

Illinois International Port District

Financial Statements

December 31, 2024 and 2023

Illinois International Port District

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Independent Auditors' Report

To the Board of Directors of
Illinois International Port District

Opinion

We have audited the financial statements of the Illinois International Port District (the Port District), which comprise the statements of assets, liabilities, accumulated other comprehensive loss and fund balance—modified cash basis as of December 31, 2024 and 2023, and the related statements of revenue collected, expenses and changes in fund balance—modified cash basis, comprehensive income—modified cash basis and cash flows—modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects the assets, liabilities and accumulated other comprehensive loss and fund balance of the Port District as of December 31, 2024 and 2023, and its revenue and expenses and changes in fund balance and its cash flows for the years then ended, in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port District's ability to continue as a going concern for a reasonable period of time.

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

The signature is written in a cursive, handwritten style. It reads "Baker Tilly US, LLP". The letters are fluidly connected, with a prominent "B" and "T".

Chicago, Illinois
July 23, 2025

Illinois International Port District

Statements of Assets, Liabilities, Accumulated Other Comprehensive Loss
and Fund Balance—Modified Cash Basis
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,324,840	\$ 3,537,803
Prepaid expenses	<u>256,326</u>	<u>255,000</u>
Total current assets	<u>5,581,166</u>	<u>3,792,803</u>
Property and Equipment, Net		
Land and land improvements	33,474,718	33,474,718
Buildings and improvements	16,409,766	16,409,766
Equipment	4,511,251	4,502,713
Less accumulated depreciation	<u>(16,774,495)</u>	<u>(16,244,212)</u>
Net property and equipment	<u>37,621,240</u>	<u>38,142,985</u>
Total assets	<u><u>\$ 43,202,406</u></u>	<u><u>\$ 41,935,788</u></u>
Liabilities, Accumulated Other Comprehensive Loss and Fund Balance		
Current Liabilities		
Accounts payable	\$ 135,936	\$ 50,990
Accrued expenses	<u>201,982</u>	<u>198,659</u>
Total current liabilities	<u>337,918</u>	<u>249,649</u>
Long-Term Liabilities		
Accrued pension benefits	8,390,895	8,420,967
Lease deposits by tenants	99,764	99,764
Long-term debt, net	<u>6,528,607</u>	<u>7,008,967</u>
Total liabilities	<u>15,357,184</u>	<u>15,779,347</u>
Accumulated Other Comprehensive Loss and Fund Balance		
Accumulated other comprehensive loss	(3,747,485)	(3,758,885)
Fund balance	<u>31,592,707</u>	<u>29,915,326</u>
Total accumulated other comprehensive loss and fund balance	<u>27,845,222</u>	<u>26,156,441</u>
Total liabilities, accumulated other comprehensive loss and fund balance	<u><u>\$ 43,202,406</u></u>	<u><u>\$ 41,935,788</u></u>

See notes to financial statements

Illinois International Port District

Statements of Revenue Collected, Expenses and Changes in Fund Balance—Modified Cash Basis
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues		
Transit sheds and warehouses	\$ 2,180,447	\$ 1,344,474
Dockage and wharfage	732,649	957,437
Grant income	146,250	416,643
Security and maintenance	53,625	81,871
Land leases	2,242,599	2,565,582
Licenses and fees	746,860	796,887
Other	231,315	225,729
	<u>6,333,745</u>	<u>6,388,623</u>
Total revenues		
	<u>6,333,745</u>	<u>6,388,623</u>
Operating Expenses		
Board members' compensation	232,917	210,000
Salaries and benefits	1,333,238	1,437,684
Insurance and security	907,656	882,224
Repairs, maintenance and facility improvements	436,357	644,197
Marketing, advertising and promotion	33,371	27,810
Office expenses	294,225	247,851
Utilities	59,351	20,829
Legal fees	315,374	299,291
Other professional fees	222,170	207,157
Depreciation	530,283	613,346
	<u>4,364,942</u>	<u>4,590,389</u>
Total operating expenses		
	<u>4,364,942</u>	<u>4,590,389</u>
Operating income	1,968,803	1,798,234
Other Income (Expense)		
Other income	135,968	23,591
Interest expense	(427,390)	(452,640)
	<u>(291,422)</u>	<u>(429,049)</u>
Net other expense		
	<u>(291,422)</u>	<u>(429,049)</u>
Net income	1,677,381	1,369,185
Fund Balance, Beginning	<u>29,915,326</u>	<u>28,546,141</u>
Fund Balance, Ending	<u>\$ 31,592,707</u>	<u>\$ 29,915,326</u>

See notes to financial statements

Illinois International Port District

Statements of Comprehensive Income—Modified Cash Basis
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Net income	\$ 1,677,381	\$ 1,369,185
Other comprehensive income:		
Minimum pension liability adjustment	<u>11,400</u>	<u>307,245</u>
Comprehensive income	<u>\$ 1,688,781</u>	<u>\$ 1,676,430</u>

See notes to financial statements

Illinois International Port District

Statements of Cash Flows—Modified Cash Basis
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Net income	\$ 1,677,381	\$ 1,369,185
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	530,283	613,346
Amortization of deferred financing costs	33,341	33,341
Amortization of discount on long-term debt	16,299	16,299
Changes in pension assets and liabilities	773,995	839,322
Changes in assets and liabilities:		
Prepaid expenses	(1,326)	(19,480)
Accounts payable	84,946	343
Accrued expenses	3,323	(62,715)
Port District contributions to pension plan	<u>(792,667)</u>	<u>(1,502,761)</u>
Net cash flows from operating activities	<u>2,325,575</u>	<u>1,286,880</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	<u>(8,538)</u>	<u>(390,012)</u>
Net cash flows from investing activities	<u>(8,538)</u>	<u>(390,012)</u>
Cash Flows From Financing Activities		
Payments on long-term debt	<u>(530,000)</u>	<u>(505,000)</u>
Net change in cash and cash equivalents	1,787,037	391,868
Cash and Cash Equivalents, Beginning	<u>3,537,803</u>	<u>3,145,935</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 5,324,840</u></u>	<u><u>\$ 3,537,803</u></u>
Supplemental Cash Flow Disclosures		
Cash paid for interest	<u><u>\$ 377,750</u></u>	<u><u>\$ 403,000</u></u>

See notes to financial statements

Illinois International Port District

Notes to Financial Statements

December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

Nature of Operations

The Illinois International Port District (the Port District) is a municipal corporation created by act of the Legislature of the State of Illinois, approved June 6, 1951. The Port District, which has no stockholders, is administered by a nine-member Board of Directors. The Board members are appointed, five by the mayor of the City of Chicago and four by the governor of the State of Illinois. The Port District finances its operating costs and debt service principally from proceeds generated by its own operations. The Port District operates as a lessor of facilities primarily for maritime operations, which include storage facilities, dockage and wharfage.

Basis of Accounting

The Port District uses an enterprise fund to record transactions and report its financial position and results of operations. The modified cash basis of accounting is used for both budget and actual reporting purposes and consists of recognizing revenue when received (i.e., cash basis), rather than when earned and recognizing expenses as incurred (i.e., accrual basis, including the accrual of pension costs). As described below, the basis of accounting also includes capitalizing assets and depreciating these assets over their useful lives or expensing them as the assets are consumed. The financial statement presentation and disclosures generally follow the principles of the Financial Accounting Standards Board (FASB), which is not in accordance with accounting principles generally accepted in the United States of America (GAAP), which would be the principles of the Governmental Accounting Standards Board (GASB) for the Port District. The pension liability is also reported in accordance with the FASB, which differs from what would be recorded under GAAP. Due to the limited use of these financial statements and the nature of the Port District's operations noted above, certain disclosure requirements and the use of the direct cash flow method set forth by the GASB are not included in these financial statements because the additional information is not considered useful to the users of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Major Tenants

Two tenants of the Port District accounted for approximately 45% and 12% of revenues for the year ended December 31, 2024. The same two tenants of the Port District accounted for approximately 47% and 11% of revenues for the year ended December 31, 2023.

Income Taxes

The Port District is a municipal corporation created by act of the Legislature of the State of Illinois and is not subject to tax under present income tax laws.

Cash and Cash Equivalents

The Port District considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Financial instruments that potentially subject the Port District to concentrations of credit risk consist principally of cash deposits maintained at banks, which at times may exceed federally insured limits. Depository accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Port District has not, nor do they expect to experience any losses on these deposits. The Port District also maintains investable funds with other financial institutions in the form of U.S. treasury bills.

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Notes to Financial Statements
December 31, 2024 and 2023

Property and Equipment

Property and equipment are stated at cost and are depreciated when such assets are placed into service. Infrastructure expenditures are capitalized into land and land improvements, with subsequent repairs or maintenance of the infrastructure expensed as incurred.

Land and land improvements are not depreciated. Buildings and improvements and equipment are being depreciated using the straight-line method over the following estimated useful lives:

	<u>Year</u>
Buildings and improvements	30
Equipment	5

Impairment of Long-Lived Assets

Management reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Deferred Financing Costs and Discounts

The Port District presents deferred financing costs and discounts as a direct reduction of its long-term debt liability upon issuance of the debt. The Port District has \$496,393 and \$546,033 of deferred financing costs and discounts included in long-term debt, net on the statements of assets, liabilities, accumulated other comprehensive loss and fund balance—modified cash basis as of December 31, 2024 and 2023, respectively. Deferred financing costs and discounts are amortized on a straight-line basis to interest expense over the term of the agreement described in Note 2, which approximates the interest method. Estimated amortization of deferred financing costs and discounts for the years ending after December 31, 2024 are as follows:

Years ending December 31:

2025	\$ 49,640
2026	49,640
2027	49,640
2028	49,640
2029	49,640
Thereafter	<u>248,193</u>
Total	<u>\$ 496,393</u>

Grant Awards

On January 27, 2022, the Port District received approval for receipt of grant awards in the amount of \$21,550,000 from the Rebuild Illinois capital program, sponsored by the Illinois Department of Transportation. The proceeds from the awards will be used for replacement of shed roofs and repair of the dock wall at the Port District. The Port District recognized a total of \$146,250 and \$416,643 of grant income included in the statements of revenue collected, expenses and changes in fund balance—modified cash basis for the years ended December 31, 2024 and 2023, respectively.

Advertising

Advertising costs are expensed as incurred.

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Notes to Financial Statements
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2. Long-Term Debt

On March 31, 2020, the Port District entered into a \$9,380,000 taxable revenue refunding bond, series 2020 (the 2020 Bond Agreement). The 2020 Bond Agreement is by and among the Port District, as borrower; Amalgamated Bank of Chicago, as trustee; and the Depository Trust Company, as underwriter and remarketer. Under the loan agreement, the Port District makes interest and principal payments each year. The interest rate on the 2020 Bond Agreement is 5% per annum. The 2020 Bond Agreement matures on January 1, 2035. The Port District was not required to comply with financial covenants as of December 31, 2024 and 2023.

Certain assets and revenues to be derived from the Port District's operations have been pledged as security for the 2020 Bond Agreement. The balance of \$7,025,000 and \$7,555,000 is included in long-term debt, net on the statements of assets, liabilities, accumulated other comprehensive loss and fund balance—modified cash basis as of December 31, 2024 and 2023, respectively.

Total interest expense incurred in relation to the 2020 Bond Agreement was \$427,390 and \$452,640 for the years ended December 31, 2024 and 2023, respectively.

The Port District made principal payments of \$530,000 and \$505,000 in December 2024 and December 2023, relating to amounts owed to the lender on January 1, 2025 and 2024, respectively. As of December 31, 2024, the minimum sinking fund payments over the next five years and thereafter were as follows:

Years ending December 31:

2025	\$ -
2026	560,000
2027	585,000
2028	615,000
2029	645,000
Thereafter	<u>4,620,000</u>
Total	<u>\$ 7,025,000</u>

3. Minimum Future Rental Income

As of December 31, 2024, the approximate minimum future rental income from noncancelable operating leases by year were as follows:

Years ending December 31:

2025	\$ 3,314,000
2026	2,383,000
2027	1,931,000
2028	1,613,000
2029	1,613,000
Thereafter	<u>7,034,000</u>
Total	<u>\$ 17,888,000</u>

Total revenue from noncancelable operating leases totaled approximately \$3,314,000 for the years ended December 31, 2024 and 2023.

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Notes to Financial Statements
December 31, 2024 and 2023

The approximate cost and accumulated depreciation of leased land and facilities as of December 31, 2024 and 2023 are summarized as follows:

	2024	2023
Land and land improvements	\$ 33,474,718	\$ 33,474,718
Buildings and improvements	16,409,766	16,409,766
Total cost leased land and facilities	49,884,484	49,884,484
Less accumulated depreciation	(12,751,802)	(12,287,928)
Net leased land and facilities	<u>\$ 37,132,682</u>	<u>\$ 37,596,556</u>

4. Pension Plan

The Port District has a noncontributory pension plan covering all eligible employees. Because the Port District pension plan qualifies as a governmental plan, it is exempt from the funding provisions of the Employee Retirement Income Security Act, as amended. The majority of the plan's assets consist of debt and equity investments.

The benefit formula is 4% of final average earnings multiplied by years of participation up to 20 years. Normal retirement age is 60 with five years of service.

The investment objective of the plan is to ensure, over the long-term life of the plan, an adequate level of assets to fund the benefits to the participants at the time they are payable. In meeting this objective, the Port District seeks to achieve a high level of total investment return consistent with a prudent level of portfolio risk. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Port District classifies its equity and fixed income securities as Level 1 based upon quoted prices in active markets.

The fair value of the Port District's plan assets as of December 31, 2024 and 2023, by asset category is as follows:

December 31, 2024				
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 383,861	\$ 383,861	\$ -	\$ -
Equity securities	3,781,565	3,781,565	-	-
Fixed income securities	2,474,705	2,474,705	-	-
Total investments	<u>\$ 6,640,131</u>	<u>\$ 6,640,131</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2023				
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,845,838	\$ 1,845,838	\$ -	\$ -
Equity securities	3,099,796	3,099,796	-	-
Fixed income securities	1,357,124	1,357,124	-	-
Total investments	<u>\$ 6,302,758</u>	<u>\$ 6,302,758</u>	<u>\$ -</u>	<u>\$ -</u>

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Notes to Financial Statements
December 31, 2024 and 2023

The Port District's plan asset mix as of December 31, 2024 and 2023 and target allocation are as follows:

	2024	2023	Target %
Fixed income securities	37%	22%	50%
Cash and cash equivalents	6	29	10
Equity securities	57	49	40
Total investments	100%	100%	100%

The Port District's expected return on plan assets was calculated considering the targeted allocation percentages of the Port District's asset mix in conjunction with the historical rate of return on the investment categories in the asset mix. Weighted average assumptions as of December 31:

	2024	2023
Discount rate	5.50%	5.50%
Expected return on plan assets	7.00	7.00
Rate of compensation increase	2.00	2.00

Balances as of December 31, 2024 and 2023, are as follows:

	2024	2023
Accrued pension liability	\$ 8,390,895	\$ 8,420,967
Accumulated other comprehensive loss	3,747,485	3,758,885

Included in accumulated other comprehensive loss as of December 31, 2024 and 2023, are amounts that have not yet been recognized in net periodic pension cost related to unrecognized actuarial losses of \$3,747,485 and \$3,758,885, respectively. The unrecognized actuarial losses are being amortized over 14.10 years. The Port District expects to amortize \$266,000 of actuarial net losses during the year ended December 31, 2025.

Significant activity affecting the benefit obligation for the years ended December 31, 2024 and 2023, is as follows:

	2024	2023
Benefit cost	\$ 773,995	\$ 839,322
Benefits paid	(1,000,354)	(953,218)
Contributions made by the Port District	792,667	1,502,761

Illinois International Port District

Notes to Financial Statements
December 31, 2024 and 2023

The reconciliation of the beginning and ending balances of the projected benefit obligation, the fair value of the Port District's plan assets for the years ended December 31, 2024 and 2023, and the accumulated benefit obligation as of December 31, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Projected benefit obligation:		
Beginning of year	\$ (14,723,725)	\$ (14,515,458)
Service cost	(242,985)	(242,410)
Interest cost	(782,295)	(772,137)
Actuarial gain	(282,375)	(146,938)
Benefits paid	<u>1,000,354</u>	<u>953,218</u>
End of year	<u>(15,031,026)</u>	<u>(14,723,725)</u>
Fair value of plan assets:		
Beginning of year	6,302,758	5,123,807
Actual return on assets	545,060	629,408
Port District contributions	792,667	1,502,761
Benefits paid	<u>(1,000,354)</u>	<u>(953,218)</u>
End of year	<u>6,640,131</u>	<u>6,302,758</u>
Funded status	<u>\$ (8,390,895)</u>	<u>\$ (8,420,967)</u>
Accumulated benefit obligations	<u>\$ 14,837,129</u>	<u>\$ 14,652,564</u>

The underfunded status of the plan of \$8,390,895 and \$8,420,967 as of December 31, 2024 and 2023, respectively, is recognized in the accompanying statements of assets, liabilities, accumulated other comprehensive loss and fund balance—modified cash basis as long-term accrued pension benefits. No plan assets are expected to be returned to the Port District during the year ended December 31, 2025.

The Port District estimates it will contribute \$1,056,000 to the plan during the year ended December 31, 2025. The Port District estimates that future benefit payments will be paid out over the next 10 years as follows:

Years ending December 31:	
2025	\$ 1,145,625
2026	1,156,465
2027	1,167,336
2028	1,193,574
2029	1,198,395
Thereafter	<u>6,322,199</u>
Total	<u>\$ 12,183,594</u>

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Notes to Financial Statements
December 31, 2024 and 2023

5. Revenue Bonds

In 2001, the Port District issued \$8,500,000 of Series 2001 Port Revenue Bonds. This issuance provided financial assistance to a private-sector entity for the acquisition and construction of a bulk storage facility on land leased by the Port District. These bonds are secured by a right granted to the lender to sublease the bulk storage facility during the term of the land lease in the event of default.

Neither the Port District, the State of Illinois, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2024 and 2023, the principal balance of the Series 2001 Port Revenue Bonds was \$8,500,000.

6. Subsequent Events

Management has evaluated subsequent events occurring through July 23, 2025, the date that the financial statements were ready to be issued, for events requiring recording or disclosure in the financial statements.