions</u>		<u>Transfers</u>		Balance December 31, 2014	
General Government:										
General government	\$	342,285	\$	1,840	\$	(28)	\$	13	\$	344,110
City Hall		28,402		6						28,408
Engineering and construction		522,297		9,844						532,141
Justice Center		29,776								29,776
Research, planning and development		49,025		10						49,035
Charles V. Carr Municipal Center		647								647
Total general government	_	972,432		11,700		(28)		13		984,117
Public Works:										
Waste collection		32,804		2,989				(606)		35,187
Streets		227,658		47,542		(1,371)		(1)		273,828
Traffic engineering		5,191		136						5,327
Park maintenance and properties		115,597		1,783		(212)		(241)		116,927
Recreation		129,405		5,457		(22)				134,840
Other		49,753		75,117						124,870
Total public works	_	560,408		133,024		(1,605)		(848)		690,979
Public Safety:										
Police		141,478		17,673		(941)		(129)		158,081
Fire		65,775		1,028		(309)		56		66,550
Emergency medical service		16,976		441						17,417
Correction		7,560		43						7,603
Dog pound		1,167		217				16		1,400
Total public safety		232,956		19,402		(1,250)		(57)		251,051
Public Health:										
Health and environment		13,795		20		(12)		(10)		13,793
Total public health		13,795		20	-	(12)	-	(10)		13,793
Community Development:										
Community development		45,841		35						45,876
Total community development		45,841		35				-		45,876
Economic Development:										
Economic development		12,992		57						13,049
Total economic development		12,992	_	57		-		-		13,049
Building and Housing:										
Building and housing		4,389								4,389
Total building and housing		4,389		-		-		-		4,389
TOTAL GOVERNMENTAL FUNDS										
CAPITAL ASSETS	\$	1,842,813	\$	164,238	\$	(2,895)	\$	(902)	\$	2,003,254

<sup>\*</sup> 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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#### **Statistical Section**

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

**Page** 

**Contents** 

ruge
S3-S6
S7-S11
S12-S18
S19-S20
S21-S23
S24

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

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

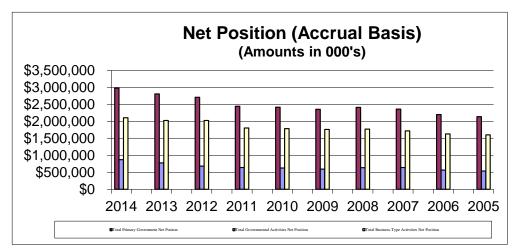
	 2014 2013		2013	2012	2011
Governmental Activities					
Net investment in capital assets	\$ 828,002	\$	686,794	\$ 572,213	\$ 543,460
Restricted	152,360		145,729	122,488	117,765
Unrestricted	 (110,650)		(53,448)	(12,383)	(19,771)
Total Governmental Activities Net Position	\$ 869,712	\$	779,075	\$ 682,318	\$ 641,454
Business-Type Activities					
Net investment in capital assets	\$ 1,335,195	\$	1,307,661	\$ 1,303,584	\$1,130,178
Restricted	244,937		244,196	227,826	234,050
Unrestricted	525,970		474,185	492,956	438,767
Total Business-Type Activities Net Position	\$ 2,106,102	\$	2,026,042	\$ 2,024,366	\$ 1,802,995
Primary Government					
Net investment in capital assets	\$ 2,163,197	\$	1,994,455	\$ 1,875,797	\$ 1,673,638
Restricted	397,297	·	389,925	350,314	351,815
Unrestricted	415,320		420,737	480,573	418,996
Total Primary Government Net Position	\$ 2,975,814	\$	2,805,117	\$ 2,706,684	\$ 2,444,449

#### Note:

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

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

2010	2009	2008	2007	2006	2005
\$ 557,804	\$ 561,586	\$ 555,076	\$ 484,758	\$ 412,430	\$ 395,600
159,942	166,280	179,318	214,811	211,361	193,529
(90,565)	(134,033)	(95,968)	(59,630)	(56,318)	(52,676)
\$ 627,181	\$ 593,833	\$ 638,426	\$ 639,939	\$ 567,473	\$ 536,453
\$1,080,332	\$ 1,016,182	\$ 985,556	\$ 957,587	\$ 886,978	\$ 838,164
243,511	275,907	272,613	252,514	247,802	287,039
462,397	469,010	512,876	506,745	496,624	474,875
\$1,786,240	\$ 1,761,099	\$1,771,045	\$1,716,846	\$1,631,404	\$ 1,600,078
\$1,638,136	\$ 1,577,768	\$1,540,632	\$1,442,345	\$1,299,408	\$ 1,233,764
403,453	442,187	451,931	467,325	459,163	480,568
371,832	334,977	416,908	447,115	440,306	422,199
\$2,413,421	\$ 2,354,932	\$2,409,471	\$2,356,785	\$2,198,877	\$ 2,136,531



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

	2014	2013	2012 (2)	2011
Program Revenues	 	 		
Governmental Activities:				
Charges for Services:				
General Government (1)	\$ 31,589	\$ 29,983	\$ 30,696	\$ 32,336
Public Works (1)	17,706	17,561	18,369	16,271
Public Service (1)				
Public Safety	15,318	17,078	15,049	15,034
Community Development (1)	1,483			
Building and Housing	11,984	11,734	5,757	18,072
Public Health	2,754	2,917	2,967	2,931
Parks, Recreation and Properties (1)				
Economic Development	101	377	100	37
Subtotal - Charges for Services	 80,935	 79,650	 72,938	 84,681
Operating Grants and Contributions:	 	 	 	 
General Government (1)	4,351	5,601	4,345	3,673
Public Works (1)	20,373	29,770	28,342	27,364
Public Service (1)	-,	,,,,,,	- /-	.,
Public Safety	7,315	9,180	13,805	12,497
Community Development	35,673	42,608	69,004	68,887
Building and Housing	2,804	9,133	6,679	5,698
Public Health	11,040	9,249	10,321	13,228
Parks, Recreation and Properties (1)	,	, ,	- /-	-, -
Economic Development	18,234	14,046	11,387	4,008
Subtotal - Operating Grants and Contributions	99,790	 119,587	 143,883	 135,355
Capital Grants and Contributions:		 	 	 
General Government	2,862	56,610	1,330	23
Public Works (1)	85,253	38,348	24,515	13,982
Public Service (1)	,	/-		- ,
Public Safety	173			
Community Development				
Parks, Recreation and Properties (1)				
Subtotal - Capital Grants and Contributions	88,288	 94,958	 25,845	 14,005
•	 		 	 
Total Governmental Activities Program Revenues	 269,013	 294,195	 242,666	 234,041
Business-Type Activities:				
Charges for Services:				
Water	303,412	272,674	280,323	236,626
Electricity	181,843	170,342	165,227	168,448
Airport facilities	131,724	113,244	116,694	114,967
Nonmajor activities	 34,276	34,135	35,188	34,600
Subtotal - Charges for Services	 651,255	590,395	597,432	554,641
Operating Grants and Contributions:				
Water	301	5,984	4,567	3,305
Electricity	4,030	656	97	883
Airport facilities	73	132	177	
Nonmajor activities	 161	86	478	278
Subtotal - Operating Grants and Contributions	 4,565	 6,858	 5,319	 4,466
Capital Grants and Contributions:				
Water	34,699	12,446	21,800	2,284
Electricity	2	393	964	206
Airport facilities	19,775	35,089	25,025	56,385
Nonmajor activities	 3,280	 808	 5,773	 5,716
Subtotal - Capital Grants and Contributions	 57,756	 48,736	 53,562	 64,591
Total Business-Type Activities Program Revenues	 713,576	 645,989	 656,313	 623,698
Total Primary Government Program Revenues	\$ 982,589	\$ 940,184	\$ 898,979	\$ 857,739

 2010	 2009	_	2008		2007		2006	2005
\$ 31,570	\$ 34,937	\$	36,824	\$	30,470	\$	32,311	\$ 22,174
12,024	5,517		5,517		4,490		5,158	6,208
13,839	18,296		21,709		21,087		12,773	15,953
			5,440		1,203		2	
7,327	13,402		12,323		10,528		10,701	10,871
3,033	3,187		2,893		2,979		2,898	2,918
8,047	1,129		1,351		1,160		746	913
 1,469 77,309	 759 77,227	_	1,057 87,114	_	72,388	_	4,496 69,085	59,083
 77,507	 77,227	_	07,114		72,300		02,003	37,003
1,348	1,121		1,789		1,994		1,508	1,876
13,821	13,469		14,317		14,459		14,230	14,234
8,647	13,192		7,448		5,789		9,364	9,153
73,563	41,490		42,129		50,344		56,882	51,848
9,064	11,857		1,106		3,353		3,407	
12,693	15,048		12,786		14,079		13,838	10,963
13,830	14,404		16,417		16,123		16,232	354
 8,156 141,122	 23,984 134,565	_	33,121 129,113	_	21,077 127,218	-	40,397 155,858	42,164 130,592
	 134,303			-				-
41			3,057		5,380		23,839	26,899
11,179	11,680		13,094		75,871			
					1,315			89
 11,220	 11,680	_	16,151		82,566	_	23,839	26,988
	,							
 229,651	 223,472		232,378		282,172		248,782	216,663
237,270	228,235		242,872		242,014		209,694	222,635
166,665	155,865		158,237		155,559		146,293	150,263
106,696	98,143		111,402		105,887		105,711	111,087
39,358	43,110		41,950		40,614		33,821	33,843
549,989	525,353		554,461		544,074		495,519	517,828
3,553	4,917		8,384		11,033		8,242	
566	169		2,118		2,589		1,796	
619	1,232		3,809		3,718		2,944	7,726
4,051	 3,857		5,557		6,399		1,616	100
 8,789	 10,175	_	19,868		23,739	_	14,598	7,826
7,645	1,677		3,460		7,906		6,817	12,408
1,035			2,803		1,485		1,135	2,285
57,089	44,219		54,646		73,358		53,280	40,975
 19,765	 5,429	_	3,155	_	2,591		6,201	5,505
 85,534	 51,325		64,064		85,340		67,433	61,173
 644,312	 586,853		638,393		653,153		577,550	586,827
\$ 873,963	\$ 810,325	\$	870,771	\$	935,325	\$	826,332	\$803,490

(Continued)

		2014		2013	2012 (2)			2011
Expenses								
Governmental Activities:								
General Government (1)	\$	121,050	\$	115,793	\$	106,141	\$	95,833
Public Works (1)	Ф	121,030	Ф		Ф	128,276	Ф	,
		129,551		130,108		128,276		139,577
Public Service (1)		200 760		210.246		210.745		200.051
Public Safety		298,768		310,246		310,745		308,051
Community Development (1)		39,099		44,337		70,705		75,778
Building and Housing		11,059		17,694		14,729		14,098
Public Health		18,236		15,405		17,385		19,596
Parks, Recreation and Properties (1)								
Economic Development		32,508		18,142		13,845		22,323
Interest on debt		26,333		24,913		26,153		27,686
Total Governmental Activities Expenses		676,604		676,638		687,979		702,942
-								
Business-Type Activities								
Water		253,822		258,014		244,647		232,497
Electricity		181,862		171,669		163,547		167,799
Airport facilities		161,021		155,343		153,627		167,531
Nonmajor activities		38,430		35,235		39,671		46,302
Total Business-Type Activities Expenses		635,135		620,261		601,492		614,129
Total Primary Government Program Expenses				1,296,899		1 290 471		
Total Frimary Government Frogram Expenses		1,311,739		1,290,699		1,289,471		1,317,071
Net (Expense)/Revenue								
Governmental Activities		(407,591)		(382,443)		(445,313)		(468,901)
Business-Type Activities		78,441		25,728		54,821		9,569
Total Primary Government Net Expense		(329,150)		(356,715)		(390,492)		(459,332)
General Revenues and Other Changes in Net Position Governmental Activities Taxes:								
Income taxes		337,933		332,719		330,863		311,492
Property taxes		52,327		45,055		56,086		63,839
Other taxes		35,851		37,765		28,680		27,312
Shared revenues		37,240		34,434		27,338		19,558
Grants and contributions not restricted to specific programs		,		- 1, 1- 1				,
State and local government funds		23,846		30,081		25,966		43,821
Unrestricted investment earnings		1,193		683		692		97
Other		11,454		21,194		18,141		19,086
Transfers		(1,616)		(1,527)		(1,589)		(2,031)
Halisters	-	(1,010)	_	(1,327)		(1,369)	_	(2,031)
Total Governmental Activities		498,228		500,404		486,177		483,174
Business-Type Activities								
Unrestricted investment earnings		3		3				30
Other		3		3				30
								5,125
Special items - gain on sale of capital assets		1.616		1.507		1.500		,
Transfers		1,616		1,527		1,589		2,031
Total Business-Type Activities Expenses		1,619		1,530		1,589		7,186
Total Primary Government General Revenues								
and Other Changes in Net Position		499,847		501,934		487,766		490,360
Change in Net Position								
Governmental Activities		90,637		117,961		40,864		14,273
Business-Type Activities		80,060						
Duamesa-Type Activities		60,000		27,258		56,410		16,755
Total Primary Government Change in Net Position	\$	170,697	\$	145,219	\$	97,274	\$	31,028
Note:								

#### Note

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

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

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

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

	2010		2009		2008	_	2007		2006	2005
\$	81,898	\$	90,311	\$	101,878	\$	99,311	\$	99,187	\$ 97,544
	93,425		85,947		87,154		86,435		81,248	80,888
	315,900		329,765		329,922		322,840		301,208	293,242
	70,589		59,204		44,550		54,425		62,701	56,413
	17,445		20,925		15,831		13,999		13,832	10,650
	19,740		22,999		20,351		21,412		27,674	24,950
	46,963		58,799		61,628		54,332		45,546	44,840
	24,729		38,083		53,944		39,168		44,739	41,030
	47,531	_	30,448	_	32,896		27,763	_	32,162	27,557
	718,220		736,481	_	748,154		719,685		708,297	677,114
	232,862		224,269		213,335		205,470		204,994	192,187
	165,330		158,100		154,426		148,832		141,546	153,676
	158,262		168,734		172,274		167,967		157,976	146,807
	43,443		46,546	_	44,507		45,762		42,112	41,526
	599,897		597,649	_	584,542		568,031	_	546,628	534,196
	1,318,117		1,334,130		1,332,696	_	1,287,716	_	1,254,925	1,211,310
	(488,569)		(513,009)		(515,776)		(437,513)		(459,515)	(460,451)
	44,415		(10,796)	_	53,851		85,122		30,922	52,631
	(444,154)		(523,805)		(461,925)		(352,391)		(428,593)	(407,820)
	298,209		296,507		329,316		317,268		302,084	288,191
	88,087		63,573		65,398		69,313		66,762	64,390
	28,450		25,053		25,918		28,567		26,492	25,051
	23,869		28,741		28,587		23,805		16,949	22,468 1
	49,266		43,420		52,450		51,164		55,905	55,696
	654		1,740		3,344		5,670		4,273	2,989
	14,104		10,207		9,556		14,482		18,460	21,135
	19,278		(825)	_	(306)		(290)		(390)	(375)
	521,917		468,416	_	514,263		509,979		490,535	479,546
	4		25		42		30		14	2,205 946
	(19,278)		825		306		290		390	375
	(19,274)		850		348		320		404	3,526
	502,643		469,266		514,611	_	510,299		490,939	483,072
	33,348		(44,593)		(1,513)		72,466		31,020	19,095
	25,141		(9,946)	_	54,199		85,442	_	31,326	56,157
<b>c</b>	58,489	\$	(54,539)	\$	52,686	\$	157,908	\$	62,346	\$ 75,252

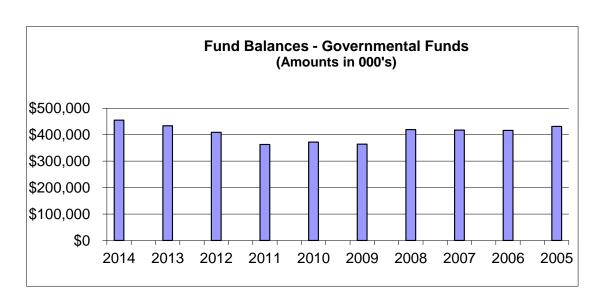
(Concluded)

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

	2014	2013	2012	2011
General Fund				
Reserved	\$	\$	\$	\$
Unreserved				
Nonspendable	88	5 648	632	576
Assigned	15,04	1 13,209	9,239	12,027
Unassigned	78,40	1 75,891	61,879	38,991
Total General Fund	94,32	7 89,748	71,750	51,594
All Other Governmental Funds				
Reserved				
Unreserved reported in:				
Special Revenue funds				
Capital Projects funds				
Nonspendable	1,38	7 355	495	1,172
Restricted	268,90	5 245,015	233,832	204,590
Committed	90,73	9 98,806	102,901	105,624
Assigned		8 3	2	1
Unassigned				(96)
Total All Other Governmental Funds	361,03	9 344,179	337,230	311,291
Total Governmental Funds	\$ 455,36	6 \$ 433,927	\$ 408,980	\$ 362,885

 $<sup>(1)</sup> Fund \ balance \ classifications \ changed \ in \ 2011 \ with \ the \ implementation \ of \ GASB \ No. 54.$ 

2010 200		2009	2008		2007	2006	2005
\$ 15,070 (2,529)	\$	15,513 (9,648)	\$	14,689 16,856	\$ 14,455 17,399	\$ 13,029 22,502	\$ 11,520 24,693
12,541		5,865		31,545	31,854	35,531	36,213
257,696		263,059		272,039	277,669	278,984	280,042
64,432 37,753		45,781 49,556		72,421 43,438	77,223 31,136	77,287 24,458	65,786 49,750
359,881		358,396		387,898	386,028	380,729	395,578
\$ 372,422	\$	364,261	\$	419,443	\$ 417,882	\$ 416,260	\$ 431,791



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

		2014		2013	 2012	 2011
Revenues						
Income taxes	\$	336,743	\$	333,359	\$ 331,118	\$ 312,508
Property taxes		49,198		49,740	55,312	55,949
State and local government funds		25,077		28,439	31,821	45,640
Other taxes and shared revenues (2)					86,084	77,636
Other taxes (2)		35,851		37,764		
Other shared revenues (2)		54,329		59,907		
Licenses and permits		15,404		16,034	15,070	16,877
Charges for services		36,120		39,297	41,436	39,433
Fines, forfeits and settlements		28,928		27,020	26,830	28,376
Investment earnings		858		865	468	518
Grants		111,935		115,851	129,724	120,119
Contributions		2,571		15,948	1,364	52
Miscellaneous		18,534		27,770	 18,770	 15,356
Total Revenues		715,548		751,994	 737,997	 712,464
Expenditures						
Current:		01.100		05.620	05.105	55.502
General Government (1)		91,199		85,638	85,125	77,792
Public Works (1)		89,042		86,576	85,753	91,926
Public Service (1)		204 605		202.224	202 767	202.000
Public Safety		294,605		303,234	303,767	302,009
Community Development (1)		37,191		42,677	69,238	73,682
Building and Housing Public Health		10,885		17,444	14,542	14,031
		17,722		14,983	16,986	19,160
Parks, Recreation and Properties (1)		22 260		19.020	12.704	10.249
Economic Development Other		32,360 10,580		18,030 11,877	12,794 10,992	19,348 11,171
Capital outlay		10,380		115,170	69,945	66,575
Inception of capital lease		6,044		5,046	5,648	4,566
Debt service:		0,044		3,040	3,040	4,500
Principal retirement		47,752		46,252	48,115	47,481
Interest		27,935		30,380	33,741	30,628
General Government		1,114		615	1,264	438
Other		1,077		1,176	1,168	 315
Total Expenditures		768,374		779,098	 759,078	 759,122
France (Definionary) of Royanuas Over						
Excess (Deficiency) of Revenues Over (Under) Expenditures		(52,826)		(27,104)	 (21,081)	 (46,658)
Other Financing Sources (Uses)						
Transfers in		77,659		56,516	59,830	68,643
Transfers out		(79,766)		(58,466)	(62,145)	(71,514)
Issuance of debt		69,200		35,840	82,945	31,260
Issuance of refunding bonds		20,110		25,360		
Proceeds from sale of debt				4 41 5	0.770	1 105
Premium on bonds and notes		6,666		4,415	8,770	1,105
Discount on bonds and notes		(13)		(25.260)	(145)	(217)
Payment to refund bonds and notes		(20,635)		(25,360)	(28,910)	
Proceeds from sale of general						
obligation bonds and notes				2.796		
Loan proceeds		1.044		2,786	224	1 220
Sale of City assets		1,044		4,425 6,535	324 6.507	1,229
Capital leases		74 265		6,535	 6,507	 6,615
Total Other Financing Sources (Uses)	_	74,265	4	52,051	67,176	37,121
Net Change in Fund Balances  Debt Service as a Percentage of Noncapital	\$	21,439	\$	24,947	\$ 46,095	\$ (9,537)
Expenditures		11.1%		11.5%	11.8%	11.1%

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

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

2010	2009	2008		2007	2006			2005
300,427	\$ 298,546		6,464 \$		\$	303,446	\$	292,193
58,660	63,754	6	5,258	69,254		66,787		66,055
47,972	45,590	5	2,269	53,506		55,908		55,899
79,620	81,440	8	31,200	80,789		73,810		59,576
13,529	17,061	1	5,047	13,802		14,520		14,806
33,779	22,136		6,000	24,388		20,973		23,182
28,643	32,321		4,763	31,246		27,877		19,985
621	2,691		8,871	16,875		13,809		8,774
116,920	112,024	9	4,769	167,125		137,278		126,139
72	659		549	549		3,113		3,650
16,490	25,811	2	7,649	18,581		18,683		14,394
696,733	702,033	73	2,839	787,899		736,204		684,653
80,865	90,074	9	1,664	84,578		74,905		71,107
53,567	58,229	6	0,105	60,700		58,739		60,049
308,321	319,334		8,339	311,606		293,093		282,684
70,437	58,101		3,677	53,668		62,031		55,688
17,401	20,841		5,691	13,892		13,668		10,472
19,229	22,460		9,724	21,014		26,903		24,121
37,822	39,598		2,593	40,494		37,817		35,503
24,635	36,849		1,921	33,787		44,632		40,446
11,490	10,446	1	0,627	9,206		9,256		11,212
56,227	66,720	$\epsilon$	0,513	120,680		65,216		84,438
3,201				3,933		3,302		4,130
48,223	53,048	5	1,566	44,258		37,648		39,384
28,682	32,942		4,318	30,075		31,462		29,822
18,722	477		5,394	30,073		31,102		27,022
795	475		1,868	2,438		662		2,338
779,617	809,594	80	08,000	830,329		759,334		751,394
(92 884)	(107 561)	(7	(5 161)	(42,430)		(22 120)		(66,741)
(82,884)	(107,561)	(/	(5,161)	(42,430)		(23,130)		(00,741)
106,617	53,414		7,550	61,064		41,853		43,245
(88,152)	(54,525)	(5	8,243)	(61,894)		(42,665)		(43,697)
171,505	44,580							
	13,820							
		26	6,160					121,395
1,885	2,289		4,042	3,730				13,306
(237)	-,>>		(386)	(18)				(54)
(108,390)	(13,767)	(10	(380)	(140,457)				(94,145)
(100,070)	(13,707)	(1)	_,0,0/					(> 1,1 13)
				181,420				
1,127	6,568		274	207		8,411		8,454
6,690	50.050	·		44.052		7.500		8,425
91,045 8,161	52,379		1.561	44,052	¢	7,599	¢.	56,929
x 161	\$ (55,182)	\$	1,561 \$	1,622	\$	(15,531)	\$	(9,812)

Assessed Valuation and Estimated Actual Values of Taxable Property

Last Ten Years

(Amounts in 000's)

			R	eal Property		Tangible Personal Property					
		Assesse	ed Val	lue			Public Utility				
Collection Year	Residential/ Agricultural		_	Commercial Industrial/PU		Estimated Actual Value		Assessed Value		Estimated Actual Value	
2014	\$	2,051,307	\$	2,550,042	\$	13,146,711	\$	298,603	\$	339,322	
2013		2,075,286		2,526,924		13,149,171		266,558		302,907	
2012		2,641,867		2,743,313		15,386,229		246,081		279,638	
2011		2,675,681		2,722,417		15,423,137		242,172		275,195	
2010		2,693,686		2,585,663		15,083,857		233,870		265,761	
2009		3,062,170		2,434,549		15,704,911		220,820		250,932	
2008		3,041,791		2,438,801		15,658,834		210,970		239,739	
2007		3,056,587		2,532,466		15,968,723		316,899		360,113	
2006		2,662,461		2,285,525		14,137,103		314,385		357,256	
2005		2,665,935		2,319,194		14,243,226		350,690		398,511	

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

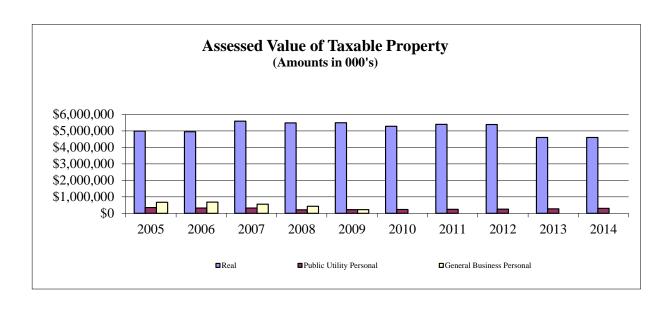
The assessed valuation of personal property constituting "inventory" was 23% of true value, in 2006 it was reduced to 18.75%, in 2007 to 12.50%, and in 2008 to 6.25%. The percentage decreased to 0% in 2009 and remains at 0% in 2014.

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

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

**Tangible Personal Property** 

 General	Business	Total					
Assessed Value	Estimated Actual Value	Assessed Value		Estimated Actual Value		Total Direct Tax Rate	Ratio
\$	\$	\$	4,899,952	\$	13,486,033	12.70	36.3 %
			4,868,768		13,452,078	12.70	36.2
			5,631,261		15,665,867	12.70	35.9
			5,640,270		15,698,332	12.70	35.9
			5,513,219		15,349,618	12.70	35.9
219,920	3,518,720		5,937,459		19,474,563	12.70	30.5
422,770	6,764,320		6,114,332		22,662,893	12.70	27.0
551,296	4,410,368		6,457,248		20,739,204	12.70	31.1
677,333	3,612,443		5,939,704		18,106,802	12.70	32.8
671,795	2,920,848		6,007,614		17,562,585	12.70	34.2



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

	2014	2013	2012	2011
Unvoted Millage				
Debt	4.350000	4.350000	4.350000	4.350000
Fire Pension	0.050000	0.050000	0.050000	0.050000
Total Unvoted Millage	4.400000	4.400000	4.400000	4.400000
Charter Millage				
Operating	7.750000	7.750000	7.750000	7.750000
Fire Pension	0.250000	0.250000	0.250000	0.250000
Police Pension	0.300000	0.300000	0.300000	0.300000
Total Charter Millage	8.300000	8.300000	8.300000	8.300000
Total Millage	12.700000	12.700000	12.700000	12.700000
Overlapping Rates by Taxing District				
City School District				
Residential/Agricultural Real	52.699898	52.427248	52.116544	31.674164
Commercial/Industrial and Public Utility Real	61.107741	60.124573	60.128798	44.235815
General Business and Public Utility Personal	79.900000	79.800000	79.800000	64.800000
County				
Residential/Agricultural Real	14.050000	14.050000	13.220000	13.118223
Commercial/Industrial and Public Utility Real	14.019470	13.949465	12.996761	12.784540
General Business and Public Utility Personal	14.050000	14.050000	13.220000	13.220000
Special Taxing Districts (1)				
Residential/Agricultural Real	13.202292	12.298441	11.391842	11.225159
Commercial/Industrial and Public Utility Real	13.312617	12.339767	11.418198	11.232744
General Business and Public Utility Personal	13.680000	12.780000	11.880000	11.880000

#### Note:

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

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

2010	2009	2008	2007	2006	2005
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
8.300000	8.300000	8.300000	8.300000	8.300000	8.300000
12.700000	12.700000	12.700000	12.700000	12.700000	12.700000
31.506887	31.460074	29.076676	29.050497	29.002818	31.588821
44.362102	44.661412	44.661009	44.592555	44.858685	48.826505
64.800000	64.800000	64.800000	64.800000	64.800000	64.800000
13.186617	13.178886	12.660733	11.868868	11.865485	11.722742
12.841251	12.845700	12.815297	12.453559	12.494099	12.588063
13.320000	13.320000	13.320000	13.420000	13.420000	13.520000
11.207637	10.723710	10.330071	9.059500	9.045800	9.853500
11.236434	10.859248	10.838537	10.191700	10.252900	11.084900
11.880000	11.580000	11.580000	11.580000	11.580000	11.580000

#### Property Tax Levies and Collections Last Ten Years

			Percent of Current		
	Current	Current	Tax Collections	Delinquent	Total
	Tax	Tax	To Current	Tax	Tax
Year	Levy	Collections (1)	Tax Levy	Collections	Collections
2014	\$ 72,904,038	\$ 60,147,465	82.50 %	\$ 4,542,885	\$ 64,690,350
2013	68,191,726	57,319,877	84.06	4,664,866	61,984,743
2012	76,327,893	58,664,824	76.86	6,972,134	65,636,958
2011	74,312,975	59,301,577	79.80	5,104,558	64,406,135
2010	73,818,689	59,078,863	80.03	5,259,959	64,338,822
2009	76,071,934	63,707,028	83.75	5,351,909	69,058,937
2008	77,142,266	66,210,703	85.83	6,416,603	72,627,306
2007	79,578,480	68,823,516	86.49	5,675,616	74,499,132
2006	74,560,517	65,617,123	88.01	5,523,803	71,140,926
2005	77,325,122	67,759,024	87.63	5,428,007	73,187,031

#### Note:

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

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

Total Tax Levy	Percent of Total Tax Collections To Total Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
\$ 110,329,017	58.63 %	\$ 41,284,638	37.42 %
104,953,336	59.06	40,343,634	38.44
122,143,372	53.74	47,654,232	39.01
109,926,575	58.59	44,679,192	40.64
107,119,066	60.06	39,704,298	37.07
107,873,764	64.02	36,999,445	34.30
107,071,494	67.83	31,984,896	29.87
108,161,761	68.88	22,770,570	21.05
100,452,563	70.82	21,063,311	20.97
100,842,631	72.58	26,330,702	26.11

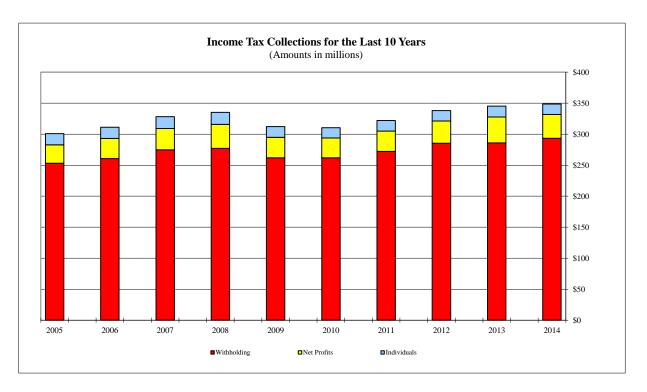
Principal Taxpayers - Real Estate Tax 2014 and 2005

	201	4			
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation			
Cleveland Electric Illuminating Co.	\$ 212,996,550	4.63 %			
Cleveland Clinic Foundation	198,885,560	4.32			
Cuyahoga County, Ohio	154,466,450	3.36			
City of Cleveland, Ohio	85,991,990	1.87			
Key Center Properties LLC	80,559,150	1.75			
East Ohio Gas Co.	74,159,240	1.61			
Cleveland Financial Associates, LLC	43,750,010	0.95			
Fed/Main Street, LLC	41,238,160	0.90			
Higbee Mothership, LLC	39,899,100	0.87			
Hub North Point Properties, LLC	35,123,770	0.76			
Total	\$ 967,069,980	21.02 %			
Total Real Property Assessed Valuation	\$4,601,349,000				
	2005				
	Real Property	Percentage of Real			
Taxpayer	Assessed Valuation (1)	Assessed Valuation			
City of Cleveland, Ohio	\$ 101,474,305	2.04 %			
Cleveland Financial Associates	47,232,500	0.95			
Cleveland Clinic Foundation	36,009,880	0.72			
NOP LTD Partnership	35,560,000	0.71			
National City Center, LLC	28,000,000	0.56			
ISG Cleveland Inc	25,984,630	0.52			
Ohio Bell Telephone	19,713,925	0.40			
Bishop James Hickey	19,425,000	0.39			
600 Superior Place Partnership	15,925,000	0.32			
Western Reserve University	15,750,000	0.31			
Total	\$ 345,075,240	6.92 %			
Total Real Property Assessed Valuation	\$4,985,129,000				

<sup>(1)</sup> The amounts presented represent the assessed values upon which 2014 and 2005 collections were based.

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
2014	2.00%	\$ 348,674,282	\$ 293,456,642	84.16%	\$38,294,001	10.98%	\$ 16,923,639	4.86%
2013	2.00	345,255,736	285,891,566	82.81	41,929,164	12.14	17,435,006	5.05
2012	2.00	338,046,790	285,450,129	84.44	35,946,656	10.63	16,650,005	4.93
2011	2.00	322,072,689	272,209,650	84.52	32,693,730	10.15	17,169,309	5.33
2010	2.00	310,339,588	261,801,977	84.36	32,095,566	10.34	16,442,045	5.30
2009	2.00	312,129,641	261,878,357	83.90	33,065,140	10.59	17,186,144	5.51
2008	2.00	335,310,894	277,203,932	82.67	38,709,596	11.54	19,397,366	5.79
2007	2.00	328,167,945	274,733,506	83.72	34,314,408	10.46	19,120,031	5.82
2006	2.00	311,254,815	260,697,679	83.76	32,469,591	10.43	18,087,545	5.81
2005	2.00	300,836,796	253,082,844	84.13	29,796,387	9.90	17,957,565	5.97



#### Note:

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

(1) Gross collections.

Source: Central Collection Agency.

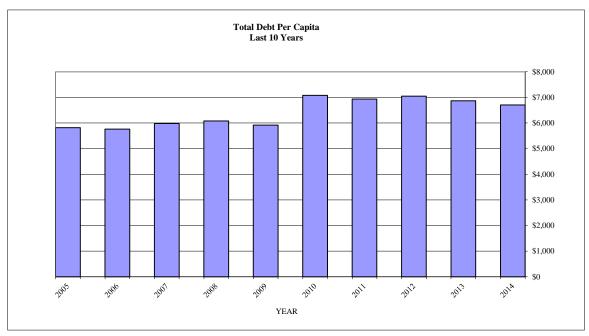
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita Last Ten Years

				Gove	ernmental Activition	es	
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
2014	\$ 257,565,000	\$ 3,030,000	\$50,203,000	\$15,262,000	\$43,650,000	\$ 111,780,000	\$ 188,335,000
2013	282,550,000	3,670,000	53,108,000	19,185,000	46,915,000	117,670,000	124,490,000
2012	308,700,000	4,270,000	55,894,000	16,236,000	50,020,000	123,605,000	92,380,000
2011	298,660,000	4,835,000	58,591,000	12,908,000	52,975,000	129,547,000	80,505,000
2010	297,115,000	5,365,000	61,795,000	8,937,000	55,785,000	135,537,000	83,025,000
2009	326,230,000	5,860,000	64,956,000	5,320,000	58,460,000	119,016,000	57,630,000
2008	313,630,000	6,325,000	67,617,000	8,604,000	59,960,000	129,949,000	59,560,000
2007	336,990,000	6,760,000	68,091,000	11,786,000	58,900,000	140,714,000	
2006	323,795,000	7,170,000	69,353,000	15,057,000	60,700,000	143,950,000	
2005	353,325,000	7,555,000	70,085,000	18,083,000	62,400,000	146,225,000	

#### Note:

Population and Personal Income data are presented on page S20. In 2014, this table was modified to include Note/Loans payable, as it is part of the Governmental Debt.

	Business-Tyr	pe Activities				
Annual Appropriation Note / Loan Bonds Payable	s Revenue Bonds / Notes	OWDA / OPWC Loans	Total Net Premium/ (Discount)	Total Debt	Percentage of Personal Income	Per Capita
\$ 10,280,000 \$ 2,801,000	0 \$ 1,786,283,000	\$ 106,815,000	\$ 84,641,000	\$ 2,660,645,000	39.46% \$	6,705
10,525,000	1,863,588,000	114,372,000	90,327,000	2,726,400,000	40.87	6,871
10,765,000	1,926,203,000	109,742,000	98,249,000	2,796,064,000	43.22	7,046
11,000,000	1,930,163,000	115,523,000	58,362,000	2,753,069,000	42.56	6,938
11,000,000	1,974,828,000	121,335,000	53,819,000	2,808,541,000	43.42	7,078
	2,032,178,000	107,654,000	55,381,000	2,832,685,000	41.43	5,921
	2,100,768,000	112,275,000	49,320,000	2,908,008,000	42.53	6,079
	2,075,755,000	110,070,000	50,984,000	2,860,050,000	41.83	5,978
	1,995,045,000	103,415,000	38,002,000	2,756,487,000	40.32	5,762
	2,049,820,000	78,498,000	(3,166,000)	2,782,825,000	40.70	5,817



#### 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) (Amount in 000's)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value of Taxable Property	Г	t Bonded Jebt Per Capita
2014	396,815	(a)	\$ 4,899,952	\$ 254,484,000	5.19 %	\$	641.32
2013	396,815	(a)	4,868,768	279,124,000	5.73		703.41
2012	396,815	(a)	5,631,261	302,484,000	5.37		762.28
2011	396,815	(a)	5,640,270	297,172,000	5.27		748.89
2010	396,815	(a)	5,513,219	294,923,000	5.35		743.23
2009	478,403	(b)	5,937,459	323,631,000	5.45		676.48
2008	478,403	(b)	6,114,332	311,134,000	5.09		650.36
2007	478,403	(b)	6,457,248	333,823,000	5.17		697.79
2006	478,403	(b)	5,939,704	320,265,000	5.39		669.45
2005	478,403	(b)	6,007,614	348,004,000	5.79		727.43

#### Note:

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

#### Sources:

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

Computation of Direct and Overlapping Governmental Activities Debt December 31, 2014

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Cleveland			
General Obligation Bonds	\$ 257,565,000	100.00 %	\$ 257,565,000
Capital Lease Obligations	15,262,000	100.00	15,262,000
Urban Renewal Bonds	3,030,000	100.00	3,030,000
Subordinated Income Tax Refunding Bonds	43,650,000	100.00	43,650,000
Subordinate Lien Income Tax Bonds	188,335,000	100.00	188,335,000
Non-Tax Revenue Bonds	50,203,000	100.00	50,203,000
Annual Appropriation Bonds	10,280,000	100.00	10,280,000
Total Direct Debt	568,325,000		568,325,000
Overlapping			
Cleveland Municipal School District			
General Obligation Bonds (1)	87,903,529	96.87	85,152,149
Cuyahoga County			
General Obligation Bonds (1)	262,275,000	17.84	46,789,860
Regional			
Transit Authority (1)	102,840,000	17.84	18,346,656
Total Overlapping Debt	453,018,529		150,288,665
Total	\$ 1,021,343,529		\$ 718,613,665

Source: Cuyahoga County Fiscal Officer's Office.

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

Legal Debt Margin Last Ten Years

	2014	2013	2012	2011
Total Assessed Property Value	\$ 4,899,952,220	\$ 4,868,767,980	\$5,631,261,380	\$5,640,270,380
Overall Legal Debt Limit				
(10½% of Assessed Valuation)	514,494,983	511,220,638	591,282,445	592,228,390
Debt Outstanding:				
General Obligation Bonds	257,565,000	282,550,000	308,700,000	298,660,000
Revenue Notes/Bonds	1,786,283,000	1,863,588,000	1,926,203,000	1,930,163,000
Urban Renewal Bonds	3,030,000	3,670,000	4,270,000	4,835,000
Subordinated Income Tax Refunding Bonds	43,650,000	46,915,000	50,020,000	52,975,000
Subordinate Lien Income Tax Bonds	188,335,000	124,490,000	92,380,000	80,505,000
OWDA/OPWC Loans	106,815,000	114,372,000	109,742,000	115,523,000
Non-tax Revenue Bonds	50,203,000	53,108,000	55,894,000	58,591,000
Annual Appropriation Bonds	10,280,000	10,525,000	10,765,000	11,000,000
Total Gross Indebtedness	2,446,161,000	2,499,218,000	2,557,974,000	2,552,252,000
Less:				
General Obligation Bonds	257,565,000	282,550,000	308,700,000	298,660,000
Revenue Notes/Bonds	1,786,283,000	1,863,588,000	1,926,203,000	1,930,163,000
Urban Renewal Bonds	3,030,000	3,670,000	4,270,000	4,835,000
Subordinated Income Tax Refunding Bonds	43,650,000	46,915,000	50,020,000	52,975,000
Subordinate Lien Income Tax Bonds	188,335,000	124,490,000	92,380,000	80,505,000
OWDA/OPWC Loans	106,815,000	114,372,000	109,742,000	115,523,000
Non-tax Revenue Bonds	50,203,000	53,108,000	55,894,000	58,591,000
Annual Appropriation Bonds	10,280,000	10,525,000	10,765,000	11,000,000
General Obligation Bond Retirement Fund Balance	3,081,000	3,426,000	6,216,000	1,488,000
Total Net Debt Applicable to Debt Limit*				
Legal Debt Margin Within 10½% Limitations	\$ 514,494,983	\$ 511,220,638	\$ 591,282,445	\$ 592,228,390
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation	\$ 269,497,372	\$ 267,782,239	\$ 309,719,376	\$ 310,214,871
(5½% of Assessed Valuation)				
Total Gross Indebtedness	2,446,161,000	2,499,218,000	2,557,974,000	2,552,252,000
Less:	257 565 000	202 550 000	200 700 000	200 660 000
General Obligation Bonds	257,565,000	282,550,000	308,700,000	298,660,000
Revenue Notes/Bonds	1,786,283,000	1,863,588,000	1,926,203,000	1,930,163,000
Urban Renewal Bonds	3,030,000	3,670,000	4,270,000	4,835,000
Subordinated Income Tax Refunding Bonds	43,650,000	46,915,000	50,020,000	52,975,000
Subordinate Lien Income Tax Bonds	188,335,000	124,490,000	92,380,000	80,505,000
OWDA/OPWC Loans	106,815,000	114,372,000	109,742,000	115,523,000
Non-tax Revenue Bonds	50,203,000	53,108,000	55,894,000	58,591,000
Annual Appropriation Bonds	10,280,000	10,525,000	10,765,000	11,000,000
General Obligation Bond Retirement Fund Balance  Net Debt Within 5½% Limitations*	3,081,000	3,426,000	6,216,000	1,488,000
	<del>-</del>	<del>-</del>		
Unvoted Legal Debt Margin Within 5½% Limitations	\$ 269,497,372	\$ 267,782,239	\$ 309,719,376	\$ 310,214,871
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

<sup>\*</sup> 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.

2010	2009	2008	2007	2006	2005
\$5,513,219,400	\$5,937,458,591	\$6,114,332,281	\$6,457,247,750	\$5,939,704,867	\$6,007,616,318
578,888,037	623,433,152	642,004,890	678,011,014	623,669,011	630,799,713
297,115,000	326,230,000	313,630,000	336,990,000	323,795,000	353,325,000
1,974,828,000	2,032,178,000	2,100,768,000	2,075,755,000	1,995,045,000	2,049,820,000
5,365,000	5,860,000	6,325,000	6,760,000	7,170,000	7,555,000
55,785,000	58,460,000	59,960,000	58,900,000	60,700,000	62,400,000
83,025,000	57,630,000	59,560,000			
121,335,000	107,654,000	112,275,000	110,070,000	103,415,000	78,498,000
61,795,000	64,956,000	67,617,000	68,091,000	69,353,000	70,085,000
11,000,000					
2,610,248,000	2,652,968,000	2,720,135,000	2,656,566,000	2,559,478,000	2,621,683,000
297,115,000	326,230,000	313,630,000	336,990,000	323,795,000	353,325,000
1,974,828,000	2,032,178,000	2,100,768,000	2,075,755,000	1,995,045,000	2,049,820,000
5,365,000	5,860,000	6,325,000	6,760,000	7,170,000	7,555,000
55,785,000	58,460,000	59,960,000	58,900,000	60,700,000	62,400,000
83,025,000	57,630,000	59,560,000			
121,335,000	107,654,000	112,275,000	110,070,000	103,415,000	78,498,000
61,795,000	64,950,000	67,617,000	68,091,000	69,353,000	70,085,000
11,000,000					
2,192,000	2,599,000	2,496,000	3,167,000	3,530,000	5,321,000
\$ 578,888,037	\$ 623,433,152	\$ 642,004,890	\$ 678,011,014	\$ 623,669,011	\$ 630,799,713
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ 303,227,067	\$ 326,560,223	\$ 336,288,275	\$ 355,148,626	\$ 326,683,768	\$ 330,418,897
2,610,248,000	2,652,968,000	2,720,135,000	2,656,566,000	2,559,478,000	2,621,683,000
297,115,000	326,230,000	313,630,000	336,990,000	323,795,000	353,325,000
1,974,828,000	2,032,178,000	2,100,768,000	2,075,755,000	1,995,045,000	2,049,820,000
5,365,000	5,860,000	6,325,000	6,760,000	7,170,000	7,555,000
55,785,000	58,460,000	59,960,000	58,900,000	60,700,000	62,400,000
83,025,000	57,630,000	59,560,000			
121,335,000	107,654,000	112,275,000	110,070,000	103,415,000	78,498,000
61,795,000	64,950,000	67,617,000	68,091,000	69,353,000	70,085,000
11,000,000					
2,192,000	2,599,000	2,496,000	3,167,000	3,530,000	5,321,000
\$ 303,227,067	\$ 326,560,223	\$ 336,288,275	\$ 355,148,626	\$ 326,683,768	\$ 330,418,897
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Pledged Revenue Coverage Airport Revenue Bonds Last Ten Years

		Direct	Net Revenues	Debt S	Servic	e	
Year	Gross Revenues (1)	Operating Expenses (2)	Available for Debt Service	Principal		Interest	Coverage
2014	\$ 165,780,000	\$ 72,101,000	\$ 93,679,000	\$ 33,155,000	\$	34,568,497	1.38
2013	154,616,000	67,164,000	87,452,000	32,120,000		35,369,367	1.30
2012	152,030,000	68,855,000	83,175,000	16,285,000		33,765,871	1.66
2011	150,112,000	73,310,000	76,802,000	13,660,000		34,940,285	1.58
2010	152,053,000	70,152,000	81,901,000	14,705,000		36,386,915	1.60
2009	167,358,000	68,432,000	98,926,000	22,450,000		37,622,000	1.65
2008	160,455,000	74,885,000	85,570,000	16,830,000		40,497,264	1.49
2007	151,430,000	69,358,000	82,072,000	20,160,000		34,968,361	1.49
2006	135,883,000	62,426,000	73,457,000	17,775,000		39,565,000	1.28
2005	140,157,000	66,957,000	73,200,000	10,895,000		43,026,000	1.36

<sup>(1)</sup> Gross revenues include operating revenues plus interest income. Beginning in 2001, a minimum of 40% of passenger facility charges, as well as grant funds from the FAA for the new runway, are dedicated to the payment of debt service charges and are included in gross revenues. Beginning in 2007, the Coverage Account was included in the calculation of debt service coverage.

<sup>(2)</sup> Direct operating expenses are calculated in accordance with the bond indenture.

Pledged Revenue Coverage Power System Revenue Bonds Last Ten Years

		Direct	Net Revenues	Debt	Service	
Year	Gross Revenues (1)	Operating Expenses (2)	Available for Debt Service	Principal	Interest	Coverage
	rte (endes (1)	Expenses (2)	Best Bervice	типери	Interest	Coverage
2014	\$ 181,877,000	\$ 154,115,000	\$ 27,762,000	\$ 10,770,000	\$ 8,061,556	1.47
2013	170,383,000	141,116,000	29,267,000	12,710,000	9,766,869	1.30
2012	165,307,000	136,987,000	28,320,000	10,050,000	9,746,181	1.43
2011	168,599,000	139,952,000	28,647,000	10,495,000	9,987,500	(3) 1.40
2010	166,761,000	138,030,000	28,731,000	8,045,000	9,871,011	(3) 1.60
2009	156,034,000	128,436,000	27,598,000	8,530,000	9,009,810	(3) 1.57
2008	160,224,000	124,161,000	36,063,000	8,335,000	9,054,492	(3) 2.07
2007	159,232,000	120,415,000	38,817,000	8,045,000	9,368,159	2.23
2006	149,276,000	114,942,000	34,334,000	11,025,000	8,144,118	1.79
2005	152,146,000	125,924,000	26,222,000	4,920,000	9,813,126	1.78

<sup>(1)</sup> Gross revenues include operating revenues plus applicable interest income.

<sup>(2)</sup> Direct operating expenses are calculated in accordance with the bond indenture.

<sup>(3)</sup> Net of capitalized interest per indenture.

Pledged Revenue Coverage Water System Revenue Bonds Last Ten Years

		Direct	Net Revenues	Debt S	Service	e	
Year	Gross Revenues (1)	Operating Expenses (2)	Available for Debt Service	 Principal		Interest (3)	Coverage
2014	\$ 304,182,000	\$ 153,559,000	\$ 150,623,000	\$ 41,200,000	\$	26,822,980	2.21
2013	274,324,000	154,947,000	119,377,000	39,910,000		29,089,797	1.73
2012	282,288,000	149,169,000	133,119,000	31,100,000		26,639,529	2.31
2011	238,975,000	146,232,000	92,743,000	34,000,000		30,275,641	1.44
2010	241,277,000	149,513,000	91,764,000	37,150,000		32,447,214	1.32
2009	232,357,000	147,716,000	84,641,000	31,945,000		33,200,509	1.30
2008	252,660,000	143,833,000	108,827,000	27,285,000		38,139,614	1.66
2007	257,992,000	140,210,000	117,782,000	19,660,000		30,660,206	2.34
2006	223,903,000	132,879,000	91,024,000	17,695,000		35,300,322	1.72
2005	230,354,000	123,931,000	106,423,000	15,485,000		36,763,888	2.04

<sup>(1)</sup> Gross revenues include operating revenues plus interest income.

<sup>(2)</sup> Direct operating expenses are calculated in accordance with the bond indenture.

<sup>(3)</sup> Per indenture, interest expense is reduced by amount released from reserve fund at the start of year.

Principal Employers 2014 and 2005

•	^	•	
٠,	"		/

Employer	Employees	Percentage of Total City Employment			
Cleveland Clinic	32,251	22.03%			
University Hospitals	14,518	9.92			
U.S. Office of Personnel Management	11,254	7.69			
Cuyahoga County	7,776	5.31			
Cleveland Metropolitan School District	6,953	4.75			
City of Cleveland	6,757	4.61			
MetroHealth System	5,823	3.98			
KeyCorp	4,812	3.29			
Case Western Reserve University	4,512	3.08			
Sherwin-Williams Co.	3,430	2.34			
Total	98,086	67.00%			
Total Employment within the City	146,400				
2005					

		Percentage of Total City
Employer	Employees	Employment
	21166	12.020
Cleveland Clinic	24,166	13.83%
University Hospitals Health System	14,276	8.17
U.S. Office of Personnel Management	9,204	5.27
Cuyahoga County	9,138	5.23
City of Cleveland	8,260	4.73
Cleveland Municipal School District	7,428	4.25
National City Corp	6,233	3.57
KeyCorp	6,044	3.46
Case Western Reserve University	5,362	3.07
MetroHealth System	5,353	3.06
Total	95,464	54.64%
Total Employment within the City	174,700	

#### Note:

Largest employers headquartered in the City ranked by FTE employees.

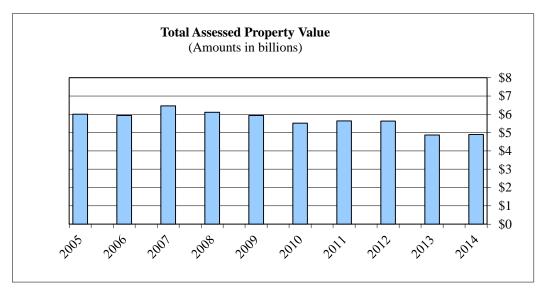
#### Source:

Number of employees from Crain's Cleveland:

Book of Lists 2015, Largest Northeast Ohio Employers; FTEs as of 6/30/2014 Book of Lists 2006, Largest Cuyahoga County Employers; FTEs as of 01/01/2005

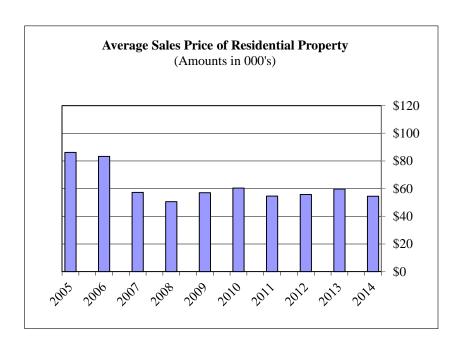
#### Demographic and Economic Statistics Last Ten Years

Year	Population	_	Total Personal Income (6)		Personal Income Per Capita		Но		Median Household Income		Median Age	_
2014	396,815	(1)	\$	6,742,680,480	\$	16,992	(8)	\$	26,217	(8)	35.7	(1)
2013	396,815	(1)		6,671,253,780		16,812	(7)		26,556	(7)	35.7	(1)
2012	396,815	(1)		6,468,878,130		16,302	(1)		27,349	(1)	35.7	(1)
2011	396,815	(1)		6,468,878,130		16,302	(1)		27,349	(1)	35.7	(1)
2010	396,815	(1)		6,468,878,130		16,302	(1)		27,349	(1)	35.7	(1)
2009	478,403	(2)		6,836,857,273		14,291	(2)		25,928	(2)	33	(2)
2008	478,403	(2)		6,836,857,273		14,291	(2)		25,928	(2)	33	(2)
2007	478,403	(2)		6,836,857,273		14,291	(2)		25,928	(2)	33	(2)
2006	478,403	(2)		6,836,857,273		14,291	(2)		25,928	(2)	33	(2)
2005	478,403	(2)		6,836,857,273		14,291	(2)		25,928	(2)	33	(2)



- (1) Source: U. S. Census Bureau. 2010 Census
- (2) Source: U. S. Census Bureau. 2000 Census
- (3) Source: Ohio Department of Education Website: "http://www.ode.state.oh.us/".
- (4) Source: Ohio Labor Market Info, Website: "http://lmi.state.oh.us/laus/LAUS.html".
- (5) Source: Cuyahoga County Auditor's Office.
- (6) Computation of per capita personal income multiplied by population.
- (7) Source: U. S. Census Bureau. 2012 dollars years 2008-2012.
- $(8) \ Source: U. \ S. \ Census \ Bureau. \ 2013 \ dollars \ years \ 2009-2013.$

Educational Attainment: Bachelor's Degree or Higher		School Enrollment (3)	City Unemployment Rate (4)	F Re	Everage Sales Price of sidential operty (5)	Total Assessed Property Value (5) (Amount in 000's)		
14.9%	(7)	37,967	7.8%	\$	54,549	\$	4,899,952	
14.0	(7)	38,725	9.3		59,737		4,868,768	
13.1	(1)	42,883	8.5		55,774		5,631,261	
13.1	(1)	45,060	10.0		54,638		5,640,270	
13.1	(1)	47,615	11.5		60,398		5,513,219	
11.4	(2)	74,615	10.6		57,075		5,937,459	
11.4	(2)	50,078	8.8		50,515		6,114,332	
11.4	(2)	52,769	7.6		57,230		6,457,248	
11.4	(2)	59,586	7.1		83,237		5,939,704	
11.4	(2)	65,079	7.7		86,142		6,007,614	



#### City of Cleveland, Ohio

Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2014	2013	2012	2011
General Government				
Council	61.00	60.00	61.50	63.00
Mayor's Office	22.50	25.50	25.50	24.50
Office of Capital Projects	50.50	49.50	46.00 (3)	
Landmarks Commission	4.00	5.00	5.00	5.00
Building Standards and Appeals	5.50	6.00	6.00	6.00
Board of Zoning Appeals	4.50	4.50	4.50	4.50
Civil Service Commission	9.50	10.00	10.00	9.50
Community Relations Board	24.00	22.00	24.00	28.00
City Planning Commission	22.50	20.50	20.50	21.50
Equal Employment Opportunity	10.00	8.50	8.00	8.00
Court	457.50	465.50	461.00	479.50
Office of Budget Administration	7.00	8.00	7.00	7.00
Aging	21.00	22.00	22.00	25.00
Personnel and Human Resources	17.00	19.00	18.00	16.00
Consumer Affairs			(3)	4.00
Law	76.50	77.00	72.50	76.00
Finance	226.00	222.50	232.00	234.00
ecurity of Persons and Property				
Administration	48.50	42.50	36.50	36.50
Police	1,901.00	1,913.50	1,873.00	1,869.50
Fire	707.00	730.00	729.00	803.00
EMS	224.00	232.00	232.00	214.00
Dog Pound	17.00	17.00	14.50	15.00
House of Corrections	127.00	131.50	133.00	153.00
Public Health Services	138.00	133.00	125.50	140.50
eisure Time Activities	150.00	133.00	123.30	110.50
Parks, Recreation and Property Administration			(3)	8.00
Research, Planning and Development			(3)	5.00
Recreation	200.50	191.50	190.50	189.00
Public Auditorium, Westside Market and Cleveland Stadium (4)	54.50	54.00	42.50	29.50
Parking Facilities	40.00	40.50	39.50	42.50
Property Management	73.50	72.50	70.50	73.50
Parks Maintenance	133.00	130.00	119.00	126.00
Community Development	74.00	76.00	78.50	76.50
Building and Housing	115.00	117.00	113.00	120.00
Economic Development	25.00	29.00	26.00	28.00
Public Works	25.00	29.00	20.00	28.00
Public Works Administration	38.00	37.00	34.00	5.50
Architecture	36.00	37.00	34.00	5.00
Waste Collection and Disposal	192.50	199.50	206.50	212.50
Engineering and Construction	192.30	199.50	200.50	31.50
Motor Vehicle Maintenance	66.00	68.00	68.00	75.00
	249.00			
Streets Troffic Engineering	249.00 29.00	248.00 29.00	260.00	285.00
Traffic Engineering			29.00	36.00
ort Control	383.00	392.00	404.50	418.00
Basic Utility Services	1 000 00	1.042.50	1.002.00	1 157 00
Water	1,008.00	1,042.50	1,093.00	1,157.00
Cleveland Public Power Water Pollution Control	266.00 134.50	316.00 135.00	335.00 136.00	358.00 148.50
Cotals:	7,263.00	7,402.50	7,412.50	7,673.00

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

Source: City Payroll Department.

 $<sup>(1) \</sup> Building \ and \ Housing \ was \ moved \ from \ Community \ Development \ to \ its \ own \ department \ in \ 2005.$ 

 $<sup>\</sup>ensuremath{\text{(2)}}\ House\ of\ Corrections\ was\ moved\ from\ Public\ Health\ to\ Public\ Safety\ in\ 2007.$ 

<sup>(3)</sup> In 2012, a departmental reorganization occurred that merged the departments of Public Service with Parks, Recreation and Properties becoming the Department of Public Works. The Office of Capital Projects was created from the Divisions of Architecture, Engineering and Construction and Research, Planning and Development and is reported under General Government. In addition, the Division of Consumer Affairs was merged with Community Development and was moved from General Government.

<sup>(4)</sup> In 2010, the Convention Center was sold to Cuyahoga County; however, the City continues to maintain and operate the Public Auditorium. N/A - Information not available.

2010	2009	2008	2007	2006	2005	
62.00	65.50	64.50	62.50	63.50	65.00	
25.50	25.50	27.50	26.00	25.00	29.50	
5.50	5.50	5.50	5.50	5.00	4.50	
5.50	5.50	5.50	5.50	5.00	6.00	
4.00	4.50	4.50	4.50	4.50	5.50	
11.00	10.50	10.00	11.50	10.00	10.50	
30.50	29.00	27.50	27.00	28.50	23.50	
24.00	24.00	23.00	26.00	23.00	26.00	
10.00	10.00	11.00	13.00	13.00	14.00	
531.00	542.50	541.50	551.00	544.00	541.50	
7.00	5.50	7.00	8.00	7.00	7.00	
24.50	21.50	21.00	22.50	20.50	18.00	
16.50	15.00	17.00	20.00	19.00	18.00	
3.00	5.00	6.00	5.00	5.00	3.00	
87.00	88.50	86.50	89.50	88.50	89.00	
241.50	248.50	250.50	255.00	255.00	255.50	
40.00	39.00	39.00	42.50	39.50	39.00	
1,983.50	2,079.00	2,095.50	2,105.00	2,176.50	2,179.00	
875.00	894.00	883.00	902.00	915.00	916.00	
218.00	236.00	252.00	288.00	292.00	297.00	
16.00	15.00	14.50	14.50	14.50	13.00	
170.00	188.00	176.50	183.50 (2)	N/A	N/A	
159.50	168.50	169.50	168.50 (2)	260.00	253.00	
7.00	7.00	7.00	8.00	8.00	7.00	
6.00	8.00	9.00	9.00	9.00	10.00	
230.00	238.00	233.50	238.00	165.00	170.50	
27.50	31.00	54.50	59.50	49.50	54.00	
42.50	41.00	44.50	49.00	46.50	47.50	
81.50	84.50	87.50	89.50	93.00	100.00	
140.00	141.00	151.00	164.00	161.00	170.00	
87.00	86.00	77.50	78.50	81.00		(1)
134.50	142.00	147.00	161.00	165.00	170.00	(1)
34.00	68.00	73.00	88.00	94.00	98.00	
4.50	4.50	5.00	5.00	5.00	5.00	
6.00	6.00	7.00	8.00	9.00	9.00	
238.50	253.50	225.50	252.50	244.50	225.50	
59.50	61.50	60.50	65.50	65.50	69.50	
81.00	85.00	86.00	95.00	102.00	100.00	
257.50	271.50	283.50	306.00	288.50	303.00	
38.00	39.00	40.00	41.00	44.00	44.00	
446.50	447.50	406.50	386.00	369.50	377.50	
1,164.50	1,179.50	1,215.50	1,194.00	1,207.00	1,216.00	
345.00	343.00	340.00	341.00	337.00	341.00	
158.00	157.00	150.00	157.00	144.00	147.00	-
8,139.50	8,420.50	8,442.50	8,632.00	8,502.00	8,565.50	

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

Function/Program	 2014	 2013	 2012	 2011
eneral Government				
Council and Clerk				
Number of ordinances passed	582	642	631	723
Number of resolutions passed	696	686	739	647
Number of planning commission docket items (4)	232	267	359	262
Zoning board of appeals docket items	256	276	237	241
Finance Department				
Number of payments issued	37,689	37,257	38,010	38,501
Total amount of payments	\$ 1,423,313,034	\$ 1,454,825,245	\$ 1,236,189,641	1,311,830,974
Interest earnings for fiscal year (cash basis)	\$ 2,004,466	\$ 2,922,320	\$ 3,283,638	\$ 4,061,090
Number of receiving warrants (8)	36,245	33,006	32,087	30,433
Number of journal entries issued (8)	206,253	176,343	190,554	179,546
Number of budget adjustments issued	4	5	4	6
Agency ratings - Standard & Poor's (1)	AA	AA	AA	AA
Agency ratings - Moody's Financial Services (1)	A1	A1	A1	A1
Health insurance costs vs. General Fund expenditures %	15%	15%	15%	18%
General Fund receipts (cash basis in thousands)	\$ 502,860	\$ 511,253	\$ 501,018	\$ 496,086
General Fund expenditures (cash basis in thousands)	\$ 487,584	\$ 485,912	\$ 468,543	\$ 472,883
General Fund cash balances (in thousands)	\$ 92,693	\$ 89,988	\$ 84,869	\$ 54,888
Income Tax Department				
Number of individual returns	181,811	188,767	192,362	196,457
Number of business returns	29,866	22,601	25,140	26,240
Number of business withholding accounts	13,857	13,914	14,414	14,338
Amount of penalties and interest collected	\$ 1,848,347	\$ 1,880,485	\$ 1,771,088	\$ 2,059,203
Annual number of corporate withholding forms processed	149,291	143,976	147,175	149,537
Annual number of balance due statements forms processed	38,059	39,012	37,642	38,152
Annual number of estimated payment forms processed	42,027	40,932	41,813	41,636
Annual number of reconciliations of withholdings processed	11,851	10,737	11,416	11,376
Engineer Contracted Services				
Dollar amount of construction overseen by engineer (2)	\$ 52,004,000	\$ 30,424,253	\$ 25,400,000	\$ 30,760,000
Municipal Court				
Number of civil cases (10)	18,910	7,534	9,451	11,513
Number of criminal cases (10)	103,098	109,740	110,754	107,711
Vital Statistics				
Certificates filed (3)				
Number of births	17,061	16,448	17,264	16,616
Number of deaths	13,509	13,460	13,016	12,958
Number of fetal deaths	337	380	384	459
Certificates issued (3)				
Number of births	55,753	57,935	57,297	57,542
Number of deaths	60,897	61,717	60,173	61,147
Civil Service  Number of police entry tests administered	1	1		
Number of fire entry tests administered	1	1		
Number of police promotional tests administered	3			1
Number of fire promotional tests administered	4	4		1
Number of hires of police officers from certified lists	103	47	50	42
Number of hires of fire/medics from certified lists	37	33	50	42
Number of promotions from police certified lists	4	36	33	
Number of promotions from fire certified lists	49	29	42	
ramoer of promotions from the certifica lists	47	49	42	

	2010	2009			2008	-	2007		2006		2005
	621		772		771		784		846		899
	747		776		304		363		361		306
	298		309		444		441		768		725
	274		267		242		263		265		394
	37,944		44,289		47,670		47,985		49,533		50,541
	76,014,604		,307,460,874		,251,719,916		,287,268,015		1,284,108,296		,266,586,217
6	7,507,827	\$	13,219,445	\$	45,366,880	\$	63,335,510	\$	53,988,258	\$	42,035,213
	31,497		16,369		16,141		15,300		14,799		14,485
	192,281		41,238		41,217		43,619		43,186		39,839
	2		2		5		2		3		5
	AA		AA		AA		A		A		
	A1 17%		A2 15%		A2 14%		A2 14%		A2 14%		A
3	480,724	\$	487,678	\$	517,796	\$	509,616	\$	490,927	\$	149 471,755
3	482,227	\$	501,758	\$	501,124	\$	485,410	\$	465,162	\$	451,323
3	16,400	\$	12,327	\$	40,685	\$	41,885	\$	30,957	\$	29,738
	10,400	Ψ	12,327	Ψ	40,003	Ψ	41,003	Ψ	30,737	Ψ	27,730
	202,232		211,241		232,210		238,319		248,108		267,712
	26,881		26,326		29,014		28,335		30,567		25,763
	13,835		14,542		14,653		14,469		16,200		14,942
	1,754,501	\$	1,884,453	\$	2,357,490	\$	1,912,554	\$	1,999,859	\$	1,990,879
	149,584		144,493		151,256		152,334		169,933		136,93
	36,188		38,610		44,637		39,767		45,909		47,252
	42,767		47,841		51,527		57,092		56,163		55,036
	11,357		12,213		12,198		12,488		18,929		9,075
\$	34,000,000	\$	32,000,000	\$	159,540,000	\$	251,305,000	\$	141,733,000	\$	52,741,000
	19,280		16,375		19,890		18,569		22,909		21,567
	167,563		120,131		120,077		113,661		121,676		121,791
	15.500		16.400		15042		17.005		15 445		17.60
	15,528		16,403		16,942		17,235		17,645		17,638
	12,296		12,101		12,354 447		12,086		11,992		12,343
	454		401		447		399		312		36
	62,507		69,785		77,967		102,140		98,545		101,284
	59,689		60,465		65,149		64,436		84,615		66,268
			1								
	1		1				1				
					3						
			56		106		73				
			22								
			20		40 10		49				39

(Continued)

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

Function/Program	 2014	2013	2012	 2011
Building Department Indicators				
Construction permits issued	14,002	15,760	16,245	15,082
Estimated value of construction	\$ 951,833,168	\$ 898,217,589	\$ 1,033,330,550	\$ 1,556,000,000
Number of other permits issued	4,560	4,632	4,854	4,164
Amount of revenue generated from permits	\$ 8,318,937	\$ 8,727,385	\$ 7,867,168	\$ 8,306,423
Number of contract registrations issued	2,395	2,357	2,802	2,822
Annual apartment/rooming house license fees	\$ 1,340,845	\$ 1,382,001	\$ 1,305,182	\$ 1,343,457
Security of Persons and Property				
Police				
Number of traffic citations issued	89,835	111,271	121,474	119,371
Number of parking citations issued	37,569	36,678	42,404	42,763
Number of criminal arrests	31,633	33,742	35,730	37,531
Number of accident reports completed	15,575	15,806	14,549	15,444
Part 1 offenses (major offenses)	33,975	37,125	39,028	40,554
OVI arrests (14)	693	779	790	679
Prisoners	21,201	23,935	35,251	37,235
Motor vehicle accidents	15,575	15,806	14,549	15,412
Fatalities from motor vehicle accidents	21	32	31	29
Community diversion program youths	105	98	152	188
Fire				
Fire calls - incoming for services (6)	64,357	61,728	65,040	65,132
Fires	2,431	2,478	2,846	2,714
Fires with loss	1,441	1,403	1,372	1,398
Fires with losses exceeding \$10K	310	247	259	256
Fire losses \$	\$ 16,936,874	\$ 9,634,925	\$ 13,128,848	\$ 14,747,291
Fire safety inspections	12,730	10,110	13,380	10,898
Number of times mutual aid given to fire	5	2	30	21
EMS	400.04	404.505	0.4.0.0	0.4.00=
EMS calls - incoming for service	109,045	106,385	96,359	94,307
Ambulance billing collections (net)	\$ 12,214,724	\$ 11,589,324	\$ 12,051,964	\$ 11,594,178
Public Health and Welfare				
Number of health inspections	260	202	222	400
Barber shops	360	303	333	400
Food	7,187	7,796	7,674	7,369
Hotels/motels	35	22	38	42
Marinas			5	11 12
Mobile home parks	68	81	62	12 87
Laundries				
Nuisance Pools	17,117 147	22,375 132	21,118 161	19,136 204
Schools Day core inspections	417 194	547 188	419 161	480 229
Day care inspections	194	188	101	229 4
Maternity inspections	4		5	
Abortion inspections	4	5	5	6
Cemetery purials	249	179	196	177
Cemetery cremations	249	1/9	196	1//

_	2010	_	2009		2008	_	2007		2006		2005
	6,829		8,334		10,631		8,397		9,163		9,699
\$	729,883,689	\$	919,923,776	\$	814,646,916	\$	648,592,297	\$	743,566,106	\$	652,537,749
	8,629		8,290		9,710		8,971		9,157		9,272
\$	6,078,922	\$	7,332,522	\$	7,364,794	\$	7,112,426	\$	7,399,513	\$	7,504,979
\$	2,895 1,571,317	\$	2,847 1,281,530	\$	2,783 1,331,940	\$	2,887 1,427,208	\$	3,077 1,290,830	\$	3,700 1,367,157
Ф	1,3/1,31/	Ф	1,261,550	ф	1,331,940	Ф	1,427,206	Ф	1,290,630	Þ	1,307,137
	75,362		77,037		79,089		62,652		77,003		82,642
	48,691		59,598		49,012		49,669		59,311		51,947
	39,657		38,613		39,596		39,087		40,678		39,002
	14,761		14,804		15,525		16,239		17,374		18,878
	38,003 729		38,586 738		39,237 695		41,400 847		44,018 577		42,352 705
	39,156		37,864		38,629		38,142		39,851		38,259
	14,761		14,804		15,525		16,239		17,374		18,878
	49		38		52		34		39		38
	196		139		169		229		177		155
	60,076		60,306		60,263		63,403		61,702		65,825
	2,869		2,794		2,790		3,343		3,296		3,195
	1,266		843		1,095		1,807		1,708		1,904
Φ.	219	Φ.	237	•	362	Φ.	479	Φ.	362	•	379
\$	12,035,650	\$	12,312,407	\$	11,242,477	\$	19,115,824	\$	21,567,578	\$	18,292,877
	13,631 29		13,982 17		8,110 11		9,764 5		5,901		6,027 87
	92,230		89,632		88,934		88,506		86,010		91,161
\$	10,832,204	\$	9,649,887	\$	12,091,087	\$	11,394,837	\$	10,698,730	\$	10,075,142
	238		219		227		263		251		237
	7.624		8.684		9.611		7,914		8.143		8,140
	36		34		37		31		31		27
	11		11		11		11		11		11
	5		5		5		5		5		5
	69		58		62		81		68		59
	24,130		27,544		17,205		23,402		20,057		18,317
	120		142		127		131		129		146
	390 223		349 209		195 98		274 109		235 104		376 95
	223 4		209 4		98 4		109		3		95 4
	6		6		6		5		5		5
	3		3		17		54		27		49
	169		155		149		144		83		45

(Continued)

#### City of Cleveland, Ohio

Operating Indicators by Function/Program
Last Ten Years

Function/Program		2014		2013		2012		2011
Leisure Time Activities								
Recreation men and women leagues receipts	\$	2,940	\$	3,407	\$	9,862	\$	5,280
<b>Economic Development</b>								
Grant amounts received (Amounts in 000's) (13)	\$	12,856	\$	3,045	\$	5,856	\$	2,154
Public Works								
Street improvements - asphalt overlay (square yards) (9)		244,500		297,183		212,032		224,361
Crackseal coating program (linear feet) (9)		662,225						3,263
Street repair (curbs, aprons, berms, asphalt) (hours)		152,214		138,034		117,239		83,212
Guardrail repair (hours) (11)		114		131		100		40
Paint striping								
Lane line (miles)		640		672		661		651
Crosswalks (each)		4,476		4,227		4,952		5,260
Arrows (each)		3,684		3,928		4,273		4,706
Street sweeper (hours) (11)		992		1.132		2,176		3,840
Cold patch (hours)		11.376		9.143		19,271		31.345
Snow and ice removal regular hours		89,234		86,978		87,369		128,000
Snow and ice removal overtime hours		18,791		19,212		18,912		23,117
Leaf collection (hours) (12)		10,771		17,212		10,712		23,117
Holiday lights setup (hours) (7)		275		300		500		
Equipment repair/body shop (hours)		2,200		2,215		4,196		5,000
Tons of snow melting salt purchased November-March		73,888		57,966		40,236		74.679
Cost of salt purchased	\$	2,538,951	\$	1,972,003	\$	1,834,359	\$	3,348,606
Refuse disposal per year (in tons) August through July	Ψ	209,410	φ	214,561	Ψ	212,367	Ψ	240,603
Refuse disposal costs per year August through July	\$	5,466,793	\$	5,258,741	\$	5,723,227	\$	6,556,260
Annual recycling tonnage (excluding leaf, and compost items)	Ψ	17,900	φ	15,893	Ψ	14,146	Ψ	10,938
Percentage of waste recycled		11.00%		13.00%		10.06%		3.68%
Port Control								
Cleveland Hopkins Airport								
Landed weight (in thousands of pounds)		4,773,831		5,732,142		5,732,148		5,912,394
Total operations		137,363		181,340		180,944		188,286
•		7,609,404		9,072,045		9,010,077		9,203,740
Total passengers								
Total enplaned passengers		3,797,261		4,525,612		4,495,353		4,597,697
Burke Lakefront Airport Total operations		66,862		68,665		72,916		65.664
•		155,583		148,294		184,427		176,096
Total passengers				,				
Total enplaned passengers		77,984		74,385		92,160		87,695
Water Department								
Water rates per 1st 600 cubic feet of water used (5)	\$	17.34	\$	15.51	\$	13.76	\$	12.58
Average number of water accounts billed monthly		139,460		139,201		139,023		138,002
Total water collections annually (including P&I)	\$	261,928,659	\$	250,250,867	\$	246,046,531	\$	211,302,881
Payments to Cleveland for bulk water purchases	\$	21,810,862	\$	20,194,830	\$	21,271,504	\$	19,101,723
Wastewater Department								
Sewer and sanitary calls for service		5,859		4,856		4,035		5,489
After hours sewer calls (hours)		381		227		167		204

- (1) General obligation bond rating.
- (2) Amounts are new construction starts. The majority of engineering and construction projects are multi-year projects.
- (3) Includes entire area serviced by the Division of Vital Statistics (i.e., Cleveland + suburbs).
- (4) Beginning 2007, administratively approved cases no longer included.
- (5) This is the rate for the City of Cleveland residents only. In 2012 rates changed from per 1000 cubic feet to per 600 cubic feet.
- (6) Fire Calls was changed to "Fire calls-Incoming for service" and all years adjusted beginning 2004 to reflect all calls for service received.
- (7) Holiday light setup was contracted to an outside agency in 2009, 2010 and 2011.
- (8) The City went "live" on a new financial system in January 2010. The new system creates journal entries at the transaction level instead of at the summary level like the prior financial system.
- (9) No program was available for asphalt overlay in 2010 and a new program was implemented for crackseal coating. In 2011, this program ended due to state budget cuts and the asphalt overlay program was again funded.
- (10) 2010 data has been changed. Figures included cases from prior years.
- (11) Street sweeping was limited in 2011 and 2012 due to state imposed budget cuts.
- (12) Beginning in 2011, the City no longer provides an organized leaf collection program.
- (13) Economic Development grants received were restated in 2011 for all years shown. They Include Neighborhood Development Investment Fund, Supplemental Empowerment Zone, Economic Development Funds, Urban Development Action Funds, WIA Grants and Core City Program Funds. Beginning in 2011 WIA Grants were moved to General Government.
- (14) In 2013, OVI arrests, operating a vehicle impaired, is formerly known as DUI arrests, driving under the influence. They are both counted using the same measures; however the State of Ohio now refers to them as OVI as does the City of Cleveland.

_	2010	_	2009		2008	_	2007		2006	_	2005
\$	5,145	\$	5,070	\$	6,825	\$	6,375	\$	5,730	\$	7,140
\$	4,564	\$	12,958	\$	16,837	\$	16,294	\$	36,005	\$	31,625
	679,450 76,000 2,500		101,000 200,640 80,000 2,500		113,772 158,400 95,000 3,000		65,000 126,720 95,000 1,100		40,000 79,200 95,000 1,600		162,800 316,800 95,000 1,000
\$	855 5,172 4,210 46,000 22,000 128,000 21,139 18,300 5,076 53,322 2,321,118 232,241 6,079,532 7,227 3,13%	\$	936 6,950 3,716 55,000 24,000 128,000 14,400 18,000 2,663 67,000 2,700,000 236,225 6,928,858 6,039 4.12%	\$	630 5,700 2,800 49,000 31,000 132,000 15,000 20,000 4 1,010 85,000 3,330,000 266,035 7,790,729 9,000 3,39%	\$	650 6,000 3,000 36,000 31,000 132,000 18,000 17,000 5 809 82,000 2,640,000 293,801 7,944,516 8,584 2,93%	\$	650 6,000 3,000 30,000 31,000 132,000 8,000 17,000 5 1,066 64,500 2,128,363 303,196 8,662,913 16,435 5,42%	\$	650 6,000 3,000 30,000 31,000 132,000 30,000 17,000 5 1,179 83,000 2,750,034 333,497 7,761,318 16,088 4.82%
\$	5,907,546 192,683 9,492,455 4,745,308 64,358 174,598 87,012	\$	6,265,656 200,268 9,715,604 4,855,129 68,456 166,965 83,438 11.59 135,675	\$	7,256,242 235,975 11,106,194 5,545,205 69,231 188,171 93,772	\$	7,380,384 244,719 11,458,898 5,722,338 68,137 204,582 102,039 9.62 138,727	\$	7,467,746 249,967 11,321,050 5,646,470 77,593 214,947 107,786 8.71 139,129	\$	7,910,706 258,926 11,463,391 5,724,440 73,064 188,381 93,941 8.71 140,166
\$ \$	210,264,218 20,660,824	\$ \$	221,967,799 18,093,912	\$ \$	218,285,825 18,399,096	\$	214,378,311 20,353,610	\$ \$	192,386,791 19,632,453	\$ \$	202,615,763 21,102,439
	7,272 185		8,021 103		8,275 147		7,585 384		6,515 448		6,188 526

(Concluded)

City of Cleveland, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2014	2013	2012	2011
General Government				
Square footage occupied (4)	3,659,100	3,659,100	3,690,000	3,690,000
Administrative vehicles	41	38	37	36
Police				
Stations	5	5	5	5
Square footage of buildings (1)	553,100	553,100	553,100	553,100
Vehicles	867	823	825	796
Fire				
Stations	26	26	26	26
Square footage of buildings	313,224	313,224	313,224	313,224
Vehicles	95	91	104	104
EMS				
Stations (headquarters)	1	1	1	1
Square footage of buildings	33,000	33,000	33,000	33,000
Vehicles	47	47	45	45
Port Control (Hopkins)				
Runways	3	3	3	3
Terminal area (approximate square footage)	935,000	935,000	935,000	935,000
Gates (7)	65	96	96	96
Parking spaces (approximately)				
CLE Smart Park Garage (6)	3,997	3,959		
Long-term			2,600	2,600
Short-term			3,900	3,900
Surface	1,544	1,100	640	640
Total parking spaces	5,541	5,059	7,140	7,500
Vehicles	320	315	335	353
Other Public Works				
Streets (miles)	1,300	1,300	1,300	1,290
Service vehicles (5)	1,500	1,539	1,906	868

2010	2009	2008	2007	2006	2005
3,700,000	3,700,000	3,700,000	3,700,000	2,310,732	2,310,732
26	28	27	26	28	26
5	5	6	6	6	6
553,100	553,100	769,536	769,536	769,536	769,536
808	830	764	921	958	979
000	030	704	721	750	717
26	26	26	26	26	26
313,224	313,224	313,224	313,224	313,224	313,224
120	127	132	155	153	152
120	12,	102	100	100	102
1	1	1	1	1	1
33,000	33,000	33,000	33,000	33,000	33,000
44	49	46	49	57	53
3	3	3	3	4	4
935,000	935,000	935,000	935,000	935,000	935,000
96	96	96	96	96	96
2,576	2,647	2,500	2,500	2,500	2,500
3,895	4,088	4,200	4,200	4,200	4,200
615	390	500	500	500	,
7,086	7,125	7,200	7,200	7,200	6,700
324	325	325	326	362	345
1,319	1,319	1,319	1,319	1,280	1,280
754	773	741	760	828	842
					(Continued)

(Continued)

#### City of Cleveland, Ohio

Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2014	2013	2012	2011
Recreation				
Number of parks	168	154	154	154
Number of playgrounds	109	110	110	109
Number of baseball diamonds	133	138	138	132
Number of tennis courts	90	119	119	111
Number of basketball courts				
Full	110	103	103	110
Half	10	10	10	10
Number of soccer fields	4	4	3	9
Number of recreation centers	21	21	21	20
Number of pools				
Indoor	19	19	19	19
Outdoor	22	21	20	23
Number of aquatic playgrounds	25	22	10	10
Number of golf courses (3)	2	2	2	2
Number of ice rinks	1	1	1	1
Number of roller rinks	1	1	1	1
Number of fine arts centers	1	1	1	1
Number of greenhouses	1	1	1	1
Number of camps	1	1	1	1
Total park acreage	1,863	1,489	1,489	1,495
Vehicles	86	91	97	99
Wastewater				
Sanitary sewers (miles)	170	170	170	170
Storm sewers (miles)	199	199	199	199
Combined sewers (miles)	1,065	1,065	1,065	1,065
Vehicles	104	108	116	115
Electric Power				
Vehicles	221	216	284	266
Water Department				
Water lines (miles) (2)	3,139	3,051	2,839	2,709
Vehicles	675	658	736	708

- (1) Includes Dog Kennels, Inspection Garage and House of Corrections.
- (2) These are calculated totals of all trunk mains [20" diameter and larger] (439 miles), distribution mains [16" and smaller] within the City of Cleveland (1,266 miles) plus distribution mains within certain suburbs with updated service agreements (1,134 miles) which transferred ownership of the distribution mains within those suburban boundaries to the City of Cleveland. Not included in these totals are the distribution mains in all master meter communities and any direct service suburban community who has not entered into a new service agreement.
- (3) In 2011 the City leased Seneca golf course. In 2012 the City leased both golf courses.
- (4) Closed Platt Station and Luke Easter Station in 2011. In 2013 square footage occupied decreased due to the demolition of the Miles Broadway building (21,900 sq ft) and the Highland Park Maintenance building (9,000 sq ft).
- (5) In 2012 a departmental reorganization occurred that merged the departments of Public Service with Parks, Recreation and Properties becoming the Department of Public Works. The Office of Capital Projects was created from the Divisions of Architecture, Engineering and Construction and Research, Planning and Development and is reported under General Government. In addition, the Division of Consumer Affairs was merged with Community Development and was moved from General Government.
- (6) In 2013 Cleveland Hopkins demolished their long-term parking area and created a surface lot. They also changed their short-term parking area into the CLE Smart Park Garage which is for both short and long-term parking.
- (7) In 2014 the number of gates reflects physical gates. All prior years totals are the number of aircrafts that can be accommodated at any onte time, including physical gates and parking positions.
- N/A Information not available.

2010	2009	2008	2007	2006	2005
154	154	155	154	150	150
154	154	155	154	150	150
109	109	110	110	111	112
133	134	134	138	140	140
111	114	114	120	120	120
108	110	110	111	118	120
10	10	10	10	12	16
7	7	7	7	12	12
19	19	19	19	19	19
18	18	18	18	18	18
23	23	23	23	22	22
9	9	8	8	7	6
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1,492	1,487	1,491	1,490	1,477	1,477
156	160	157	161	163	154
170	170	156	156	171	171
199	199	164	164	199	199
1,065	1,065	920	920	1,065	1,065
108	111	114	128	83	82
252	272	291	308	306	287
	<b>_</b>	<del>-</del> , -			_3,
2,704	2,493	2,321	2,321	2,172	2,168
744	745	759	811	832	827
	3				

(Concluded)

# CITY OF CLEVELAND, OHIO

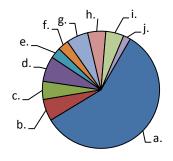
SCHEDULE OF STATISTICS-GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2014

### OPERATING RATIOS: GENERAL FUND-BUDGET BASIS

#### REVENUE DOLLAR BY SOURCE

Where the money came from

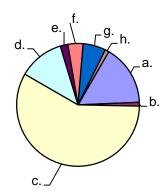
a. Income taxes	a.	\$0.58
		7
b. Property taxes	b.	0.06
c. State local government funds	c.	0.05
d. Other taxes	d.	0.07
e. Other shared revenues	e.	0.03
f. Licenses and permits	f.	0.03
g. Charges for services	g.	0.06
h. Fines, forfeits and settlements	h.	0.05
i. Miscellaneous	i.	0.05
j. Transfers in	j.	0.02
		\$1.00



### EXPENDITURE DOLLAR BY FUNCTION

Where the money was spent

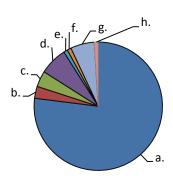
a. General Government	a.	\$0.16
b. Public Health	b.	0.01
c. Public Safety	c.	0.58
d. Public Works	d.	0.12
e. Building and Housing	e.	0.02
f. Economic and Community Development and other	f.	0.04
g. Transfers out	g.	0.06
h. Claims, refunds and maintenance	h	0.01
	_	\$1.00



### EXPENDITURE DOLLAR BY OBJECT

What the money was spent on

a. Salaries, wages and related benefits	a.	\$0.77
b. Interdepartmental charges	b.	0.03
c. Utilities	c.	0.04
d. Contractual services	d.	0.07
e. Materials and supplies	e.	0.01
f. Maintenance	f.	0.01
g. Transfers out	g.	0.06
h. Claims, refunds and maintenance	h	0.01
	_	\$1.00



# **SPECIAL THANKS TO:**

The Division of Financial Reporting and Control

# **Accounting and Administrative**

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# **Photography**

City of Cleveland Bureau of Photographic Services

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> James E. Gentile, CPA City Controller Department of Finance Room 18 – City Hall Cleveland, Ohio 44114 (216) 664-3881