

**CLEVELAND-CUYAHOGA COUNTY PORT
AUTHORITY**

CUYAHOGA COUNTY

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024



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Board of Directors
Cleveland-Cuyahoga County Port Authority
1100 W 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, 2024 through December 31, 2024. 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
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 12, 2025

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Cleveland-Cuyahoga County Port Authority

**Basic Financial Statements
December 31, 2024**

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Cleveland-Cuyahoga County Port Authority

For the Year Ended December 31, 2024

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Cleveland-Cuyahoga County Port Authority

For the Year Ended December 31, 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Cleveland-Cuyahoga County Port Authority (the "Authority"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2024, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Implementation of New Accounting Standard

As described in Note 1 to the financial statements, during 2024, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and as a result restated the December 31, 2023, net position of the business-type activities. Our opinion is not modified with respect to this matter

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.⁵
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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

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

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.

Supplementary 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 91 through 93 (the "Supplemental Schedules") 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 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025 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 solely 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 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.

Cimini & Panichi, Inc.

Cleveland, Ohio
June 27, 2025

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2024

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, 2024. Please read this information in conjunction with the Authority's basic financial statements and footnotes beginning on pages 14 and 19, respectively.

The Authority is a body corporate and politic and an independent political subdivision of the State of Ohio. It has two core 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, non-profits and governments 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 13.

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2024

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 \$7.26 million in restricted funds, which includes approximately \$209,909 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 13.

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2024

The Port Authority accounts for pensions in accordance with Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.*" The Port Authority accounts for other postemployment benefits (OPEB) in accordance with GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*"

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 (asset) 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 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.

Cleveland-Cuyahoga County Port Authority

Management’s Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2024

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 (assets) 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 (asset), respectively, not accounted for as deferred inflows/outflows.

For the year ending December 31, 2024, the Authority implemented GASB Statement No. 101, *Compensated Absences*, issued in June 2022. The primary objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The implementation of this pronouncement had the following effect on net position as reported December 31, 2023.

The table below summarizes the impact of adopting GASB Statement 101.

Net position at December 31, 2023	\$ 133,039,522
Accrued wages and benefits	449,521
Current portion of compensated absences	(547,313)
Non current portion of compensated absences	
Reported under GASB 101	<u>(270,348)</u>
Restated net position at December 31, 2023	\$ <u>132,671,382</u>

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2024

Condensed Statement of Net Position Information

The tables below provide a summary of the Authority's financial position and operations for 2024 and 2023 as restated, respectively:

Comparison of 2024 vs. 2023 Results:

	2024	2023	Change	
			Amount	Percent
Assets and deferred outflows of resources:				
Current assets	\$ 33,983,204	\$ 27,824,974	\$ 6,158,230	22.1%
Capital assets – net	116,315,277	105,014,887	11,300,390	10.8%
Restricted and other assets	39,768,347	35,506,884	4,261,463	12.0%
Deferred outflows of resources	<u>1,223,949</u>	<u>1,777,824</u>	<u>(553,875)</u>	<u>(31.2%)</u>
Total assets and deferred outflows of resources	<u>191,290,777</u>	<u>170,124,569</u>	<u>21,166,208</u>	<u>12.4%</u>
Liabilities and deferred inflows of resources:				
Current liabilities	7,453,744	8,682,182	(1,228,438)	(14.2%)
Current liabilities payable from restricted assets	1,886,910	10,123	1,876,787	18,539.8%
Other liabilities – including amounts relating to restricted assets	20,626,267	16,946,979	3,679,288	21.7%
Deferred inflows of resources	<u>10,648,143</u>	<u>11,445,763</u>	<u>(797,620)</u>	<u>(7.0%)</u>
Total liabilities and deferred inflows of resources	<u>40,615,064</u>	<u>37,085,047</u>	<u>3,530,017</u>	<u>9.5%</u>
Net position:				
Net investment in capital assets	112,286,488	100,648,768	11,637,720	11.6%
Restricted for other purposes	16,596,009	17,068,239	(472,230)	(2.8%)
Unrestricted	<u>21,793,216</u>	<u>15,322,515</u>	<u>6,470,701</u>	<u>42.2%</u>
Total net position	<u>\$ 150,675,713</u>	<u>\$ 133,039,522</u>	<u>\$ 17,636,191</u>	<u>13.3%</u>

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 \$150.7 million at the close of the most recent fiscal year

The largest portion of the Authority's net position (approximately 74.5%) 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, 2024

For the year ended December 31, 2024, assets and deferred outflows of resources increased by \$21.17 million and liabilities and deferred inflows of resources increased by \$3.16 million increasing total net position by \$18.0 million.

Assets and deferred outflows of resources - increased by \$21.17 million as compared to December 31, 2023, as restated. Current assets increased by \$6.16 million primarily due to an increase of \$3.45 million in unrestricted cash and investments and an increase of \$3.15 million in accounts receivable. At December 31, 2023, \$1.07 million was in cash was restricted as required by the U.S. DOT Maritime Administration to designate the required non-federal contribution to the PIPD grant for the Dock 24 & 26 Modernization Project (see Note 12). During 2024, final payment was made on the Dock 24 & 26 Modernization Project and funds were reclassified as unrestricted. The increase in accounts receivable is primarily due to a \$1.58 million increase in accounts receivable related to pass-through grant activity (see Note 12) and \$1.41 million receivable related to sediment dredging that occurred in mid-December, paid in February of 2025.

Capital assets increased by \$15.75 million before accumulated depreciation and \$11.3 million net of accumulated depreciation. During 2024, the most significant investments included \$13.08 million in construction in progress, \$11.61 million for the ITB Project, \$796,444 for the Warehouse A Project and \$674,114 for the CHEERS Project (see Note 12). Construction of the Dock 20N Project was also completed, at a cost of \$4.07 million, \$2.72 million of which was construction in progress at December 31, 2023 (see Note 12).

Restricted and other assets increased by \$4.26 million. Restricted cash and investments increased by \$5.0 million primarily due to \$6.59 million in funding received in advance of reimbursable expenditures for the Ore Tunnel Modernization Project (see Note 12) and Gateway Garage (see Note 19). These increases were offset by a \$1.07 million reduction in restricted cash related to the Dock 24 & 26 Modernization Project and a \$987,388 reduction in the long term portion of loan and lease receivables.

Deferred outflows of resources decreased by \$553,875 primarily as the result of a \$388,040 decrease related to pension (see Note 5), and a \$164,132 decrease related to OPEB (see Note 6).

Liabilities and deferred inflows of resources – increased by \$3.5 million as compared to December 31, 2023. Current liabilities decreased by \$1.23 million primarily due to a \$1.69 million decrease in accounts payable due to a decrease in capital expenditure invoices payable at December 31, 2024 as offset by an increase of \$378,192 in accrued wages due to staffing changes.

Current liabilities payable from restricted assets increased by \$1.88 million primarily due to the establishment of the \$1.85 million Gateway Garage Repair Fund reflecting the liability for the \$1.85 million in restricted cash.

Other Liabilities increased by \$3.7 million. Deferred grant revenue increased by \$4.07 million primarily related to the Ore Tunnel Modernization Project reflecting the liability for the \$4.73 million in restricted cash (See Note 12). This increase was offset by a \$419,964 reduction in long term bonds (see note 10) and decreases in net pension and net OPEB liabilities of \$200,881 and \$95,667, respectively (see Notes 5 and 6).

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2024

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

The Authority's operations increased its net position by \$18,004,331 in 2024. Key elements of these changes are summarized below:

	2024	2023	Change	
			Amount	Percent
Operating revenues:				
Wharfage, dockage, and storage	\$ 1,997,119	\$ 2,486,388	\$ (489,269)	(19.7%)
Property lease and rentals	2,111,337	2,134,852	(23,515)	(1.1%)
Financing fee income	4,269,075	1,841,367	2,427,708	131.8%
Foreign trade zone fees	131,000	147,292	(16,292)	(11.1%)
Sediment management fees	6,336,037	4,433,680	1,902,357	42.9%
Parking revenues	196,144	145,785	50,359	34.5%
Other	423,392	286,872	136,520	47.6%
Total operating revenues	<u>15,464,104</u>	<u>11,476,236</u>	<u>3,987,868</u>	<u>34.7%</u>
Operating expenses:				
Salaries and benefits	4,263,248	4,063,589	199,659	4.9%
Community investment fund	-	105,000	(105,000)	(100.0%)
Professional services	1,390,117	1,348,446	41,671	3.1%
Sustainable infrastructure services	727,005	801,121	(74,116)	(9.3%)
Cost of sediment management operation	1,896,817	2,001,225	(104,408)	(5.2%)
Facilities lease and maintenance	1,379,562	1,129,845	249,717	22.1%
Marketing and communications	367,807	606,596	(238,789)	(39.4%)
Depreciation expense	4,612,302	3,241,821	1,370,481	42.3%
Office expense	100,258	75,661	24,597	32.5%
Other expense	176,855	172,242	4,613	2.7%
Total operating expenses	<u>14,913,971</u>	<u>13,545,546</u>	<u>1,368,425</u>	<u>10.1%</u>
Operating profit (loss)	<u>550,133</u>	<u>(2,069,310)</u>	<u>2,619,443</u>	<u>126.6%</u>
Nonoperating revenues (expenses):				
Property tax receipts, net of \$49,147 expense	2,976,234	2,838,827	137,407	4.8%
Intergovernmental revenue	315,630	312,499	3,131	1.0%
Income from investments	1,057,764	953,812	103,952	10.9%
Interest expense	(166,582)	(156,708)	(9,874)	6.3%
Loss on disposal of capital assets	(9,577)	(114,432)	104,855	(91.6%)
Gain on insurance recovery	-	219,782	(219,782)	(100.0%)
Pass-Through grants - in	4,095,899	1,221,917	2,873,982	235.2%
Pass-Through grants - out	(4,095,899)	(1,221,917)	(2,873,982)	235.2%
Total nonoperating revenues (expenses)	<u>4,173,469</u>	<u>4,053,780</u>	<u>119,689</u>	<u>3.0%</u>
Change in net position before capital grants	4,723,602	1,984,470	2,739,132	138.0 %
Capital grants and contributions	<u>13,280,729</u>	<u>10,754,104</u>	<u>2,526,625</u>	<u>23.5%</u>
Change in net position	18,004,331	12,738,574	5,265,757	41.3%
Net position – beginning of year, 2024 restated	<u>132,671,382</u>	<u>120,300,948</u>	<u>12,370,434</u>	<u>10.3%</u>
Net position – end of year	\$ <u>150,675,713</u>	\$ <u>133,039,522</u>	\$ <u>17,636,191</u>	<u>13.3 %</u>

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2024

During 2024, net position increased by \$18.0 million or 13.6% as compared to 2023, as restated.

Total operating revenues increased by \$3.99 million to \$15.46 million in 2024 compared to 2023. Financing fee income increased by \$2.43 million. In 2024, closing and acceptance fees increased by 2.3 million on 19 deals compared to 5 in 2023. Sediment Management fees also increased by \$1.90 million primarily due to an additional 149 thousand cubic yards of mechanical dredge material received and stored at the CDF 12 disposal facility. These increases were offset by a decrease of \$489,269 in wharfage, dockage and storage fees generated from Authority cargo operations primarily due to decreased throughput of iron ore at the CBT Terminal.

Total operating expenses increased by \$1.37 million in 2024 as compared to 2023. The primary reason for this increase was an increase in depreciation expense of \$1.37 million. During 2024, the Authority permanently stored 151.3 thousand cubic yards of mechanical dredge at the CDF 12 facility reducing future capacity of the facility at a cost of \$6.98 per cubic yard as compared to 2.3 thousand cubic yards at a cost of \$5.81 per cubic yard in 2023, resulting in increased depreciation costs for the CDF 12 facility year over year of \$1.04 million.

Nonoperating revenues (expenses) increased by \$119,689 in 2024 as compared to 2023. Tax receipts and investment income increased by \$137,407 and 103,952, respectively. Loss on disposals decreased by \$104,855 and was offset by a decrease in gain on insurance recovery that occurred in 2023. Pass-through grant revenue and expense increased by \$2.87 million primarily on the full year activity of the ITB Project as compared to 2023.

As described in the Capital Grants section of this report, over the last several years the Authority has been awarded approximately \$24.03 million in third party funding in support of an estimated \$30.89 million investment in various infrastructure and capital improvement projects. During 2024, \$13.28 million was recognized in grant and contribution revenue on \$14.74 million in related infrastructure and capital improvement projects as compared to \$10.75 million and \$16.16 million in capital improvements in 2023.

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2024

A summary of the Activity in the Authority's capital assets during the year ended December 31, 2024, is as follows:

	Balance at Beginning of Year	Additions	Reductions	Balance End of Year
Land and land improvements	\$ 19,445,817	\$ -	\$ -	\$ 19,445,817
Construction in progress	12,092,816	13,525,770	(2,883,107)	22,735,479
Buildings, infrastructures, and leasehold improvements	99,377,906	4,602,390	(21,274)	103,959,022
Equipment	12,110,013	599,190	(149,968)	12,559,235
Right-to-use asset – property and Equipment	283,719	78,026	-	361,745
Right-to-use asset – SBITA	49,984	-	-	49,984
	<u>143,360,255</u>	<u>18,805,375</u>	<u>(3,054,349)</u>	<u>159,111,281</u>
Less accumulated depreciation	(38,310,501)	(4,583,572)	161,665	(42,732,408)
Less accumulated depreciation Right-to-use asset	<u>(34,867)</u>	<u>(28,730)</u>	<u>-</u>	<u>(63,597)</u>
Total accumulated depreciation	<u>(38,345,368)</u>	<u>(4,612,302)</u>	<u>161,665</u>	<u>(42,796,005)</u>
Capital assets, net	\$ <u>105,014,887</u>	\$ <u>14,193,074</u>	\$ <u>(2,892,684)</u>	\$ <u>116,315,277</u>

The activity in the Authority's long-term debt and other noncurrent obligations outstanding during the year ended December 31, 2024 is summarized below (unamortized premiums and discounts have been combined into the appropriate increase/decrease columns). Please see Note 10 for additional information:

	Restated Balance 2023	Increase	Decrease	Balance December 31, 2024	Due Within One Year
Direct Placement:					
Cleveland Bulk Terminal Project	\$ 3,070,852	\$ -	\$ (195,893)	\$ 2,874,959	\$ 203,164
Maritime Facilities Project (2016A)	<u>1,004,425</u>	<u>-</u>	<u>(206,800)</u>	<u>797,625</u>	<u>215,000</u>
Total Direct Placement	<u>4,075,277</u>	<u>-</u>	<u>(402,693)</u>	<u>3,672,584</u>	<u>418,164</u>
Other noncurrent obligations:					
Lease payable	259,343	78,026	(5,690)	331,679	29,642
Subscription payable	31,499	-	(6,974)	24,525	7,266
Net pension liability	2,924,168	-	(200,881)*	2,723,287	-
Net OPEB liability	95,667	-	(95,667)*	-	-
Compensated absences	<u>817,661</u>	<u>9,391*</u>	<u>-</u>	<u>827,052</u>	<u>556,937</u>
Total long-term obligations	\$ <u>8,203,615</u>	\$ <u>87,417</u>	\$ <u>(711,905)</u>	\$ <u>7,579,127</u>	\$ <u>1,012,009</u>

*The change in net pension liability, net OPEB liability and compensated absences liability is presented as net change.

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2024

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

Looking ahead to 2025, Operating revenue is budgeted to decrease \$2,589,935 with Development Finance down \$3,045,415 coming off a near record year. In 2024 the Port closed 19 deals bringing in \$2.4 million in closing fees. The 2025 budget includes \$615,000 in closing fees based on signed term sheets at year end. Additionally, in 2024 the Port received \$465,000 in acceptance fees and \$608,000 in New Market Tax Credit revenue, neither of which was budgeted in 2025. Sediment management fees are up in 2025 \$420,000 on the projected receipts of an additional 15,000 cubic yards of private dredge. Operating expenses are budgeted to increase by \$1,241,573. Depreciation is up \$461,000 with incoming mechanical permanent dredge and road improvements. Compensation is up \$266,000 with three new positions being added in 2025, higher medical costs and normal staff raises offset by CEO related severance payments in 2024. The Community Investment Fund of \$382,000 is projected to be disbursed in 2025 with none being issued in 2024. Additionally, professional fees are up \$213,000 with \$268,000 projected in recruiting and relocation fees related to the open CEO and CLO positions.

Nonoperating revenues are budgeted to decrease by \$47,911 with lower interest income on reduced cash balances offset by lower interest expense on decreasing principal on direct debt obligations.

As described in the grant section of this report, the Authority has been awarded \$106.43 million in third party funds that will be received and expended in future years in support of an estimated \$112.95 million of various capital improvement projects. The largest of these projects include the Electrification Project, ITB Project and Warehouse A Project (see Note 12).

In summary, 2025 is expected to be similar to 2024, with heavy investment in port infrastructure generated by external funds.

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, 2024

Assets:

Current assets:

Cash and investments	\$ 19,226,152
Accounts receivable, net	4,191,817
Loan receivable	240,464
Interest receivable	14,851
Leases receivable	782,387
Prepaid expenses	470,858
Intergovernmental receivable	156,500
Property tax receivable	3,029,101
Grants receivable	<u>5,871,074</u>
Total current assets	<u>33,983,204</u>

Non-current assets:

Capital assets:

Land and land improvements	19,445,817
Construction in progress	22,735,479
Buildings, infrastructures, and leasehold improvements	103,959,022
Equipment	12,559,235
Right-to-use lease and subscription assets	<u>411,729</u>
Total capital assets	159,111,282
Less accumulated depreciation, excluding right-to-use assets	(42,732,408)
Less accumulated depreciation, right-to-use assets	<u>(63,597)</u>
Net book value of capital assets	<u>116,315,277</u>

Restricted and other assets:

Restricted cash and investments	32,009,280
Leases receivable, noncurrent	7,226,280
Net pension asset	358,759
Net other postemployment benefits asset	139,692
Other	<u>34,336</u>
Total restricted and other assets	<u>39,768,347</u>

Total assets 190,066,828

Deferred outflows of resources:

Pension	1,051,392
Other postemployment benefits	170,166
Debt refunding	<u>2,391</u>
Total deferred outflows of resources	<u>1,223,949</u>

Total assets and deferred outflows of resources \$ 191,290,777

(continued)

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

Cleveland-Cuyahoga County Port Authority

Statement of Net Position (continued)

December 31, 2024

Liabilities:

Current liabilities:

Accounts payable	\$ 5,841,288
Accrued wages and benefits	580,271
Compensated absences	556,937
Unearned income	20,176
Lease liabilities	29,642
Subscription liabilities	7,266
Current portion of bonds and loans to be repaid by the Authority:	
Cleveland Bulk Terminal Project	203,164
Maritime Facilities Project (2016A Bonds)	<u>215,000</u>
Total current liabilities	<u>7,453,744</u>

Current liabilities payable from
restricted assets:

Gateway Garage repair and maintenance Fund	1,853,781
Accrued interest payable	<u>33,129</u>
Total current liabilities payable from restricted assets	<u>1,886,910</u>

Other liabilities - including amounts relating to
restricted assets:

Net pension liability	2,723,287
Lease liabilities, noncurrent	302,038
Subscription liabilities, noncurrent	17,259
Deferred grant revenue	14,059,148
Compensated absences, noncurrent	270,115
Long-term bonds and loans, net of current portion:	
Cleveland Bulk Terminal Project	2,671,795
Maritime Facilities Project (2016A Bonds)	<u>582,625</u>
Total other liabilities	<u>20,626,267</u>

Total liabilities 29,966,921

Deferred inflows of resources:

Property taxes	3,029,101
Pension	102,905
Other postemployment benefits	79,931
Leases	<u>7,436,206</u>
Total deferred inflows of resources	<u>10,648,143</u>

Total liabilities and deferred inflows of resources 40,615,064

Net position:

Net investment in capital assets	112,286,488
Restricted for other purposes	16,596,009
Unrestricted	<u>21,793,216</u>
Total net position	\$ <u>150,675,713</u>

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, 2024

Operating revenues:

Wharfage, dockage, and storage	\$ 1,997,119
Property lease and rentals	2,111,337
Financing fee income	4,269,075
Foreign trade zone fees	131,000
Sediment management fees	6,336,037
Parking revenues	196,144
Other	<u>423,392</u>
Total operating revenues	<u>15,464,104</u>

Operating expenses:

Salaries and benefits	4,263,248
Professional services	1,390,117
Sustainable infrastructure services	727,005
Cost of sediment management operation	1,896,817
Facilities lease and maintenance	1,379,562
Marketing and communications	367,807
Depreciation expense	4,612,302
Office expense	100,258
Other expense	<u>176,855</u>
Total operating expenses	<u>14,913,971</u>

Operating profit 550,133

Nonoperating revenues (expenses):

Property tax receipts, net of \$49,147 expense	2,976,234
Intergovernmental revenue	315,630
Income from investments	1,057,764
Interest expense	(166,582)
Loss on disposal of capital assets	(9,577)
Pass-thru grants - in	4,095,899
Pass-thru grants - out	<u>(4,095,899)</u>
Total nonoperating revenues (expenses)	<u>4,173,469</u>

Change in net position before capital grants and contributions 4,723,602

Capital grants and contributions 13,280,729

Change in net position 18,004,331

Net position – beginning of year, as previously reported 133,039,522

Restatement – GASB 101 (368,140)

Net position – beginning of year, as restated 132,671,382

Net position – end of year \$ 150,675,713

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, 2024

Operating activities:

Receipts from customers	\$ 13,761,637
Payments to suppliers for goods and services	(6,534,523)
Payments to employees	(2,825,706)
Payments of employee benefits	<u>(982,828)</u>
Net cash provided by operating activities	<u>3,418,580</u>

Noncapital financing activities:

Net proceeds from property tax collections	2,976,234
Net proceeds from governments	315,630
Cash proceeds paid to OMA	(61,664)
Cash proceeds used in pass-through grant activity	<u>(1,151,187)</u>
Net cash provided by noncapital financing activities	<u>2,079,013</u>

Capital and related financing activities:

Cash received from capital grants and contributions	13,937,141
Cash received from unearned capital grants and contributions	5,952,365
Principal paid on debt	(400,893)
Interest paid on debt	(142,176)
Principal paid on leases and subscriptions	(12,663)
Interest paid on leases and subscriptions	(1,498)
Acquisition and construction of capital assets	<u>(17,497,365)</u>
Net cash provided by capital and related financing activities	<u>1,834,911</u>

Investing activities:

Purchase of investment securities	(8,409,536)
Proceeds from sale and maturity of investment securities	8,463,775
Interest on investments	<u>1,030,599</u>
Net cash provided by investing activities	<u>1,084,838</u>

Net increase in cash and cash equivalents 8,417,342

Cash and cash equivalents – beginning of year 36,182,586

Cash and cash equivalents – end of year \$ 44,599,928

(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, 2024

Reconciliation of operating profit to net cash provided by operating activities:	
Operating profit	\$ 550,133
Adjustments to reconcile operating profit to net cash provided by operating activities:	
Depreciation	4,612,302
Changes in assets and liabilities:	
Accounts receivable	(1,628,001)
Leases receivable	640,392
Loan receivable	248,891
Net pension asset	(104,471)
Prepaid expenses and other assets	(44,706)
Net other postemployment benefit asset	(139,692)
Deferred outflow, pension	388,040
Deferred outflow, other postemployment benefits	164,132
Accounts payable	(451,396)
Unearned income and other	(43,464)
Accrued wages and benefits	368,568
Compensated absences	9,391
Pension liability	(200,881)
Other postemployment benefit liability	(95,667)
Deferred inflow, pension	16,915
Deferred inflow, other post-employment benefits	48,379
Deferred inflow, leases	(920,285)
Net cash provided by operating activities	\$ <u>3,418,580</u>
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	\$ 19,226,152
Included in restricted and other assets	<u>32,009,280</u>
Total	51,235,432
Investments included in the balances above that are not cash equivalents	<u>(6,635,504)</u>
Cash and cash equivalents reported in the Statement of Cash Flows	\$ <u>44,599,928</u>
Supplemental schedule of non-cash investing, capital and related financing activities:	
Increase in capital assets due to accounts payable	\$ 4,747,987
Increase in pass-through grant expense due to accounts payable	820,234
Increase in pass-through grant revenue due to accounts receivable	2,017,431
Increase in capital assets right-to-use subscriptions	78,026
Amortization of bond premium	1,800
Amortization of deferred outflows for debt refunding	(1,703)

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

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

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.

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 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

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 financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Port are included on the Statement of Net Position.

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 with the exception of a Nonparticipating Guaranteed Investment Contract (GIC) which collateralizes bonds issued under the Common Bond Fund Program and is recorded at cost (see Note 3).

State Treasury Asset Reserve of Ohio (“STAR Ohio”), is an investment pool managed by the State Treasurer’s Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but the Authority has adopted GASB, Statement No.79, *Certain External Investment Pools and Pool Participants*. The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides NAV per share that approximates fair value.

For the year ended December 31, 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Accounts Receivable – Accounts receivable are obligations due to the Authority under terms requiring payment that have not been received at year-end. The carrying amount of accounts receivable is reduced by an allowance that reflects management’s best estimate of the amounts that will not be collected. Management individually reviews all delinquent accounts receivable and based on an assessment of current creditworthiness estimates the portion, if any, of the balance that will not be collected. At December 31, 2024, an allowance of \$109,979 was recorded on the Authority’s financial statements.

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 nonoperating revenue (expense). 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 \$5,000. 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

The Authority is reporting right-to-use assets related to Subscription-Based Information Technology Arrangements (SBITA) and leased property and equipment. These assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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 before the end of a construction period is recognized as expense in the period the cost is incurred in accordance with GASB Statement No. 89. All other interest costs are expensed as incurred.

Compensated Absences - The Authority recognizes liabilities for compensated absences, including vacation and sick leave, based on the estimated amount of leave that is more likely than not to be used or otherwise settled in accordance with GASB Statement No. 101. 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. Compensated absences generally do not have a set payment schedule. The Authority does not offer noncash settlements.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 1: Summary of Significant Accounting Policies (continued)

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 and right-to-use assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets and the SIBITA and lease liability associated with the right-to-use 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 No. 87, except for leases that are not recognized for accounting purposes under GASB Statement No. 91, *Conduit Debt Obligations*, because they secure the repayment of conduit debt.

As lessee, the Authority recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceed \$5,000 that meet the definition of an other than short-term lease. Short-term lease payments are expensed when incurred. The Authority uses a discount rate that is explicitly stated or implicit in the contract.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease. When a readily determinable discount rate is not available, the discount rate is determined using the Authority's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

As lessor, the Authority recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceed \$5,000 that meet the definition of other than short-term lease. At the commencement of the lease, the Authority records a receivable and deferred inflow of the net present value of future expected payments using a discount rate explicitly stated or implicit in the contract. Short-term lease receipts and variable lease receipts not included in the measurement of the lease receivable are recognized as income when earned.

Subscription Accounting – The Authority recognizes subscription-based information technology arrangements that have a term exceeding one year and future payments on the contract exceed \$5,000. Short-term subscriptions are expensed as incurred. At the commencement of the subscription arrangement, the Authority initially measures the subscription liability at the present value of payments expected to be made during the term. The Authority uses a discount rate that is determined using the Authority's incremental borrowing rate at start of the subscription arrangement for a similar asset type and term length to the contract. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 1: Summary of Significant Accounting Policies (continued)

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.

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 (Assets) – 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 plan. 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 assets that apply 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 and for future pension and OPEB obligations. The deferred outflows of resources related to pensions and OPEB plans are explained respectively in Note 5 and Note 6, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources include property taxes, leases 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, 2024, but which were levied to finance fiscal year 2025 operations. The deferred inflows of resources related to pensions and OPEB are explained respectively in Note 5 and Note 6. Deferred inflows of resources related to leases are explained in Note 8.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 1: Summary of Significant Accounting Policies (continued)

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. The Board is given updates on the financial performance of the Authority throughout the fiscal year.

Newly Adopted Accounting Pronouncements and Change in Accounting Principle - For the year ended December 31, 2024, the Authority implemented the following Governmental Accounting Standards issued by GASB:

GASB Statement No. 100, *Accounting Changes and Error Corrections* – An Amendment of GASB Statement No. 62, was issued in June of 2022. The primary objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. These changes were incorporated in the Authority’s 2024 financial statements.

GASB Statement No. 101, *Compensated Absences*, was issued in June 2022. The primary objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The implementation of this pronouncement had the following effect on net position as reported December 31, 2023:

Net position at December 31, 2023	\$ 133,039,522
Accrued wages and benefits	449,521
Current portion of compensated absences	(547,313)
Non-current portion of compensated absences reported under GASB 101	(270,348)
Restated net position at December 31, 2023	\$ <u>132,671,382</u>

Newly Issued Accounting Pronouncements, Not Yet Adopted:

GASB Statement No. 102, *Certain Risk Disclosures* was issued in December of 2023. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 1: Summary of Significant Accounting Policies (continued)

Newly Issued Accounting Pronouncements, Not Yet Adopted (continued)

GASB Statement No. 103, *Financial Reporting Model Improvements* was issued in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability (MD&A, unusual and infrequent items, Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, Budgetary Comparison Information). This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* was issued in September 2024. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed.

In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

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

Note 2: Deposits and Investments

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

Financial institutions chose to 1) participate in the pooling method (OPCS) collateralizing at 102% or a rate set by the Treasurer's Office and approved by the public entity or 2) not participate in OPCS and collateralize with a specific pledge method at 105%.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 2: Deposits and Investments (continued)

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, 2024 the carrying amounts of the Authority's deposits were \$30,483,427 and the related bank balances were \$30,698,509, of which \$250,000 was covered by federal depository insurance and \$30,448,809 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; State Treasury Asset Reserve of Ohio (STAR Ohio) 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, 2024 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, STAR Ohio, 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. STAR Ohio is an investment pool created pursuant to Ohio statutes and is managed by the Treasurer of the State of Ohio.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 2: Deposits and Investments (continued)

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

Approximately \$4.23 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, 2024:

	Value	Rating*	Less than one year	One to five years	Percentage of investments
Federated Government Obligations	\$ 3,345,689	AAA	\$ 3,345,689	\$ -	16.1%
State Treasury Asset Reserve	10,378,542(3)	- (2)	10,378,542	-	50.0%
First American Treasury	101,957	AAA	101,957	-	0.5%
Certificates of Deposit	1,340,753	N/A	686,412	654,341	6.5%
Commercial Paper	134,183	- (1)	134,183	-	0.6%
Guaranteed Investment Contract	4,231,534 (3)	N/A	4,231,534	-	20.4 %
United States Treasury Notes	332,081	AAA	-	332,081	1.6 %
United States Treasury Bill	162,217	AAA	162,217	-	0.8%
Federal Home Loan Mortgage Corporation	546,041	AAA	226,688	319,353	2.6 %
Federal Farm Credit Banks	179,008	AAA	179,008	-	0.9%
Total	\$ 20,752,005		\$ 19,446,230	\$ 1,305,775	100.0%

* Moody’s Investor Service

(1) S&P (A-1)

(2) S&P AAA

(3) Not subject to FVM

Note 3: 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 3: Fair Value Measurements (continued)

The Authority has the following recurring fair value measurements as of December 31, 2024.

	Balance at 12/31/2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Money Market Mutual Funds	\$ 3,447,646	\$ 3,447,646	\$ -	\$ -
U.S. Agencies	725,049	-	725,049	-
Negotiable Certificates of Deposit	1,340,753	-	1,340,753	-
Commercial Paper	134,183	-	134,183	-
U.S. Treasury Notes	332,081	-	332,081	-
U.S. Treasury Bill	162,217	-	162,217	-
Total investments by fair value level	\$ <u>6,141,929</u>	\$ <u>3,447,646</u>	\$ <u>2,694,283</u>	\$ <u>-</u>

The Authority's investment of \$4,231,534 at December 31, 2024, is invested in a Nonparticipating GIC which is not subject to fair value measurement. The Authority's investment of \$10,378,542 at December 31, 2024, in the State Treasury Asset Reserve is valued at amortized cost, which approximates fair value.

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

Note 4: 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 2023 levy (collected in 2024) was based upon assessed valuations of approximately \$35.37 billion.

In November of 2022, the voters of Cuyahoga County approved a renewal of the Authority's 0.13 mill property tax levy. The levy is effective commencing in 2023 and first due for collection in calendar year 2024, continuing for five years through 2027 for collection in calendar year 2028.

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

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

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 5: Defined Benefit Pension Plans

Net Pension/OPEB Liability (Asset)

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

The net pension/OPEB liabilities (asset) 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.

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 are 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 (asset) 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 on the accrual basis of accounting. Funded benefits are presented as an other net pension/OPEB asset. Any liability for the contractually-required contribution outstanding at the end of the year is included in *accrued wages and benefits* on the accrual basis of accounting. The remainder of this note includes the required pension disclosures. See Note 6 for the required OPEB disclosures.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 5: Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Authority employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the combined plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed (the latest information available).

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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
Traditional Plan 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	Traditional Plan 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	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan 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	Combined Plan 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	Combined Plan 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

Final average salary represents the average of the three highest years of earnings over a 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 5: Defined Benefit Pension Plans (continued)

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

Traditional plan members who retire before meeting the age and years of service requirements for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement. Combined plan member retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans.

Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year.

At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), 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 options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 5: Defined Benefit Pension Plans (continued)

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

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2024 for the traditional plan. For the combined plan, the portion of the employer contributions allocated to healthcare was 2% for 2024. The portion of the employer contributions allocated to health care for members in the member directed plan was 4% for 2024. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. In 2024, the Authority's contractually required contribution for the traditional plan, net of postemployment health care benefits, for the traditional plan was \$231,724 and \$68,723 for the combined plan. For 2024, contractually required contributions of \$42,758 are reported as accrued wages and benefits at December 31, 2024.

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.

Key methods and assumptions used in valuation of pension liability/asset - 2023

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>
Valuation date	December 31, 2023	December 31, 2023
Experience study	5-year period ended December 31, 2020	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	6.90%	6.90%
Wage inflation	2.75%	2.75%
Projected salary increases, including 2.75% wage inflation	2.75 to 10.75%	2.75 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 retirees	2.30% Simple through 2024 then 2.05% Simple	2.30% Simple though 2024 then 2.05% Simple

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 5: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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, 2020 and methods and assumptions were approved and adopted by the OPERS Board of Trustees.

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 gain of 11.2% for 2023.

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 long-term expected 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. The table below displays the Board-approved asset allocation policy and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.00%	2.85%
Domestic equities	21.00	4.27
Real estate	13.00	4.46
Private equity	15.00	7.52
International equities	20.00	5.16
Risky parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00%	

Discount Rate The discount rate used to measure the total pension liability was 6.9%. 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 5: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

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, 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 or one-percentage-point higher than the current rate:

Authority's proportionate share of net pension liability (asset) at December 31, 2024:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Authority's proportionate share of the net pension liability – traditional	\$ 4,287,184	\$ 2,723,287	\$ 1,422,578
Authority's proportionate share of the net pension asset – combined	\$ (217,090)	\$ (358,759)	\$ (470,361)

Net Pension Liability (Asset), 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, 2024, were measured as of December 31, 2023. The total pension liability 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.

	OPERS Traditional	OPERS Combined	Total
Proportion of the net pension liability/asset prior measurement date	0.009899%	0.107891%	
Proportion of the net pension liability/asset current measurement date	0.010402%	0.116715%	
Change in proportionate share	0.000503%	0.008824%	
Proportionate share of the net pension asset	\$ -	\$ 358,759	\$ 358,759
Proportionate share of the net pension liability	\$ 2,723,287	\$ -	\$ 2,723,287
Pension expense	\$ 383,676	\$ 16,374	\$ 400,050

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 5: Defined Benefit Pension Plans (continued)

Net Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The 2024 pension expense for the member-directed defined contribution plan was \$51,886. The aggregate pension expense for all pension plans was \$451,936 for 2024.

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	Total
Deferred outflow of resources:			
Difference between expected and actual experience	\$ 44,510	\$ 14,538	\$ 59,048
Change in assumptions	-	13,314	13,314
Differences between projected and actual earnings on pension plan investments	549,675	58,350	608,025
Differences in employer contributions and change in proportionate share	68,259	2,299	70,558
Contributions subsequent to the measurement date	<u>231,724</u>	<u>68,723</u>	<u>300,447</u>
Total deferred outflow of resources	\$ <u>894,168</u>	\$ <u>157,224</u>	\$ <u>1,051,392</u>
Deferred inflow of resources:			
Difference between expected and actual experience	\$ -	\$ 35,484	\$ 35,484
Differences in employer contributions and change in proportionate share	-	<u>67,421</u>	<u>67,421</u>
Total deferred inflow of resources	\$ <u>-</u>	\$ <u>102,905</u>	\$ <u>102,905</u>

The \$300,447 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, 2025. 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:			
2025	\$ 187,990	\$ (1,091)	\$ 186,899
2026	201,954	5,856	207,810
2027	350,772	23,354	374,126
2028	(78,272)	(20,355)	(98,627)
2029	-	(9,576)	(9,576)
2030-2031	-	(12,592)	(12,592)
	\$ <u>662,444</u>	\$ <u>(14,404)</u>	\$ <u>648,040</u>

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 6: Defined Benefit, Postemployment Benefits Other Than Pensions

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the traditional pension, combined and member-directed plans. The Ohio Revised Code (ORC) 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 ORC. Retirees in the traditional pension and combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

With one exception, OPERS-provided health care coverage is neither guaranteed nor is statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the traditional plan or combined plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit; or

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

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

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

Age 59 or Younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

Group C 32 years of qualified health care service credit and at least age 55

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolls in OPERS healthcare. Monthly allowances range between 51% and 90% of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical). OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

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

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

Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, 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. State and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate 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 pension plan was 0% during fiscal year 2024. For the combined plan, the portion of the employer contributions allocated to health care was 2% during fiscal year 2024. The portion of employer contributions allocated to health care for members in the member-direct plan was 4% during fiscal year 2024. 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 rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contributions to OPERS health care plans was \$32,208 for 2024.

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

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

Actuarial Assumptions – OPERS (continued)

Key methods and assumptions used in valuation of total OPEB liability - 2023

	<u>Assumptions</u>
Valuation date	December 31, 2022
Rolled-forward measurement date	December 31, 2023
Experience study	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age normal
Projected salary increases, including 2.75% wage inflation	2.75% to 10.75%
Investment rate of return	6.00%
Municipal bond rate	3.77%
Single discount rate of return	5.70%
Health care cost trend	Initial 5.50% to 3.50% ultimate in 2038

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality Tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the traditional pension plan, combined plan and member-directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023.

The allocation of investment assets within 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 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

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

Actuarial Assumptions – OPERS (continued)

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	37.00%	2.82%
Domestic equities	25.00	4.27
Real estate	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	100.00%	

Discount rate A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77% for the measurement date of December 31, 2023. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made 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 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, 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 (Asset) to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net OPEB liability (asset) calculated using the single discount rate, as well as what the Authority's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (4.70%)	Discount Rate (5.70%)	1% Increase (6.70%)
Authority's proportionate share of the net OPEB liability (asset)	\$ 76,771	\$ (139,692)	\$ (319,002)

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

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

Actuarial Assumptions – OPERS (continued)

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability (Asset) 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 (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	<u>1% Decrease</u>	Health Care Cost Current <u>Discount Rate</u>	<u>1% Increase</u>
Authority’s proportionate share of the net OPEB asset	\$ 145,493	\$ 139,692	\$ 133,111

Assumption Changes Since the Prior Measurement Date Municipal bond rate decreased from 4.05% to 3.77%. The single discount rate increased from 5.22% to 5.70%. The health care cost trend rate changed from 5.50% initial, 3.50% ultimate in 2036 to 5.50% initial, 3.50% ultimate in 2038.

Net OPEB Asset, Deferred Outflows, Deferred Inflows and OPEB Expense – OPERS

The net OPEB liability/asset for OPERS as of December 31, 2024, was measured as of December 31, 2023. The total OPEB liability used to calculate the net OPEB liabilities/assets was determined by an actuarial valuation as of December 31 of the year prior and rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority’s proportion of the net OPEB liability/asset 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 year. The related deferred outflows and deferred inflows of resources associated with the OPEB liability are presented below.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

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

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

	<u>OPERS</u>
Proportion of the net OPEB liability prior measurement date	0.015173%
Proportion of the net OPEB asset current measurement date	<u>0.015478%</u>
Change in proportionate share	0.000305%
Proportionate share of the net OPEB asset	\$ 139,692
OPEB expense	\$ 9,359

At December 31, 2024, the Authority reported deferred outflow and inflow of resources related to the net OPEB liability from OPERS OPEB plan, based on December 31, 2023 measurement, as indicated in the table below:

	<u>OPERS</u>
Deferred outflow of resources:	
Change in assumptions	\$ 35,964
Difference between projected and actual earnings on OPEB plan investments	83,893
Differences in employer contributions and change in proportionate share	18,101
Contributions subsequent to the measurement date	<u>32,208</u>
Total deferred outflow of resources	\$ <u>170,166</u>
Deferred inflow of resources:	
Difference between expected and actual experience	\$ 19,881
Change in assumptions	<u>60,050</u>
Total deferred inflow of resources	\$ <u>79,931</u>

The \$32,208 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 decrease of the net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Total</u>
Fiscal year ending December 31:	
2025	\$ 9,856
2026	11,195
2027	65,304
2028	<u>(28,328)</u>
	\$ <u>58,027</u>

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 7: Capital Assets

Capital asset activity for the year ended December 31, 2024 is as follows:

	Balance at January 1, 2024	Additions	Deletions	Balance at December 31, 2024
Capital assets not being depreciated:				
Land and land improvements	\$ 19,445,817	\$ -	\$ -	\$ 19,445,817
Construction in progress	12,092,816	13,525,770	(2,883,107)	22,735,479
Total capital assets not being depreciated	31,538,633	13,525,770	(2,883,107)	42,181,296
Capital assets being depreciated:				
Buildings, infrastructures, and leasehold improvements	99,377,906	4,602,390	(21,274)	103,959,022
Equipment	12,110,013	599,190	(149,968)	12,559,235
Right-to-use asset– property and equipment	283,719	78,026	-	361,745
Right-to-use asset– SBITA	49,984	-	-	49,984
Total capital assets being depreciated	111,821,622	5,279,606	(171,242)	116,929,986
Less accumulated depreciation:				
Buildings, infrastructures, and leasehold improvements	34,160,017	3,894,022	(21,274)	38,032,765
Equipment	4,150,484	689,550	(140,391)	4,699,643
Right-to-use asset– property and equipment	27,726	18,019	-	45,745
Right-to-use asset– SBITA	7,141	10,711	-	17,852
Total accumulated depreciation	38,345,368	4,612,302	(161,665)	42,796,005
Total capital assets being depreciated, net	73,476,254	667,304	(9,577)	74,133,981
Capital assets, net	\$ 105,014,887	\$ 14,193,074	\$ (2,892,684)	\$ 116,315,277

Note 8: Lease and Loan Receivables

For 2024, the Authority recognized lease revenue of \$920,284 and interest revenue of \$362,156 related to lease payments received. Leases meeting the criteria established by GASB statement No. 87 for which the Authority is the Lessor are described below:

Logistec USA Inc. (CBT Facility)

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 (see Note 10). On April 1, 2017, the Authority entered into a lease 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 8: Lease and Loan Receivables (continued)

Logistec USA Inc. (CBT Facility) (continued)

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.

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 Authority recognized \$498,191 in lease and interest revenue under the Operating Agreement for the year ended December 31, 2024

The Authority also recognized \$1,247,089 in additional revenue based on fees dependent upon the annual tonnage of freight handled at the facility.

On September 9, 2021, the Board authorized the execution and delivery of a Permanent Shared Access Easement and Temporary Construction Easement to the Northeast Ohio Regional Sewer District (NEORS) for the purposes of construction of the expansion of the Westerly Wastewater Treatment Center (WWTC) over a portion of the property at 5400 Whiskey Island Drive, known as the Cleveland Bulk Terminal, located at 5400 Whiskey Island Drive. The Port Authority recorded a pro-rata reduction of the land asset and gain on sale on its financial statements in 2021.

The Temporary Construction Easement is for a period of 42 months beginning with the commencement of construction on September 12, 2022. At December 31, 2024 \$35,651 was recognized as lease revenue, respectively and \$44,564 was recorded as deferred inflow of resources - leases on the Authority's financial statements.

Heidelberg Materials US Cement LLC, formerly LeHigh Hanson ECC, Inc. (Dock 20)

In November of 1997, the Authority entered into a lease agreement with Heidelberg Materials US Cement LLC, formerly LeHigh Hanson ECC, Inc., 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. Lease payments are broken into two components: (1) Land Rental, which was \$106,800 at the inception of the lease and is subject to an annual CPI increase and (2) Improvement Rental, equal to the annual debt service of the initial bond issuance plus a small administrative fee. The Lease is set to expire in May of 2027 with an option to extend the Land Rental component of the lease for two additional ten-year terms. The Lease also contains a provision for wharfage and dockage fees if tonnage exceeds 100,000 tons in a given Lease year. No wharfage or dockage fees were earned or recognized for the year ended December 31, 2024.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 8: Lease and Loan Receivables (continued)

Heidelberg Materials US Cement LLC, Formerly LeHigh Hanson ECC, Inc. (Dock 20) (continued)

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 Land 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 (see Note 10).

The Authority recognized \$452,655 in revenue under the Lease for the year ended December 31, 2024.

Erie International Group, LLC - Liquid Bulk Terminal (Dock 20)

During 2021, the Authority and Erie Tropical Resources, LLC (Erie) and its affiliated entities worked to develop a solution to move liquid bulk cargo through the Port to the Erie International Group facility. The liquid bulk cargo will be transloaded directly from vessel to rail cars. The transload process requires the manufacture and installation of a pumping manifold system (Manifold Project) on Dock 20. The Port Authority and Erie determined that it was in their collective interest to collaborate on the design and construction of the Manifold Project.

On May 24, 2021, the Port Authority and MIG Acquisition LLC, DBA Erie International Group, LLC entered into a Bulk Liquid Palm Oil and OleoChemical Products Pumping Manifold System Cost Sharing Agreement (the, May 2021 Cost Sharing Agreement) to set forth the parties responsibilities for payment of anticipated costs and ownership of the Manifold Project. On November 30, 2021, the Port Authority and Erie executed an Amended and Restated Bulk Liquid Palm Oil and OleoChemical Products Cost Sharing Agreement (the, November 2021 Restated Cost Sharing Agreement) amending and restating the May 2021 Cost Sharing Agreement and transferred the same from MIG Acquisition LLC, DBA Erie International Group, LLC to Erie.

The economic terms of the November 2021 Restated Cost Sharing Agreement provides that: (1) the design, bidding and construction of the Manifold Project will be managed by the Port Authority; (2) the Port Authority agrees to advance and Erie agrees to reimburse the Authority for the costs of design, construction, inspection, permitting and other ancillary costs including legal fees and public advertisement costs for the Manifold Project in the total amount of \$1,597,165 payable by Erie by way of the following payments to the Port Authority: (a) an initial payment of \$700,000 to be paid within fourteen (14) days of execution of the agreement; (b) payment of \$97,165 on the first day of the month after construction of the Manifold Project is complete; and (c) the remaining \$800,000 to be paid in thirty-six (36) equal successive and consecutive monthly installments of \$22,222 plus interest at 5.5% per annum; (3) the Port Authority and Erie would negotiate and enter into a mutually acceptable License Agreement for the use of Dock 20 and related facilities to be approved by the Port Authority's Board; and (4) Erie agreed to provide the Port Authority a corporate guarantee in an aggregate amount of the estimated construction costs.

On February 21, 2023, the Port Authority and Erie Industrial Group, LLC executed a Second Amended and Restated Bulk Liquid Palm Oil and OleoChemical Products Pumping Manifold System Cost Sharing Agreement (the, Second Amended Cost Sharing Agreement) to amend party to Erie Industrial Group LLC (EIG).

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 8: Lease and Loan Receivables (continued)

Erie International Group, LLC - Liquid Bulk Terminal (Dock 20) (continued)

The Second Amended Cost Sharing Agreement also revised the costs advanced by the Authority for the construction of the Manifold Project from the estimated \$1,597,165 to the actual cost expended of \$1,488,022, and reflected actual payments made by Erie and revised the installment loan to reflect the final amount due to the Authority.

Construction of the Manifold Project managed by the Authority was completed in September of 2022 at a total cost of \$1,488,023. The Authority received the initial \$700,000 payment from Erie on December 2, 2021, and the second payment of \$44,011 on January 3, 2023. The remaining \$744,011 including interest at 5.5% per annum will be paid in thirty-six (36) equal and successive consecutive monthly installments of \$22,466 commencing December 1, 2022. The balance of the Installment loan at December 31, 2024 is \$240,464 and is reported as a current asset.

On October 14, 2021, the Board authorized the execution of a License Agreement between the Port Authority and Erie for the use of Dock 20. The License Agreement provides: (1) that the Port Authority will construct the Manifold Project as a public improvement; (2) that the Port Authority will advance the costs of design and construction of the Manifold Project and Erie will reimburse the Port Authority for such construction costs over three (3) years plus five and a half percent (5.5%) interest per annum; (3) that Erie will pay the Port Authority a Ten Thousand Dollar (\$10,000.00) monthly license fee; and (4) that Erie agrees to the importation of certain metric tons of products each year for which the Port Authority will receive charges under the Port Authority Tariff or pay the Port Authority an annual adjustment payment as though Erie had imported the minimum amount of products identified in the License Agreement. The License Agreement commenced on October 1, 2022 for a term of 63 months. The Authority recognized \$112,162 in lease revenue during 2024. No dockage and wharfage revenues were recognized under the minimum annual adjustment pursuant to the lease agreement for the year ending December 31, 2024. A reserve against accounts receivable was recorded at December 31, 2024 in the amount of \$109,979 for the 2023 and 2024 minimum dockage and wharfage fees of \$49,199 and \$60,780, respectively. These fees remain outstanding and are in the process of collection.

OmniTRAX

On July 24, 2019, the Authority entered into a lease agreement with OmniTRAX for rail switching services, indoor storage and office space. The term of the agreement is for ten years. The agreement was amended in May of 2020 which expanded the rail services and rail car storage. The agreement provides for an annual base fee in the amount of \$3,000 set to increase annually by 2% each year along with certain additional fees dependent upon rail car movement on the Lakefront Docks. The Authority recognized \$3,498 in lease revenue under the lease agreement and \$538 in additional fees for rail car movement for the year ended December 31, 2024.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 8: Lease and Loan Receivables (continued)

Global Prairie Marketing, LLC and Desman, Inc – 1100 W9th Street Office Building

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. The Authority relocated its administrative offices to one floor of the office building in September of 2013 and entered into various lease agreements for other tenant spaces.

Global Prairie Marketing, LLC - The Authority assumed an existing lease executed in March of 2009 with Global Prairie Marketing, LLC for office and parking spaces. The lease is a five-year lease subject to renewal for two additional 5 years terms. The lease was terminated in 2023. On June 1, 2023, the Authority entered into a new lease agreement with Global Prairie Marketing, LLC. The lease is a seven-year lease, set to expire in 2030. The agreement provides for monthly base fee of \$9,029 along with additional fees related to the tenants pro rata share of operating expenses and real estate taxes and insurance.

The Authority recognized \$119,174 in revenue under the lease agreement and \$37,565 in additional fees related to the tenants pro rata share of operating expenses, real estate taxes and insurance for the year ended December 31, 2024.

Desman, Inc. - In October of 2018 the Authority entered into a lease agreement with Desman, Inc. for office and parking spaces. The lease is a 10-year lease subject to an option to terminate at the end of the seventh year. The term is set to expire in September of 2028. The agreement provides for annual base fee of \$420 for parking spaces and \$52,307 for the office space and with an increase of \$2,751 after the fifth year.

The Authority recognized \$61,109 in revenue under the lease agreement for the year ended December 31, 2024. The agreement also provides for additional fees related to the tenants pro rata share of certain operating expenses. These additional fees were \$2,544 for the year ended December 31, 2024.

The table below summarizes future lease revenues to be recognized under GASB 87:

Year	Principal	Interest
2025	\$ 782,387	\$ 354,961
2026	792,862	305,038
2027	687,528	268,672
2028	477,496	244,634
2029	458,754	225,723
2030 – 2034	2,188,012	871,544
2035 – 2039	1,445,614	447,965
2040 – 2044	642,897	253,743
2045 – 2047	533,118	49,062
	<u>\$ 8,008,668</u>	<u>\$ 3,021,342</u>

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 9: Operating Agreements

Authority as Lessor

General Cargo Docks (22-28A)

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 22-28A) 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 contained a Tonnage Assessment Schedule with the following rates: \$1.00 per ton on the first 100,000 tons; \$0.75 per ton on tons between 100,001 and 200,000; \$0.50 per ton on tons between 200,001 and 300,000; \$0.40 on tons between 300,001 and 500,000; \$0.30 on tons between 400,001 and 500,000; and \$0.25 per ton above 500,000 tons.

The Operating Agreement was subsequently renewed for five (5) one (1) year renewal periods. On April 1, 2024, the Fifth Addendum to the Operating Agreement was executed for the purpose of extending the agreement for the fifth and final one-year renewal period. The Addendum increased the base fee from \$490,000 to \$495,000 per year for the period April 1, 2024 to March 31, 2025 shipping season. The Tonnage Assessment Schedule was not changed.

On December 12, 2024, the Authority entered into an Operating Agreement with Logistec USA Inc., (the, April 1, 2025 Operating Agreement), a Delaware 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 22-28A) for the 2025/2026 shipping season. The term of the agreement is for one year commencing on April 1, 2025 and ending on March 31, 2026. The terms of the Operating Agreement provided for nine (9) subsequent one (1) year renewals upon mutual agreement.

The April 1, 2025 Operating Agreement has a base fee of \$650,000 per year and contained a Volume Sharing Fee for each metric ton of cargo with the following rates: \$1.20 per ton on the first 200,000 tons; \$0.95 per ton on tons between 200,001 and 300,000; and \$0.45 per ton on tons over 300,001.

The Authority recognized \$493,750 in base fee income from the operating agreements and \$5,000 in additional rent for the year ended December 31, 2024. The Authority also recognized \$247,398 in 2024 in income associated with the Tonnage Assessment Schedule.

In total, the Authority recognized \$746,148 in fee income from property managed by the International Terminal Operator for the year ended December 31, 2024. The future fixed fee the Authority is scheduled to receive under the most recent Fifth Addendum to the Operating Agreement, via the Master Fixed Rental and Tonnage Assessment Schedule, total \$125,675, all of which is due in 2025

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 9: Operating Agreements (continued)

Authority as Lessor (continued)

General Cargo Docks (22-28A) (continued)

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. The addendum to the Operating Agreement authorizing Logistec USA, Inc., to act as the FTZ Operator was not renewed in the December 12, 2024 Operating Agreement.

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. During the year ended December 31, 2024, the Authority recognized \$22,523 in storage fees related to this Agreement.

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 Cleveland Browns Stadium for an annual fee of \$225,000. The terms of the agreement also provided 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 provided for a reduction in the annual fee if there is a material change in the number of spots available, based on operational needs. Subsequently, the Operating Agreement was previously amended a number of times for the purpose of extending the agreement and to adjust available game-day parking based on increased operational needs.

On July 14, 2022, an Eighth Amendment to the Operating Agreement was executed in order to extend the term of the Agreement for one year through July 31, 2023. The terms of the Agreement were not modified holding parking fees to \$4,500 per event day. On August 1, 2023, a Ninth Amendment to the Operating Agreement was executed increasing parking fees to \$7,000 per event day and extending the term of the Agreement for one year through July 31, 2024. On August 1, 2024, a Tenth Amendment to the Operating Agreement was executed increasing parking fees to \$10,000 per event day and extending the term of the Agreement for one year through July 31, 2025.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 9: Operating Agreements (continued)

Authority as Lessor (continued)

Parking (continued)

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, 2024, the Authority recognized \$196,144 in parking revenues.

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 for an 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 2024 and no rental expense was recognized.

Note 10: Long-Term Obligations

Changes in the Authority’s long-term obligations for the year ended December 31, 2024 are as follows:

	Restated Balance 2023	Increase	Decrease	Balance December 31, 2024	Due Within One Year
Direct Placement:					
Cleveland Bulk Terminal Project	\$ 3,070,852	\$ -	\$ (195,893)	\$ 2,874,959	\$ 203,164
Maritime Facilities Project (2016A)	<u>1,004,425</u>	<u>-</u>	<u>(206,800)</u>	<u>797,625</u>	<u>215,000</u>
Total Direct Placement	4,075,277	-	(402,693)	3,672,584	418,164
Other noncurrent obligations:					
Lease payable	259,343	78,026	(5,689)	331,680	29,642
Subscription payable	31,499	-	(6,974)	24,525	7,266
Net pension liability	2,924,168	-	(200,881)*	2,723,287	-
Net OPEB liability	95,667	-	(95,667)*	-	-
Compensated absences	<u>817,661</u>	<u>9,391*</u>	<u>-</u>	<u>827,052</u>	<u>556,937</u>
Total long-term obligations	\$ <u>8,203,615</u>	\$ <u>87,417</u>	\$ <u>(711,904)</u>	\$ <u>7,579,128</u>	\$ <u>1,012,009</u>

The decreases in direct placement above include amortization of reoffering premiums relating to the Maritime Facilities Project (2016A) issuances of \$1,800.

*The change in net pension liability, net OPEB liability and compensated absences liability is presented as net change.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 10: Long-Term Obligations (continued)

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 \$6.15 million. The property, known as Cleveland Bulk Terminal, is a vessel-to-rail transfer facility. On April 1, 2017, the Authority entered into a lease agreement for the facility with Logistec USA Inc., for the CBT facility, which was extended through March 31, 2037 (see Note 8).

In 2001, the Authority issued \$5,765,000 of Refunding Revenue Bonds, Series 2001, to advance refund the bonds that were issued to acquire the facility. On March 1, 2007, the Authority issued \$5,470,000 in Multi-Mode Variable Rate Refunding Revenue Bonds, Series 2007 (2007 Refunding Bonds), in connection with the Cleveland Bulk Terminal project. The proceeds of the Series 2007 bonds were used to refund the Authority's Taxable Variable Rate Refunding Bonds, Series 2001. The 2007 Refunding Bonds were payable in quarterly installments through 2031 and were not general obligations of, or secured by, the full faith and credit of the Authority.

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

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

The 2016 Refunding Bonds are payable from; (1) rental payments or operating payments made from the Cleveland Bulk Terminal facility pursuant to Leases (see Note 8) 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 bondholder 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 10: Long-Term Obligations (continued)

Cleveland Bulk Terminal (continued)

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, 2024, are payable as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 203,164	\$ 101,559	\$ 304,723
2026	210,705	94,018	304,723
2027	218,525	86,198	304,723
2028	226,636	78,087	304,723
2029	235,048	69,675	304,723
2030 – 2034	1,312,765	210,852	1,523,617
2035 – 2036	468,116	14,362	482,478
Total payments	\$ <u>2,874,959</u>	\$ <u>654,751</u>	\$ <u>3,529,710</u>

The cost and carrying amount of the CBT facility was \$34.18 million and \$25.70 million, respectively, at December 31, 2024

Hulett Preservation - On February 8, 2018, the Board 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 (Hulett's) 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 Hulett's 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 10: Long-Term Obligations (continued)

Cleveland Bulk Terminal – Hulett Preservation (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.

Due to delays encountered as a result of the Covid-19 pandemic the members of the group agreed to extend the initial July 2021 deadline to continue working toward resolution in 2022.

No alternative plan or further extension to the MOA was agreed to by the working group in 2022. During 2022, the Canalway Partners requested and the Authority remitted \$32,994 for the reimbursement of planning costs related to this activity. A liability of \$467,006 was recorded on the Authority's financial statements in 2022, pursuant to the MOA.

The Authority has agreed to store a bucket and bucket arm for up to a year to allow more time for preservationists to secure a suitable location for their display and raise funds for their removal. In addition, a shunt engine that was part of the Hulett unloading system has been salvaged and donated to the American Industrial Mining Co Museum in Brownsville, PA.

During 2024, the Authority entered into various agreements to dispose of the Huletts located on the CBT Terminal. On March 28, 2024 the Authority entered into a professional services agreement with Northern Ohio Scrap Service, Corp. for an amount not-to-exceed \$143,890 for general clean-up services including grubbing, clearing and removal of trees at the CBT terminal. On May 24, 2024 and August 15, 2024 the Authority executed change orders increasing the contract amount by \$70,453 and \$14,400, respectively modifying the scope to include additional relocation and removal of waste on the subject area. On April 8, 2024, the Authority entered into a second professional services agreement with Northern Ohio Scrap Service, Corp. to perform Hulett removal, including scrap, salvage and additional clean-up services. The total cost for the April 8, 2024 service agreement was net of scrap value, subject to certain stop loss and credit protection provisions and was estimated to result in proceeds payable to the Authority of \$46,595. On May 24, 2024 and August 9, 2024 the Authority executed change orders to the Hulett removal agreement increasing the contract amount by \$36,430 and \$102,068, respectively. These increases were primarily due to the stop loss provisions per the agreement. Finally, in July of 2024 the Authority procured the services of a commercial grounds management contractor to provide vegetation, mowing and clearing at the subject area at a cost of \$60,628.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 10: Long-Term Obligations (continued)

Cleveland Bulk Terminal – Hulett Preservation (continued)

In summary, the Hulett's were removed from the CBT terminal in accordance with the MOA in August of 2024 at a total cost of \$381,275. In August 2024, the Authority remitted \$217,006 to the Canalway Partners and \$250,000 to the Ohio State Historic Preservation office in accordance with the MOA and relieved the liability recorded on the Authority's financial statements in 2022.

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 lease payments made by Heidelberg Materials US Cement LLC (Heidelberg), formerly Lehigh Hanson ECC, Inc., in connection with a Ground Lease and Operating Agreement (Lease), pursuant to which Heidelberg, 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 lease, which was \$106,800 at the inception of the lease and is subject to an annual CPI increase and (2) an Improvement Rental, dated November 6, 1997, and amended in 2011 (see Note 8).

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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 10: Long-Term Obligations (continued)

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

The bonds outstanding at December 31, 2024 are payable as follows:

Year	Principal	Interest	Total
2025	\$ 215,000	\$ 26,062	\$ 241,062
2026	220,000	18,427	238,427
2027	360,000	6,318	366,318
Total payments	795,000	\$ 50,807	\$ 845,807
Unamortized premium	2,625		
Total	\$ 797,625		

The cost and carrying amount of the property at Dock 20 was \$3.5 million and \$1.0 million, respectively, at December 31, 2024.

Lease Payable - The Authority entered into contracts for the use of government owned property for docking deep draft vessels, shipping and receiving merchandise, and for loading and unloading bulk commodities in connection with a multi-modal cement transfer facility and copier equipment. The contracts meet the definition of a lease under GASB Statement No. 87.

A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest
2025	\$ 29,642	\$ 28,849
2026	8,164	10,836
2027	8,457	10,543
2028	8,760	10,240
2029	10,024	9,926
2030 – 2034	56,780	43,968
2035 – 2039	73,131	32,654
2040 – 2044	92,904	18,170
2045 – 2047	43,818	2,372
	\$ 331,680	\$ 167,558

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 10: Long-Term Obligations (continued)

Subscription Payable - The Authority entered into a noncancelable SBITA agreement for operation software. The contracts meet the definition of a SBITA under GASB Statement No. 96. A summary of the principal and interest amounts for the remaining liability is as follows:

Year	Principal	Interest
2025	\$ 7,266	\$ 1,255
2026	8,150	883
2027	9,109	466
	<u>\$ 24,525</u>	<u>\$ 2,604</u>

Note 11: 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 12: Capital Grant and Contribution Activity

Dock 24 and 26 Master Modernization and Rehabilitation Project - On September 16, 2019, the Authority submitted a grant application through the Port Infrastructure Development Program (PIDP) seeking federal assistance for the 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.

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.

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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

Dock 24 and 26 Master Modernization and Rehabilitation Project - (continued)

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.

On July 15, 2021, the Board ratified and accepted the PIDP grant funds in the amount of \$11.0 million in support of the Dock Modernization Project in accordance with the terms and conditions of MARAD's Grant Agreement. The Board also ratified and accepted the MAP grant funds in the amount of \$7,495,213 and authorized the execution of a Local-Let Project Administration Agreement with ODOT for the Project. The minimum 50% match on the MAP grant funds are being provided by the PIDP grant.

In October of 2021, the Authority submitted an additional MAP grant application seeking additional support for portions of exercisable Add Alternate work associated with the Dock Modernization Project. On December 1, 2021, the Authority was awarded an additional \$946,884 in MAP grants in support of the Project. On December 16, 2021, the Board ratified and accepted the additional MAP grant funds and authorized an amendment to the existing Local-Let Agreement with ODOT. During 2021, the Authority recognized \$4,907,544 in grant revenue related to the Dock Modernization Project, \$2,919,989 and \$1,987,555 from the PIDP and MAP grants, respectively.

During 2022, an additional \$14,357,299 in grant revenue was recognized related to the Dock Modernization Project, \$8,080,011 and \$6,277,288 from the PIDP and MAP grants, respectively. In June of 2022, reconstruction of Dock 26W was completed and placed-in-service at a cost of \$10,605,144.

During 2023, an additional \$177,254 in grant revenue was recognized from the MAP grant related to the Dock Modernization Project. In April of 2023, reconstruction of Dock 24 was completed at a cost of \$12,220,675, \$9,932,966 of which was construction in progress at December 31, 2022.

Final project costs for the Dock Modernization Project totaled \$22,825,819. Total capital grant funding totaled \$19,442,097 from the PIDP and MAP grants totaling \$11.0 million and \$8,442,097, respectively. As of December 31, 2023, all grant revenue related to the project has been recognized. At December 31, 2023, \$41,753 in grant funds were receivable from the PIDP grant. On May 24, 2024, the Authority received payment for the final \$41,753 pursuant to the PIDP grant.

Cleveland Harbor Eastern Embayment Resiliency Study (CHEERS Project) – The Authority has been working cooperatively with various governmental and non-profit entities to further the CHEERS Project. Five public entities, the Cleveland Metroparks, the City of Cleveland, the Ohio Department of Natural Resources, the Ohio Department of Transportation and the Port Authority joined efforts to take on lakefront challenges faced by each organization to provide mutual benefit and improve public assets.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

Cleveland Harbor Eastern Embayment Resiliency Study (CHEERS Project) (continued)

The final conceptual plan for the CHEERS Project is an 80-acre land mass anticipated to provide approximately 3.1 million cubic yards of dredge capacity and create essential natural habitat for birds, fish, and other species. The habitat will also protect the shoreline and nearby critical infrastructure.

In November 2021, the Cleveland Metroparks was awarded \$985,000 from the National Fish and Wildlife Foundation (NFWF) National Coastal Resilience Fund (NCRF) in support of the CHEERS Project. Through matching funds from the five project partners, the award will support a total of \$1.97 million in design and engineering of the first phase of the transformative shoreline project on Cleveland's East Side.

On March 10, 2022, the Board ratified the acceptance of a State of Ohio, MAP grant in the amount of \$1.97 million in support of the CHEERS Project. The grant requires a 50% contribution match for which the Authority plans to use funds committed by the project partners and the NFWF grant awarded to the Cleveland Metropolitan Park District (Cleveland Metroparks).

On September 30, 2022, the Authority entered into a Project Development Agreement (PDA) with the Board of Park Commissioners of the Cleveland Metroparks to articulate the relationship and primary roles and responsibilities of the two primary parties (the Parties). The PDA stipulates (a) the Parties will work cooperatively to prepare a consulting agreement for design, engineering and permitting services in accordance with an RFP process, consistent with Ohio law and each party's regulations (b) anticipates that the NFWF and State of Ohio, Map grant funds will be sufficient to cover certain portions of the consultant agreement (c) establishes that Cleveland Metroparks will coordinate local match payments and in-kind services previously committed by the six project partners and (d) the Authority will manage consultant pay requests subject to availability of funds. The PDA further anticipates that the Authority will control the property through submerged land lease with the State and maintain the containment structure and the Cleveland Metroparks will sublease the property and manage park operations through each phase of construction.

Pursuant to the PDA, on November 2, 2022, the Parties executed a consultant agreement with Arup, US, Inc. (Arup Agreement), in the amount of \$3,734,833 for design, engineering and permitting services related to the CHEERS Project. At December 31, 2022, the Authority recorded expenditures of \$333,570 to construction in progress and \$333,570 to capital contribution revenue, all of which were receivable from the Cleveland Metroparks. All funds were subsequently received in 2023. No State of Ohio, Map funds were requested or received during 2022. Map funds will be drawn down after Metroparks funding has been exhausted.

Subsequent to the November 2, 2022 execution of the Arup Agreement, the NFWF awarded the CHEERS Project, via a grant to the Cleveland Metroparks, an additional \$2.0 million to advance the design details of the project above the marine structures (CHEERS Phase 2). On May, 11, 2023 the Board authorized the execution of add services to the Arup Agreement in an amount not to exceed \$2.0 million. On October 16, 2023, the Parties executed an amendment (ARUP Amendment) to the consultant agreement with Arup, US, Inc. in the amount of \$2.0 million dollars increasing the total amount of the Arup Agreement to \$5,734,833. Expenditures for the ARUP Amendment and Contributions received for CHEERS Phase 2 will be classified as a pass-through grants on the Port Authority's financial statements and will have no impact on the Authority's Change in Net Position.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

Cleveland Harbor Eastern Embayment Resiliency Study (CHEERS Project) (continued)

In 2023, the Authority recorded additional expenditures of \$2,155,408 to construction in progress related to the CHEERS Project and recognized \$1,431,430 in capital contribution revenue from the Cleveland Metroparks and \$621,561 in capital grant revenue from ODOT. At December 31, 2023, \$49,938 was receivable from the Cleveland Metroparks and \$379,716 from ODOT, all of which was paid in the first quarter of 2024.

In 2024, the Authority recorded additional expenditures of \$674,114 to construction in progress related to the CHEERS Project and recognized \$102,416 in capital contribution revenue from the Cleveland Metroparks related to expenditures from 2023 not previously reimbursable. During 2024, the Authority also recognized \$674,114 in capital grant revenue from ODOT. At December 31, 2024, \$101,799 was receivable from ODOT, all of which was paid in the first quarter of 2025.

The Authority also expended \$296,304 to ARUP for costs associated with the ARUP Amendment and invoiced Metroparks pursuant to the CHEERS Phase 2 agreement. At December 31, 2024 \$166,220 was receivable all of which was paid in the first quarter of 2025. This component of the CHEERS Project has been classified as a pass-through grant on the Authority's financial statements ending December 31, 2024, reporting \$296,304 in revenue and offsetting expenditures and has no impact on the Authority's Change in Net Position.

U.S. Customs and Border Protection Cargo and Administrative Project (USCBP Facilities Project) - On December 15, 2022, the Board ratified the acceptance of a State of Ohio, MAP grant in the amount of \$1,020,933 in support of the USCBP Facilities Project. The State of Ohio, MAP grant requires a 50% contribution match to be provided by the Authority.

The USCBP Facilities Project repurposed areas of Warehouse 26, located on the General Cargo Terminal and the lower level of the Authority's Administrative Headquarters to provide required onsite facilities for the USCBP. Construction of the USCBP Facilities Project commenced in January and was completed in October of 2023. Total costs for the USCBP Facilities Project totaled \$2,412,048. The Authority recognized \$1,020,933 in grant revenue related to the USCBP Facilities Project from the MAP grant during 2023. At December 31, 2023, \$44,143 was receivable, which was received in the first quarter of 2024.

Dock 20N Cargo Diversification Project (Dock 20N Project) – On May 11, 2023, the Board ratified and accepted \$1,962,500 in MAP grant funds in support of the Dock 20N Project. The State of Ohio, MAP grant requires a 50% contribution match to be provided by the Authority. The Dock 20N Project improves efficiencies and reduces handling costs of containers through the Port. Construction of the Dock 20N Project commenced in July of 2023. During 2023, the Authority recognized \$1,201,417 in grant revenue related to Dock 20N Project. At December 31, 2023, \$539,495 was receivable, all of which was received before April 30, 2024 with the exception of \$60,071 in retainage due at project completion.

Construction of the Dock 20N Project was completed during the second quarter of 2024 at a total cost of \$4.1 million. Capital grant funding for the project totaled \$1.87 million from the MAP grant. During 2024, the Authority recognized an additional \$671,127 in grant revenue, all of which was received during 2024.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

Electrification and Warehouse A Modernization Project (Warehouse A Project) - On October 28, 2022, the (USDOT) Maritime Administration announced that the Authority had been awarded \$27.22 million dollars in grant funding through the PDIP program in support of the Authority's \$34.03 million Warehouse A Project. The Warehouse A Project will modernize Warehouse A; expand stormwater collection and treatment infrastructure; and install electric infrastructure to meet the power requirements of ship cold ironing and electrified cargo handling equipment. The grant agreement provides 100% funding for pre-design costs and 80% funding for the remaining eligible costs. The design and engineering components of the Warehouse A Project are projected to be completed by the end of 2024 with construction commencing in January of 2025 and anticipated completion by December 31, 2027.

During 2023, the Authority worked to environmentally clear the project and execute the PDIP grant agreement. The Authority identified that the Warehouse A Project would require pre-design professional services to assist with planning efforts. The Authority sought and received pre-grant award authorization from MARAD on March 27, 2023 to begin incurring certain grant-related costs to be reimbursed by MARAD after execution of the grant agreement.

In May of 2023, the Authority entered into a Consultant Agreement with Jacobs Engineering Group, Inc. (Pre-design Services) for professional services in the form of master planning, engineering, data collection and other services. The consulting services were completed in November of 2023 at a cost of \$397,332. In December of 2023, MARAD delivered the final copy of the grant agreement to the Authority for execution. On February 8, 2024, the Board ratified and accepted \$27,223,711 in PIDP grant funds in support of the Warehouse A Project.

In December of 2023, the Authority was also notified that it was successful in securing \$4,931,941 in grant funding through the ODOT MAP program in support of the Warehouse A Project. On February 8, 2024, the Board ratified the acceptance of these funds. No grant eligible expenses were expended or received for this funding during 2023 or 2024.

During 2023, the Authority recognized \$397,332 in grant revenue related to the Warehouse A Project. At December 31, 2023, \$397,332 was receivable and in process for reimbursement by MARAD, all of which was paid in 2024.

In 2024, the Authority entered into several agreements in furtherance of the construction of the Warehouse A Project. In February 2024, the Authority entered into a \$1.39 million Consultant Agreement with Jacobs Engineering Group, Inc. for professional services in connection with the Component 1B to the Electrification & Net Zero Maser Plan. In October of 2024, the Authority entered into \$2.86 million Construction Manager at Risk Agreement (CMR) with the Whiting Turner Contracting Company for the purpose of undertaking the scope of services for CMR for the Warehouse A Project.

In 2024, the Authority expended \$775,347 in grant eligible costs related to the Warehouse A Project and recognized \$620,278 in grant revenue. At December 31, 2024 \$203,562 was receivable, all of which was paid during the first quarter of 2025.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

Advanced Cargo Processing & Fiber Connectivity Project (Advanced Cargo Project) - During 2023, the Authority applied for a \$2.45 million Congestion Mitigation and Air Quality (CMAQ) grant to support the \$3.07 million Advanced Cargo Project. The Advanced Cargo project will integrate main gate access, complete fiber-based communications network and install wayfinding and loading zone improvements to reduce truck congestion. The CMAQ grant program requires that the 20% local contribution share be encumbered and restricted. On May 11, 2023, the Board authorized and approved restricting \$613,200 as a cost share contribution. On December 20, 2023, the Authority was advised by NOACA that the Advanced Cargo Project had been selected for funding. The Project is scheduled for funding beginning in 2027.

Irishtown Bend Stabilization Project (ITB Project) – The Port Authority has been leading the effort with various governmental agencies and non-profit corporations to stabilize the Irishtown Bend hillside as part of its strategic policy to Lead Critical Initiatives for River Infrastructure & Renewal (see Note 20). The ITB Project includes approximately 2,204 linear feet of steel bulkhead along the Cuyahoga Ship Channel known as Irishtown Bend, Westerly Low-Level Interceptor (WLLI) sewer repair, Franklin Boulevard reconstruction and utility reconstruction.

Construction commenced in August of 2023 and is projected to be completed during the first quarter of 2026. Total costs for the ITB Project are estimated to total \$65.7 million. The ITB Project is funded by various federal, state and local grants and contributions totaling approximately \$61.4 million. The Authority and funding partners plan to mitigate the up-to \$4.3 million third-party funding shortfall by applying for additional federal, state and local grant funding opportunities and/or a reduction in scope of the construction contract.

During 2023, the Authority received \$10.0 in grant contributions for the ITB Project in advance of grant eligible expenditures, \$5.0 million from the City of Cleveland pursuant to the Irishtown Bend Stabilization Funding Agreement and \$2.5 million each from the City of Cleveland and Cuyahoga County pursuant to the Irishtown Bend Stabilization Partner Funding Agreement. On April 3, 2024, the Authority received \$1,364,087 from Cuyahoga County pursuant to the three party agreement in advance of grant eligible expenditures. These funds are held by the Authority to be utilized for future grant eligible expenditures for the ITB Project. The City and County have authorized interest earned on these funds to be used in furtherance of the ITB Project. At December 31, 2024, the balance of funds in these accounts totaled \$9,327,872 and are reported on the Authority's financial statements as restricted cash with an offsetting liability to deferred grant revenue.

In 2023, the Authority recorded \$7,025,571 in expenditures, \$6,178,655 to construction in progress and \$846,917 in pass through grant expense related to the ITB Project. At December 31, 2023, \$4,354,957 of these expenditures were payable. The Authority also recorded \$5,899,905 in grant and contribution revenue and \$846,917 in pass-through grant revenue related to these expenditures. At December 31, 2023, \$5,519,387 of the funding was receivable. As of April 30, 2024, all expenditures had been paid with the exception of \$278,750 in retainage which will be paid at project closing. \$175,361 remained receivable which was in process of reimbursement to the Authority by various funding partners, received in 2024.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

Irishtown Bend Stabilization Project (ITB Project) (continued)

In 2024, the Authority recorded an additional \$15,409,564 in expenditures \$11,609,969 to construction in progress and \$3,799,595 in pass through grant expense related to the ITB Project. At December 31, 2024, \$5,198,014 of these expenditures were payable. The Authority also recorded \$10,912,956 in grant and contribution revenue and \$3,799,595 in pass through grant revenue related to these expenditures. At December 31, 2024, \$7,385,806 of the funding was receivable. As of April 30, 2024, all expenditures had been paid with the exception of \$975,763 in retainage which will be paid at project closing and \$61,616 remains receivable which is in process of reimbursement to the Authority by various funding partners.

Further detail of these transactions are provided below.

On March 9, 2023, the Board authorized the Authority to enter into a contract with the Wade Trim Company in an amount not-to-exceed \$3,643,727 for the purposes of acting as the Authority's representative by providing construction management and inspection services during construction associated with the Irishtown Bend Project. The Board also authorized change order (CO-2) to the Osborn Engineering Services Agreement, executed on July 19, 2019 (see Note 20) expanding the scope of engineering services for the Irishtown Bend Project in an amount not-to-exceed \$1,249,300. During 2023, \$1,190,401 was recorded as construction in process and \$275,219 was payable at December 31, 2023, all of which was paid by the Authority during the first quarter of 2024. During 2024, \$1,469,295 was recorded as construction in process and \$150,075 was payable at December 31, 2024, which was paid by the Authority during the first quarter of 2025.

On July 13, 2023, the Board authorized the Authority to enter into a contract with Goettle Construction, Inc. in an amount not-to-exceed \$59,946,038, including a \$2,780,000 owner-controller contingency, to begin construction of the ITB Project.

On October 17, 2024, the Authority executed a change order with Goettle Construction, Inc. for \$892,403 increasing the cost of the contract to \$60.84 million. During 2023, expenditures of \$4,988,255 and \$586,744 were recorded as construction in process and pass-through grant expense, respectively. At December 31, 2023, \$4,077,437 was payable and was paid by the Authority prior to April 30, 2024, with the exception of \$278,750 in retainage payable that will be paid out at the completion of the ITB Project. During 2024, expenditures of \$10,140,674 and \$3,799,595 were recorded as construction in progress and pass-through grant expense, respectively. At December 31, 2024, \$5,047,939 was payable and was paid by the Authority during the first quarter of 2025 with the exception of \$975,763 in retainage payable that will be paid out at the completion of the ITB Project.

In February of 2021, the Authority executed an LPA Non-Federal Non-Let Project Agreement with the State of Ohio, Department of Transportation (ODOT) awarding \$1,000,000 in support of the ITB Project. During 2023, the Authority recognized \$138,323 in grant revenue from ODOT, all of which was receivable at December 31, 2023 and subsequently received prior to April 30, 2024. During 2024, the Authority recognized \$289,373 in grant revenue from ODOT. At December 31, 2024, \$45,733 was receivable at December 31, 2024 and subsequently received in January of 2025.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

Irishtown Bend Stabilization Project (ITB Project) (continued)

In August of 2021, the Authority submitted an application to the United States Environmental Protection Agency (USEPA) for a Great Lakes Restoration Initiative Grant to add enhancements to the bulkhead at Irishtown Bend to create a habitat for fish along that area of the ship channel. The Authority was subsequently notified that it had been awarded funds in the amount of \$1.7 million from the USEPA in support of the ITB Project. No matching funds are required for this grant. On March 10, 2022, the Board ratified the acceptance of the grant from the USEPA, Great Lakes Restoration Initiative Program. No grant eligible expenditures were incurred during 2023. During 2024, the Authority recognized \$128,715 in grant revenue from the USEPA.

In the fall of 2021, the Authority submitted a grant application seeking support for the ITB Project through ODOT MAP. On December 1, 2021, the Authority was notified that it had been awarded a grant in the amount of \$5.0 million in support of the ITB Project. On March 10, 2022, the Board ratified the acceptance of these funds which require a 50% match contribution for which the Authority plans to use local funds committed to the ITB Project. On June 12, 2023, the ODOT MAP grant was revised to include an additional \$3,554,867 increasing the grant awarded to a total of \$8,554,867. During 2023, the Authority recognized \$1,397,193 in grant revenue from the ODOT MAP program. At December 31, 2023, \$667,980 was receivable and subsequently received prior to April 30, 2024. During 2024, the Authority recognized \$2,314,805 in grant revenue from the ODOT MAP program. At December 31, 2024, \$1,083,879 was receivable and was subsequently received during the first quarter of 2025.

On March 10, 2022, the Board authorized entering into the Irishtown Bend Stabilization Partner Funding Agreement with the Northeast Ohio Areawide Coordinating Agency (NOACA), the City of Cleveland (the, City), and Cuyahoga County (the, County) for a portion of the funding of construction on the ITB Project and authorized the expenditure of funds. NOACA has been allocated a portion of Coronavirus Response and Relief Supplemental Appropriations (CRRSAA) funding and has allocated \$12,300,000 in CRRSAA funding to the ITB Project. The allocation of the funds required a commitment from other project partners, namely the City, County and Port Authority, to secure the funding. The City and County have committed to provide up to \$2.5 million each in matching funds and the Authority has agreed to commit a minimum of \$2.5 million from State of Ohio MAP program grant funds previously awarded. During 2023, the Authority recognized \$66,574 in contribution revenue from the County pursuant to this agreement. At December 31, 2023, \$42,664 was receivable and was subsequently received prior to April 30, 2024. During 2024, the Authority recognized \$96,957 and \$462,659 in contribution revenue from the County and City, respectively. At December 31, 2024, \$462,659 was receivable from the City and was subsequently received during the first quarter of 2025.

On October 13, 2023, the Authority entered into an Irishtown Bend Stabilization Funding Agreement with the City of Cleveland to set forth an additional \$5.0 million funding commitment made by the City to assist in the implementation of the ITB Project. During 2023, the Authority recognized \$543,703 in contribution revenue pursuant to this agreement. At December 31, 2023, \$472,029 was receivable and was subsequently received prior to April 30, 2024. During 2024, the Authority recognized \$1,960,845 in contribution revenue pursuant to this Agreement. At December 31, 2024, \$344,671 was receivable and was subsequently received during the first quarter of 2025.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

Irishtown Bend Stabilization Project (ITB Project) (continued)

In November of 2023, the Authority entered into a Subaward Agreement with NOACA to establish the Authority as a subrecipient for US DOT funds to be passed-through NOACA in support of the ITB Project. These grants include the \$12.3 million in CRRSAA funds discussed previously, a \$9,020,000 Infrastructure for Rebuilding America (INFRA) grant and a \$4,512,423 Surface Transportation Block (STBG) grant. During 2023, the Authority recognized \$3,754,112 in grant revenue from the INFRA program. At December 31, 2023, \$3,754,112 was receivable, all of which was received prior to April 30, 2024 with the exception of \$132,999 which was received in June of 2024. During 2024, the Authority recognized \$5,265,888 and \$353,474 in grant revenue from the INFRA program and STBG grant, respectively. At December 31, 2024, \$3,557,414 was receivable, all of which was received prior to April 30, 2025.

On January 17, 2025, the Authority and Cleveland-Cliffs entered into a Cooperation and Funding Agreement (Cliffs Funding Agreement) in an amount not to exceed \$1.6 million. The contractor of the ITB Project determined it was necessary to utilize river-based barges to install anchors to construct the new bulkhead along Irishtown Bend. The United State Coast Guard (USCG) issued proposed rulemaking that would have obstructed vessels during construction hours. A modified construction work schedule was agreed upon to mitigate the obstruction but would result in increased costs to the ITB Project. The Cliffs Funding Agreement provides that Cliffs will reimburse the Authority for additional costs attributable to modifying the construction work schedules as estimated by Richard Goettle, Inc. at \$1.6 million. During 2024, the Authority recognized \$40,240 in contribution revenue pursuant to this agreement, all of which was receivable at December 31, 2024.

In 2019, the Authority entered into a Cooperative Project Agreement with the Northeast Ohio Regional Sewer District (NEORS D Cooperative PA) for the purpose of stabilizing the slope and relining certain structural anomalies from the Westerly Low Level Interceptor (WLLI), which is owned by the NEORS D and is located within the slope under Riverbend Road. The NEORS D agreed to provide \$7,000,000 million toward the ITB Stabilization Project. During 2023, the Authority expended \$232,533 to Goettle Construction, Inc. related to the ITB Project and invoiced these costs to the NEORS D. At December 31, 2023, \$165,607 of these costs were payable by the Authority and receivable from NEORS D. As of April 30, 2024, all costs had been paid and reimbursements received.

On June 6, 2024, the Authority entered in an amendment to the NEORS D Cooperative PA to provide an additional \$1.8 million toward the ITB Project to due to additional bid and escalation costs of the WLLI repairs and slope stabilization. At December 31, 2024, \$733,461 of these costs were payable by the Authority and \$1,757,789 receivable from NEORS D. As of April 30, 2025, all costs had been paid and reimbursements received. This component of the ITB Project has been classified as a pass-through grant on the Authority's financial statements ending December 31, 2024, reporting \$2,126,441 in revenue and offsetting expenditures and has no impact on the Authority's Change in Net Position.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

Irishtown Bend Stabilization Project (ITB Project) (continued)

In July of 2023, Riverbed West committed \$1,394,766 in funding to the ITB Project. During 2023, the Authority expended \$144,766 to Goettle Construction, Inc related to the ITB project and invoiced these costs to Riverbed West. During 2024, the Authority expended \$1.0 million to Goettle Construction and invoiced these costs to Riverbed West. This component of the ITB Project has been classified as a pass-through grant on the Authority's financial statements ending December 31, 2024, reporting \$1.0 million in revenue and offsetting expenditures and has no impact on the Authority's Change in Net Position.

On October 21, 2021, the Port Authority entered into a three party agreement with Cuyahoga County (the, "County") and the City for the purpose of funding the reconstruction and realignment of Franklin Boulevard (Franklin Blvd. Project). The anticipated cost of the Franklin Blvd. Project was estimated at \$2,149,000. The County agreed to provide 80% of the cost of the Franklin Blvd. Project, up to a maximum of \$1,719,000. The City agreed to provide 20% of the estimated cost of the Franklin Blvd Project with an additional \$570,200 to be provided after the County costs of \$1,719,000 had been expended. During 2023, the Authority expended \$209,444 to Goettle Construction, Inc. related to the ITB project and invoiced \$156,069 to the County and \$53,375 to the City. At December 31, 2023, \$177,448 was payable by the Authority and \$156,069 and \$53,375 was receivable from the County and City, respectively. As of April 30, 2024, all costs had been paid by the Authority and \$42,362 was receivable from the City and subsequently paid in 2024. At December 31, 2024, \$33,906 was payable by the Authority and \$14,641 and \$78,780 was receivable from the County and City, respectively. As of April 30, 2025, all costs have been paid by the Authority and \$21,376 is receivable and in process from the City. This component of the ITB Project has been classified as a pass-through grant on the Authority's financial statements ending December 31, 2024, reporting \$544,318 in revenue and offsetting expenditures and has no impact on the Authority's Change in Net Position.

During 2024, the Authority received \$128,837 in remediation funding from a private company who was the responsible party for a portion of contaminated materials on the ITB Project site. This component of the ITB Project has been classified as a pass-through grants on the Authority's financial statements ending December 31, 2024, reporting \$128,837 in revenue and offsetting expenditures and has no impact on the Authority's Change in Net Position.

U.S. EPA Clean Ports (Electrification Project) - In May 28, 2024, the Authority submitted a grant application to the USEPA through its U.S. EPA Clean Ports Program: Zero-Emission Technology Deployment Competition seeking federal support for the Cleveland Harbor Electrification Initiative Project (Electrification Project) The Electrification Project will improve air quality and reduce pollution at the Port of Cleveland and in the surrounding area through deployment of zero-emission equipment and infrastructure at the Port. The Port will implement partnerships with Logistec USA Inc. and Great Lakes Towing, the operators of the Port of Cleveland general cargo terminal and tugboat shipyard in Cleveland Harbor. Elements of the Electrification Project include rooftop solar system, battery energy storage for port operations and charging cargo handling equipment, electric cargo handling equipment, infrastructure to provide shore power for vessels, and building two new electric tugboats.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 12: Capital Grant and Contribution Activity (continued)

U.S. EPA Clean Ports (Electrification Project) (continued)

On December 11, 2024, the Authority received notification from the USEPA that it had been awarded \$94.26 million in funding in support of the \$104.74 million Electrification Project. The Authority is in the process of preparing subaward agreements with Logistec and Great Lakes Towing in advance of the Electrification Project. The Electrification Project is projected to be completed during the fourth quarter of 2028. No grant eligible expenditures occurred during 2024.

Cleveland Bulk Terminal Ore Tunnel Modernization (Ore Tunnel Modernization Project) - During 2024, the Authority submitted a grant application to the Ohio Office of Budget and Management (OBM) through the State of Ohio One Time Strategic Community Investments (OTSCIF) seeking \$5.9 million in assistance for the Ore Tunnel Modernization Project. The Ore Tunnel Modernization Project will modernize the ore tunnel conveyor located at the CBT terminal and will include replacement of structural steel, framing gates/drawdowns, mechanical and lighting systems.

On or about July 26, 2024, the OBM notified the Port Authority that it had been awarded \$5.0 million in funding in support of the Ore Tunnel Modernization Project. The Ore Tunnel Modernization Project commenced in July of 2024 and is expected to be completed in 2027. On August 15, 2024, the Authority received \$5.0 million in grant contributions for the Ore Tunnel Modernization Project from the OMB in advance of grant eligible expenditures. These funds are held by the Authority to be utilized for future grant eligible expenditures for the Ore Tunnel Modernization Project. During December 2024, the Authority recognized \$299,838 in grant revenue pursuant to the OTSCIF agreement. At December 31, 2024, \$31,115 was recorded as receivable and the balance of funds in this account totaled \$4,731,277 and are reported on the Authority's financial statements as restricted cash with an offsetting liability to deferred grant revenue.

Note 13: 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 13: No-Commitment Debt (continued)

Common Bond Fund Program (continued)

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 \$6.7 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 established an Auxiliary Reserve which could be utilized in the event of a default. The Auxiliary Reserve is Board-restricted and is not part of the Trust Indenture that governs the Program. In December of 2013, in order to enhance the Program's financial strength, the Board approved a resolution to implement the 35th Supplemental Indenture to the Common Bond Fund Program, effective January 1, 2014.

In this resolution, the Board 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, 2024.

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 \$9.81 million at December 31, 2024, 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, 2024 were composed of a \$7.26 million cash reserve and a \$12 million irrevocable, nonrecourse letter of credit from a financial institution, set to expire in December 1, 2027.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 13: No-Commitment Debt (continued)

Common Bond Fund Program (continued)

In October of 2021, the Authority and JobsOhio (JO) entered into a Cooperative Agreement for JO to provide additional reserves for the Common Bond Fund Program. The Authority adopted the 50th Supplemental Indenture which formally committed the \$10 million JO Reserve to the Bond Fund. The JO Reserve is a stand-by reserve to be accessed only in the event that 100% of the existing parity reserves of the Port Bond Fund is depleted. The Authority has no responsibility to repay drawn amounts on the reserve.

The issuances through the Common Bond Fund Program are reflected on the Supplemental Schedule – Common Bond Funds on page 93.

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

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

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

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

The aggregate amount of outstanding debt for the Bond Fund was \$77,690,000 (excluding the 2016A bonds that are obligations of the Authority) and Stand Alone Financing Obligations were \$1,993,925,990 as of December 31, 2024. See the Supplemental Schedules of Common Bond Funds and Stand Alone Issuances starting on page 94.

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 GASB Statement No. 91, *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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 14: 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 have been deployed as investments in qualifying low income community businesses.

NEODF applied for further credits in 2022 and received notice in October of 2022 of award of a new \$45.0 million allocation. NEODF deployed \$9.8 million of its NMTC allocation for the Cleveland Clinic Midtown Collaboration Center Project, and \$6.86 million of its NMTC allocation for the Greater Cleveland Food Bank in 2023, and in 2024 the Cleveland Christian Home Phase 1 project and Famous Supply project were closed, deploying an additional \$6.0 million and \$9.0 million respectively. Pursuant to applications submitted in 2023, in 2024 an additional \$40.0 million allocation was awarded by the federal government, and a \$2.0 million allocation was awarded by the State of Ohio Department of Development. As of November 2024, the Board of Directors for NEODF had approved additional deployments of \$8.0 million federal and \$1.0 million Ohio NMTC for CCH Phase 2, \$10.0 million federal NMTC for Miceli Dairy Co. Expansion project, \$4.0 million federal NMTC plus \$1.0 million Ohio NMTC for the African Town Plaza project to renovate a former YMCA building into a community resource, and \$9.0 federal NMTC plus \$1.0 million Ohio NMTC for Birthing Beautiful Communities, an independent birthing center alternative to hospitalization. Those projects were pending at the end of 2024. The Miceli Dairy Co. expansion project closed in March 2025.

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 appoints a majority of the governing Board of Directors of NEODF and receives certain fees and other monies from investments made by NEODF and related organizations under the program.

The Authority recognized fees of \$607,500 in 2024, \$450,000 in 2023, \$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 2022, 2021, 2020, 2015 or 2014.

Under the terms of the Cooperative Agreement, the Authority is to receive additional funds upon the conclusion of the various transactions undertaken by NEODF, for those transactions that are not in default and for which no compliance deficiencies exist.

These fees 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. No additional federal NMTC allocations can be made unless and until the U.S. Congress passes legislation to extend the New Markets Tax Credit Program.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 15: University Square 2001 Revenue Bonds

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

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

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

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

Wasserman sold the Shopping Center to Inland Western University Heights University Square, LLC (the “Developer”) on May 2, 2005. Pursuant to (i) the Cooperative Agreement by and among the Cleveland Heights-University Heights School District (the “School District”), the City of University Heights, Ohio (the “City”), and Wasserman, (ii) the Tax Increment Financing Agreement by and among the Authority, the City and Wasserman, the Developer, as successor to Wasserman, agreed to make Service Payments and Special Assessments (as such terms are defined in the agreements) to pay annual debt service charges on the Bonds.

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

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

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 15: University Square 2001 Revenue Bonds (continued)

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

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

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

On February 4, 2015, a Complaint for Breach of Contract, Foreclosure, and Appointment of Receiver (the "Complaint"), was filed in the Court of Common Pleas, Cuyahoga County, Ohio as Case No. 15-839988. The Complaint was filed with respect to property given permanent parcel numbers 721-01-001 and 721-01-003 by the Cuyahoga County, Ohio, Fiscal Officer. The Complaint was initiated by the Plaintiffs: UMB Bank, N.A. as successor Trustee of the Bonds and the City. The Complaint was filed against the following defendants: the Owner and University Square Parking, LLC (the "Delinquent Parcel Owners") and the Cuyahoga County Fiscal Officer.

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

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

On 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 15: University Square 2001 Revenue Bonds (continued)

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 (USREH), 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 USREH.

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

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

A partial interest payment of \$250,000 was made on June 1, 2016 to Bondholders and no debt service payments were made for the December 1, 2016 debt service payment date. Special Assessments were not certified in 2017 for collection by the City in 2018 by agreement of the City and Trustee in order to assist in redevelopment of the Development Site. No debt service payments were made during 2017, 2018, 2019 or 2020. Redevelopment efforts by the City are uncertain at this time.

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 was subject to a number of contingencies that did not materialize. On April 29, 2022, the Trustee filed an EMMA Notice which included a letter from the City threatening eminent domain to acquire the parking garage and other parcels.

On July 11, 2023, USREH filed a voluntary petition for bankruptcy with the United States Bankruptcy Court for the Northern District of Ohio, Case No. 23-12301. On August 9, 2023, USREH as debtor in the bankruptcy proceedings filed a motion to approve bidding procedures to sell substantially all of the USREH assets, included USREH’s membership interest in University Square Parking, LLC. The motion also identified a stalking horse bidder, University Square Acquisitions, LLC (“USA LLC”). USA LLC is an affiliate of the Developer who had been in negotiations with the City, School Board and Port Authority before USREH filed the petition for Bankruptcy.

Throughout the course of 2023, negotiations continued between USREH, Macy’s and Target, the City and various other interested parties on the scope and details of the bidding procedures and eventual request to sell substantially all of the assets of USREH to USA LLC. Ultimately, the parties were able to negotiate an agreement regarding the sale of debtor’s assets and on March 5, 2024, Debtor USREH filed an amended motion to sell substantially all of the assets of Debtor to USA LLC free and clear of all liens. On March 27, 2024, the Bankruptcy Court issued an order approving the sale of substantially all of the Debtor’s assets to USA LLC. In September 2024, the various parties to the transaction completed the transfer of the assets of USREH through a slightly altered series of transactions, passing title to the parking garage through USA LLC and to the Cuyahoga County Land Reutilization Corporation. Through these transactions, the Bonds were discharged and the Port Authority was relieved of all ownership in the parking garage.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 16: 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 foregone tax dollars for the tax year 2024 are estimated to be \$96,007. 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 17: 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, 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.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 17: Optima/Westin Hotel – Series 2014 (continued)

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.

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 took control of the hotel property and operations to preserve the hotel assets in anticipation of an eventual sale of the assets. On August 9, 2021, the receiver sought a court order approving a stalking horse bidder and bidding procedures for the sale of the assets, which the court granted on September 21, 2021. After defeating interim appeals by Optima, the receiver filed a motion to approve the sale of the hotel assets on October 26, 2021 to the stalking horse bidder in accordance with the approved bidding procedures and a hearing on the receiver’s motion proceeded on May 23, 2022.

On June 9, 2022, the trial court granted the receiver’s motion to sell Optima’s assets. Optima then filed an appeal of the trial court’s order and sought a stay of the sale of Optima’s assets, which was denied by the court of appeals. On March 9, 2023, the court of appeals upheld the trial court’s order, finding that the trial court did not abuse its discretion in approving the receiver’s sale of Optima’s assets. The matter was stayed until April 24, 2023 pending expiration of the time for Optima to seek a potential appeal to the Ohio Supreme Court. On April 24, 2023, Optima filed a notice of appeal with the Ohio Supreme Court asking the Ohio Supreme Court for discretionary review of the Court of Appeals decision. On July 5, 2023, the Ohio Supreme Court denied Optima’s request for discretionary review and the matter was returned to the trial court.

After remand to the trial court, CIF, Huntington and Optima presented a stipulated judgment entry to the Court whereby Optima stipulated to a judgment in favor of CIF and Huntington and against Optima in the amount of \$43,126,702. However, the stipulated judgment provided that CIF’s and Huntington’s exclusive recourse to satisfy the judgment was from the proceeds of the sale of the hotel, which funds were currently held by the Receiver. On January 4, 2024, the Receiver filed a motion to distribute the current funds held by the receiver to CIF and Huntington in the amount of \$34,819,294, with the exception of \$375,000 in holdback funds to complete certain close-out duties of the Receiver. On January 22, 2024, the Court approved the Receiver’s motion. In February 2024, CIF as bondholder agreed to surrender its Bonds to Huntington as Trustee for cancelation, in exchange for a distribution of the funds held by the Receiver as directed by CIF’s legal counsel, and CIF agreed the bonds shall be deemed paid and the bond indenture discharged. On March 18, 2025, the Receiver filed a final receiver’s report and motion to terminate receivership in the Foreclosure Lawsuit.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 18: Irishtown Bend Stabilization & Rehabilitation Project and Related Litigation

Irishtown Bend Stabilization & Rehabilitation

Irishtown Bend is a roughly 34-acre project site, between W. 25th Street and the Cuyahoga River and between Columbus Road and the Detroit Superior Bridge in the City of Cleveland. The hillside has been unstable and moving and this movement closed Riverbed Road, damaged and threatened an important sewer line, and constituted an immediate threat to property and human life. A catastrophic failure would likely impede navigation on the Cuyahoga River ship channel. If ship traffic is disrupted, it would impact thousands of jobs with maritime-dependent employers and cause adverse economic ripple effects throughout the region.

The Authority has been leading the effort to stabilize the at-risk Irishtown Bend hillside as part of its strategic policy to Lead Critical Initiatives for River Infrastructure & Renewal. In 2013, the Authority engaged Barr & Prevest to analyze the hillside, come up with an approach to stabilization and an order of magnitude cost of stabilization. Since this initial study was completed, the Authority has continuously sought the funds necessary to complete the design and engineering and ultimately construct the stabilization of the hillside. Throughout this process the Authority has brought attention to this precarious hillside and the risk it poses and in doing so, has built a large coalition of other supporting governmental entities and nonprofits.

Acquisition of critical tracts of land began in 2016. Out of the 17 parcels needed all but 3 were acquired and are being held by Riverbed West, LLC, a non-profit affiliate of West Creek Conservancy under an agreement with the Authority. The three remaining parcels, owned by Mortgage Investment Group, LLC (“MIG”), total 0.41 acres of the 34-acre project area (the “Property”).

On July 19, 2019, the Board authorized the execution of Joint Use Agreements (JUA) with Riverbed West, LLC for the purposes of using \$5.0 million in grants from the Ohio Department of Natural Resources (ODNR) and authorized the Authority to engage an engineering team for the Irishtown Bend Stabilization Project (ITB Stabilization Project). Riverbed West, LLC is now the primary property owner of land along Irishtown Bend. The grantee of these funds must hold title to the property within the project boundary. The JUA provides that the Authority will manage the engineering services contract and Riverbed West, LLC will pay for engineering and construction services with State of Ohio grant funds. In September of 2019, the Authority entered into a \$3,405,897 agreement with Osborn Engineering to provide engineering and design services for the Irishtown Bend Stabilization with the provision that payment would be made solely through the grant from ODNR or other sources pursuant to the JUA.

A team led by Osborn Engineering spent 2019 through 2022 measuring and assessing the movements of the hillside and designing the necessary interventions to stabilize Irishtown Bend. Osborn along with the geotechnical engineering firm MRCE concluded that the need to stabilize the hillside necessitate the removal of the building owned by MIG located at the Property along with the excavation of significant amounts of soil on site to reduce the driving force that is causing the slope failure in combination with the natural geology of the site. The mass excavation and grading must include the soil located on this site, in combination with a large-scale bulkhead wall to be installed at the toe of the slope along the river edge, in order to achieve an acceptable Factor of Safety during construction and in perpetuity.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 18: Irishtown Bend Stabilization & Rehabilitation Project and Related Litigation (continued)

Irishtown Bend Stabilization & Rehabilitation (continued)

Riverbed West, LLC, acting on the Authority's behalf, made numerous attempts to negotiate the purchase of the Property from MIG, but was unable to reach a negotiated purchase. The City of Cleveland (the, "City") independently attempted to negotiate a purchase of the Property in question and was also unable to reach an agreement. Given the exigent risk to life and property, including a catastrophic level landslide, the Port deemed it necessary to proceed to appraise the Property and seek immediate possession thereof through eminent domain.

Appropriation Proceeding and Related Litigation

The Authority is a public agency as defined by the Ohio Revised Code section 163.01(A) and is a port authority and a body corporate and politic organized and duly existing under and by virtue of the laws of the State of Ohio. As such, the Authority has been granted the right of eminent domain under Ohio Revised Code section 4582.06(A)(8). On or about January 13, 2022, the Port Board passed a resolution declaring the necessity and intent to appropriate the aforesaid real Property from MIG. On or about January 13, 2022, the Authority caused written notice of intent to acquire and good faith offer to be served on the Property owner MIG including a copy of the \$360,000 appraisal of the Property, but the offer was refused by MIG.

Accordingly, on February 22, 2022, the Authority filed a Petition for Appropriation of Property in the Probate Court for Cuyahoga County, seeking to appropriate the Property captioned *Cleveland-Cuyahoga County Port Authority v. Mortgage Investment Group, LLC, et al.*, Cuyahoga County Probate Court, Case No. 2022 ADV 267918 (the "Appropriation Proceeding"). The Authority also filed a Declaration of Immediate Possession seeking immediate possession of the Property and deposited with the Cuyahoga County Clerk of Courts the \$360,000 appraised value of the Property for the use and benefit of the owner of the Property being appropriated. The Court in the Appropriation Proceeding held an initial pretrial conference April 27, 2022 and stated that it intended to schedule another pretrial conference for May 31, 2022.

In response to the Appropriation Proceeding, on March 4, 2022, MIG filed a complaint with the General Division of the Cuyahoga County Court of Common Pleas captioned *Mortgage Investment Group, LLC v. Cleveland-Cuyahoga County Port Authority*, Cuyahoga County Common Pleas Court, Case No., CV 22-9603232 (the "Injunction Proceeding"). MIG alleged in the Injunction Proceeding that the Authority was abusing its authority and trespassing upon the Property by virtue of filing the Appropriation Proceeding and sought a preliminary and permanent injunction to prevent the Authority from appropriating the Property. The Authority filed a motion to dismiss the Injunction Proceeding which was denied.

Prior to the Authority filing the Appropriation Proceeding, and in an apparent attempt to preempt the Port Authority's filing of the Appropriation Proceeding, on October 26, 2021, MIG filed a complaint against the Authority and numerous other defendants including the City of Cleveland, the Cleveland Metroparks Board of Commissioners, Ohio City Incorporated, L.A.N.D. Studio, Inc., two non-profit entities affiliated with the West Creek Conservancy, and the Port Authority's President and CEO, William D. Friedman captioned *Mortgage Investment Group, LLC v. Riverbed West, LLC, et al.*, Cuyahoga County Common Pleas Court, Case No. CV 21-954893 (the "MIG Proceeding").

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 18: Irishtown Bend Stabilization & Rehabilitation Project and Related Litigation (continued)

Appropriation Proceeding and Related Litigations (continued)

Upon receipt of the MIG Proceeding, the Authority submitted a claim to its insurance carrier, Greenwich Insurance Company, for defense and indemnification of the MIG Proceeding.

The complaint in the MIG Proceeding asserted claims against the defendants including declaratory judgment, fraud, negligence, tortious interference with prospective business opportunities and/or economic advantage, and civil conspiracy. The Authority and its President and CEO William D. Friedman filed a motion to dismiss the complaint. Most of the other defendants likewise filed motions to dismiss MIG's complaint. The court in the MIG Proceeding denied the motions to dismiss and the Judge in the Injunction Proceeding transferred that case to the Judge in the MIG Proceeding and the cases were consolidated.

In the consolidated action the court held a hearing on MIG's request for preliminary injunction on April 21, 25, and 26, 2022. After initial settlement negotiations failed, in June 2022, the court granted MIG's motion for preliminary injunction with an expiration date of either the date on which a hearing on a permanent injunction would be held or in September 2022, whichever occurred later. From June through the date of the expiration of the Injunction the parties continued to explore settlement. In September 2022, the Authority filed a motion for immediate possession of the Property, as the preliminary injunction was expired.

Shortly thereafter, the court reissued its preliminary injunction order. Concurrently, the Authority continued with an appeal of the trial court order to the 8th District Court of Appeals. In December 2022, the appellate court dismissed the Authority's appeal as the order granting preliminary injunction was not considered a final appealable order. In January 2023, the appellate court denied the Authority's request for reconsideration and clarification of the appellate court's December 2022 dismissal order.

From February to March 2023, all parties continued to discuss settlement. In March 2023, the parties to the Appropriation Proceeding and Related Litigation (addressed below) and other development partners reached a settlement on all matters, subject to the various governmental agencies' required commission and board approvals.

On March 28, 2023, the Authority's Board authorized and approved the execution and delivery of a settlement agreement with MIG and various other public and private entities and authorized the expenditure of funds in the amount of \$360,000 for the Authority's portion of the settlement. In accordance with the settlement agreement, on April 18, 2023, a Right of Entry and Temporary Construction Easement from MIG to the Authority was recorded with the Cuyahoga County Fiscal Office (as amended by the Corrected Right of Entry and Temporary Construction Easement recorded with the Cuyahoga County Fiscal Office on August 15, 2023, hereinafter the "Temporary Easement").

The Temporary Easement enabled the Port Authority to utilize portions of the MIG parcel for the ITB Stabilization Project. Pursuant to its terms, the Temporary Easement expired 18 months from the April 17, 2023 effective date of the Settlement Agreement. The Port Authority completed the necessary hillside stabilization on the MIG Property for the ITB Stabilization Project. The Port Authority has no further material obligations under the terms of the settlement agreement.

Cleveland-Cuyahoga County Port Authority

Notes to Financial Statements

For the Year Ended December 31, 2024

Note 19: Gateway Garage

On November 26, 2024, the Authority entered into a real estate transaction to assist the City of Cleveland (the “City”) in effectuating the transfer of a parking garage known as the Gateway East Parking Garage located at 650 Huron Road East, Cleveland, Ohio 44115 (the “Garage”). The Garage was previously owned by the City and the property on which the Garage sits (the “Property”) was owned by Gateway Economic Development Corporation of Greater Cleveland (Gateway). Gateway leased the Property to the City in 1992 through a Base Lease in connection with the issuance of tax-exempt bonds by the City to construct the Garage. The City and Gateway also entered into a Parking Garage Agreement in 1992 outlining certain payments to be made by Gateway to the Trustee to pay debt service on the tax-exempt bonds and granting Gateway access to certain parking spaces in the Garage. The Base Lease and Parking Garage Agreement were amended in 2011 to modify the requirements of the City to provide certain spaces to Gateway in connection with leases between Gateway and the Cavs and Gateway and the Guardians (then Indians) regarding requirements for the use of the Garage. The City and the Guardians wanted the Guardians to lease the Garage (with an option to purchase) and assume all maintenance obligations and operate the Garage, subject to certain rent payments as outlined in the lease. The parties further desired to retain the property tax exemption during the lease term and requested the assistance of the Authority in order to facilitate the retention of the property tax exemption.

On November 26, 2024, the Base Lease with Gateway was terminated, the City relinquished its rights in the Garage, and the Garage was deeded to the Authority by quitclaim deed. The Authority entered into a lease with the Guardians. The lease term is for 364 days, renewing daily. As consideration for the lease of the Garage, the Guardians will pay the following two components of rent payments: \$2 million a year for 13 years, plus additional variable rent payments annually based on income derived by the Guardians from the Garage as more fully described in the Port Lease, which payments are assigned by the Authority to the City (the “Assigned Garage Rental Payments”); and \$35,000 a year to the Authority for fees (the “Port Rental Payments”). In addition, the City agreed to provide to the Authority a \$1.8 million Repair and Maintenance Fund that was required to be made available to the Guardians for either pre-approved or approved maintenance and repair expenses. Disbursements from the fund will be made by the Authority following receipt of a disbursement request process which includes approval of the City, and upon approval, the Authority will transfer the funds to the Guardians.

On December 12, 2024, the Authority received the \$1.851 million Repair and Maintenance Fund from the City pursuant to the agreement in advance of approved reimbursement requests. These funds are held by the Authority to be utilized for future repair and maintenance disbursement requests. At December 31, 2024, the \$1.853 million, after accruing interest, is reported on the Authority’s financial statements as restricted cash with an offsetting liability. No disbursement requests were received during 2024.

Cleveland-Cuyahoga County Port Authority

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability

Ohio Public Employee Retirement System – Traditional Plan

For the Last Ten Years (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Authority's proportion of the net pension liability	0.010402%	0.009899%	0.009603%	0.009155%	0.008422%
Authority's proportionate share of the net pension liability	\$ 2,723,287	\$ 2,924,168	\$ 835,501	\$ 1,355,657	\$ 1,664,666
Authority's covered payroll	\$ 1,706,964	\$ 1,540,314	\$ 1,358,731	\$ 1,300,097	\$ 1,194,936
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	159.54%	189.84%	61.49%	104.27%	139.31%
Plan fiduciary net position as a percentage of the total pension liability	79.01%	75.74%	92.62%	86.88%	82.17%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.008611%	0.007625%	0.008132%	0.007871%	0.007850%
Authority's proportionate share of the net pension liability	\$ 2,358,379	\$ 1,197,887	\$ 1,848,312	\$ 1,363,357	\$ 946,798
Authority's covered payroll	\$ 1,240,675	\$ 1,047,920	\$ 1,051,292	\$ 1,144,717	\$ 1,129,574
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	190.09%	114.31%	175.81%	119.10%	83.82%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%	86.45%

(1) 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 (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Authority's proportion of the net pension asset	0.116715%	0.107891%	0.095269%	0.087863%	0.083962%
Authority's proportionate share of the net pension asset	\$ 358,759	\$ 254,288	\$ 375,365	\$ 253,628	\$ 175,080
Authority's covered payroll	\$ 534,207	\$ 501,436	\$ 423,357	\$ 390,416	\$ 376,971
Authority's proportionate share of the net pension asset as a percentage of its covered payroll	67.16%	50.71%	88.66%	64.96%	46.44%
Plan fiduciary net position as a percentage of the total pension liability	144.55%	137.14%	169.88%	157.67%	145.28%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension asset	0.084730%	0.086000%	0.087799%	0.092850%	0.093545%
Authority's proportionate share of the net pension asset	\$ 94,747	\$ 117,074	\$ 48,866	\$ 45,183	\$ 36,017
Authority's covered payroll	\$ 386,492	\$ 366,304	\$ 338,604	\$ 394,208	\$ 388,993
Authority's proportionate share of the net pension asset as a percentage of its covered payroll	24.51%	31.96%	14.43%	11.46%	9.26%
Plan fiduciary net position as a percentage of the total pension liability	126.64%	137.28%	116.55%	116.90%	114.83%

(1) 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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually-required contribution	\$ 231,724	\$ 238,975	\$ 215,644	\$ 190,222	\$ 182,014
Contributions in relation to the contractually-required contribution	<u>(231,724)</u>	<u>(238,975)</u>	<u>(215,644)</u>	<u>(190,222)</u>	<u>(182,014)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority covered payroll	\$ 1,655,171	\$ 1,706,964	\$ 1,540,314	\$ 1,358,731	\$ 1,300,097
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 167,291	\$ 173,692	\$ 130,990	\$ 126,155	\$ 137,366
Contributions in relation to the contractually-required contribution	<u>(167,291)</u>	<u>(173,692)</u>	<u>(130,990)</u>	<u>(126,155)</u>	<u>(137,366)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority covered payroll	\$ 1,194,936	\$ 1,240,675	\$ 1,047,920	\$ 1,051,292	\$ 1,144,717
Contributions as a percentage of covered payroll	14.00%	14.00%	12.50%	12.00%	12.00%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually-required contribution	\$ 68,723	\$ 64,105	\$ 64,471	\$ 59,270	\$ 54,658
Contributions in relation to the contractually-required contribution	<u>(68,723)</u>	<u>(64,105)</u>	<u>(64,471)</u>	<u>(59,270)</u>	<u>(54,658)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority covered payroll	\$ 572,692	\$ 534,207	\$ 501,436	\$ 423,357	\$ 390,416
Contributions as a percentage of covered payroll	12.00%	12.00%	12.86%	14.00%	14.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 52,776	\$ 54,109	\$ 45,788	\$ 40,632	\$ 47,305
Contributions in relation to the contractually-required contribution	\$ <u>(52,776)</u>	\$ <u>(54,109)</u>	\$ <u>(45,788)</u>	\$ <u>(40,632)</u>	\$ <u>(47,305)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority covered payroll	\$ 376,971	\$ 386,492	\$ 366,304	\$ 338,604	\$ 394,208
Contributions as a percentage of covered payroll	14.00%	14.00%	12.50%	12.00%	12.00%

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 / (Asset)

Ohio Public Employee Retirement System

For the Last Eight Years (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Authority's proportion of the net OPEB liability/asset	0.015478%	0.015173%	0.014875%	0.014085%	0.013294%
Authority's proportionate share of the net OPEB (asset) liability	\$ (139,692)	\$ 95,668	\$ (465,908)	\$ (250,936)	\$ 1,836,247
Authority's covered payroll	\$ 2,724,164	\$ 2,535,079	\$ 2,261,536	\$ 2,147,500	\$ 1,194,935
Authority's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.13%)	3.77%	(20.60%)	(11.69%)	153.67%
Plan fiduciary net position as a Percentage of the total OPEB liability	107.76%	94.79%	128.23%	115.57%	47.80%
	<u>2019</u>	<u>2018</u>	<u>2017</u>		
Authority's proportion of the net OPEB liability/asset	0.013252%	0.012660%	0.012895%		
Authority's proportionate share of the net OPEB (asset) liability	\$ 1,727,748	\$ 1,374,783	\$ 1,302,416		
Authority's covered payroll	\$ 1,268,030	\$ 1,047,920	\$ 1,051,292		
Authority's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	136.25%	131.19%	123.89%		
Plan fiduciary net position as a Percentage of the total OPEB liability	46.33%	54.14%	n/a		

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

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

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

For the Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually-required contribution	\$ 32,208	\$ 30,004	\$ 25,463	\$ 19,169	\$ 18,288
Contributions in relation to the contractually-required contribution	<u>(32,208)</u>	<u>(30,004)</u>	<u>(25,463)</u>	<u>(19,169)</u>	<u>(18,288)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority covered payroll	\$ 2,746,714	\$ 2,724,164	\$ 2,535,079	\$ 2,261,536	\$ 2,147,500
Contributions as a percentage of covered payroll	1.17%	1.10%	1.00%	0.85%	0.85%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 18,150	\$ 15,864	\$ 17,993	\$ 21,026	\$ 22,894
Contributions in relation to the contractually-required contribution	<u>(18,150)</u>	<u>(15,864)</u>	<u>(17,993)</u>	<u>(21,026)</u>	<u>(22,894)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority covered payroll	\$ 1,194,935	\$ 1,268,030	\$ 1,047,920	\$ 1,051,292	\$ 1,144,717
Contributions as a percentage of covered payroll	1.52%	1.25%	1.72%	2.00%	2.00%

See accompanying notes to required supplementary information.

Cleveland-Cuyahoga County Port Authority

Notes to Required Supplementary Information

For the Year Ended December 31, 2024

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 – 2024

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>
Experience study	5-year period ended December 31, 2020	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	6.90%	6.90%
Wage inflation	2.75%	2.75%
Projected salary increases, including 2.75% wage inflation	2.75 to 10.75%	2.75 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 retirees	2.30% Simple through 2024 then 2.05% Simple	2.30% Simple through 2024 then 2.05% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2023

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>
Experience study	5-year period ended December 31, 2020	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	6.90%	6.90%
Wage inflation	2.75%	2.75%
Projected salary increases, including 2.75% wage inflation	2.75 to 10.75%	2.75 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 retirees	3.00% Simple through 2023 then 2.05% Simple	3.00% Simple through 2023 then 2.05% Simple

Cleveland-Cuyahoga County Port Authority

Notes to Required Supplementary Information

For the Year Ended December 31, 2024

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability – 2022

	OPERS <u>Traditional plan</u>	OPERS <u>Combined plan</u>
Experience Study	5-year period ended December 31, 2020	5-year period ended December 31, 2020
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	6.90%	6.90%
Wage Inflation	2.75%	2.75%
Projected Salary Increases, including 2.75% inflation	2.75 to 10.75%	2.75 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2022 then 2.05% Simple	3.00% Simple through 2022 then 2.05% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2021

	OPERS <u>Traditional plan</u>	OPERS <u>Combined plan</u>
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	0.50% Simple through 2021 then 2.15% Simple	0.50% Simple through 2021 then 2.15% Simple

Cleveland-Cuyahoga County Port Authority

Notes to Required Supplementary Information

For the Year Ended December 31, 2024

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability – 2020

	OPERS <u>Traditional plan</u>	OPERS <u>Combined plan</u>
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 through 2020 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2019

	OPERS <u>Traditional plan</u>	OPERS <u>Combined plan</u>
Experience Study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%	3.25 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.15% Simple	3.00% Simple through 2018 then 2.15% Simple

Cleveland-Cuyahoga County Port Authority

Notes to Required Supplementary Information

For the Year Ended December 31, 2024

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

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

	OPERS <u>Traditional plan</u>	OPERS <u>Combined plan</u>
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	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.15% Simple	3.00% Simple through 2018 then 2.15% Simple

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

	OPERS <u>Traditional plan</u>	OPERS <u>Combined plan</u>
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	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.80% Simple	3.00% Simple through 2018 then 2.80% Simple

Mortality rates – Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Cleveland-Cuyahoga County Port Authority

Notes to Required Supplementary Information

For the Year Ended December 31, 2024

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

Note 2: Net OPEB Liability

Changes in Assumptions – OPERS

For fiscal year 2024, the municipal bond rate decreased from 4.05% to 3.77%. The single discount rate increased from 5.22% to 5.70%. The health care cost trend rate changed from 5.50% initial, 3.50% ultimate in 2036 to 5.50% initial, 3.50% ultimate in 2038.

For fiscal year 2023, the municipal bond rate increased from 1.84% to 4.05%. The single discount rate decreased from 6.00% to 5.22%. The health care cost trend rate changed from 5.5% initial, 3.5% ultimate in 2034 to 5.5% initial, 3.5% ultimate in 2036.

For fiscal year 2022, the municipal bond rate decreased from 2.00% to 1.84% and wage inflation decreased from 3.25% to 2.75%. The single discount rate remained 6.00%. The health care cost trend rate decreased from 8.5% initial, 3.5% ultimate in 2035 to 5.5% initial, 3.5% ultimate in 2034.

For fiscal year 2021, the municipal bond rate decreased from 2.75% to 2.00% and the single discount rate increased from 3.16% to 6.00%. The health care cost trend rate decreased from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035.

For fiscal year 2020, the municipal bond rate decreased from 3.71% to 2.75% and the single discount rate decreased from 3.96% to 3.16%. The health care cost trend rate also increased from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030.

Cleveland-Cuyahoga County Port Authority

Notes to Required Supplementary Information

For the Year Ended December 31, 2024

Note 2: Net OPEB Liability (continued)

Changes in Assumptions – OPERS

For fiscal year 2019, the OPERS Board voted to lower the investment return assumption for its health care investment portfolio from 6.5% to 6.0%. Municipal bond rate increased from 3.31% to 3.71% and the single discount rate increased from 3.85% to 3.96%. The health care cost trend rate also increased from 7.50% initial, 3.25% unlimited in 2028 to 10.00% initial, 3.25% ultimate in 2029.

Cleveland-Cuyahoga County Port Authority

Supplemental Schedule – Common Bond Funds

December 31, 2024

The following are the approximate balances held and the principal amount of outstanding Common Bond Fund bonds as of December 31, 2024:

<u>SERIES</u>	<u>Contracting Party</u>	<u>Original Bond Amount</u>	<u>Outstanding Principal Balance</u>	<u>Required Primary Reserve Balance</u>	<u>Final Maturity</u>
2006A	Cavaliers Practice Facility	\$ 9,500,000	\$ 1,275,000	\$ 950,000	05/15/26
2011A	University Circle Marriott	2,000,000	1,625,000	200,000	11/15/45
2013A	OMNOVA Solutions	7,500,000	4,675,000	750,000	11/15/33
2014B	Shoppes at Parma	10,000,000	8,685,000	1,000,000	11/15/43
2016A	ESSROC / Port Authority (1)	2,330,000	795,000	233,000	05/15/27
2016C	Fairmount Montessori Associates	2,200,000	325,000	220,000	05/15/25
2017A	Pinecrest	10,000,000	8,750,000	1,000,000	11/15/48
2017B1	Lakefront 1B 2017B1	915,000	200,000	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
2021A	Foundry	5,250,000	3,820,000	525,000	11/15/31
2023A	Renaissance	8,190,000	8,190,000	819,000	05/15/48
2023B	Doubletree (4)	3,445,000	3,445,000	344,500	05/15/44
2024A	Block K TIF (4)	5,585,000	5,550,000	558,500	05/15/44
2024B	Jets FBO Hanger	8,360,000	8,360,000	836,000	05/15/43
2024C	Toledo Museum of Art PACE	6,385,000	6,385,000	638,500	11/15/54
2024D	Central Mutual Insurance PACE	6,785,000	6,785,000	678,500	11/15/49
Total		\$ 98,065,000	\$ 78,485,000	\$ 9,806,500	

Summary of Reserves:

Primary Reserve Funds	\$ 9,806,500
Additional Reserve Funds (4)	287,346
Program Development Fund (2,3)	224,556
Program Reserve (3)	4,550,020
Program Reserve - Ohio Manufacturers Association	2,483,332
Program Reserve LOC	12,000,000
JO Cash Reserve (5)	2,000,000
JO Pledged Reserve (5)	8,000,000
Total Reserve Funds	\$ 39,351,755
Total Reserves/Outstanding Bonds	50.14%

- (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 2023B bonds have an additional reserve in the approximate amount of \$175,000 and the 2024A bonds have an additional reserve in the amount of \$112,346 which are held at the trustee in accordance with the trust indenture.
- (5) See Note 16 related to the JobsOhio Reserve

Cleveland-Cuyahoga County Port Authority

Supplemental Schedule - Stand Alone Issuances

December 31, 2024

The following are Stand Alone debt issuances undertaken by the Authority for which there is still principal outstanding as of December 31, 2024:

	<u>Stand Alone Debt Issuances</u>	<u>Year</u>	<u>Type of Debt Issued</u>	<u>Original Issuance</u>	<u>Principal Outstanding</u>
1	University Square	2001	Revenue Bonds (Special Assessment)	\$ 40,600,000	\$ -
2	Cleveland Museum of Art	2005	Cultural Facility Revenue Bonds	90,000,000	90,000,000
3	Hospice of Western Reserve, Inc.	2010	Refunding Bonds	21,565,000	14,071,250
4	City of Cleveland - Flats East Bank	2010	City Appropriation Bonds	11,000,000	6,880,000
5	The Medical Center Company	2011	Variable Rate Revenue Bonds	77,470,000	-
6	Cuyahoga County Headquarters	2013	Variable Rate Revenue Bonds	75,465,000	64,360,000
7	Beaumont	2013	Variable Rate Revenue Bonds	8,160,000	999,575
8	Maltz Museum	2014	Cultural Facilities Revenue Refunding Bond	6,300,000	6,300,000
9	Crocker Park TIF	2014	Development Revenue Bonds	6,435,000	-
10	Cuyahoga County Convention Hotel	2014	Lease-purchase Agreement	230,885,000	138,545,000
11	Constellation Schools	2014	Community School Lease Revenue Bonds	30,790,000	-
12	Optima Sage Hotel	2014	First Mortgage Lease Revenue Bonds	36,000,000	-
13	Euclid Avenue	2014	Development Revenue Bonds	88,945,000	51,260,000
14	Legacy Village TIF	2015	Tax-Exempt Revenue Bonds	13,630,000	11,435,000
15	Laurel	2015	Revenue Bonds	16,000,000	-
16	Avery	2015	Lease Revenue Refunding Bonds	39,470,000	2,303,283
17	Pinecrest Conduit TIF	2017	TIF Bonds	48,910,000	46,490,000
18	Explorys	2017	Taxable Lease Revenue Bonds	8,390,000	6,965,861
19	City of Shaker Heights Non-Tax -- Revenue Bonds	2017	Non-Tax Revenue Bonds	4,960,000	3,670,000
20	Amazon North Randall	2017	Taxable Lease Revenue Bonds	123,000,000	96,287,467
21	Dave's Supermarket	2017	Taxable Lease Revenue Bonds	2,650,045	-
22	Centers for Dialysis	2017	Economic Development Facilities Revenue Improvement Bonds	23,725,000	20,690,000
23	Cleveland Athletic Club	2018	Taxable Lease Revenue Bonds	29,000,000	26,728,895
24	Amazon Euclid	2018	Taxable Lease Revenue Bonds	113,000,000	89,914,148
25	Terminal Tower	2018	Taxable Lease Revenue Bonds	74,500,000	65,306,476
26	Playhouse Square Apartments	2018	Cultural Facility Revenue Bonds	74,880,000	70,300,000
27	May Company	2018	Taxable Lease Revenue Bonds	963,383	-
28	Church & State	2018	Taxable Revenue Bonds	6,031,000	5,576,000
29	Ursuline	2018	Cultural Facility Revenue Bonds	17,004,000	9,950,576
30	Flats Phase 3	2019	Taxable Lease Revenue Bonds	15,000,000	15,000,000
31	Euclid Avenue 2019 Refinance	2019	Development Revenue Bonds	18,220,000	18,220,000
32	City of Warrensville Heights	2019	Non-Tax Revenue Bonds	17,470,000	15,520,000

Cleveland-Cuyahoga County Port Authority

Supplemental Schedule - Stand Alone Issuances (continued)

December 31, 2024

<u>Stand Alone Debt Issuances</u>	<u>Year</u>	<u>Type of Debt Issued</u>	<u>Original Issuance</u>	<u>Principal Outstanding</u>
33 Intro Project	2020	Taxable Lease Revenue Bonds	95,480,014	95,480,014
34 121 Larchmere	2020	Taxable Lease Revenue Bonds	15,900,000	15,388,771
35 Cleveland Museum of Natural History	2021	Cultural Facility Revenue Bonds	63,745,000	63,745,000
36 Circle Square	2021	Taxable Lease Revenue Bonds	65,000,000	65,000,000
37 VA Refinancing	2021	Federal Lease Revenue Bonds	250,525,000	241,240,000
38 Flats East Bank	2021	Tax Increment Financing Bonds	52,495,000	49,910,000
39 Sherwin Williams	2021	Taxable Lease Revenue Bonds	50,000,000	1,950,000
40 Waverly & Oak	2021	Taxable Lease Revenue Bonds	33,097,916	-
41 Fairmount – Fairfax Meijer	2021	Taxable Lease Revenue Bonds	33,000,000	33,000,000
42 Library Lofts	2021	Taxable Lease Revenue Bonds	32,797,755	32,797,755
43 McCormack/Fairfax/Innovation Square	2022	Taxable Lease Revenue Bonds	2,000,000	2,000,000
44 Euclid Ave Langston Edge	2022	Development Revenue Bonds	146,935,000	144,650,000
45 Renaissance Lease Revenue Bonds	2022	Taxable Lease Revenue Bonds	16,620,000	16,620,000
46 Roundstone Headquarters	2023	Taxable Lease Revenue Bonds	23,278,671	23,278,671
47 Baker/Fidelity NuovoRE Hotel	2023	Taxable Lease Revenue Bonds	3,000,000	3,000,000
48 St. Ignatius	2023	Revenue Bonds	50,000,000	13,052,249
49 89 th & Rising -- Fairfax	2024	Taxable Lease Revenue Bonds	300,000	300,000
50 Laurel	2024	Revenue Bonds	16,000,000	16,000,000
51 Dalad/Franklin Yards	2024	Taxable Lease Revenue Bonds	-	-
52 Related Mayfield Gates Villas	2024	Tax-Exempt Revenue Bonds	29,000,000	29,000,000
53 University School Tax-Exempt Bonds	2024	Revenue Bonds	25,000,000	25,000,000
54 University Square TIF Bonds	2024	TIF Bonds	8,000,000	8,000,000
55 Woda/Cooper Gordon Crossing	2024	Taxable Lease Revenue Bonds	-	-
56 Shoreway Project	2024	Taxable Lease Revenue Bonds	-	-
57 Erieview Tower	2024	Taxable Lease Revenue Bonds	-	-
58 County Hotel COPS Refunding	2024	Refunding Certificates of Participation	131,580,000	131,580,000
59 Momentive Technologies	2024	Taxable Lease Revenue Bonds	-	-
60 Valor Acres	2024	Taxable Lease Revenue Bonds	-	-
61 Constellation Schools	2024	Tax-Exempt Refunding & Lease Revenue Bonds	31,160,000	31,160,000
62 Taylor Tudor	2024	Taxable Lease Revenue Bonds	-	-
63 Medical Center Company	2024	Taxable Revenue Bonds	<u>75,000,000</u>	<u>75,000,000</u>
Total			\$ <u>2,620,332,784</u>	\$ <u>1,993,925,990</u>

**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***

Independent Auditor's Report

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 (*Government Auditing Standards*), 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, 2024, 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 27, 2025, wherein we noted that the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and as a result restated the December 31, 2023 net position of the business-type activities, as disclosed in Note 1.

Report on 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 or significant deficiencies may exist that were not identified.

Board of Directors
Cleveland-Cuyahoga County Port Authority

Report on 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.

Cinni & Panichi, Inc.

Cleveland, Ohio
June 27, 2025

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

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Cleveland-Cuyahoga County Port Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the business-type activities of the Authority as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated June 27, 2025, which contained an unmodified opinion on those financial statements, wherein we noted that the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and as a result restated the December 31, 2023 net position of the business-type activities, as disclosed in Note 1. 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.

Cinni & Panichi, Inc.

Cleveland, Ohio
June 27, 2025

Cleveland-Cuyahoga County Port Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:			
Passed through Northeast Ohio Area-wide Coordinating Agency: Highway Planning and Construction	20.205	INFRA-STBG- CRRSSA-2023-PORT	\$ 353,474
Direct Award: Port Infrastructure Development Program	20.823	N/A	620,278
Passed through Northeast Ohio Area-wide Coordinating Agency: Nationally Significant Freight and Highway Projects	20.934	INFRA-STBG- CRRSSA-2023-PORT	<u>5,265,888</u>
Total U.S. Department of Transportation			<u>6,239,640</u>
U.S. Environmental Protection Agency:			
Direct Award: Geographic Programs – Great Lakes Restoration Initiative	66.469	N/A	<u>128,715</u>
Total U.S. Environmental Protection Agency			<u>128,715</u>
Total Expenditures of Federal Awards			\$ <u>6,368,355</u>

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, 2024

Note 1: Significant Accounting Policies

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 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, 2024

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	Nationally Significant Freight and Highway Projects – Federal Assistance Listing Number 20.934
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

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

None noted.

3. Findings for Federal Awards

None noted.

Cleveland-Cuyahoga County Port Authority

Schedule of Prior Audit Findings and Questioned Costs

For the Year Ended December 31, 2024

No prior year audit findings or questioned costs.

OHIO AUDITOR OF STATE KEITH FABER



CLEVELAND-CUYAHOGA COUNTY PORT AUTHORITY

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/25/2025

65 East State Street, Columbus, Ohio 43215
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