CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

CUYAHOGA COUNTY

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
Cleveland-Cuyahoga County Port Authority
1100 West 9th Street, Suite 300
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We have reviewed the *Independent Auditor's Report* of the Cleveland-Cuyahoga County Port Authority, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

July 19, 2021

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Cleveland-Cuyahoga County Port Authority

For the Year Ended December 31, 2020

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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, 2020, 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.

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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, 2020, 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 86 through 88 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, 2021, 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, 2021

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2020

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, 2020. 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. The 1997 Port Maritime Facilities Refinancing Project (2016A), (Maritime Facilities Project) financed through the Authority's Bond Fund Program, relates to the Authority's maritime activities and is 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 $112,500 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 (asset) 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 (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

During 2020, certain segments of the Authority's financial results were impacted by the economic slow-down and ensuing shut-down resulting from the COVID-19 pandemic. Specific areas impacted as a result of this pandemic are discussed throughout the Management Discussion and Analysis report. A summary of these impacts can also be found in Note 2, Coronavirus Pandemic Impact.

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2020

Condensed Statement of Net Position Information

The tables below provide a summary of the Authority's financial position and operations for 2020 and 2019, respectively.

Comparison of 2020 vs. 2019 Results:

			Change	
	2020	2019	Amount	Percent
Assets and deferred outflows of resources:				
Current assets	$ 25,808,372	$ 23,775,165	$ 2,033,207	8.6%
Capital assets – net	69,289,939	62,617,551	6,672,388	10.7%
Restricted and other assets	8,360,700	9,345,322	(984,622)	(10.5%)
Deferred outflows of resources	759,812	1,122,745	(362,933)	(32.3%)
Total assets and deferred outflows of resources	104,218,823	96,860,783	7,358,040	7.6%
Liabilities and deferred inflows of resources:				
Current liabilities	2,790,936	3,232,816	(441,880)	(13.7%)
Current liabilities payable from restricted assets	12,390	13,459	(1,069)	(7.9%)
Other liabilities – including amounts relating to restricted assets	8,372,089	9,315,715	(943,626)	(10.1%)
Deferred inflows of resources	3,538,393	2,944,459	593,934	20.2%
Total liabilities and deferred inflows of resources	14,713,808	15,506,449	(792,641)	(5.1%)
Net position:				
Net investment in capital assets	64,090,371	57,060,385	7,029,986	12.3%
Restricted for other purposes	8,146,018	9,210,374	(1,064,356)	(11.6%)
Unrestricted	17,268,626	15,083,575	2,185,051	14.5%
Total net position	$ 89,505,015	$ 81,354,334	$ 8,150,681	10.0%

Current Assets: Current assets increased by $2,033,207 from December 31, 2019 to December 31, 2020. Grants and accounts receivable increased by $1,198,234 and $1,102,122 respectively and were offset by decreases of $215,808 in cash and investments, $32,580 in prepaid expenses, and $18,761 in interest receivable as compared to December 31, 2019.

During 2019 and 2020, $3,152,500 and $2,176,596 in grants funds were awarded in support of the Ore Tunnel Extension Project by the U.S. Department of Transportation, Federal Highway Administration (FHWA) and by the State of Ohio, Maritime Assistance Program (MAP), respectively. Construction activity on the project commenced in May of 2020. During 2020, $992,629 was recognized in grant revenue of which $928,546 was outstanding on December 31, 2020 (see Note 15).

In May of 2017, $2,278,356 in grant funds were awarded in support of the Main Gate Project by the FHWA. Construction on the Main Gate Project commenced in April of 2020. The Authority recognized $2,278,356 in grant revenue, $269,688 of which was outstanding on December 31, 2020 (see Note 15).

Accounts receivable also increased by $1,102,122 as compared to 2019 primarily due to outstanding dredge disposal fees and capital contributions. At December 31, 2020 a $912,685 dredge disposal fee invoice was outstanding and subsequently received on January 6, 2021. No dredge disposal fees were outstanding at December 31, 2019. In addition, $369,844 in capital contributions for the Ore Tunnel Extension Project were outstanding on December 31, 2020 as compared to $54,475 on December 31, 2019 (see Note 15). All of the outstanding capital contributions were received during the first quarter of 2021. These increases were offset by lower trade accounts receivable balances due to timing or decreased activity.

Cash and investments decreased by $215,808 in 2020. During 2020, a total of $1,080,000 was reclassified to unrestricted cash and investments from restricted cash and investments. In May of 2017, $1,180,000 in funds were restricted, representing an estimated 20% local cost share, as required to apply for the CMAQ grant. Funding for the local cost share was subsequently provided by grants awarded from the State of Ohio, in MAP grants. The Authority also restricted $100,000 to the Bond Fund Auxiliary Reserve as scheduled on an annual basis. The remaining decrease in cash and investments was due primarily to reduced cash provided by operations largely the result of the impact of the COVID-19 pandemic and continued investments in capital assets.

In addition prepaid expenses decreased by $32,580 and interest receivable decreased by $18,761 largely due to the timing of invoices and a less favorable interest rate environment.

Capital Assets: The Authority's investment in capital assets as of December 31, 2020 increased by approximately $6.7 million as compared to December 31, 2019 (net of accumulated depreciation). Capital assets before accumulated depreciation increased by approximately $9.3 million to $100.2 million. Accumulated depreciation increased by approximately $2.6 million during the same period to $30.9 million.

Investments in buildings, infrastructure, and leasehold improvements increased by $934,688 in 2020. The largest component of this increase was a $604,527 investment 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. Construction on this project commenced in August of 2019, with $467,424 in construction in progress at December 31, 2019. The project was completed in June of 2020.

The Authority also made $314,570 in capital investments to the Cleveland Bulk Terminal (CBT) facility that included; $147,575 in dredging, $86,580 in dock fenders, $62,915, in GIS infrastructure and $17,500 in bulkhead ladders, with $14,919 in construction in progress at December 31, 2019. Other improvements include $15,591 to the Warehouse A office and fire safety improvements.

Equipment increased by $76,602 as compared to 2019. The Authority invested $62,992 in various technology equipment for the Cruise Ship Terminal and $14,834 in computer and network improvements for its headquarters, with $32,772 in progress at December 31, 2019. The Authority also purchased a 2018 truck at a cost of $27,767 to replace the 1997 truck used in operations at the International Dock Terminal. These increases were offset by the disposal of the 1997 truck and certain obsolete computer equipment totaling $28,991.

Additionally, $9,678,122 is construction in progress at December 31, 2020. This includes $5,274,899 in expenditures to construct the CBT Ore Tunnel Extension. The Ore Tunnel Extension Project will enable a necessary shift to a two-grade blended ore model at the CBT facility. Total project costs to extend the Ore Tunnel are estimated to total $9,840,000. Construction of the Ore Tunnel Extension commenced in May of 2020 and is projected to be completed during the second quarter of 2021. Total third party funding for this project is estimated to be $9,063,634 with $5,329,096 being provided from FHWA, TIP grants and State of Ohio, MAP grants. An additional $3,734,538 is anticipated to be provided in capital contributions from the CBT Operator (see Note 15).

Also in construction in progress at December 31, 2020 is $3,523,846 for the Main Gate Project. Among other enhancements, this project expands the number of lanes, eliminating a single access choke point, improves entrance geometry and grading issues. The project improves truck processing times and eliminated an identified future growth constraint. Total project costs to construct the Main Gate and Access Road are estimated to be $3,621,000. Construction commenced in April 2020 and the project was completed in March of 2021. $2,278,356 of the total project cost was funded by State of Ohio, MAP grants (see Note 15).

Other costs in construction in progress at December 31, 2020 include, $599,279 in design engineering costs incurred in support of the Dock Modernization Project (see Note 24), $176,875 in improvements to the elevator at the Port's administrative building, $94,235 in improvements to the sediment processing facility, and $8,988 in planning costs for the U.S. Customs and Border Protection cargo facility.

A summary of the activity in the Authority's capital assets during the year ended December 31, 2020, 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	1,381,449	8,811,788	(515,115)	9,678,122
Buildings, infrastructures, and leasehold improvements	61,563,186	934,688	-	62,497,874
Equipment	8,448,218	105,593	(28,991)	8,524,820
	90,852,561	9,852,069	(544,106)	100,160,524
Less accumulated depreciation	(28,235,010)	(2,663,849)	28,274	(30,870,585)
Capital assets, net	$ 62,617,551	$ 7,188,220	$ (515,832)	$ 69,289,939

Restricted and Other Assets: Restricted and other assets decreased by $984,622 from December 31, 2019 to December 31, 2020.

Restricted cash and investments decreased by $1,084,261 as compared to 2019. As previously reported, the primary reason for this decrease was $1,180,000 in funds that were reclassified to unrestricted as a result of the local cost share to the CMAQ grant being provided by MAP grant funds. Other decreases include $4,261 in accounts held in trust for the Bond Fund program and 2016A debt obligation. These decreases were offset by a scheduled $100,000 increase in the Bond Fund Auxiliary Reserve Fund.

Other increases in restricted and other assets include an increase of $80,333 in the net pension asset (see Note 5), $11,495 in operating lease receivables as a result of straight-lining of the CBT operating lease extension, $4,593 in interest receivable and $3,218 in additional deposits made for office furniture.

Deferred Outflows of Resources: Deferred outflows of resources decreased by $362,933 as the result of a $507,429 decrease in deferred outflows related to pensions (see Note 5) and a decrease of $3,192 in deferred outflow of resources – debt refunding as the result of scheduled decreases in amortization of the Authority's 2016A debt obligations. These decreases were offset by an increase of $147,688 in deferred outflows related to OPEB (see Note 6).

Current Liabilities: Current liabilities decreased by $441,880 as compared to 2019.

Accounts payable decreased by $567,019 from December 31, 2019 primarily due to decreased capital invoices that were outstanding at the end of the fiscal year. Accounts payable related to capital expenditures was $1.3 million at December 31, 2020 as compared to $2.0 million at December 31, 2019. This decrease was offset by an increase in trade accounts payable of $132,981 largely due to timing. Other decreases in currently liabilities include a scheduled decrease in the current portion of debt for the Authority's 2016A debt obligation and a decrease of $1,246 in unearned income.

These decreases were offset by increases in accrued wages and benefits of $125,101 and a scheduled increase of $6,284 in the current portion of debt for the Authority's CBT debt obligation. The increase in accrued wages and benefits is primarily due to vacation time earned and accrued but not taken during 2020 due to constraints created by the COVID-19 pandemic and timing of the last pay date of the fiscal year.

Other Liabilities – including amounts relating to restricted assets: These line items decreased by a total of $944,695 as compared to December 31, 2019. The Authority's net pension liability decreased by $693,713 (see Note 5). The Authority's non-current portion of its long-term debt obligations also decreased by $358,882 and accrued interest on those obligations decreased by $1,069.

These decreases were offset by an increase of $108,499 in the Net OPEB liability (see Note 6) and a scheduled increase of $470 in non-current unearned income.

The activity in the Authority's long-term debt obligations outstanding during the year ended December 31, 2020 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	$ 3,786,774	$ -	$ (169,314)	$ 3,617,460
Maritime Facilities Project (2016A)	1,770,392	-	(188,284)	1,582,108
Total	$ 5,557,166	$ -	$ (357,598)	$ 5,199,568

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

Deferred Inflows of Resources: Deferred inflows increased by $593,934 due to an increase of $345,484 in deferred inflows related to pension (see Note 5) and an increase in deferred inflows related to OPEB of $248,450 (see Note 6).

Net Position: Net Position serves as a useful indicator of an entity's financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by $89.5 million at the close of the most recent fiscal year.

The largest portion of the Authority's net position (approximately 71.6%) 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, 2020

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

The Authority's operations increased its net position by $8,150,681 in 2020. Key elements of these changes are summarized below:

	2020	2019	Change Amount	Change %
Operating revenues:				
Wharfage, dockage, and storage	$ 1,252,441	$ 1,633,785	$ (381,344)	(23.3%)
Property lease and rentals	1,694,141	1,721,921	(27,780)	(1.6%)
Financing fee income	1,559,118	1,762,030	(202,912)	(11.5%)
Foreign trade zone fees	89,500	111,000	(21,500)	(19.4%)
Sediment management fees	3,458,036	3,835,744	(377,708)	(9.8%)
Parking revenues	107,548	208,610	(101,062)	(48.4%)
Other	278,738	296,246	(17,508)	(5.9%)
Total operating revenues	8,439,522	9,569,336	(1,129,814)	(11.8%)
Operating expenses:				
Salaries and benefits	3,418,647	3,390,693	27,954	0.8%
Professional services	935,992	1,041,106	(105,114)	(10.1%)
Sustainable infrastructure services	359,971	353,967	6,004	1.7%
Cost of sediment management operation	1,550,616	1,565,381	(14,765)	(0.9%)
Facilities lease and maintenance	876,780	948,333	(71,553)	(7.5%)
Marketing and communications	228,572	422,478	(193,906)	(45.9%)
Depreciation expense	2,663,850	2,543,472	120,378	4.7%
Office expense	80,514	75,857	4,657	6.1%
Other expense	192,270	206,400	(14,130)	(6.8%)
Community investment fund expense	150,000	40,000	110,000	275.0%
Total operating expenses	10,457,212	10,587,687	(130,475)	(1.2%)
Operating loss	(2,017,690)	(1,018,351)	(999,339)	98.1%
Nonoperating revenues (expenses):				
Noncapital grant revenue	-	14,960	(14,960)	(100.0%)
Property tax receipts, net of $43,775 expense	2,835,712	2,821,078	14,634	0.5%
Intergovernmental revenue	321,182	322,598	(1,416)	(0.4%)
Income from investments	350,951	555,161	(204,210)	(36.8%)
Interest expense	(194,268)	(208,605)	14,337	(6.9%)
Loss on impairment of capital assets	-	(1,020,882)	1,020,882	(100.0%)
Loss on disposal of capital assets	(217)	(18,285)	18,068	(98.8%)
Total nonoperating revenues (expenses)	3,313,360	2,466,025	847,335	34.4%
Change in net position before capital grants	1,295,670	1,447,674	(152,004)	(10.5%)
Capital grants and contributions	6,855,011	5,730,248	1,124,763	19.6%
Change in net position	8,150,681	7,177,922	972,759	13.6%
Net position – beginning of year	81,354,334	74,176,412	7,177,922	9.7%
Net position – end of year	$ 89,505,015	$ 81,354,334	$ 8,150,681	10.0 %

***Operating Revenues**:* Collectively, total operating revenues decreased $1,129,814 or 11.8% to $8,439,522 in 2020, from $9,569,336 in 2019.

***Wharfage, Dockage, and Storage**:* These revenues are generated from Authority cargo operations and collectively decreased 23.3% from $1,633,785 in 2019 to $1,252,441 in 2020.

Overall tonnage handled by the Port's primary break-bulk terminal operator decreased by 88,422 metric tons or 20.5% to 343,582 metric tons. Steel, project and container cargo decreased by 192,302 metric tons to 239,702 metric tons. This decrease was offset by an increase of 103,880 metric tons of dry bulk cargo that was handled at the facility. No dry bulk cargo was handled in 2019. Dry bulk cargo is charged a wharfage fee of $0.35 per metric ton compared to steel, project and container cargo at $0.80 per metric ton per the Port of Cleveland Tariff. The net decrease in tonnage of 88,422 metric tons resulted in decreased wharfage revenues of $117,483. Dockage revenues decreased by $38,245 on reduced activity.

Throughput at the Cleveland Bulk Terminal facility, operated by a private company, also decreased by 20.5% for a total of approximately 2.0 million metric tons of iron ore and limestone. The decrease in tonnage resulted in a decrease in wharfage revenues of $145,487 as compared to 2019. Additional fees of $122,260 were generated based on an iron ore additional tonnage incentive fee as compared to $137,448 in 2019. The decrease in iron ore tonnage is due to an end-users blast furnace shut down, a result of the COVID-19 pandemic.

The Authority charges a per passenger fee to cruise ship vessels that dock at the Port of Cleveland. In 2019, $53,004 in passenger fees were collected. Lake cruises were cancelled in 2020 due to the COVID-19 pandemic and no passenger fees were earned or collected.

Other revenue sources such as net security fees and security escort fees decreased by $11,937 in 2020 as compared to 2019 due to decreased activity.

Property Lease and Rentals: Property lease and rentals decreased by $27,780 or 1.6% in 2020 as compared to 2019. Volume sharing fees decreased by $34,855 as a result of decreased throughput at the Port's primary break-bulk terminal. This decrease was offset by an increase of $11,661 primarily as the result of accounting for rent on a straight-line basis due to the ten year extension to the CBT Operating Lease Agreement (see Note 10).

Financing Fee Income: Financing fee income decreased by $202,912 or 11.5% in 2020 as compared to 2019, to $1,559,118. Development finance fee income is 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 2020, closing fees decreased by $127,774 to $669,313 as the Authority assisted in issuing bonds for four economic development projects in the region and various refinancing transactions as compared to five in 2019.

The Authority also collected $889,805 in bond service fees related to existing projects, a decrease of $75,138 as compared to 2019 due to reduced principal balances outstanding on certain projects.

Foreign Trade Zone Income: Foreign trade zone fees decreased by $21,500 or 19.4% to $89,500 in 2020 as compared to 2019 primarily due to the receipt of an application fee in 2019.

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 2020, 240,783 cubic yards of dredge material was received and stored on CDF 12 compared to 264,705 cubic yards in 2019. Overall dredge disposal fees decreased by $363,967 or 9.7% as compared to 2019 fees. Price increases implemented to cover investment and running costs at CDF 12 mitigated the decrease in fees but due to product mix received the decrease in revenue is primarily the result of the decreased material received.

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 152,270 cubic yards of material in 2020 as compared to 143,305 cubic yards in 2019. The Authority collected $60,878 and $74,619 in sediment royalty payments in 2020 and 2019 respectively. As of December 31, 2020 inventory of on-site material repurposed and ready for resale increased by 38,532 cubic yards.

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.

In 2020, parking revenue decreased by $101,062 or 48.4% to $107,548. Parking revenues from the West Third Lot and Cleveland Browns Agreement decreased by $50,991 or 38.8% and $8,905 or 24.8%, respectively. The COVID-19 pandemic and ensuing shutdown directly impacted parking revenues in 2020.

In addition, the Authority recognized $41,166 in 2019 for special event parking. No special event fees were earned in 2020.

Other Revenues: Other operating revenues decreased by $17,508 or 5.9% in 2020. Use of the Authority's two harbor cranes rented to the Authority's terminal operator decreased by $82,545 due to decreased tonnage activity. This decrease was offset by an increase of $65,037 in miscellaneous revenue, which is primarily due to the receipt of a 372% dividend by the State of Ohio, Bureau of Workers' Compensation. These dividends were issued to employers in an effort to help ease financial pressures resulting from the COVID-19 pandemic.

Operating Expenses: Operating expenses decreased by $130,475 or 1.2% to $10,457,212 in 2020, from $10,587,687 in 2019.

Salaries and Benefits: Salary and benefit costs increased by $27,954 or 0.8% from 2019. Staff salary and benefit costs increased by $267,402 or 9.3%, due to increased accrued vacation balances, performance increases and other costs including timing of open positions year over year. These increases were offset by a decrease of $239,448 or 45.4% in non-cash charges to pension and OPEB expense recorded as required by GASB 68 and GASB 75 (see Notes 5 and 6).

Professional Services: Professional service fees decreased by $105,114 or 10.1% as compared to 2019. This decrease is primarily related to $135,851 in service fees expended in 2019 to complete studies related to dock strengthening, infrastructure condition assessment and cargo feasibility. The Authority also expended $42,975 in 2019 to a professional service firm to provide support in the Port's efforts to pursue federal grants. These decreases were offset by increases of $58,941 in legal fees primarily related to development finance and construction activity at the Port's CBT terminal.

Sustainable Infrastructure Services: Investments in sustainable infrastructure services increased by $6,044 or 1.7% in 2020 to $359,971. In 2020, the Authority expended $80,939 in support of Irish Town Bend in legal fees, acquisition services, and other transaction costs. This increase was primarily offset by reduced consultant fees. The Authority expended $54,353 during 2019 in consultant fees to complete development of a long term master plan for CDFs 9, 12 and 10B that commenced in 2018. Legal fees related to sediment management also decreased by $17,996.

Cost of Sediment Management Operation: Cost related to sediment management operations decreased by $14,765 or 0.9% in 2020 to $1,550,616 primarily due to decreased sediment processing and related costs. As previously reported, dredge material received by the CDF 12 processing center during 2020 decreased by 23,922 cubic yards to 240,783 cubic yards resulting in decreased disposal revenues of $363,967.

During 2020, 52,743 cubic yards of material delivered to the site in 2019 was processed, along with 99,527 cubic yards of material delivered in 2020, at a total cost of $1,396,313. Approximately 37,052 cubic yards of material received in 2020, will be processed in 2021, at an approximate cost of $339,767. During 2020, the Authority also accepted an additional 104,204 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 decreased by $60,845 primarily due to decreased road and site maintenance expenses.

Facilities Lease and Maintenance: Facilities lease and maintenance expense decreased by $71,553 or 7.5% from 2019 to $876,780. The Authority experienced a decrease of approximately $59,000 in maintenance costs for Port owned operating equipment including the mobile harbor cranes, industrial trucks and other large equipment. The remaining decrease is primarily attributable to reduced maintenance consumable costs and special project costs.

Marketing and Communications: Marketing and communication expense decreased by $193,906 or 45.9% in 2020 as compared to 2019. Certain discretionary costs were reduced from what had been budgeted to compensate for the economic impact of the COVID-19 driven slowdown. The decrease in marketing and communications expense in 2020 as related to advertising, community support, and business development expenses are a result of this action. Business related travel was also down during the year due to global shut-down that resulted from the COVID-19 pandemic.

Depreciation Expense: Depreciation expense increased by $120,378 or 4.7% to $2,663,850 as compared to 2019. Depreciation expense for the CBT facility increase by $185,571 and is primarily the result of a full year of deprecation on the $9.4 million bulkhead rehabilitation placed in service in September of 2019. This increase was offset by lower depreciation cost for the CDF 12 facility due to decreased material storage.

Office Expense: Office expense increased by $4,657 in 2020 primarily due to certain license and hardware needs related to GIS management and requirements necessitated to enable or enhance remote access.

Other Expense: Other expense decreased by $14,130 in 2020. The decrease in the classification is primarily related to a decrease in staff development related travel and seminar costs prohibited due to the COVID-19 pandemic.

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 the 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.

In 2020, the Authority expended an additional $50,000 to PHASTAR for continue operational support of the Aviation High School maritime and waterfront education programs. The Authority also expended $100,000 to Neighborhood Connections/Neighbor UP CLE, a sub fund of the Cleveland Foundation with a focus on small grants. Neighbor UP CLE targets grants to local community groups in the City of Cleveland and inner ring suburbs. Authority funds are used to match grants provided by Neighbor UP CLE including security upgrades, community gardens and other quality of life improvements.

Nonoperating Revenues (Expenses):

- ***Noncapital Grant and Contribution Revenue:*** Noncapital grant and contribution revenue decreased by $14,960 in 2020 as compared to 2019. In 2019, the Authority received $14,960 in contributions from the Ohio Environmental Council in honor of Barbara Martin for use at the Cleveland Lakefront Nature Preserve. No nonoperating grant revenue was received in 2020.

- ***Property Tax Receipts***: A large portion of nonoperating revenues results from the Authority's .13 mill property tax levy. Net tax receipts increased by $14,634 in 2020 as compared to 2019. 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 2020, those expense deductions totaled $43,775 as compared to $32,904 in 2019.

- ***Intergovernmental Revenue:*** The Authority recorded $321,182 in 2020 Real Property Homestead Tax Rollback receipts as compared to $322,598 in 2019.

- ***Income from Investments:*** Investment income decreased by $204,210 as compared to 2019, primarily as the result of the decreased interest rate environment that began in March of 2020 due to the COVID-19 pandemic. Interest earned on Authority deposit funds decreased by $145,894 as the interest paid on funds progressively decreased from 1.15% in December of 2019 to 0.05% in December of 2020. Additional decreases were realized on the Port's investment portfolio as maturing investments were replaced with those commanding a lower rate.

- ***Interest Expense:*** Interest expense decreased by $14,337 as a result of decreasing principal on the Authority's direct debt obligations.

- ***Impairment of capital assets:*** In 2019, the Bed Load Interceptor (BLI) installed in 2015 as part of a pilot project to provide sustainable solutions for managing sediment removal from the Cuyahoga River Ship Channel was determined to be totally impaired due to various environmental factors. As a result the BLI was removed from service and an impairment loss of $1,020,882 was recognized. No asset impairments were determined necessary in 2020.

- ***Loss on Disposal of Capital Assets***: The Authority recognized a $717 loss on the disposal of certain obsolete computer equipment as offset by a $500 gain recognized on the trade-in of the 1997 truck.

- ***Capital Grants and Contributions:*** In 2020, $6,855,011 in capital grant and contribution revenue was recognized. The Authority recognized $2,278,356 from ODOT in FHWA grant funds for the Main Gate Project and $992,629 from ODOT in FHWA and MAP grant funds in support of the Ore Tunnel Extension Project. The Authority also recognized $3,584,026 in contribution revenue, $3,582,648 from the CBT Operator for the Ore Tunnel Project and $1,378 from a tenant for equipment related to the Main Gate Project.

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2020

Net Position:

The following chart details the Authority's net position at December 31, 2020 and 2019:

	2020	2019
Total	$ 89,505,015	$ 81,354,334

Total net position increased by $8.15 million or 10.0% in 2020**.** This increase is primarily due to the receipt $6.9 million in capital grants and contributions.

Total operating revenues decreased by $1,129,814 to $8.44 million in 2020 as compared to 2019. Maritime related revenues of Wharfage, dockage and storage decreased by $381,344 to $1.25 million on approximately 20.5% lower freight volumes due to the negative economic impact of COVID-19. Financing fee income decreased by $202,912 generating $1.56 million in revenue as compared to $1.76 million in 2019 mainly on lower deal closing fee income. Sediment management fees decreased by $377,708 to $3.46 million in 2020. The lower revenue was driven by 23,922 fewer cubic yards received into the site in 2020. The decrease in Maritime, Finance fee and Sediment management fees accounted for 85% of the total decrease in revenue Total Operating expenses decreased by $130,475 to $10.5 million in 2020. Discretionary expenses such as professional services and marketing expense and others were managed down to offset lower revenues due to the impact of the COVID-19 pandemic. Expense increases in depreciation due to high capital spending and Community investment fund grants offset expense reductions. Operating profit before depreciation decreased by $878,961 to $646,160 in 2020 as compared to 2019.

Nonoperating revenues net of expenses increased by $847,335 to $3,313,360 as compared to 2019, primarily as the result of the $1.04 million recognition of the capital impairment and disposal in 2019. This increase was offset by a decrease of $204,210 in income from investments primarily driven by the declining interest rate environment resulting from the economic impacts of the COVID-19 pandemic.

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

Looking ahead to 2021, total operating revenues are expected to be slightly higher than 2020 by approximately $105,000 The "core" operations of maritime are projected to recover from 2020 levels as freight levels return to normal and the economic impact of the COVID-19 driven slowdown lessens. Throughput at the CBT bulk cargo facility is forecasted to increase by 49.1% and the general cargo facility is expected to handle increased non-dry bulk cargo which will result in increased fees for a total impact of $500,000. Fees generated by development finance are forecasted to be lower on fewer deal closing and are forecasted to generate approximately $1.1 million in revenue during 2021, down $450,000 compared to 2020. Cost of sediment management is expected to increase by approximately $500,000 on higher volumes processed and increased maintenance spending. General spending is projected to return to normal levels as discretionary expenses for travel, professional fees and marketing lead revenue increases in total by approximately $523,000, as the Port returns to its strategic initiatives at pre-COVID-19 levels. Net operating results before depreciation are forecasted to be down approximately $1.43 million on the combined impacts of essentially flat revenues and higher sediment management costs and a return to pre-COVID-19 spending levels.

Nonoperating revenues are forecasted to remain essentially flat in 2021 as compared to 2020. 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 Authority through 2023 and are unencumbered and available to fund Authority 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 $29.8 million in third party funding in support of an estimated $31.9 million investment in various infrastructure and capital improvement projects. During 2020, $8.8 million was expended in related infrastructure and capital improvement projects and $6.86 million was recognized in grant and contribution revenue. The remaining $22.9 million in grant and contribution funds will be received and expended over the next several years. Approximately $16.2 million is expected to be recognized in 2021, $4.5 million related to the Ore Tunnel Extension Project and $11.7 million for the Dock Modernization Project. In summary, 2021 is expected to be similar to 2020, 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, 2020

Assets:	
Current assets:	
Cash and investments	$ 19,728,391
Accounts receivable, net	1,687,793
Interest receivable	5,901
Prepaid expenses	188,053
Intergovernmental receivable	165,000
Property tax receivable	2,835,000
Grants receivable	1,198,234
Total current assets	25,808,372
Non-current assets:	
Capital assets:	
Construction in progress	9,678,122
Land and land improvements	19,459,708
Buildings, infrastructures, and leasehold improvements	62,497,874
Equipment	8,524,820
Total capital assets	100,160,524
Less accumulated depreciation	(30,870,585)
Net book value of capital assets	69,289,939
Restricted and other assets:	
Restricted cash and investments	8,145,411
Net pension asset	175,080
Operating lease receivable	16,685
Other	23,524
Total restricted and other assets	8,360,700
Deferred outflows of resources:	
Pension	405,951
Other postemployment benefits	342,366
Debt refunding	11,495
Total deferred outflows of resources	759,812
Total assets and deferred outflows of resources	104,218,823

(continued)

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

Cleveland-Cuyahoga County Port Authority

Statement of Net Position (continued)

December 31, 2020

Liabilities:	
Current liabilities:	
Accounts payable	$ 1,891,580
Accrued wages and benefits	476,402
Unearned income	67,350
Current portion of bonds and loans to be repaid by the Authority:	
Cleveland Bulk Terminal Project	175,604
Maritime Facilities Project (2016A Bonds)	180,000
Total current liabilities	2,790,936
Current liabilities payable from restricted assets:	
Accrued interest payable	12,390
Total current liabilities payable from restricted assets	12,390
Other liabilities - including amounts relating to restricted assets:	
Net pension liability	1,664,666
Net other postemployment benefits liability	1,836,247
Unearned income	27,212
Long-term bonds and loans, net of current portion:	
Cleveland Bulk Terminal Project	3,441,856
Maritime Facilities Project (2016A Bonds)	1,402,108
Total other liabilities	8,372,089
Deferred inflows of resources:	
Property taxes	2,835,000
Pension	441,198
Other postemployment benefits	262,195
Total deferred inflows of resources	3,538,393
Total liabilities and deferred inflows of resources	14,713,808
Net position:	
Net investment in capital assets	64,090,371
Restricted for other purposes	8,146,018
Unrestricted	17,268,626
Total net position	$ 89,505,015

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, 2020

Operating revenues:	
Wharfage, dockage, and storage	$ 1,252,441
Property lease and rentals	1,694,141
Financing fee income	1,559,118
Foreign trade zone fees	89,500
Sediment management fees	3,458,036
Parking revenues	107,548
Other	278,738
Total operating revenues	8,439,522
Operating expenses:	
Salaries and benefits	3,418,647
Professional services	935,992
Sustainable infrastructure services	359,971
Cost of sediment management operation	1,550,616
Facilities lease and maintenance	876,780
Marketing and communications	228,572
Depreciation expense	2,663,850
Office expense	80,514
Other expense	192,270
Community investment fund expense	150,000
Total operating expenses	10,457,212
Operating loss	(2,017,690)
Nonoperating revenues (expenses):	
Property tax receipts, net of $43,775 expense	2,835,712
Intergovernmental revenue	321,182
Income from investments	350,951
Interest expense	(194,268)
Loss on disposal of capital assets	(217)
Total nonoperating revenues (expenses)	3,313,360
Change in net position before capital grants and contributions	1,295,670
Capital grants and contributions	6,855,011
Change in net position	8,150,681
Net position – beginning of year	81,354,334
Net position – end of year	$ 89,505,015

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, 2020

Operating activities:	
Receipts from customers	$ 7,641,874
Payments to suppliers for goods and services	(4,190,169)
Payments to employees	(2,216,164)
Payments of employee benefits	(789,254)
Net cash provided by operating activities	446,287
Noncapital financing activities:	
Net proceeds from property tax collections	2,835,712
Net proceeds from governments	321,182
Net cash provided by noncapital financing activities	3,156,894
Capital and related financing activities:	
Cash received from capital grants and contributions	5,340,030
Principal paid on debt	(354,314)
Interest paid on debt	(195,430)
Acquisition and construction of capital assets	(10,058,657)
Net cash used in capital and related financing activities	(5,268,371)
Investing activities:	
Purchase of investment securities	(33,836,405)
Proceeds from sale and maturity of investment securities	34,090,639
Interest on investments	337,608
Net cash provided by investing activities	591,842
Net decrease in cash and cash equivalents	(1,073,348)
Cash and cash equivalents – beginning of year	22,290,700
Cash and cash equivalents – end of year	$ 21,217,352

(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, 2020

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (2,017,690)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,663,850
Changes in assets and liabilities:	
Accounts receivable, net	(785,377)
Net pension asset	(80,333)
Operating lease receivables	(11,495)
Prepaid expenses and other assets	29,362
Deferred outflow, pension	507,429
Deferred outflow, other postemployment benefits	(147,688)
Accounts payable	155,184
Unearned income and other	(776)
Accrued wages and benefits	125,101
Pension liability	(693,713)
Net other postemployment benefit liability	108,499
Deferred inflow, pension	345,484
Deferred inflow, other post-employment benefits	248,450
Net cash provided by operating activities	$ 446,287
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	$ 19,728,391
Included in restricted and other assets	8,145,411
Total	27,873,802
Investments included in the balances above that are not cash equivalents	(6,656,450)
Cash and cash equivalents reported in the Statement of Cash Flows	$ 21,217,352
Supplemental schedule of non-cash investing, capital and related financing activities:	
Increase in capital assets due to accounts payable	$ 1,273,627
Increase in capital contribution revenue due to accounts receivable	$ 371,221

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, 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 equivalents 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 an initial useful life extending beyond a single reporting period, 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, infrastructure, and 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 consists 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 GASB Statement 62, except for leases that are not recognized for accounting purposes under Interpretation No. 2 of the GASB, *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 revenues 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 5 and Note 6 respectively.

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

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, 2020, but which were levied to finance fiscal year 2021 operations. The deferred inflows of resources related to pensions and OPEB are explained respectively in Note 5 and Note 6.

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

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

Note 1: Summary of Significant Accounting Policies (continued)

Newly Adopted Accounting Pronouncements - For the year ended December 31, 2020, the Authority implemented the following Governmental Accounting Standards issued by the GASB:

GASB Statement No. 83, *Certain Asset Retirement Obligations (AROs)*, was issued November 2016. 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. The implementation of this GASB pronouncement did not result in any changes to the Authority's financial statements.

Newly Issued Accounting Pronouncements, Not Yet Adopted

GASB Statement No. 87, *Leases*, was issued June 2017. 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.

GASB Implementation Guide No. 2019-3, *Leases*, was issued in August 2019, to provide guidance that clarifies, explains or elaborates on the requirements of Statement No. 87, *Leases*. The requirements of this Implementation Guide were originally effective for reporting periods beginning after December 15, 2019, but have been postponed to fiscal years beginning after June 15, 2021 by GASB Statement No. 95.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018. This Statement 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.

Note 1: Summary of Significant Accounting Policies (continued)

Newly Issued Accounting Pronouncements, Not Yet Adopted (continued)

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2020, but have been postponed to reporting periods beginning after December 15, 2021 by GASB Statement No. 95.

GASB Statement No. 92, *Omnibus 2020*, was issued in January, 2020. This statement addresses a variety of topics with objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement were originally effective for fiscal years and reporting periods beginning after and acquisitions occurring in reporting periods beginning after June 15, 2021. These effective dates have been postponed one year by GASB Statement No. 95.

GASB Statement No. 93, R*eplacement of Interbank Offered Rates*, was issued in March, 2020 to address accounting and financial reporting implications that result from global reference rate reform. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal year periods beginning after June 15, 2021, and all reporting periods thereafter.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March, 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May, 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Note 1: Summary of Significant Accounting Policies (continued)

Newly Issued Accounting Pronouncements, Not Yet Adopted (continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued in June, 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective immediately, with the exception of the requirements related to the accounting and financial reporting for Section 457 plans which are effective for fiscal years beginning after June 15, 2021.

GASB Implementation Guide No. 2019-1, *Implementation Guidance Update - 2019*, issued in April 2019, provides guidance that clarifies, explains or elaborates on GASB Statements. The requirements of this Implementation Guide were originally effective for reporting periods beginning after June 15, 2019 but have been postponed to reporting periods beginning after June 15, 2020 by GASB Statement No. 95.

GASB Implementation Guide No. 2020-1, *Implementation Guidance Update - 2020*, issued in April 2020, provides guidance that clarifies, explains or elaborates on GASB Statements. The requirements of this Implementation Guide have varying effective dates and 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.

The Authority has not yet determined the impact that these Statements and Implementation Guides will have on its financial statements and disclosures.

Note 2: Coronavirus Pandemic Impact

In December 2019, a novel strain of coronavirus, COVID-19, was reported to have first appeared. Since then, the COVID-19 coronavirus has spread to multiple countries, including the United States. The ensuing economic slowdown is considered to have impacted the Authority’s 2020 financial results in several key areas.

Fees generated on the core operations of maritime were down approximately $493,770 in 2020 as compared to 2019. Wharfage, dockage and other ancillary fees generated from cargo handled at the International Terminal were down $167,700 on lower tonnage volumes. The lower tonnage activity also reduced property lease and rental revenues and other revenues by $34,900 and 82,500, respectively. While there remain certain ongoing issues related to steel tariffs imposed in 2019, this reduced activity is considered to be primarily related to the pandemic.

Note 2: Coronavirus Pandemic Impact (continued)

Wharfage and other fees generated from the CBT bulk cargo facility are down approximately $155,670 due to the decreased throughput of 501,275 metric tons of iron ore as compared to 2019. This is the direct result of decreased demand from an end-user of the iron ore product as the result of the pandemic. Finally, Cruise Ship passenger fees, were down $53,000 year-over-year as cruises scheduled during 2020 were cancelled as the result of the COVID-19 pandemic.

Parking fees that the Authority collects for a lot it owns and operates were also down $101,060 as compared to 2019. The West 3rd parking lot, used by various employees that work downtown and visitors, was down $50,991 in 2020 due pandemic related closures, remote working and eliminated and/or reduced public events. Parking for the Cleveland Browns was also down by $8,905 in 2020 as a result of an amended agreement precipitated by the uncertainty of activity as a result of the pandemic. Fees the Authority charges to various parties for special events held nearby were also down year-over-year by $41,166. While these special event fees may not have risen to the level of 2019, there were no fees earned or collected in 2020.

The Authority also experienced a decrease of interest and investment income of $204,210 in 2020 as compared to 2019. While $12,720 of that amount is an unrealized loss due to marking investments to market the remaining decrease is primarily due to the lower interest rate environment that has occurred as a result of the economic impact of the global pandemic.

In early 2020, the Authority estimated the potential impact on current year financial results as a result of the economic impact of the COVID19 driven slowdown. Action was taken to temporarily reduce certain discretionary investments in furtherance of its long-term strategic initiative to partially offset projected decreases in revenue. Expenses managed down include marketing, professional service fees, and others.

As the COVID-19 coronavirus continues to spread in the United States, the Port may experience disruptions. The global outbreak of the COVID-19 coronavirus continues to rapidly evolve. While the “core” operations of maritime are projected to recover from 2020 levels as the COVID-19 driven slowdown lessons, the extent to which the COVID-19 coronavirus may impact the Port’s business will depend on future developments. Future developments are highly uncertain and cannot be reasonably estimated, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions, and the effectiveness of actions taken in the United States to contain and treat the disease.

Note 3: Deposits and Investments

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

Note 3: Deposits and Investments (continued)

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% 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, 2020 the carrying amounts of the Authority's deposits were $17,759,684 and the related bank balances were $18,177,719, of which $250,000 was covered by federal depository insurance and $17,927,719 was uninsured and collateralized under the OPCS program.

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

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

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, 2020 have effective maturity dates of less than five years.

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.

Note 3: 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, 2020:

	Fair value	Rating*	Less than one year	One to five years	Percentage of investments
Federated Government Obligations	$ 3,217,482	AAA	$ 3,217,482	$ -	31.8%
First American Treasury	5,464	AAA	5,464	-	0.0%
Certificates of Deposit	765,039	N/A	-	765,039	7.6%
Federal National Mortgage Association	200,367	AAA	-	200,367	2.0%
Guaranteed Investment Contract	4,227,929	N/A	4,227,929	-	41.8%
United States Treasury Notes	541,573	AAA	541,573	-	5.4%
Federal Home Loan Mortgage Corporation	981,241	AAA	-	981,241	9.7%
Federal Farm Credit Banks	175,023	AAA	-	175,023	1.7%
Total	$ 10,114,118		$ 7,992,448	$ 2,121,670	100.0%

*Moody's Investor Service

Note 4: Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 4: Fair Value Measurements (continued)

The Authority has the following recurring fair value measurements as of December 31, 2020.

	Balance at 12/31/2020	Fair Value Measurements Using Level 1	Level 2	Level 3
Money Market Mutual Funds	$ 3,222,946	$ 3,222,946	$ -	$ -
U.S. Agencies	1,356,631	-	1,356,631	-
Certificates of Deposit	765,039	-	765,039	-
U.S. Treasury Notes	541,573	-	541,573	-
Total investments by fair value level	$ 5,886,189	$ 3,222,946	$ 2,663,243	$ -

The Authority's investment of $4,227,929 at December 31, 2020 is invested in a Nonparticipating GIC which is not subject to fair value measurement.

Level 1 investments include money market investments that are valued at cost plus accrued interest, which approximates fair value.

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

Note 5: Defined Benefit Pension Plans

Net Pension Liability (Asset)/Net OPEB Liability

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 5: Defined Benefit Pension Plans (continued)

Net Pension Liability (Asset)/Net OPEB Liability (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 6 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 5: 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 earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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%.

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 5: 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 hybrid defined benefit/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 annualize their defined contribution account balances.

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	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 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 5: 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 2020 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 2020. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's 2020 contractually required contribution for the traditional plan, net of postemployment health care benefits was $182,014. The 2020 contractually required contribution for the combined plan, net of postemployment health care benefits was $54,658. For 2020, $22,789 is reported as accrued wages and benefits at December 31, 2020.

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 5: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

The total pension liability (asset) for the measurement period December 31, 2019 was determined using the following actuarial assumptions that follow:

	OPERS Traditional Plan	OPERS Combined Plan
Valuation date	December 31, 2019	December 31, 2019
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	1.40% Simple through 2020 then 2.15% Simple	1.40% Simple though 2020 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 5: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

During 2019, 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 17.2% for 2019.

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 2019 and the long-term expected real rates of return:

Asset Class	2019 Target Allocation	2019 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.0%	1.83%
Domestic equities	19.0%	5.75%
Real estate	10.0%	5.20%
Private equity	12.0%	10.70%
International equities	21.0%	7.66%
Other investments	13.0%	4.98%
Total	100.0%	5.61%

Discount Rate: The discount rate used to measure the total pension liability (asset) for measurement year 2019 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 5: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

Authority's proportionate share of net pension (asset) at December 31, 2020:

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Authority's proportionate share of the net pension liability – traditional	$ 2,745,572	$ 1,664,666	$ 692,962
Authority's proportionate share of the net pension asset – combined	$ (105,792)	$ (175,080)	$ (225,018)

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

The net pension liability (asset) for OPERS as of December 31, 2020 was measured as of December 31, 2019. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. 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.

2020 net pension asset and liabilities:

	OPERS Traditional	OPERS Combined	Total
Proportion of the net pension liability/asset prior measurement date	0.008611%	0.084730%	
Proportion of the net pension liability/asset current measurement date	0.008422%	0.083962%	
Change in proportionate share	(0.000189%)	(0.000768%)	
Proportionate share of the net pension asset	$ -	$ 175,080	$ 175,080
Proportionate share of the net pension liability	$ 1,664,666	$ -	$ 1,664,666
Pension expense	$ 294,594	$ 20,945	$ 315,539

Note 5: 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, 2020, 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			
Change in assumptions	$ 88,913	$ 18,053	$ 106,966
Differences in employer contributions and change in proportionate share	56,470	5,843	62,313
Contributions subsequent to the measurement date	182,014	54,658	236,672
Total deferred outflow of resources	$ 327,397	$ 78,554	$ 405,951

	OPERS Traditional	OPERS Combined	Total
Deferred inflow of resources			
Difference between expected and actual experience	$ 21,047	$ 41,104	$ 62,151
Difference between projected and actual earnings on pension plan investments	332,063	22,709	354,772
Differences in employer contributions and change in proportionate share	24,275	-	24,275
Total deferred inflow of resources	$ 377,385	$ 63,813	$ 441,198

Note 5: 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 $236,672 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, 2021. 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:			
2021	$ 2,011	$ (10,271)	$ (8,260)
2022	(115,912)	(9,845)	(125,757)
2023	13,751	(3,513)	10,238
2024	(131,852)	(11,827)	(143,679)
2025	-	(1,503)	(1,503)
2026-2029	-	(2,958)	(2,958)
	$ (232,002)	$ (39,917)	$ (271,919)

Note 6: 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' Comprehensive Annual Financial Report referenced below for additional information.

Note 6: 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 2020, 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 2020. The portion of employer contributions allocated to health care for members in the member-direct plan was 4% during 2020.

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 $18,288 for 2020. Of this amount, $6,511 is reported as an intergovernmental payable.

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, 2019 was determined using the following actuarial assumptions that follow.

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

Actuarial Assumptions – OPERS (continued)

	Assumptions
Valuation date	December 31, 2018
Rolled-forward measurement date	December 31, 2019
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	3.16%
Health care cost trend	Initial 10.5% to 3.5% ultimate in 2030

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 2019, 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 6: 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 19.7% for 2019.

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	2019 Target Allocation	2019 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	36.0%	1.53%
Domestic equities	21.0%	5.75%
Real estate	6.0%	5.69%
International equities	23.0%	7.66%
Other investments	14.0%	4.90%
Total	100.0%	4.55%

Discount rate: A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.75% for the measurement date of December 31, 2019.

Note 6: 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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 3.16%, 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 (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	$ 2,403,023	$ 1,836,247	$ 1,382,443

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 2020 is 10.5%. 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 3.5% 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	$ 1,782,061	$ 1,836,247	$ 1,889,742

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

Actuarial Assumptions – OPERS (continued)

Assumption Changes Since the Prior Measurement Date Municipal bond rate changed from 3.71% to 2.75% and the single discount rate changed from 3.96% to 3.16%. The health care cost trend rate also changed from10.0% initial, 3.25% unlimited in 2029 to 10.5% initial, 3.5% ultimate in 2030.

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

The net OPEB liability for OPERS as of December 31, 2020, was measured as of December 31, 2019. 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, 2020:

		OPERS
Proportion of the net OPEB liability prior measurement date		0.013252%
Proportion of the net OPEB liability current measurement date		0.013294%
Change in proportionate share		0.000042%
Proportionate share of the net OPEB liability	$	1,836,247
OPEB expense	$	227,549

At December 31, 2020, the Authority reported deferred outflow and inflow of resources related to OPEB liabilities from OPERS OPEB plan, based on December 31, 2019 measurement, as indicated in the table below:

		OPERS
Deferred outflow of resources		
Difference between expected and actual experience	$	50
Change in assumptions		290,658
Differences in employer contributions and change in proportionate share		33,370
Contributions subsequent to the measurement date		18,288
Total deferred outflow of resources	$	342,366

Note 6: 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	$	167,933
Difference between projected and actual earnings on OPEB plan investments		93,501
Differences in employer contributions and change in proportionate share		761
Total deferred inflow of resources	$	262,195

The $18,288 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, 2021. 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:		
2021	$	73,975
2022		27,786
2023		74
2024		(39,952)
	$	61,883

Changes Between the Measurement Date and the Reporting Date On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are expected to decrease the associated OPEB liability.

Note 7: Property Taxes

Property taxes received by the Authority represent a special levy of .13 mills to fund the Authority's operations. The tax is levied against all real and public utility property located in Cuyahoga County. The 2019 levy (collected in 2020) 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.

Note 8: Capital Assets

Capital asset activity for the year ended December 31, 2020 is as follows:

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020
Capital assets not being depreciated:				
Land and land improvements	$ 19,459,708	$ -	$ -	$ 19,459,708
Construction in progress	1,381,449	8,811,788	(515,115)	9,678,122
Total capital assets not being depreciated	20,841,157	8,811,788	(515,115)	29,137,830
Capital assets being depreciated:				
Buildings, infrastructures, and leasehold improvements	61,563,186	934,688	-	62,497,874
Equipment	8,448,218	105,593	(28,991)	8,524,820
Total capital assets being depreciated	70,011,404	1,040,281	(28,991)	71,022,694
Less accumulated depreciation:				
Buildings, infrastructures, and leasehold improvements	26,310,212	2,199,445	-	28,509,657
Equipment	1,924,798	464,405	(28,275)	2,360,928
Total accumulated depreciation	28,235,010	2,663,850	(28,275)	30,870,585
Total capital assets being depreciated, net	41,776,394	(1,623,569)	(716)	40,152,109
Capital assets, net	$ 62,617,551	$ 7,188,219	$ (515,831)	$ 69,289,939

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2020

Note 9: Long-Term Obligations

Changes in the Authority's long-term obligations for the year ended December 31, 2020 are as follows:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
Direct Placement:					
Cleveland Bulk Terminal Project	$ 3,786,774	$ -	$ (169,314)	$ 3,617,460	$ 175,604
Maritime Facilities Project (2016A)	1,770,392	-	(188,284)	1,582,108	180,000
Total	$ 5,557,166	$ -	$ (357,598)	$ 5,199,568	$ 355,604

The decreases above include amortization of reoffering premiums relating to the Maritime Facilities Project (2016A) issuances of $3,284.

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.

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.

Note 10: Cleveland Bulk Terminal (continued)

The 2016 Refunding 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 2016 Refunding 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 was used to pay the remaining 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 bonds from 4.83% to 3.65%. The refunding also terminated the swap agreement the Authority had with the bank.

The bonds outstanding at December 31, 2020, are payable as follows:

Year	Principal	Interest	Total
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	203,164	101,559	304,723
2026 – 2030	1,134,687	388,929	1,523,616
2031 – 2035	1,361,490	162,126	1,523,616
2036	175,618	2,137	177,755
Total payments	$ 3,617,460	$ 1,131,142	$ 4,748,602

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 was for ten years with an option to extend for an additional ten-year period (the “Operating Agreement”). The Operating Agreement provided for annual base fee payments in the amount of $400,000 along with certain additional fees dependent upon the annual tonnage of freight handled at the facility.

On August 27, 2020, the parties entered into an addendum to the operating agreement extending the initial term of the operating agreement for ten years through March 31, 2037 and amending the base fee and certain additional fees. The addendum maintains the annual base of $400,000 for the first seven years of the initial term. After the seventh year, the initial annualized base fee will increase by 1.5% per year. The iron ore special tonnage assessment was reduced to $0.08 per ton from $0.25 per ton.

Note 10: Cleveland Bulk Terminal (continued)

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
2021	$	400,000
2022		400,000
2023		400,000
2024		404,500
2025		410,568
2026 – 2030		2,147,084
2031 – 2035		2,313,019
2036 – 2037		604,984
Total payments	$	7,080,155

The Authority recorded $411,661 of fee income (on a straight-line basis) under the Operating Agreement for the year ended December 31, 2020. In addition, the cost and carrying amount of the Authority's property subject to this Operating Agreement was $23.6 million and $18.8 million, respectively, at December 31, 2020.

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.

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.

Note 10: Cleveland Bulk Terminal (continued)

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.

As of the writing of this report, no plan to relocate the Huletts was developed by the working group within the three year window provided under the MOA. Although the working group formed under the MOA has been dissolved, the Port Authority will continue to make an ongoing effort in conjunction with its various partners toward implementation of a display as it explores its options for Hulett removal.

No funds were expended for the purpose of relocating the Huletts during the term of the MOA. Costs associated with removal of the Huletts, up to $500,000 less scrap value, are not anticipated to occur before 2022.

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.

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.

Note 11: 1997 Port Maritime Facilities Refinancing Project (Series 2016A Bonds) (continued)

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, 2020 are payable as follows:

Year	Principal	Interest	Total
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	215,000	26,062	241,062
2026 – 2027	580,000	24,745	604,745
Total payments	1,570,000	$ 225,166	$ 1,795,166
Unamortized premium	12,108		
Total	$ 1,582,108		

The property at Dock 20 had a cost and carrying amount of $3.5 million and $1.25 million, respectively, at December 31, 2020.

In March of 2011, the Authority amended the Lease. 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 Series 2016A (formerly 1997A) bonds issued by the Authority, remained unchanged.

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
2021	$ 359,945
2022	359,372
2023	363,163
2024	361,064
2025	359,189
2026 – 2027	569,253
Total	$ 2,371,986

The Authority recorded $263,509 of rental income (on a straight-line basis) under the Improvement Rental per the Lease for the year ended December 31, 2020. The Authority recognized additional rental income attributable to the Land Rental portion of the Lease of $114,649 for the year ended December 31, 2020.

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. As of the writing of this report, the Authority has not recovered any monies in regard to the Default Judgement.

In February of 2018, another tenant of the building vacated the building pursuant to the termination date of its lease agreement. The Authority split the vacated 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.

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
2021	$	157,554
2022		157,554
2023		158,242
2024		98,913
2025		41,295
Total	$	613,558

The Authority recorded $162,428 of rental income (on a straight-line basis) under the various leases for the years ended December 31, 2020. The Authority also received $525 in rental income from other sources under an office use agreement.

Note 12: 1100 West 9th Street (continued)

As defined in tenant lease agreements the Authority is entitled to collect additional rent, both as a proportion of certain increases in tenant revenues and to cover increases in the operating costs of the building. These additional rents are subject to various caps and base years. The Authority recorded $6,330 in additional rent in 2020. In addition, the cost and carrying amount of the Authority's property subject to this Lease was $5.5 million and $4.4 million, respectively.

Note 13: Other Leases/Operating Agreements

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 2020 and no rental expense was recognized.

Authority as Lessor

General Cargo Docks (22-28)

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.

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.

On March 27, 2020, an Addendum to the Operating Agreement was executed for the purpose of extending the agreement for the first one-year renewal period, commencing on April 1, 2020 and ending on March 31, 2021. The economic terms of the Agreement remained the same as the initial term of the Agreement.

Note 13: Other Leases/Operating Agreements (continued)

The Authority recognized $470,000 in base fee income from the Operating Agreement for the year ended December 31, 2020. The Authority also recognized $239,705 in 2020 in income associated with the Tonnage Assessment Schedules.

In total, the Authority recognized $709,705 in fee income from property managed by the International Terminal Operator for the year ended December 31, 2020. The future fixed fee the Authority is scheduled to receive under the most recent Operating Agreement and First Addendum, via the Master Fixed Rental and Tonnage Assessment Schedule, total $130,537, all of which is due in 2021.

On April 1, 2021, a Second Addendum to the Operating Agreement was executed for the purpose of extending the agreement for the second one-year renewal period. The Agreement increased the base fee to $477,500 per year for the April 1, 2021 to March 31, 2022 shipping season. The Tonnage Assessment Schedule was not changed.

The Authority and Operator also entered into an additional addendum to the Operating Agreement on June 22, 2020, for the purpose of authorizing the Operator, Logistec USA, Inc., to act as the Foreign Trade Zone Operator for a portion of premises located in Foreign-Trade Zone No. 40.

In order to support economic development within the region, the Authority established Foreign-Trade Zone No. 40 (the Zone) to benefit the general public and promote foreign trade. The Authority as grantee has permission from the United States Foreign-Trade Zones Board to establish, operate and maintain the Zone.

In December of 2020, the Authority and Operator received approval from the United States Customs and Border Protection to activate a portion of the premises located in the Zone, commonly known as the International Docks, with the Operator to act as the Foreign-Trade Zone Operator. The Authority retains a private contractor to provide consulting services related to Foreign-Trade Zone development and services.

This Addendum to the Operating Agreement enumerates the additional charges the Operator will pay to the Authority in relation to this activation to reimburse the Authority for the costs of the services provided by the contractor. The Operator will pay the Authority 50% of the storage related revenue received by the Operator on the initial $50,000 of Foreign-Trade Zone related storage revenue and 25% thereafter. No storage related fees were due or received in 2020.

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.

Note 13: Other Leases/Operating Agreements (continued)

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 an 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.

On July 31, 2020, the Operating Agreement was extended through July 31, 2021. Due to the vagaries of the NFL Schedule based on the COVID-19 pandemic, the terms of the Agreement were modified to adjust parking fees to $3,000 per event day used.

The Authority also operates a public parking lot commonly referred to as the "West 3rd Lot." On May 1, 2017, the Authority entered into an agreement with a private company to provide e-parking services related to this facility.

During the year ended December 31, 2020, the Authority recognized $107,548 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

Main Gate - In May of 2017, the Board of Directors 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 Local-Let Project Agreement (LPA) with the Ohio Department of Transportation (ODOT) to serve as lead agency of the project funds made available from the Federal Highway Administration (FHWA).

Construction of the Main Gate Project commenced in April of 2020 and the project was completed in March of 2021. The total cost of the Project is estimated to be $3,621,000 with $3,523,846 expended as of December 31, 2020. In 2020, the Authority recognized $2,278,356 in grant revenue, $269,688 of which was receivable at December 31, 2020 and was subsequently received on January 22, 2021. The Authority also recognized a capital contribution made by a tenant for certain equipment that was part of the Main Gate Project. The Authority recognized $1,378 in capital contribution revenue in 2020 for this purpose and received this funding on January 29, 2021.

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.

The Authority and CBT Operator determined the Project to be in their collective interests and agreed to cost sharing for the Project. 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.

Note 15: Capital Grant and Contribution Activity (continued)

Ore Tunnel Extension (continued)

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 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 FHWA in accordance with Section 5501.03 (D) of the Ohio Revised Code.

In August of 2020, the Board of Directors ratified the acceptance of a State of Ohio, Maritime Assistance Program (MAP) grant in the amount of $1,620,337 in support of the Ore Tunnel Extension Project. The grant requires a 50% contribution match for which the Authority plans to use the previously accepted CMAQ grant funds. The Board of Directors also authorized an Amendment to the March 2020 LPA agreement between the Authority and ODOT for the purpose of incorporating the MAP grant funds. The Amendment further provides that $788,125 of the grant will be provided to fund the 20% local match required by the CMAQ TIP grant with the remaining $832,212 to cover other eligible project costs. In October of 2020, the Board of Directors ratified the acceptance of additional MAP grant funds in the amount of $556,259 and a Second Amendment to the LPA agreement increasing the amount of funds available to cover other eligible project costs from $832,212 to $1,388,471. Total MAP grant funds awarded in support of the Ore Tunnel Project total $2,176,596.

On November 5, 2020, an Addendum to the Cost Sharing Agreement between the Parties was executed in order to incorporate certain changes in the cost structure of the Project and the subsequent award to the Authority of a State of Ohio Maritime Assistance Grant for the Project. The Addendum maintains the percentage split of costs between the Parties as set forth in the Cost Sharing Agreement and accounts for costs not addressed in the December 12, 2019 Cost Sharing Agreement.

Total project costs to extend the Ore Tunnel are estimated to total $9,840,000. Construction of the Ore Tunnel Expansion Tunnel commenced in May of 2020 and is projected to be completed during the second quarter of 2021.

Total third party funding is estimated to be $9,063,634 with $3,734,538 in capital contributions being provided by the CBT Operator and $5,329,096 being provided in capital grants from the TIP and MAP grants totaling $3,152,500 and $2,176,596, respectively. As of December 31, 2020, $5,274,899 was expended in Project costs. At December 31, 2020, $3,582,648 was recognized in contribution revenue with $369,844 recorded as accounts receivable all of which were subsequently received during the first quarter of 2021. The Authority also recognized $992,629 in capital grant revenue related to the Ore Tunnel Project during 2020, $794,103 and $198,526 from the TIP and MAP grants, respectively. As of December 31, 2020, $64,083 in grant receipt funds were received and $928,546 were receivable, $829,726 of those funds were received during the first quarter of 2021 and the remaining $98,821 in retainage will be paid at the completion of construction.

Note 15: Capital Grant and Contribution Activity (continued)

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 GLT, 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 quarter of 2021 with project completion expected by June 30, 2022.

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 Ohio Revised Code (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 bond issued through the Program is reflected on the Authority's Statement of Net Position as the Authority is ultimately liable for the bond issuance. 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.

Note 16: No-Commitment Debt (continued)

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, 2020.

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.

The primary reserve deposits, which totaled $8.6 million at December 31, 2020, 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, 2020 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 86.

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.

Note 16: No-Commitment Debt (continued)

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 $65,565,000 (excluding the 2016A bonds that are obligations of the Authority) and Stand Alone Financing Obligations were $1,518,864,740 as of December 31, 2020. See the Supplemental Schedules of Common Bond Funds and Stand Alone Issuances starting on page 86.

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 GASB, *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 2020, 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.

Note 17: New Market Tax Credit Program (continued)

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. In addition, all awarded NMTC credits have been deployed and no new awards can be assured.

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).

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

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

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

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

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

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.

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

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.

On December 28, 2020, the U.S. District Court for the Northern District of Ohio ordered confirmation of a sale of the foreclosed property by public auction, including the largest parcel in the TIF District which is one of the parcels subject to Special Assessments, to a new owner who represented in court that it intends to redevelop the largely vacant parcel (the “Order”). The Order leaves in place the lien of the Service Payments and Special Assessments and provides that title is taken subject to those encumbrances. Payments of principal and interest on the 2016D Bonds continue to be timely made.

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.

Note 19: University Square 2001 Revenue Bonds (continued)

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.

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.

Note 19: University Square 2001 Revenue Bonds (continued)

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.

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.

Note 19: University Square 2001 Revenue Bonds (continued)

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. Redevelopment efforts by the City and Trustee are ongoing.

One development effort was proceeding after the City, School Board and Developer 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 were working 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 foregone tax dollars for tax the tax year 2020 were $66,213.

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.

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 (Allied Development); 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 at closing in 2019. Finally, certain future excess TIF proceeds are to be paid to the Owner. The Covid-19 Pandemic has adversely impacted the retail center, but 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 to distribute.

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.

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.

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

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. On March 18, 2021, the court adopted a magistrate decision finding that all parties had been properly served with the foreclosure complaint and the court ordered the sale of the property at Sheriff's sale. To date, the Sheriff's sale has not been scheduled. In the context of the tax foreclosure, the Trustee issued a disclosure on EMMA on November 12, 2020 stating that there are insufficient funds in the Trust Estate to pay the overdue and unpaid taxes, special assessments, interest and penalties and the Trustee does not anticipate taking any further action with respect to the matter unless otherwise directed and indemnified by the requisite percentage of bondholders.

Note 23: Optima/Westin Hotel – Series 2014

On December 28, 2011, the Authority issued $36 million in First Mortgage Lease Revenue Bonds, Series 2011 (Optima 777, LLC Hotel Project) (the "Project Bonds") pursuant to the terms of a Trust Indenture between the Authority and Huntington National Bank as Trustee. The Project Bonds were used to assist in the financing for the site demolition, site rehabilitation, and construction of a 481 room hotel and attached parking facility to be located in downtown Cleveland (the "Project Site"). The owner of the Project Site, Optima 777, LLC ("Optima") leased the Project Site, facilities and property to the Authority pursuant to a Ground Lease dated December 1, 2011, and the Authority leased back to Optima the Project Site and facilities pursuant to a separate project lease (the "Project Lease") with rent payments under the Project Lease used to pay the debt service under the Project Bonds. The Authority sold the Project Bonds to Cleveland International Fund – Medical Mart Hotel, Ltd. ("CIF"). To evidence its obligations under the Project Lease, Optima executed a promissory note in the principal amount of $36 million payable to the Authority, which the Authority assigned to CIF pursuant to a loan agreement. In October 2013, the Authority, CIF, Optima and Huntington entered into an Amended Trust Indenture and Optima executed an Amended Promissory Note to be held by CIF.

In early 2019, Optima gave notice that it did not intend to abide by its bond redemption obligations for certain bonds Optima was required to redeem on or before March 1, 2019 and May 1, 2019, but sought additional time to refinance the Project Site in an amount sufficient to repay the principal balance of all of the Project Bonds (the "Anticipatory Default"). In response to the Anticipatory Default, CIF and Optima entered into a Forbearance Agreement in February 2019 in which Optima acknowledged that it was in default under the loan documents including the Amended Promissory Note. CIF and Optima entered into two subsequent forbearance agreements; the September 30, 2019 Supplemental Forbearance Agreement and the June 8, 2020 Second Supplemental Forbearance Agreement.

After Optima failed to timely make a $5 million payment to CIF pursuant to the Second Supplemental Forbearance Agreement, CIF and Huntington, as Trustee, filed a complaint for money judgment, foreclosure and other equitable relief in the Cuyahoga County, Ohio, Court of Common Pleas naming all entities having an interest in the Project Site including Optima, the Authority, the City of Cleveland, and Cuyahoga County (the "Foreclosure Lawsuit"). The Authority answered CIF's and Huntington's complaint in the Foreclosure Lawsuit on November 4, 2020.

Note 23: Optima/Westin Hotel – Series 2014 (continued)

On March 8, 2021, CIF and Huntington asked the court in the Foreclosure Lawsuit to appoint a receiver over Optima for purposes of marshaling and preserving the assets of Optima including the real and personal property at the hotel and parking garage on the Project Site. On March 18, 2021, the court in the Foreclosure Lawsuit granted the request for the appointment of a receiver and appointed Attorney Tim L. Collins of the law firm Thrasher Dinsmore & Dolan as receiver. The receiver submitted his first Receiver's Report to the court on April 16, 2021. The Authority remains a named party in the Foreclosure Lawsuit.

Note 24: Subsequent Events

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.

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. During 2020, the Authority provided MARAD with various additional information including environmental clearance, risk register, detailed project information etc.as required by MARAD in advance of the execution of the grant agreement. The grant agreement will be presented to the Board of Directors for ratification during the second quarter of 2021.

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. On April 20, 2021, the Authority was awarded an additional $1,236,213 in MAP grants in support of this Project. The Project Agreement between the Authority and ODOT and Amendment to include the additional grant funds is anticipated to be presented to the Board of Directors for ratification along with the MARAD grant agreement in 2021.

The Dock Modernization Project invests in the Port Authority's most highly utilized berths which are critical and instrumental to the Authority's short and long range business plans. The project includes reconstruction of the Dock 26W bulkhead, Dock 24 pile cap, fender systems, bollards, and 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. As of December 31, 2020, $599,279 was expended in design and engineering costs related to this project. Construction is expected to commence in the third quarter of 2021 with completion anticipated late fourth quarter of 2022.

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 Seven Years (1)

	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.008422%	0.008611%	0.007625%	0.008132%	0.007871%
Authority's proportionate share of the net pension liability	$ 1,664,666	$ 2,358,379	$ 1,197,887	$ 1,848,312	$ 1,363,357
Authority's covered payroll	$ 1,194,936	$ 1,240,675	$ 1,047,920	$ 1,051,292	$ 1,144,717
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	139.31%	190.09%	114.31%	175.81%	119.10%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%	81.08%

	2015	2014
Authority's proportion of the net pension liability	0.007850%	0.007850%
Authority's proportionate share of the net pension liability	$ 946,798	$ 925,413
Authority's covered payroll	$ 1,129,574	$ 1,090,033
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	83.82%	84.90%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	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 Ten Years

	2020	2019	2018	2017	2016
Authority's proportion of the net pension asset	0.083962%	0.084730%	0.086000%	0.087799%	0.092850%
Authority's proportionate share of the net pension asset	$ 175,080	$ 94,747	$ 117,074	$ 48,866	$ 45,183
Authority's covered payroll	$ 376,971	$ 386,492	$ 366,304	$ 338,604	$ 394,208
Authority's proportionate share of the net pension asset as a percentage of its covered payroll	46.44%	24.51%	31.96%	14.43%	11.46%
Plan fiduciary net position as a percentage of the total pension asset	145.28%	126.64%	137.28%	116.55%	116.90%

	2015	2014
Authority's proportion of the net pension asset	0.093545%	0.093545%
Authority's proportionate share of the net pension asset	$ 36,017	$ 9,816
Authority's covered payroll	$ 388,993	$ 375,377
Authority's proportionate share of the net pension asset as a percentage of its covered payroll	9.26%	2.61%
Plan fiduciary net position as a percentage of the total pension asset	114.83%	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

	2020	2019	2018	2017	2016
Contractually-required contribution	$ 182,014	$ 167,291	$ 173,692	$ 130,990	$ 126,155
Contributions in relation to the contractually-required contribution	(182,014)	(167,291)	(173,692)	(130,990)	(126,155)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 1,300,097	$ 1,194,936	$ 1,240,675	$ 1,047,920	$ 1,051,292
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	12.50%	12.00%

	2015	2014	2013	2012	2011
Contractually-required contribution	$ 137,366	$ 135,549	$ 141,704	$ 141,647	$ 135,239
Contributions in relation to the contractually-required contribution	(137,366)	(135,549)	(141,704)	(141,647)	(135,239)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 1,144,717	$ 1,129,574	$ 1,090,033	$ 1,416,475	$ 1,352,389
Contributions as a percentage of covered payroll	12.00%	12.00%	13.00%	10.00%	10.00%

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

	2020	2019	2018	2017	2016
Contractually-required contribution	$ 54,658	$ 52,776	$ 54,109	$ 45,788	$ 40,632
Contributions in relation to the contractually-required contribution	(54,658)	(52,776)	(54,109)	(45,788)	(40,632)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 390,416	$ 376,971	$ 386,492	$ 366,304	$ 338,604
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	12.50%	12.00%

	2015	2014	2013	2012	2011
Contractually-required contribution	$ 47,305	$ 46,679	$ 48,799	$ 48,799	$ 46,572
Contributions in relation to the contractually-required contribution	(47,305)	(46,679)	(48,799)	(48,799)	(46,572)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 394,208	$ 388,993	$ 375,377	$ 487,794	$ 465,725
Contributions as a percentage of covered payroll	12.00%	12.00%	13.00%	10.00%	10.00%

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 Four Years (1)

	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	0.013294%	0.013252%	0.012660%	0.012895%
Authority's proportionate share of the net OPEB liability	$ 1,836,247	$ 1,727,748	$ 1,374,783	$ 1,302,416
Authority's covered payroll	$ 1,194,935	$ 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	153.67%	139.25%	131.19%	123.89%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	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

	2020	2019	2018	2017	2016
Contractually-required contribution	$ 18,288	$ 18,150	$ 15,864	$ 17,993	$ 21,026
Contributions in relation to the contractually-required contribution	(18,288)	(18,150)	(15,864)	(17,993)	(21,026)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 2,147,500	$ 1,194,935	$ 1,268,030	$ 1,047,920	$ 1,051,292
Contributions as a percentage of covered payroll	0.85%	1.52%	1.25%	1.72%	2.00%

	2015	2014	2013	2012	2011
Contractually-required contribution	$ 22,894	$ 22,591	$ 10,900	$ 56,659	$ 54,096
Contributions in relation to the contractually-required contribution	(22,894)	(22,591)	(10,900)	(56,659)	(54,096)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority covered payroll	$ 1,144,717	$ 1,129,574	$ 1,090,033	$ 1,416,475	$ 1,352,389
Contributions as a percentage of covered payroll	2.00%	2.00%	1.00%	4.00%	4.00%

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

Note to Required Supplementary Information

For the Year Ended December 31, 2020

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 – 2020

	OPERS Traditional plan	OPERS Combined plan
Valuation Date	December 31, 2019	December 31, 2019
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	1.4% Simple through 2020 then 2.15% Simple	1.4% Simple though 2020 then 2.15% Simple

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	7.50%	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

Cleveland-Cuyahoga County Port Authority

Note to Required Supplementary Information

For the Year Ended December 31, 2020

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

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

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

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.

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

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 2020, the single discount rate changed from 3.96% in 2019 to 3.16%. For 2020, the municipal bond rate changed from 3.71% to 2.75%. For 2020, the health care cost trend rate changed from 10% initial, 3.25%, ultimate in 2029 to 10.5% initial, 3.5% ultimate in 2030.

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, 2020

The following are the approximate balances held and the principal amount of outstanding Common Bond Fund bonds as of December 31, 2020:

SERIES	Contracting Party	Original Bond Amount	Outstanding Principal Balance	Required Primary Reserve Balance	Final Maturity
2006A	Cavaliers Practice Facility	9,500,000	4,120,000	950,000	05/15/26
2008A	Brush Wellman, Inc.	5,155,000	1,405,000	515,500	05/15/23
2009A	Eaton World Headquarters	2,000,000	-	-	11/15/20
2010B	Flats East Development	8,800,000	7,905,000	880,000	05/15/40
2011A	University Circle Marriott	2,000,000	1,760,000	200,000	11/15/45
2013A	OMNOVA Solutions	7,500,000	6,035,000	750,000	11/15/33
2014A	Flats Phase II	7,000,000	6,305,000	700,000	11/15/40
2014B	Shoppes at Parma (5)	10,000,000	9,465,000	1,000,000	11/15/43
2014C	One Community (4)	9,305,000	-	-	11/15/26
2016A	ESSROC / Port Authority (1)	2,330,000	1,570,000	233,000	05/15/27
2016C	Fairmount Montessori Associates	2,200,000	1,290,000	220,000	05/15/25
2016D	City of Garfield Heights	3,785,000	1,520,000	378,500	11/15/23
2016E	Foundry	7,000,000	5,605,000	700,000	11/15/31
2017A	Pinecrest	10,000,000	9,755,000	1,000,000	11/15/48
2017B1	Lakefront 1B 2017B1	915,000	780,000	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	$ 97,110,000	$ 67,135,000	$ 8,580,500	

Summary of Reserves:	
Primary Reserve Funds	$ 8,580,500
Program Development Fund (2,3)	124,826
Program Reserve (3)	4,641,724
Program Reserve - Ohio Manufacturers Association	2,483,332
Program Reserve LOC	12,000,000
Total Reserve Funds	$ 27,830,382
Total Reserves/Outstanding Bonds	41.45%

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

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

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

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

(5) See Note 22 related to Shoppes at Parma footnote.

Cleveland-Cuyahoga County Port Authority

Supplemental Schedule - Stand Alone Issuances

December 31, 2020

The following are Stand Alone debt issuances undertaken by the Authority for which there is still principal outstanding as of December 31, 2020:

	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	Cleveland Museum of Art	2005	Cultural Facility Revenue Bonds	90,000,000	90,000,000
3	Cleveland Museum of Art	2010	Cultural Facility Revenue Bonds	70,430,000	-
4	Independence Research Park - Cleveland Clinic	2010	Development Revenue Refunding Bonds	46,000,000	21,115,000
5	Hospice of Western Reserve, Inc.	2010	Refunding Bonds	21,565,000	16,821,250
6	City of Cleveland - Flats East Bank	2010	City Appropriation Bonds	11,000,000	8,475,000
7	The Medical Center Company	2011	Variable Rate Revenue Bonds	77,470,000	64,010,000
8	Magnificat	2012	Variable Rate Revenue Bonds	7,565,000	5,390,000
9	Cuyahoga County Headquarters	2013	Variable Rate Revenue Bonds	75,465,000	70,495,000
10	Beaumont	2013	Variable Rate Revenue Bonds	8,160,000	2,427,575
11	Judson	2013	Development Revenue Refunding Bonds	32,700,000	-
12	Maltz Museum	2014	Cultural Facilities Revenue Refunding Bond	6,300,000	6,300,000
13	Crocker Park TIF	2014	Development Revenue Bonds	6,435,000	5,985,000
14	Crocker Park	2014	Open-end Mortgage	111,077,000	30,143,628
15	Cuyahoga County Convention Hotel	2014	Lease-purchase Agreement	230,885,000	189,435,000
16	Flats East Bank Phase 2	2014	First Mortgage Lease Revenue Bonds	85,060,000	16,850,000
17	Constellation Schools	2014	Community School Lease Revenue Bonds	30,790,000	28,870,000
18	Optima Sage Hotel	2014	First Mortgage Lease Revenue Bonds	36,000,000	36,000,000
19	Euclid Avenue	2014	Development Revenue Bonds	88,945,000	59,575,000
20	Emerald Village	2014	Senior Housing Revenue Bonds	15,000,000	12,027,282
21	Legacy Village TIF	2015	Tax-Exempt Revenue Bonds	13,630,000	12,580,000
22	Laurel	2015	Revenue Bonds	16,000,000	16,000,000
23	Avery	2015	Lease Revenue Refunding Bonds	39,470,000	19,374,065
24	Forest Hill	2015	Revenue Bonds	5,940,000	5,855,000
25	Mercy Medical	2016	Revenue Bonds	60,000,000	48,512,579
26	Flats 2016 Additional Bonds	2016	Taxable Lease Revenue Bonds	7,000,000	7,000,000
27	MetroHealth System	2016	Revenue Bonds	38,000,000	36,121,568
28	Standard	2016	Taxable Lease Revenue Bonds	40,500,000	39,043,077
29	Pinecrest Conduit TIF	2017	TIF Bonds	48,910,000	48,895,000
30	Charter Steel	2017	Taxable Lease Revenue Bonds	38,000,000	37,565,784
31	Goodwill	2017	Taxable Lease Revenue Bonds	3,890,000	3,410,000
32	Explorys	2017	Taxable Lease Revenue Bonds	8,390,000	7,864,849
33	City of Shaker Heights Non-Tax -- Revenue Bonds	2017	Non-Tax Revenue Bonds	4,960,000	4,450,000
34	515 Euclid/The Beacon	2017	Taxable Lease Revenue Bonds	49,325,000	28,552,484
35	Amazon North Randall	2017	Taxable Lease Revenue Bonds	123,000,000	123,000,000
36	Great Lakes Cold Storage	2017	Taxable Lease Revenue Bonds	8,866,000	-
37	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, 2020

	Stand Alone Debt Issuances	Year	Type of Debt Issued	Original Issuance	Principal Outstanding
38	Centers for Dialysis	2017	Economic Development Facilities Revenue Improvement Bonds	23,725,000	22,480,000
39	Cleveland Athletic Club	2018	Taxable Lease Revenue Bonds	29,000,000	29,000,000
40	Amazon Euclid	2018	Taxable Lease Revenue Bonds	113,000,000	113,000,000
41	Terminal Tower	2018	Taxable Lease Revenue Bonds	74,500,000	71,654,895
42	Playhouse Square Apartments	2018	Cultural Facility Revenue Bonds	74,880,000	74,055,000
43	May Company	2018	Taxable Lease Revenue Bonds	963,383	963,383
44	Church & State	2018	Taxable Revenue Bonds	6,031,000	6,031,000
45	Ursuline	2018	Cultural Facility Revenue Bonds	17,004,000	16,007,576
46	Flats Phase 3	2019	Taxable Lease Revenue Bonds	13,500,000	13,500,000
47	Euclid Avenue 2019 Refinance	2019	Development Revenue Bonds	18,220,000	18,220,000
48	City of Warrensville Heights	2019	Non-Tax Revenue Bonds	17,470,000	17,275,000
49	Intro Project	2020	Taxable Lease Revenue Bonds	135,000,000	-
50	Baricelli Inn	2020	Taxable Lease Revenue Bonds	15,000,000	-
51	Brooks Bio	2020	Taxable Lease Revenue Bonds	10,000,000	-
52	121 Larchmere	2020	Taxable Lease Revenue Bonds	653,744	653,744
	Total			$ 2,148,925,172	$ 1,518,864,740

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cleveland-Cuyahoga County Port Authority (the "Authority"), as of and for the year ended December 31, 2020, 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, 2021.

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) as a basis for designing 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.

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Board of Directors
Cleveland-Cuyahoga County Port Authority

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, 2021

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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, 2020. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibilities

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

Auditor's Responsibilities

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

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

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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, 2020.

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, 2020, 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, 2021, 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, 2021

Cleveland-Cuyahoga County Port Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

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 80986	$ 2,278,356
Highway Planning and Construction	20.205	PID 112415	794,103
Total Highway Planning and Construction Cluster			3,072,459
Total U.S. Department of Transportation			3,072,459
Total Expenditures of Federal Awards			$ 3,072,459

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, 2020

Note 1: Significant Accounting Policies

Basis of Presentation

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

Note 2: 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, 2020

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?	Yes

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, 2020

No prior year audit findings or questioned costs.

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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 7/29/2021

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