Cleveland-Cuyahoga County Port Authority

Basic Financial Statements
December 31, 2015

Dave Yost · Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Cleveland-Cuyahoga County Port Authority, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2015 through December 31, 2015. 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.

Dave Yost
Auditor of State

July 14, 2016

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Cleveland-Cuyahoga County Port Authority

For the Year Ended December 31, 2015

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Cleveland-Cuyahoga County Port Authority (the "Authority"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 and Note 5 to the basic financial statements, during 2015, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and as a result restated their December 31, 2014 net position of the business-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 19 and the schedules of the Authority's proportionate share of the net pension liability and schedules of the Authority's contributions on pages 67 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental schedules on pages 71 and 72 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Ciuni + Panichi, Inc.

Cleveland, Ohio
June 7, 2016

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2015

General

As management of the Cleveland-Cuyahoga 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, 2015. Please read this information in conjunction with the Authority's basic financial statements and footnotes beginning on pages 20 and 26, respectively.

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

Overview

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

The Statement of Net Position presents the Authority's financial position and reports the resources owned by the Authority (assets), future period consumption (deferred outflows), obligations owed by the Authority (liabilities), future period acquisition (deferred inflows) and Authority net position (the difference between assets plus deferred outflows and liabilities plus deferred inflows). The Statement of Revenues, Expenses, and Changes in Net Position presents a summary of how the Authority's net position changed during the year. Revenue is reported when earned and expenses are reported when incurred. The Statement of Cash Flows provides information about the Authority's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing, and financing activities. The Statement of Fiduciary Net Position provides information on the assets and liabilities associated with the Authority's issued debt where third parties are the primary obligors for the repayment of the debt. The Authority has no obligation to repay the debt beyond the specific third party revenue sources pledged under the debt agreements, with the exception of debt issued through the Common Bond Fund, which includes a system of cash reserves partially funded by Authority contributions. A detailed explanation of the system of cash reserves can be found in Note 16. 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).

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

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

- ***The Authority's Common Bond Fund Program*** (Bond Fund) transactions involve construction or other projects financed through the Authority's Fixed Rate Financing Program. A detailed description of the Bond Fund Program can be found in the notes to the basic financial statements. Two projects financed through the Authority's Bond Fund Program, Essroc (1997A) and Port Capital Improvements (1999A), relate to the Authority's maritime activities and are reflected on the Authority's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position.

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

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

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

1. For all Bond Fund financing transactions, the lender may look only to the borrower's lease or loan payments (or other stated sources of revenue) for debt service unless a default arises, in which case the reserve system established by the Authority and borrowers in the Bond Fund will make the debt service payments to the extent sufficient funds are available. The Bond Fund Program was established in 1997 with a $2,000,000 contribution from the Authority's operating funds and was matched with a $2,000,000 grant from the State of Ohio. In January of 2010, the Authority entered into a Memorandum of Understanding (MOU) with the Ohio Manufacturers' Association (OMA) and other entities which resulted in an additional $2.5 million contribution to the Bond Fund Program's system of reserves. In January of 2014, the Authority contributed an additional $548,000 into the system of reserves. This $7.5 million in restricted funds, which includes approximately $450,000 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 a non-Bond Fund bond issuance in 1997, 2001, and 2007 and where the Authority is obligated to repay the debt.

   Additional information regarding No-Commitment Debt can be found in Note 16.

During 2015, the Port Authority adopted Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*," which significantly revises accounting for pension costs and liabilities.

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

Under the new standards required by GASB 68, the net pension liability equals the Authority's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. *In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from $55,980,179 to $55,221,099.

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2015

Condensed Statement of Net Position Information

The tables below provide a summary of the Authority's financial position and operations for 2015 and 2014, respectively.

Comparison of 2015 vs. 2014 Results:

	2015	Restated 2014	Change Amount	Change Percent
Assets and deferred outflows of resources:				
Current assets	$ 16,480,151	$ 19,163,175	$ (2,683,024)	(14.0%)
Capital assets – net	47,538,208	43,997,167	3,541,041	8.0%
Restricted and other assets	9,098,158	9,513,115	(414,957)	(4.4%)
Deferred outflow of resources	414,726	536,693	(121,967)	(22.7%)
Total assets and deferred outflows of resources	73,531,243	73,210,150	321,093	0.4%
Liabilities and deferred inflows of resources:				
Current liabilities	2,307,061	5,106,456	(2,799,395)	(54.8%)
Current liabilities payable from restricted assets	567,980	230,940	337,040	145.9%
Other liabilities – including amounts relating to restricted assets	8,389,703	9,171,479	(781,776)	(8.5%)
Deferred inflow of resources	3,231,020	3,480,176	(249,156)	(7.2%)
Total liabilities and deferred outflows of resources	14,495,764	17,989,051	(3,493,287)	(19.4%)
Net position:				
Net investment in capital assets	38,767,611	35,423,871	3,343,740	9.4%
Restricted for other purposes	8,309,470	8,994,589	(685,119)	(7.6%)
Unrestricted	11,958,398	10,802,639	1,155,759	10.7%
Total net position	$ 59,035,479	$ 55,221,099	$ 3,814,380	6.9%

Current Assets: Current assets decreased by approximately $2.7 million from December 31, 2014 to December 31, 2015. Accounts receivable decreased by $2.4 million, as a large account outstanding at December 31, 2014, from Spliethoff Transport B.V., (Spliethoff) was settled relating to the Cleveland-Europe Express ("CEE", see Note 24). This receivable had an associated liability of $3.6 million recorded on the Authority's Statement of Net Position at December 31, 2014 which was also paid to Spliethoff in 2015.

The Authority's unrestricted cash and investment balance also decreased by $200,000 from 2014, primarily due to cash utilized in operations, offset by capital, noncapital, and investing proceeds. Additional decreases include a $100,000 in property tax receivable, primarily due to the final phase-out of the Authority's share in the Commercial Activities Tax and a $90,000 decrease in prepaid expenses, primarily related to timing of healthcare premiums and letter of credit payments.

These decreases were offset by an increase of $100,000 in loans receivable, due from the State of Ohio for infrastructure improvements, relating to an Ohio Development Services Agency (ODSA) Logistics Distribution Stimulus Loan ("LDS Loan", see Note 25).

Capital Assets: The Authority's investment in capital assets as of December 31, 2015 increased by $3.6 million when compared to 2014 (net of accumulated depreciation). Capital assets before accumulated depreciation increased approximately $5.3 million from $63.2 million at December 31, 2014 to $68.5 million at December 31, 2015.

Investments in buildings, infrastructure, and leasehold improvements increased by $3.3 million in 2015. The largest component of this increase was a $2.9 million investment, in two, inter-related initiatives that provide sustainable and cost effective solutions for managing the sediment which must be dredged each year from the Cuyahoga River Ship Chanel. The Authority invested $1.2 million to acquire and install bed load equipment that intercepts sediment before it enters the Ship Chanel. The intercepted material is then harvested and marketed for beneficial use. The Authority also invested $1.7 million to construct a sediment processing center that increases the capacity to accept dredge materials and provides infrastructure to separate materials for market purposes. The Authority received $2.65 million in capital grants from the Ohio Healthy Lake Erie Fund for these expenditures (see Note 15). Other improvements included $432,000 in security and other capital improvements to the Authority's international docks and administrative headquarters.

Equipment increased by $513,000 primarily due to the purchase of a reach stacker used for lifting both containerized and non-containerized cargo. This purchase was made with forgivable loan funds awarded by the State of Ohio (see Note 25).

Additional capital assets include $1.5 million in construction in progress at December 31, 2015, primarily related to an infrastructure improvement project, which includes the purchase of two new mobile harbor cranes, the construction of a new warehouse on Dock 22 South, and the purchase of new ground equipment. This amount includes the down payment of $1.4 million for 2 new harbor cranes which are expected to be delivered and operational in May of 2016. This infrastructure improvement project is funded by the Congestion Mitigation and Air Quality Program (CMAQ) and the ODSA forgivable loan (see Notes 15 and 25).

These additions were offset by a $51,615 reduction to equipment previously carried on the Authority's Statement of Net Position, due to the disposal of obsolete equipment.

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2015

A summary of the activity in the Authority's capital assets during the year ended December 31, 2015, is as follows:

	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
Land and land improvements	$ 19,459,708	$ -	$ -	$ 19,459,708
Buildings, infrastructures, and leasehold improvements	41,769,506	3,329,685	-	45,099,191
Equipment	1,897,276	513,263	(51,615)	2,358,924
Construction in progress	50,083	1,521,169	(50,083)	1,521,169
	63,176,573	5,364,117	(101,698)	68,438,992
Less accumulated depreciation	(19,179,406)	(1,772,993)	51,615	(20,900,784)
Capital assets – net	$ 43,997,167	$ 3,591,124	$ (50,083)	$ 47,538,208

Restricted and Other Assets: Restricted and other assets decreased by approximately $415,000 from December 31, 2014 to December 31, 2015.

The main reason for the decrease in this classification was a $733,000 reduction in restricted cash and investments primarily due to previously restricted funds for a CMAQ grant in 2014.

These decreases were offset by a $328,000 increase in restricted grants and accounts receivable primarily related to the Flats East Bank Project (see Note 21).

Deferred Outflow of Resources: Deferred outflows of resources decreased by $122,000 primarily as the result of a decrease in the change of value related to the interest rate swap the Authority has in place for the Cleveland Bulk Terminal (CBT) bonds. This decrease was offset by an increase of $55,000 in deferred outflows related to pensions (see Note 5).

Current Liabilities: Current liabilities decreased by approximately $2.8 million from 2014 to 2015. This change was primarily due to a $3.6 million payable due to Spliethoff for CEE-related expenses paid on behalf of the Authority in 2014, which was paid in March of 2015.

These decreases were offset by an $840,000 increase in the current portion of bonds and loans primarily due to 2015 activity funded by a forgivable State of Ohio Development Services Agency Logistics and Distribution Loan (see Note 25).

Current Liabilities Payable from Restricted Assets: Current liabilities payable from restricted assets increased by $337,000 from December 31, 2014 to December 31, 2015. This increase was primarily a result of an increase in restricted accounts payable, related to the Flats East Bank Project (see Note 21).

Other Liabilities – including amounts relating to restricted assets: This line item decreased by approximately $782,000. The primary reason for the decrease was a $670,000 scheduled reduction in the non-current portion of the Authority's long-term debt obligations. Additionally, a reduction of $133,000 was seen in unearned income as a result of the continued straight-line accounting for the Authority's operating leases.

These decreases were offset by an increase of $21,000 in the Authority's net pension liability (see Note 5).

Cleveland-Cuyahoga County Port Authority

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2015

The activity in the Authority's long-term debt obligations outstanding during the year ended December 31, 2015 is summarized below (unamortized premiums and discounts have been combined into the appropriate increase/decrease columns):

	Balance at Beginning of Year	Increase	Decrease	Balance at End of Year
Cleveland Bulk Terminal project	$ 4,350,000	$ -	$ (180,000)	$ 4,170,000
Port Improvements 1999A	1,708,074	691	(345,000)	1,363,765
Essroc 1997A	2,515,222	4,226	(120,000)	2,399,448
Total	$ 8,573,296	$ 4,917	$ (645,000)	$ 7,933,213

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

Deferred Inflow of Resources: Deferred inflows decreased by approximately $249,000 primarily due to a $177,000 change in the derivative instrument related to the CBT interest rate swap and a decrease of $100,000 in deferred property tax receivable. These decreases were offset by a $28,000 increase in deferred outflows related to pensions (see Note 5).

Net Position: Net Position serves as a useful indicator of an entity's financial position. In the case of the Authority, assets exceeded liabilities by $59 million at the close of the most recent fiscal year.

The largest portion of the Authority's net position (approximately 65%) 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 when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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

The Authority's operations increased its net position by $3,814,380 in 2015. Key elements of these changes are summarized below:

	2015	Restated 2014	Change Amount	Change %
Operating revenues:				
Wharfage, dockage, and storage	$ 2,203,035	$ 1,905,361	$ 297,674	15.6%
Liner service revenue	230,361	6,197,409	(5,967,048)	(96.3%)
Property lease and rentals	1,827,636	1,956,233	(128,597)	(6.6%)
Financing fee income	1,824,793	3,442,167	(1,617,374)	(47.0%)
Foreign trade zone fees	80,375	80,932	(557)	(0.7%)
Dredge disposal fees	746,441	417,544	328,897	78.8%
Parking revenues	84,877	280,645	(195,768)	(69.8%)
Contract revenue	54,816	-	54,816	100.0%
Other	38,956	44,099	(5,143)	(11.7%)
Total operating revenues	7,091,290	14,324,390	(7,233,100)	(50.5%)
Operating expenses:				
Salaries and benefits	2,345,496	2,233,546	111,950	5.0%
Cost of liner service	3,056,883	11,881,789	(8,824,906)	(74.3%)
Professional services	744,759	878,531	(133,772)	(15.2%)
Sustainable infrastructure services	380,464	395,987	(15,523)	(3.9%)
Cost of sediment management operation	412,777	-	412,777	100.0%
Contractual services	82,383	-	82,383	100.0%
Facilities lease and maintenance	551,172	707,036	(155,864)	(22.0%)
Marketing and communications	288,080	269,213	18,867	7.0%
Depreciation expense	1,772,993	1,431,026	341,967	23.9%
Office expense	88,868	112,911	(24,043)	(21.3%)
Other expense	166,884	169,224	(2,340)	(1.4%)
Total operating expenses	9,890,759	18,079,263	(8,188,504)	(45.3%)
Operating loss	(2,799,469)	(3,754,873)	955,404	25.4%
Nonoperating revenues (expenses):				
Flats East Bank Project grant revenue	2,692,633	1,078,299	1,614,334	149.7%
Flats East Bank Project grant expenses	(2,692,633)	(1,078,299)	(1,614,334)	(149.7%)
Nonoperating grant revenue	28,651	44,615	(15,964)	(35.8%)
Property tax receipts	3,036,749	3,063,631	(26,882)	(0.9%)
Income from investments	272,701	309,198	(36,497)	(11.8%)
Interest expense	(520,221)	(556,479)	36,258	6.5%
Gain (loss) on disposal of fixed assets	-	96,045	(96,045)	(100.0%)
Other expense	(30,300)	(10,861)	(19,439)	(178.9%)
Total nonoperating revenues - net	2,787,580	2,946,149	(158,569)	(5.4%)
Change in net position before capital grants	(11,889)	(808,724)	796,835	98.5%
Capital grants	3,826,269	110,567	3,715,702	3,360.6%
Change in net position	3,814,380	(698,157)	4,512,537	646.4%
Net position – beginning of year, restated	55,221,099	N/A	N/A	N/A
Net position – end of year	$ 59,035,479	$ 55,221,099	$ 3,814,380	6.9 %

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 operating expenses still include pension expense of $229,842 computed under GASB 27. GASB 27 requires recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows of resources. The contractually required contribution associated with traditional and combined contributions are no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $126,608. Consequently in order to compare 2015 total operating expenses to 2014, the following adjustments are needed:

Total 2015 operating expenses under GASB 68	$ 9,890,759
Pension expense under GASB 68	(126,608)
2015 contractually required contributions	233,184
Adjusted 2015 operating expenses	9,997,335
Total 2014 operating expenses under GASB 27	18,079,263
Decrease in operating expenses not related to pension	$ (8,081,928)

Operating Revenues*:* Collectively, total operating revenues decreased 50.5% or $7.2 million, to $7.1 million in 2015, from $14.3 million in 2014. The largest components of this decrease was a $6.0 million decrease in liner service revenue for 2015 and a decrease in financing fee income of $1.6 million.

Wharfage, Dockage, and Storage*:* These revenues are generated from Authority cargo operations and collectively increased 15.6% from $1,905,000 in 2014 to $2,203,000 in 2015. Overall tonnage handled by our primary break-bulk terminal operator increased by 11,600 tons or 2.3% to 513,523 tons. Tonnage for our container and project cargo terminal operator increased from 5,165 tons in 2014 to 32,465 tons in 2015. This additional tonnage resulted in an increase in wharfage of $31,000. In 2015, there were nine ships carrying pipe cargo that required extended periods of unloading, this was the primary driver of a $272,500 increase in dockage revenues.

Throughput at the Cleveland Bulk Terminal facility, leased by a private company, decreased by 2.2% for a total of approximately 3.8 million in billable tons of iron ore and limestone. This decreased wharfage revenues at the CBT facility by $18,000 as compared to the previous year. Other revenue sources such as storage and rail wharfage charges decreased by $28,500, while security fees increased by $40,000 in 2015.

Liner Service Revenue: In April of 2014 the Authority started the CEE offering shippers the only scheduled service for containerized and break-bulk freight between the Great Lakes, Europe and connecting points worldwide. In 2014, The Spliethoff Group, a large ship owner and operator in the Netherlands, was contracted to manage and operate the CEE service (see Note 24). In April of 2015, the service agreement was restructured to limit the Authority's financial exposure. Under the new agreement, the Authority made a fixed payment to Spliethoff while guaranteeing increased port calls to Cleveland for the 2015 shipping season. The Authority had no other financial responsibility for the CEE. Additionally, the Authority received a rebate of 1.25% of gross revenue, up to $250,000, on the first $20 million in revenues collected by the Spliethoff Group, which was offset by a final reconciliation of 2014 amounts.

The $6 million decrease in liner service revenue is the result of the restructured agreement. In 2014, the CEE generated $7.1 million in gross freight revenue, before commissions.

Property Lease and Rentals: Property lease and rentals decreased by approximately $129,000 or 6.6% in 2015. The decrease includes $99,000 in rental revenue from Dock 20 due to the termination of the tenant lease in April 2015 and a decrease of $72,000 in rental revenue due to the sale of the building the Authority owned which is located at 1906 E. 40th St. in May 2014. An additional decrease of $32,000 relates to a decrease in submerged land leases for 2015.

These decreases were offset by an increase of $35,000 in terminal usage fees as a result of increased throughput rates at our primary break-bulk terminal. Additional increases relate to rental revenue with our primary break-bulk terminal and with a tenant at the Authority's building headquarters for $18,000 and $22,000 respectively.

Financing Fee Income: Financing fee income decreased by $1.6 million in 2015, to approximately $1,800,000. Development finance fee income is essentially earned in three ways: (1) closing fees, which are one-time fees charged on Stand Alone, Bond Fund and New Market Tax Credit projects based on the risk profile and structure at the time the bonds are issued; (2) bond service fees, which are ongoing annual fees charged on certain projects with principal outstanding; and (3) application and acceptance fees which are non-refundable monies received by the Authority prior to the issuance of bonds or notes.

In 2015, closing fees of $665,000 were collected as the Authority assisted in issuing bonds for six (6) transactions. Financing for large economic development projects such as The Cleveland Clinic Holiday Inn Hotel, the Legacy Village hotel and garage, the Forest Hill Park Apartments Project, and the Breakwater Bluffs residential project were the source of the 2015 closing fees. Bond closing fees were down $1,500,000 from 2014 to 2015 as the prior year was a record year for financing closings with seventeen transactions that closed.

The Authority also received $300,000 in application and acceptance fees in 2015 from eight projects, three of which closed in 2015. The increase in activity during 2015 resulted in an additional $100,000 in application and acceptance fees as compared to 2014.

The Authority also collected $860,000 in bond service fees related to existing projects which was a $129,000 decrease from 2014.

Foreign Trade Zone Income: Foreign trade zone fees remained similar at $80,375 in 2015, compared to $80,932 in 2014.

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

Subsequently, the Port developed an alternative to operating a CDF of lower annual volumes than those provided for in the original plan. The Port successfully sought $1.4 million in funding from the Ohio Healthy Lake Erie Fund and invested a total of $1.7 million to prepare CDF 12 to receive additional sediment. This investment provided approximately 280,000 cubic yards of additional capacity on the site.

In 2015, 63,000 cubic yards of dredged sediment were received and stored on CDF 12 compared to 25,000 cubic yards in 2014; which resulted in increased disposal fees of $324,000. In 2015, the Authority also entered into an operating agreement with a private company to process and sell sediments that were processed at the Authority's two newly constructed sediment disposal sites; CDF 12 and the bedload interceptor. As a result of these pilot projects, the Authority has collected $1,000 in sediment royalty payments from the bedload interceptor and $4,000 in sediment royalty payments from the CDF 12 location for 2015.

Parking Revenues: Parking revenue decreased by $196,000 compared to 2014. A parking agreement was executed between the Authority and the Cleveland Browns in 2012. In 2014, the Authority and the Browns agreed to a flat rate of $187,500 for the season as a result of a reduction in parking capacity due to increased maritime activity. In 2015, the location was needed in order to handle additional pipe cargo further reducing the available parking spaces. As a result the Authority and the Cleveland Browns agreed to a reduced flat rate of $25,000 for the season, a decrease of $162,500 from 2014. Additionally, the parking revenue at a lot managed by the Authority decreased by $33,000 due to the reduced number of parking spaces available.

Contract Revenues: In 2012, the Authority entered into a Purchase Agreement with the Ohio Department of Transportation (ODOT) to finance and construct a maintenance garage in Euclid, Ohio. The 2015 Contract Revenues of $54,816 are offset by Contractual Services of $82,383 which are expenses related to change orders to the project for repairs necessary to be made to the maintenance garage.

Other Revenues: Other operating revenues decreased by $5,000 in 2015. Other revenues include the Authority's office sublease, equipment rentals and other charges.

Operating Expenses: Operating expenses decreased by approximately $8.2 million (45%) in 2015 compared to 2014. The largest component of this decrease was approximately $8.8 million in costs associated with the liner service.

Salaries and Benefits: Salary and benefit costs increased by approximately $112,000 or 5% from 2014. Salaries increased by approximately $94,000 primarily as the result of the partial-year impact of filling two open positions during 2015, in addition to performance increases and other personnel costs. Additionally, benefit costs increased by approximately $50,000, primarily due to increases in healthcare premiums, offset by a $32,000 pension credit realized as a result of implementing GASB 68.

Cost of Liner Service: Costs related to the liner service decreased by $8.8 million in 2015. In 2015, the Agreement was restructured to limit the Authority's financial exposure. Under the new agreement, the Authority made a fixed payment of $2.75 million toward the liner service and was no longer responsible for the direct operating costs of the liner service. The Authority also rented approximately $300,000 in container handling equipment during 2015 in support of the liner service. In 2014, costs related to the operation of the liner service such as the vessel charter, fuel, stevedoring, transshipment, and loading costs totaled $11.9 million.

Professional Services: Professional services expense decreased by $134,000 or 15% compared to 2014. Contracted services decreased by approximately $170,000 in 2015 as various maritime and grant planning initiatives were completed in 2014. Also decreasing in 2015 were government relations expenses by $49,000 due to certain legislative initiatives that were completed in 2014. This decrease was offset by an increase in legal expense from 2014 levels by $57,000, primarily related to finance projects, and contract and lease negotiations. In addition, audit and bank fees increased by $15,000 and $13,000 respectively.

Sustainable Infrastructure Services: Investments in sustainable infrastructure services decreased by $16,000 in 2015 to $380,000. Decreasing for 2015 were expenses associated with the stability assessment of the Franklin Hill area which was completed in early in 2015, resulting in a decrease of $134,000. This was offset primarily by an increase in costs related to sediment management in the amount of $88,000. The increase in sediment management expenses includes $123,000 in legal and professional expenses related to litigation between the State of Ohio and the USACE in regards to open-lake dredge disposal. The Authority is a party to the State's case against the USACE and open lake disposal. Offsetting the increase is $35,000 which relates to a dredge study and plan completed in 2014.

Also increasing for the year include costs related to the management planning of the Cleveland Lakefront Nature Preserve for $16,000, costs associated with a Port observation tower to be located at the end of West 9th St. for $13,000 and insurance costs of $1,200.

Cost of Sediment Management Operation: Costs related to sediment management operations resulted in approximately $413,000 in expenses for the year. In 2015, a cooperative project management agreement was entered into by the Authority for sediment management at the dredge disposal facility at CDF 12. In 2015, a total of 62,918 cubic yards of dredge material was deposited into the sediment processing site at CDF 12. This dredge resulted in a total sediment processing fee of $550,533. Of this amount, $341,330 of work was completed in 2015 with the remaining processing to be completed in 2016. At the same location, $12,000 was spent towards the removal of wildlife hazards.

In addition, the Authority, in conjunction with the City of Cleveland, commissioned a feasibility study related to the remediation of contaminated legacy sediments in the Old River Channel. The purpose of this study is to determine the most cost effective approach for the remediation of the contaminated sediments. In 2015, $59,000 was spent towards the Old River Channel feasibility study and is expected to be completed in 2016.

Contractual Services: In 2012, the Authority entered into a Purchase Agreement with ODOT to finance and construct a maintenance garage in Euclid, Ohio. Contractual Services of $82,383 are offset by Contract Revenues of $54,816. The Contractual Services expenses are change orders to the project for repairs necessary to be made to the facility.

Facilities Lease and Maintenance: Facilities lease and maintenance expense decreased by approximately $156,000 from 2014 to $551,000. This was primarily due to a decrease in maintenance costs at the Port docks by $94,000 and by $8,000 at the Port office building as a number of large maintenance projects were completed in 2014. Additionally, property taxes decrease by $86,000 as compared to 2014. In 2015 the Authority was granted a partial tax exemption for the headquarters located at 1100 W.9th St. This resulted in a decrease in property tax and a partial refund for the year of 2014. Also decreasing in 2015 were utility expenses at the Port docks and the office building by a total of $4,600.

These decreases were offset by increased Port dock security expenses of $33,000 which were required largely due to increase cargo stored at the docks and also landscaping and snow removal expenses at the office building for $4,000.

Marketing and Communications: Marketing and communication expense increased by $19,000 to $288,000 in 2015 as compared to 2014. In 2015, an increase of $30,000 in advertising and $7,000 in marketing professional services were incurred primarily related to new advertising expenses to market the CEE liner service. This increase was offset by a decrease in business development related expenses of $18,000 for the year.

Depreciation Expense: Depreciation Expense increased by approximately $342,000 to $1,773,000 compared to 2014. This increase is due primarily to the depreciation of the $1.7 million sediment processing center located on CDF 12 and $1.2 million bed load interceptor that were placed in service during 2015.

Office Expense: Office expense decreased by approximately $24,000 to $89,000 in 2015. In January of 2014, the Authority's office lease at the previous office location ended, resulting in a decrease of office lease rental and associated expenses.

Other Expense: Other expenses decreased by $2,000 to $167,000 in 2015, due to decreases in dues and membership costs.

Nonoperating Revenues (Expenses):

- ***Flats East Development Project Revenue and Expense:*** The Authority accepted various grants to facilitate the completion of a major redevelopment project in the City of Cleveland known as the Flats East Bank Project. Grant expenditures and corresponding revenues of $2,692,633 were recognized in 2015 in relation to this project (see Note 21).

- ***Nonoperating Grant Revenue:*** In 2015 the Authority received $28,651 in nonoperating grant revenue related to a feasibility study for determining implementable actions for remediating contaminated sediments in the Old River Channel.

- ***Property Tax Receipts***: A large portion of nonoperating revenues results from the Authority's .13 mill property tax levy. Receipts remained relatively flat with a decrease of $27,000 in 2015 to $3,036,800.

- ***Income from Investments:*** Investment income decreased $36,500 from $309,200 in 2014 to $272,700 in 2015. Approximately $52,600 of this decrease is an unrealized loss resulting from a decrease in the market value of certain investments. In addition, investment income increased by $16,000 in 2015 to $300,100, primarily as a result of interest earned on additional monies invested in the bond fund reserve.

- ***Interest Expense****:* The $36,000 decrease is the result of continued reduction of principal of the Authority's existing direct debt obligations.

- ***Gain on Disposal of Fixed Assets:*** No gains were realized on the disposal of fixed assets in 2015. In February of 2014, the Authority entered into an agreement to sell property located at 1906 E. 40th St. The sale agreement had a purchase price of $1,825,000. From this sale, the Authority recognized a gain of $96,000.

- ***Other Revenue (Expense):*** $30,300 in loan commitment fees were expended in 2015 to secure the LDS Loan administered by the State of Ohio (see Note 25).

- ***Capital Grants and Contributions:*** In 2015, $3,820,000 in capital grants and contributions were recognized. The Authority accepted a $4,900,000 CMAQ grant for the purchase of two mobile harbor cranes, of which $1,100,000 was recognized in 2015. The Authority also received two grants related to sediment management in 2015 in the amount of $1,450,000 for improvements to CDF 12 and $1,200,000 for bedload interception through the State of Ohio Healthy Lake Erie Funds program (see Note 15). Remaining grant funds from a 2014 security grant of $38,000 were used in 2015 for security improvements to the Port. In addition, $25,000 of a $100,000 Ohio Department of Natural Resources (ODNR) grant was used in 2015 towards the implementation of a National Pollutant Discharge Elimination System (NPDES) permit from the Ohio Environmental Protection Agency (OEPA) at the CDF 12 sediment processing facility. The permit process is expected to be completed in 2016.

  In 2014, $110,500 in capital grants and contributions were recognized. $90,500 in grant funds were received from the Department of Homeland Security FEMA Grants Program for security enhancements and improvements. The Authority also received a capital contribution of $20,000 from a building tenant toward the installation of a ceiling insulation system for the lower level of the building located at 1100 W. 9th Street.

Net Position

The following chart details the Authority's net position at December 31, 2015 and 2014:

	2015	2014
Total	$ 59,035,479	$ 55,221,099*

*As restated

Total net position increased by $3.8 million in 2015, primarily due to the award of three new capital grants and contributions, coupled with the expenditure of remaining grants funds from previous periods. The operational results of the liner service improved, due to the restructuring of the agreement with Spliethoff. In, 2014, the liner service contributed $5.7 million to the Port's operating loss and this was reduced to $2.8 million in 2015. Traditional maritime revenues remained strong, but were offset by a decline in development finance revenues.

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

The Authority was able to launch an entirely new venture in 2014 with the Cleveland-Europe Express and provide a more sustainable structure with Spliethoff in 2015. While the results of the service are generating operating losses, the improvement in the service bodes well for the future. Traditional revenue sources remain relatively strong and operating expenses are managed appropriately.

Looking ahead to 2016, the Authority restructured its agreement with Spliethoff and will be committing $1.75 million to the service and another $1.0 million in 2017. This allows for twice the number of port calls, while limiting the Port's risk and providing certainty for planning in the future. The capital grants that provide for the purchase of mobile harbor cranes and the installation of a new warehouse should also enhance the liner service operations.

The "core" operations of maritime are forecasted to decrease slightly in 2016, due to certain steel pipe that came to the Port that will likely not return. The decrease is expected to be offset by a strong financing environment for development finance, which is expected to generate over $2 million in revenues in 2016.

As mentioned earlier, the Authority's .13 mill renewal levy was approved by the voters of Cuyahoga County in November of 2013. The levy generates $3 million in tax receipts to the organization through 2018 and is unencumbered and available to fund organizational initiatives.

The Authority will continue to pursue additional funds from other sources, which has the potential to increase nonoperating revenues. This strategy has been successful in the past and is key to funding our capital plans.

In summary, 2016 is expected to be similar to 2015, with a heavy investment in port equipment, building and infrastructure generated from external funds. The Port also plans to take advantage of a favorable interest rate environment and refinance some of its existing debt. Underlying all of our initiatives is a strong Statement of Net Position.

Contacting the Authority's Finance Department

The financial statements are designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about these financial statements or need additional financial information, please contact Chief Financial Officer Brent R. Leslie.

Cleveland-Cuyahoga County Port Authority

Statement of Net Position

December 31, 2015

Assets:	
Current assets:	
Cash and investments	$ 12,401,222
Accounts receivable, less allowance for doubtful accounts of $60,644	722,678
Loan receivable ODOD	101,213
Interest receivable	8,629
Prepaid expenses	215,141
Grants receivable	31,268
Property taxes receivable	3,000,000
Total current assets	16,480,151
Non-current assets:	
Capital assets:	
Construction in progress	1,521,169
Land and land improvements	19,459,708
Buildings, infrastructures, and leasehold improvements	45,099,191
Equipment	2,358,924
Total	68,438,992
Less: accumulated depreciation	(20,900,784)
Net book value of capital assets	47,538,208
Restricted and other assets:	
Restricted cash and investments	8,502,739
Grants and other receivables	461,274
Operating lease receivable	47,398
Net pension asset	36,017
Other	50,730
Total restricted and other assets	9,098,158
Deferred outflow of resources	
Derivative instrument	203,397
Pension	211,329
Total deferred outflow of resources	414,726
Total assets and deferred outflow of resources	73,531,243

(continued)

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

Cleveland-Cuyahoga County Port Authority

Statements of Net Position (continued)

December 31, 2015

Liabilities:	
Current liabilities:	
Accounts payable	$ 599,100
Accrued wages and benefits	149,195
Unearned income	46,382
Current portion of bonds and loans to be repaid by the Authority:	
Cleveland Bulk Terminal Project	180,000
Port Capital Improvements (1999A Bonds)	365,000
Essroc (1997 A Bonds)	130,000
ODOD Logistics Loan	837,384
Total current liabilities	2,307,061
Current liabilities payable from restricted assets:	
Retainage payable	74,034
Accounts payable	450,198
Accrued interest payable	43,748
Total current liabilities payable from restricted assets	567,980
Other liabilities - including amounts relating to restricted assets:	
Net pension liability	946,798
Unearned income	184,692
Long-term bonds and loans, net of current portion and discounts:	
Cleveland Bulk Terminal Project	3,990,000
Port Capital Improvements (1999A Bonds)	998,765
Essroc (1997 A Bonds)	2,269,448
Total other liabilities	8,389,703
Deferred inflow of resources	
Property taxes	3,000,000
Derivative instrument	203,397
Pension	27,623
Total deferred inflow of resources	3,231,020
Total liabilities and deferred inflow of resources	14,495,764
Net position:	
Net investment in capital assets	38,767,611
Restricted for other purposes	8,309,470
Unrestricted	11,958,398
Total net position	$ 59,035,479

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, 2015

Operating revenues:	
Wharfage, dockage, and storage	$ 2,203,035
Liner service	230,361
Property lease and rentals	1,827,636
Financing fee income	1,824,793
Foreign trade zone fees	80,375
Sediment management fees	746,441
Parking revenues	84,877
Contract revenue	54,816
Other	38,956
Total operating revenues	7,091,290
Operating expenses:	
Salaries and benefits	2,345,496
Cost of liner service	3,056,883
Professional services	744,759
Sustainable infrastructure services	380,464
Cost of sediment management operation	412,777
Contractual services	82,383
Facilities lease and maintenance	551,172
Marketing and communications	288,080
Depreciation expense	1,772,993
Office expense	88,868
Other expense	166,884
Total operating expenses	9,890,759
Operating loss	(2,799,469)
Nonoperating revenues (expenses):	
Flats East Bank Project grant revenue	2,692,633
Flats East Bank Project grant expenses	(2,692,633)
Nonoperating grant revenue	28,651
Property tax receipts	3,036,749
Income from investments	272,701
Interest expense	(520,221)
Other expense	(30,300)
Total nonoperating revenues (expenses)	2,787,580
Change in net position before capital grants	(11,889)
Capital grants	3,826,269
Change in net position	3,814,380
Net position – beginning of year, restated	55,221,099
Net position – end of year	$ 59,035,479

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, 2015

Operating activities:	
Receipts from customers	$ 9,375,521
Payments to suppliers for goods and services	(9,409,559)
Payments to employees	(1,759,873)
Payments of employee benefits	(618,710)
Net cash used in operating activities	(2,412,621)
Noncapital financing activities:	
Net proceeds from property tax collections	3,036,749
Cash received from non-capital grants	60,732
Cash deposit for pass-through activity	(142)
Net cash provided by noncapital financing activities	3,097,339
Capital and related financing activities:	
Cash received from capital grants	3,795,001
Proceeds from Ohio Logistics Loan	736,171
Ohio Logistics Loan commitment fee	(30,300)
Principal paid on debt	(645,000)
Interest paid on debt	(516,982)
Acquisition and construction of capital assets	(5,225,699)
Net cash used in capital and related financing activities	(1,886,809)
Investing activities:	
Purchase of investment securities	(8,978,744)
Proceeds from sale and maturity of investment securities	8,944,189
Interest on investments	293,613
Net cash provided by investing activities	259,058
Net decrease in cash and cash equivalents	(943,033)
Cash and cash equivalents – beginning of year	14,589,339
Cash and cash equivalents – end of year	$ 13,646,306

(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, 2015

Reconciliation of operating loss to net cash (used in) provided by operating activities:	
Operating loss	$ (2,799,469)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:	
Depreciation	1,772,993
Changes in assets and liabilities:	
Accounts receivable	2,409,617
Net pension asset	(26,201)
Operating lease receivables	37,307
Prepaid expenses and other assets	87,127
Deferred outflow, pension	(54,812)
Accounts payable	(3,724,416)
Unearned income and other	(162,693)
Accrued wages and benefits	(1,082)
Pension liability	21,385
Deferred inflow, pension	27,623
Net cash used in operating activities	$ (2,412,621)
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	$ 12,401,222
Included in restricted and other assets	8,502,739
Total	20,903,961
Investments included in the balances above that are not cash equivalents	(7,257,655)
Cash and cash equivalents reported in the Statement of Cash Flows	$ 13,646,306
Supplemental schedule of non-cash investing, capital and related financing activities:	
Increase in capital assets due to accounts payable	$ 113,361
Increase in noncapital financing activities due to accounts receivable	$ 7,919

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

Cleveland-Cuyahoga County Port Authority

Statement of Fiduciary Net Position
Fiduciary Funds (in thousands)

December 31, 2015

Assets:		
Cash and cash equivalents	$	158,673
Notes and loans receivable		690,376
Financing lease receivable		820,336
Capital assets, net of accumulated depreciation		334,264
Total assets	$	2,003,649
Liabilities:		
Revenue bonds and notes payable	$	2,003,649

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, 2015

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. 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 to undertake activities to carry out the authorized purposes as defined above.

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

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

Buildings and infrastructures	10-40 years
Land improvements	10-20 years
Leasehold improvements	10-20 years
Equipment	3-10 years

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

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

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

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

Wharfage, Dockage and Storage and Liner Service Revenues– Maritime-related revenues are recognized as they are earned by the Authority, which generally represents the periods to which such charges relate.

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

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

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 - For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension revenue and pension expense, information about the fiduciary net position of the pension plans and additions to and/or deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. The pension system reports investments at fair value.

Note 1: Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the financial statements may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources include a derivative instrument related to the CBT interest rate swap (see Note 10) and a deferred outflow related to pensions (see Note 5).

In addition to liabilities, the financial statements may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources include property taxes, pensions, (see Note 5), and a derivative instrument related to the CBT interest rate swap (see Note 10). Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance fiscal year 2016 operations.

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

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

New Accounting Standards – For the year ended December 31, 2015, the Authority has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68.*

GASB Statement No. 68 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 68 resulted in the inclusion of net pension liability, net pension asset, pension revenue and pension expense components on the full-accrual financial statements. See Note 2 for the effect on net position as previously reported.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Authority.

Note 1: Summary of Significant Accounting Policies (continued)

GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See Note 2 for the effect on net position as previously reported.

Subsequent Events – In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 7, 2016, the date the financial statements were available to be issued.

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

For 2015, the Authority implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

Net Position December 31, 2014	$	55,980,179
Adjustments:		
Net Pension Asset		9,816
Deferred Outflow – Payments Subsequent to Measurement Date		156,517
Net Pension Liability		(925,413)
Restated Net Position December 31, 2014	$	55,221,099

Other than employer contributions subsequent to the measurement date, the Authority made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 3: Deposits and Investments

Deposits – The Authority's depository requirements are governed by state statutes and require that deposits be placed in eligible banks or savings and loans located in Ohio. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value at least equal to the amount of deposits not insured by the Federal Deposit Insurance Corporation. Collateral that may be pledged is limited to obligations of the following entities: the U.S. government and its agencies, the State of Ohio, and any legally constituted taxing subdivision within the State of Ohio.

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, 2015 the carrying amounts of the Authority's deposits were $10,501,803 and the related bank balances were $10,538,260, of which $250,518 was covered by federal depository insurance and $10,287,742 was uninsured and collateralized with securities held by the pledging institutions trust department, not in the Authority's name.

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

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

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policies limit its investment portfolio to maturities of five years or less unless an investment is matched to a specific obligation, which is in accordance with Ohio law. All of the Authority's investments at December 31, 2015 have effective maturity dates of less than five years, with the exception of $495,388, which was deposited with a trustee in 2014 as an additional reserve for the Common Bond Fund (See Note 16).

Note 3: Deposits and Investments (continued)

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Authority's investment policies provide that investments be diversified to reduce the risk of loss from over-concentration in a single issuer, specifying that no more than 50% of the Authority's total investment portfolio will be invested in a single security type, with the exception of obligations of the U.S. Treasury and STAROhio. Approximately $4.4 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, 2015:

	Fair value	Rating*	Less than one year	One to five years	More than five years	Percentage of investments
Money market fund	$ 3,035,972	AAA	$ 3,035,972	$ -	$ -	29.1%
Federated Government Obligations	74,034	AAA	74,034	-	-	0.7%
First American Treasury	4,994	AAA	4,994	-	-	0.1%
Certificates of Deposit	981,696	N/A		981,696		9.4%
Federal National Mortgage Association	1,352,026	AAA	299,636	557,002	495,388	13.0%
Guaranteed Investment Contract	4,363,928	N/A	4,363,928	-	-	42.0%
Federal Home Loan Mortgage Corporation	589,509	AAA	99,866	489,643	-	5.7%
Total	$ 10,402,159		$ 7,878,430	$ 2,028,341	$ 495,388	100.0%

*Moody's Investor Service

Deposits and investments at December 31, 2015 relating to the conduit debt were held by trustees and other third parties and were approximately $158,673,000.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
Capital assets not being depreciated:				
Land and land improvements	$ 19,459,708	$ -	$ -	$ 19,459,708
Construction in progress	50,083	1,521,169	(50,083)	1,521,169
Total capital assets not being depreciated	19,509,791	1,521,169	(50,083)	20,980,877
Capital assets being depreciated:				
Buildings, infrastructures, and leasehold improvements	41,769,506	3,329,685	-	45,099,191
Equipment	1,897,276	513,263	(51,615)	2,358,924
Total capital assets being depreciated	43,666,782	3,842,948	(51,615)	47,458,115
Less accumulated depreciation:				
Buildings, infrastructures, and leasehold improvements	18,227,629	1,624,998	-	19,852,627
Equipment	951,777	147,995	(51,615)	1,048,157
Total accumulated depreciation	19,179,406	1,772,993	(51,615)	20,900,784
Total capital assets being depreciated, net	24,487,376	2,069,955	-	26,557,331
Capital assets, net	$ 43,997,167	$ 3,591,124	$ (50,083)	$ 47,538,208

Note 5: Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions 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 is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

Note 5: Defined Benefit Pension Plans (continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accounts payable on the accrual basis of accounting.

Plan Description – Port Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. All Port Authority employees are members of OPERS. As members, they are provided 180 days from the first day of employment to elect the retirement plan of their choice.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. The member-directed plan does not provide for disability, survivor or death benefits. 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, or by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 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 final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Note 5: Defined Benefit Pension Plans (continued)

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

Final Average Salary (FAS) 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.

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions, for all plans, as follows:

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

Note 5: Defined Benefit Pension Plans (continued)

The Authority's contractually required contributions were $231,996 for 2015. Of this amount, $18,011 is reported as accounts payable.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional	OPERS Combined	Total
Proportionate share of the net pension liability (asset)	$ 946,798	$ (36,017)	$ 910,781
Proportion of the net pension liability (asset)	0.007850%	0.093545%	
Pension expense	$ 102,984	$ 23,624	$ 126,608

At December 31, 2015, 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			
Port contributions subsequent to the measurement date	$ 117,032	$ 41,581	$ 158,613
Net difference between projected and actual earnings on pension plan investments	50,518	2,198	52,716
Total deferred outflow of resources	$ 167,550	$ 43,779	$ 211,329
Deferred inflow of resources			
Differences between expected and actual experience	$ 16,633	$ 10,990	$ 27,623
Total deferred inflow of resources	$ 16,633	$ 10,990	$ 27,623

The $158,613 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Note 5: Defined Benefit Pension Plans (continued)

	OPERS Traditional	OPERS Combined	Total
Fiscal Year Ending December 31:			
2016	4,955	(757)	4,198
2017	4,955	(757)	4,198
2018	11,346	(757)	10,589
2019	12,629	(757)	11,872
2020	-	(1,307)	(1,307)
2021-2024	-	(4,457)	(4,457)
	$ 33,885	$ (8,792)	$ 25,093

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 total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.75 percent	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent	4.25 to 8.05 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	8 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Mortality rates were 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.

The most recent experience study was completed for the five year period ended December 31, 2010.

Note 5: Defined Benefit Pension Plans (continued)

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other Investments	18.00	4.59
Total	100.00	

Discount Rate The discount rate used to measure the total pension liability was 8 percent. 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. 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.

Note 5: Defined Benefit Pension Plans (continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Discount Rate (8%)	1% Increase (9%)
Authority's proportionate share of the net pension liability – Traditional	$ 1,741,837	$ 946,798	$ 277,184
Authority's proportionate share of the net pension liability (asset) – Combined	$ 4,677	$ (36,017)	$ (68,288)

Note 6: Retirement and Post-Employment Benefit Plans

Pension Benefits – As described above, the Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions. Under the Member Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/investments/cafr.shtml, or by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The ORC provides statutory authority for member employer contributions. For 2015 member and employer contribution rates were consistent across all three plans. For the year ended December 31, 2015 the members of all three plans were required to contribute 10% of their annual earnable salary to fund pension obligations. The Authority contributed 14% of earnable salary.

Note 6: Retirement and Post-Employment Benefit Plans (continued)

The Authority's required contributions for pension obligations to the Traditional Pension, Combined and Member-Directed Plans (excluding the amount relating to post-retirement benefits) for the year ended December 31, 2015, was $215,425; 92.2% of the required contributions have been contributed for 2015.

Post-Employment Benefits – OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The ORC permits, but does not require, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/investments/cafr.shtml, or by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The ORC provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, the Authority contributed at a rate of 14% of earnable salary. The ORC currently limits the employer contribution to a rate not to exceed 14% of earnable salary for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. Effective January 1, 2016, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees 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.

Note 6: Retirement and Post-Employment Benefit Plans (continued)

The Authority's contributions for health care to the Traditional and Combined Plans for the year ended December 31, 2015 was $16,571; 92.2% of the required contributions have been contributed for 2015.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

Note 7: Property Taxes

Property taxes received by the Authority represent a special levy of .13 mills to fund the Authority's operations. The tax is levied against all real and public utility property located in Cuyahoga County. The 2014 levy (collected in 2015) was based upon assessed valuations of approximately $27.7 billion.

In November of 2013, the voters of Cuyahoga County approved a renewal of the Authority's .13 mill property tax levy. The levy was effective commencing in 2013 and first due for collection in calendar year 2014, continuing for five years through 2017 for collection in calendar year 2018.

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

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

Note 8: Long-Term Obligations

Changes in the Authority's long-term obligations for the year ended December 31, 2015 are as follows:

	Balance January 1, 2015	Increase	Decrease	Balance December 31, 2015	Due Within One Year
Cleveland Bulk Terminal Project	$ 4,350,000	$ -	$ (180,000)	$ 4,170,000	$ 180,000
Essroc (1997A)	2,515,222	4,226	(120,000)	2,399,448	130,000
Port Improvements (1999A)	1,708,074	691	(345,000)	1,363,765	365,000
Total	$ 8,573,296	$ 4,917	$ (645,000)	$ 7,933,213	$ 675,000

Note 9: Port Improvements (1999A)

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

The bonds outstanding at December 31, 2015 are payable as follows:

Year	Principal	Interest	Total
2016	365,000	68,531	433,531
2017	385,000	48,644	433,644
2018	405,000	27,681	432,681
2019	210,000	5,644	215,644
Total payments	1,365,000	$ 150,500	$ 1,515,500
Unamortized original issue discount	(1,235)		
Total	$ 1,363,765		

The debt service on the Series 1999A Bonds is paid by the Authority directly to the Bond Fund trustee.

See Note 26 regarding the refinancing of this debt as a subsequent event. The Series 2016B Bonds will refinance the Series 1999A Bonds.

Note 10: Cleveland Bulk Terminal

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

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

Note 10: Cleveland Bulk Terminal (continued)

In 2001, the Authority issued $5,765,000 of Refunding Revenue Bonds, Series 2001, to advance refund the bonds that were issued to acquire the facility. On March 1, 2007, the Authority issued $5,470,000 in Multi-Mode Variable Rate Refunding Revenue Bonds, Series 2007 (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 Series 2007 Bonds are tax-exempt, whereas the 2001 Bonds were taxable, as those proceeds were to defease bonds issued in 1997 used to acquire the CBT. The Bonds are secured by an irrevocable direct pay letter of credit, which expires on March 16, 2017, with a local financial institution. No gain or loss was recognized as the $5,470,000 tax-exempt bonds equaled the amount outstanding on the Series 2001 Refunding Bonds at the time of issuance.

The Refunding Bonds are payable in quarterly installments through 2031 and are not general obligations of, and are not secured by, the full faith and credit of the Authority. The repayment terms of the Refunding Bonds enable the holders of the bonds to demand payment prior to maturity under certain circumstances. As a result, the Authority has executed a remarketing agreement and a letter of credit with a financial institution, which requires the financial institution to use its best efforts to resell any portion of the bonds presented for payment prior to their scheduled maturity.

The letter of credit which expires on March 16, 2017, provides assurance that funds will be available through the financial institution to redeem any nonmarketable bonds prior to their maturity. The letter of credit has a covenant that the Authority meets an annual Global Fixed Charge Coverage Ratio of 1.05 or greater. In 2014, the Authority did not meet this calculation and a waiver of this covenant was received on May 06, 2015.

The Authority receives rental payments from its tenant and operator under the Lease and Operating Agreement (the "Lease") of the Cleveland Bulk Terminals, which helps pay a portion of the principal and interest due on the Refunding Bonds. The original Lease was entered into in March of 1997 and was extended through 2017 in December of 2002. The Lease is between ONTI and the Authority. In addition, an Operating Agreement was entered into with ONTI on December 16, 2002 with respect to an ore handling facility utilized in the handling of bulk materials on that site.

In addition, ONC, the parent company of ONTI, entered into a Guaranty Agreement to guarantee the base rent under the Lease which was extended on December 16, 2002. Under the Guaranty Agreement, ONC guaranteed the payments of what was defined as Base Rent and Additional Rent under the Lease. The Lease (and subsequent amendments) also defines Additional Rent, which is a charge inbound ton that is handled at the facility.

In November of 2007, the shareholders' of ONC approved the company's acquisition by Carmeuse North America, a subsidiary of Europe's Carmeuse Group. The Guaranty Agreement mentioned above was assumed by Carmeuse North America as part of the transaction.

Note 10: Cleveland Bulk Terminal (continued)

Interest Rate Swap – The Refunding Bonds bear interest at a variable rate as determined by a remarketing agent based upon current transactions in comparable securities that enable the agent to remarket the notes at par. The interest rate on the Refunding Bonds was 0.28% on December 31, 2015. Interest rate exchange agreements (swaps) are used to limit the Authority's interest rate exposure on the Refunding Bonds. The swaps provide for interest to be received based on notional amounts at variable rates and for interest to be paid on the same notional amounts at fixed rates. The fixed interest rates do not change over the life of the agreements, one of which expired in fiscal year 2007 and the other remains in place until 2017.

The objectives and terms of the Authority's hedging derivative outstanding at the end of the period are summarized below:

Type	Objective		Amount	Trade Date	Termination Date	Terms
Pay-fixed Interest Rate Swap	Hedge interest rate risk on Multi-Mode Variable Rate Demand bonds, Series 2007	$	4,155,000	3/1/07	3/2/17	Pay 4.83% Received 67% of 1-month LIBOR

The variable rates are reset every quarter, are based on LIBOR, and are settled with the counterparties to the swaps at that time. These swap agreements are not used for trading purposes and effectively change the base interest rate exposure on the Refunding Bonds to a fixed rate of 5.81%, through March 1, 2007 and a fixed rate of 4.83% thereafter through March 2, 2017.

Fair Value – The fair value of the interest rate swap was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

	Classification		Amount	Classification		Amount		Notional
Cash flow hedge; Pay-fixed interest rate swap	Deferred outflow	$	(177,342)	Debt	$	(203,397)	$	4,155,000

The interest rate swap is subject to the following risks:

Interest Rate Risk – The Authority is exposed to interest rate risk. On the pay-fixed, receive-variable cash flow hedge that is hedging interest rates on a Multi-Mode Variable Rate Refunding Revenue Bonds, Series 2007, as LIBOR decreases, the Authority's net payment on the swap increases.

Note 10: Cleveland Bulk Terminal (continued)

Credit Risk – The Authority is exposed to credit risk in the amount of the derivative's fair value. When the fair value of any swap has a positive market value, then the Authority is exposed to the actual risk that the counterparty will not fulfill its obligations. As of December 31, 2015, the Authority had no net exposure to actual credit risk on its hedging derivative as the swap is a liability to the Authority. The counterparty under the swap is Key Bank, NA. As of December 31, 2015, the counterparty had ratings of A3/A-/A- from Moody's, Standard & Poor's and Fitch, respectively. To mitigate the potential for credit risk, if the counterparty's credit qualify falls below BBB- as issued by Fitch Ratings or Standard & Poor's or Baa3 as issued by Moody's, it will collateralize the swap liability to the Authority with securities, consisting of obligations of the U.S. government, mortgage participation certificates of the FHMC or the FNMA, or such other securities as the parties mutually agree to. Collateral would be deposited with a third-party custodian.

Basis Risk – The Authority is exposed to basis risk when the variable interest received on a swap is based on a different index than the variable interest rate to be paid on the hedged item. At December 31, 2015, the variable rates on the hedge item and the derivative were not equal, thereby causing basis risk to be realized by the Authority. Because the hedge item rates are set in a tax-exempt market and the receipts on hedge are calculated based on a percentage of a taxable rate, it is expected that basis risk will continue throughout the term of the derivative.

Termination Risk – The derivative contract used the International Swap Dealers Association Master Agreement (Master Agreement), which includes standard termination events, such as failure to pay and bankruptcy. The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap were terminated, the variable rate bond would no longer carry a synthetic interest rate. In addition, if at the time of the termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk – The Authority is exposed to rollover risk on any swap that matures or may be terminated prior to the maturity of the hedged item. The hedged item is currently structured to mature in 2031 and the swap is scheduled to mature in 2017, thereby subjecting the Authority to rollover risk should the Authority decide that it wishes to hedge its interest rate exposure at that time.

Note 10: Cleveland Bulk Terminal (continued)

The bonds outstanding at December 31, 2015, are payable as follows (assuming that the interest rate is able to be fixed at 4.83% after the expiration of the existing swaps in 2017):

Year	Principal	Interest	Total
2016	180,000	197,471	377,471
2017	200,000	192,059	392,059
2018	200,000	178,841	378,841
2019	220,000	168,605	388,605
2020	220,000	158,240	378,240
2021 – 2025	1,300,000	618,021	1,918,021
2026 – 2030	1,660,000	264,152	1,924,152
2031	190,000	3,382	193,382
Total payments	$ 4,170,000	$ 1,780,770	$ 5,950,770

The Lease provides for base rental payments along with certain additional rentals dependent upon the annual tonnage of freight handled at the facility. The future base rental payments required under the agreement, which is accounted for as an operating lease, are as follows:

Year	Amount
2016	282,783
2017	60,814
Total	$ 343,597

During 2015, the Authority recorded $378,782 of rental income (on a straight-line basis) under the Lease. In addition, the cost and carrying amount of the Authority's property subject to this Lease was $13.8 million and $10.6 million, respectively at December 31, 2015.

Note 11: Essroc Project (1997A 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.

Debt service under the bonds is being paid primarily from the rental payments made to the Bond Fund trustee by Essroc Cement Corp. (Essroc) in connection with a Ground Lease and Operating Agreement (Lease), pursuant to which Essroc leases 6.45 acres of certain real property and bulkheading located on Dock 20 from the Authority. Rental payments are broken into two components: 1) a Land Rental, which was $106,800 at the inception of the lease and is subject to an annual CPI increase and 2) an Improvement Rental, which equals the annual debt service on the 1997 A bonds, plus a small administrative charge. The Lease also contains a provision for wharfage and dockage fees if tonnage exceeds 100,000 tons in a given Lease year.

Note 11: Essroc Project (1997A Bonds) (continued)

The bonds outstanding at December 31, 2015 are payable as follows:

Year	Principal	Interest	Total
2016	$ 130,000	$ 138,746	$ 268,746
2017	140,000	131,128	271,128
2018	145,000	123,078	268,078
2019	155,000	114,596	269,596
2020	165,000	105,540	270,540
2021 – 2025	965,000	372,505	1,337,505
2026 – 2027	730,000	53,505	783,505
Total payments	2,430,000	$ 1,039,098	$ 3,469,098
Unamortized original issue discount	(30,552)		
Total	$ 2,399,448		

As additional security, the Authority has agreed that the amount of "Available Moneys" (as defined in the Series 1997A Bonds) which can be used for the payment of principal and interest on the bonds due in any year will be at least 1.2 times the amount of such principal and interest. 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 1997A Bonds.

The Series 1997A Bonds are subject to redemption prior to maturity by the Authority.

The property at Dock 20 had a cost and carrying amount of $3.5 million and $1.7 million, respectively, at December 31, 2015.

In March of 2011, the Authority amended the Ground Lease and Operating Agreement with Essroc. Under the terms of the amendment, 3.07 of the total 6.45 acres included in the original Lease was no longer utilized by Essroc and was made available for alternative uses, effective August 1, 2011. In exchange for removing the acreage from the Lease, Essroc's annual Ground Lease Rental was reduced by 30%. The Improvement Rental, which pays principal and interest on the 1997A bonds issued by the Authority, remains unchanged.

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

Year	Amount
2016	$ 365,290
2017	366,390
2018	363,728
2019	364,754
2021	365,171
2021 – 2025	1,802,733
2026 – 2027	569,253
Total	$ 4,197,319

Note 11: Essroc Project (1997A Bonds) (continued)

The Authority recorded $263,509 of rental income (on a straight-line basis) under the Improvement Rental per the Ground Lease and Operating Agreement for the year ended December 31, 2015. The Authority recognized additional rental income attributable to the Land Rental portion of the Ground Lease and Operating Agreement of $106,568 the year December 31, 2015.

See Note 26 regarding the refinancing of this debt as a subsequent event. The Series 2016A Bonds will refinance the Series 1997A Bonds.

Note 12: 1100 West 9th Street

In August of 2011, the Authority purchased an approximately 24,000 square foot building located at 1100 West 9th Street in downtown Cleveland, Ohio for $3,050,000. Pursuant to the terms of one of the tenant's leases, the Authority sent a notice of termination effective May 31, 2013 for one floor of the office building, to which the Authority relocated its administrative offices in September of 2013. The building is fully-leased, with different financial terms, lease expirations, and renewal options for all of the tenants.

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

Year		Amount
2016	$	209,259
2017		209,259
2018		137,264
2019		68,694
2020		30,000
2021		10,000
Total	$	664,476

The Authority recorded $207,082 of rental income (on a straight-line basis) under the various leases for the year ended December 31, 2015. As defined in tenant lease agreements the Authority is entitled to collect additional rent, both as a proportion of certain increases in tenant revenues and to cover increases in the operating costs of the building. These additional rents are subject to various caps and base years. The Authority recorded $19,048 in additional rent related to increased tenant revenue and $34,765 in additional rent based on increased operational cost in 2015.

In addition, the cost and carrying amount of the Authority's property subject to this Lease was $4.3 million and $4.0 million, respectively.

Note 13: Other Leases

Authority as Lessee

City of Cleveland

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

Also on October 1, 2012, a cooperative agreement between the City and the Authority was executed. This agreement assigns certain navigation, harbor and maritime duties, and enforcement responsibilities to the Authority. The agreement further provides annual rent abatement on the remaining dock rental of $250,000 provided these duties are performed. These services were fully performed by the Authority and full rent abatement was realized for 2015 and no rental expense was recognized.

Authority as Lessor

General Cargo Docks (22-26)

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

The Agreement, effective April 1, 2014 through March 31, 2015, had a base rental of $397,880 per year and a Tonnage Assessment Schedule with the following rates: $0.125 per ton on the first 100,000 tons; $0.25 per ton on tons between 100,001 and 200,000, and $0.725 per ton above 200,001 tons.

The Agreement, effective April 1, 2015 through March 31, 2016, had a base rental of $420,000 per year and a Tonnage Assessment Schedule with the following rates: $0.15 per ton on the first 100,000 tons; $0.25 per ton on tons between 101,001 and 200,000; $0.75 per ton on tons between 200,001 and 350,000; $0.85 on tons between 350,001 and 500,000; and $1.00 per ton above 500,001 tons.

Effective October 1, 2012, the Authority reduced the Terminal Operators annual lease due to a reduction in space made available to them. The space was required to house parties under contract with the Authority to provide rail switching services. The rail switching services agreement has a base rent of $12,000 annually.

The Authority recognized $414,470 in base rental income from the Lease Agreements for the year ended December 31, 2014. The Authority also recognized $291,797 in 2015 in income associated with the Tonnage Assessment Schedule.

Note 13: Other Leases (continued)

In total, the Authority recognized $706,267 in rental income from property leased or subleased to the Terminal Operator for the year ended December 31, 2015. The future fixed rental the Authority is scheduled to receive under the most recent Lease Agreements, via the Master Fixed Rental and Tonnage Assessment Schedule, total $108,867, all of which are due in 2016.

Dock 20

The Authority entered into a one-year Operating Agreements on April 1, 2014, for approximately 5.5 acres of property commonly referred to as Dock 20 located north of the property leased to Essroc. The terms of the Agreement was for one-year, with no renewal option and a base rental of $149,205.

On February 20, 2015, in accordance with the Lease Agreement, the tenant notified the Authority of its intent to terminate the Operating Agreement and vacate the premises effective August 31, 2015. On April 1, 2015, the Authority entered into a five-month Operating Agreement with the tenant with the same economic terms as the 2014 Operating Agreement. The terms of the Agreement provided an option for early termination which was exercised by the tenant on April 30, 2015.

The Authority recorded $49,735 in rental income from the Dock 20 Operating Agreement 2015.

Dock 22

On September 1, 2014, the Authority entered into a Lease Agreement with C-Port for the use of Dock 22 to handle cargo operations related to the CEE at the Port of Cleveland. The Agreement, effective September 1, 2014 through March 31, 2015, had a base rental of $100 per month.

On April 1, 2015, the Authority entered into a new Agreement from April 1, 2015 through December 31, 2015, on substantially the same economic terms as the prior Agreement. Again on January 1, 2016, the Authority entered into a Lease Agreement with C-Port for the use of Dock 22. The Agreement, effective January 1, 2016 through December 31, 2016, had an annual base rental of $100,000 per year; $100.00 per month for the first three months of the Agreement and $11,078 per month for the remainder of 2016.

Parking

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

Note 13: Other Leases (continued)

In 2014, the Operating Agreement between the Authority and the Browns was amended. As a result of increased operational needs, certain parking spaces previously available for game-day parking were no longer available. Parking capacity was reduced by approximately 16.5%, resulting in a prorated parking fee of $187,500 for the 2014 season.

In 2015, the Operating Agreement between the Authority and the Browns was amended. As a result of increased operational needs, certain parking spaces previously available for game-day parking were no longer available. Parking capacity was reduced by approximately 87%, resulting in a prorated parking fee of $25,000 for the 2015 season.

The Authority also has agreements with a private parking operator for parking operations other than those associated with Cleveland Browns games.

In 2015 the Authority recognized $84,877 in parking revenues, $25,000 of which related to the operating agreement with the Browns.

Note 14: Risk Management

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

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

Note 15: Capital and Operating Grant and Contribution Activity

The Authority received a grant of $74,250 from the Department of Homeland Security in 2014 which had a required match of $24,750. The grant was to be used for security improvements to the Port and approximately $38,000 of the federal grant funds were expended in 2015 to improve fencing security at the Port. The remaining funds are expected to be used in 2016 for additional security improvements.

The Authority received two grants in 2014 from the State of Ohio through the Ohio Healthy Lake Erie Fund totaling $2,650,000. The grants are administered by the ODNR and are in the amounts of $1,450,000 to be used for implementing a sediment processing center on CDF 12 and $1,200,000 for implementing a bed load sediment interception and harvesting project. Grant revenue was recognized with respect to these grants in the 2015 financial statements as grant funds were expended during the 2015 fiscal year.

Note 15: Capital and Operating Grant and Contribution Activity (continued)

In 2015, the Authority accepted a $4,900,000 federal CMAQ grant for the purchase of two mobile harbor cranes of which approximately $1,100,000 was recognized in 2015. The grant requires an 80% match for which the Authority has secured a forgivable LDS loan through the State of Ohio to serve as the matching funds (see Note 25). The remaining grant funds are expected to be recognized in 2016 as the cranes become operational.

Note 16: No-Commitment Debt

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

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

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

The 1997A and 1999A bonds issued through the Program are reflected on the Authority's Statement of Net Position as the Authority is ultimately liable for both bond issuances. Additionally, approximately $7.4 million (Program Development Fund, Program Reserve Fund, and the OMA funds) in restricted cash and investments are also shown on the Authority's Statement of Net Position, which primarily represents the Authority's initial investment in the Program and associated interest earnings and funds received from OMA.

Additionally, in 2004, the Authority's Board of Directors established an Auxiliary Reserve which could be utilized in the event of a default. The Auxiliary Reserve is Board-restricted and is not part of the Trust Indenture that governs the Program. In December of 2013, in order to enhance the Program's financial strength, the Board approved a resolution to implement the 35th Supplemental Indenture to the Common Bond Fund Program, effective January 1, 2014. In this resolution, the Board of Directors authorized that the $547,781 balance in the Auxiliary Reserve be deposited into the Program Reserve with the Common Bond Fund's trustee; as an additional reserve. This reserve is available as a Common Bond Fund Reserve as of January 2014 when it was received by the Common Bond Fund's trustee and is reflected in the reserve balances as of December 31, 2015.

Note 16: No-Commitment Debt (continued)

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

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

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

The primary reserve deposits, which totaled $8.7 million at December 31, 2015, 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 OMA, at December 31, 2015 were composed of a $7.4 million cash reserve and a $9 million irrevocable, nonrecourse letter of credit from a financial institution, which expires on December 1, 2018, and is subject to an annual renewal after that time.

The issuances through the Common Bond Fund Program are reflected in the Statement of Fiduciary Net Position, with the exception of the 1997A and 1999A bonds.

As noted above, the Authority executed the 35th Supplemental Indenture to the Program, effective January 1, 2014. The 35th Supplemental Indenture modifies the Program Development Fund with respect to the way that administrative amount's consisting of the Authority's annual administrative fees are handled for 2014 and on a go-forward basis. Fees will be routed to the Program Development Fund to the Common Bond Fund trustee and held until December 1 each year. Fees will be released to the Authority on December 1 of each year if: (1) the aggregate amount on deposit in the Primary Reserve Fund and Program Reserve Fund is at least 25% of the then outstanding principal amount of bonds; (2) the Authority is in compliance with its agreements and obligations under the Trust, Indenture; and (3) the amount of any such transfer is to be reduced by an amount equal to the then amount of any deficiency in the Primary Reserve Fund.

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

Note 16: No-Commitment Debt (continued)

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

The Authority acts as an agent for the Bond Fund and certain Stand Alone Financing obligations, and as such the related assets and liabilities to the extent of asset balances are reported in the Statement of Fiduciary Net Position. The aggregate amount of outstanding debt for the Bond Fund was $63,410,000 (excluding the 1997A and 1999A bonds that are obligations of the Authority) and Stand Alone Financing Obligations were $1,940,238,743 as of December 31, 2015.

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

Note 17: New Market Tax Credit Program

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

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

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

As a result of the previous transactions undertaken by NEODF, the Authority could receive as much as $697,500 in 2016, $387,000 in 2018 and $45,000 in 2019, should the conditions described above be met.

Note 17: New Market Tax Credit Program (continued)

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

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

Note 18: Contingencies

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

In 2015, the Port Authority intervened in federal litigation brought by the State of Ohio to force the USACE to fully dredge the Cuyahoga River component of Cleveland Harbor and dispose of that dredged material in upland locations. USACE in 2015 had announced that it intended to dispose of material in the open lake, and if the State of Ohio did not permit that disposal method, it would not dredge portions of the River unless a non-federal sponsor paid the cost differential. Judge Nugent entered an order enjoining the USACE to dredge at federal expense, which it did, and ordering the State of Ohio to hold funds available should the State not prevail after a decision on the merits. The Port intervened with the goal of reaching a long term solution for maintaining navigation in Cleveland Harbor and eliminating future federal threats to not dredge. No date has been set for briefing on the merits of the 2015 actions, and plans for dredging in 2016 and beyond remains unresolved.

Note 19: City of Garfield Heights/CityView Center Project

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

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

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

Note 19: City of Garfield Heights/CityView Center Project (continued)

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

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

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

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

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

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

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

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

As a result of the delinquencies in both PILOTS and Special Assessments, and the refunds paid by the Treasurer, all as described above, the City certified that Special Assessments of $480,000 were required to be placed on the 2015 tax duplicate for collection in 2016. The Special Assessment coupled with PILOTS were expected to be sufficient to pay debt service on the bonds in 2016. To date in 2016 approximately $721,368 has been collected towards the 2016 principal and interest payments on the bonds.

Note 19: City of Garfield Heights/CityView Center Project (continued)

See Note 26 regarding the refinancing of this debt as a subsequent event. The Series 2016D Bonds will refinance the Series 2004D Bonds and will retain the same collateral.

Note 20: ODOT Euclid Facility Project

In April of 2012, the Authority entered into a Purchase Agreement and Easement Agreement with ODOT to finance and construct a maintenance garage in Euclid, Ohio. Upon completion in the fourth quarter of 2013, ODOT purchased the facility from the Authority under the terms outlined in the Purchase Agreement. The Authority was reimbursed for its costs of construction plus a development fee per the Purchase Agreement. The Authority recognized the revenue and expenses for the project using the percentage of completion method of accounting. As of December 31, 2013 the Authority had recognized contract revenues and expenses of $7,573,801 and $7,038,471 respectively. At December 31, 2014 and 2015, $74,033 remains in escrow pending the resolution of some outstanding items. Contract revenue of $54,816 was recognized in 2015 with an associated expense of $82,383 for building improvements made to the facility as a result of change orders approved by the Authority's Board in 2015.

Note 21: Flats East Bank Project

The Authority, in collaboration with the City of Cleveland, Cuyahoga County, the State of Ohio, the Northeast Ohio Regional Sewer District, the Cleveland Municipal School District, Greater Cleveland Partnership, Cleveland Public Power (CPP), and others have been working for the past several years with Scott Wolstein, through the Flats East Development LLC (the "Developer"), on a major redevelopment project in the City of Cleveland known as the Flats East Bank Project (the "Project").

Additionally, the City of Cleveland, the Authority and the Developer negotiated, executed, and amended a Project Development Agreement (the "Development Agreement"), which fully sets forth the details of the Project and its construction, the financing for the public infrastructure and certain other Project improvements, as well as other Project requirements.

Financing for the first phase of the Project, including the bonds issued by the Authority, occurred in 2010. The bonds issued in 2010 provided partial funding for the first phase of the Project and involved, in total, approximately $275 million in funding and equity, including a Common Bond Fund issuance and issuance of Stand Alone bonds.

Financing for the second phase of the Project, including the bonds issued by the Authority, occurred in 2014. The bonds issued in 2014 provided partial funding for the second phase of the Project and involved, in total, approximately $147 million in funding and equity, including a Bond Fund issuance and issuance of Stand Alone bonds.

Note 21: Flats East Bank Project (continued)

The Authority accepted various grants on behalf of the Developer to facilitate in the completion of the Project. The Development Agreement stipulates that the Developer is responsible for providing funding of the local match required for the grants.

In January, 2012 the Ohio Department of Transportation awarded the Authority two Federal Highway Administration grants for improvements to be made on the Project. Grant funds in the amount of approximately $3.6 million were awarded for the design and improvement of bulkheading on the Project. Grant funds of approximately $1.7 million were awarded for the design and construction of a riverwalk on the Project. The match for both of the grants is 20% and is provided from the funds of the Developer. The bulkhead project was completed in the second quarter of 2013. The riverwalk project was completed during the third quarter of 2015.

As part of the Development Agreement, the City of Cleveland agreed to contribute funds from the budget of CPP to assist with infrastructure improvements to the Project. The City of Cleveland requested that the Authority undertake this portion of the Project on behalf of CPP. The Authority was instructed to submit requests to CPP for reimbursement of infrastructure improvement costs on behalf of the Developer and then to remit those funds back to the Developer as a reimbursement of their costs. CPP funds provided to the Authority and subsequently passed through to the Developer during 2015 for infrastructure improvements to the Project totaled $1,079,497.

Note 22: 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").

Note 22: University Square 2001 Revenue Bonds (continued)

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 "Service Payments") 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 Service Payments 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 Service Payments are insufficient to cover the debt service and administrative expenses on the Bonds (the "Special Assessments", and together with the Service Payments, 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 Authority, 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 Service Payments and Special Assessments when due on July 26, 2013. The Developer sold the Shopping Center at auction on October 10, 2013 to University Heights Holding 4, LLC (the “Owner”), at a purchase price of $175,000.

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

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

The Owner’s continued failure to make such Service Payments 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.

Note 22: University Square 2001 Revenue Bonds (continued)

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

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

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

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

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

Note 22: University Square 2001 Revenue Bonds (continued)

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

Note 23: Cleveland Christian Home 2002C Bonds

The Authority issued its $5,130,000 Bond Fund Program Development Revenue Bonds, Series 2002C (Cleveland Christian Home Incorporated Project) (the "Series 2002C Bonds") on August 7, 2002.

On November 15, 2013, the Authority authorized the Trustee to make an unscheduled draw on the Primary Reserve Fund for the Series 2002C Bonds in the amount of $215,655. The unscheduled draw was authorized for the purpose of paying the November 15, 2013 principal and interest payments due on the Series 2002C Bonds. An EMMA disclosure was made to the bond market regarding this draw.

On April 11, 2014, the Cleveland Christian Home (CCH) completed the sale of a non-essential piece of real property. The $90,934 in proceeds from the property sale were forwarded to a Collateral Fund Reserve, held at the Trustee, to be utilized to pay debt service for the Bonds.

On May 15, 2014, the Authority authorized the Trustee to make an unscheduled draw in the amount of $90,934 and $126,571 on the Collateral Fund Reserve and Primary Reserve Fund, respectively, for the Series 2002C Bonds. The unscheduled draw was authorized for the purpose of paying the May 15, 2014 principal and interest payments due. An EMMA disclosure was made to the bond market regarding this draw.

CCH made a payment of $350,000 to the Trustee in October of 2014 which was used for the November 15, 2014 principal and interest payment on the bonds and to partially replenish prior draws on the Primary Reserve Fund.

On November 15, 2015, the Authority authorized the Trustee to make an unscheduled draw in the amount of $110,857 on the Primary Reserve Fund for the purpose of paying the November 15, 2015 principal and interest payments due on the Series 2002C Bonds. An EMMA disclosure was made to the bond market regarding this draw.

The unscheduled draws were necessary because CCH failed to make timely payments to the Trustee under the Loan Agreement between the Authority and CCH and the corresponding Note executed by CCH. The obligations of CCH under the Loan Agreement and Note are secured by a Mortgage on real property owned by CCH.

After the November 15, 2015 draw, the balance of the Primary Reserve Fund as of December 31, 2015 was approximately $198,350.

Note 23: Cleveland Christian Home 2002C Bonds (continued)

On May 16, 2016, the Authority authorized the Trustee to make an unscheduled draw in the amount of $178,322 on the Primary Reserve Fund for the purpose of paying the May 15, 2016 principal and interest payments due on the Series 2002C Bonds. An EMMA disclosure was made to the bond market regarding this draw. After the May 16, 2016 draw, the balance of the Primary Reserve Fund was approximately $20,129.

Note 24: Cleveland-Europe Express Liner Service

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

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

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

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

Note 24: Cleveland-Europe Express Liner Service (continued)

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

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

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

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

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

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

Note 24: Cleveland-Europe Express Liner Service (continued)

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

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

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

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

Note 25: Development Services Agency Logistics and Distribution Stimulus Loan

In 2015, the Authority was awarded and the Board of Directors approved a $3.0 million forgivable LDS Loan which is administered through the State of Ohio's Development Services Agency. The LDS Loan is being used as the matching contribution for the CMAQ grant (see Note 15), to construct a warehouse on the Port and to purchase capital equipment. The LDS Loan is expected to be forgiven in 2016 when the job creation requirements and other conditions of Loan forgiveness are met.

The LDS Loan accrues interest at an annual rate of 1% commencing on the day of disbursement and continuing until the LDS Loan is paid or forgiven. Interest expense of $613 was recognized in 2015 as a result of accrued interest on disbursements made as of December 31, 2015. This interest is expected to be forgiven in 2016 when the terms of forgiveness are met on the LDS Loan. A loan payable in the amount of $837,384 is outstanding as of December 31, 2015 due to disbursements made to the Authority.

Note 26: Subsequent Events

Tax-Exempt Refinancing of Debt - On May 11, 2016, the Authority took advantage of the low interest rate environment and refinanced the 1997A Essroc and 1999A Port Authority bonds. The refinancing of the bonds is expected to provide interest rate savings to the Port for the remainder of the term that the debt is outstanding. The maturity dates of the bonds remain the same for each of the issuances. As part of the same refinancing transaction the Authority refinanced the 2004D Garfield Heights and 2005B Fairmount Montessori Common Bond Fund bond issuances. The refinancing for the 2004D and 2005B issuances was done to take advantage of lower interest rate costs and no maturity dates were extended as a result of that refinancing. All four of the aforementioned refinancings were issued through the Authority's Bond Fund.

Ohio Healthy Lake Erie Grant Funds – In April of 2016, the Authority received notification it had been awarded, and the Board of Directors approved, a $1 million State of Ohio Healthy Lake Erie Grant to support the capital costs associated with preparing CDF 12 for 2016 operations.

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 Two Years (1)

	2014	2013
Port Authority's proportion of the net pension liability	0.00785%	0.00785%
Port Authority's proportionate share of the net pension liability	$ 946,798	$ 925,413
Port Authority's covered-employee payroll	$ 1,129,574	$ 1,090,033
Port Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.82%	84.90%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	n/a

(1) Information prior to 2013 is not available.

Cleveland-Cuyahoga County Port Authority

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

For the Last Two Years (1)

	2014	2013
Port Authority's proportion of the net pension asset	0.093545%	0.093545%
Port Authority's proportionate share of the net pension asset	$ 36,017	$ 9,816
Port Authority's covered-employee payroll	$ 388,993	$ 375,377
Port Authority's proportionate share of the net pension asset as a percentage of its covered-employee payroll	9.26%	2.61%
Plan fiduciary net position as a percentage of the total pension asset	114.83%	n/a

(1) Information prior to 2013 is not available.

Cleveland-Cuyahoga County Port Authority

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

For The Last Ten Years

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

	2010	2009	2008	2007	2006
Contractually-required contribution	$ 107,547	$ 190,566	$ 156,450	$ 151,274	$ 139,687
Contributions in relation to the contractually-required contribution	(107,547)	(190,566)	(156,450)	(151,274)	(139,687)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,193,971	$ 2,241,957	$ 2,235,003	$ 1,811,670	$ 1,518,340
Contributions as a percentage of covered-employee payroll	9.00%	8.50%	7.00%	8.35%	9.20%

Cleveland-Cuyahoga County Port Authority

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

For The Last Ten Years

	2015	2014	2013	2012	2011
Contractually-required contribution	$ 47,305	$ 46,679	$ 48,799	$ 48,779	$ 46,572
Contributions in relation to the contractually-required contribution	(47,305)	(46,679)	(48,799)	(48,779)	(46,572)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 394,208	$ 388,993	$ 375,377	$ 487,794	$ 465,725
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	10.00%	10.00%

	2010	2009	2008	2007	2006
Contractually-required contribution	$ 37,005	$ 65,626	$ 53,877	$ 52,095	$ 48,104
Contributions in relation to the contractually-required contribution	(37,005)	(65,626)	(53,877)	(52,095)	(48,104)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 411,170	$ 772,067	$ 769,672	$ 623,888	$ 522,874
Contributions as a percentage of covered-employee payroll	9.00%	8.50%	7.00%	8.35%	9.20%

Cleveland-Cuyahoga County Port Authority

Common Bond Funds

December 31, 2015

The following are the approximate balances held and the principal amount of outstanding Common Bond Fund bonds as of December 31, 2015:

SERIES	Contracting Party	Original Bond Amount	Outstanding Principal Balance	Required Primary Reserve Balance	Final Maturity
1997A	Essroc /Port Authority (1)	$ 3,795,000	$ 2,430,000	$ 366,641	5/15/27
1999A	Port Authority (1)	5,230,000	1,365,000	520,385	5/15/19
2001A	Council for Economic Opportunities in Greater Cleveland	4,440,000	230,000	444,000	5/15/16
2002C	Cleveland Christian Home, Inc. (5)	5,130,000	2,655,000	513,000	5/15/22
2004A	Luigino's, Inc. (4)	5,000,000	-	-	5/18/15
2004C	Tru-Fab Technology, Inc.	1,060,000	615,000	106,000	11/15/23
2004D	City of Garfield Heights (7)	8,850,000	4,910,000	885,000	5/15/23
2005B	Fairmount Montessori Associates	3,375,000	2,285,000	337,500	5/15/25
2005C	Avery Dennison Corp. (4)	6,000,000	-	-	5/22/15
2005D	Columbia National Group, Inc. (4)	6,020,000	-	-	5/15/20
2006A	Cavaliers Practice Facility	9,500,000	6,755,000	950,000	5/15/26
2008A	Brush Wellman, Inc.	5,155,000	3,525,000	515,500	5/15/23
2009A	Eaton World Headquarters	2,000,000	1,555,000	200,000	11/15/20
2010A	City of Cleveland - Forest Bay Tower (8)	2,520,000	2,365,000	252,000	5/15/34
2010B	Flats East Development	8,800,000	8,630,000	880,000	5/15/40
2011A	University Circle Marriott	2,000,000	1,870,000	200,000	11/15/45
2013A	OMNOVA Solutions	7,500,000	7,325,000	750,000	11/15/33
2014A	Flats Phase II	7,000,000	6,945,000	700,000	11/15/40
2014B	Shoppes at Parma (9)	10,000,000	10,000,000	1,000,000	11/15/43
2014C	OneCommunity (6)	9,305,000	-	-	11/15/26
2014D	Babcock & Wilcox	4,500,000	3,745,000	450,000	11/15/19
	Total	$ 117,180,000	$ 67,205,000	$ 9,070,026	

Summary of Reserves:	
Primary Reserve Funds	$ 9,070,026
LESS: Draw on CCH Primary Reserve (5)	(315,215)
Program Development Fund (2,3)	437,900
Program Reserve (3)	4,547,796
Program Reserve - Ohio Manufacturers Association (3)	2,483,350
Program Reserve LOC	9,000,000
Total Reserve Funds	$ 25,223,857
Total Reserves/Outstanding Bonds	37.53%

(1) Assets and liabilities associated with these issuances are reflected on the Authority's Statement of Net Position.
(2) One-half 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) Bonds were redeemed in 2015.
(5) CCH had to draw on the Primary Reserve Fund in the amount of $215,655 to make the 11/15/13 debt service payment and $126,571 to make the 5/15/14 debt service payment on the bonds. CCH made a $350,000 payment on 10/30/14 which was used for the 11/15/14 debt service payment of $214,224 and the balance of $135,776 was applied to the Primary Reserve Fund. CCH drew on the Primary Reserve Fund in the amount of $108,765 to make the 11/15/15 debt service payment on the bonds. A shortfall of $315,215 remains on the Primary Reserve Fund.
(6) The One Community Bonds were defeased on 10/30/15. The Trustee holds an escrow account which will provide for payment of principal and interest due on the bonds up to and including the 11/15/2020 payment, when they will be called for optional redemption.
(7) Excess service payments were used to establish an additional reserve in the amount of $762,900 on these bonds.
(8) Excess service payments were used to establish an additional reserve in the amount of $528,800 on these bonds.
(9) At closing, an additional reserve of $870,985 was established with the trustee.

Cleveland-Cuyahoga County Port Authority

Stand Alone Issuances

December 31, 2015

The following are Stand Alone debt issuances undertaken by the Authority for which there is still principal outstanding as of December 31, 2015:

	Stand Alone Debt Issuances	Year	Type of Debt Issued	Original Issuance	Principal Outstanding
1	University Square	2001	Revenue Bonds (Special Assessment)	40,600,000	33,880,000
2	Carnegie/96th Research Building LLC	2003	Revenue Bonds	32,000,000	28,300,000
3	RITA	2004	Development Revenue Bonds	20,990,000	5,180,000
4	Avery Dennison Corp.	2005	Taxable Development Lease Revenue Bonds	39,785,000	-
5	Cleveland Museum of Art	2005	Cultural Facility Revenue Bonds	90,000,000	90,000,000
6	Park Synagogue	2006	Multi-Mode Variable Rate Revenue Bonds	9,995,000	-
7	Carnegie/89th Garage and Service Center, LLC	2007	Revenue Bonds	156,920,000	135,670,000
8	SPC Buildings 1 & 3, LLC	2007	Revenue Bonds	34,590,000	30,755,000
9	Science Park Cleveland, LLC	2007	Taxable Convertible Revenue Bonds	45,700,000	39,815,000
10	Laurel School	2008	Variable Rate Educational Facility Revenue Bonds	16,000,000	-
11	Veterans Development Office/Parking	2009	Revenue Bonds	115,000,000	103,625,000
12	Eaton World Headquarters	2009	Capital Lease Bonds	143,338,610	143,338,610
13	Cleveland Museum of Art	2010	Cultural Facility Revenue Bonds	70,430,000	70,430,000
14	Independence Research Park - Cleveland Clinic	2010	Development Revenue Refunding Bonds	46,000,000	36,595,000
15	Hospice of Western Reserve, Inc.	2010	Refunding Bonds	21,565,000	19,833,750
16	Oriana Services, Inc.	2010	Tax-Exempt Revenue Refunding Bonds	2,505,000	-
17	City of Cleveland - Flats East Bank	2010	City Appropriation Bonds	11,000,000	10,202,000
18	Flats East Development	2010	First Mortgage Lease Revenue Bonds	74,742,776	45,000,000
19	Medical Center Company	2011	Revenue Bonds	77,470,000	73,265,000
20	St. Johns Medical	2011	Revenue Bonds	40,000,000	-
21	Magnificat	2012	Revenue Bonds	7,565,000	6,860,000
22	Cuyahoga County Headquarters	2013	Development Lease Revenue Bonds	75,465,000	75,465,000
23	Beaumont	2013	Revenue Bonds	8,160,000	7,548,000
24	Judson	2013	Development Revenue Refunding Bonds	32,700,000	30,232,132
25	OneCommunity	2014	Revenue Bonds	6,500,000	-
26	Maltz Museum	2014	Cultural Facilities Revenue Refunding Bond	6,300,000	6,300,000
27	Crocker Park TIF	2014	Public Improvement Revenue Bonds	6,435,000	6,435,000
28	Crocker Park	2014	Mortgage Revenue Bonds	111,077,000	111,077,000
29	American Greetings	2014	Lease Revenue Bonds	95,000,000	95,000,000
30	The 9	2014	First Mortgage Lease Revenue Bonds	41,750,000	41,750,000
31	Cuyahoga County Convention Hotel	2014	Certificates of Participation	230,885,000	230,885,000
32	Flats East Bank Phase 2	2014	First Mortgage Lease Revenue Bonds	85,060,000	85,060,000
33	Constellation Schools	2014	Community School Lease Revenue Bonds	30,790,000	30,615,000
34	Optima Sage Hotel	2014	First Mortgage Lease Revenue Bonds	36,000,000	36,000,000
35	Euclid Avenue	2014	Development Revenue Bonds	88,945,000	87,490,000
36	Emerald Village	2014	Senior Housing Revenue Refunding Bonds	15,000,000	14,645,854
37	Playhouse Square	2014	Cultural Facility Revenue and Refunding Bonds	28,000,000	26,879,992
38	Cleveland Clinic Hotel - Holiday Inn	2015	Taxable Capital Lease Revenue Bonds	38,000,000	38,000,000
39	Legacy Village TIF	2015	Tax-Exempt Revenue Bonds	13,630,000	13,630,000
40	Legacy Village - Revenue Bonds	2015	Taxable Lease Revenue Bonds	15,150,000	15,150,000
41	Laurel	2015	Revenue Bonds	16,000,000	16,000,000
42	Avery	2015	Lease Revenue Refunding Bonds	39,470,000	37,668,405
43	Forest Hill	2015	Revenue Bonds	5,940,000	5,940,000
44	Breakwater Bluffs	2015	Lease Revenue Bonds	45,000,000	45,000,000
45	American Greetings Tech West	2015	Lease Revenue Bonds	10,900,000	10,900,000
	Total			2,178,353,386	1,940,238,743

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the Cleveland-Cuyahoga County Port Authority (the "Authority"), as of and for the year ended December 31, 2015, 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 7, 2016.

Internal Control over Financial Reporting

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

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

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

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Board of Directors
Cleveland-Cuyahoga County Port Authority

Compliance and Other Matters

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

Purpose of this Report

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

Ciuni + Panichi, Inc.

Cleveland, Ohio
June 7, 2016

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

Board of Directors
Cleveland-Cuyahoga County Port Authority

Report on Compliance for Each Major Federal Program

We have audited the Cleveland-Cuyahoga County Port Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibilities

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

Auditor's Responsibilities

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

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

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Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Authority as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated June 7, 2016, which contained unmodified opinions on those financial statements, wherein we noted that the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and as a result restated their December 31, 2014 net position of the business-type activities, as disclosed in Note 2 to the basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Ciuni + Panichi, Inc.

Cleveland, Ohio
June 7, 2016

Cleveland-Cuyahoga County Port Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
U.S. Department of Transportation:			
Passed-Through the Ohio Department of Transportation:			
Highway Planning and Construction:			
CUY-Cleveland Riverwalk	20.205	PID 88443	$ 1,564,953
CMAQ – Mobile Harbor Cranes	20.205	PID 99005	1,113,258
Total U.S. Department of Transportation			2,678,211
U.S. Department of Homeland Security:			
Passed-Through Cuyahoga County:			
Port Security Grant	97.056		38,250
Total Federal Financial Assistance			$ 2,716,461

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, 2015

Note 1: Significant Accounting Policies

Basis of Presentation

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

Note 2: Basis of Accounting

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

Note 3: Indirect Cost Rate

No indirect costs were charged to Federal grants; therefore, no indirect cost rate was established.

Cleveland-Cuyahoga County Port Authority

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2015

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 major federal programs?	No
(d)(1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under Section .510(a)?	No
(d)(1)(vii)	Major Programs	Highway Planning and Construction - CFDA # 20.205
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$750,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

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

None noted.

3. Findings for Federal Awards

None noted.

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CLEVELAND CUYAHOGA COUNTY PORT AUTHORITY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 26, 2016