Cleveland-Cuyahoga County Port Authority

Basic Financial Statements
December 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Cleveland-Cuyahoga County Port Authority
1100 W 9th Street
Suite 300
Cleveland, Ohio 44113

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, 2019 through December 31, 2019. 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

Keith Faber
Auditor of State
Columbus, Ohio

July 24, 2020

This page intentionally left blank.

Cleveland-Cuyahoga County Port Authority

For the Year Ended December 31, 2019

Table of Contents **Page**

Cleveland-Cuyahoga County Port Authority

For the Year Ended December 31, 2019

Table of Contents **Page**

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 of the Cleveland-Cuyahoga County Port Authority (the "Authority"), as of and for the year ended December 31, 2019, 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 an opinion 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 opinion.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
C&P Wealth Management, LLC

25201 Chagrin Boulevard
Cleveland, Ohio 44122.5683
p. 216.831.7171
f. 216.831.3020
www.cp-advisors.com
Independent Member of
Geneva Group International

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2019, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 other 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental schedules on pages 83 through 85 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 24, 2020, 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 24, 2020

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2019

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, 2019. Please read this information in conjunction with the Authority's basic financial statements and footnotes beginning on pages 21 and 26, 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. 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 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 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).

The Authority's development finance function issues bonds and notes for projects in order to assist private industry and government in the creation and retention of jobs, primarily within northeastern Ohio. 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 issues 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 16.

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.

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 $125,400 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 16.

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.

Condensed Statement of Net Position Information

The tables below provide a summary of the Authority's financial position and operations for 2019 and 2018, respectively.

Comparison of 2019 vs. 2018 Results:

			Change	
	2019	2018	Amount	Percent
Assets and deferred outflows of resources:				
Current assets	$ 23,775,165	$ 22,782,024	$ 993,141	4.4%
Capital assets – net	62,617,551	55,936,389	6,681,162	11.9%
Restricted and other assets	9,345,322	9,320,163	25,159	0.3%
Deferred outflow of resources	1,122,745	515,459	607,286	117.8%
Total assets and deferred outflows of resources	96,860,783	88,554,035	8,306,748	9.4%
Liabilities and deferred inflows of resources:				
Current liabilities	3,232,816	2,858,900	373,916	13.1%
Current liabilities payable from restricted assets	13,459	15,413	(1,954)	(12.7%)
Other liabilities – including amounts relating to restricted assets	9,315,715	8,161,471	1,154,244	14.1%
Deferred inflow of resources	2,944,459	3,341,839	(397,380)	(11.9 %)
Total liabilities and deferred outflows of resources	15,506,449	14,377,623	1,128,826	7.9%
Net position:				
Net investment in capital assets	57,060,385	49,830,821	7,229,564	14.5%
Restricted for other purposes	9,210,374	9,161,223	49,151	0.5%
Unrestricted	15,083,575	15,184,368	(100,793)	(0.7%)
Total net position	$ 81,354,334	$ 74,176,412	$ 7,177,922	9.7%

Current Assets: Current assets increased by $993,141 from December 31, 2018 to December 31, 2019. The primary reason for the increase in this classification is a $2.6 million increase in cash and investments offset by decreases of $942,989 in accounts receivable and $758,353 in grants receivable as compared to December 31, 2018.

Cash and Investments increased by $2.6 million in 2019, primarily due to the receipt of $6.4 million in capital grants and contributions. Other increases include $561,988 of cash provided by operations, $228,449 in increased investment earnings, a reduction of $207,087 in scheduled principal and interest payments, and an additional $131,424 in nonoperating receipts as compared to 2018. These increases were offset by increased capital expenditures of $5,101,003 as compared to last year.

Accounts receivable decreased by 942,989 as compared to 2018 primarily because no dredge disposal fees were outstanding at December 31, 2019. In 2018, $827,855 in dredge disposal fees were earned later in the fiscal year, December 21, 2018, and were subsequently paid on January 15, 2019. In 2019, disposal fees were earned in November and paid in full on December 23, 2019.

Grants receivable also decreased by $758,353 as compared to December 31, 2018. In 2017, funds were awarded by the Federal Highway Administration (FHWA) through the State of Ohio, Department of Transportation (ODOT) in support of the Cleveland Bulk Terminal (CBT) Project. Construction activity on the project commenced in November of 2018 and $758,353 in reimbursable costs were invoiced to ODOT and outstanding at December 31, 2018. These funds were subsequently received from ODOT during the first quarter of 2019 (see Note 15).

In addition prepaid expenses increased by $90,908 and interest receivable decreased by $3,686 largely due to the timing of invoices and investment payments.

Capital Assets: The Authority's investment in capital assets as of December 31, 2019 increased by approximately $6.7 million as compared to December 31, 2018 (net of accumulated depreciation). Capital assets before accumulated depreciation increased by approximately $8.0 million to $90.9 million. Accumulated depreciation increased by approximately $1.4 million during the same period to $28.2 million.

The above capital assets summary reflects the retirement of the Buckeye Booster heavy lift crane and the Bed Load Interceptor which was determined to be impaired during 2019, both of which were permanently taken out of service. The retirement of the Buckeye Booster heavy lift crane, which had outlived its useful life, reduced capital assets and accumulated depreciation by $983,000 and $964,715 respectively and resulted in a $18,285 loss on disposal of capital assets. The Bed Load Interceptor was determined impaired primarily due to environmental factors for which mitigation was not deemed possible. The impairment of the Bed Load Interceptor reduced capital assets and accumulated depreciation by $1,234,938 and $214,056 respectively and resulted in a loss due to impairment of $1,020,882. Potential costs associated with the physical removal of these assets have not been determined as of the writing of this report but are not expected to be material.

Investments in buildings, infrastructure, and leasehold improvements increased by approximately $7.9 million in 2019. In 2019, $10.1 million in capital investments were made in this category as offset by the $2.2 million Buckeye Booster disposal and Bed Load Interceptor impairment. The largest component of this increase was a $9.4 million investment to construct and rehabilitate a significant portion of the CBT bulkhead. Construction on this project commenced in November of 2018, with $1.3 million in construction in progress at December 31, 2018. The project was completed in September of 2019. Approximately $6.4 million, or 68% of the construction was funded by grants received from the FHWA, through ODOT (see Note 15).

The Authority also invested $630,300 in improvements to the sediment processing center, located on CDF 12, to further capacity for dredge material acceptance and processing. Other improvements include $45,000 in various warehouse and office improvement such as LED lighting, and rooftop air condition units.

Equipment, vehicles and furniture and fixtures increased by $116,020 in 2019 as compared to 2018 primarily due to the investment of $100,000 in enhanced security surveillance equipment that was purchased for use on the international cargo docks. Other investments include $40,680 in improvements made to the Authority's two Debris Harvester vessels, Flotsam and Jetsam. These increase were offset by a reduction of $24,660 as a result of retiring the Buckeye Booster crane.

Additionally, $1,381,449 is construction in progress at December 31, 2019. This includes $500,196 in improvements to the cruise ship terminal building located on Dock 28A, required to better serve as a customs office for passengers of cruise ships docking in Cleveland, Ohio. The total project cost is estimated to be $650,000 and the project is expected to be completed during the third quarter of 2020.

Also in construction in progress at December 31, 2019 is $446,680 in planning and design costs related to improvements being made to the Port main gate. Total project costs are estimated to be $3,485,000 with construction commencing in May of 2020. Approximately $2.3 million of these construction costs are expected to be funded by grants made available from the FHWA, through ODOT (see Note 15).

Other costs in construction in progress at December 31, 2019 include, $309,256 in design engineering costs incurred in support of the rehabilitation of the Authority's international terminal docks, $110,398 in design costs for the construction of the ore tunnel expansion at CBT (see Note 15), and $14,919 for the development of a GIS platform for the CBT terminal.

A summary of the activity in the Authority's capital assets during the year ended December 31, 2019, 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	1,353,175	1,363,835	(1,335,561)	1,381,449
Buildings, infrastructures, and leasehold improvements	53,661,618	10,094,846	(2,193,278)	61,563,186
Equipment	8,332,198	140,680	(24,660)	8,448,218
	82,806,699	11,599,361	(3,553,499)	90,852,561
Less accumulated depreciation	(26,870,310)	(2,543,472)	1,178,772	(28,235,010)
Capital assets – net	$ 55,936,389	$ 9,055,889	$ (2,374,727)	$ 62,617,551

Restricted and Other Assets: Restricted and other assets increased by $25,159 from December 31, 2018 to December 31, 2019.

Restricted cash and investments increased $60,420 primarily due to a scheduled $100,000 increase to the Bond Fund Auxiliary Reserve Fund as offset by a $35,526 decrease in a restricted cash account held in trust. This restricted cash account provided for payment of principal and interest on the Port's 2016B debt obligation which was paid-off in May of 2020. Other increases include a $5,190 increase in operating lease receivable as the result of straight-lining a lease renewal of a tenant of the Port Authority's office building.

These increases were offset by a decrease of $22,327 in net pension assets (see Note 4) and an $18,124 decrease in interest receivable primarily due to the timing of investment maturities.

Deferred Outflow of Resources: Deferred outflows of resources increased by $607,286 as the result of a $517,320 increase in deferred outflows related to pensions (see Note 4) and a $93,508 increase in deferred outflows related to OPEB (see Note 5). These increases were offset by a decrease of $3,542 in deferred outflow of resources – debt refunding as the result of scheduled decreases in amortization of the Authority's 2016A debt obligation.

Current Liabilities: Current liabilities increased by $373,916 as compared to 2018. Accounts payable increased by $494,161 from December 31, 2018 primarily due to increased capital expenditure activity. Accounts payable related to capital expenditures was $2.0 million at December 31, 2019 as compared to $1.5 million at December 31, 2018. Other increases include $59,448 in accrued wages and benefits and $9,247 in unearned income. These increases were offset by a decrease of $188,940 in the current portion of bonds payable.

Current Liabilities Payable from Restricted Assets: Current liabilities payable from restricted assets decreased by $1,954 from December 31, 2018 to December 31, 2019 due to lower accrued interest payable balances as the result of decreasing scheduled principal balances.

Other Liabilities – including amounts relating to restricted assets: This line item increased by $1,154,244 as compared to December 31, 2018. The Authority's net pension and net OPEB liabilities increased by $1,160,492 and $352,965 respectively (see Notes 4 and 5). While many factors impact the calculation of the Authority's proportionate share of net pension and net OPEB liability two items of note in regard to the 2019 (2018 measurement year) follow: The OPERS Defined Benefit investment and Health Care Trust portfolios returned a loss of 2.99% and 5.8% compared to a return of 16.8% and 15.25%, respectively, as compared to the prior year. Additionally, the OPERS Board voted to lower the investment return assumptions for its defined benefit fund from 7.5% to 7.2% and also to lower the investment return assumption of its health care investment portfolio from 6.5% to 6%.

These increases were offset by a $359,462 reduction in the non-current portion of the Authority's long-term debt obligations.

The activity in the Authority's long-term debt obligations outstanding during the year ended December 31, 2019 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
Direct Placement:				
Cleveland Bulk Terminal project	$ 3,950,035	$ -	$ (163,261)	$ 3,786,774
Maritime Facilities Project (2016A)	1,949,025	-	(178,633)	1,770,392
Port Improvements (2016B)	206,508	-	(206,508)	-
Total	$ 6,105,568	$ -	$ (548,402)	$ 5,557,166

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 decreased by $397,380 due to a decrease of $291,360 in deferred inflows related to pension (see Note 4) and a decrease in deferred inflows related to OPEB of $106,020 (see Note 5).

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 $81.4 million at the close of the most recent fiscal year.

The largest portion of the Authority's net position (approximately 70.1%) 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, 2019

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

The Authority's operations increased its net position by $7,177,922 in 2019. Key elements of these changes are summarized below:

			Change	
	2019	2018	Amount	%
Operating revenues:				
Wharfage, dockage, and storage	$ 1,633,785	$ 1,755,613	$ (121,828)	(6.9%)
Property lease and rentals	1,721,921	1,637,668	84,253	5.1%
Financing fee income	1,762,030	3,415,915	(1,653,885)	(48.4%)
Foreign trade zone fees	111,000	84,500	26,500	31.4%
Sediment management fees	3,835,744	2,326,142	1,509,602	64.9%
Parking revenues	208,610	160,146	48,464	30.3 %
Other	296,246	267,583	28,663	10.7%
Total operating revenues	9,569,336	9,647,567	(78,231)	(0.8%)
Operating expenses:				
Salaries and benefits	3,390,693	2,888,353	502,340	17.4%
Professional services	1,041,106	886,488	154,618	17.4%
Sustainable infrastructure services	353,967	337,823	16,144	4.8%
Cost of sediment management operation	1,565,381	1,156,240	409,141	35.4%
Facilities lease and maintenance	948,333	814,504	133,829	16.4%
Marketing and communications	422,478	409,518	12,960	3.2%
Depreciation expense	2,543,472	2,384,811	158,661	6.7%
Office expense	75,857	77,562	(1,705)	(2.2%)
Other expense	206,400	208,108	(1,708)	(0.8%)
Community investment fund expense	40,000	-	40,000	100.0%
Total operating expenses	10,587,687	9,163,407	1,424,280	15.5%
Operating (loss) profit	(1,018,351)	484,160	(1,502,511)	(310.3%)
Nonoperating revenues (expenses):				
Noncapital grant and contribution revenue	14,960	8,167	6,793	83.2%
Property tax receipts, net of expense of $32,904	2,821,078	2,689,813	131,265	4.9%
Intergovernmental revenue	322,598	329,232	(6,634)	(2.0%)
Income from investments	555,161	315,671	239,490	75.9%
Interest expense	(208,605)	(227,940)	19,335	(8.5%)
Loss on impairment of capital assets	(1,020,882)	-	(1,020,882)	100.0%
Loss on disposal of capital assets	(18,285)	2,000	(20,285)	1014.3%
Other revenue	-	15,691	(15,691)	(100.0%)
Total nonoperating revenues (expenses)	2,466,025	3,132,634	(666,609)	(21.3%)
Change in net position before capital grants	1,447,674	3,616,794	(2,169,120)	(60.0%)
Capital grants	5,730,248	762,528	4,967,720	651.5%
Change in net position	7,177,922	4,379,322	2,798,600	63.9%
Net position – beginning of year	74,176,412	69,797,090	4,379,322	6.3%
Net position – end of year	$ 81,354,334	$ 74,176,412	$ 7,177,922	9.7%

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2019

Operating Revenues*:* Collectively, total operating revenues decreased 78,231 or 0.8% to $9,569,336 in 2019, from $9,647,567 in 2018.

Wharfage, Dockage, and Storage*:* These revenues are generated from Authority cargo operations and collectively decreased 6.9% from $1,755,613 in 2018 to $1,633,785 in 2019.

Overall tonnage handled by the Port's primary break-bulk terminal operator increased by 41,516 metric tons or 11.0% to 420,315 metric tons. Tonnage for the container and project cargo terminal decreased from 16,687 metric tons in 2018 to 11,689 metric tons in 2019. The combined increase in tonnage of 36,518 metric tons resulted in increased wharfage revenues of $29,210. Dockage revenues decreased by $42,633 primarily due to an increase in barge vessel calls not subject to dockage charges under the tariff.

Throughput at the Cleveland Bulk Terminal facility, operated by a private company, decreased by 7.3% for a total of approximately 2.5 million metric tons of iron ore and limestone. The decrease in tonnage resulted in a decrease in wharfage revenues of $49,627 as compared to 2018. Additional fees of $137,448 were generated based on an iron ore additional tonnage incentive fee as compared to $197,817 in 2018.

Other revenue sources such as passenger fees, net security fees, and security escort fees increased by $1,591 in 2019 as compared to 2018.

Property Lease and Rentals: Property lease and rentals increased by approximately $84,253 or 5.1% in 2019 as compared to 2018. Volume sharing fees increased by $87,539 as the result of increased throughput at the Port's primary break-bulk terminal. In addition, an $11,612 increase in property rental was realized as a result of a renewal of a tenant lease at the Authority's office building. These increases were offset primarily as a result of decreases in pier & office rentals and submerged land leases.

Financing Fee Income: Financing fee income decreased by $1,653,885 or 48.4% in 2019 as compared to 2018, to $1,762,030. 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 2019, closing fees decreased by $1,484,565 to $797,087 as the Authority assisted in issuing bonds for five (5) economic development projects in the region and various refinancing transactions as compared to fifteen (15) in 2018.

The Authority also collected $964,943 in bond service fees related to existing projects, a decrease of $94,320 as compared to 2018 due to reduced principal balances outstanding on certain projects.

Foreign Trade Zone Income: Foreign trade zone fees increased by $26,500 or 31.4% to $111,000 in 2019 as compared to 2018 due to acceptance of an additional trade zone.

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. The Authority invested an additional $630,298 in improvements during 2019, adding capacity of approximately 62,063 cubic yards.

In 2019, 264,705 cubic yards of dredge material was received and stored on CDF 12 compared to 224,797 cubic yards in 2018. Overall dredge disposal fees increased by $1,507,552 or 66.9% as compared to 2018 fees. Price increases implemented to cover investment and running costs at CDF 12 contributed approximately $1,050,627 to this increase and the additional cubic yards of material received contributed approximately $456,926.

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 143,304 cubic yards of material in 2019 as compared to 110,899 cubic yards in 2018. The Authority collected $74,619 and $72,569 in sediment royalty payments in 2019 and 2018 respectively.

Parking Revenues: The Authority owns and operates a parking lot commonly referred to as the West Third Lot and entered into an agreement with a private company on May 1, 2017 to provide e-parking services. Additionally, in July of 2012, the Authority entered into a five-year Operating Agreement with the Cleveland Browns to provide parking on or leased by the Authority for game-day parking. The Operating Agreement has been extended and amended over a period of years (see Note 13). The Authority also enters into other agreements from time-to-time to provide special event parking.

On August 1, 2019, the Operating Agreement between the Authority and the Cleveland Browns was extended for one additional year through July 31, 2020 at rate of $30,000 for the season. In addition, the Authority agreed to make best efforts, based on cargo needs, to make additional spaces available for special events for a per vehicle additional fee.

In 2019, parking revenue increased by $48,464 or 30.3% to $208,610. Special event parking contributed $27,484 to this increase, followed by a $14,076 increase in parking revenues for the West Third Lot and an increase of $6,905 attributable to the Operating Agreement with the Cleveland Browns.

Other Revenues: Other operating revenues increased by $28,663 or 10.7% in 2019. This increase is primarily the result of increased usage of the Authority's two harbor cranes that are rented to the Authority's terminal operator.

Operating Expenses: Operating expenses increased by approximately $1.4 million or 15.5% to $10,587,687 in 2019, from $9,163,407 million 2018.

Salaries and Benefits: Salary and benefit costs increased by $502,340 or 17.4% from 2018. The primary reason for the increase in this classification is a $386,412 or 273.7% increase in non-cash charges to pension and OPEB expense recorded as required by GASB 68 and GASB 75 (see Notes 4 and 5). Staff salary and benefit costs increased by $115,928 or 4.2%, due to performance increases and other personnel costs.

Professional Services: Professional service fees increased by $154,618 or 17.4% as compared to 2018. In 2019, the Authority expended $79,688 for agreed upon services to a maritime advisory firm to assist in updates to the Authority's business plan related to cargo operations. The Authority also expended $42,975 to a professional service firm to provide strategic and technical support to assist in the Port's efforts to pursue federal grants to support Authority infrastructure. Other increases include $32,542 in LOC fees as a result of the full year impact of increasing the Common Bond Fund line of credit amount to $12.0 million in December of 2018 (see Note 16).

Sustainable Infrastructure Services: Investments in sustainable infrastructure service increased by $16,144 or 4.8% in 2019 to $353,967.

In 2019, the Authority contributed $25,000 to the City of Cleveland, Planning Commission to provide funding assistance to complete the Vision for the Valley initiative study to better integrate the Cuyahoga River's commercial and industrial uses with future recreation, housing and pedestrian uses. The Authority also spent an additional $28,730 on natural resource restoration at the Cleveland Lakefront Nature reserve in 2019 as compared to 2018.

These increases were offset by reduced consultant and legal fees. In 2019, the Authority expended $54,340 in consultant fees to complete the development of a long term master plan for CDFs 9, 12, and 10B that commenced in 2018. The Authority expended $71,400 during 2018 on this plan. Legal fees associated with sustainable infrastructure services also decreased by $22,040 as compared with 2018.

Cost of Sediment Management Operation: Costs related to sediment management operations increased by $409,141 or 35.4% in 2019 to $1,565,381.The primary reason for this increase was a $369,227 increase in sediment processing and related costs to $1,446,705 in 2019. As previously reported, dredge material received by the CDF 12 processing center during 2019 increased by 39,909 cubic yards to 264,705 cubic yards as compared to 2018 with increased dredge disposal revenues of $1,507,552.

During 2019, 40,387 cubic yards of material delivered to the site in 2018 was processed, along with 102,917 cubic yards of material delivered in 2019, at a total cost of $1,314,098. Approximately 52,743 cubic yards of material received in 2019, will be processed in 2020, at an approximate cost of $483,653. During 2019, the Authority also accepted an additional 109,494 cubic yards of material that will be permanently stored on the site as the material is not suitable for processing. Security costs and water sampling fees also increased by approximately $40,000 as compared to 2018.

Facilities Lease and Maintenance: Facilities lease and maintenance expense increased by $133,829 or 16.4% from 2018 to $948,333. The Authority contracts with a private security company to provide security services for the maritime facilities. Security costs increased by approximately $72,400 in 2019 as compared to 2018 primarily due to a budgeted increase in costs for these services, effective April 1, 2019. The Authority also experienced an increase of approximately $61,800 in repair and preventative maintenance costs for Port owned operating equipment including the mobile harbor cranes, industrial trucks and other large equipment. Other increases include $30,900 for asphalt repairs to docks 24 and 26, and $25,880 for fender repairs.

These increases were offset by $70,650 in costs incurred to remove legacy stockpiles of stone from Dock 22 North that occurred in 2018.

Marketing and Communications: Marketing and communication expense increased by $12,960 or 3.2% in 2019 as compared to 2018. In 2019, the Authority increased its print media footprint to include ad placements in the Journal of Commerce, American Journal of Transportation and American Shipper. The Authority also increased its participation during 2019 in support of various community events including the Council of the Great Lakes Region, Tall Ships, the Spirit of Cleveland Rising summit, the Burning River Foundation and others. In 2018, the Port hosted a public festival at the Rock & Roll Hall of Fame and North Coast Harbor to celebrate the Port's 50th Anniversary. This event did not take place in 2019.

Depreciation Expense: Depreciation Expense increased by $158,661or 6.7% to $2,543,472 as compared to 2018. Depreciation costs increased across most classes primarily due to the Authority's increased investment in capital assets over the last several years.

Office Expense: Office expenses decreased by $1,705 in 2019 primarily due to a decrease in general office supplies and equipment expense offset by an increase in office utility expense.

Other Expense: Other expense decreased by $1,708 in 2019. During 2019, staff development related travel and seminar expense increased by $7,240 which was offset by a decrease of $5,954 in board related expenses primarily due to the decreased technology rental costs required after the completion of the Port Conference Center.

Community Investment Fund Expense: In October of 2018, the Board of Directors adopted a resolution establishing a Port Community Investment Fund (PCIF). The fund allows the Port to work with community partners to advance equitable access to Port sector jobs to meet skill and experience requirements. Initial funding was based on a percentage of certain stand-alone bond transactions. Funding may be changed or eliminated by the Board of Directors at any time. Permissible uses include Board approved investments in educational, training, workforce development or other programs, grants, or projects deemed consistent with the goals of the PCIF.

In 2019, the Authority expended $40,000 to support PHASTAR Corporation's Marine Safety Program that operates in Cleveland Harbor and the Cuyahoga River. This program provides a unique opportunity for the students at the Cleveland Metropolitan School District's Aerospace and Maritime High School to gain valuable experience and sea time for maritime careers.

Nonoperating Revenues (Expenses):

- ***Nonoperating Grant and Contribution Revenue:*** Nonoperating grant and contribution revenue increased by $6,793 in 2019 as compared to 2018. In 2019 and 2018, the Authority received $14,960 and $8,167 in contributions from the Ohio Environmental Council in honor of Barbara Martin for use at the Cleveland Lakefront Nature Preserve.

- ***Property Tax Receipts***: A large portion of nonoperating revenues results from the Authority's .13 mill property tax levy. Net tax receipts increased by $131,265 in 2019 as compared to 2018. 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.

- ***Intergovernmental Revenue:*** The Authority recorded $322,598 in 2019 Real Property Homestead Tax Rollback receipts as compared to $329,232 in 2018.

- ***Income from Investments:*** Investment income increased by $239,490 as compared to 2018 primarily as the result of $187,922 in additional interest earned on Authority deposit funds and a somewhat improved interest rate environment. In November of 2018, the Authority authorized a deposit account type change to a newly offered bank product offering a higher rate of interest. The Authority also recognized $40,235 in unrealized gains as compared to $9,665 in unrealized losses in marking certain investments to market value as required by GAAP.

- ***Interest Expense:*** Interest expense decreased by $19,335 as a result of decreasing principal on the Authority's direct debt obligations.

- ***Impairment of capital assets:*** The Bed Load Interceptor (BLI) was installed, primarily through funding by the Ohio Healthy Lake Fund in August of 2015, as part of a pilot project to provide sustainable and cost effect solutions for managing the sediment which must be dredged each year from the Cuyahoga River Ship Channel. The BLI was designed to operate when the flow rate of the River travels at a speed which creates a tumbling action along the riverbed. As sediment tumbles over the top of the BLI the sediment is intercepted to prevent it from advancing further down the river towards the head of navigation. Factors influencing the flow rate in the Cuyahoga River, including high intensity rain events, have resulted in volatile flow conditions that suspend sediments in the water column versus transporting it along the riverbed. As a result of these factors, the BLI was removed from service and an impairment loss of $1,020,882 was recognized.

- ***Loss on disposal of capital assets***: The Authority also recognized an $18,285 loss on the disposal of capital assets due the failure of the Buckeye Booster crane which was placed in-service in 1998.

- ***Other Revenue:*** Other revenue decreased in 2019 by $15,691 as compared to 2018. In 2018, $15,691 in other revenue was recognized by the Authority as a previously reported liability was deemed unsubstantiated.

- ***Capital Grants and Contributions:*** In 2019, $5,730,248 in capital grants and contributions were recognized. The Authority recognized $5,625,773 and $758,353 from ODOT in FHWA funds for the CBT Dock Rehabilitation Project in 2019 and 2018 respectively (see Note 15). The Authority also received a $104,472 and $4,175 in capital contributions from a third party for improvements made on the Cleveland Bulk Terminal in 2019 and 2018, respectively.

Net Position:

The following chart details the Authority's net position at December 31, 2019 and 2018:

	2019	2018
Total	$ 81,354,334	$ 74,176,412

Total net position increased by $7.2 million or 63.9% in 2019**.** This increase is primarily due to the receipt of 5.7 million in capital grants and contributions.

Total operating revenues decreased by $78,231 to $9.57 million in 2019 as compared to 2018. Development finance fees generated $1.76 million in revenue as compared to $3.42 million in 2018 as fees normalized compared to record levels of the past several years. Sediment management fees increased by $1.51 million in 2019 offsetting the decrease in financing fee revenue. This change in operating revenue mix resulted in $409,141 in increased operating costs related to sediment management operations. Total Operating expenses increased by $1.42 million to $10.6 million in 2019. In addition to increased sediment management operating costs, salaries and benefits expense increased by $502,340 primarily as a result of the $386,412 non-cash charge recognized as required by GASB 68 and GASB 75. Other increases in operating expenses include $158,661 in depreciation expense resulting from increased capital investment, $154,618 in professional service expense for services related to strategic planning and pursuit of third party funding, and $133,829 in facilities maintenance due to increased security costs and equipment maintenance. Operating profit before depreciation decreased by $1.34 million to $1.53 million in 2019.

Nonoperating revenues and expenses decreased by $666,609 to $2,466,025 as compared to 2018, primarily as the result of the $1.04 million recognition of the capital impairment and disposal. These decreases were offset by increases of $239,490 in income from investments and $131,265 in increased property tax receipts.

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

Looking ahead to 2020, total operating revenues are expected to be lower than 2019 by approximately $2.0 million or 20.4%. The "core" operations of maritime were originally projected to be similar to 2019 levels but the economic impact of the COVID 19 driven slowdown is forecasted to reduce general cargo volumes by 25% and CBT bulk cargo by 45% for a total impact of $750,000. Fees generated by development finance are forecasted to continue 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 2020, down $400,000 compared to 2019. Sediment management fees are expected to decrease by $675,000 in 2020 on approximately 17% lower volumes. Lower revenues will be partially offset by lower sediment processing fees and reduced discretionary spending. Net operating results after depreciation are forecasted to be down approximately $2.2 million on the combined impacts of COVID 19 on maritime operations, lower sediment processing volumes, lower financing fees and higher depreciation expense due to higher capital infrastructure spending.

Nonoperating revenues are expected to remain essentially flat in 2020 as compared to 2019, after adjusting for the capital impairment expense recognized in 2019. 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.

The Authority continues to pursue additional funds from other sources, which has the potential to increase nonoperating revenues and provide funding for critical infrastructure needs. As described in the Subsequent Events and Capital Grant sections in this report, the Authority has been awarded approximately $28.3 million in third party funding in support of an estimated $31.8 million investment in various infrastructure and capital improvement projects. These funds are expected to be received and expended over the next several years. Approximately $7.6 million is expected to be recognized in 2020, $5.3 million related to the Ore Tunnel Extension Project and $2.3 million for the Main Gate Project. In summary, 2020 is expected to be similar to 2019, 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, 2019

Assets:	
Current assets:	
Cash and investments	$ 19,944,199
Accounts receivable	585,671
Interest receivable	24,662
Prepaid expenses	220,633
Intergovernmental receivable	165,000
Property taxes receivable	2,835,000
Total current assets	23,775,165
Non-current assets:	
Capital assets:	
Construction in progress	1,381,449
Land and land improvements	19,459,708
Buildings, infrastructures, and leasehold improvements	61,563,186
Equipment	8,448,218
Total	90,852,561
Less: accumulated depreciation	(28,235,010)
Net book value of capital assets	62,617,551
Restricted and other assets:	
Restricted cash and investments	9,229,672
Net pension asset	94,747
Operating grant receivable	5,190
Other	15,713
Total restricted and other assets	9,345,322
Deferred outflow of resources	
Pension	913,380
Other postemployment benefits	194,678
Debt refunding	14,687
Total deferred outflow of resources	1,122,745
Total assets and deferred outflow of resources	96,860,783

(continued)

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

Cleveland-Cuyahoga County Port Authority

Statement of Net Position (continued)

December 31, 2019

Liabilities:	
Current liabilities:	
Accounts payable	$ 2,458,599
Accrued wages and benefits	351,301
Unearned income	68,596
Current portion of bonds and loans to be repaid by the Authority:	
Cleveland Bulk Terminal Project	169,320
Maritime Facilities Project (2016A Bonds)	185,000
Total current liabilities	3,232,816
Current liabilities payable from restricted assets:	
Accrued interest payable	13,459
Total current liabilities payable from restricted assets	13,459
Other liabilities - including amounts relating to restricted assets:	
Net pension liability	2,358,379
Net other postemployment benefits liability	1,727,748
Unearned income	26,742
Long-term bonds and loans, net of current portion:	
Cleveland Bulk Terminal Project	3,617,454
Maritime Facilities Project (2016A Bonds)	1,585,392
Total other liabilities	9,315,715
Deferred inflow of resources	
Property taxes	2,835,000
Pension	95,714
Other postemployment benefits	13,745
Total deferred inflow of resources	2,944,459
Total liabilities and deferred inflow of resources	15,506,449
Net position:	
Net investment in capital assets	57,060,385
Restricted for other purposes	9,210,374
Unrestricted	15,083,575
Total net position	$ 81,354,334

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, 2019

Operating revenues:	
Wharfage, dockage, and storage	$ 1,633,785
Property lease and rentals	1,721,921
Financing fee income	1,762,030
Foreign trade zone fees	111,000
Sediment management fees	3,835,744
Parking revenues	208,610
Other	296,246
Total operating revenues	9,569,336
Operating expenses:	
Salaries and benefits	3,390,693
Professional services	1,041,106
Sustainable infrastructure services	353,967
Cost of sediment management operation	1,565,381
Facilities lease and maintenance	948,333
Marketing and communications	422,478
Depreciation expense	2,543,472
Office expense	75,857
Other expense	206,400
Community investment fund expense	40,000
Total operating expenses	10,587,687
Operating loss	(1,018,351)
Nonoperating revenues (expenses):	
Noncapital grant revenue	14,960
Property tax receipts, net of $32,904 expense	2,821,078
Intergovernmental revenue	322,598
Income from investments	555,161
Interest expense	(208,605)
Loss on impairment of capital assets	(1,020,882)
Loss on disposal of capital assets	(18,285)
Total nonoperating revenues (expenses)	2,466,025
Change in net position before capital grants and contributions	1,447,674
Capital grants and contributions	5,730,248
Change in net position	7,177,922
Net position – beginning of year	74,176,412
Net position – end of year	$ 81,354,334

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, 2019

Operating activities:	
Receipts from customers	$ 10,571,106
Payments to suppliers for goods and services	(4,736,194)
Payments to employees	(2,097,052)
Payments of employee benefits	(706,617)
Net cash provided by operating activities	3,031,243
Noncapital financing activities:	
Net proceeds from property tax collections	2,821,078
Net proceeds from governments	322,598
Cash received from other sources	14,960
Net cash provided by noncapital financing activities	3,158,636
Capital and related financing activities:	
Cash received from capital grants and contributions	6,434,126
Principal paid on debt	(543,260)
Interest paid on debt	(211,466)
Acquisition and construction of capital assets	(9,777,875)
Net cash used in capital and related financing activities	(4,098,475)
Investing activities:	
Purchase of investment securities	(16,891,974)
Proceeds from sale and maturity of investment securities	17,140,636
Interest on investments	536,043
Net cash provided by investing activities	784,705
Net increase in cash and cash equivalents	2,876,109
Cash and cash equivalents – beginning of year	19,414,591
Cash and cash equivalents – end of year	$ 22,290,700

(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, 2019

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (1,018,351)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,543,472
Changes in assets and liabilities:	
Accounts receivable	997,464
Net pension asset	22,327
Operating lease receivables	(5,190)
Prepaid expenses and other assets	(90,908)
Deferred outflow, pension	(517,320)
Deferred outflow, other postemployment benefits	(93,508)
Accounts payable	8,236
Unearned income and other	9,496
Accrued wages and benefits	59,448
Pension liability	1,160,492
Net other postemployment benefit liability	352,965
Deferred inflow, pension	(291,360)
Deferred inflow, other post-employment benefits	(106,020)
Net cash provided by operating activities	$ 3,031,243
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	$ 19,944,199
Included in restricted and other assets	9,229,672
Total	29,173,871
Investments included in the balances above that are not cash equivalents	(6,883,171)
Cash and cash equivalents reported in the Statement of Cash Flows	$ 22,290,700
Supplemental schedule of non-cash investing, capital and related financing activities:	
Increase in capital assets due to accounts payable	$ 1,995,830
Increase in capital contribution revenue due to accounts receivable	$ 54,475

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 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, and Statement of Cash Flows. The Authority uses a single enterprise 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.

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.

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. 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.

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

Note 1: Summary of Significant Accounting Policies (continued)

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.

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.

Note 1: Summary of Significant Accounting Policies (continued)

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 (asset), 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 4 and Note 5 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 debt refunding, future pension and other postemployment benefits (OPEB) obligations. The deferred outflows of resources related to pensions and OPEB plans are explained respectively in Note 4 and Note 5.

In addition to liabilities, the financial statements position reports 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, 2019, but which were levied to finance fiscal year 2020 operations. The deferred inflows of resources related to pensions and OPEB are explained respectively in Note 4 and Note 5.

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.

Note 1: Summary of Significant Accounting Policies (continued)

Newly Adopted Accounting Pronouncements **-** For the year ended December 31, 2019, the Authority implemented the following Governmental Accounting Standards issued by the Governmental Accounting Standards Board (GASB):

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. These changes were incorporated in the Authority's fiscal year 2019 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This Statement requires that additional essential information related to debt be disclosed in notes to the financial statements, including: unused lines of credit, assets pledged as collateral for the debt and terms specified in debt agreements related to significant events with finance-related consequences including default, termination, and subjective acceleration clauses. These disclosures were incorporated in the Authority's 2019 Notes to the Financial Statements; however, there was no effect on beginning net position.

GASB Statement No. 90, *Majority Equity Interests, and amendment to GASB 14 and 61*.This statement modified previous guidance for reporting a government's equity interest in a legally separate organization. This statement also provides guidance for reporting a component unit if a government acquires a 100% equity interest in the component unit. The implementation of this GASB pronouncement did not result in any changes to the Authority's financial statements.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement was issued in May 2020 and extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The Authority evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

GASB Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting),* issued in November, 2017, provides guidance that clarifies, explains, or elaborates on the requirements of Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended. These changes were incorporated in the Authority's 2019 financial statements; however, there was no effect on beginning net position.

GASB Implementation Guide No. 2018-1, *Implementation Guidance Update – 2018*, issued in May 2018, provides guidance that clarifies, explains or elaborates on GASB Statements. The requirements of this Implementation Guide apply to the financial statements of all state and local governments unless narrower applicability is specifically provided for in the pronouncement addressed by a question and answer. These changes were incorporated in the Authority's 2019 financial statements; however, there was no effect on beginning net position.

Note 1: Summary of Significant Accounting Policies (continued)

Newly Adopted Accounting Pronouncements – (continued)

GASB Implementation Guide No. 2019-2, *Fiduciary Activities*, issued in June 2019, provides guidance to address issues related to accounting and financial reporting for fiduciary activities in accordance with the requirements of GASB Statement No. 84. These changes were incorporated in the Authority's 2019 financial statements; however, there was no effect on beginning net position.

Newly Issued Accounting Pronouncements, Not Yet Adopted

GASB Statement No. 83, *Certain Asset Retirement Obligations (AROs).* This Statement requires a governmental entity that has legal obligation (laws and regulatory requirements, court judgements, contracts, etc.) to perform future asset retirement activities related to its tangible capital assets to recognize a liability, and a corresponding deferred outflow of resources. A liability must be recognized by a government that will eventually retire, dispose of, or environmentally remediate upon retirement, a capital asset if that retirement or disposal carries with it legally enforceable obligations. Measurement of the liability and initial deferred outflow is based on the best estimate of the amount of the current value of outlays expected to be incurred. Annually, the deferred outflow is expensed over the remaining life of the capital asset and evaluated to determine whether the estimate of the liability continues to be appropriate. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after June 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. 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. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after June 15, 2021. 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. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after December 15, 2020. The Authority has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

Note 1: Summary of Significant Accounting Policies (continued)

Newly Issued Accounting Pronouncements, Not Yet Adopted (continued)

GASB Implementation Guide No. 2019-1, *Implementation Guidance Update—2019,* issued in April 2019, provides guidance that clarifies, explains, or elaborates on GASB Statements. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this implementation guide to reporting periods beginning after June 15, 2020. The Authority has not yet determined the impact that this GASB implementation guide will have on its financial statements and disclosures.

GASB Implementation Guide No. 2019-3, *Leases,* issued in August 2019, provides guidance that clarifies, explains, or elaborates on the requirements of Statement No. 87, *Leases*. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this implementation guide to reporting periods beginning after June 15, 2021. The Authority has not yet determined the impact that this GASB implementation guide will have on its financial statements and disclosures.

Note 2: 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, 2019 the carrying amounts of the Authority's deposits were $19,123,801 and the related bank balances were $19,171,286, of which $250,000 was covered by federal depository insurance and $18,921,286 was uninsured and collateralized under the OPCS program.

Note 2: Deposits and Investments (continued)

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.

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, 2019 have effective maturity dates of less than five years, with the exception of $247,244, which was deposited with a trustee in 2014 as an additional reserve for the Common Bond Fund (See Note 16).

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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2019

Note 2: Deposits and Investments (continued)

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, 2019:

	Fair value	Rating*	Less than one year	One to five years	More than five years	Percentage of investments
Federated Government Obligations	$ 2,970,265	AAA	$ 2,970,265	$ -	$ -	29.6%
First American Treasury	6,243	AAA	6,243	-	-	0.1%
Certificates of Deposit	744,290	N/A	744,290	-	-	7.4%
Federal National Mortgage Association	449,242	AAA	-	449,242	-	4.5%
Guaranteed Investment Contract	4,230,825	N/A	4,230,825	-	-	42.1%
United States Treasury Notes	656,758	AAA	119,724	537,034	-	6.5%
Federal Home Loan Mortgage Corporation	882,718	AAA	-	635,474	247,244	8.8%
Federal Farm Credit Banks	109,729	AAA	-	109,729		1.1%
Total	$ 10,050,070		$ 8,071,347	$ 1,731,479	$ 247,244	100.0%

*Moody's Investor Service

Note 3: 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.

Note 3: Fair Value Measurements (continued)

The Authority has the following recurring fair value measurements as of December 31, 2019.

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

	Balance at 12/31/2019	Fair Value Measurements Using Level 1	Level 2	Level 3
Money Market Mutual Funds	$ 2,976,508	$ 2,976,508	$ -	$ -
U.S. Agencies	1,441,689	-	1,441,689	-
Certificates of Deposit	744,290	-	744,290	-
U.S. Treasury Notes	656,758	-	656,758	-
Total investments by fair value level	$ 5,819,245	$ 2,976,508	$ 2,842,737	$ -

The Authority's investment of $4,230,825 at December 31, 2019 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 4: Defined Benefit Pension Plans

Net Pension/Other Postemployment Benefits (OPEB) Liability (Asset)

The net pension/OPEB liability (asset) reported on the Statement of Net Position represents a liability (asset) 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 (assets) 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 (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Note 4: Defined Benefit Pension Plans (continued)

Net Pension/Other Postemployment Benefits (OPEB) Liability (Asset) (continued)

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 (asset). Resulting adjustments to the net pension/OPEB liability (asset) 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 (asset) 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 5 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer public employee retirement systems comprised of three separate pension plans: the traditional pension plan, a defined benefit plan; the combined plan, a combination defined benefit/defined contribution plan; and the member-directed plan, a defined contribution plan. 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.

Note 4: Defined Benefit Pension Plans (continued)

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. 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	**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 Age and Service Requirements:	**State and Local Age and Service Requirements:**	**State and Local Age and Service Requirements:**
Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

Once a benefit recipient retiring under the traditional plan has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the member's base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a COLA on the defined benefit portion of their retirement benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment 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 and combined plan.

Note 4: Defined Benefit Pension Plans (continued)

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

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS-contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

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.

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 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 5 years of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 5 years 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.

Note 4: Defined Benefit Pension Plans (continued)

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

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 annuitization of their benefit (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.

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 0% for 2019 for the traditional and combined plans. The portion of the employer's contribution allocated to health care was 4% for the member-direct plan for 2019. 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 2019 was $167,291. The contractually required contribution for the combined plan, net of postemployment health care benefits, for 2019 was $52,776. For the 2019, $20,360 is reported as accrued wages and benefits at December 31, 2019.

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.

Note 4: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

The total pension liability (asset) for the measurement period December 31, 2018 was determined using the following actuarial assumptions that follow:

	OPERS Traditional Plan	OPERS Combined Plan
Valuation date	December 31, 2018	December 31, 2018
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	7.20%	7.20%
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:		
Pre-Jan 7, 2013 retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 retirees	3.00% Simple through 2018 then 2.15% Simple	3.00% Simple though 2018 then 2.15% Simple

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.

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

Note 4: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

During 2018, 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 a loss of 2.94% for 2018.

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

The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	2018 Target Allocation	2018 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.0%	2.79%
Domestic equities	19.0%	6.21%
Real estate	10.0%	4.90%
Private equity	10.0%	10.81%
International equities	20.0%	7.83%
Other investments	18.0%	5.50%
Total	100.0%	5.95%

Discount Rate The discount rate used to measure the total pension liability (asset) for measurement year 2018 was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates, 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(Asset) to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

Note 4: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

Authority's proportionate share of net pension (asset) at December 31, 2019:

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Authority's proportionate share of the net pension liability – traditional	$ 3,484,011	$ 2,358,379	$ 1,422,968
Authority's proportionate share of the net pension asset – combined	$ (31,350)	$ (94,747)	$ (140,652)

Assumption Changes Since the Prior Measurement 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%

Pension Liabilities (Assets), 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, 2019 was measured as of December 31, 2018. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension liability (asset) 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. The following table reflects the proportionate share of pension expense for the current and prior year. The related deferred outflows and deferred inflows or resources associated with the pension liability (asset) are presented below.

2019 net pension asset and liabilities:

	OPERS Traditional	OPERS Combined	Total
Proportion of the net pension liability/asset prior measurement date	0.007625%	0.086000%	
Proportion of the net pension liability/asset current measurement date	0.008611%	0.084730%	
Change in proportionate share	0.000986%	(0.001270%)	
Proportionate share of the net pension asset	$ -	$ 94,747	$ 94,747
Proportionate share of the net pension liability	$ 2,358,379	$ -	$ 2,358,379
Pension expense	$ 567,143	$ 27,062	$ 594,205

Note 4: Defined Benefit Pension Plans (continued)

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

At December 31, 2019, 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			
Difference between expected and actual experience	$ 109	$ -	$ 109
Change in assumptions	205,303	21,161	226,464
Differences between projected and actual earnings on pension plan investments	320,098	20,410	340,508
Differences in employer contributions and change in proportionate share	120,521	5,711	126,232
Contributions subsequent to the measurement date	167,291	52,776	220,067
Total deferred outflow of resources	$ 813,322	$ 100,058	$ 913,380

	OPERS Traditional	OPERS Combined	Total
Deferred inflow of resources			
Difference between expected and actual experience	$ 30,967	$ 38,697	$ 69,664
Differences in employer contributions and change in proportionate share	26,050	-	26,050
Total deferred inflow of resources	$ 57,017	$ 38,697	$ 95,714

Note 4: Defined Benefit Pension Plans (continued)

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

The $220,067 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, 2020. 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:			
2020	$ 250,730	$ 3,970	$ 254,700
2021	159,719	(107)	159,612
2022	29,696	323	30,019
2023	148,869	6,713	155,582
2024	-	(1,677)	(1,677)
2025-2028	-	(637)	(637)
	$ 589,014	$ 8,585	$ 597,599

Note 5: Defined Benefit, Postemployment Benefits Other Than Pensions

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: the traditional plan, a defined benefit plan; the combined plan, a combination defined benefit/defined contribution plan; and the member-directed plan, a defined contribution plan.

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

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

Note 5: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

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

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 2019, 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 0% for 2019. The portion of employer contributions allocated to health care for members in the member-direct plan was 4% during 2019.

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.

Employer contribution rate are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions to OPERS health care plans was $18,150 for 2019.

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability for the measurement period December 31, 2018 was determined using the following actuarial assumptions that follow.

Note 5: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions – OPERS (continued)

	Assumptions
Valuation date	December 31, 2017
Rolled-forward measurement date	December 31, 2018
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	6.00%
Municipal bond rate	3.71%
Single discount rate of return	3.96%
Health care cost trend	Initial 10.00% to 3.25% ultimate in 2029

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 2018, 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.

Note 5: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions – OPERS (continued)

Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60% for 2018.

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	2018 Target Allocation	2018 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	34.0%	2.42%
Domestic equities	21.0%	6.21%
Real estate	6.0%	5.98%
International equities	22.0%	7.83%
Other investments	17.0%	5.57%
Total	100.0%	5.16%

* 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 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71% for the measurement date of December 31, 2018.

Note 5: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions – OPERS (continued)

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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

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 3.96%, 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 (2.96%)	Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$ 2,210,434	$ 1,727,748	$ 1,343,885

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.

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 2019 is 10.00%. 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.

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.

	1% Decrease	Health Care Cost Current Discount Rate	1% Increase
Authority's proportionate share of the net OPEB liability	$ 1,660,741	$ 1,727,748	$ 1,804,922

Note 5: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions – OPERS (continued)

Assumption Changes Since the Prior Measurement Date The OPERS Board voted to lower the investment return assumption for its health care investment portfolio from 6.50% to 6.00%. Municipal bond rate increased from 3.31% to 3.71% and the single discount rate increased from 3.85% to 3.96%. The health care cost trend rate also increased from 7.50% initial, 3.25% unlimited in 2028 to 10.00% initial, 3.25% ultimate in 2029.

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

The net OPEB liability for OPERS as of December 31, 2019, was measured as of December 31, 2018. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the OPEB plan relative to the contributions of all participating entities. Subsequent payments made during the current fiscal year are accounted for as deferred outflows. The following table reflects the proportionate share of OPEB expense for the current and prior years. The related deferred outflows and deferred inflows of resources associated with the OPEB liability are presented below.

Authority's proportionate share of net OPEB liability at December 31, 2019:

	OPERS
Proportion of the net OPEB liability prior measurement date	0.012660%
Proportion of the net OPEB liability current measurement date	0.013252%
Change in proportionate share	0.000592%
Proportionate share of the net OPEB liability	$ 1,727,748
OPEB expense	$ 171,587

At December 31, 2019, the Authority reported deferred outflow and inflow of resources related to OPEB liabilities from OPERS OPEB plan, based on December 31, 2018 measurement, as indicated in the table below:

	OPERS
Deferred outflow of resources	
Difference between expected and actual experience	$ 585
Change in assumptions	55,705
Difference between projected and actual earnings on plan investments	79,207
Differences in employer contributions and change in proportionate share	41,031
Contributions subsequent to the measurement date	18,150
Total deferred outflow of resources	$ 194,678

Note 5: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

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

Deferred inflow of resources		
Difference between expected and actual experience	$	4,688
Differences in employer contributions and change in proportionate share		9,057
Total deferred inflow of resources	$	13,745

The $18,150 reported as deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

		Total
Fiscal year ending December 31:		
2020	$	73,839
2021		35,380
2022		13,662
2023		39,902
	$	162,783

Note 6: 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 2018 levy (collected in 2019) was based upon assessed valuations of approximately $30.5 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.

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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2019

Note 7: Capital Assets

Capital asset activity for the year ended December 31, 2019 follows:

	Balance at January 1, 2019	Additions	Deletions	Balance at December 31, 2019
Capital assets not being depreciated:				
Land and land improvements	$ 19,459,708	$ -	$ -	$ 19,459,708
Construction in progress	1,353,175	1,363,835	(1,335,561)	1,381,449
Total capital assets not being depreciated	20,812,883	1,363,835	(1,335,561)	20,841,157
Capital assets being depreciated:				
Buildings, infrastructures, and leasehold improvements	53,661,618	10,094,846	(2,193,278)	61,563,186
Equipment	8,332,198	140,680	(24,660)	8,448,218
Total capital assets being depreciated	61,993,816	10,235,526	(2,217,938)	70,011,404
Less accumulated depreciation:				
Buildings, infrastructures, and leasehold improvements	25,371,821	2,092,503	(1,154,112)	26,310,212
Equipment	1,498,489	450,969	(24,660)	1,924,798
Total accumulated depreciation	26,870,310	2,543,472	(1,178,772)	28,235,010
Total capital assets being depreciated, net	35,123,506	7,692,054	(1,039,166)	41,776,394
Capital assets, net	$ 55,936,389	$ 9,055,889	$ (2,374,727)	$ 62,617,551

Note 8: Long-Term Obligations

Changes in the Authority's long-term obligations for the year ended December 31, 2019 are as follows:

	Balance January 1, 2019	Increase	Decrease	Balance December 31, 2019	Due Within One Year
Direct Placement:					
Cleveland Bulk Terminal Project	$ 3,950,035	$ -	$ (163,261)	$ 3,786,774	$ 169,320
Maritime Facilities Project (2016A)	1,949,025	-	(178,633)	1,770,392	185,000
Port Improvements (2016B)	206,508	-	(206,508)	-	-
Total	$ 6,105,568	$ -	$ (548,402)	$ 5,557,166	$ 354,320

The decreases above include amortization of reoffering premiums relating to the Maritime Facilities Project (2016A) and Port Improvement (2016B) issuances of $3,633 and $1,508 respectively.

Note 9: 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 were secured by non-tax revenues of the Authority.

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

On May 15, 2019 the 2016B bonds matured and outstanding principal was paid in full.

Note 10: 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 10: 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. In addition, events of default under the Trust Indenture include the option to redeem Bonds by Bondholder under 4.07 of the Indenture (as amended by the Second Supplemental Indenture dated June 15, 2016) at election of original Bondholder upon (a) occurrence of event of bankruptcy or insolvency of tenant under lease or (b) failure of the Issuer to make any monthly payment. Section 4.07 of the Indenture also gives the Port Authority the option to redeem in whole by providing sixty days written notice to the bond holder without penalty or premium.

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 10: Cleveland Bulk Terminal (continued)

The bonds outstanding at December 31, 2019, are payable as follows:

Year	Principal	Interest	Total
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	195,893	108,830	304,723
2025 – 2029	1,094,078	429,538	1,523,616
2030 – 2034	1,312,764	210,851	1,523,615
2035 – 2036	468,111	14,368	482,479
Total payments	$ 3,786,774	$ 1,266,551	$ 5,053,325

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
2020	400,000
2021	400,000
2022	400,000
2023	400,000
2024	400,000
2025 – 2027	900,000
Total payments	$ 2,900,000

The Authority recorded $400,000 of rental income under the Operating Agreement for the year ended December 31, 2019. In addition, the cost and carrying amount of the Authority’s property subject to this Operating Agreement was $23.3 million and $19.0 million, respectively, at December 31, 2019.

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 10: 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, 2019 or 2020 as of the writing of this report.

Note 11: 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 11: 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, 2019 are payable as follows:

Year	Principal	Interest	Total
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	205,000	33,345	238,345
2025 – 2027	795,000	50,807	845,807
Total payments	1,755,000	$ 285,187	$ 2,040,187
Unamortized premium	15,392		
Total	$ 1,770,392		

The property at Dock 20 had a cost and carrying amount of $3.5 million and $1.3 million, respectively, at December 31, 2019.

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 11: 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
2020	$	365,171
2021		359,945
2022		359,372
2023		363,163
2024		361,064
2025 – 2027		928,442
Total	$	2,737,157

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, 2019. The Authority recognized additional rental income attributable to the Land Rental portion of the Ground Lease and Operating Agreement of $112,513 for the year ended December 31, 2019.

Note 12: 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.

In June of 2019, a current tenant of the building exercised its option to extend the term of the lease for a second – five year period. The Authority extended the lease agreement to May 31, 2024.

Note 12: 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
2020	$ 157,554
2021	157,554
2022	157,554
2023	158,242
2024	98,913
2025	41,295
Total	$ 771,112

The Authority recorded $162,428 of rental income (on a straight-line basis) under the various leases for the years ended December 31, 2019.

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 $7,988 in additional rent in 2019.

In addition, the cost and carrying amount of the Authority's property subject to this Lease was $5.5 million and $4.5 million, respectively.

Note 13: 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 2019 and no rental expense was recognized.

Note 13: Other Leases (continued)

Authority as Lessor

General Cargo Docks (22-28)

On March 15, 2018, 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 was for one year commencing on April 1, 2018 and ending on March 31, 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 was for one year commencing on April 1, 2019 and ending on March 31, 2020. The terms of the Operating Agreement provided for five (5) subsequent one (1) year renewals upon mutual agreement. On March 27, 2020, the Operating Agreement was renewed for a period of (1) year commencing on April 1, 2020. The economic terms of the Agreement remain the same as the initial term of the Agreement.

The economic terms of these Agreements are described below.

The Lease Agreement, effective April 1, 2018 through March 31, 2019, had a base rental of $460,000. The Agreement also contained a Tonnage Assessment Schedule with the following rates: $0.15 per ton on the first 100,000 metric tons; $0.25 per ton on tons between 100,001 and 200,000, $0.775 per ton on tons between 200,001 to 350,000; $0.90 on tons between 350,001 and 500,000; and $1.05 on tons above 500,000.

The Operating Agreement, effective April 1, 2019 through March 31, 2020, had 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.

The Authority recognized $467,500 in base rental income from the Lease and Operating Agreements for the year ended December 31, 2019. The Authority also recognized $274,560 in 2019 in income associated with the Tonnage Assessment Schedules.

In total, the Authority recognized $742,060 in rental income from property leased or subleased to the Terminal Operators for the year ended December 31, 2019. The future fixed rental the Authority is scheduled to receive under the most recent Operating Agreement, via the Master Fixed Rental and Tonnage Assessment Schedule, total $119,102, all of which is due in 2020.

Note 13: 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.

On August 1, 2019, the Operating Agreement term was extended for one additional year through July 31, 2020 and adjusted the parking fee to $30,000 for the 2019 season. The Amendment includes a similar number of minimum parking spaces for game days. In addition, the Authority agreed to make best efforts, based on cargo operation needs, to make additional spaces available for special events for a per vehicle additional fee.

The Authority also had agreement with a private parking operators 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 2019, the Authority recognized $208,610 in parking revenues.

Note 14: 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 15: Capital Grant and Contribution Activity

CBT Dock Rehabilitation - 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.

Construction on the Project commenced in November of 2018 and was completed in September of 2019. The total cost of the Dock Rehabilitation Project was $9,419,572 with $1,271,136 being expended in 2018 and $8,148,436 expended in 2019. The Authority recognized $758,353 and $5,625,773 in capital grant revenue during 2018 and 2019, respectively. Total grant receipts received by the Authority from the FHWA, through ODOT, during 2018 and 2019 totaled $6,384,126, which funded approximately 68% of the total cost of construction.

Main Gate - 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. Planning and design for this improvement was completed in 2019, with construction expected to commence in May of 2020. The total cost of the Main Gate Project is estimated to be $3,485,000 with approximately 65% of the cost of the Project funded by the grant. During 2019, the Authority expended $446,680 on planning and design costs. No grant reimbursement were submitted for these planning and design costs as the full amount of the grant is expected to be recognized during 2020 as a result of reimbursable construction costs.

Ore Tunnel Extension - 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 grant amount of $3.1 million. The Authority determined that it would further assess its supply chain needs and ability to leverage additional funds for this project in 2019.

During 2019, the Port Authority worked with Logistec, the Operator of CBT, to monitor and communicate with the users of the CBT Terminal regarding changes in the raw material supply chain. The principal customer at CBT, had been exploring a shift to a two-grade blended ore model with an expected shift to this product beginning in April of 2021. In order to enhance capability to handle two (2) grades of iron ore at CBT and secure a long term contract with the principal customer of CBT, the Authority determined that the extension of the existing ore conveyance tunnel system was a critical investment need.

Total project costs to extend the Ore Tunnel are estimated to total $9,804,467. The Authority and CBT Operator determined the Project to be in their collective interest and agreed to cost sharing for the Project.

Note 15: Capital Grant and Contribution Activity (continued)

Ore Tunnel Extension (continued)

On December 12, 2019 a Cost Sharing Agreement between the Authority and Operator was executed. The agreement provides that design and construction will be managed by the Authority. The parties further agreed that costs for preliminary design including geotechnical work, engineering, construction inspection and testing, and design and construction contingencies would be evenly split between the Authority and the Operator. The agreement further provides that the structural work of the expansion will be fully paid by the Operator and outfitting construction costs will be fully paid by the Authority. The Authority also worked with its grant fund partner, the Northeast Ohio Areawide Coordination Agency (NOACA), to gain access to the federal grant funds in July of 2020.

In December of 2019, the Board of Directors ratified the acceptance of the $3,152,500 CMAQ grant which requires a 20% local match. NOACA administers the CMAQ grant funds through the Transportation Improvement Program (TIP) and the Ohio Department of Transportation's (ODOT) Local Public Agency office. In March of 2020, the Authority entered into a LPA agreement with ODOT to serve as lead agency for the coordination, administration, and responsibilities of project funds made available from the FHWA in accordance with Section 5501.03 (D) of the Ohio Revised Code.

Construction of the Ore Tunnel Expansion Tunnel is expected to commence in May of 2020 and is projected to be completed by April of 2021. Total third party funding is estimated to be $7,168,315 with $4,015,815 in capital contributions being provided by the CBT Operator and $3,152.50 being provided in capital grants. As of December 31, 2019, $110,398 was expended in design costs for the Project and $54,475 was recognized as capital contribution revenue.

Great Lakes Towing Company (GLT), is a 119 year old, diversified towing company that operates the largest fleet of tugboats on the Great Lakes, and also operates a commercial shipyard located on the Cuyahoga River providing repair, maintenance and new builds. On behalf of Great Lakes Towing Company, the Authority applied for a grant from the U.S. Environmental Protection Agency (USEPA) to augment funding provided to GLT from the Ohio Environmental Protection Agency (OEPA). The USEPA grant is for assistance in providing three tugs with a hybrid propulsion system to decrease emissions. The USEPA requires a public agency to be the recipient of grant funds. In 2018, the USEPA awarded grant funds of $750,000. This grant will be classified as a pass-through grant on the Authority's financial statements reporting revenue and offsetting expenditures and will have no impact on the Authority's Change in Net Position. No grant funds have been received as of the issuance of this report. The portion of the project funded by the USEPA is expected to commence during the second half of 2020 with completion expected by December 31, 2020.

Security Equipment – In March of 2019, the Authority purchased $100,000 in security equipment for its international docks and warehouses. The Operator of the property contributed $50,000 which was recognized as a capital contribution.

Note 16: 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, 2019.

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 16: No-Commitment Debt (continued)

The primary reserve deposits, which totaled $8.8 million at December 31, 2019, 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, 2019 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 on the Supplemental Schedule – Common Bond Funds on page 83.

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 aggregate amount of outstanding debt for the Bond Fund was $69,610,000 (excluding the 2016A and 2016B bonds that are obligations of the Authority) and Stand Alone Financing Obligations were $1,659,735,432 as of December 31, 2019. See the Supplemental Schedules of Common Bond Funds and Stand Alone Issuances starting on page 83.

Note 16: 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 17: 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 $562,500 in 2019, $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.

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 18: 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.

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.

Note 18: City of Garfield Heights/CityView Center Project (continued)

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.

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 Court docket also shows approval of 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.

On March 18, 2020, Plaintiff 6807 Farnsworth LLC filed a Motion to Substitute Party and Amend Case Caption asking the Court to substitute Highland Park Transportation LLC as the party-plaintiff and amend the case caption accordingly as Highland Park Transportation LLC is now the current holder of the Note and Mortgage which are the subject of the lawsuit as evidenced by an assignment of mortgage that was attached to the Motion. On April 6, 2020, the Court granted the Motion and substituted Highland Park Transportation LLC as the party-plaintiff and directed that the case caption be amended and reflected as such on all pleadings. The Authority will monitor any further action.

Note 19: 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.

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.

Note 19: University Square 2001 Revenue Bonds (continued)

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.

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 served discovery requests on the Defendants and issued subpoenas to other parties who might have information or documents related to the Foreclosure Litigation.

Note 19: University Square 2001 Revenue Bonds (continued)

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, 2018, 2019 or 2020 to date. Redevelopment efforts by the City and Trustee are ongoing.

One development effort is proceeding after the City, School Board and Developer have agreed to a new Compensation Agreement, TIF Agreement and other agreements for a potential development of a portion of the vacant retail space into residential rental apartments (the "New Project") and creation of a new TIF District to support refunding of the existing bonds. In addition, the Trustee, Majority Bondholder, Cuyahoga County and the Land Bank have all worked together to present a restructuring/refinancing proposal to the Port Authority. This proposal is subject to a number of contingencies including: (1) The Trustee obtaining a court order from the Minnesota State Court to refund and redeem all outstanding Bonds at less than par value; (2) a Bank Commitment to Developer for the New Project; (3) Land Bank and County extinguishing any past due taxes and removal of all assessments; (4) the Port Authority taking title to the parking parcel, obtaining property tax exemption and issuing Refunding Bonds to redeem the existing bonds at less than par value; (5) finding a Buyer for the Refunding Bonds; and (6) a Development Agreement with the City. There is no assurance that the foregoing will be achieved.

The Bonds remain in default.

Note 20: 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 2019 foregone tax dollars were $73,419.

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 21: 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.

Note 21: City of Parma - Shoppes at Parma Project 2014B Bonds (continued)

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 expected to complete a refinancing of the Bank Loan by June 30, 2018.

Ultimately, the Borrower sold the Project to a new owner; the new owner obtained a new mortgage and paid off a subordinate loan to OWDA. In addition, certain excess TIF Proceeds were paid to the Owner. Finally, future excess TIF proceeds are to be paid to the Owner. Current TIF payments are expected to be sufficient to pay current principal and interest payments on the Bonds; currently there are no excess TIF proceeds.

Note 22: 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."

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.

Note 22: Forest Hill Bonds – Series 2015A, 2015B, and 2015C (continued)

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.

Note 23: Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio and the investments of the pension and other employee benefit plan in which the Authority participates may have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

On September 16, 2019, the Authority submitted a grant application through the Port Infrastructure Development Program (PIDP) seeking federal assistance for the Port of Cleveland's Dock 24 and 26 Master Modernization and Rehabilitation Project (Dock Modernization Project). The PIDP provides grant funding on a competitive basis through the U.S. Department of Transportation's (USDOT) Maritime Administration (MARAD) for projects that will improve the safety, efficiency or reliability of the movement of goods into, out of, around or within a port.

Note 23: Subsequent Events (continued)

On February 11, 2020, the (USDOT) Maritime Administration announced that the Authority had been awarded $11.0 million dollars in grant funding through the PDIP program in support of the Authority's $18.5 million Dock Modernization Project.

On March 26, 2020, the Authority submitted a grant application seeking additional support for the Dock Modernization Project through the Ohio Department of Transportation (ODOT) Ohio Maritime Assistance Program (MAP). The MAP program is dedicated exclusively to supporting water-based freight infrastructure.

On May 18, 2020, the Authority was notified that it had been awarded a grant in the amount of $6,259,000 through the MAP program in support of the Dock Modernization Project.

The Dock Modernization Project invests in the Port's most highly utilized berths which are critical and instrumental to the Port's short and long range business plans. The project includes reconstruction of the Dock 26W bulkhead, Dock 24 pile cap, fender systems, bollards, includes raising elevations of both docks, installation of a filter treatment system, reconstruction of the rail spur, structural pavement, and the completion of a fiber-optic communication loop. In 2019, $309,256 was expended in design and engineering costs related to this project. Construction is expected to commence in in the fourth quarter of 2020 with completion anticipated in the 2nd quarter of 2022.

The Authority was notified on May 18, 2020 that it also had been awarded a grant in the amount of $1,620,337 through the ODOT MAP program in support of the CBT Ore Tunnel Extension Project (see Note 15).

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 Six Years (1)

	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.008611%	0.007625%	0.008132%	0.007871%	0.007850%
Authority's proportionate share of the net pension liability	$ 2,358,379	$ 1,197,887	$ 1,848,312	$ 1,363,357	$ 946,798
Authority's covered payroll	$ 1,240,675	$ 1,047,920	$ 1,051,292	$ 1,144,717	$ 1,129,574
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	190.09%	114.31%	175.81%	119.10%	83.82%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%	86.45%

	2014
Authority's proportion of the net pension liability	0.007850%
Authority's proportionate share of the net pension liability	$ 925,413
Authority's covered payroll	$ 1,090,033
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. Amounts presented for each fiscal year were determined as of the Authority's measurement date which is December 31 of the prior year.

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 Six Years (1)

	2019	2018	2017	2016	2015
Authority's proportion of the net pension asset	0.084730%	0.086000%	0.087799%	0.092850%	0.093545%
Authority's proportionate share of the net pension asset	$ 94,747	$ 117,074	$ 48,866	$ 45,183	$ 36,017
Authority's covered payroll	$ 386,492	$ 366,304	$ 338,604	$ 394,208	$ 388,993
Authority's proportionate share of the net pension asset as a percentage of its covered payroll	24.51%	31.96%	14.43%	11.46%	9.26%
Plan fiduciary net position as a percentage of the total pension asset	126.64%	137.28%	116.55%	116.90%	114.83%

	2014
Authority's proportion of the net pension asset	0.093545%
Authority's proportionate share of the net pension asset	$ 9,816
Authority's covered payroll	$ 375,377
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. Amounts presented for each fiscal year were determined as of the Authority's measurement date which is December 31, of the prior year.

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

Required Supplementary Information
Schedule of the Authority's Contributions – Pension
Ohio Public Employee Retirement System – Traditional Plan

For the Last Ten Years

	2019	2018	2017	2016	2015
Contractually-required contribution	$ 167,291	$ 173,692	$ 130,990	$ 126,155	$ 137,366
Contributions in relation to the contractually-required contribution	(167,291)	(173,692)	(130,990)	(126,155)	(137,366)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 1,194,936	$ 1,240,675	$ 1,047,920	$ 1,051,292	$ 1,144,717
Contributions as a percentage of covered payroll	14.00%	14.00%	12.50%	12.00%	12.00%

	2014	2013	2012	2011	2010
Contractually-required contribution	$ 135,549	$ 141,704	$ 141,647	$ 135,239	$ 107,547
Contributions in relation to the contractually-required contribution	(135,549)	(141,704)	(141,647)	(135,239)	(107,547)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 1,129,574	$ 1,090,033	$ 1,416,475	$ 1,352,389	$ 1,193,971
Contributions as a percentage of covered payroll	12.00%	13.00%	10.00%	10.00%	9.00%

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

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

For the Last Ten Years

	2019	2018	2017	2016	2015
Contractually-required contribution	$ 52,776	$ 54,109	$ 45,788	$ 40,632	$ 47,305
Contributions in relation to the contractually-required contribution	(52,776)	(54,109)	(45,788)	(40,632)	(47,305)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 376,971	$ 386,492	$ 366,304	$ 338,604	$ 394,208
Contributions as a percentage of covered payroll	14.00%	14.00%	12.50%	12.00%	12.00%

	2014	2013	2012	2011	2010
Contractually-required contribution	$ 46,679	$ 48,799	$ 48,799	$ 46,572	$ 37,005
Contributions in relation to the contractually-required contribution	(46,679)	(48,799)	(48,799)	(46,572)	(37,005)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 388,993	$ 375,377	$ 487,794	$ 465,725	$ 411,170
Contributions as a percentage of covered payroll	12.00%	13.00%	10.00%	10.00%	9.00%

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 OPEB Liability
Ohio Public Employee Retirement System

For the Last Three Years (1)

	2019	2018	2017
Authority's proportion of the net OPEB liability	0.013252%	0.012660%	0.012895%
Authority's proportionate share of the net OPEB liability	$ 1,727,748	$ 1,374,783	$ 1,302,416
Authority's covered payroll	$ 1,268,030	$ 1,047,920	$ 1,051,292
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	136.25%	131.19%	123.89%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	n/a

(1) Information prior to 2017 is not available. Amounts presented for each fiscal year were determined as of the Authority's measurement date which is December 31 of the prior year.

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

Required Supplementary Information
Schedule of the Authority's OPEB Contributions
Ohio Public Employee Retirement System

For the Last Ten Years

	2019	2018	2017	2016	2015
Contractually-required contribution	$ 18,150	$ 15,864	$ 17,993	$ 21,026	$ 22,894
Contributions in relation to the contractually-required contribution	(18,150)	(15,864)	(17,993)	(21,026)	(22,894)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 1,194,935	$ 1,268,030	$ 1,047,920	$ 1,051,292	$ 1,144,717
Contributions as a percentage of covered payroll	1.52%	1.25%	1.72%	2.00%	2.00%

	2014	2013	2012	2011	2010
Contractually-required contribution	$ 22,591	$ 10,900	$ 56,659	$ 54,096	$ 47,759
Contributions in relation to the contractually-required contribution	(22,591)	(10,900)	(56,659)	(54,096)	(47,759)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 1,129,574	$ 1,090,033	$ 1,416,475	$ 1,352,389	$ 1,193,971
Contributions as a percentage of covered payroll	2.00%	1.00%	4.00%	4.00%	4.00%

See accompanying notes to required supplementary information.

Note 1: Net Pension Liability

Changes in Assumptions – OPERS

Amounts reported in the required supplementary information for OPERS Traditional and Combined Plans incorporate changes in assumptions used by OPERS in calculating the pension liability. These assumptions are presented below for the periods indicated:

Key Methods and Assumptions in Valuing Total Pension Liability – 2019

	OPERS Traditional plan	OPERS Combined plan
Valuation Date	December 31, 2018	December 31, 2018
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	7.20%	7.20%
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:		
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

Key Methods and Assumptions in Valuing Total Pension Liability – 2017-2018

	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:		
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

Cleveland-Cuyahoga County Port Authority

Note to Required Supplementary Information

For the Year Ended December 31, 2019

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability – 2016 and prior

	OPERS Traditional plan	OPERS Combined plan
Valuation Date	December 31, 2015	December 31, 2015
Experience Study	5-year period ended December 31, 2010	5-year period ended December 31, 2010
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases, including 3.75% inflation	4.25 to 10.05%	4.25 to 8.05%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.8% Simple	3% Simple though 2018 then 2.8% Simple

For 2019, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5% to 7.2%.

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.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Note 2: Net OPEB Liability

Changes in Assumptions – OPERS

For 2019, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5% to 6.0%. For 2019, the single discount rate changed from 3.85% in 2018 to 3.96%. Prior to 2018, the single discount rate was 4.23%. For 2019, the municipal bond rate changed from 3.31% to 3.71%. For 2019, the health care cost trend rate changed from 7.5% initial, 3.25%, ultimate in 2028 to 10% initial, 3.25% ultimate in 2029.

Cleveland-Cuyahoga County Port Authority

Supplemental Schedule - Common Bond Funds

December 31, 2019

The following are the approximate balances held and the principal amount of outstanding Common Bond Fund bonds as of December 31, 2019:

SERIES	Contracting Party	Original Bond Amount	Outstanding Principal Balance	Required Primary Reserve Balance	Final Maturity
2006A	Cavaliers Practice Facility	9,500,000	4,720,000	950,000	05/15/26
2008A	Brush Wellman, Inc.	5,155,000	1,895,000	515,500	05/15/23
2009A	Eaton World Headquarters	2,000,000	670,000	200,000	11/15/20
2010B	Flats East Development	8,800,000	8,070,000	880,000	05/15/40
2011A	University Circle Marriott	2,000,000	1,790,000	200,000	11/15/45
2013A	OMNOVA Solutions	7,500,000	6,330,000	750,000	11/15/33
2014A	Flats Phase II	7,000,000	6,450,000	700,000	11/15/40
2014B	Shoppes at Parma (5)	10,000,000	9,630,000	1,000,000	11/15/43
2014C	OneCommunity (4)	9,305,000	-	-	11/15/26
2014D	Babcock & Wilcox	4,500,000	-	-	11/15/19
2016A	ESSROC / Port Authority (1)	2,330,000	1,755,000	233,000	05/15/27
2016B	Port Authority (1)	1,180,000	-	-	05/15/19
2016C	Fairmount Montessori Associates	2,200,000	1,510,000	220,000	05/15/25
2016D	City of Garfield Heights	3,785,000	2,115,000	378,500	11/15/23
2016E	Foundry	7,000,000	5,980,000	700,000	11/15/31
2017A	Pinecrest	10,000,000	9,985,000	1,000,000	11/15/48
2017B1	Lakefront 1B 2017B1	915,000	845,000	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	$ 71,365,000	$ 8,780,500	

Summary of Reserves:	
Primary Reserve Funds	$ 8,780,500
Program Development Fund (2,3)	125,938
Program Reserve (3)	4,564,149
Program Reserve - Ohio Manufacturers Association	2,483,332
Program Reserve LOC	12,000,000
Total Reserve Funds	$ 27,953,919
Total Reserves/Outstanding Bonds	39.17%

(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 22 related to Shoppes at Parma footnote.

Cleveland-Cuyahoga County Port Authority

Supplemental Schedule - Stand Alone Issuances

December 31, 2019

The following are Stand Alone debt issuances undertaken by the Authority for which there is still principal outstanding as of December 31, 2019:

	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	-
3	Cleveland Museum of Art	2005	Cultural Facility Revenue Bonds	90,000,000	90,000,000
4	Carnegie/89th Garage and Service Center, LLC	2007	Revenue Bonds	156,920,000	-
5	SPC Buildings 1 & 3, LLC	2007	Revenue Bonds	34,590,000	-
6	Science Park Cleveland, LLC	2007	Taxable Convertible Revenue Bonds	45,700,000	-
7	Eaton World Headquarters	2009	Capital Lease Bonds	143,338,610	-
8	Cleveland Museum of Art	2010	Cultural Facility Revenue Bonds	70,430,000	42,255,000
9	Independence Research Park - Cleveland Clinic	2010	Development Revenue Refunding Bonds	46,000,000	24,615,000
10	Hospice of Western Reserve, Inc.	2010	Refunding Bonds	21,565,000	17,461,250
11	City of Cleveland - Flats East Bank	2010	City Appropriation Bonds	11,000,000	8,820,000
12	The Medical Center Company	2011	Variable Rate Revenue Bonds	77,470,000	65,995,000
13	Magnificat	2012	Variable Rate Revenue Bonds	7,565,000	5,740,000
14	Cuyahoga County Headquarters	2013	Variable Rate Revenue Bonds	75,465,000	71,685,000
15	Beaumont	2013	Variable Rate Revenue Bonds	8,160,000	2,835,575
16	Judson	2013	Development Revenue Refunding Bonds	32,700,000	24,789,984
17	Maltz Museum	2014	Cultural Facilities Revenue Refunding Bond	6,300,000	6,300,000
18	Crocker Park TIF	2014	Development Revenue Bonds	6,435,000	6,045,000
19	Crocker Park	2014	Open-end Mortgage	111,077,000	68,000,000
20	Cuyahoga County Convention Hotel	2014	Lease-purchase Agreement	230,885,000	200,685,000
21	Flats East Bank Phase 2	2014	First Mortgage Lease Revenue Bonds	85,060,000	16,850,000
22	Constellation Schools	2014	Community School Lease Revenue Bonds	30,790,000	29,280,000
23	Optima Sage Hotel	2014	First Mortgage Lease Revenue Bonds	36,000,000	36,000,000
24	Euclid Avenue	2014	Development Revenue Bonds	88,945,000	61,405,000
25	Emerald Village	2014	Senior Housing Revenue Bonds	15,000,000	12,475,486
26	Playhouse Square	2014	Cultural Facility Revenue Bonds	28,000,000	-
27	Legacy Village TIF	2015	Tax-Exempt Revenue Bonds	13,630,000	12,845,000
28	Laurel	2015	Revenue Bonds	16,000,000	16,000,000
29	Avery	2015	Lease Revenue Refunding Bonds	39,470,000	23,288,154
30	Forest Hill	2015	Revenue Bonds	5,940,000	5,855,000
31	Breakwater Bluffs	2015	Lease Revenue Bonds	41,700,000	-
32	One University Circle	2016	Taxable Lease Revenue Bonds	73,600,000	-
33	Mercy Medical	2016	Revenue Bonds	60,000,000	51,704,796
34	Snavely - W 25th	2016	Taxable Lease Revenue Bonds	25,900,000	-
35	Flats 2016 Additional Bonds	2016	Taxable Lease Revenue Bonds	7,000,000	7,000,000
36	MetroHealth System	2016	Revenue Bonds	38,000,000	36,848,202
37	Standard	2016	Taxable Lease Revenue Bonds	40,500,000	40,337,515
38	Centric (Intesa)	2016	Taxable Lease Revenue Bonds	49,500,000	-
39	Van Aken	2016	Taxable Lease Revenue Bonds	52,000,000	-
40	Pinecrest Conduit TIF	2017	TIF Bonds	48,910,000	48,900,000
41	Charter Steel	2017	Taxable Lease Revenue Bonds	38,000,000	37,565,784
42	Goodwill	2017	Taxable Lease Revenue Bonds	3,890,000	3,570,000
43	Explorys	2017	Taxable Lease Revenue Bonds	8,390,000	8,065,702
44	City of Shaker Heights Non-Tax Revenue Bonds	2017	Non-Tax Revenue Bonds	4,960,000	4,625,000
45	515 Euclid/The Beacon	2017	Taxable Lease Revenue Bonds	49,325,000	28,552,484
46	Amazon North Randall	2017	Taxable Lease Revenue Bonds	123,000,000	123,000,000
47	Great Lakes Cold Storage	2017	Taxable Lease Revenue Bonds	8,866,000	8,613,861
48	Dave's Supermarket	2017	Taxable Lease Revenue Bonds	2,650,045	1

Cleveland-Cuyahoga County Port Authority

Supplemental Schedule - Stand Alone Issuances (continued)

December 31, 2019

49	Cumberland Harbor Lakefront	2017	Taxable Lease Revenue Bonds	8,054,500	-
50	Centers for Dialysis	2017	Economic Development Facilities Revenue Improvement Bonds	23,725,000	22,885,000
51	Cleveland Athletic Club	2018	Taxable Lease Revenue Bonds	28,044,324	28,044,324
52	Amazon Euclid	2018	Taxable Lease Revenue Bonds	113,000,000	113,000,000
53	Terminal Tower	2018	Taxable Lease Revenue Bonds	74,500,000	65,866,931
54	Playhouse Square Apartments	2018	Cultural Facility Revenue Bonds	74,880,000	74,880,000
55	Euclid Grand	2018	Taxable Lease Revenue Bonds	37,995,000	-
56	May Company	2018	Taxable Lease Revenue Bonds	963,383	963,383
57	Church & State	2018	Taxable Revenue Bonds	6,031,000	6,031,000
58	Ursuline	2018	Cultural Facility Revenue Bonds	17,004,000	17,004,000
59	Flats Phase 3	2019	Taxable Lease Revenue Bonds	13,500,000	13,500,000
60	Euclid Avenue 2019 Refinance	2019	Development Revenue Bonds	18,220,000	18,220,000
61	City of Warrensville Heights	2019	Non-Tax Revenue Bonds	17,470,000	17,470,000
	Total			$ 2,716,573,862	$ 1,659,735,432

This page intentionally left blank.

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 of the Cleveland-Cuyahoga County Port Authority (the "Authority"), as of and for the year ended December 31, 2019, 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 24, 2020.

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 opinion 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.

25201 Chagrin Boulevard
Cleveland, Ohio 44122.5683
p. 216.831.7171
f. 216.831.3020
www.cp-advisors.com
Independent Member of
Geneva Group International

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 24, 2020

Ciuni &
Panichi
CPAs and Business Advisors
Where Relationships Count.

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 the 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, 2019. 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.

C&P Advisors, LLC
Ciuni & Panichi, Inc.
C&P Wealth Management, LLC
25201 Chagrin Boulevard
Cleveland, Ohio 44122.5683
p. 216.831.7171
f. 216.831.3020
www.cp-advisors.com
Independent Member of
Geneva Group International

Board of Directors
Cleveland-Cuyahoga County Port Authority

Opinion on the 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, 2019.

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.

Board of Directors
Cleveland-Cuyahoga County Port Authority

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

We have audited the financial statements of the business-type activities of the Authority, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated June 24, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 24, 2020

This page intentionally left blank.

Cleveland-Cuyahoga County Port Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2019

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	$ 5,674,093
Total U.S. Department of Transportation			5,674,093
Total Expenditures of Federal Awards			$ 5,674,093

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, 2019

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 program. 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: 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.

Note 3: Basis of Accounting

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

Cleveland-Cuyahoga County Port Authority

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2019

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 Program 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, 2019

No prior year audit findings or questioned costs.

OHIO AUDITOR OF STATE
KEITH FABER

CLEVELAND – CUYAHOGA COUNTY PORT AUTHORITY

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/6/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370