

CITY OF RICHMOND HEIGHTS, OHIO

**ANNUAL INFORMATION FILING FOR
FISCAL YEAR 2015**

The following provides, in accordance with the continuing disclosure agreement (the Continuing Disclosure Agreement) entered into by the City of Richmond Heights, Ohio (the City), annual financial information and operating data for the City's fiscal year ended December 31, 2015 (Fiscal Year 2015), of the type included in the final official statement for the primary offering of:

\$4,765,000 Ohio Capital Asset Financing Program Fractionalized Interests, Series 2007C, dated December 20, 2007. Final Maturity December 1, 2021.

The applicable CUSIP number is 677214.

The Annual Information Filing constitutes only the annual financial information and operating data agreed to be provided under the Continuing Disclosure Agreement entered into at the time of the primary offering referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for Fiscal Year 2015 may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be important when making an investment decision. Further, no representation is made that the Annual Information Filing is indicative of financial or operating results of the City since the end of Fiscal Year 2015 or future financial or operating results. Finally, the inclusion of certain information pertaining to post-Fiscal Year 2015 events, if any, is provided solely for convenience, and is not intended to suggest that other such information not so included is any less material or important to an investor.

Dated: August 18, 2016

CITY OF RICHMOND HEIGHTS, OHIO

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REGARDING THIS ANNUAL INFORMATION FILING

The information and expressions of opinion in this Annual Information Filing are subject to change without notice, and the delivery of this Annual Information Filing shall not, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since its date.

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INTRODUCTORY STATEMENT

The City of Richmond Heights, Ohio (the “City”), entered into the continuing disclosure agreement (the “Continuing Disclosure Agreement”) pursuant to SEC Rule 15c2-12 (the “Rule”), in connection with the primary offering and issuance by the City of its interest in the bond issue identified on the cover page (the “Bonds”). The Continuing Disclosure Agreement requires the City to provide annually financial information and operating data for its immediately preceding Fiscal Year of the type included in **Appendix C** to the final official statement for that offering (the “Official Statement”). This Annual Information Filing provides such financial information and operating data for the City’s Fiscal Year ended December 31, 2015.

All financial and other information in this Annual Information Filing has been provided by the City from its records, except for information expressly attributed to other sources. More complete information regarding laws, reports and documents referenced in this Annual Information Filing may be obtained by reviewing those laws, reports and documents. Subject to limited exceptions, records of the City are available for public inspection and copies may be obtained at cost upon request. Questions regarding information contained in this Annual Information Filing and requests for copies of documents should be directed to the Director of Finance of the City at the address shown on the cover. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or otherwise be predictive of future experience. The information and expressions of opinion herein are subject to change without notice. The delivery of this Annual Information Filing shall not, under any circumstances, give rise to any implication that the affairs of the City have not changed since the date of this Annual Information Filing.

The City’s audited basic financial statements for Fiscal Years 2013 and 2014 were filed with the Municipal Securities Rulemaking Board (MSRB) in an electronic format prescribed by the MSRB using the MSRB’s Electronic Municipal Market Access (EMMA) platform on June 14, 2016. Those audited financial statements are hereby incorporated by reference and made a part of this Annual Information Filing. Beginning in Fiscal Year 2015, the City decided to have its basic financial statements audited on a yearly basis. The City’s audited basic financial statements for Fiscal Year 2015 are not yet available and will be filed with the MSRB on EMMA when they become available.

As used in this Annual Information Filing:

- **“Council”** means the Council of the City.
- **“County”** means the County of Cuyahoga, Ohio.
- **“County Fiscal Officer”** means the Fiscal Officer of the County, or the County Auditor in prior years, as the case may be.
- **“Debt charges”** means the principal (including any mandatory sinking fund deposits and mandatory redemption payments), interest and any redemption premium payable on the obligations referred to as those payments come due and are payable; debt charges may also be referred to as “debt service.”
- **“Fiscal Year”** means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as “Fiscal Year 2015”) means the Fiscal Year ending on December 31 in that year.

- **“Revised Code”** means the Ohio Revised Code.
- **“School District”** means Richmond Heights Local School District.
- **“State”** or **“Ohio”** means the State of Ohio.

AD VALOREM PROPERTY TAXES

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the City.

Collection Year	Real(a)	Public Utility(b)(c)	Total Assessed Valuation	Percentage Increase Over Prior Year
2012	\$293,469,560	\$2,758,850	\$296,228,410	--
2013	252,242,640	2,993,530	255,236,170	-16.06%
2014(d)	252,484,410	3,327,600	255,812,010	0.23
2015	245,971,830	3,461,020	249,432,850	-2.56
2016	235,910,050	3,531,000	239,441,050	-4.17

- (a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Fiscal Officer. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.
- (b) The State reduced the valuation of tangible personal property of general businesses and railroads in increments beginning in 2006 to zero in 2009 and reduced the valuation of tangible personal property of telecommunications companies in increments beginning in 2007 to zero in 2011; see the discussion of those reductions and related State makeup payments below.
- (c) Tangible personal property of all public utilities and real property of railroads; see footnotes (a), (b) and (c).
- (d) Reflects sexennial reappraisal.

Source: County Fiscal Officer.

Taxes collected on “Real” 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) 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.

Based on County Fiscal Officer records of assessed valuations for the 2015 collection year, the largest City ad valorem property tax payers are:

Name of Taxpayer	Nature of Business	Total Assessed Valuation	% of Total Assessed Valuation
Richmond Heights Center LLC	Retail	\$9,832,630	4.11%
Richmond Town Square	Retail	8,488,030	3.54
Tritex Real Estate Advisors Inc.	Real estate	7,009,420	2.93
SHP III/CSL Richmond Heights	Assisted living	3,412,500	1.43
Hillbrook Club Ltd.	Restaurant/lodging	3,407,590	1.42
Dorchester Village I LLC	Real estate	3,104,180	1.30
Ohio Asset II LLC	Investments	3,058,380	1.28
Cleveland Electric Illum.	Electric utility	2,677,870	1.12
ARC Richmond Heights LLC	Assisted living	2,576,010	1.08
Mercury Aviation	Airport services	2,316,560	0.97
Sears Roebuck & Co.	Retail	2,074,460	0.87
S-L Investment Management	Medical	1,647,730	0.69
County Of Cuyahoga Bd Of Com.	County services	1,493,530	0.62
Horizon County Airport Corp.	Airport services	1,330,600	0.56
The May Co. Store	Retail	1,276,770	0.53
GE Quartz Inc.	Glass manufacturer	1,079,750	0.45

Pursuant to statutory requirements for sexennial reappraisals, in 2013 the County Fiscal Officer adjusted the true value of taxable real property to reflect then-current fair market values. These adjustments were first reflected in the 2013 duplicate (collection year 2014) and in the ad valorem taxes distributed to the City in 2014 and thereafter. The County Fiscal Officer is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values. The County Fiscal Officer is conducting such a triennial adjustment in 2016 (collection year 2017).

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 upon its assessed value.

Public utility tangible personal property (with some exceptions) is currently assessed (depending on the type of property) from 25% to 88% of true value. Effective for collection year 2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true value, both to 25% of true value. The City has been receiving reimbursement payments from the State to compensate for tax revenue losses as a result of those reductions. In 2011, the amount of those payments was reduced in generally the same manner as described above for reimbursements from the CAT, except that reimbursement payments related to levies for debt charges on unvoted general obligation debt would end after Fiscal Year 2016. The State’s reimbursement payment to the City for Fiscal Year 2015 was \$3,013.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A**.

Collections

The following are the amounts billed and collected for City ad valorem property taxes on real and public utility property for recent tax collection years.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
2011	\$4,682,776	\$4,238,002	90.50%	\$343,321	\$1,107,902
2012	4,502,227	4,278,262	95.03	184,685	629,846
2013	4,103,089	3,969,984	96.76	149,830	301,048
2014	4,032,174	3,324,841	82.46	147,070	233,853
2015	3,892,930	3,710,112	95.30	115,129	245,899

Source: County Fiscal Officer.

Included in the “Current Billed” and “Current Collected” figures above are payments made from State revenue sources under two Statewide real property tax relief programs – the Homestead Exemption and the Property Tax Rollback Exemption. Homestead Exemptions have been available for (i) persons 65 years of age or older, (ii) persons who are totally or permanently disabled and (iii) surviving spouses of persons who were totally or permanently disabled or 65 years of age or older, and had applied and qualified for a reduction of property taxes in the year of death, so long as the surviving spouses were not younger than 59 or older than 65 years of age on the date of their deceased spouses’ deaths. The Homestead Exemption exempts \$25,000 of the homestead’s market value from taxation, thereby reducing the property owner’s ad valorem property tax liability. The Property Tax Rollback Exemption applies to all non-business properties, and reduces each property owner’s ad valorem property tax liability by either 12.5% (for owner-occupied non-business properties) or 10% (for non-owner non-business occupied properties). Payments to taxing subdivisions have been made in amounts approximately equal to the Homestead and Property Tax Rollback Exemptions granted. This State assistance reflected in the City’s tax collections for 2015 was \$127,920 for the elderly/disabled homestead payment and \$321,392 for the rollback payment.

State legislation passed in 2013 made the Homestead Exemption subject to means testing beginning January 1, 2014, and eliminated the Property Tax Rollback Exemption and related reimbursements with respect to new or replacement tax levies approved at elections after September 29, 2013, and other taxes (or increases in taxes) not levied for tax year 2013. See **Tax Rates**.

Real property taxes are payable in two installments, the first usually by February and the second in July.

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The Charter provides that the maximum total tax rate that may be levied without a vote of the electors for all purposes is 13.40 mills. Of that millage, 8.40 mills is available for unvoted general obligation debt service and a maximum of 4.50 mills is available for the purpose of current operating expenses to the extent not used for unvoted general obligation debt service.

The following are the rates at which the City and overlapping taxing subdivisions have in recent years levied ad valorem property taxes.

TAX TABLE A
Overlapping Tax Rates

Collection Year	County	School District	County Library District	Park District	Port Authority	Community College District	City	Total	Effective Rates	
									Res/Ag	All Other
2012	13.22	82.60	2.50	1.85	0.13	3.10	18.10	121.50	77.670172	79.635637
2013	13.22	87.90	2.50	1.85	0.13	3.10	18.10	126.80	88.076372	86.933540
2014	14.05	87.90	2.50	2.75	0.13	3.10	18.10	128.53	89.909050	88.808361
2015	14.05	87.90	2.50	2.75	0.13	4.00	18.10	129.43	90.954218	90.749557
2016	14.05	87.90	2.50	2.75	0.13	4.00	18.10	129.43	91.283399	96.419531

Source: County Fiscal Officer.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and
- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from taxes levied at whatever rate is required to produce a specified amount or an amount to pay debt charges, or from taxes levied inside the ten mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2016 tax collection year of 129.43 mills within the City (in the portion overlapping the School District) is reduced by reduction factors of 0.294728 for residential/agricultural property and 0.255045 for all other real property, which results in “effective tax rates” of 91.283399 mills for residential and agricultural property and 96.419531 mills for all other real property. See **Tax Table A**.

Residential and agricultural real property tax amounts are generally further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, legislation passed by the State’s General Assembly in 2013 eliminated such reductions for additional and replacement levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Collections** for a discussion of the reimbursement by the State to taxing subdivisions for these reductions and related changes made by State legislation passed by the General Assembly in 2013.

The following are the rates at which the City levied property taxes for the general categories of purposes for recent years, both outside and inside the 8.40-mill Charter tax rate limitation:

**TAX TABLE B
City Tax Rates**

Inside the 8.40-mill Charter Tax Rate Limitation

Collection Year	Current Expense Operating	Police and Fire Pension	Debt Retirement	Total
2012	4.50	1.70	2.20	8.40
2013	4.50	1.70	2.20	8.40
2014	4.50	1.70	2.20	8.40
2015	4.50	1.70	2.20	8.40
2016	4.50	1.70	2.20	8.40

Voted

Collection Year	Fire and EMS Service(a)	Fire and EMS Services	Debt Retirement	Total
2012	5.00	3.70	1.00	9.70
2013	5.00	3.70	1.00	9.70
2014	5.00	3.70	1.00	9.70
2015	5.00	3.70	1.00	9.70
2016	5.00	3.70	1.00	9.70

- (a) Includes 2.0 mills of voted Charter millage authorized by a 1990 Charter amendment for fire services and 3.0 mills of voted Charter millage authorized by a 2007 Charter amendment for fire and paramedic services. Both levies run for a continuing period of time.

MUNICIPAL INCOME TAX

Ohio law authorizes a municipal income tax on both corporate income and employee wages and salaries at a rate of up to 1% without, and above that rate with, voter authorization. In 1981 City electors authorized an income tax at the rate of 1.50%. Effective January 1, 1993, this rate was increased to 2% and effective July 1, 2013 this rate was again increased to 2.25%. The City, pursuant to Council action and that voter authorization, currently levies the tax at the rate of 2.25%. This tax on business income and individuals' salaries and wages is collected and administered by the Regional Income Tax Agency on behalf of the City.

The tax is in effect for a continuing period of time. It could be reduced or terminated by action of the Council, or by vote of the electors initiated by petition of 10% of the total vote cast at the last regular municipal election, following initiated ordinance procedures, or 10% of the electors of the City, following charter amendment procedures. Under current law, the Council could, unless restricted by a Charter provision, reimpose a 1% tax without authorization by the electors.

All income tax proceeds, after payment of collection expenses, have been allocated by the Council to the General Fund.

Annual income tax receipts have been:

Year	Receipts	Rate
2011	\$4,601,350	2.00%
2012	4,706,165	2.00
2013	5,164,511	2.25
2014	6,023,168	2.25
2015	6,953,207	2.25

Residents are currently permitted as a credit against their City income tax liability amounts paid as municipal income tax at the rate of up to 2.25% on the same income to another municipal corporation.

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**Principal Amounts of General Obligation Debt Outstanding
(as of December 31, 2015)**

A.	Total debt:		\$ 5,519,999
B.	Exempt debt:		\$ 0
C.	Total nonexempt debt [A minus B]:		\$ 5,519,999
D.	5½% of tax valuation (unvoted nonexempt debt limitation):		\$ 13,169,257
E.	Total nonexempt limited tax bonds and notes outstanding:		
	Bonds	\$ 3,280,000	
	Notes	\$ 1,190,000	\$ 4,470,000
F.	Debt leeway within 5½% unvoted debt limitation [D minus E]:		\$ 8,699,257*
G.	10½% of tax valuation (voted and unvoted debt limitation):		\$ 25,141,310
H.	Total nonexempt bonds and notes outstanding:		
	Bonds	\$ 4,329,999	
	Notes	\$ 1,190,000	\$ 5,519,999
I.	Debt leeway within 10½% debt limitation [G minus H]:		\$ 19,621,311*

* Debt leeway in this table determined without considering moneys in the Bond Retirement Fund.

**Projected Debt Service Requirements on City General Obligation Debt
(as of December 31, 2015)**

Calendar Year	Bonds	Bonds Anticipated by Notes (BANs)	Total	Portion of Total Anticipated to be Paid from	
				Unlimited Ad Valorem Taxes	Limited Ad Valorem Taxes
2016	\$1,124,257.00	\$ 35,700.00	\$1,159,957.00	\$282,150.00	\$877,807.00
2017	1,121,725.00	121,400.00	1,243,125.00	282,550.00	960,575.00
2018	967,325.00	123,400.00	1,090,725.00	282,550.00	808,175.00
2019	957,525.00	120,100.00	1,077,625.00	282,150.00	795,475.00
2020	604,000.00	121,800.00	725,800.00	285,000.00	440,800.00
2021	317,200.00	123,200.00	440,400.00	0.00	440,400.00
2022	0.00	124,300.00	124,300.00	0.00	124,300.00
2023	0.00	120,100.00	120,100.00	0.00	120,100.00
2024	0.00	120,900.00	120,900.00	0.00	120,900.00
2025	0.00	121,400.00	121,400.00	0.00	121,400.00
2026	0.00	121,600.00	121,600.00	0.00	121,600.00
2027	0.00	121,500.00	121,500.00	0.00	121,500.00
2028	0.00	121,100.00	121,100.00	0.00	121,100.00
2029	0.00	120,400.00	120,400.00	0.00	120,400.00
2030	0.00	124,400.00	124,400.00	0.00	124,400.00
2031	0.00	137,800.00	137,800.00	0.00	137,800.00

**Various City and Overlapping Subdivisions Indebtedness
(as of December 31, 2015)**

	Amount	Per Capita(a)	% of City's Current Assessed Valuation(b)
City Nonexempt GO Debt	\$5,519,999	\$524.52	2.36%
Total City GO Debt (exempt and nonexempt)	5,519,999	524.52	2.36
Highest Total Overlapping GO Debt(c)	7,994,419	759.64	3.34

(a) Based on 2013 population of 10,524.

(b) The City's current assessed valuation is \$239,441,050.

(c) Includes, in addition to "Total City GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of December 31, 2015) resulting in the calculation of highest total overlapping debt based on percent of tax valuation of territory of the subdivisions located within the City (% figures are resulting percent of total debt of subdivisions allocated to the City in this manner), as follows:

\$1,520,560 County (0.87%); and
 \$ 182,039 South Euclid-Lyndhurst City School District (4.94%); and
 \$ 771,821 Greater Cleveland RTA (0.87%).

Source of tax valuation and GO debt figures for overlapping subdivisions: OMAC*

* Ohio Municipal Advisory Council (OMAC) compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Annual Information Filing to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

Economic and Demographic Information

Population

Recent Census population has been:

Year	City
1970	9,220
1980	10,095
1990	9,611
2000	10,944
2010	10,546
2011	10,465
2012	10,531
2013	10,524
2014	10,508