Cleveland-Cuyahoga County Port Authority

Single Audit Reports
December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
Cleveland-Cuyahoga County Port Authority
1100 W 9th Street
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We have reviewed the *Independent Auditor's Report* of the Cleveland-Cuyahoga County Port Authority, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

July 31, 2019

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Cleveland-Cuyahoga County Port Authority

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Ciuni & Panichi
CPAs and Business Advisors
Where Relationships Count.

Independent Auditor's Report

To the Board of Directors
Cleveland-Cuyahoga County Port Authority
Cleveland, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Cleveland-Cuyahoga County Port Authority (the "Authority"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority'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.

Auditor's 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 auditor's 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 Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors of
Cleveland-Cuyahoga County Port Authority

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standard

As described in Note 2 to the basic financial statements, in 2018, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and as a result restated their December 31, 2017 net position of the business-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental schedules on pages 82 through 84 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

To the Board of Directors of
Cleveland-Cuyahoga County Port Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019, on our consideration of the Authority'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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 17, 2019

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2018

General

As management of the Cleveland-Cuyahoga County Port Authority (the "Authority," the "Port Authority," or the "Port"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2018. Please read this information in conjunction with the Authority's basic financial statements and footnotes beginning on pages 19 and 25, respectively.

The Authority is a body corporate and politic and an independent political subdivision of the State of Ohio. It has two main business lines: 1) maritime operations which consist of the international docks on the east side of the Cuyahoga River, a bulk cargo facility on the west side of the river, and a regularly scheduled liner service providing container and break-bulk shipping services between the Great Lakes and Europe; 2) development finance operations, which manage financing programs involving the issuance of revenue bonds and notes (assets and liabilities associated with the Authority's financing programs are shown in the Statement of Fiduciary Net Position). The Authority also plays an active role in finding sustainable solutions for maritime infrastructure, a large focus of which is related to dredging the Cuyahoga River.

Overview

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, the Statement of Fiduciary Net Position, and the accompanying notes to the financial statements. These statements report information about the Authority as a whole and about its activities. The Authority is a single enterprise fund using proprietary fund accounting, which means these statements are presented in a manner similar to a private-sector business. The statements are presented using economic resources management focus and the accrual basis of accounting.

The Statement of Net Position presents the Authority's financial position and reports the resources owned by the Authority (assets), future period consumption (deferred outflows), obligations owed by the Authority (liabilities), future period acquisition (deferred inflows) and the Authority's net position (the difference between assets plus deferred outflows and liabilities plus deferred inflows). The Statement of Revenues, Expenses, and Changes in Net Position presents a summary of how the Authority's net position changed during the year. Revenue is reported when earned and expenses are reported when incurred. The Statement of Cash Flows provides information about the Authority's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing, and financing activities. The Statement of Fiduciary Net Position provides information on the assets and liabilities associated with the Authority's issued debt where third parties are the primary obligors for the repayment of the debt. The Authority has no obligation to repay the debt beyond the specific third party revenue sources pledged under the debt agreements, with the exception of debt issued through the Common Bond Fund, which includes a system of cash reserves partially funded by Authority contributions. A detailed explanation of the system of cash reserves can be found in Note 17. The notes to the financial statements provide additional information that is essential for a full understanding of the financial statements.

Port Activities refers herein to the Authority's core operations, maritime and development finance, including the cost of the administration of the Authority's operating groups (primarily Maritime and Development Finance as well as administration costs, including the fees generated by such groups).

Statement of Fiduciary Net Position refers herein to the activities undertaken by the Authority's development finance function and shows the corresponding assets and liabilities associated with all of the financed projects for which bonds and notes issued by the Authority are still outstanding. The Authority is involved in these projects in order to assist private industry and government in the creation and retention of jobs, primarily within northeastern Ohio.

While financing can be provided under a variety of different structures, the Authority has two main programs under which it issues revenue bonds and notes:

- ***The Authority's Common Bond Fund Program*** (Bond Fund) transactions involve construction or other projects financed through the Authority's Fixed Rate Financing Program. A detailed description of the Bond Fund Program can be found in the notes to the basic financial statements. Two projects financed through the Authority's Bond Fund Program, 1997 Port Maritime Facilities Refinancing Project (2016A), (Maritime Facilities Project) and Port Capital Improvements (2016B), relate to the Authority's maritime activities and are reflected on the Authority's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position.

- ***Stand Alone*** projects involve the financing of similar projects outside of the Bond Fund, whereby the related revenue bonds and notes are not secured by the system of reserves established under the Bond Fund Program. Instead, the bonds and notes are secured by the property financed and are payable solely from the payments received by the trustee from the borrowers or other sources designated in the related agreements.

The Authority has no obligations for repayment of the bonds and notes, other than as noted, beyond the specific third party revenue sources pledged under the debt agreements; therefore, the debt and any corresponding assets are not recorded on the Authority's Statement of Net Position, but are shown on the Authority's Statement of Fiduciary Net Position.

It is important to note the following regarding the Authority's development finance projects:

1. For all Bond Fund financing transactions, the lender may look only to the borrower's lease or loan payments (or other stated sources of revenue) for debt service unless a default arises, in which case the reserve system established by the Authority and borrowers in the Bond Fund will make the debt service payments to the extent sufficient funds are available. The Bond Fund Program was established in 1997 with a $2,000,000 contribution from the Authority's operating funds and was matched with a $2,000,000 grant from the State of Ohio. In January of 2010, the Authority entered into a Memorandum of Understanding (MOU) with the Ohio Manufacturers' Association (OMA) and other entities which resulted in an additional $2.5 million contribution to the Bond Fund Program's system of reserves. In January of 2014, the Authority contributed an additional $548,000 into the system of reserves. This $7.2 million in restricted funds, which includes approximately $157,200 in associated interest earnings and administrative fees, is reflected on the Authority's Statement of Net Position. Interest earned on the original State of Ohio and Authority contributions are recognized as income from investments on the Authority's Statement of Revenues, Expenses, and Changes in Net Position. Interest earned on the OMA contribution is remitted to the OMA semi-annually, in accordance with the MOU. Any utilization of the reserve funds discussed above would result in a reduction to the Authority's net position.

2. For all Stand Alone debt transactions, the lender may look only to the borrower's lease payments and certain other specified revenue sources, along with borrower cash reserves, to provide funds for debt service payments. The Authority has no obligation to repay this debt, with the exception of the Authority's Cleveland Bulk Terminal facility, which was financed through non-Bond Fund issuances in 1997, 2001, 2007, and 2016 and where the Authority is obligated to repay the debt.

   Additional information regarding No-Commitment Debt can be found in Note 17.

During 2015, the Port Authority adopted Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*," which significantly revises accounting for pension costs and liabilities. For fiscal year 2018, the Port Authority adopted GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,*" which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability or net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Port Authority's proportionate share of each plan's collective:

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

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

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

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

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Authority is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $71,081,513 to $69,797,090.

Condensed Statement of Net Position Information

The tables below provide a summary of the Authority's financial position and operations for 2018 and 2017, respectively.

Comparison of 2018 vs. 2017 Results:

	2018	Restated 2017*	Change Amount	Change Percent
Assets and deferred outflows of resources:				
Current assets	$ 22,782,024	$ 21,449,389	$ 1,332,635	6.2%
Capital assets – net	55,936,389	52,251,727	3,684,662	7.1%
Restricted and other assets	9,320,163	9,105,128	215,035	2.4%
Deferred outflow of resources	515,459	835,903	(320,444)	(38.3%)
Total assets and deferred outflows of resources	88,554,035	83,642,147	4,911,888	5.9%
Liabilities and deferred inflows of resources:				
Current liabilities	2,858,900	1,658,783	1,200,117	72.3%
Current liabilities payable from restricted assets	15,413	18,444	(3,031)	(16.4%)
Other liabilities – including amounts relating to restricted assets	8,161,471	9,296,848	(1,135,377)	(12.2%)
Deferred inflow of resources	3,341,839	2,870,982	470,857	16.4 %
Total liabilities and deferred outflows of resources	14,377,623	13,845,057	532,566	3.8%
Net position:				
Net investment in capital assets	49,830,821	45,410,854	4,419,967	9.7%
Restricted for other purposes	9,161,223	9,010,155	151,068	1.7%
Unrestricted	15,184,368	15,376,081	(191,713)	(1.2%)
Total net position	$ 74,176,412	$ 69,797,090	$ 4,379,322	6.3%

* See Note 2

Current Assets: Current assets increased by approximately $1.3 million from December 31, 2017 to December 31, 2018. The primary reasons for the increase in this classification are a $745,848 increase in accounts receivable and a $758,353 increase in grants receivable, as offset by a $212,818 decrease in prepaid insurance as compared to December 31, 2017.

The increase of $745,848 in accounts receivable was primarily the result of $827,855 in dredge disposal fees that were earned late in the fiscal year, December 21, 2018, as compared to the prior year. As a result, the invoice was outstanding at December 31, 2018 and was subsequently paid on January 15, 2019. This increase was offset by other decreases in trade accounts receivable balances at December 31, 2018 primarily due to timing of payments received.

Grants receivable also increased $758,353 as compared to December 31, 2017. In May of 2017, the Authority accepted repurposed grant earmarks for the purpose of making improvements to the surface transportation elements of the Cleveland Bulk Terminal (see Note 16). Project funds were made available from the Federal Highway Administration (FHWA) through the State of Ohio, Department of Transportation (ODOT). Construction activity at the Cleveland Bulk Terminal commenced in November of 2018 and $710,033 in reimbursable costs were invoiced to ODOT and outstanding at December 31, 2018. Funds were subsequently received from ODOT during the first quarter of 2019, and $48,320 of the grant receivable will be reimbursed when retainage is released to the contractor.

The amount prepaid for general property insurance decreased by $212,818 from $240,228 at December 31, 2017 to $27,410 at December 31, 2018 as the result of the annual insurance premium being invoiced in January of 2019 rather than December of 2018. The annual cost of insurance for the renewal period decrease by approximately $23,000.

Other increases in current assets include $11,661 in cash and investments; $17,427 in interest receivable and $12,164 in other prepaid expenses.

Capital Assets: The Authority's investment in capital assets as of December 31, 2018 increased by $3.7 million when compared to December 31, 2017 (net of accumulated depreciation). Capital assets before accumulated depreciation increased by approximately $6.0 million to $82.8 million. Accumulated depreciation increased by approximately $2.4 million during the same period to $26.9 million.

Investments in buildings, infrastructure, and leasehold improvements increased by approximately $4.7 million in 2018. The largest component of this increase was a $3.5 million investment to the sediment processing center, located on CDF 12, to increase capacity for dredge material acceptance and improve infrastructure to separate materials for market purposes. The Authority also invested $925,840 to construct a conference center and tenant space located at the 1100 West 9th building which houses the Port's administrative offices. Other investments include: $112,870 for a capital improvement allowance, $79,760 for timber curbs on docks 26 west and north; $26,250 for catch basins and trench drains located near warehouse 24; $34,750 for rooftop air conditioners; $13,370 for LED lighting improvements in warehouse 26; and $7,000 in signage for the CDF 12 processing center location.

Equipment, vehicles and furniture and fixtures increased by approximately $254,730 in 2018 as compared to 2017 due to purchases of $137,900 in audio visual equipment and $88,670 in furniture for the conference center. In addition, a 2016 F-250 pick-up truck and container office was purchased for $38,540 and $15,250, respectively for use in cargo and dock operations. These purchases were offset by the trade-in of a 2008 F-250 pick-up truck. The acquisition cost of which was $25,630 and the total cost of which had been fully depreciated at the time of the trade-in, resulting in a $2,000 gain on disposal.

Additionally, $1,353,175 is construction in progress at December 31, 2018. This includes $1,271,140 related to the CBT Dock Rehabilitation Project. The estimated cost of the CBT Dock Rehabilitation Project is $9.6 million of which approximately 67% is expected to be reimbursed through FHWA grant funds (see Note 16). The project is expected to be completed during July of 2019.

Also in construction in progress at December 31, 2018 is $64,420 in land acquisition costs related to the Irish Town Bend Project and $17,615 for design costs related to the Cruise Ship Terminal Project.

A summary of the activity in the Authority's capital assets during the year ended December 31, 2018, is as follows:

	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
Land and land improvements	$ 19,459,708	$ -	$ -	$ 19,459,708
Construction in progress	302,198	1,179,833	(128,856)	1,353,175
Buildings, infrastructures, and leasehold improvements	48,923,477	4,738,141	-	53,661,618
Equipment	8,077,476	280,355	(25,633)	8,332,198
	76,762,859	6,198,329	(154,489)	82,806,699
Less accumulated depreciation	(24,511,132)	(2,384,811)	25,633	(26,870,310)
Capital assets – net	$ 52,251,727	$ 3,813,518	$ (128,856)	$ 55,936,389

Restricted and Other Assets: Restricted and other assets increased by approximately $215,040 from December 31, 2017 to December 31, 2018.

Restricted cash and investments increased $148,230 primarily due to a scheduled $100,000 increase to the Bond Fund Auxiliary Reserve Fund and a $39,665 increase in the Common Bond Fund Administrative Fee account disbursed to the Authority in January of 2019 and unrestricted at that time.

Other increases include a $68,208 increase in the net pension asset as compared to 2017 (see Note 5).

Deferred Outflow of Resources: Deferred outflows of resources decreased by approximately $320,440 primarily as the result of a $399,750 decrease in deferred outflows related to pensions (see Note 5). This decrease was offset by a $83,177 increase in deferred outflow of resources related to OPEB (see Note 6).

Current Liabilities: Current liabilities increased by approximately $1.2 million in 2018 as compared to 2017. Accounts payable increased by $1.3 million from December 31, 2017 primarily due to increased capital expenditure activity. Accounts payable related to capital expenditures was $1.5 million at December 31, 2018 as compared to $120,000 at December 31, 2017. Other increases include $45,310 in accrued wages and benefits and $34,180 in unearned income. These increases were offset by a decrease of $179,160 in the current portion of bonds payable.

Current Liabilities Payable from Restricted Assets: Current liabilities payable from restricted assets decreased by $3,031 from December 31, 2017 to December 31, 2018. Accrued interest payable on Authority direct debt obligations decreased by $2,794 as the result of decreasing scheduled principal balances.

Other Liabilities – including amounts relating to restricted assets: This line item decreased by approximately $1.1 million as compared to December 31, 2017. The Authority's net pension liability decreased by $650,425 (see Note 5). Additionally, there was a $556,149 reduction in the non-current portion of the Authority's long-term debt obligations.

These decreases were offset by an increase of $72,367 in the Authority's net OPEB liability (see Note 6).

The activity in the Authority's long-term debt obligations outstanding during the year ended December 31, 2018 is summarized below (unamortized premiums and discounts have been combined into the appropriate increase/decrease columns):

	Balance at Beginning of Year	Increase	Decrease	Balance at End of Year
Cleveland Bulk Terminal project	$ 4,107,452	$ -	$ (157,417)	$ 3,950,035
Maritime Facilities Project (2016A)	2,117,985	-	(168,960)	1,949,025
Port Improvements (2016B)	615,435	-	(408,927)	206,508
Total	$ 6,840,872	$ -	$ (735,304)	$ 6,105,568

Additional information on the Authority's long-term debt can be found in the notes to the Authority's financial statements.

Deferred Inflow of Resources: Deferred inflows increased by approximately $470,860 due to an increase of $351,092 in deferred inflows related to pension (see Note 5) and an increase in deferred inflows related to OPEB of $119,765 (see Note 6).

Net Position: Net Position serves as a useful indicator of an entity's financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by $74.2 million at the close of the most recent fiscal year.

The largest portion of the Authority's net position (approximately 67.2%) represents its investment in capital assets (e.g., land, land improvements, buildings, infrastructures, leasehold improvements, and equipment), net of accumulated depreciation, less any related outstanding debt used to acquire those assets.

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2018

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

The Authority's operations increased its net position by $4,379,322 in 2018. Key elements of these changes are summarized below:

	2018	Restated 2017*	Change Amount	Change %
Operating revenues:				
Wharfage, dockage, and storage	$ 1,755,613	$ 2,034,044	$ (278,431)	(13.7%)
Property lease and rentals	1,637,668	1,676,189	(38,521)	(2.3%)
Financing fee income	3,415,915	3,733,807	(317,892)	(8.5%)
Foreign trade zone fees	84,500	86,930	(2,430)	(2.8%)
Sediment management fees	2,326,142	2,506,344	(180,202)	(7.2%)
Parking revenues	160,146	135,235	24,911	18.4%
Other	267,583	276,729	(9,146)	(3.3%)
Total operating revenues	9,647,567	10,449,278	(801,711)	(7.7%)
Operating expenses:				
Salaries and benefits	2,888,353	2,875,283	13,070	0.5%
Cost of liner service	-	1,000,000	(1,000,000)	(100.0%)
Professional services	886,488	937,247	(50,759)	(5.4%)
Sustainable infrastructure services	337,823	367,939	(30,116)	(8.2%)
Cost of sediment management operation	1,156,240	1,603,737	(447,497)	(27.9%)
Facilities lease and maintenance	814,504	648,431	166,073	25.6%
Marketing and communications	409,518	284,463	125,055	44.0%
Depreciation expense	2,384,811	2,440,819	(56,008)	(2.3%)
Office expense	77,562	77,523	39	0.1%
Other expense	208,108	210,442	(2,334)	(1.1%)
Total operating expenses	9,163,407	10,445,884	(1,282,477)	(12.3%)
Operating profit	484,160	3,394	480,766	14,165.2%
Nonoperating revenues (expenses):				
Nonoperating grant and contribution revenue	8,167	152,260	(144,093)	(94.6%)
Property tax receipts, net of expense of $134,180	2,689,813	2,733,700	(43,887)	(1.6%)
Intergovernmental revenue	329,232	493,730	(164,498)	(33.3%)
Income from investments	315,671	281,016	34,655	12.3%
Gain on insurance recovery	-	47,891	(47,891)	(100.0%)
Gain on disposal of capital assets	2,000	-	2,000	100.0%
Interest expense	(227,940)	(245,839)	17,899	(7.3%)
Other revenue	15,691	7,205	8,486	117.8%
Total nonoperating revenues (expenses)	3,132,634	3,469,963	(337,329)	(9.7 %)
Change in net position before capital grants	3,616,794	3,473,357	143,437	4.1%
Capital grants	762,528	154,250	608,278	394.3%
Change in net position	4,379,322	3,627,607	751,715	20.7%
Net position – beginning of year, restated	69,797,090	N/A	N/A	N/A
Net position – end of year	$ 74,176,412	$ 69,797,090	$ 4,379,322	6.3 %

* See Note 2

***Operating Revenues**:* Collectively, total operating revenues decreased 801,711 or 7.7% to $9.6 million in 2018, from $10.4 million in 2017.

***Wharfage, Dockage, and Storage**:* These revenues are generated from Authority cargo operations and collectively decreased 13.7% from approximately $2,034,000 in 2017 to $1,755,600 in 2018.

Overall tonnage handled by the Port's primary break-bulk terminal operator decreased by 68,687 metric tons or 15.3% to 378,799 metric tons. Tonnage for the container and project cargo terminal decreased from 21,521 metric tons in 2017 to 16,687 metric tons in 2018. The combined decrease in tonnage of 73,521 metric tons resulted in wharfage and dockage revenues of $627,172, a decrease of $85,093 as compared to 2017.

Throughput at the Cleveland Bulk Terminal facility, operated by a private company, decreased by 17.6 % for a total of approximately 2.7 million metric tons of iron ore and limestone. The decrease in tonnage resulted in a decrease in wharfage revenues of $140,261 as compared to 2017. Additional fees of $197,817 were generated based on an iron ore additional tonnage incentive fee as compared to $247,570 in 2017.

Other revenue sources such as storage, rail wharfage, and security escort fees increased by $3,324 in 2018.

Property Lease and Rentals: Property lease and rentals decreased by approximately $38,520 or 2.3% in 2018 as compared to 2017. Volume sharing fees decreased by $49,156 as the result of decreased throughput at the Port's primary break-bulk terminal. In addition, a $35,100 decrease in property rental was experienced as a result of the transitioning of tenant space at the Authority's office building (see Note 13). These decreases were offset primarily by increases in additional rental fees such as escalators imposed to cover certain operating costs and rental of additional space per various lease agreements.

Financing Fee Income: Financing fee income decreased by approximately $317,900 or 8.5% in 2018 as compared to 2017, to $3.4 million. Development finance fee income is essentially earned in three ways: (1) closing fees, which are one-time fees charged on Stand Alone, Bond Fund and New Market Tax Credit projects based on the risk profile and structure at the time the bonds or credits are issued; (2) bond service fees, which are ongoing annual fees charged on certain projects with principal outstanding; and (3) application and acceptance fees which are non-refundable monies received by the Authority prior to the issuance of bonds or notes.

In 2018, closing fees decreased by $309,231 to $2,356,652 as the Authority assisted in issuing bonds for fifteen (15) economic development projects in the region and various refinancing transactions. While the number of economic development projects were consistent with 2017 the size and complexity of the projects commanded slightly lower fees.

The Authority also collected $1,059,263 in bond service fees related to existing projects, a decrease of $8,661 as compared to 2017.

Foreign Trade Zone Income: Foreign trade zone fees remained similar at $84,500 in 2018, compared to $86,930 in 2017.

Sediment Management Fees: In 2008, the Authority began to enter into dredge disposal agreements with organizations that have a need to store privately dredged material in Dike Disposal Site 12 (CDF 12), which is controlled by the Authority and is on the north side of Burke Lakefront Airport. Since 2010, the United States Army Corps of Engineers (USACE) has reported critically low capacity at Confined Disposal Facilities (CDF) for the disposal of sediments dredged from the Cuyahoga River Ship Channel. In 2011, the Authority initiated its own planning for long term management of dredged sediment. This plan and proposal were presented to the USACE in January of 2013. This plan has not yet been executed by the USACE.

Subsequently, the Port developed an alternative to operating a CDF at lower annual volumes than those provided for in the original plan. In 2015 and 2016, the Authority successfully sought $2.4 million in funding from the Ohio Healthy Lake Erie Fund and $56,000 from the Ohio Department of Natural Resources and invested a total of $2.7 million to prepare CDF 12 to receive increased volumes of sediment. In 2018, the Authority invested an additional $3.5 million in improvements to the CDF 12 processing center adding approximately 658,000 cubic yards of capacity.

In 2018, 224,797 cubic yards of dredge material was received and stored on CDF 12 compared to 308,831 cubic yards in 2017. Overall dredge disposal fees decreased by $209,518 as compared to 2017 fees. The 84,034 cubic yard decrease in material received resulted in decreased fee revenue of approximately $649,400. This decrease was mitigated by approximately $439,900 in fees collected as a result of price increases implemented to cover increased investment and running costs at CDF 12. The Authority also maintains an operating agreement with a private company to process and sell selected sediments received at the Authority's disposal site. The Authority facilitated the repurposing of approximately 126,500 cubic yards of material in 2018 as compared to 106,000 cubic yards in 2017. The Authority collected $72,570 and $43,250 in sediment royalty payments in 2018 and 2017 respectively.

Parking Revenues: Parking revenue increased by $24,911 as compared to 2017. A parking agreement was executed between the Authority and the Cleveland Browns in 2012. The agreement was amended in 2016, increasing the number of parking spaces made available for game-day parking by approximately 33%, and increasing the parking fee for the 2016 season to $50,000 for the season. The agreement was extended and modified for one year on August 1, 2017 at a rate of $45,000 for the season. The agreement was again amended on August 1, 2018, reducing the number of game-day parking spaces by approximately 62%, and decreasing the parking fee for the 2018 season to $25,000. Prorated revenue for the Cleveland Browns parking decreased by $16,000 as compared to 2017.

The parking revenue at a lot managed and operated by the Authority increased by $40,911 due to increased activity, offsetting the decrease in parking revenue from the Cleveland Browns agreement.

Other Revenues: Other operating revenues decreased by $9,146 or 3.3% in 2018. This decrease is primarily the result of decreased crane rental fees charged to the Authority's terminal operator for the rental of the Authority's 2 new harbor cranes.

Operating Expenses: Operating expenses decreased by approximately $1.3 million or 12.3% to $9.2 million in 2018, from $10.4 million 2017.

Salaries and Benefits: Salary and benefit costs increased by $13,070 or 0.5% from 2017. General salary and benefit costs increased by approximately $123,040 due to the full-year impact of staff changes, increases in accrued vacation, performance increases and other personnel costs.

These increases were offset by a decrease of $109,969 in non-cash charges to pension and OPEB expense recorded as required by GASB 68 and GASB 75 (see Note 5 and 6).

Cost of Liner Service: Costs related to the liner service decreased by $1.0 million in 2018. The Liner Service Agreement was restructured in 2016 to limit the Authority's financial exposure. Under the terms of the 2016 Service Agreement, the Authority made a final fixed payment of $1.0 million toward the liner service in 2017. No direct funding was provided in 2018 (see Note 22).

Professional Services: Professional services fees decreased by $50,759 or 5.4% compared to 2017. During 2017, the Authority entered into an $84,000 agreement with an executive search firm which resulted in the hire of the Port's Chief Financial Officer. Also, in 2017, the Authority expended $43,200 in bulkhead, mechanical and baseline emission assessments; $33,000 in consulting fees for business strategy development and $12,000 in enhanced IT security and backup improvements.

In 2018, the Authority entered into a $150,000 agreement, $61,000 expended in 2018, with a professional service firm to consider the feasibility of constructing a high capacity waterfront dock structure that would close off and fill Dock 26W and 28 in order to further diversify cargo mix. The Authority also entered into a $90,000 agreement, $39,325 expended in 2018, to assess the condition of bulkhead along Dock 22 to Dock 28A. In addition, the Authority increased the amount of the Common Bond Fund LOC to $12.0 million to increase capacity within the program (see Note 17). The increase in the LOC resulted in increased costs of approximately $19,700, as pro-rated in 2018.

Sustainable Infrastructure Services: Investments in sustainable infrastructure service decreased by $30,116 in 2018 to $337,823. In 2017, the Authority incurred $125,000 in costs for an engineering and technical study for the Irishtown Bend Redevelopment Plan. This study was complete in 2017 and no further costs were incurred during 2018. Legal costs related to sediment management also decreased by approximately $6,400 during 2018 as compared to 2017.

In 2018, the Authority entered into a $150,000 consultant agreement, of which $71,400 was expended during the year, to develop a long term master plan for CDFs 9, 12, and 10B. The Authority also spent an additional $16,860 on natural resource restoration at the CLNP and $13,050 on debris harvester operations as compared to 2017.

Cost of Sediment Management Operation: Costs related to sediment management operations decreased by $447,497 or 27.9% in 2018 to $1,156,240. The primary reason for this decrease was a $399,106 decrease in sediment processing costs to $1,025,800 in 2018. As previously reported, dredge material received by the CDF 12 processing center during 2018 decreased by 84,034 cubic yards to 224,797 cubic yards as compared to 2017 and yielded decreased revenues of $209,518.

During 2018, 47,385 cubic yards of material delivered to the site in 2017 was processed, along with 63,514 cubic yards of material delivered in 2018, at a total cost of $1,025,800. Approximately 40,837 cubic yards of material received in 2018, will be processed in 2019, at an approximate cost of $377,742. During 2018, the Authority also accepted an additional 102,446 cubic yards of material that will be permanently stored on the site as the material is not suitable for processing and used approximately 16,500 cubic yards of material in the 2018 CDF 12 capital improvement project. Other costs related to sediment management operations included approximately $71,780 for security related costs, $34,250 for road maintenance, $17,420 for wildlife management and mowing and $6,990 in water sampling expenses.

Facilities Lease and Maintenance: Facilities lease and maintenance expense increased by approximately $166,070 from 2017 to $814,504. During 2018, the Authority paid $70,650 to a contractor to remove legacy stockpiles of stone and materials from Dock 22 North. The Authority also incurred an additional $44,500 in repair and preventive maintenance costs as compared to 2017, for Port owned operating equipment including the mobile harbor cranes, industrial trucks and other large equipment. The Authority also incurred $35,770 in bi-annual costs to perform maintenance paving and striping on the cargo docks.

Marketing and Communications: Marketing and communication expense increased by $125,055 in 2018 as compared to 2017. The Port hosted a public festival at the Rock & Roll Hall of Fame and North Coast Harbor in August of 2018 to celebrate the Port's 50th Anniversary. The increase in this category was primarily related to the public event.

Depreciation Expense: Depreciation Expense decreased by approximately $56,000 to $2,384,811 as compared to 2017. The primary reason for the decrease in this category was a decrease in depreciation of the CDF 12 processing center which is based on consumption of capacity. During 2018, the Authority permanently stored approximately 104,500 cubic yards of material as compared to 138,700 cubic yards in 2017.

Office Expense: Office expenses increased to $77,562 in 2018 which is consistent with 2017 expenses.

Business & Other Expense: Business and other expenses decreased by $2,334 in 2018, mainly due to a decrease in staff training and education expenses of $13,400 as several programs of study were completed during 2017. This decrease was offset by an $11,850 increase in dues and memberships.

Nonoperating Revenues (Expenses):

- ***Nonoperating Grant and Contribution Revenue:*** In 2018, the Authority received a contribution from the Ohio Environmental Council in honor of Barbara Martin for use at the Cleveland Lakefront Nature Preserve. In 2017 the Authority received several nonoperating grants and contributions totaling $152,260. The Authority received $80,000 from the State of Ohio and $35,000 in contributions from project partners to conduct a planning study for the Irishtown Bend Redevelopment Plan. The Ohio Lake Erie Commission also provided a $26,200 grant toward a study to improve bed load interception related to the Authority's dredge material program. The Authority also received approximately $11,000 in 2017 from the Ohio Department of Natural Resources toward the securing of an NPDES permit.

- ***Property Tax Receipts***: A large portion of nonoperating revenues results from the Authority's .13 mill property tax levy. Net tax receipts decreased by $43,887 in 2018 as compared to 2017. The County Fiscal Office deducts expenses incurred on behalf of taxing districts from the property taxes it collects on behalf of and distributes to those districts. In 2018, $84,328 was deducted for election expense pertaining to the Port's 2017 levy. The increase in expense was offset by increased tax receipts.

- ***Intergovernmental Revenue:*** The Authority recorded $329,232 in 2018 Real Property Homestead Tax Rollback receipts. The decrease of $164,498 as compared to 2017 is the result of an additional $165,000 being recognized in 2017 as the result of recording a receivable, in accordance with

GASB standards, for approximately one half of the Rollback receipts that would be received in 2018. No entry was required to adjust the receivable amount in 2018.

- ***Income from Investments:*** Investment income increased by $34,655 as compared to 2017 primarily as the result of increased interest earnings on the Authority's depository funds due to an account type change and a somewhat improved interest rate environment.

- ***Gain on Insurance Recovery:*** The Authority recognized $47,891 in gains in 2017 as damage caused to security monitoring equipment was recovered by the Authority through its insurer. No insurance gain or loss was recognized during 2018.

- ***Interest Expense:*** Interest expense decreased by $17,899 as a result of decreasing principal on the Authority's direct debt obligations.

- ***Other Revenue***: In 2018, $15,691 in other revenue was recognized by the Authority as a previously reported liability was deemed unsubstantiated. In 2017, $7,205 was received in remaining funds originating from a class action settlement pursued by the Ohio Attorney General on behalf of the Authority in connection with a municipal bond derivatives antitrust investigation.

- ***Capital Grants and Contributions:*** In 2018, $762,528 in capital grants and contributions were recognized. The Authority recognized $758,353 from ODOT in FHWA funds for the CBT Dock Rehabilitation Project (see Note 16). The Authority also received a $4,175 capital contribution from a third party for improvements made on the Cleveland Bulk Terminal.

Net Position

The following chart details the Authority's net position at December 31, 2018 and 2017:

	2018	Restated 2017
Total	$ 74,176,412	$ 69,797,090

Total net position increased by $4.4 million or 6.3% in 2018**.**

This increase is primarily due to the receipt of nonoperating revenues of $3.1 million, the largest components of which are property tax receipts, intergovernmental revenue, and income from investments.

Operating profits increased by $480,766 to $484,160 in 2018. Operating revenues decreased by $801,711 to $9.6 million in 2018 as compared to 2017. Financing fee revenue remained strong at $3.4 million but fees were $317,892 less than the record fees recorded in 2017. Other decreases include maritime fees resulting from decreased cargo throughput and sediment management fees primarily the result of decreased disposal activity. Operating expenses decreased by $1.3 million in 2018 as compared to 2017, primarily the result of a final $1.0 million expended in direct funding of the liner service that occurred in 2017. The cost of sediment management operations also decreased by $447,497 as less sediment was processed.

Capital grants increased by $608,278 in 2018 as compared to 2017 as construction of the CBT bulkhead project, supported in part by grant funds, commenced during the fourth quarter of 2018.

Factors Expected to Impact the Authority's Future Financial Position or Results of Operations

Looking ahead to 2019, total operating revenues are expected to be slightly lower than 2018. The "core" operations of maritime are expected to be similar and cargo throughput is expected to remain at or above 2018 levels. Fees generated by development finance are forecasted to normalize as compared to the record levels of the past several years and are forecasted to generate approximately $1.5 million in revenue during 2019. Sediment management fees are expected to increase by $1.2 million in 2019 offsetting the decrease in financing fee revenue. This change in operating revenue mix will result in increased operating costs related to sediment management operations. Although, 2019 operating results are expected to reflect a more conservative level of financing fee revenue than 2018, positive operating results before depreciation are anticipated.

Nonoperating revenues are expected to remain essentially flat in 2019 as compared to 2018. The Authority's .13 mill renewal levy was approved by the voters of Cuyahoga County in November of 2017. This levy will generate approximately $3 million in tax receipts annually to the organization through 2023 and are unencumbered and available to fund organizational initiatives.

In 2018, the Authority accepted a total of $6.4 million in repurposed grant earmarks made available from the Federal Highway Administration through the Ohio Department of Transportation to make an estimated $9.6 in capital improvements to the Cleveland Bulk Terminal. The Authority expects to recognize $5.6 million in capital grant revenues related to this project in 2019.

The Authority will continue to pursue additional funds from other sources, which has the potential to increase nonoperating revenues. This strategy has been successful in the past and is key to funding our capital plans. In summary, 2019 is expected to be similar to 2018, with heavy investment in port infrastructure generated from external funds. Underlying all of our initiatives is a strong Statement of Net Position.

Contacting the Authority's Finance Department

The financial statements are designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about these financial statements or need additional financial information, please contact Chief Financial Officer, Carl Naso, Cleveland-Cuyahoga County Port Authority, 1100 West 9th Street – Suite 300, Cleveland, Ohio 44113.

Cleveland-Cuyahoga County Port Authority

Statement of Net Position

December 31, 2018

Assets:	
Current assets:	
Cash and investments	$ 17,336,938
Accounts receivable, net	1,528,660
Interest receivable	28,348
Prepaid expenses	129,725
Grants receivable	758,353
Intergovernmental receivable	165,000
Property taxes receivable	2,835,000
Total current assets	22,782,024
Non-current assets:	
Capital assets:	
Construction in progress	1,353,175
Land and land improvements	19,459,708
Buildings, infrastructures, and leasehold improvements	53,661,618
Equipment	8,332,198
Total	82,806,699
Less: accumulated depreciation	(26,870,310)
Net book value of capital assets	55,936,389
Restricted and other assets:	
Restricted cash and investments	9,169,252
Net pension asset	117,074
Other	33,837
Total restricted and other assets	9,320,163
Deferred outflow of resources	
Pension	396,060
Other postemployment benefits	101,170
Debt refunding	18,229
Total deferred outflow of resources	515,459
Total assets and deferred outflow of resources	88,554,035

(continued)

The accompanying notes are an integral part of these financial statements.

Cleveland-Cuyahoga County Port Authority

Statement of Net Position (continued)

December 31, 2018

Liabilities:	
Current liabilities:	
Accounts payable	$ 1,964,438
Accrued wages and benefits	291,853
Unearned income	59,349
Current portion of bonds and loans to be repaid by the Authority:	
Cleveland Bulk Terminal Project	163,260
Port Capital Improvements (2016B Bonds)	205,000
Maritime Facilities Project (2016A Bonds)	175,000
Total current liabilities	2,858,900
Current liabilities payable from restricted assets:	
Accrued interest payable	15,413
Total current liabilities payable from restricted assets	15,413
Other liabilities - including amounts relating to restricted assets:	
Net pension liability	1,197,887
Net other postemployment benefits liability	1,374,783
Unearned income	26,493
Long-term bonds and loans, net of current portion:	
Cleveland Bulk Terminal Project	3,786,775
Port Capital Improvements (2016B Bonds)	1,508
Maritime Facilities Project (2016A Bonds)	1,774,025
Total other liabilities	8,161,471
Deferred inflow of resources	
Property taxes	2,835,000
Pension	387,074
Other postemployment benefits	119,765
Total deferred inflow of resources	3,341,839
Total liabilities and deferred inflow of resources	14,377,623
Net position:	
Net investment in capital assets	49,830,821
Restricted for other purposes	9,161,223
Unrestricted	15,184,368
Total net position	$ 74,176,412

The accompanying notes are an integral part of these financial statements.

Cleveland-Cuyahoga County Port Authority

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended December 31, 2018

Operating revenues:	
Wharfage, dockage, and storage	$ 1,755,613
Property lease and rentals	1,637,668
Financing fee income	3,415,915
Foreign trade zone fees	84,500
Sediment management fees	2,326,142
Parking revenues	160,146
Other	267,583
Total operating revenues	9,647,567
Operating expenses:	
Salaries and benefits	2,888,353
Professional services	886,488
Sustainable infrastructure services	337,823
Cost of sediment management operation	1,156,240
Facilities lease and maintenance	814,504
Marketing and communications	409,518
Depreciation expense	2,384,811
Office expense	77,562
Other expense	208,108
Total operating expenses	9,163,407
Operating profit	484,160
Nonoperating revenues (expenses):	
Noncapital grant revenue	8,167
Property tax receipts, net of $134,180 expense	2,689,813
Intergovernmental revenue	329,232
Income from investments	315,671
Interest expense	(227,940)
Gain on disposal of capital assets	2,000
Other revenue	15,691
Total nonoperating revenues (expenses)	3,132,634
Change in net position before capital grants	3,616,794
Capital grants	762,528
Change in net position	4,379,322
Net position – beginning of year, restated	69,797,090
Net position – end of year	$ 74,176,412

The accompanying notes are an integral part of these financial statements.

Cleveland-Cuyahoga County Port Authority

Statement of Cash Flows

For the Year Ended December 31, 2018

Operating activities:	
Receipts from customers	$ 8,936,083
Payments to suppliers for goods and services	(3,764,948)
Payments to employees	(2,019,452)
Payments of employee benefits	(682,428)
Net cash provided by operating activities	2,469,255
Noncapital financing activities:	
Net proceeds from property tax collections	2,689,813
Net proceeds from governments	329,232
Cash received from other sources	8,167
Net cash provided by noncapital financing activities	3,027,212
Capital and related financing activities:	
Cash received from capital grants and contributions	4,175
Principal paid on debt	(722,417)
Interest paid on debt	(239,396)
Acquisition and construction of capital assets	(4,676,872)
Net cash used in capital and related financing activities	(5,634,510)
Investing activities:	
Purchase of investment securities	(12,694,360)
Proceeds from sale and maturity of investment securities	12,695,069
Interest on investments	307,598
Net cash provided by investing activities	308,307
Net increase in cash and cash equivalents	170,264
Cash and cash equivalents – beginning of year	19,244,327
Cash and cash equivalents – end of year	$ 19,414,591

(continued)

The accompanying notes are an integral part of these financial statements.

Cleveland-Cuyahoga County Port Authority

Statement of Cash Flows (continued)

For the Year Ended December 31, 2018

Reconciliation of operating profit to net cash provided by operating activities:	
Operating profit	$ 484,160
Adjustments to reconcile operating profit to net cash provided by operating activities:	
Depreciation	2,384,811
Changes in assets and liabilities:	
Accounts receivable	(744,848)
Net pension asset	(68,208)
Operating lease receivables	363
Prepaid expenses and other assets	200,654
Deferred outflow, pension	399,750
Deferred outflow, other postemployment benefits	(83,177)
Accounts payable	(75,359)
Unearned income and other	33,001
Accrued wages and benefits	45,309
Pension liability	(650,425)
Net other postemployment benefit liability	72,367
Deferred inflow, pension	351,092
Deferred inflow, other post-employment benefits	119,765
Net cash provided by operating activities	$ 2,469,255
Reconciliation cash and investments reported on the Statement of Net Position to cash and cash equivalents reported on the Statement of Cash Flows:	
Statement of Net Position cash and investment amounts:	
Included in current assets	$ 17,336,938
Included in restricted and other assets	9,169,252
Total	26,506,190
Investments included in the balances above that are not cash equivalents	(7,091,599)
Cash and cash equivalents reported in the Statement of Cash Flows	$ 19,414,591
Supplemental schedule of non-cash investing, capital and related financing activities:	
Increase in capital assets due to accounts payable	$ 1,509,905
Increase in nonoperating revenue due to accounts payable	$ 15,454

The accompanying notes are an integral part of these financial statements.

Cleveland-Cuyahoga County Port Authority

Statement of Fiduciary Net Position
Fiduciary Funds (in thousands)

December 31, 2018

Assets:		
Cash and cash equivalents	$	134,523
Notes and loans receivable		771,253
Financing lease receivable		1,093,402
Capital assets, net of accumulated depreciation		207,172
Total assets	$	2,206,350
Liabilities:		
Revenue bonds and notes payable	$	2,206,350

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Reporting Entity – The Cleveland-Cuyahoga County Port Authority (the "Authority," the "Port Authority," or the "Port") is a body corporate and politic established pursuant to Chapter 4582 of the Ohio Revised Code to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio, including Ohio Revised Code Sections 4582.01 through 4582.20 and Section 4582.60. As authorized by Ohio Revised Code section 4852.02, the City of Cleveland and Cuyahoga County, Ohio created the Authority in 1968.

The Authority's authorized purposes include the following: (1) activities that enhance, foster, aid, provide or promote transportation, economic development, housing, recreation, education, government operations, culture, or research within the jurisdiction of the Authority, and (2) activities authorized by Section 13 and 16 of Article VIII of the Ohio Constitution. The Authority is given broad powers pursuant to Ohio Revised Code Sections 4582.01 through 4582.20 and Section 4582.60 to undertake activities to carry out the authorized purposes as defined above.

The Board of Directors (the "Board") is the governing body of the Authority. The Board consists of nine members each of whom shall serve for a term of four years, of which six are appointed by the Mayor of the City of Cleveland, with advice and consent of the Cleveland City Council and three are appointed by the County Executive, subject to confirmation by the Cuyahoga County Council.

This conclusion regarding the financial reporting entity is based on the concept of financial accountability or the existence of an organization that raises and holds economic resources for the direct benefit of the Authority. The Authority is not financially accountable for any other organization nor is any other organization accountable for the Authority. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provisions of the Ohio Revised Code. In addition, no other organization raises and holds economic resources for the direct benefit of the Authority. The Authority has no component units.

Basis of Accounting **–** The accompanying financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities as prescribed by the Governmental Accounting Standards Board (GASB). The statements were prepared using the economic resources measurement focus and the accrual basis of accounting. The Authority's enterprise fund financial statements as well as the fiduciary fund financial statement are prepared using the accrual basis of accounting.

Revenue is recorded on the accrual basis when the exchange takes place. Expenses are recognized at the time they are incurred. Revenues received in advance are deferred and recognized as earned over the period to which they relate. The Authority's activities are financed and operated as an enterprise fund such that the costs and expenses, including depreciation, of providing the services are recovered primarily through user charges and property taxes. Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include property taxes, interest rate swap agreements, grants, entitlements and donations. Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Note 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation – The Authority's basic financial statements consist of a Statement of Net Position, Statement of Revenue, Expenses and Changes in Net Position, Statement of Cash Flows, and Statement of Fiduciary Net Position. The Authority uses a single enterprise fund and a fiduciary fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the entity under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the entity's own programs. The Authority's fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Authority's only fiduciary fund is used to account for No-Commitment (conduit) Debt financing as an agent for other governments, not-for-profits or companies.

Measurement Focus – The measurement focus is on the determination of revenues, expenses, financial position, and cash flows as the identification of these items is necessary for appropriate capital maintenance, public policy, management control, and accountability.

Conduit Debt – As part of its efforts to promote economic development within northeastern Ohio the Authority has issued debt obligations and loaned the proceeds to industrial, commercial, governmental and nonprofit organizations, primarily located within Cuyahoga County, Ohio. The obligations are secured by the property financed and are payable solely from the payments received by the trustee from the borrowers or other sources designated in the related agreements.

All financings classified as Conduit Debt are reflected in the Authority's Statement of Fiduciary Net Position.

From time to time, the Authority also acts as a conduit borrower to other public and private entities for certain federal, state and local loan programs in order to promote economic development in the region. These amounts are not reflected in the Statement of Fiduciary Net Position as the funds are not obligations issued by the Authority, are often secured by different forms of collateral and not always on deposit with a trustee. The Authority has no obligation to repay these loans in the event the recipient (obligor) is unable to make payments.

Cash Equivalents and Investments – For the purposes of the Statement of Net Position and Statement of Cash Flows, the Authority considers cash and cash equivalent to consist of all bank deposits, money market funds and other short-term, liquid investments that are readily convertible to cash and have a maturity of less than 30 days.

The Authority's investments (including cash equivalents) are recorded at fair value.

Note 1: Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation – The Authority capitalizes and records capital asset additions or improvements at historical cost. Expenditures for maintenance and repairs are charged to operating expenses as incurred. Adjustments of the assets and the related depreciation reserve accounts are made for retirements and disposals with the resulting gain or loss included in income. Depreciation begins when an asset is placed in service and is determined by allocating the cost of each fixed asset over its estimated useful life on the straight-line basis. Assets that are capitalized must be tangible in nature, have a useful life in excess of two years, and have a cost equal to or exceeding $3,000. The general ranges of estimated useful lives by type of capital asset are as follows:

Buildings and infrastructures	10-40 years
Leasehold improvements	10-40 years
Equipment	3-30 years

Debt Issuance Costs – The costs associated with the issuance of the revenue bonds, where the Authority is obligated for the outstanding debt are expensed in accordance with GASB Statement No. 65.

Interest Cost – Interest cost incurred by the Authority in connection with a construction project that requires a period of time before the project is ready for its intended use is capitalized as part of the cost of the project. All other interest costs are expensed as incurred.

Compensated Absences – It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued and reported as a liability when earned by the Authority's employees. Unused vacation leave may be carried forward; however, amounts in excess of the allowed maximum must be forfeited at the end of each calendar year. The Authority allows accumulation of 960 hours of sick leave, which can only be used in the event of an illness. There is no liability for unpaid, accumulated sick leave since employees do not receive payment for unused sick time.

Net Position – Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws and regulations of their governments. The Authority reports restricted net position for other purposes, none of which is restricted by enabling legislation. The Authority applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

Lease Accounting – The Authority classifies leases at the inception of each lease in accordance with Governmental Accounting Standards Board Statement 62*,* except for leases that are not recognized for accounting purposes under Interpretation No. 2 of the Governmental Accounting Standards Board, *Disclosure of Conduit Debt Obligations,* because they secure the repayment of conduit debt.

Note 1: Summary of Significant Accounting Policies (continued)

Operating Lease Income – For operating leases that have scheduled increases in the minimum rentals specified under the leases, the Authority recognizes rental income on a straight-line basis over the lease term unless the increases are deemed systematic and rational, in which case rental income is recognized as it accrues under the terms of the rental agreement. The difference between the rentals received and the rental income recorded is shown as an operating lease receivable or unearned income in the accompanying Statement of Net Position.

Financing Fee Income – Fees associated with conduit debt transactions are recognized in operating income as they are received. Such fees will only be paid while the related debt is outstanding; therefore, they are subject to the risk that the debt will be repaid in advance of its scheduled maturity. Additionally, fees associated with new market tax credits are also recognized as they are received.

Nonoperating Revenues and Expenses – Revenues and expenses not meeting the definition of operating revenues and expenses. Nonoperating revenues and expenses include revenues and expenses from capital and related financing activities, as well as investing activities.

Statement of Cash Flows – For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as bank demand deposits, money market investments and amounts invested in overnight repurchase agreements, if any.

Restricted Assets and Related Liabilities – Bond indentures, Board actions and other agreements require portions of debt proceeds as well as other internal resources of the Authority to be set aside for various purposes. These amounts are reported as restricted assets along with the unspent proceeds of the Authority's debt obligations. The liabilities that relate to the restricted assets are included in current liabilities payable from restricted assets and in other liabilities in the accompanying Statement of Net Position.

Pensions / Other Postemployment (OPEB) Liabilities - For purposes of measuring net pension/OPEB liability, deferred outflow of resources and deferred inflow of resources related to pension/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the state pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value. Additional details on the pension/OPEB systems are provided in Note 5 and Note 6 respectively.

Deferred Outflows/Inflows of Resources - In addition to assets, the financial statements report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position, which applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources include a deferred charge for future pension and OPEB obligations. The deferred outflows of resources related to pensions and OPEB plans are explained respectively in Note 5 and Note 6.

Note 1: Summary of Significant Accounting Policies (continued)

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include property taxes and changes in net pension and net OPEB obligations. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 operations. The deferred inflows of resources related to pensions and OPEB are explained respectively in Note 5 and Note 6.

Budgetary Accounting and Control – The Authority's annual budget, as provided by law, is prepared on the accrual basis of accounting. The budget includes amounts for current year revenues and expenses.

The Authority maintains budgetary control by not permitting total expenditures to exceed total appropriations without amendment of appropriations by the Board of Directors. The Board is given quarterly updates on the financial performance of the Authority throughout the fiscal year.

Newly Adopted Accounting Pronouncements **-** For the year ended December 31, 2018, the Authority implemented the following Governmental Accounting Standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. These changes were incorporated in the Authority's 2018 financial statements; and the effect on beginning net position is disclosed in Note 2 and additional information is presented in Note 6.

GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this GASB pronouncement did not result in any changes to the Authority's financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources—that is, resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the purpose of extinguishing debt. The implementation of this GASB pronouncement did not result in any changes to the Authority's financial statements.

Newly Issued Accounting Pronouncements, Not Yet Adopted

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This pronouncement is effective for reporting periods beginning after December 15, 2018. The Authority has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

Note 1: Basis of Presentation and Significant Accounting Policies (continued)

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The effective date of this standard is reporting periods beginning after December 15, 2019. The Authority has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* issued in June 2018, establishes guidance designed to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period by simplifying accounting for interest cost incurred before the end of a construction period. The effective date for this standard is reporting periods beginning after December 15, 2019. The Authority has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

Note 2: Change in Accounting Principle and Restatement of Net Position

In 2018, the Authority implemented Governmental Accounting Standards Board, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense. The implementation of this pronouncement had the following effect (restatement) on beginning net position as reported as of December 31, 2017:

Net Position December 31, 2017	$ 71,081,513
Adjustments:	
Net OPEB Liability	(1,302,416)
Deferred Outflow – Payments Subsequent to Measurement Date	17,993
Restated Net Position December 31, 2017	$ 69,797,090

Other than employer contributions subsequent to the measurement date, the Authority made no adjustments for deferred outflows or deferred inflows of resources from the state retirement plans for the prior year as the relevant information was not available.

Note 3: Deposits and Investments

Deposits – The Authority's depository requirements are governed by state statute and require that deposits be placed in eligible banks or savings and loans located in Ohio. In 2017, the Ohio Treasurer's Office created the Ohio Pooled Collateral System (OPCS) as required by House Bill 64 of the 131st General Assembly. The OPCS allows an eligible public depository to pledge collateral to the Treasurer's Office to secure local government deposits. Under OPCS, the Treasurer's Office monitors a participating financial institutions pledge of collateral securities and establishes and maintains a perfected security interest in the pledge of collateral securities. OPCS allows for greater efficiency and seeks to reduce the costs for participating public units and financial institutions. OPCS is one of two options available to financial institutions to collateralize public deposits in Ohio.

Financial institutions chose to 1) participate in the pooling method (OPCS) collateralizing at 102% or a rate set by the Treasurer's Office and approved by the public entity or 2) not participate in OPCS and collateralize with a specific pledge method at 105%. The Authority's depository accounts are held at a financial institution that chose to participate in the OPCS program and are currently collateralized at a market value at least equal to 102.0% of the amount of deposits not insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority has no deposit policy for custodial risk beyond the requirements of state statute. At December 31, 2018 the carrying amounts of the Authority's deposits were $16,487,524 and the related bank balances were $16,560,959, of which $250,000 was covered by federal depository insurance and $16,310,959 was uninsured and collateralized under the OPCS program.

Investments – The Authority's investment policies are governed by state statutes that authorize the Authority to invest in obligations of the U.S. government, its agencies and instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; money market mutual funds; and repurchase transactions and commercial paper. Repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or from any eligible dealer who is a member of the National Association of Securities Dealers. Repurchase transactions are not to exceed a period of 30 days and must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of, or guaranteed by, the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instrument, contract or obligation whose value or return is based upon, or linked to, another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

Note 3: Deposits and Investments (continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policies limit its investment portfolio to maturities of five years or less, unless an investment is matched to a specific obligation, which is in accordance with Ohio law. All of the Authority's investments at December 31, 2018 have effective maturity dates of less than five years, with the exception of $478,267, which was deposited with a trustee in 2014 as an additional reserve for the Common Bond Fund (See Note 17).

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policies authorize investment obligations of the U.S. Treasury, U.S. agencies and instrumentalities, interest bearing demand or time deposits, State Treasury Asset Reserve of Ohio (STAROhio), money market mutual funds, commercial paper, repurchase agreements, and in certain situations, prefunded municipal obligations, general obligations of any state, and other fixed income securities. Repurchase transactions are not to exceed 30 days. STAROhio is an investment pool created pursuant to Ohio statutes and is managed by the Treasurer of the State of Ohio.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Authority's investment policies provide that investments be diversified to reduce the risk of loss from over-concentration in a single issuer, specifying that no more than 50% of the Authority's total investment portfolio will be invested in a single security type, with the exception of obligations of the U.S. Treasury and STAROhio.

Approximately $4.2 million of the Authority's total investment balance is invested in a Guaranteed Investment Contract (GIC) until 2027, which collateralizes bonds issued under the Common Bond Fund Program. The GIC provider guarantees a rate of return and has the option of purchasing securities to meet that obligation, so long as they are listed as an "Eligible Investment" in the Trust Indenture. The Authority applies the 50% test to its existing investment portfolio that is maintained outside of the Trust Indenture.

The following table presents fair value, length of maturity and the credit ratings of the Authority's investments at December 31, 2018:

	Fair value	Rating*	Less than one year	One to five years	More than five years	Percentage of investments
Federated Government Obligations	$ 2,780,160	AAA	$ 2,780,160	$ -	$ -	27.7%
First American Treasury	5,294	AAA	5,294	-	-	0.1%
Certificates of Deposit	974,923	N/A	243,979	730,944		9.7%
Federal National Mortgage Association	687,126	AAA	-	441,199	245,927	6.9%
Guaranteed Investment Contract	4,230,825	N/A	4,230,825	-	-	42.2%
United States Treasury Notes	755,438	AAA	755,438	-	-	7.5%
Federal Home Loan Mortgage Corporation	340,364	AAA	-	108,024	232,340	3.4%
Federal Farm Credit Banks	244,546	AAA	244,546	-	-	2.4%
Total	$ 10,018,676		$ 8,260,243	$ 1,280,167	$ 478,267	100.0%

*Moody's Investor Service

Deposits and investments at December 31, 2018 relating to the conduit debt held by trustees and other third parties was approximately $134,522,800.

Note 4: Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy based on the valuation inputs used to measure the fair value of the asset, as follows:

Level 1: inputs are quoted prices in active markets for identical assets.
Level 2: inputs are significant other observable inputs other than quoted prices.
Level 3: inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The Authority has the following recurring fair value measurements as of December 31, 2018.

Assets and Liabilities Measured at Fair Value on a Recurring Basis:

	Balance at 12/31/2018	Fair Value Measurements Using Level 1	Level 2	Level 3
Money Market Mutual Funds	$ 2,785,454	$ 2,785,454	$ -	$ -
U.S. Agencies	1,272,036	-	1,272,036	-
Certificates of Deposit	974,923	-	974,923	-
U.S. Treasury Notes	755,438	-	755,438	-
Total investments by fair value level	$ 5,787,851	$ 2,785,454	$ 3,002,397	$ -

The Authority's investment of $4,230,825 at December 31, 2018 is invested in a Nonparticipating Guaranteed Investment Contract which is not subject to fair value measurement.

Level 1 investments include money market investments that are valued at amortized cost which approximates fair value.

Level 2 investments include U.S. Agencies, U.S. Treasury Notes and Certificates of Deposit. The evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

Note 5: Defined Benefit Pension Plans

Net Pension/Other Postemployment Benefits (OPEB) Liability

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

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions/OPEB financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68 and 75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) state statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits including primarily health care. In most cases, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium.

State statute requires the retirement systems to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, each retirement system's board must propose corrective action to the state legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required contribution outstanding at the end of the year is included as an accrued liability. The remainder of this note includes the required pension disclosures. See Note 6 for the required OPEB disclosures.

Note 5: Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., Authority employees) may elect the member-directed plan, substantially all employee members are in OPERS' traditional or combined plans; therefore, the following disclosure focuses on the traditional and combined plans.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earning over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

The traditional plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and FAS. Pension benefits are funded by both member and employer contributions and investment earnings on those contributions.

The following table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the traditional plan (see OPERS CAFR referenced above for additional information):

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

Note 5: Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient retiring under the traditional plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member's base benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%. Additionally, a death benefit of $500 – $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the traditional plan.

The combined plan is a defined benefit plan with elements of a defined contribution plan. Members earn a formula benefit similar to, but at a factor less than the traditional plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement, the member may choose a defined contribution distribution that is equal to the member's contributions to the plan and investment earnings (or losses). Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Benefits in the combined plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the combined plan is the same as the traditional plan.

Members retiring under the combined plan receive a 3% COLA on the defined benefit portion of their benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Additionally, a death benefit of $500 – $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the combined plan.

Note 5: Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

The subsequent table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the combined plan (see OPERS CAFR referenced above for additional information):

Group A	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Formula:** 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Formula:** 1.0% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS Board. Both member-directed plan and combined plan members who have met the eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year.

At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll for members in the state and local classifications.

Note 5: Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 1% for 2017 and 0% for 2018. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for the traditional plan net of postemployment health care benefits, for 2018 were $173,695. The contractually required contribution for the combined plan net of postemployment health care benefits for 2018 $54,109. $17,957 is reported as accrued wages and benefits at December 31, 2018.

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The active member population which consists of members in the traditional and combined plans is assumed to remain constant. For purposes of financing the unfunded actuarial accrued liabilities, total payroll is assumed to grow at the wage inflation rate indicated below.

The total pension liability/asset for the measurement periods December 31, 2017 were determined using the following actuarial assumptions that follow and as applied to all periods included in the measurement:

Key Methods and Assumptions Used in Valuation of Total Pension Liability - 2017 Measurement

	OPERS Traditional Plan	OPERS Combined Plan
Valuation Date	December 31, 2017	December 31, 2017
Experience Study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%	3.25 to 8.25%
COLA or Ad Hoc COLA:	3% Simple	3% Simple
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple	3% Simple though 2018 then 2.15% Simple

Note 5: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

OPERS conducts an experience study every five years in accordance with Ohio Revised Code Section 145.22. The study for the five-year period ended December 31, 2015 and methods and assumptions were approved and adopted by the OPERS Board of Trustees.

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010.

The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 Mortality Improvement Scale to the above described tables.

For 2016 and prior actuarial valuations, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for males and females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. The money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for changing amounts actually invested for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

Note 5: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	2017 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.0%	2.20%
Domestic Equities	19.0%	6.37%
Real Estate	10.0%	5.26%
Private Equity	10.0%	8.97%
International Equities	20.0%	7.88%
Other investments	18.0%	5.26%
Total	100.0%	5.66%

Discount Rate The discount rate used to measure the total pension liability for measurement year 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5%) or one-percentage-point higher (8.5%) than the current rate:

Authority's proportionate share of net pension (asset) at December 31, 2018:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability – traditional	$ 2,124,173	$ 1,197,887	$ 422,578
Authority's proportionate share of the net pension asset – combined	$ (63,640)	$ (117,074)	$ (153,940)

Changes between Measurement Date and Report Date In October 2018, the OPERS Board voted to lower the investment return assumption for its defined benefit fund from 7.5% to 7.2%. This assumption change will impact OPERS annual actuarial valuation prepared as of December 31, 2018.

Note 5: Defined Benefit Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS as of December 31, 2018 was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Subsequent payments made during the current fiscal year are accounted for as deferred outflows. Where previously we presented year to year comparison of changes in pension liabilities and pension expense by plan, the following table reflects the proportionate share of pension expense for the current and prior years for all plans and thus the Authority, in total. The related deferred outflows and deferred inflows of resources associated with the pension liability are presented below.

2018 net pension assets and liabilities:

	OPERS Traditional	OPERS Combined	Total
Proportion of the net pension liability/asset prior measurement date	0.008132%	0.087799%	
Proportion of the net pension liability/asset current measurement date	0.007625%	0.086000%	
Change in Proportionate Share	(0.000507%)	(0.001799%)	
Proportionate share of the net pension assets	$ -	$ 117,074	$ 117,074
Proportionate share of the net pension liabilities	$ 1,197,887	$ -	$ 1,197,887
Pension expense	$ 240,796	$ 19,217	$ 260,013

At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	Total
Deferred outflow of resources			
Authority contributions subsequent to the measurement date	$ 173,695	$ 54,109	$ 227,804
Differences in employer contributions and change in proportionate share	11,520	2,328	13,848
Difference between expected and actual experience	1,221	-	1,221
Change in assumptions	142,956	10,231	153,187
Total deferred outflow of resources	$ 329,392	$ 66,668	$ 396,060

Note 5: Defined Benefit Pension Plans (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	OPERS Traditional	OPERS Combined	Total
Deferred inflow of resources			
Differences in employer contributions and change in proportionate share	$ 53,340	$ -	$ 53,340
Differences between projected and actual earnings on pension plan investments	256,812	18,471	275,283
Difference between expected and actual experience	23,574	34,877	58,451
Total deferred inflow of resources	$ 333,726	$ 53,348	$ 387,074

The $227,804 reported as deferred outflows of resources related to pension resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional	OPERS Combined	Total
Fiscal Year Ending December 31:			
2019	$ 90,478	$ (5,555)	$ 84,923
2020	(49,893)	(6,060)	(55,953)
2021	(113,086)	(10,199)	(123,285)
2022	(105,528)	(9,762)	(115,290)
2023	-	(3,276)	(3,276)
2024-2027	-	(5,937)	(5,937)
	$ (178,029)	$ (40,789)	$ (218,818)

Note 6: Defined Benefit, Postemployment Benefits Other Than Pensions

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Authority has one specific plan, OPERS that qualify as OPEB according to guidelines presented within GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

Note 6: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the traditional plan and combined plan was 1% in 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2017 was 4%.

Note 6: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

The OPEB liability for OPERS was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the respective retirement systems relative to the contributions of all participating entities. The Authority's proportionate share of the OPERS net OPEB liability as of December 31, 2018 was $1,374,783. As this is the first year of implementation, prior year information was not available to provide comparative analysis of changes.

Changes in actuarial valuation of the net OPEB liability, changes in deferred outflows and deferred inflows, subsequent plan contributions and amortization of changes in proportionate share from year to year may have either a positive or negative effect to the Authority's recognition of OPEB expense for the period. As this is the first year of implementing the change in financial reporting as required under GASB Statement No. 75, prior year comparable data is unavailable. In 2018, the Authority's recognition of its proportionate share of OPEB expense with respect to OPERS Ohio's health benefit plans resulted in OPEB expense of $108,955.

Deferred outflows and deferred inflows represent the effect of changes in the net OPEB liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions, changes in plan design and changes in the employers' proportion of the collective net OPEB liability. The deferred outflows and deferred inflows are to be included in OPEB expense over current and future periods. The difference between projected and actual investment earnings is recognized in OPEB expense using a straight-line method over five years beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over a 3.0916 years using a straight line method which represents the average expected remaining service lives of all members (both active and inactive). Employer contributions to the OPEB plan subsequent to the measurement date are required to be reported as a deferred outflow of resources. Deferred outflows were $101,170 while deferred inflows were $119,765 related to the Authority's share of OPERS OPEB deferred resources for 2018.

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017.

Note 6: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions – OPERS

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 75:

	Assumptions
Valuation date	December 31, 2016
Rolled-Forward Measurement Date	December 31, 2017
Experience Study	5-year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
Projected payroll/active member increase	3.25% per year
Investment Rate of Return	6.50%
Municipal bond rate	3.31%
Single discount rate of return	3.85%
Healthcare cost trend	Initial 7.5% to 3.25% ultimate in 2028

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.2% for 2017.

Note 6: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions – OPERS

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

The table below displays the System's Board-approved asset allocation policy and the long-term expected rate of return for each major asset class.

Asset Class	Target Allocation	Expected Real Rate of Return*
Fixed Income	34.0%	1.88%
Domestic Equities	21.0%	6.37%
Real Estate Investments	6.0%	5.91%
International Equities	22.0%	7.88%
Other investments	17.0%	5.39%
Total	100.0%	4.98%

* Building block method whereby best-estimate ranges of expected future returns are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

Discount rate A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be met at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Note 6: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions – OPERS (continued)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85%, and the expected net OPEB liability if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
Authority's proportionate share of the net OPEB liability	$ 1,826,458	$ 1,374,783	$ 1,009,382

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1% lower or 1% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Health Care Cost Current Discount Rate	1% Increase
Authority's proportionate share of the net OPEB liability	$ 1,315,374	$ 1,374,783	$ 1,436,150

Changes between Measurement Date and Report Date In October 2018, the OPERS Board voted to lower the investment return assumption for its health care investment portfolio from 6.5% to 6%. This assumption change will impact OPERS annual actuarial valuation prepared as of December 31, 2018.

Note 6: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

OPEB Liabilities, Deferred Outflows, Deferred Inflows and OPEB Expense – OPERS

At December 31, 2018, the Authority reported its proportionate share of net OPEB liabilities and OPEB expense from OPERS, based on December 31, 2017 measurement, as displayed in the subsequent table.

		OPERS
Proportion of the net OPEB liability prior measurement date		0.012895%
Proportion of the net OPEB liability current measurement date		0.012660%
Change in Proportionate Share		(0.000235%)
Proportionate share of the net OPEB liability	$	1,374,783
OPEB expense	$	108,955

At December 31, 2018, the Authority reported deferred outflow and inflow of resources related to OPEB liabilities from OPERS OPEB plan, based on December 31, 2017 measurement, as indicated in the table below:

		OPERS
Deferred outflow of resources		
Differences between projected and actual earnings on plan investments	$	100,099
Difference between expected and actual experience		1,071
Total deferred outflow of resources	$	101,170
Deferred inflow of resources		
Differences in employer contributions and change in proportionate share	$	17,353
Difference between projected and actual earnings on plan investments		102,412
Total deferred inflow of resources	$	119,765

Employer contributions as a percent of covered payroll towards OPEB plans were 1% for the 2017, 0% percent thereafter. OPERS' employer healthcare contributions for the 2017 were 1% of covered payroll or $17,993. No portion of the required 14% was allocated to healthcare in 2018.

Note 6: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

OPEB Liabilities, Deferred Outflows, Deferred Inflows and OPEB Expense – OPERS (continued)

Amounts reported as deferred outflow of resources and deferred inflow of resources, including change in proportionate share, difference between expected and actual experience, changes in assumptions and difference in projected versus actual earnings on investments are amortized as OPEB expense over subsequent periods. The unamortized portion of deferred outflows and deferred inflows are presented below.

		Total
Fiscal Year Ending December 31:		
2019	$	14,470
2020		14,470
2021		(21,933)
2022		(25,602)
	$	(18,595)

Note 7: Property Taxes

Property taxes received by the Authority represent a special levy of .13 mills to fund the Authority's operations. The tax is levied against all real and public utility property located in Cuyahoga County. The 2017 levy (collected in 2018) was based upon assessed valuations of approximately $27.9 billion.

In November of 2017, the voters of Cuyahoga County approved a renewal of the Authority's .13 mill property tax levy. The levy was effective commencing in 2018 and first due for collection in calendar year 2019, continuing for five years through 2022 for collection in calendar year 2023.

The property tax levy approved in November of 2013, was effective commencing in 2013 and was first due for collection in calendar year 2014, continuing for five years through 2017 for collection in calendar year 2018.

Real property taxes are levied each January 1 on the assessed value listed as of the prior January 1. Assessed values are established by the County Fiscal Officer at 35% of appraised market value. Public utility tangible personal property currently is assessed at varying percentages of true value.

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the Authority. Taxes are payable to the County in two equal installments in January and July and, if not paid, become delinquent after December 31. The County Fiscal Officer periodically remits to the Authority its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

Note 8: Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Capital assets not being depreciated:				
Land and land improvements	$ 19,459,708	$ -	$ -	$ 19,459,708
Construction in progress	302,198	1,179,833	(128,856)	1,353,175
Total capital assets not being depreciated	19,761,906	1,179,833	(128,856)	20,812,883
Capital assets being depreciated:				
Buildings, infrastructures, and leasehold improvements	48,923,477	4,738,141	-	53,661,618
Equipment	8,077,476	280,355	(25,633)	8,332,198
Total capital assets being depreciated	57,000,953	5,018,496	(25,633)	61,993,816
Less accumulated depreciation:				
Buildings, infrastructures, and leasehold improvements	23,400,179	1,971,642	-	25,371,821
Equipment	1,110,953	413,169	(25,633)	1,498,489
Total accumulated depreciation	24,511,132	2,384,811	(25,633)	26,870,310
Total capital assets being depreciated, net	32,489,821	2,633,685	-	35,123,506
Capital assets, net	$ 52,251,727	$ 3,813,518	$ (128,856)	$ 55,936,389

Note 9: Long-Term Obligations

Changes in the Authority's long-term obligations for the year ended December 31, 2018 are as follows:

	Balance January 1, 2018	Increase	Decrease	Balance December 31, 2018	Due Within One Year
Cleveland Bulk Terminal Project	$ 4,107,452	$ -	$ (157,417)	$ 3,950,035	$ 163,260
Maritime Facilities Project (2016A)	2,117,985	-	(168,960)	1,949,025	175,000
Port Improvements (2016B)	615,435	-	(408,927)	206,508	205,000
Total	$ 6,840,872	$ -	$ (735,304)	$ 6,105,568	$ 543,260

The decreases above include amortization of reoffering premiums relating to the Maritime Facilities Project (2016A) and Port Improvement (2016B) issuances of $3,960 and $8,927 respectively.

Note 10: Port Improvements (2016B)

In 1999, the Authority issued $5,230,000 in Development Revenue Bonds through the Authority's Bond Fund Program. The bonds were issued tax-exempt, mature on May 15, 2019 and bear interest at a rate of 5.375% per annum. The proceeds were used to: (a) finance a portion of the 1998 acquisition of 15 acres of land on the Old River ($1.5 million); (b) finance a portion of the 2000 improvements to Dock 22 ($1.5 million); (c) finance $945,000 of maritime maintenance and repair projects, including $634,000 for the 2001 rehabilitation of the Authority's heavy lift crane; and (d) finance a part of the Authority's portion of the construction costs of a new port entrance under West Third Street, providing direct access onto and off of State Route 2 ($1.3 million) (Port Entrance Project). Construction on the new $7.2 million Port Entrance Project began in January 2002 and was completed in 2003. A portion of the costs of the Port Entrance Project ($4.8 million) were funded by federal and state grants. The portion of the costs of the project that relate to improvements being made on property that is not owned by the Authority and for which the Authority is not responsible for ongoing maintenance were expensed as incurred.

On May 2, 2016, the Authority issued $1,180,000 in Development Revenue Bonds, Series 2016B (1999 Port Maritime Facilities Refinancing Project) through its Bond Fund; the proceeds of which were used to fully refund the Series 1999A bonds and pay costs of issuance. The Series 2016B bonds were issued tax-exempt, mature on May 15, 2019 and bear interest at a rate of 3.660% per annum.

The Series 2016B Bonds (1999 Port Maritime Facilities Refinancing Project) were sold at a premium of $41,536. The Authority decreased its aggregated debt service payments by $73,597 over the next 3 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $72,374.

The Series 2016B Bonds are secured by non-tax revenues of the Authority.

The bonds outstanding at December 31, 2018 are payable as follows:

Year	Principal	Interest	Total
2019	$ 205,000	$ 3,752	208,752
Total payments	205,000	$ 3,752	$ 208,752
Unamortized premium	1,508		
Total	$ 206,508		

The debt service on the Series 2016B Bonds is paid by the Authority directly to the Bond Fund trustee.

Note 11: Cleveland Bulk Terminal

In March 1997, the Authority purchased a working dock facility, composed of approximately 45 acres of lakefront property and improvements, from Consolidated Rail Corporation for $6,150,000. The property, known as Cleveland Bulk Terminal, is a vessel-to-rail transfer facility.

The Authority subsequently entered into a lease and operating agreement for the entire facility with Oglebay Norton Terminals, Inc., (ONTI), a subsidiary of Oglebay Norton Company (ONC), which extended through March 2017.

Note 11: Cleveland Bulk Terminal (continued)

In 2001, the Authority issued $5,765,000 of Refunding Revenue Bonds, Series 2001, to advance refund the bonds that were issued to acquire the facility. On March 1, 2007, the Authority issued $5,470,000 in Multi-Mode Variable Rate Refunding Revenue Bonds, Series 2007 (2007 Refunding Bonds), in connection with the Cleveland Bulk Terminal project.

The proceeds of the Series 2007 bonds were used to refund the Authority's Taxable Variable Rate Refunding Bonds, Series 2001. The 2007 Refunding Bonds were payable in quarterly installments through 2031 and were not general obligations of, or secured by, the full faith and credit of the Authority.

The 2007 Refunding Bonds enabled the holders of the bonds to demand payment prior to their maturity in 2031 under certain circumstances. As a result, the Authority executed a remarketing agreement and letter of credit with a financial institution which required the financial institution to use its best efforts to resell any portion of the bonds presented before their schedule maturity. Since both the 2001 Bonds and 2007 Refunding Bonds were variable-rate issuances the Authority also entered into a Swap Agreement to synthetically fix the rate of the bonds.

On June 29, 2016, the Authority issued $4,313,887 of Tax-Exempt Refunding Revenue Bonds, Series 2016 (2016 Refunding Bonds) the proceeds of which were used to 1) fully refund the $5,470,000 Multi-Mode Variable Rate Refunding Bonds, Series 2007, 2) pay accrued fees, including without limitation, SWAP termination fees, in connection with the 2007 Refunding Bonds, and 3) fund costs of issuance up to a maximum amount equal to 2% of the amount of the Tax-Exempt Refunding Revenue Bonds, Series 2016.

The Series 2016 Bonds are payable from; (1) rental payments or operating payments made from the Cleveland Bulk Terminal facility pursuant to Leases or Operating Agreements between Issuer, as lessor or owner, and Lessee or operator (including any extensions, modifications, restatements, amendments and/or replacements therefor and/or thereto, the "Lease" or "Operating Agreement" as the case may be, and (2) from non-tax revenues of the Issuer. To secure the payment of the Series 2016 Bonds the Issuer has executed an Assignment of Leases and Rents in favor of the Bond Purchaser respecting the existing Lease or subsequent lease or Operating Agreement.

The principal resulting from the 2016 refunding includes the original principal outstanding of the Multi-Mode Rate Refunding Revenue Bonds, Series 2007 in the amount of $4,080,000 plus the debt issuance costs (including swap termination fees) related to the refunding of $233,887. The current refunding extended the term of the bond agreement for 5 additional years and decreased the interest rate of the life of the bonds from 4.83% to 3.65%. The refunding also terminated the swap agreement the Authority had with the bank.

Note 11: Cleveland Bulk Terminal (continued)

The bonds outstanding at December 31, 2018, are payable as follows:

Year	Principal	Interest	Total
2019	163,260	141,463	304,723
2020	169,320	135,403	304,723
2021	175,604	129,119	304,723
2022	182,122	122,601	304,723
2023	188,882	115,841	304,723
2024 – 2028	1,054,923	468,693	1,523,616
2029 – 2033	1,265,783	257,833	1,523,616
2034 – 2036	750,141	37,061	787,202
Total payments	$ 3,950,035	$ 1,408,014	$ 5,358,049

On April 1, 2017, the Authority entered into an operating agreement for the facility with Logistec USA Inc., a subsidiary of Logistec Corporation. The initial term of the agreement is for ten years with an option to extend for an additional ten-year period (the “Operating Agreement”).

The Operating Agreement provides for base fee payments along with certain additional fees dependent upon the annual tonnage of freight handled at the facility. The Operator has the option to cancel the agreement, with thirty days written notice, in the event Arcelor Mittal, USA, LLC permanently ceases steel making activities in Cleveland, Ohio or chooses an alternate supply chain for its cargo, subject to commercially feasible joint efforts to retain current movement of cargo through CBT. A pro rata rent reduction would be applied should Arcelor temporarily shut down, except for routine maintenance.

The future base fee payments required under the Operating Agreement are as follows:

Year	Amount
2019	400,000
2020	400,000
2021	400,000
2022	400,000
2023	400,000
2024 – 2027	1,300,000
Total payments	$ 3,300,000

The Authority recorded $400,000 of rental income under the Operating Agreement for the year ended December 31, 2018. In addition, the cost and carrying amount of the Authority’s property subject to this Operating Agreement was $13.9 million and $9.9 million, respectively, at December 31, 2018.

On February 8, 2018, the Authority’s Board of Directors approved a Memorandum of Agreement (MOA) among the Authority, U.S. Army Corps of Engineers, Ohio State Historical Preservation Office, Canalway Partners and the Advisory Council regarding application for permit to conduct maintenance dredging at CBT and authorizing expenditures for implementation of the MOA in an amount not to exceed $515,000.

Note 11: Cleveland Bulk Terminal (continued)

When the CBT Terminal was purchased in 1997, the property was listed in the National Register of Historic Places primarily due to the presence of four Hulett ore loaders which had been used to move iron ore off of ships (Huletts) until rendered obsolete by newer technology. In 1997, the Authority submitted a Historic Mitigation Plan to the Cleveland Landmarks Commission that was approved subject to certain conditions. In 1999, the USACE issued a letter of permission authorizing dredging which was to remain in effect until May of 2004. However, there was a lawsuit filed against the USACE and Port Authority claiming the dredge permit was issued in violation of the National Historic Preservation Act (NHPA). The court dismissed the Port Authority from the lawsuit but ruled the USACE did not fully comply with the NHPA procedure. As a result the letter of permission was revoked.

Since 2007, the Port Authority has worked diligently with all the consulting parties to develop a MOA to preserve significant elements of the remaining Huletts and move them to a new location as a condition for a maintenance dredging permit, an application for which has been re-filed. After many years of negotiating with the USACE and interested parties, the MOA referenced above was fully executed on May 4, 2018, and the requested permit was issued.

The MOA provides, in part, that: 1) the Port Authority will prepare a Huletts Historical Review at a cost not to exceed $15,000 to be filed with the State Library of Ohio; 2) a working group will be formed, led by Canalway Partners, to develop a plan to relocate the remaining Huletts or Hulett artifacts to a new location within three years of the execution of the MOA; 3) The Port will allow storage of two Huletts and three Shunt Engines at CBT for no more than three years from the execution of the MOA; and 4) The Port will pay up to $500,000 of the costs of relocation and display, which costs may be offset by the scrap value of remaining Huletts or portions thereof not utilized in the display. If no public display can be accomplished within three years of execution of the MOA, the Port is permitted to dispose of the Huletts in any manner it determines, including selling for scrap value, the funds of which, up to $500,000, would go to Canalway Partners and Ohio State Historic Preservation Office. The Port is responsible to pay any shortfall in the scrap value less than $500,000.

No funds were expended for the purpose of relocating the Huletts in 2018 or 2019 as of the writing of this report.

Note 12: 1997 Port Maritime Facilities Refinancing Project (Series 2016A Bonds)

In 1997, the Authority issued $3,795,000 of Development Revenue Bonds through the Authority's Bond Fund Program. The bonds were issued tax-exempt, mature on May 15, 2027 and bear interest at 5.75% and 5.80% annually. Proceeds from the bonds were used for the purpose of improving Dock 20 by providing bulkheading and various transportation improvements to be used in the operation of the Port of Cleveland.

On May 2, 2016, the Authority issued $2,330,000 in Development Revenue Bonds, Series 2016A (1997 Port Maritime Facilities Refinancing Project); the proceeds of which were used to fully refund the Series 1997A bonds and to pay costs of issuance. The 2016A bonds were issued tax-exempt, mature on May 15, 2027 and bear interest at a rate of 3.510% per annum.

Note 12: 1997 Port Maritime Facilities Refinancing Project (Series 2016A Bonds) (continued)

The Series 2016A (1997 Port Maritime Facilities Refinancing Project) Bonds were sold at a premium of $30,127. The Authority decreased its aggregated debt service payments by $529,113 over the next 10 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of $435,183.

Debt service under the bonds is secured by non-tax revenues of the Authority, being paid primarily from the rental payments made by Lehigh Hanson ECC, Inc., formerly Essroc Cement Corp., in connection with a Ground Lease and Operating Agreement (Lease), pursuant to which Lehigh Hanson ECC, leases 6.45 acres of certain real property and bulkheading located on Dock 20 from the Authority. Rental payments are broken into two components: (1) a Land Rental, which was $106,800 at the inception of the lease and is subject to an annual CPI increase and (2) fees from an Operating Lease, dated November 6, 1997, and amended in 2011. The Lease also contains a provision for wharfage and dockage fees if tonnage exceeds 100,000 tons in a given Lease year.

As additional security for the Series 2016A Bonds, the Authority has agreed that the amount of "Available Moneys" (as defined in the Bond indenture) can be used for the payment of principal and interest on the bonds due in any year. In addition, the Authority has agreed that it will not issue bonds or other indebtedness that have a claim, pledge, or lien prior to that of the Series 2016A Bonds.

The bonds outstanding at December 31, 2018 are payable as follows:

Year	Principal	Interest	Total
2019	$ 175,000	$ 66,251	$ 241,251
2020	185,000	60,021	245,021
2021	180,000	53,527	233,527
2022	190,000	47,122	237,122
2023	200,000	40,365	240,365
2024 – 2027	1,000,000	84,152	1,084,152
Total payments	1,930,000	$ 351,438	$ 2,281,438
Unamortized premium	19,025		
Total	$ 1,949,025		

The property at Dock 20 had a cost and carrying amount of $3.5 million and $1.4 million, respectively, at December 31, 2018.

In March of 2011, the Authority amended the Ground Lease and Operating Agreement. Under the terms of the amendment, 3.07 of the total 6.45 acres included in the original Lease was no longer utilized by the tenant and was made available for alternative uses, effective August 1, 2011. In exchange for removing the acreage from the Lease, the annual Ground Lease Rental was reduced by 30%. The Improvement Rental, which pays principal and interest on the 2016A (formerly1997A) bonds issued by the Authority, remained unchanged.

Note 12: 1997 Port Maritime Facilities Refinancing Project (Series 2016A Bonds) (continued)

The future minimum rental payments to be received under the Amended Ground Lease and Operating Agreement, which is accounted for as an operating lease, are as follows (assuming no annual CPI increase):

Year	Amount
2019	$ 364,754
2020	365,171
2021	359,945
2022	359,372
2023	363,163
2024 – 2027	1,289,506
Total	$ 3,101,911

The Authority recorded $263,509 of rental income (on a straight-line basis) under the Improvement Rental per the Ground Lease and Operating Agreement for the year ended December 31, 2018. The Authority recognized additional rental income attributable to the Land Rental portion of the Ground Lease and Operating Agreement of $109,929 for the year ended December 31, 2018.

Note 13: 1100 West 9th Street

In August of 2011, the Authority purchased an approximately 24,000 square foot building located at 1100 West 9th Street in downtown Cleveland, Ohio for $3,050,000. Pursuant to the terms of one of the tenant's leases, the Authority sent a notice of termination effective May 31, 2013 for one floor of the office building, to which the Authority relocated its administrative offices in September of 2013.

In August of 2017, a tenant of the building breached its obligations under its lease agreement by failing to pay rent and other fees. The tenant vacated in September of 2017, after failing to cure its default. The Authority subsequently filed a claim in the Cuyahoga Court of Common Pleas in an effort to recover all monies to which it was entitled pursuant to the lease agreement. The Authority filed for default judgment as a result of the tenant's failure to answer the Complaint. On April 27, 2018, the Court granted Default Judgment in favor of the Authority and on May 2, 2018, granted judgement in the amount of $252,576.

In February of 2018, another tenant of the building vacated the building pursuant to the termination date of its lease agreement. In anticipation of the termination of this lease agreement, the Authority began design work in 2017 to split the space into 2 units 1.) a tenant space of approximately 2,855 square feet for a potential office tenant; and 2.) a 3,490 square foot Board Room and Conference Center. Construction of these spaces were completed during the 4th quarter of 2018.

In March of 2018, the Authority leased the new tenant space, for a term of ten years. The Agreement provides the tenant a one-time termination right at the end of year seven. The lease commenced, in accordance with the agreement, on October 1, 2018.

Note 13: 1100 West 9th Street (continued)

The future minimum base rental payments to be received under the various agreements with the tenants at 1100 West 9th Street are as follows:

Year	Amount
2019	$ 91,001
2020	52,307
2021	52,307
2022	52,307
2023	53,454
2024-2025	87,178
Total	$ 388,554

The Authority recorded approximately $157,171 of rental income (on a straight-line basis) under the various leases for the years ended December 31, 2018.

As defined in tenant lease agreements the Authority is entitled to collect additional rent, both as a proportion of certain increases in tenant revenues and to cover increases in the operating costs of the building. These additional rents are subject to various caps and base years. The Authority recorded $6,874 in additional rent in 2018.

In addition, the cost and carrying amount of the Authority's property subject to this Lease was $4.7 million and $3.9 million, respectively.

Note 14: Other Leases

Authority as Lessee

City of Cleveland

The Authority leases various docks from the City of Cleveland (the "City"). Under a third amendment to the lease, executed on October 1, 2012, the Authority leases certain City-owned docks, referred to as Docks 24, 26 and 28A. The lease expires in 2058 and calls for an annual lease payment of $250,000 to be made.

Also on October 1, 2012, a cooperative agreement between the City and the Authority was executed. This agreement assigns certain navigation, harbor and maritime duties, and enforcement responsibilities to the Authority. The agreement further provides annual rent abatement on the remaining dock rental of $250,000 provided these duties are performed. These services were fully performed by the Authority and full rent abatement was realized for 2018 and no rental expense was recognized.

Note 14: Other Leases (continued)

Authority as Lessor

General Cargo Docks (22-28)

The Authority entered into a Lease Agreement for use of land, docks, and warehouses owned by the Authority or leased from the City of Cleveland to a single Terminal Operator to handle cargo operations at the Port of Cleveland. The term of the Lease Agreement is April through March and is concurrent with the Authority's annual shipping season. The economic terms of these Agreements are described below.

The Agreements, effective April 1, 2017 through March 31, 2018, and April 1, 2018 through March 31, 2019 had a base rental of $450,000 and $460,000 per year respectively. The Agreements also contained a Tonnage Assessment Schedule with the following rates: $0.15 per ton on the first 100,000 tons; $0.25 per ton on tons between 100,001 and 200,000; $0.725 per ton on tons between 200,001 and 350,000; $0.85 on tons between 350,001 and 500,000; and $1.00 per ton above 500,001 tons. Rate tiers for the lease year ending March 31, 2019 were increased to $0.775 per ton on tons between 200,001 and 350,000; $0.90 on tons between 350,001 and 500,000; and $1.05 on tons above 500,001.

The Authority recognized $457,500 in base rental income from the Lease Agreement for the year ended December 31, 2018. The Authority also recognized $187,021 in 2018 in income associated with the Tonnage Assessment Schedule.

In total, the Authority recognized $644,521 in rental income from property leased or subleased to the Terminal Operator for the year ended December 31, 2018. The future fixed rental the Authority is scheduled to receive under the most recent Lease Agreement, via the Master Fixed Rental and Tonnage Assessment Schedule, total $119,179, all of which is due in 2019.

On December 13, 2018, the Authority entered into an operating agreement with Logistec USA, Inc., a subsidiary of Logistec Corporation, to serve as the operator and provide exclusive stevedoring, terminal and related services for the handling of general cargoes and containers to and from vessels at the Authority's International Terminals (Docks 22-28) for the 2019/2020 shipping season. The term of the agreement is for one year commencing on April 1, 2019 and ending on March 31, 2020. The term of the agreement may be extended for five subsequent one year renewals upon mutual agreement (the "Operating Agreement").

The Operating Agreement has a base fee of $470,000 per year and contains a Tonnage Assessment Schedule with the following rates: $1.00 per ton on the first 100,000 tons; $0.75 per ton on tons between 100,001 and 200,000; $0.50 per ton on tons between 200,001 and 300,000; $0.40 on tons between 300,001 and 500,000; $0.30 on tons between 400,001 and 500,000; and $0.25 per ton above 500,000 tons.

Note 14: Other Leases (continued)

Parking

In July of 2012, the Authority entered into a five-year Operating Agreement with the Cleveland Browns (the "Browns") to provide for parking on property owned or leased by the Authority for each NFL game hosted at First Energy Stadium for an annual fee of $225,000. The terms of the agreement also provide for an additional rent of $20,000 per game, on a pro-rata basis, if the Browns regular season is extended to include playoff games. The terms also provide for a reduction in the annual fee if there is a material change in the amount of spots available, based on operational needs.

The Operating Agreement was amended in 2014 and 2015 due to increased operational needs. Certain parking spaces previously available for game-day parking were no longer available. Parking capacity was reduced by approximately 16.5% in 2014 and 87.0% in 2015, resulting in prorated parking fees of $187,500 and $25,000 respectively. On August 1, 2016, the Operating Agreement was again amended for a term of one year. The Amendment increased the number of parking spaces made available for game-day parking by approximately 33.0%, resulting in an adjusted parking fee of $50,000 for the 2016 season. On August 1, 2017, the Operating Agreement term was extended for one year through July 31, 2018. The Agreement was modified to accommodate operational requirements resulting in an adjusted parking fee of $45,000 for the 2017 season.

On August 1, 2018, the Operating Agreement term was extended for one additional year through July 31, 2019. The Amendment reduced the number of parking spaces made available for game-day parking by approximately 62.0%, resulting in an adjusted parking fee of $25,000 for the 2018 season.

The Authority also had agreements with a private parking operator for parking operations other than those associated with Cleveland Browns games. On May 1, 2017, the Authority terminated the existing parking operator agreement to assume direct control of parking operations. The Authority entered into an agreement with a private company providing e-parking services.

In 2018, the Authority recognized $160,146 in parking revenues.

Note 15: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. Commercial insurance has been obtained to cover damage or destruction to the Authority's property and for public liability, personal injury and third-party property damage claims. Settled claims have not exceeded the Authority's commercial insurance coverage for any of the past three years.

Employee health-care benefits are provided under a group insurance arrangement and the Authority is insured through the State of Ohio for workers' compensation benefits.

Note 16: Capital Grant and Contribution Activity

In May of 2017, the Board of Directors ratified the acceptance of repurposed grant earmarks in the amount of $6,384,126 for the purposes of making improvements to the surface transportation elements of the Cleveland Bulk Terminal including the rehabilitation of the bulkhead, the ("CUY – Dock Rehabilitation Project). In February of 2018, the Authority entered into a Local-Let Project Administration (LPA) agreement with the State of Ohio, Department of Transportation (ODOT) to serve as lead agency for the coordination, administration and responsibilities of project funds made available from the Federal Highway Administration (FHWA) in accordance with Section 5501.03 (D) of the Ohio Revised Code. The total cost of the Dock Rehabilitation Project is estimated to be $9.6 million with approximately 67% of the cost funded by the grant. Construction commenced in November of 2018 and the Project is expected to be completed during the third quarter of 2019. In 2018, approximately $1.27 million had been expended for the Project. The Authority recognized $758,353 in capital grant revenue during 2018 in connection with this Project. At December 31, 2018, $758,353 was receivable from ODOT of which $710,033 was collected during the first quarter of 2019. The remaining $48,321 receivable from ODOT is retainage which will be submitted for reimbursement as designated in the contract between the Authority and Contractor.

In May of 2017, the Board of Directors also ratified the acceptance of repurposed grant earmarks in the amount of $2,278,356 for the purpose of making improvements to the Port Authority's Main Gate, the ("CUY – Port Authority Access Rd."). In April of 2019, the Authority entered into a LPA agreement with ODOT to serve as lead agency of the project funds made available from the FHWA. The total cost of the Main Gate Project is estimated to be $3,075,000 with approximately 74% of the cost funded by the grant. Planning and design for this improvement is expected to be completed during 2019, with construction commencing in 2020. In 2018, no expenditures occurred for this project.

In 2018, the Authority received a $4,175 as a capital contribution from a third party for the purchase of a rooftop air conditioning unit as agreed upon.

In May of 2017, the Board of Directors approved a resolution to encumber and restrict $1,180,000 from the Port Authority's unrestricted cash and investment balances as a 20% cost share contribution to apply for a $4.7 million Congestion Mitigation and Air Quality (CMAQ) grant to extend the CBT ore loader conveyance tunnel. In January of 2018, the Authority was advised it had been awarded the CMAQ grant but since applications submitted greatly outweighed funding availability, grants awards could only be partially funded. The grant award would be available in 2022 and would fund 80% of the project up to a maximum of $3.1 million. The Authority will further assess its supply chain needs and its ability to leverage additional funds for this project in the coming year. The $1,180,000 will remain restricted until the Authority determines if it will move forward with this project. This determination is expected to occur third quarter of 2019.

Note 17: No-Commitment Debt

As stated in Note 1, the Authority has issued certain special obligation revenue bonds and notes, primarily through two different programs: the Common Bond Fund Program and Stand Alone Financings.

Common Bond Fund Program – The Authority has established a Common Bond Fund Program (the "Program" or "Bond Fund") to provide long-term, fixed interest rate financing of $1 million to $10 million to credit worthy businesses, governments, and non-profit organizations for owner-occupied industrial, commercial, non-profit, and infrastructure projects. Port of Cleveland Bond Fund Development Revenue Bonds are issued in accordance with the ORC and a Trust Indenture dated November 1, 1997 between the Authority and a local financial institution, as amended and supplemented. The Bond Fund is managed by the Authority; however, these obligations are not secured by the full faith and credit of the Authority. The Bond Fund was upgraded on March 27, 2019, by Standard & Poor's to 'A-' from 'BBB+'.

The Program includes a system of cash reserves used to collateralize the bonds issued under the Program. All borrowers are required to deposit an amount (or acceptable letter of credit) equal to 10% of the proceeds of the bonds into a Primary Reserve Fund for each issuance, which secures the specific obligation to which it relates. If the Program Reserve and letter of credit discussed below are exhausted, the Primary Reserve Fund amounts can be used to secure repayment of other outstanding obligations issued under the Program.

The 2016A and 2016B bonds issued through the Program are reflected on the Authority's Statement of Net Position as the Authority is ultimately liable for both bond issuances. Additionally, approximately $6.6 million (Program Development Fund, Program Reserve Fund, and the OMA funds) in restricted cash and investments are also shown on the Authority's Statement of Net Position, which primarily represents the Authority's initial investment in the Program and associated interest earnings and funds received from OMA.

Additionally, in 2004, the Authority's Board of Directors established an Auxiliary Reserve which could be utilized in the event of a default. The Auxiliary Reserve is Board-restricted and is not part of the Trust Indenture that governs the Program. In December of 2013, in order to enhance the Program's financial strength, the Board approved a resolution to implement the 35th Supplemental Indenture to the Common Bond Fund Program, effective January 1, 2014. In this resolution, the Board of Directors authorized that the $547,781 balance in the Auxiliary Reserve be deposited into the Program Reserve with the Common Bond Fund's trustee; as an additional reserve. This reserve is available as a Common Bond Fund Reserve as of January 2014 when it was received by the Common Bond Fund's trustee and is reflected in the reserve balances as of December 31, 2018.

In the event of a default, any utilization of either the Program Development Fund or the Program Reserve Fund would result in a charge to the Authority's earnings.

Under the Program, debt service requirements on each bond issue are secured by a pledge of amounts to be received pursuant to loan, lease, or other agreements executed in connection with the projects.

The timing and amount of payments due from the borrowers and paid directly to the Bond Fund trustee under the various agreements approximate the debt service requirements of the bonds, plus a small administrative charge, which is reflected as "Financing fee income" on the Statement of Revenues, Expenses, and Changes in Net Position.

Note 17: No-Commitment Debt (continued)

The primary reserve deposits, which totaled $9.3 million at December 31, 2018, consist of cash, government obligations, acceptable letters of credit, or other instruments allowed under the Indenture. A trustee holds these funds during the term the bonds are outstanding, with investment income earned on the Primary Reserve Fund amounts returned to the borrowers at their discretion. The balance in the Primary Reserve Fund established for each debt issuance is utilized to fund the final principal payment when the related debt issuance is completely repaid. In addition to the primary reserves, a Program Reserve and Program Development Fund are maintained to collateralize all of the obligations outstanding under the Program.

The Program Reserve and Program Development funds, including funds received from Ohio Manufacturing Association, at December 31, 2018 were composed of a $7.2 million cash reserve and a $12 million irrevocable, nonrecourse letter of credit from a financial institution, which expires on December 1, 2021, and is subject to an annual renewal after that time.

The issuances through the Common Bond Fund Program are reflected in the Statement of Fiduciary Net Position, with the exception of the 2016A and 2016B bonds.

As noted above, the Authority executed the 35th Supplemental Indenture to the Program, effective January 1, 2014. The 35th Supplemental Indenture modifies the Program Development Fund with respect to the way that administrative amount’s consisting of the Authority’s annual administrative fees are handled for 2014 and on a go-forward basis. Fees will be routed to the Program Development Fund to the Common Bond Fund trustee and held until December 1 each year.

Fees will be released to the Authority on December 1 of each year if: (1) the aggregate amount on deposit in the Primary Reserve Fund and Program Reserve Fund is at least 25% of the then outstanding principal amount of bonds; (2) the Authority is in compliance with its agreements and obligations under the Trust Indenture; and (3) the amount of any such transfer is to be reduced by an amount equal to the then amount of any deficiency in the Primary Reserve Fund.

Stand Alone Financings – Stand Alone Financings represent bonds and notes issued for project financings that are collateralized by the related amounts to be received under leases and loan agreements with borrowers and tax-increment financing arrangements with local governments.

None of the debt obligations listed from the above financing sources are secured by the credit of the Authority.

The Authority acts as an agent for the Bond Fund and certain Stand Alone Financing obligations, and as such the related assets and liabilities to the extent of asset balances are reported in the Statement of Fiduciary Net Position. The aggregate amount of outstanding debt for the Bond Fund was $74,115,000 (excluding the 2016A and 2016B bonds that are obligations of the Authority) and Stand Alone Financing Obligations were $2,132,234,274 as of December 31, 2018. See the schedule of Common Bond Funds and Stand Alone Issuances starting on page 82.

Note 17: No-Commitment Debt (continued)

In both programs the debt is secured by the property financed and/or the revenue streams pledged for the project and is payable solely from the payments received by the trustee from the borrowers or other sources specified in the related agreements. These obligations are considered "conduit debt obligations" under Interpretation No. 2 of the Governmental Accounting Standards Board, Disclosure of Conduit Debt Obligations. Because the Authority has no obligation to repay the debt beyond the specific third party revenue sources pledged under the debt agreements, the obligations are not recorded on the Authority's Statement of Net Position.

Note 18: New Market Tax Credit Program

On September 29, 2003, the Authority entered into a Cooperative Agreement with certain third parties, including Northeast Ohio Development Fund LLC (NEODF), setting forth various understandings with respect to NEODF obtaining an allocation of tax credits from the federal government under the "New Market Tax Credits Program." The Cooperative Agreement sets forth the procedures for administering the credits and providing project loans with respect to that program. With the assistance of the Authority, NEODF (a separately owned and operated private entity) was able to obtain an allocation of new market tax credits in 2004. Additional allocations were also received in 2009, 2011, and 2016. These credits are to be deployed as investments in qualifying low income community businesses.

NEODF may utilize the credits provided it complies with terms and conditions of the Cooperative Agreement and the New Market Tax Credit Program. The Authority has no obligation for compliance under the program but receives certain fees and other monies from investments made by NEODF and related organizations under the program.

The Authority recognized fees of $387,000 in 2018, $337,500 in 2017, $697,500 in 2016, and $747,000 in 2013 from tax credit investments made by NEODF and related subsidiary LLC's. No fees were recognized in 2014 or 2015. Under the terms of the Cooperative Agreement, the Authority is to receive additional funds upon the conclusion of the various transactions undertaken by NEODF, for those transactions that are not in default and for which no compliance deficiencies exist.

As a result of the previous transactions undertaken by NEODF, the Authority could receive up to $45,000 in 2019, should the conditions described above be met.

These amounts represent 45% of the total amount which is due to NEODF, before accounting for organizational expenses, such as legal and compliance fees.

The Authority has not booked a receivable on the statement of net position for these amounts, due to the uncertainty of the underlying transactions and compliance issues.

Note 19: Contingencies

The Authority, in the normal course of its activities, is involved in various claims and pending litigation. In the opinion of Authority management, the disposition of these other matters is not expected to have a material adverse effect on the financial position of the Authority.

In 2015, the Port Authority intervened in federal litigation brought by the State of Ohio to force the United States Army Corps of Engineers (USACE) to fully dredge the Cuyahoga River component of Cleveland Harbor and dispose of that dredged material in upland locations. USACE in 2015 had announced that it intended to dispose of material in the open lake, and if the State of Ohio did not permit that disposal method, it would not dredge portions of the River unless a non-federal sponsor paid the cost differential. U. S. District Court Judge Nugent entered an order enjoining the USACE to dredge at federal expense, which it did, and ordering the State of Ohio to hold funds available should the State not prevail after a decision on the merits. The Authority intervened with the goal of reaching a long term solution for maintaining navigation in Cleveland Harbor and eliminating future federal threats to not dredge. On May 5, 2017, the Court granted the motion for summary judgment filed jointly by Plaintiffs State of Ohio and Cleveland-Cuyahoga County Port Authority. This action was dismissed by the court in December 2017.

A separate action was filed by the State of Ohio and Cleveland-Cuyahoga County Port Authority in 2016 to compel the USACE to dredge Cleveland Harbor. By agreement of the parties without resolving ultimate legal responsibility, dredging commenced in fall of 2016, was suspended during the winter and restarted in 2017. This 2016 action was dismissed by stipulation of the parties and order of the Court in February 2018.

Note 20: City of Garfield Heights/CityView Center Project

In 2004, the Authority issued $8.85 million in development revenue bonds through the Common Bond Fund Program to fund certain infrastructure improvements in connection with the CityView Center retail development in Garfield Heights, Ohio (the “City”). The bonds were to be repaid from payments in lieu of taxes (PILOTS) from the increase in value on the property from the retail development and also through Special Assessments which have been levied, which are to be collected if PILOTS are not sufficient to pay debt service.

In February of 2009, the largest secured creditor of CityView Center, LLC filed an action for the Appointment of Receiver against CityView. The court did appoint a receiver. The project has run into economic difficulties due to environmental issues and concerns, and the loss of its largest retail tenant, as well as other tenants, which continues today.

The Receiver and the Board of Education of Garfield Heights City Schools subsequently entered into a settlement of tax values as a result of a pending property valuation contest. The settlement resulted in reduced assessed valuations for the properties, owned by CityView Center, LLC, subject to payment of PILOTS for the bonds. Other property owned by other parties is also subject to PILOTS.

During the pendency of the Receivership, there have been sufficient PILOT payments to pay debt service (except as noted below), fund an additional reserve required by the Indenture and specially redeem $840,000 in bonds in May of 2012.

Note 20: City of Garfield Heights/CityView Center Project

In 2011, the case was reassigned to a new judge and the plaintiff in the case filed an amended complaint in December 2011 which included a claim for foreclosure on the CityView Center, LLC owned property. The Authority filed a motion to intervene in the action to protect its interest in the property through the security for the PILOTS and Special Assessments. The motion to intervene was granted. On June 4, 2012, the Court entered a Stipulation and Consent to Entry of Judgement as to the Authority and the Development Finance Authority of Summit County, which recognizes that the obligation imposed on any owner of the property to pay PILOTS and Special Assessments will survive any foreclosure sale.

On May 31, 2012 a default judgment was entered against CityView Center LLC granting the request for foreclosure (Foreclosure Order).

The receiver has not yet executed on the Foreclosure Order and the court docket shows the last receiver's report being made on March 11, 2013.

On November 21, 2014, the Authority disclosed to the Electronic Municipal Market Access (EMMA) that the 2014 real estate tax and PILOTS collected by the Cuyahoga County Treasurer (the "Treasurer") office fell below expected levels on certain parcels within the development as a result of reductions of the values of those parcels and refunds from the Treasurer to parcel owners.

As a result of the refunds from the Treasurer to parcel owners, a shortfall in PILOTS received by the Trustee resulted in a draw on the Additional Reserve in the amount of $54,668 on November 15, 2014.

The City certified a special assessment of $244,910 against the parcels for collection in 2015, for debt service payments on the Bonds.

On May 28, 2015, the Authority disclosed on EMMA that 2014 real estate tax and PILOTS collected by the Treasurer, again fell below expected levels on certain parcels within the development as a result of reductions of the values of those parcels and refunds from the Treasurer to parcel owners. This disclosure was a result of a draw on May 15, 2015 in the amount of $341,574 which was made from the Additional Reserve in order to pay principal and interest due on the bonds. The balance of the Additional Reserve was about $376,177 after the May 15, 2015 draw.

As a result of the delinquencies in both PILOTS and Special Assessments, and the refunds paid by the Treasurer, all as described above, the City certified that Special Assessments of $480,000 were required to be placed on the 2015 tax duplicate for collection in 2016. The Special Assessment coupled with PILOTS were sufficient to pay debt service on the bonds in 2016.

On February 1, 2016, the Court denied the City of Garfield Heights' motion to intervene in the litigation case pending in the U.S. District Court for the Northern District of Ohio. Since then, in 2017 the Court approved a $100,000 settlement between the receiver and Walmart, a former tenant, and approved the substitution of 6897 Farnsworth LLC as the party plaintiff for the previously-named Plaintiff, Bank of New York Trust.

Company, National Association as Trustee for Morgan Stanley Capital I Inc., Commercial Pass-Through Certificates Series 2007-IG14 based on an assignment of the underlying Note and Mortgage securing the Note.

Note 20: City of Garfield Heights/CityView Center Project (continued)

The motion to substitute plaintiff further stated that 6897 Farnsworth LLC is also the assignee of the right to bid at foreclosure sale and the default judgment previously awarded pursuant to an assignment. The last entry on the Court docket was to approve a lease termination agreement between the receiver and Huntington National Bank related to a retail bank branch office.

In May of 2016, the outstanding Bonds were refinanced resulting in a lower interest rate and reduced debt service payments. The Bonds retain the same collateral and are now referred to as the Series 2016D Garfield Heights bonds in the Common Bond Fund. No Special Assessment was required for collection in 2017 or 2018, and all principal and interest has been paid timely on the Series 2016D Bonds.

On September 10, 2018, the City placed Special Assessments on several of the parcels in the amount of $1,200,000 for collection in 2019. On January 28, 2019, the City notified the County of Cuyahoga, Ohio that this assessment "has been waived" and directed the removal of such Special Assessment from the parcels. All principal and interest on the 2016 D Bonds continues to be timely paid.

Note 21: University Square 2001 Revenue Bonds

The Port Authority issued its $40,500,000 Senior Special Assessment/Tax Increment Revenue Bonds, Series 2001A (University Heights, Ohio – Public Parking Garage Project) (the "Senior Bonds") and its $100,000 Taxable Tax Increment Revenue Bonds, Series 2001B (University Heights, Ohio – Public Parking Garage Project) (the "Subordinate Bonds," and together with the Senior Bonds, the "Bonds"), pursuant to the terms of a Trust Indenture, dated as of December 1, 2001, between the Authority and UMB Bank, N.A. (successor trustee to The Bank of New York Mellon Trust Company, N.A., formerly J.P. Morgan Trust Company, National Association) (the "Trustee").

The Bonds were issued to fund the costs of acquiring and constructing of a five-level parking garage with approximately 2,260 parking spaces, which serves the adjacent property located at the southeast corner of Cedar and Warrensville Center Roads in University Heights, Ohio (the "Development Site"). Starwood Wasserman University Heights Holding LLC (Wasserman) constructed on the Development Site a multi-level retail center consisting of a 164,684 square foot retail facility that has been sold to Kaufman's (now Macy's), a 164,590 square foot retail facility that has been sold to Target and approximately 291,726 square feet of additional leasable space (the "Shopping Center").

Wasserman and the City of University Heights (the "City") established a Tax Increment Financing District (the "TIF District") covering approximately 15 acres, including the Development Site, in order to finance the Project. Under Ohio law, improvements made to property in the TIF District are exempt from real property taxes for a period of thirty years. Owners of properties in the TIF District make service payments in lieu of taxes (the "PILOTS") in amounts equal to the taxes that would have been paid had no such exemption been granted.

The Bonds are special, limited obligations of the Authority, which are payable solely from (a) the PILOTS to be collected by the City; (b) special assessments that were levied by the City and are to be collected only to the extent that the PILOTS are insufficient to cover the debt service and administrative expenses on the Bonds (the "Special Assessments", and together with the PILOTS, the "Financing Payments"); and (c) monies in certain funds and accounts held by the Trustee.

Note 21: University Square 2001 Revenue Bonds (continued)

Wasserman sold the Shopping Center to Inland Western University Heights University Square, LLC (the "Developer") on May 2, 2005.

Pursuant to (i) the Cooperative Agreement by and among the Cleveland Heights-University Heights School District (the "School District"), the City of University Heights, Ohio (the "City"), and Wasserman, (ii) the Tax Increment Financing Agreement by and among the Authority, the City and Wasserman, the Developer, as successor to Wasserman, agreed to make Service Payments and Special Assessments (as such terms are defined in the agreements) to pay annual debt service charges on the Bonds.

The Developer failed to pay the PILOTS and Special Assessments when due on July 26, 2013. The Developer sold the Shopping Center at auction on October 10, 2013 to University Heights Holding 4, LLC (the "Owner"), at a purchase price of $175,000.

On October 14, 2013, the Authority provided a Voluntary Disclosure regarding such non-payment and Shopping Center sale to EMMA of the Municipal Securities Rulemaking Board.

On December 9, 2013, the Authority disclosed on EMMA that the Developer's failure to make such payments resulted in a draw on the Primary Reserve Fund of $1,026,168 in order to pay debt service charges on the Senior Bonds on December 1, 2013. The balance in the Primary Reserve Fund after such draw was $2,708,387, which is below the Reserve Requirement of $3,633,442. The Trustee was unable to make the debt service payment of $6,000 due on the Subordinate Bonds on December 1, 2013.

The Owner's continued failure to make such PILOTS and Special Assessment payments resulted in a draw on the Primary Reserve Fund of $849,528 in order to pay debt service charges on the Senior Bonds on June 2, 2014. The balance in the Primary Reserve Fund after such draw was $1,933,950, which is below the Reserve Requirement of $3,633,442. The Trustee was unable to make the debt service payment of $6,000 due on the Subordinate Bonds on June 2, 2014. The June 2, 2014 draw on the Primary Reserve Fund was disclosed on EMMA on June 9, 2014.

In addition, as a result of prior non-payments, the Trustee had insufficient funds to pay debt service charges on the Bonds when due on December 1, 2014. Therefore, bondholders did not receive any payment on the Bonds on December 1, 2014.

On February 4, 2015, a Complaint for Breach of Contract, Foreclosure, and Appointment of Receiver (the "Complaint"), was filed in the Court of Common Pleas, Cuyahoga County, Ohio as Case No. 15-839988.

The Complaint was filed with respect to property given permanent parcel numbers 721-01-001 and 721-01-003 by the Cuyahoga County, Ohio, Fiscal Officer. The Complaint was initiated by the Plaintiffs: UMB Bank, N.A. as successor Trustee of the Bonds and the City. The Complaint was filed against the following defendants: the Owner and University Square Parking, LLC (the "Delinquent Parcel Owners") and the Cuyahoga County Fiscal Officer.

Note 21: University Square 2001 Revenue Bonds (continued)

The matter involved the foreclosure of certain parcels within the TIF District that encompasses the University Square Shopping Center in University Heights, Ohio. The Complaint alleges the Delinquent Parcel Owners have breached agreements by failing to make PILOTS and Special Assessment payments and failing to cure these defaults following notice.

A hearing on the motion to appoint a receiver was held on March 3, 2015, and on March 25, 2015, the Court entered an order appointing Visconsi Realty Advisors, Inc. and its President, Bradley A. Goldberg, as receiver to take charge of and manage the TIF Parcels. On February 23, 2015, the Trustee and City filed an amended complaint (the "Amended Complaint") adding counts for avoidance of fraudulent transfers against the Delinquent Parcel Owners.

On March 27, 2015, the Defendants filed a motion to dismiss (the "Motion to Dismiss") the Amended Complaint on the grounds that it fails to state a claim upon for which relief may be granted. The Trustee and the City each filed timely responses in opposition to the Motion to Dismiss, and on May 13, 2015, a Magistrate's Order denying the Motion to Dismiss was issued. In addition, the Trustee has served discovery requests on the Defendants and issued subpoenas to other parties who might have information or documents related to the Foreclosure Litigation.

On June 1, 2015 the Trustee disclosed on EMMA that a partial interest payment was made to bondholders. The payment was made pursuant to a direction and indemnity from the holder of a majority in principal amount of the outstanding bonds. The Trustee made a payment of approximately $617,011 from the Primary Reserve Fund on June 1, 2015 which consisted of interest that had accrued in the ninety days prior to June 1, 2015.

On November 23, 2015, the Trustee and the Defendants, entered into a Settlement and Mutual Release Agreement whereby (i) fee simple title to parcels numbered 721-01-001 and 721-01-147 was transferred to University Square Real Estate Holdings LLC (the "Trustee's Designee"), of which the Trustee is the sole member, by deed recorded on December 17, 2015; and (ii) the majority owner of University Square Parking, LLC, owner of parcel number 721-01-003, transferred its majority membership to the Trustee's Designee.

The settlement does not release, waive or discharge any unpaid property taxes, PILOTS or Special Assessments associated with or assessed against parcels numbered 721-01-001, 721-01-003 and 721-01-147.

On December 16, 2015 an order approving settlement was entered among the Trustee and Defendants, with a notice that this is a final order being filed January 6, 2016. No appeal was taken.

A partial interest payment of $250,000 was made on June 1, 2016 to Bondholders and no debt service payments were made for the December 1, 2016 debt service payment date. Special Assessments were not certified in 2017 for collection by the City in 2018 by agreement of the City and Trustee in order to assist in redevelopment of the Development Site. No debt service payments were made during 2017 or 2018 or in 2019 to date. Redevelopment efforts by the City and Trustee are ongoing.

Note 22: Cleveland-Europe Express Liner Service

In January of 2012, the Authority's Board of Directors approved a consulting engagement which provided technical and analytical support for the development of a direct scheduled ocean freight service between Cleveland and Europe (the "Liner Service"). The resultant feasibility analysis indicated that sufficient market demand existed and that a custom-designed Liner Service appeared feasible based on projected costs and rates. The primary objective of the Liner Service initiative is to increase international cargo flows between the Cleveland region and worldwide locations, especially Northern Europe, in order to grow general cargo volumes. The service also represents a major economic development tool for the region and state by providing Ohio importers and exporters with a more cost-effective, efficient, and environmentally sustainable alternative to East Coast freight routings.

The Authority determined that the best opportunity for a Liner Service to commence was to look for potential partners in the service and to provide funds to cover the initial costs of the service. The Authority solicited interest directly from ocean carriers in the trans-Atlantic trade best positioned to partner with the Port to launch the service. The Authority identified The Spliethoff Group as the most qualified and interested vessel owner. The Spliethoff Group is a large ship owner and operator in the Netherlands with a fleet of more than 100 ships moving virtually all cargo types.

On November 21, 2013, the Authority's Board of Directors approved a Time Charter Agreement (the "Agreement") between the Authority and Spliethoff which provides for the establishment of a regularly scheduled Liner Service. On April 1, 2014, a Time Charter Agreement was entered into between the Authority (Charterer) and Spliethoff (Owner) under the following terms: (1) the Owner provides the vessel and crew, including certain management and operating expenses, at a cost of $550,000 per month plus actual fuel costs. The Authority does not pay for the Time Charter when the Seaway is closed; (2) the term of the Agreement is 12 months, with an option if mutually agreeable to extend for an additional 12 months. The Agreement also contains a 30 day cancellation clause. (3) The Authority is to receive all revenues per the Agreement for both breakbulk and container cargo on vessels; (4) the Authority has an option to add a second vessel from The Spliethoff Group to service.

On April 4, 2014, a Liner Service (the "Cleveland-Europe Express") commenced operation and sailed from Antwerp, Belgium to the Port of Cleveland on its maiden voyage. The CEE is the first regularly scheduled container service on the Great Lakes.

On September 17, 2014, the Authority's Board of Directors approved and ratified an Administrative and Management Services Agreement between the Authority and Spliethoff to provide for certain management and administrative services relating to the CEE.

Note 22: Cleveland-Europe Express Liner Service (continued)

Under the terms of the Agreement Spliethoff would be responsible for: (1) provide marketing and sales activities in both the U.S. and Europe specifically dedicated to the Cleveland-Europe Express; (2) establish and operate a designated account segregated on Spliethoff's books; (3) provide Port staff access to the booking information system (Multi-modal system); (4) provide credit checks when necessary for bookings done on credit; (5) generate bills of lading, waybills, and manifests upon request from the Port; (6) generate invoices for bookings; (7) collect and deposit payments from customers into the designated account; (8) convert payments made in currencies other than USD, to USD, and provide backup for the conversion rate; (9) submit payments, via wire transfer, on a monthly basis to the Port; (10) Maintain all financial records involving the CEE and allow the Port to inspect and audit the records for the Services mentioned in (1) through (9).

The Agreement further provides that Spliethoff would be responsible for the operational, technical, crewing and commercial management of the CEE.

In exchange for the above mentioned Administrative and Management services, Spliethoff would be paid, retroactive to April 1, 2014: (1) a $25,000 monthly management fee; (2) a monthly commission of 7.5% for all gross freight revenues, independent of any other standard commissions paid to companies, third party logistics providers or other divisions of Spliethoff; (3) a one-time payment for certain startup expenses incurred since the execution of the charter agreement in an amount not to exceed $145,000. Commissions and monthly payments would be made only when the vessel was under hire.

As required under the Management Services Agreement, Spliethoff collected all revenues and paid all direct expenses on behalf of the Authority for the CEE service. At December 31, 2014, the Authority recorded a $2,747,000 receivable from Spliethoff for revenues collected but not yet remitted to the Authority. This receivable balance was offset on the Authority's Statement of Net Position by a liability of $3,566,000 to Spliethoff for CEE expenses that were paid by Spliethoff but not reimbursed by the Authority as of December 31, 2014. On January 6, 2015, the Authority remitted payment to Spliethoff in the amount of $778,500 reducing the net liability to Spliethoff to approximately $40,000.

In June of 2015, a final settlement for the 2014 shipping season was prepared and approved by both parties and final settlement was remitted to Spliethoff on June 18, 2015.

On April 9, 2015, the Authority's Board of Directors approved and ratified a Service Agreement between the Authority and Spliethoff to provide for certain services relating to the CEE for the 2015 shipping Season. Under the terms of the Agreement Spliethoff would: (1) provide a minimum of two ships suitable for the trade in the Service to make eighteen port calls to Cleveland during the 2015 Great Lakes/St. Lawrence Seaway shipping season; (2) Provide full operational and commercial control over and responsibility for the Service; (3) Refer to the service to the shipping public as the CEE operated by Spliethoff and to refer to the Port of Cleveland as the Great Lakes Hub Port of the Service; (4) Provide sole responsibility for all aspects of the administration and payment of related expenses of the CEE; (5) Provide Port staff with information relating to cargo bookings, revenues, expenses, and other requested information; including the right to audit results on an annual basis.

Note 22: Cleveland-Europe Express Liner Service (continued)

In exchange for the above mentioned Administrative and Management services, Spliethoff would be paid supplemental funding for the Service of $2,750,000 for the Season, paid by the Authority in equal installments of $916,666 on March 31, 2015, June 30, 2015 and September 30, 2015. The Authority would be entitled to a rebate of 1.25% of the first $20,000,000 in gross revenue from bookings on the CEE for the 2015 shipping season.

In 2015 the Authority received $250,000 from the agreement, which was partially offset by a 2014 settlement between the Authority and Spliethoff for $19,648.

On March 10, 2016, the Authority's Board of Directors approved a Service Agreement between the Authority and Spliethoff to provide services similar to the 2015 Agreement relating to the CEE for the 2016 and 2017 shipping seasons. The terms of the Agreement include the following (1) The Authority would pay Spliethoff $1,750,000 for the 2016 shipping season and $1,000,000 for the 2017 shipping season to manage and operation the liner service; (2) Spliethoff would be responsible for all expenses of the liner service and; (3) the Authority would have no further financial obligation to Spliethoff for the liner service following the 2017 payment.

In 2018, the Authority did not provide supplemental funding to Spliethoff as agreed upon in the March 10, 2016 Service Agreement.

Note 23: Tax Abatement

GASB 77 requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. For purposes of this disclosure, a tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Authority does not enter into abatement agreements, but the Authority does have reduced revenues as a result of other governments entering into abatement agreements. The Cuyahoga County Fiscal Officer has provided the Authority with the foregone tax dollars that affect the Authority as a result of other governments entering into abatement agreements. The 2018 foregone tax dollars were $127,020.

The nature, amount, and duration of tax abatement agreements affecting the Authority are not known by the Authority. More information can be obtained by contacting the Cuyahoga County Fiscal Officer.

Note 24: City of Parma - Shoppes at Parma Project 2014B Bonds

On February 21, 2018, the Authority was notified of a “Specified Event” as defined in the continuing disclosure agreement related to the above-referenced Bonds (“Bonds”). Proceeds of the Bonds were used pursuant to a Cooperative Agreement among the Port Authority, the City of Parma (“City”), Parmatown Station, LLC ("Borrower"), and The Huntington National Bank as bond trustee (“Trustee”) to pay certain costs related to the Shoppes at Parma Project ("Project") in Parma, Ohio (“Cooperative Agreement”).

At the time of the issuance of the Bonds, Bank of America, N.A. (“Lender”) loaned approximately $58,000,000 to the Borrower to finance, in part, the development of the Project ("Bank Loan"). The Borrower granted the Lender a mortgage on the Project to secure the loan. On February 21, 2018, the Port Authority received a notice from legal counsel for the Lender that the Borrower was in default of payment under the mortgage loan. This event constitutes a nonpayment default under the Cooperative Agreement and any such default constitutes a Specified Event under the Port Authority’s continuing disclosure agreement, so disclosure on EMMA was required.

The Bonds were issued through the Port of Cleveland Bond Fund pursuant to the Trust Indenture securing that common bond fund, including the Thirty-Seventh Supplemental Trust Indenture ("Indenture"). The City created a tax increment financing district for the Project (“TIF District”), and imposed on the Borrower and successor owners of land within the TIF District (“Owners”) the obligation to pay service payments in lieu of taxes (“PILOTS”) on the increase in the value of the Project. Pursuant to the Cooperative Agreement, the City assigned its right to receive a portion of the PILOTS to the Trustee (“Assigned PILOTS”) as financing payments for the Bonds. The obligation of Owners to pay PILOTS is secured by a Mortgage and Declaration of Covenants and Conditions Relative to Service Payments in Lieu of Taxes ("TIF Mortgage") granted by the Borrower to the Trustee. In the event the Assigned PILOTS are insufficient, the TIF Mortgage also imposes on Owners, and secures, the obligation to pay minimum payments in an amount sufficient to pay debt service on the Bonds. The Lender’s mortgage is subordinate to the TIF Mortgage.

The Authority has been advised by the Borrower that the default resulted from an unexpected non-extension of the Bank Loan as a result of non-compliance with certain financial covenants and such non-compliance resulted from the bankruptcy filing and departure of a significant retail tenant; Borrower represented that it expects the affected retail space to be leased within thirty (30) days, and that it expects to complete a refinancing of the Bank Loan by June 30, 2018.

Note 25: Forest Hill Bonds – Series 2015A, 2015B, and 2015C

The Authority issued three series of tax-exempt Bonds, as a conduit, non-recourse Issuer, pursuant to a Trust Indenture dated as of September 1, 2015 (the “Indenture”) between the Authority and Regions Bank, as Trustee. Pursuant to a Loan Agreement dated as of September 1, 2015 between Borrower and Authority the proceeds of the Bonds were loaned to LEDAHF-East Cleveland, LLC (the “Borrower”) to finance the acquisition, renovation and equipping of a 174-unit multifamily rental housing project located in East Cleveland, Cuyahoga County, Ohio (the “Project”). The Series 2015A Bonds and Series 2015B Bonds are referred to as the “Senior Bonds” and the Series 2015C Bonds are referred to as the “Subordinate Bonds,” and the Senior Bonds and the Subordinate Bonds are referred to collectively as the “Bonds.”

Note 25: Forest Hill Bonds – Series 2015A, 2015B, and 2015C (continued)

In January of 2017, the Trustee posted a disclosure on EMMA stating that on December 19, 2016, Social Housing, Inc. acquired the membership interests of the Borrower from Linked Economic Development & Affordable Housing Foundation, Inc. Social Housing, Inc. is a nonprofit corporation and an exempt organization under 501(c)(3) of the Internal Revenue Code of 1986, as amended, that is based in Atlanta, Georgia. Social Housing, Inc. secured various legal opinions and corporate approvals prior to the acquisition of the membership interests of the Borrower.

On September 1, 2017, the Trustee posted a disclosure on EMMA notifying the bond market that the Borrower had failed to make payments to the Trustee in amounts sufficient to pay interest on the Bonds due on September 1, 2017. The Trustee and certain holders of the Senior Bonds were reviewing the financial and operational condition of the Project. Pending completion of the review and taking into consideration the limited availability of funds in the future, the Trustee, at the direction of the holders of the majority of principal amount of the Senior Bonds outstanding, notified the market that it would not pay interest on the Bonds due on September 1, 2017.

On May 15, 2018, the Trustee posted a disclosure on EMMA notifying the bond market that after consultation with the Borrower and the City, an Emergency Manager was brought into the Project to assist with remediating immediate health and safety concerns. The Emergency Manager has expended significant funds out of pocket to address the immediate issues; significant capital expenditures will need to be made in order to ensure that all of the units can be made available for occupancy. Since the September 1, 2017, payment date the Borrower has failed to make all loan payments to fund debt service payments on the Bonds. Given the condition of the Project and the significant capital expenditures that will be required, the Borrower does not anticipate having sufficient funds to make loan payments to fund debt service payments on the Bonds and is not expected to be able to make such payments in the future. In May 2018, the Emergency Manager purchased the Series 2015A Bonds from the previous beneficial owner of such Series 2015A Bonds and is now the sole holder of the Bonds (the "Majority Holder"). In its capacity as the Majority Holder, the Emergency Manager intends to direct the Trustee to commence a foreclosure process with respect to the Project.

The Authority has no obligation to make payment on the Bonds and the continuing default on the Bonds is being monitored and updated by the Trustee as information becomes available.

On April 26, 2019, Cuyahoga County filed a foreclosure action for non-payment of taxes. The Authority filed an answer on May 13, 2019 declaring its mortgage securing the Bonds.

Cleveland-Cuyahoga County Port Authority

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employee Retirement System – Traditional Plan

For the Last Ten Years (1)

	2018	2017	2016	2015
Port Authority's proportion of the net pension liability	0.007625%	0.008132%	0.007871%	0.007850%
Port Authority's proportionate share of the net pension liability	$ 1,197,887	$ 1,848,312	$ 1,363,357	$ 946,798
Port Authority's covered payroll	$ 1,047,920	$ 1,051,292	$ 1,144,717	$ 1,129,574
Port Authority's proportionate share of the net pension liability as a percentage of its covered payroll	114.15%	175.79%	119.10%	83.82%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%

	2014
Port Authority's proportion of the net pension liability	0.007850%
Port Authority's proportionate share of the net pension liability	$ 925,413
Port Authority's covered payroll	$ 1,090,033
Port Authority's proportionate share of the net pension liability as a percentage of its covered payroll	84.90%
Plan fiduciary net position as a percentage of the total pension liability	86.36%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior calendar year end.

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Asset
Ohio Public Employee Retirement System – Combined Plan

For the Last Ten Years (1)

	2018	2017	2016	2015
Port Authority's proportion of the net pension asset	0.086000%	0. 087799%	0.092850%	0.093545%
Port Authority's proportionate share of the net pension asset	$ 117,074	$ 48,866	$ 45,183	$ 36,017
Port Authority's covered payroll	$ 366,304	$ 338,604	$ 394,208	$ 388,993
Port Authority's proportionate share of the net pension asset as a percentage of its covered payroll	31.96%	14.43%	11.46%	9.26%
Plan fiduciary net position as a percentage of the total pension asset	137.28%	116.55%	116.90%	114.83%

	2014
Port Authority's proportion of the net pension asset	0.093545%
Port Authority's proportionate share of the net pension asset	$ 9,816
Port Authority's covered payroll	$ 375,377
Port Authority's proportionate share of the net pension asset as a percentage of its covered payroll	2.61%
Plan fiduciary net position as a percentage of the total pension asset	104.33%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior calendar year end.

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

Required Supplementary Information
Schedule of Port Authority Contributions - Pension
Ohio Public Employee Retirement System – Traditional Plan

For The Last Ten Years

	2018	2017	2016	2015	2014
Contractually-required contribution	$ 173,695	$ 130,990	$ 126,155	$ 137,366	$ 135,549
Contributions in relation to the contractually-required contribution	(173,695)	(130,990)	(126,155)	(137,366)	(135,549)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,240,675	$ 1,047,920	$ 1,051,292	$ 1,144,717	$ 1,129,574
Contributions as a percentage of covered payroll	14.00%	12.50%	12.00%	12.00%	12.00%

	2013	2012	2011	2010	2009
Contractually-required contribution	$ 141,704	$ 141,647	$ 135,239	$ 107,547	$ 190,566
Contributions in relation to the contractually-required contribution	(141,704)	(141,647)	(135,239)	(107,547)	(190,566)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,090,033	$ 1,416,475	$ 1,352,389	$ 1,193,971	$ 2,241,957
Contributions as a percentage of covered payroll	13.00%	10.00%	10.00%	9.00%	8.50%

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

Required Supplementary Information
Schedule of Port Authority Contributions - Pension
Ohio Public Employee Retirement System – Combined Plan

For The Last Ten Years

	2018	2017	2016	2015	2014
Contractually-required contribution	$ 54,109	$ 45,788	$ 40,632	$ 47,305	$ 46,679
Contributions in relation to the contractually-required contribution	(54,109)	(45,788)	(40,632)	(47,305)	(46,679)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 386,492	$ 366,304	$ 338,604	$ 394,208	$ 388,993
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%	12.00%

	2013	2012	2011	2010	2009
Contractually-required contribution	$ 48,799	$ 48,779	$ 46,572	$ 37,005	$ 65,626
Contributions in relation to the contractually-required contribution	(48,799)	(48,779)	(46,572)	(37,005)	(65,626)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 375,377	$ 487,794	$ 465,725	$ 411,170	$ 772,067
Contributions as a percentage of covered payroll	13.00%	10.00%	10.00%	9.00%	8.50%

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

Required Supplementary Information
Schedule of the Authority's Proportionate Share of the OPEB Liability
Ohio Public Employee Retirement System

For the Last Ten Years (1)

	2018	2017
Port Authority's proportion of the net OPEB liability	0.012660%	0. 012895%
Port Authority's proportionate share of the net OPEB liability	$ 1,374,783	$ 1,302,416
Port Authority's covered payroll	$ 1,047,920	$ 1,051,292
Port Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	131.19%	123.89%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	n/a%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior calendar year end.

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

Required Supplementary Information
Schedule of Port Authority Contributions - OPEB
Ohio Public Employee Retirement System

For The Last Ten Years

	2018	2017	2016	2015	2014
Contractually-required contribution	$ -	$ 17,993	$ 21,026	$ 22,894	$ 22,591
Contributions in relation to the contractually-required contribution	(-)	(17,993)	(21,026)	(22,894)	(22,591)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,268,030	$ 1,047,920	$ 1,051,292	$ 1,144,717	$ 1,129,574
Contributions as a percentage of covered payroll	0.00%	1.00%	2.00%	2.00%	2.00%

	2013	2012	2011	2010	2009
Contractually-required contribution	$ 10,900	$ 56,659	$ 54,096	$ 47,759	$ 89,678
Contributions in relation to the contractually-required contribution	(10,900)	(56,659)	(54,096)	(47,759)	(89,678)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,090,033	$ 1,416,475	$ 1,352,389	$ 1,193,971	$ 2,241,957
Contributions as a percentage of covered payroll	1.00%	4.00%	4.00%	4.00%	4.00%

See accompanying notes to required supplementary information.

Ohio's Public Employment Retirement Systems (OPERS) Pension & Postemployment Benefits:

Changes in Assumptions – OPERS Traditional and Combined Plans, Net Pension Liability

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used prior to fiscal year 2017 are presented below for the measurement periods indicated.

	OPERS Traditional Plan	OPERS Combined Plan
Valuation Date	December 31, 2017	December 31, 2017
Experience Study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%	3.25 to 8.25%
COLA or Ad Hoc COLA:	3% Simple	3% Simple
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple	3% Simple though 2018 then 2.15% Simple

The 2017 measurement assumptions are reflected in the 2018 liabilities in Notes 5 and 6 and RSI tables.

Mortality rates - Amounts reported beginning in 2017 use mortality rates based on the RP-2014

Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

With regard to OPERS OPEB assumptions, actuarial valuations as of December 31, 2016 were rolled-forward to December 31, 2017. The assumptions used in the valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2015.

Mortality tables and rates were the same as those applied in the actuarial valuation of pensions.

Mortality rates - Amounts reported beginning in 2017 use mortality rates based on the RP-2014 (continued)

In October 2018, the OPERS Board voted to lower the investment return assumption for its defined benefit fund from 7.5% to 7.2%. This assumption change will impact OPERS annual actuarial valuation prepared as of December 31, 2018. In addition, the OPERS Board voted to lower the investment return assumption for its health care investment portfolio from 6.5% to 6%. These assumption changes will impact OPERS annual actuarial valuation prepared as of December 31, 2018.

Cleveland-Cuyahoga County Port Authority

Common Bond Funds

December 31, 2018

The following are the approximate balances held and the principal amount of outstanding Common Bond Fund bonds as of December 31, 2018:

SERIES	Contracting Party	Original Bond Amount	Outstanding Principal Balance	Required Primary Reserve Balance	Final Maturity
2006A	Cavaliers Practice Facility	9,500,000	5,280,000	950,000	05/15/26
2008A	Brush Wellman, Inc.	5,155,000	2,350,000	515,500	05/15/23
2009A	Eaton World Headquarters	2,000,000	915,000	200,000	11/15/20
2010B	Flats East Development	8,800,000	8,225,000	880,000	05/15/40
2011A	University Circle Marriott	2,000,000	1,810,000	200,000	11/15/45
2013A	OMNOVA Solutions	7,500,000	6,605,000	750,000	11/15/33
2014A	Flats Phase II	7,000,000	6,585,000	700,000	11/15/40
2014B	Shoppes at Parma (5)	10,000,000	9,785,000	1,000,000	11/15/43
2014C	OneCommunity (4)	9,305,000	-	-	11/15/26
2014D	Babcock & Wilcox	4,500,000	1,320,000	450,000	11/15/19
2016A	ESSROC / Port Authority (1)	2,330,000	1,930,000	233,000	05/15/27
2016B	Port Authority (1)	1,180,000	205,000	118,000	05/15/19
2016C	Fairmount Montessori Associates	2,200,000	1,720,000	220,000	05/15/25
2016D	City of Garfield Heights	3,785,000	2,690,000	378,500	11/15/23
2016E	Foundry	7,000,000	6,335,000	700,000	11/15/31
2017A	Pinecrest	10,000,000	9,995,000	1,000,000	11/15/48
2017B1	Lakefront 1B 2017B1	915,000	880,000	91,500	11/15/25
2017B2	Lakefront 1B 2017B2	2,710,000	2,710,000	271,000	11/15/32
2018A	Cleveland Athletic Club	6,910,000	6,910,000	691,000	11/15/48
	Total	$ 102,790,000	$ 76,250,000	$ 9,348,500	

Summary of Reserves:	
Primary Reserve Funds	$ 9,348,500
Program Development Fund (2,3)	173,894
Program Reserve (3)	4,547,982
Program Reserve - Ohio Manufacturers Association	2,483,332
Program Reserve LOC	12,000,000
Total Reserve Funds	$ 28,553,708
Total Reserves/Outstanding Bonds	37.45%

(1) Assets and liabilities associated with these issuances are reflected on the Authority's Statement of Net Position.

(2) One-half of the monies in the Program Development Fund, excluding administrative fees, are transferred to the Authority for its general purposes in June and December of each year as long as no deficiency in the required primary reserve exists. Administrative fees in the Program Development Fund are transferred to the Authority for its general purposes in December of each year as long as no deficiency in the required primary reserve exists.

(3) Balances in the Program Development Fund and the Program Reserve are shown as restricted cash and investments on the Authority's Statement of Net Position.

(4) The One Community Bonds were defeased on 10/30/15. The Trustee holds an escrow account which will provide for payment of principal and interest due on the bonds up to and including 11/15/2020, when they will be called for optional redemption.

(5) See Note 24 related to Shoppes at Parma footnote.

Cleveland-Cuyahoga County Port Authority

Stand Alone Issuances

December 31, 2018

The following are Stand Alone debt issuances undertaken by the Authority for which there is still principal outstanding as of December 31, 2018:

	Stand Alone Debt Issuances	Year	Type of Debt Issued	Original Issuance	Principal Outstanding
1	University Square	2001	Revenue Bonds (Special Assessment)	40,600,000	33,880,000
2	Carnegie/96th Research Building LLC	2003	Revenue Bonds	32,000,000	26,500,000
3	RITA (2)	2004	Development Revenue Bonds	20,990,000	-
4	Cleveland Museum of Art	2005	Cultural Facility Revenue Bonds	90,000,000	90,000,000
5	Carnegie/89th Garage and Service Center, LLC	2007	Revenue Bonds	156,920,000	123,255,000
6	SPC Buildings 1 & 3, LLC	2007	Revenue Bonds	34,590,000	28,285,000
7	Science Park Cleveland, LLC	2007	Taxable Convertible Revenue Bonds	45,700,000	36,605,000
8	Veterans Development Office/Parking	2009	Revenue Bonds	115,000,000	-
9	Eaton World Headquarters	2009	Capital Lease Bonds	143,338,610	143,338,610
10	Cleveland Museum of Art	2010	Cultural Facility Revenue Bonds	70,430,000	56,340,000
11	Independence Research Park - Cleveland Clinic	2010	Development Revenue Refunding Bonds	46,000,000	27,930,000
12	Hospice of Western Reserve, Inc.	2010	Refunding Bonds	21,565,000	18,081,250
13	City of Cleveland - Flats East Bank	2010	City Appropriation Bonds	11,000,000	9,145,000
14	The Medical Center Company	2011	Variable Rate Revenue Bonds	77,470,000	67,905,000
15	Magnificat	2012	Variable Rate Revenue Bonds	7,565,000	6,060,000
16	Cuyahoga County Headquarters	2013	Variable Rate Revenue Bonds	75,465,000	72,760,000
17	Beaumont	2013	Variable Rate Revenue Bonds	8,160,000	5,079,575
18	Judson	2013	Development Revenue Refunding Bonds	32,700,000	26,209,428
19	Maltz Museum	2014	Cultural Facilities Revenue Refunding Bond	6,300,000	6,300,000
20	Crocker Park TIF	2014	Development Revenue Bonds	6,435,000	6,215,000
21	Crocker Park	2014	Open-end Mortgage	111,077,000	68,000,000
22	Cuyahoga County Convention Hotel	2014	Lease-purchase Agreement	230,885,000	211,385,000
23	Flats East Bank Phase 2	2014	First Mortgage Lease Revenue Bonds	85,060,000	16,850,000
24	Constellation Schools	2014	Community School Lease Revenue Bonds	30,790,000	29,640,000
25	Optima Sage Hotel	2014	First Mortgage Lease Revenue Bonds	36,000,000	36,000,000
26	Euclid Avenue	2014	Development Revenue Bonds	88,945,000	84,415,000
27	Emerald Village	2014	Senior Housing Revenue Bonds	15,000,000	12,872,392
28	Playhouse Square	2014	Cultural Facility Revenue Bonds	28,000,000	23,519,968
29	Cleveland Clinic Hotel - Holiday Inn	2015	Taxable Capital Lease Revenue Bonds	38,000,000	-
30	Legacy Village TIF	2015	Tax-Exempt Revenue Bonds	13,630,000	13,100,000
31	Legacy Village - Revenue Bonds	2015	Taxable Lease Revenue Bonds	15,150,000	-
32	Laurel	2015	Revenue Bonds	16,000,000	16,000,000
33	Avery	2015	Lease Revenue Refunding Bonds	39,470,000	27,070,256
34	Forest Hill	2015	Revenue Bonds	5,940,000	5,855,000
35	Breakwater Bluffs	2015	Lease Revenue Bonds	41,700,000	39,700,000
36	One University Circle	2016	Taxable Lease Revenue Bonds	73,600,000	29,925,229
37	Mercy Medical	2016	Revenue Bonds	60,000,000	54,673,558
38	Snavely - W 25th	2016	Taxable Lease Revenue Bonds	25,900,000	25,581,155
39	Flats 2016 Additional Bonds	2016	Taxable Lease Revenue Bonds	7,000,000	7,000,000
40	MetroHealth System	2016	Revenue Bonds	38,000,000	37,547,000
41	Standard	2016	Taxable Lease Revenue Bonds	40,500,000	39,733,564
42	Centric (Intesa)	2016	Taxable Lease Revenue Bonds	49,500,000	46,500,000
43	Worthington Yards	2016	Taxable Lease Revenue Bonds	15,500,000	-
44	Van Aken	2016	Taxable Lease Revenue Bonds	52,000,000	39,722,395
45	Pinecrest	2017	Taxable Lease Revenue Bonds	150,000,000	-
46	Pinecrest Conduit TIF	2017	TIF Bonds	48,910,000	48,905,000
47	Charter Steel	2017	Taxable Lease Revenue Bonds	38,000,000	423,256
48	Goodwill	2017	Taxable Lease Revenue Bonds	3,890,000	3,730,000
49	Explorys	2017	Taxable Lease Revenue Bonds	8,390,000	7,929,841

Cleveland-Cuyahoga County Port Authority

Stand Alone Issuances (continued)

December 31, 2018

50	City of Shaker Heights Non-Tax Revenue Bonds	2017	Non-Tax Revenue Bonds	4,960,000	4,795,000
51	515 Euclid/The Beacon	2017	Taxable Lease Revenue Bonds	49,325,000	28,552,484
52	Amazon North Randall	2017	Taxable Lease Revenue Bonds	123,000,000	123,000,000
53	Great Lakes Cold Storage	2017	Taxable Lease Revenue Bonds	8,866,000	8,557,652
54	Dave's Supermarket	2017	Taxable Lease Revenue Bonds	2,650,045	1
55	Cumberland Harbor Lakefront	2017	Taxable Lease Revenue Bonds	8,054,500	478,005
56	Centers for Dialysis	2017	Economic Development Facilities Revenue Improvement Bonds	23,725,000	23,270,000
57	Cleveland Athletic Club	2018	Taxable Lease Revenue Bonds	17,479,764	17,479,764
58	Amazon Euclid	2018	Taxable Lease Revenue Bonds	113,000,000	93,592,733
59	Terminal Tower	2018	Taxable Lease Revenue Bonds	74,500,000	23,662,776
60	Playhouse Square Apartments	2018	Cultural Facility Revenue Bonds	74,880,000	74,880,000
61	Euclid Grand	2018	Taxable Lease Revenue Bonds	37,995,000	-
62	May Company	2018	Taxable Lease Revenue Bonds	963,383	963,383
63	Church & State	2018	Taxable Revenue Bonds	6,031,000	6,031,000
64	Ursuline	2018	Cultural Facility Revenue Bonds	17,004,000	17,004,000
	Total			$ 3,011,459,302	$ 2,132,234,274

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Cleveland-Cuyahoga County Port Authority
Cleveland, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Cleveland-Cuyahoga County Port Authority (the "Authority"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 17, 2019, wherein we noted that the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* and as a result restated their December 31, 2017 net position of the business-type activities, as disclosed in Note 2.

Internal Control over Financial Reporting

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

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

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

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Board of Directors
Cleveland-Cuyahoga County Port Authority

Compliance and Other Matters

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

Purpose of this Report

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

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 17, 2019

**Independent Auditor's Report on Compliance for Each Major Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

To the Board of Directors
Cleveland-Cuyahoga County Port Authority
Cleveland, Ohio

Report on Compliance for Each Major Federal Program

We have audited the Cleveland-Cuyahoga County Port Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2018. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibilities

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

Auditor's Responsibilities

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Authority, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated June 17, 2019, which contained unmodified opinions on those financial statements, wherein we noted that the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and as a result restated their December 31, 2017 net position of the business-type activities, as disclosed in

Board of Directors
Cleveland-Cuyahoga County Port Authority

Note 2. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Ciuni & Panichi, Inc.

Cleveland, Ohio
June 17, 2019

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Cleveland-Cuyahoga County Port Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
U.S. Department of Transportation:			
Passed-Through the Ohio Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	PID 80987	$ 758,353
Total U.S. Department of Transportation			758,353
Total Expenditures of Federal Awards			$ 758,353

The accompanying notes are an integral part of this schedule

Cleveland-Cuyahoga County Port Authority

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

Note 1: Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of the Authority's federal award programs. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies is included on this schedule.

Note 2: Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting.

Note 3: Indirect Cost Rate

The Authority has not elected to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Cleveland-Cuyahoga County Port Authority

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2018

1. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Was there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for the major federal program?	No
(d)(1) (iv)	Were there any significant deficiencies in internal control reported for the major federal program?	No
(d)(1) (v)	Type of Major Programs Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Program	Highway Planning and Construction Cluster – CFDA # 20.205
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$750,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None noted.

3. Findings for Federal Awards

None noted.

Cleveland-Cuyahoga County Port Authority

Schedule of Prior Audit Findings and Questioned Costs

For the Year Ended December 31, 2018

No prior year audit findings or questioned costs.

OHIO AUDITOR OF STATE
KEITH FABER

CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 13, 2019