MOODY'S RATINGS

CREDIT OPINION
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Cuyahoga County, OH

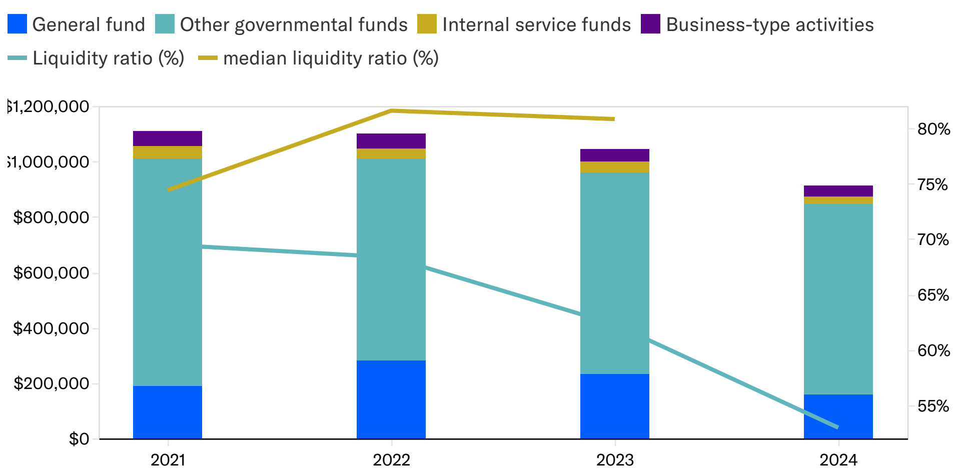
Update to credit analysis

Summary

Cuyahoga County's (Aa2 stable) credit profile incorporates the county's role as a regional economic center in northern Ohio (Aaa stable) that has supported strong growth in sales tax revenue in recent years. Timely expenditure reductions and persistently sound sales tax revenue trends are expected to support stability of the county's financial position as remaining pandemic relief funds are extinguished. The county's credit profile incorporates risks associated with the MetroHealth System (Baa3 negative), a component unit of the county. The county's long-term leverage is moderate but will increase over the current year as the county issues about $900 million in debt to fund a new jail facility.

Exhibit 1

County liquidity remains sound net of federal aid draw downs



Source: Source: Moody's Ratings, Audited Financial Statements

Credit strengths

» Very large tax base encompassing the City of Cleveland (Aa3 stable) and many surrounding suburbs

» Sound financial position when including amounts restricted for essential county operations

Credit challenges

» Above average combined debt, pension, and OPEB leverage

» Exposure to economically sensitive revenue and operations of Metro Health (Baa3 negative) a safety-net hospital

Rating outlook

The outlook is stable because the county's local economy will remain strong and its financial position will remain stable, net of ARPA-related drawdowns and inclusive of amounts restricted for essential county operations. Long-term leverage will increase over the next couple years but remain appropriate for the current rating category.

Factors that could lead to an upgrade

» Strengthening of economic indicators, such as median household income and full value per capita, to levels more in-line with similarly rated peers

» Maintenance of available fund balance at levels approximating 35% of revenue

Factors that could lead to a downgrade

» Meaningful and sustained decline in available reserves below current levels

» Increase in long-term liabilities above 350%

» Weakening of MetroHealth's credit quality, given the governance connections with the county

Key indicators

Exhibit 2
Cuyahoga (County of) OH

	2021	2022	2023	2024	Aa Medians
Economy					
Resident income ratio (%)	85.1%	86.0%	86.1%	85.0%	97.7%
Full Value ($000)	$87,925,138	$99,444,471	$100,196,370	$101,060,022	$10,410,077
Population	1,263,667	1,256,620	1,249,418	1,245,873	80,905
Full value per capita ($)	$69,579	$79,136	$80,194	$81,116	$119,268
Annual Growth in Real GDP	5.7%	2.0%	0.9%	N/A	2.0%
Financial Performance					
Revenue ($000)	$1,597,532	$1,610,920	$1,676,602	$1,722,979	$110,305
Available fund balance ($000)	$439,941	$436,620	$395,068	$345,397	$50,530
Net unrestricted cash ($000)	$1,110,019	$1,101,137	$1,044,342	$912,694	$84,155
Available fund balance ratio (%)	27.5%	27.1%	23.6%	20.0%	44.6%
Liquidity ratio (%)	69.5%	68.4%	62.3%	53.0%	80.8%
Leverage					
Debt ($000)	$1,190,375	$1,353,368	$1,235,577	$1,143,781	$43,934
Adjusted net pension liabilities ($000)	$2,630,426	$2,242,330	$1,686,459	$1,705,745	$60,113
Adjusted net OPEB liabilities ($000)	$100,644	$43,184	$25,734	$8,649	$3,431
Other long-term liabilities ($000)	$48,957	$45,461	$45,398	$100,517	$4,165
Long-term liabilities ratio (%)	248.5%	228.7%	178.5%	171.7%	123.0%
Fixed costs					
Implied debt service ($000)	$91,615	$83,493	$94,519	$85,830	$3,018
Pension tread water contribution ($000)	$44,486	$30,611	$74,516	$68,761	$2,301
OPEB contributions ($000)	$185	$198	$472	$470	$161
Implied cost of other long-term liabilities ($000)	$3,426	$3,434	$3,175	$3,154	$283
Fixed-costs ratio (%)	8.7%	7.3%	10.3%	9.2%	6.3%

For definitions of the metrics in the table above please refer to the US Cities and Counties Methodology or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published US Cities and Counties Median Report.
The real GDP annual growth metric cited above is for the Cleveland, OH.
Sources: US Census Bureau, Cuyahoga County s financial statements and Moody s Ratings, US Bureau of Economic Analysis

Profile

Located in northeast Ohio, Cuyahoga County is the second largest county in the state with a population of roughly 1.2 million. Cleveland is the county seat. The county is governed by an executive-council form of government, and county operations include economic development, health and human services, public safety, judicial and general governmental functions. The county also subsidizes a small part of the operations for MetroHealth, a safety-net health system with multiple facilities throughout the county. The health system's operations are roughly the same size, based on annual operating revenue, as the county's operations.

Detailed credit considerations

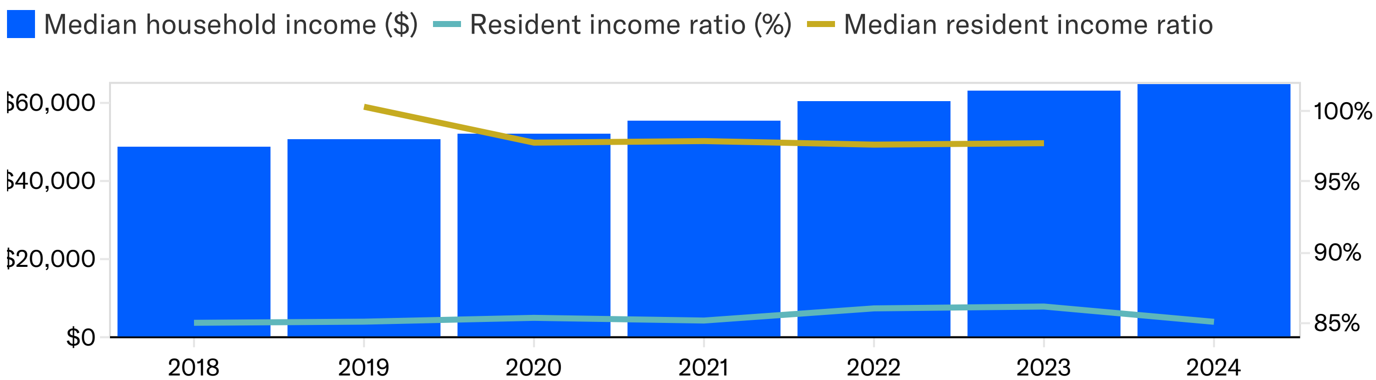
Economy: county's role as regional economic center provides uplift despite headwinds

The county's local economy will continue to benefit from its role as a regional economic center despite broader economic headwinds. The county's economy continues to diversify but remains primarily driven by manufacturing, health care and retail. While the county has steadily added jobs since 2022, still total employment remains below pre-pandemic levels. The county's unemployment rate has remained steady, and as of February 2026, the county's unemployment rate continues to approximate state and national figures.

The county's tax base has steadily grown as a result of ongoing commercial and residential investment in the county and appreciation of the existing housing stock. Over the last five years, the county's assessed valuation grew by 44% or by about 9% per year. Further growth is likely given the breadth of current and upcoming development, particularly within Cleveland. Cleveland residents account for about 30% of the county's population.

Recent projects include Shore-to-Core-to-Shore, which is a sizeable initiative focused on enhancing transportation and increasing economic development near the Lakefront, Downtown and Riverfront. The county is also likely to benefit from affordable and sustainable housing initiatives currently being implemented by the city and the 10 year $1.6 billion modernization plan for Cleveland Hopkins International Airport.

Exhibit 3
Resident Income



Source: US Census Bureau - American Community Survey 5-Year Estimates; US Bureau of Economic Analysis; Moody's Ratings

Financial operations: operating reserves to stabilize supported by tightening expenditure controls and steady revenue performance; maintains exposure to Metro Health

The county's financial position is expected to stabilize following several years in which operations were supported by pandemic relief funding. Prior reserve draws reflected the planned use of ARPA resources; however, the modest draw expected in fiscal 2025 represents the first in several years attributable to an underlying operating imbalance. Excluding approximately $13 million of ARPA proceeds, the county is expected to have ended fiscal 2025 with a general fund deficit of about $16 million, or 2% of revenue.

Reserve levels remain solid. Across operating funds, available fund balance totaled approximately $345 million, or about 20% of revenue. Including additional amounts classified as restricted but available for essential governmental purposes, the county's reserve position exceeds 30% of revenue, providing more cushion. The available general fund balance is $266 million, or a sound 42% of revenue.

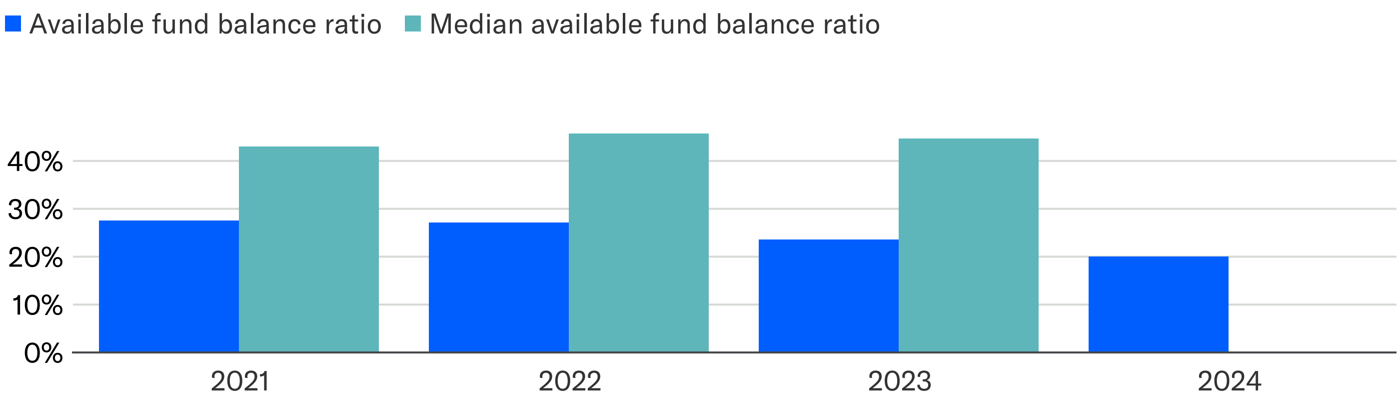
The revenue profile is concentrated in economically sensitive sources, with sales taxes generating slightly more than 40% of general fund revenue. Sales tax performance has moderated following strong post-pandemic gains, with growth of 5%, 4%, 1%, and 2.5% from 2022 through 2025, respectively, after an 18% increase in 2021. Management has budgeted for 3% annual growth in 2026 and 2027, though year-to-date 2026 collections are trending about 5.3% above 2025 collections. The 5.3% increase is net of the 2025 sales tax holiday collections that were paid in 2026. County Council voted in December 2023 to extend the 0.25% sales tax expiring in 2027 for 40 years. The extended sales tax revenues are general fund revenues that will be used to pay for debt service on the bonds.

The county's financial plan projects a return to structural balance in fiscal 2026 and 2027, supported by expenditure controls implemented in response to the 2025 deficit. Most notably, management instituted a hiring freeze midyear 2025 that will remain in place for the foreseeable future. Combined with continued revenue growth, particularly in sales taxes, these actions are expected to sustain operating balance and support the maintenance of reserves at solid levels.

Cuyahoga County subsidizes a small portion of the operation of The MetroHealth System, a public health care system. The size of the health system is significant and approximates the county's revenue for the same year. The county recently increased its property tax subsidy to the health system by $2 million. The annual subsidy now totals $35 million, which is relatively modest compared to the size of the county's governmental operations. The subsidies can be used to support any health and human services programs. The county's annual allocation has been and is expected to remain stable. While operating support of the system is modest relative to the budget, the health operations create some degree of enterprise risk for the county. Potential sources of volatility in system performance include attracting and retaining employees as well as fluctuations in uncompensated care volumes and reimbursement rates.

Exhibit 4

Fund Balance Ratio



Source: Audited financial statements; Moody's Ratings

Liquidity

The county closed fiscal 2024 with net unrestricted cash of $912 million or a healthy 53% of revenue. The difference between the county's cash position and its available fund balance is attributable to a substantial amount of fund balance labeled as restricted, which is not included in the available reserve amount.

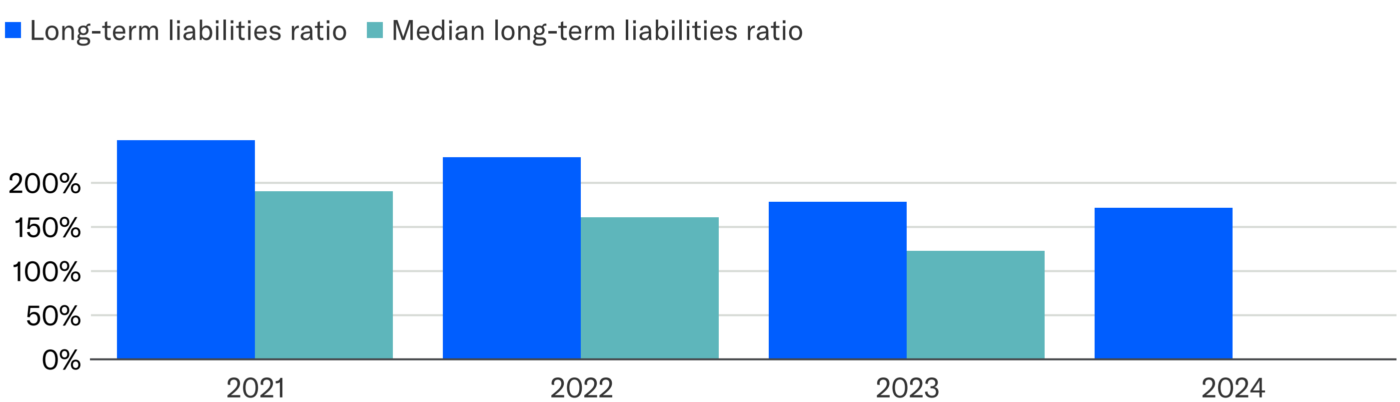
Leverage: leverage will increase with upcoming issuance but remain below previous highs

Despite expected growth in leverage, the county's long-term liabilities ratio should remain in line with peers. Inclusive of a sizeable issuance for the construction of county correction center facilities county justice center, the long-term liabilities will increase to levels approximating 220% of revenue, but remain below historical highs that reached 272% of revenue in fiscal 2020.

In addition to bonded debt, the county carries long term obligations associated with its participation in two statewide cost-sharing defined benefit pension and OPEB plans. The ANPL of many rated entities has steadily declined over the last several years, largely driven by the higher interest rate environment.

Exhibit 5

Total Primary Government - Long Term Liabilities



Source: Audited financial statements; Moody's Ratings

Debt structure

All of the county's debt is fixed rate. About two-thirds of bonded debt principal is set to be retired over the next ten years.

Debt-related derivatives

The county is not a party to any derivative agreements.

Pensions and OPEB

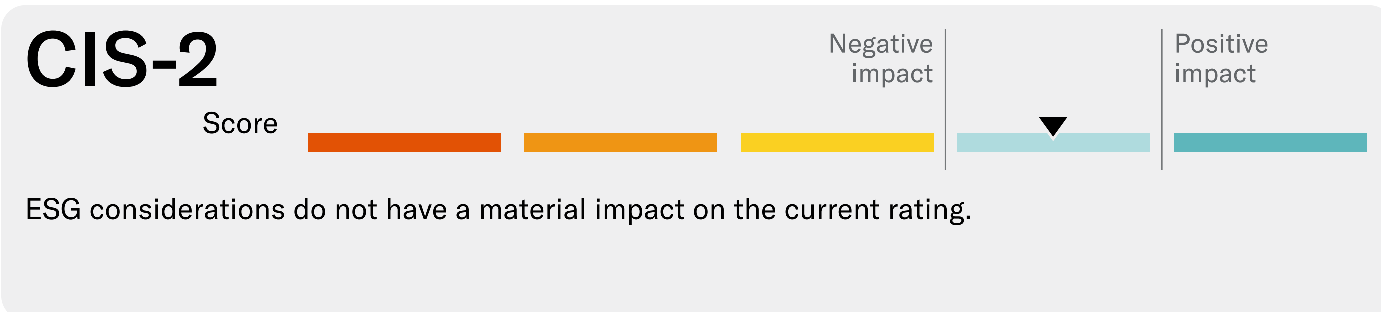
Ohio counties primarily participate in the Public Employees Retirement System (OPERS). Ohio has a somewhat unique statutory structure surrounding pensions which triggers a legislative remediation process if the plan isn't on pace to amortize liabilities within 30 years. Based on the OPERS' 2024 reporting, which will be reflected in participating counties' 2025 audited financials, we project Ohio counties' ANPLs will fall by around 22% in fiscal 2025.

ESG considerations

Cuyahoga (County of) OH's ESG credit impact score is CIS-2

Exhibit 6

ESG credit impact score

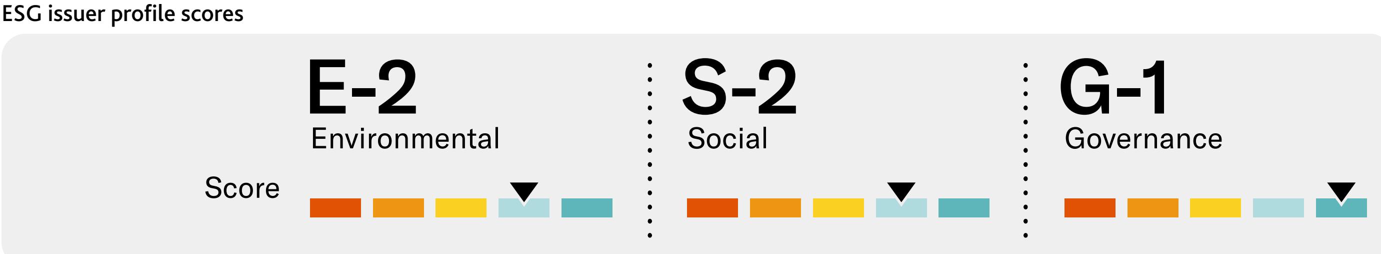


Source: Moody's Ratings

Cuyahoga County's ESG Credit Impact Score is neutral to low (**CIS-2**), reflecting neutral to low exposure to environmental and social risks, as well as a strong governance profile.

Exhibit 7

ESG issuer profile scores



Source: Moody's Ratings

Environmental

The county's E issuer profile score is neutral to low (**E-2**), reflecting neutral to low exposure to environmental risks across all categories, including physical climate risk, natural resources management, and waste and pollution.

Social

The S issuer profile score is neutral to low (**S-2**). The county's weak demographic trends are balanced by its access to basic services, employment opportunities, higher education, and housing.

Governance

The county's G issuer profile score is (**G-1**), reflecting the county's robust policy credibility, transparency, and strong management and budgeting practices. Cuyahoga County's management has demonstrated its capacity to sustain consistent operations and maintenance of healthy reserves through a variety of economic conditions. The county publishes interim financials which supports its sound transparency and disclosure.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US Cities and Counties Methodology includes a scorecard that summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 8

Cuyahoga (County of) OH

	Measure	Weight	Score
Economy			
Resident income ratio	85.0%	10.0%	A
Full value per capita	101,659	10.0%	Aa
Economic growth metric	-0.9%	10.0%	Aa
Financial Performance			
Available fund balance ratio	20.0%	20.0%	A
Liquidity ratio	53.0%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	171.7%	20.0%	Aa
Fixed-costs ratio	9.2%	10.0%	Aaa
Notching factors			
No notchings applied			
Scorecard-Indicated Outcome			Aa3
Assigned Rating			**Aa2**

The Economic Growth metric cited above compares the five-year CAGR of real GDP for Cleveland, OH to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Cuyahoga County's financial statements and Moody's Ratings

Appendix

Exhibit 9
Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau - American Community Survey 5-Year Estimates RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau - American Community Survey 5-Year Estimates
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Ratings
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Ratings
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Ratings
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Ratings
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the US Cities and Counties Methodology .
Source: Moody's Ratings

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