

**TOLEDO-LUCAS COUNTY PORT AUTHORITY**

**SINGLE AUDIT REPORT**  
**REPORTING PACKAGE**

**DECEMBER 31, 2000**

***CLARK JOHNSON & ROBSON***

*Certified Public Accountants*





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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To the Board of Directors  
Toledo-Lucas County Port Authority  
One Maritime Plaza  
Toledo, Ohio 43604-1893

We have reviewed the Independent Auditor's Report of the Toledo-Lucas County Port Authority, Lucas County, prepared by Clark, Johnson & Robson, for the audit period January 1, 2000 through December 31, 2000. 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 Toledo-Lucas County Port Authority is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

September 12, 2001

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**TOLEDO-LUCAS COUNTY PORT AUTHORITY**

**SINGLE AUDIT REPORT**

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# **CLARK JOHNSON & ROBSON**

Certified Public Accountants  
Toledo, Ohio

## **REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Directors of the  
Toledo-Lucas County Port Authority

We have audited the accompanying general-purpose financial statements of the Toledo-Lucas County Port Authority as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Toledo-Lucas County Port Authority as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated July 19, 2001 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 grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2000 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Clark Johnson & Robson**

July 19, 2001

**Toledo-Lucas County Port Authority  
Balance Sheet**

	December 31,	
	2000	1999
<b><u>ASSETS</u></b>		
Cash	\$ 5,116,529	\$ 3,615,817
Investments	5,016,990	4,083,983
Restricted investments	31,355,625	29,192,447
Interest receivable	372,583	281,986
Accounts receivable	2,755,209	3,931,085
Prepaid expenses and other assets	43,095	27,262
Property, plant and equipment	301,722,445	297,933,510
Loans receivable	29,349,987	27,447,071
Amount due from lessee	252,423	265,864
Deferred bond issuance cost	8,423,064	8,691,867
Deferred loss on refunding	1,020,452	1,148,008
<b>Total assets</b>	<b>\$ 385,428,402</b>	<b>\$ 376,618,900</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
Accounts payable	\$ 1,537,696	\$ 2,138,465
Accrued payroll	499,970	497,949
Accrued interest payable	1,560,769	2,196,736
Deferred income	437,435	75,076
Long-term notes payable	29,730,377	26,846,625
Revenue bonds payable	215,722,000	211,977,000
Ohio Enterprise bond payable	8,040,000	8,250,000
Ohio Water Development Authority loan payable	1,255,061	1,327,176
Borrower deposit reserves	1,882,213	2,617,743
<b>Total liabilities</b>	<b>260,665,521</b>	<b>255,926,770</b>
Contributed capital	129,139,029	122,848,148
Accumulated deficit	(4,376,148)	(2,156,018)
<b>Total equity</b>	<b>124,762,881</b>	<b>120,692,130</b>
<b>Total liabilities and equity</b>	<b>\$ 385,428,402</b>	<b>\$ 376,618,900</b>

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



**Toledo-Lucas County Port Authority**  
**Statement of Revenues and Expenses and Changes in Equity**

	For the Year Ended	
	December 31,	
	2000	1999
<b>Operating revenues</b>		
Income from leases and other property agreements	\$ 23,235,897	\$ 19,495,781
Airport landing area	499,504	631,999
Airport terminal area	3,125,769	2,609,389
Burlington	2,667,665	2,736,196
Other rental and fee income	3,505,485	3,442,237
Wharfage under property lease	100,459	117,073
Interest income on loans receivable	2,920,209	2,876,938
Other income	333,991	142,222
<b>Total operating revenues</b>	<b>36,388,979</b>	<b>32,051,835</b>
<b>Operating expenses</b>		
Personal services	4,168,579	4,263,709
Marketing	493,830	474,121
Contractual services	2,696,523	2,924,985
Utilities	691,214	675,337
Repairs and maintenance	1,939,061	1,495,184
Depreciation	13,378,989	12,239,507
Amortization	733,724	665,349
Rental expense	122,929	118,563
Interest expense	2,930,199	2,980,016
Other operating expenses	634,758	757,239
Provision for loan loss reserve	150,000	150,000
<b>Total operating expenses</b>	<b>27,939,806</b>	<b>26,744,010</b>
<b>Operating income</b>	<b>8,449,173</b>	<b>5,307,825</b>
<b>Nonoperating revenues (expenses/expenditures)</b>		
Proceeds of property tax levy	2,343,430	2,323,742
Interest income from investments	2,237,005	1,393,926
Passenger facility charges	794,024	728,477
Interest expense	(15,562,655)	(13,319,467)
Borrower disbursements	(481,107)	(435,549)
<b>Total nonoperating expenses</b>	<b>(10,669,303)</b>	<b>(9,308,871)</b>
<b>Net loss</b>	<b>(2,220,130)</b>	<b>(4,001,046)</b>
Equity at beginning of year	120,692,130	115,349,914
Contributed capital from grants	6,290,881	9,343,262
<b>Equity at end of year</b>	<b>\$ 124,762,881</b>	<b>\$ 120,692,130</b>

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

**TOLEDO-LUCAS COUNTY PORT AUTHORITY  
STATEMENT OF CASH FLOWS**

	<b>For the Year Ended December 31,</b>	
	<u>2000</u>	<u>1999</u>
<b><u>Cash flows from operating activities:</u></b>		
Operating income	\$ 8,449,173	\$ 5,307,825
Adjustments to reconcile operating income to cash provided (used) by operating activities:		
Depreciation and amortization expense	14,112,713	12,904,856
Provision for loan loss reserve	150,000	150,000
Changes in assets and liabilities:		
Issuance of loans receivable	(6,325,000)	(4,670,000)
Accounts receivable and due from lessee	1,271,262	187,945
Interest receivable	(90,597)	43,566
Prepaid expenses and other assets	(15,833)	11,303
Reductions in loans receivable	4,272,084	4,113,409
Accounts payable	(600,769)	(1,418,198)
Accrued payroll	2,021	19,333
Accrued interest	(635,967)	(497,771)
Deferred income	362,359	(230,322)
Total adjustments	<u>12,502,273</u>	<u>10,614,121</u>
Net cash provided by operating activities	<u>20,951,446</u>	<u>15,921,946</u>
<b><u>Cash flows from noncapital financing activities:</u></b>		
Principal reductions on Northwest Ohio Development Revenue Bonds	(4,280,000)	(4,710,000)
Proceeds of property tax levy	2,343,430	2,323,742
Net cash used by noncapital financing activities	<u>(1,936,570)</u>	<u>(2,386,258)</u>
<b><u>Cash flows from capital and related financing activities:</u></b>		
Capital grants received	6,290,881	9,343,262
Passenger facility charges received	794,024	728,477
Acquisition and construction of capital assets	(17,167,924)	(47,436,134)
Interest paid on capital asset debt	(15,562,655)	(13,307,072)
Principal payments on long-term debt	(9,288,260)	(7,925,221)
Issuance of new bonds	18,665,000	35,250,000
State Infrastructure Loan proceeds	929,898	2,990,860
Payment of bond issuance costs	(464,921)	(816,448)
Net cash used by capital and related financing activities	<u>(15,803,957)</u>	<u>(21,172,276)</u>
<b><u>Cash flows from investing activities:</u></b>		
Interest on investments	2,237,005	1,529,684
Borrower disbursements	(735,530)	(412,215)
Purchases of securities	(34,436,878)	(24,729,899)
Proceeds from sales of securities	31,225,196	29,564,824
Net cash provided (used) by investing activities	<u>(1,710,207)</u>	<u>5,952,394</u>
Net increase (decrease) in Cash and Cash Equivalents	1,500,712	(1,684,194)
Cash and Cash Equivalents at Beginning of Year	3,615,817	5,300,011
Cash and Cash Equivalents at End of Year	<u>\$ 5,116,529</u>	<u>\$ 3,615,817</u>
<b><u>Supplemental disclosure of interest paid</u></b>	<u>\$ 19,211,618</u>	<u>\$ 16,539,548</u>

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

**TOLEDO-LUCAS COUNTY PORT AUTHORITY**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2000**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Toledo-Lucas County Port Authority is a governmental subdivision created following enactment by the Ohio Legislature of the Ohio Port Authority Act. The Act permits the Authority to administer seaport, airport, surface transportation and economic development business within the State of Ohio. The Authority is governed by a board of thirteen directors, six of whom are appointed by the City of Toledo, six by Lucas County, and one by joint action of the City and the County.

The Authority is composed of four divisions, the Seaport Division, the Airport Division, the Economic Development Division and the Surface Transportation Division. The Authority functions as a site purchasing and development agency, leasing developed areas at the Port of Toledo, Toledo Express Airport, Metcalf Airport and Central Union Plaza to private firms for operations. In 1973 the Authority assumed the operation and management of Toledo's airports from the City of Toledo under a lease which expires in the year 2023. The Economic Development Division was formed during 1985 to assist the general economic development of the City of Toledo, Lucas County, and the surrounding area. To further that goal, in 1993, the Division formed a working association with the Toledo Area Chamber of Commerce which is known as the Toledo Regional Growth Partnership. The partnership's financial information is presented in Note 2. The following summary of significant accounting policies of the Authority is presented to assist the reader in evaluating the financial statements.

Basis of Accounting

The Authority operates as a self-supporting governmental enterprise and uses accounting policies applicable to governmental enterprise funds. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in all material respects. The Authority applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989 unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements, in which case GASB prevails.

Cash and Investments

Investments are made in accordance with statutes of the State of Ohio and policies of the board of directors. Restricted cash and investments represent balances maintained in the Northwest Ohio Development and Airport Improvement Revenue funds which are governed by the respective trust agreements. The agreements restrict activity to certain highly rated investments such as U. S. Government securities, certificates of deposit and money market funds. Accordingly, these balances have been separately identified in the accompanying financial statements.

In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the Authority reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit, repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

For purposes of the statement of cash flows, the Authority considers all bank deposits including investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and overnight investment of excess deposits in repurchase agreements to be cash equivalents.

The Authority invested funds in the STAR Ohio during 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2000.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation expense is provided using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the related lease. Maintenance and repairs are charged to expense and improvements are capitalized. Interest on funds used during construction, less interest earned on related investments if the asset is financed with the proceeds from restricted obligations, is capitalized as part of the cost of the asset. The Authority capitalized \$82,797 and \$1,346,420 of net interest expense in 2000 and 1999, respectively.

Deferred Bond Issue Costs and Bond Discount

Bond issue costs and bond discounts are being amortized over the life of the bonds using the straight-line method which approximates the interest method.

Contributed Capital

Federal, state and local government improvement grants and contributions received from private firms in connection with financing projects are recorded as contributed capital.

Property Tax Levy

A .4 mill real estate tax replacement levy passed by Lucas County voters in 1999 provides financial support for the various activities of the Authority. The Authority elected to collect the full .4 mill in 2000 and 1999.

Based on materiality, property taxes are recognized as revenues when received from the Lucas County Auditor.

**NOTE 2 - REGIONAL GROWTH PARTNERSHIP**

Effective May 1, 1996 the Authority and the Chamber of Commerce relinquished their interests in the Toledo Regional Growth Partnership, which simultaneously filed as a non-profit corporation in the State of Ohio. The Authority entered into a contract with the entity, which is now known as the Regional Growth Partnership, Inc. to perform certain economic development services for the Authority through the end of 2000. The contract provides for a fee of \$1,350,000 per year. Either party may terminate the agreement as of the end of a calendar year by notifying the other party in writing on or before September 1 of that year.

The Authority appoints or approves the appointment of a majority of the officers of the Partnership and provides a significant portion of the Partnership's revenue. Unlike the Authority which uses enterprise fund accounting, the Partnership accounts for its activities using government funds and account groups in its financial statements. Audited Partnership financial statements for the year ended December 31, 2000, which are not considered material to the financial statements of the Authority, reflected total (memorandum) assets of \$604,417, fund equity of \$476,150, revenues of \$2,236,517, and excess of revenues over expenditures of \$62,925. The audited financial statements of the Partnership are available at the Regional Growth Partnership, Inc., 300 Madison Avenue, Suite 300, Toledo, Ohio 43604.

**NOTE 3 - CASH, INVESTMENTS AND REPURCHASE AGREEMENTS**

Bank Deposits

At December 31, 2000, the carrying amount of the Authority's deposits was \$20,199,391 and the bank balance was \$21,314,609. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,388,590 was uninsured but collateralized by securities held in the Authority's name and \$19,826,019 was uninsured but collateralized by securities held in the pledging bank's trust department.

At December 31, 1999, the carrying amount of the Authority's deposits was \$16,070,871 and the bank balance was \$16,088,693. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,412,857 was uninsured but collateralized by securities held in the Authority's name and \$14,575,836 was uninsured but collateralized by securities held in the pledging bank's trust department.

Investments

The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at December 31, 2000. Category 1 includes investments that are insured or registered, or securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which securities are held by a trust department in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a trust department or agent but not in the Authority's name.

**NOTE 3 - CASH, INVESTMENTS AND REPURCHASE AGREEMENTS (Continued)**

	2000			1999
	Category 2	Category 3	Fair Value	Fair Value
<b>Categorized Investments</b>				
U.S. Treasury/Agency Securities	\$12,999,612	-	\$12,999,612	\$10,152,856
Repurchase Agreements	-	\$ 2,757,306	2,757,306	1,169,229
Guaranteed Investment Contracts	3,546,984	-	3,546,984	3,546,984
Total Categorized Investments	16,546,596	2,757,306	19,303,902	14,869,069
<b>Noncategorized Investments</b>				
STAR Ohio	N/A	N/A	1,985,851	2,102,960
Total Noncategorized Investments	-	-	1,985,851	2,102,960
Total Investments	\$16,546,596	\$2,757,306	\$21,289,753	\$16,972,029

Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined balance sheet and the classifications per this GASB Statement No. 3 disclosure is as follows:

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$5,116,529	\$36,372,615
Restricted Money Market Funds	19,826,019	(19,826,019)
Investments:		
Repurchase Agreement	(2,757,306)	2,757,306
STAR Ohio	(1,985,851)	1,985,851
Per GASB Statement No. 3	\$20,199,391	\$21,289,753

**NOTE 4 - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, substantially all of which is leased to third parties, consists of the following:

	December 31,	
	2000	1999
Land and Improvements	\$157,440,012	\$151,184,078
Property and Equipment	37,712,062	37,614,141
Buildings and Leasehold Improvements	25,922,932	22,806,295
Furniture and Fixtures	430,975	430,975
Brush Wellman Inc. Facility	19,829,383	19,829,383
Owens Corning Facility	95,978,456	95,978,456
BAX Hub	33,974,351	33,974,351
Manor Care	24,048,664	22,454,058
Superior Street Garage	5,965,894	4,043,600
Hercules Tire & Rubber Co.	13,007,387	12,003,933
Construction in Progress:		
TWI/Total Foods	1,218,766	-
Kuss Corp.	1,800,304	-
FlightSafety International Facility	16,325,913	14,554,365
Other	1,836,855	3,450,395
	<u>435,491,954</u>	<u>418,324,030</u>
Less: Accumulated Depreciation	(133,769,509)	(120,390,520)
	<u>\$301,722,445</u>	<u>\$297,933,510</u>

Depreciation has been determined using the straight-line method over the estimated useful lives of the property and equipment ranging between 5 and 40 years. During 2000 and 1999, approximately \$6,300,000 and \$9,300,000, respectively, of federal, state and local grant funding was utilized to purchase fixed assets.

**TOLEDO-LUCAS COUNTY PORT AUTHORITY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

December 31, 2000

**NOTE 5 – LONG TERM DEBT**

A summary of long-term debt activity for the year ended December 31, 2000 follows:

				Balance	Issued	Balance
				Dec. 31, 1999	(Retired)	Dec. 31, 2000
<b>Revenue Bonds:</b>						
Northwest Ohio Development - Taxable:						
10.42%	Dunbar	1989B		\$1,610,000	(\$90,000)	\$1,520,000
10.28%	Poggemeyer	1990B		1,120,000	(50,000)	1,070,000
10.28%	Bunting	1990 C		360,000	(235,000)	125,000
10.44%	Advantage	1990E		1,640,000	(95,000)	1,545,000
7.76%	Sandusky LTD.	1992B		560,000	(560,000)	-
9.43%	Sandusky LTD.	1994A		3,125,000	(525,000)	2,600,000
10.06%	Owens Corning	1995A		4,755,000	(100,000)	4,655,000
7.24%	Brent	1995B		2,110,000	(215,000)	1,895,000
7.20%	Sandusky LTD.	1998A		2,750,000	(245,000)	2,505,000
7.22%	Port Authority	1998B		2,320,000	(195,000)	2,125,000
7.30%	City of Toledo	1998C		2,635,000	(60,000)	2,575,000
7.00%	Crown Battery	1998D		5,310,000	(240,000)	5,070,000
7.63%	Hercules Tire & Rubber Co.	1998E		4,950,000	(120,000)	4,830,000
8.54%	Kuss Corporation	2000B		-	6,070,000	6,070,000
Tax Exempt:						
9.00%	Meri-Corp	1988B		765,000	(765,000)	-
8.25- 8.40%	Scottdell	1989C		1,160,000	(185,000)	975,000
8.50%	EPI	1889D		805,000	(805,000)	-
7.75%	ARPC	1992A		755,000	(80,000)	675,000
5.1- 5.40%	Superior Street Parking	1999A		7,825,000	(140,000)	7,685,000
5.65- 6.12%	Alex Products	1999B		4,670,000	(130,000)	4,540,000
5.90%	Aero Classics	2000A		-	2,125,000	2,125,000
6.60%	Precision Steel	2000C		-	1,700,000	1,700,000
6.90%	Toledo World Industries	2000D		-	1,380,000	1,380,000
6.10%	Total Foods Inc.	2000E		-	2,390,000	2,390,000
6.00%	Alex Products	2000F		-	2,500,000	2,500,000
<b>Other:</b>						
9.90%	Owens Corning World Headquarters	1995		71,977,000	(5,650,000)	66,327,000
7- 7.50%	Airport Improvement	1994		32,320,000	(925,000)	31,395,000
8.17%	Brush Wellman	1996		12,160,000	(660,000)	11,500,000
8.01%	Brush Wellman	1997		1,985,000	(120,000)	1,865,000
variable	FlightSafety International, Inc.	1998		20,000,000	-	20,000,000
5.55%	Airport Improvement Refunding	1998		8,555,000	(230,000)	8,325,000
7.10%	Manor Care Corporation	1999		15,755,000	-	15,755,000
<b>Total Revenue Bonds</b>				<b>211,977,000</b>	<b>3,745,000</b>	<b>215,722,000</b>
<b>Notes Payable:</b>						
4.00%	Central Union Plaza	1996		290,146	(37,678)	252,468
2.00%	Owens Corning ODOD Note	1995		9,257,860	(253,419)	9,004,441
2.24- 4.25%	Brush Wellman ODOD Note	1997		4,542,791	(236,431)	4,306,360
9.13%	Airport Improvement Note	1990		2,764,968	(338,618)	2,426,350
1.00- 4.00%	Manor Care Corporation Note	1999		7,000,000	-	7,000,000
4.25%	Airport ODOT Note	1999		2,130,426	929,898	3,060,324
4.25%	Surface ODOT Note	1999		860,434	-	860,434
3.00%	Highway Enterprise Program Loan	2000		-	400,000	-
		2000		-	(80,000)	320,000
2.25- 5.25%	Kuss Corporation	2000		-	2,500,000	2,500,000
<b>Total Notes Payable</b>				<b>26,846,625</b>	<b>2,883,752</b>	<b>29,730,377</b>
<b>Ohio Enterprise Bonds:</b>						
7.25%	Hercules Tire & Rubber Co.	1998		8,250,000	(210,000)	8,040,000
<b>Ohio Water Development Authority Loans (OWDA):</b>						
7.50%	Water Pollution Control Plant			1,327,176	(72,115)	1,255,061
<b>Total</b>				<b>\$248,400,801</b>	<b>\$6,346,637</b>	<b>\$254,747,438</b>



NOTE 5 - LONG-TERM DEBT (Continued)

Presented below is a summary of principal payment requirements to maturity by years.

	2001	2002	2003	2004
<b>Notes Payable</b>				
Central Union Plaza Note	\$39,213	\$40,810	\$42,473	\$44,203
Owens Corning ODOD Note	219,303	244,452	250,008	255,691
Brush Wellman ODOD Note	241,354	236,259	234,418	244,576
Airport Improvement Revenue Notes	355,868	373,998	393,051	413,076
Manor Care Corporation Note	-	-	-	-
Airport ODOT Note	510,712	1,054,211	1,099,493	395,908
Surface ODOT Note	764,963	95,471	-	-
Highway Enterprise Program Loan	80,000	80,000	80,000	80,000
Kuss Corporation	5,000	100,000	100,000	100,000
<b>Revenue Bonds Payable</b>				
Northwest Ohio Development Revenue Bonds	3,410,000	3,920,000	4,270,000	4,650,000
Owens Corning World Headquarters	6,224,000	6,855,000	7,550,000	8,317,000
Airport Improvement Revenue Bonds	985,000	770,000	820,000	870,000
Airport Improvement Refunding Bonds	240,000	250,000	460,000	480,000
Brush Wellman Revenue Bond	720,000	785,000	855,000	930,000
Brush Wellman Revenue Bond	120,000	120,000	120,000	120,000
FlightSafety Revenue Bond	-	-	-	-
Manor Care Corporation Revenue Bond	-	-	-	-
<b>Ohio Enterprise Bonds</b>				
Heracles Tire & Rubber Co.	226,667	246,666	261,667	281,667
<b>OWDA Loan Payable</b>				
Water Pollution Control Plant	77,512	83,310	89,542	96,240
Total	<u>\$14,219,592</u>	<u>\$15,255,177</u>	<u>\$16,625,652</u>	<u>\$17,278,361</u>

	2005	Thereafter	Total
<b>Notes Payable</b>			
Central Union Plaza Note	\$46,004	\$39,765	\$252,468
Owens Corning ODOD Note	261,504	7,773,483	9,004,441
Brush Wellman ODOD Note	255,175	3,094,578	4,306,360
Airport Improvement Revenue Notes	434,121	456,236	2,426,350
Manor Care Corporation Note	-	7,000,000	7,000,000
Airport ODOT Note	-	-	3,060,324
Surface ODOT Note	-	-	860,434
Highway Enterprise Program Loan	-	-	320,000
Kuss Corporation	100,000	2,095,000	2,500,000
<b>Revenue Bonds Payable</b>			
Northwest Ohio Development Revenue Bonds	3,965,000	40,340,000	60,555,000
Owens Corning World Headquarters	9,160,000	28,221,000	66,327,000
Airport Improvement Revenue Bonds	930,000	27,020,000	31,395,000
Airport Improvement Refunding Bonds	505,000	6,390,000	8,325,000
Brush Wellman Revenue Bond	1,005,000	7,205,000	11,500,000
Brush Wellman Revenue Bond	180,000	1,205,000	1,865,000
FlightSafety Revenue Bond	-	20,000,000	20,000,000
Manor Care Corporation Revenue Bond	-	15,755,000	15,755,000
<b>Ohio Enterprise Bonds</b>			
Heracles Tire & Rubber Co.	306,667	6,716,666	8,040,000
<b>OWDA Loan Payable</b>			
Water Pollution Control Plant	103,440	805,017	1,255,061
Total	<u>\$17,251,911</u>	<u>\$174,116,745</u>	<u>\$254,747,438</u>

**NOTE 5 - LONG-TERM DEBT (Continued)**

**A. Northwest Ohio Development Revenue Bonds**

The Northwest Ohio Development Revenue Bonds are issued pursuant to authorization of the Ohio Revised Code and under a Trust Agreement dated August 15, 1988 between the Authority and the trustee. The program is designed to advance economic development of the Toledo-Lucas County and surrounding area by providing long-term fixed interest rate financing. Each bond issue must be authorized by a separate action of the board of directors.

Debt service requirements on each bond issue are secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to deposit into the Primary Reserve an amount with the trustee as additional security for the related bonds. Such amounts may be used in the event the borrower is unable to make the required payments under the lease or loan agreement or may be applied to the final year's debt service payments. The trustee holds these funds during the term the bonds are outstanding, with investment income earned on the reserve amounts returned to the borrowers annually. Investment income earned is included in nonoperating interest income while the remittances to the borrowers are included in nonoperating expenditures as "borrower disbursements" in the Statement of Revenues and Expenses and Changes in Fund Equity.

Upon the issuance of the first series of bonds (Series 1988A), the Authority deposited \$3,000,000 in the Program Reserve Account with the trustee. The State of Ohio awarded the Authority a grant of \$1,500,000, received in 1991 and 1992 and \$2,000,000, received in 1999 which was also deposited in the Program Reserve Account. In addition, the Authority has obtained a non-recourse bank letter of credit in the amount of \$6,500,000 from a bank to provide additional security for bond investors.

The bond issues are not general obligations of and are not secured by the full faith and credit or taxing power of the Authority.

In December 1994, the Authority defeased \$3,355,000 of Taxable Development Revenue Bonds (Series 1988A) and sold the related facility to the sub lessee. Funds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the defeased bonds. The defeased bonds, which have an outstanding balance of \$2,855,000 at December 31, 2000, are not included in the Authority's outstanding debt.

In April 1995, the Authority defeased \$1,435,000 of Tax Exempt Development Revenue Bonds (Series 1989A). Funds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the defeased bonds. The defeased bonds, which have an outstanding balance of \$675,000 at December 31, 2000, are not included in the Authority's outstanding debt.

In May 1996 and July 1996, the Authority defeased \$1,115,000 and \$1,860,000, respectively, of Tax Exempt Development Revenue Bonds (Series 1989E and 1990D). Funds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the

**NOTE 5 - LONG-TERM DEBT (Continued)**

**A. Northwest Ohio Development Revenue Bonds (Continued)**

defeased bonds. The defeased bonds, which have outstanding balances of \$560,000 and \$1,000,000, respectively, at December 31, 2000 are not included in the Authority's outstanding debt.

At December 31, 2000, future minimum principal and interest payments to be received under the loan agreements securing the remaining bond issues are as follows:

<u>Years</u>	<u>Lease Receivable</u>
2001	\$7,867,727
2002	8,076,816
2003	8,131,476
2004	8,189,262
2005	7,175,230
Thereafter	<u>57,522,781</u>
Totals	<u><u>\$96,963,292</u></u>

The loan agreements are secured by each project's property and/or equipment. In addition, there are personal guarantees from principals of the borrowing companies and/or letters of credit. At December 31, 2000, a loan loss reserve of \$1,800,000 has been provided for potentially uncollectible loan amounts.

The Series 1998B bonds were issued for the benefit of the Authority to finance capital improvement costs at the Airport. The bonds are secured by a pledge of specific net revenues of the Authority, not including any tax revenues.

**B. Airport Improvement Revenue Bonds and Note**

In 1989, the Authority issued \$30,870,000 of Airport Improvement Revenue Bonds. The proceeds of the bond issue, along with funds made available by Lucas County and grants from the City of Toledo and the State of Ohio, were used to finance the construction and equipping of an air cargo distribution facility currently leased to Burlington Air Express Inc. (now known as BAX Global Inc.). In conjunction with the issuance of the Airport Improvement Revenue Bonds, a trust agreement dated April 1, 1989 was executed by the Authority and the trustee. The tax-exempt bonds paid interest of 9.875% per annum and were scheduled to mature in installments which began in 1992 and continued through April 1, 2019.

In March 1994 the Authority issued \$36,120,000 of Airport Refunding and Improvement Revenue Bonds, Series 1994-1, in part to refinance the 1989 issue of Airport Improvement Revenue Bonds and in part to finance an additional project and improvements at Toledo Express Airport, substantially all of which will be used by and leased to BAX. The bonds, which are tax exempt, pay interest at various rates ranging between 7% and 7.5% and mature in installments which began in 1995 and continue through 2019. The bonds may be redeemed prior to maturity, at specified premiums, at the option of the Authority.

Under the amended Trust Agreement, \$3,546,984 of the bond proceeds were deposited with the trustee in a reserve account to be applied to the last year's debt service payments.

**NOTE 5 - LONG TERM DEBT (Continued)**

**B. Airport Improvement Revenue Bonds and Note (Continued)**

The lease agreement between the Authority and BAX was amended in March 1994 to reflect the issuance of the new debt. As amended, the initial term of the lease expires October 31, 2013. Lease payments will be sufficient to satisfy the debt service requirements on the bonds during the initial lease term. Throughout the initial lease term, BAX has various options including extending the lease or purchasing the facility. In the event BAX terminates the lease at the end of the initial lease term, the Authority has agreed to pay the remaining bond financing payments from revenues other than those derived from property tax levies. The lessee is obligated under the terms of the lease to bear all costs incurred in the use, operation and maintenance of the leased premises. In April 1990 the Authority issued a \$5,000,000 Airport Improvement Revenue Note to the Director of Development of the State of Ohio to finance a portion of capital improvement costs at the Airport. The note pays interest at 5.0% per annum and is to be repaid in 60 quarterly installment payments which commenced on April 1, 1992, and run through January 1, 2007.

In May 1998, the Authority defeased \$6,815,000 of Airport Improvement Revenue Bonds and \$2,965,000 of Tax-Exempt Development Revenue Bonds (Series 1990A) through the issuance of \$8,770,000 of Airport Improvement Revenue Bonds and \$2,500,000 of Taxable Development Revenue Bonds (Series 1998B issued through the Northwest Bond Fund). The net proceeds of these bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$6,140,000 and \$2,815,000 at December 31, 2000 are not included in the Authority's outstanding debt since the Authority has in-substance satisfied its obligations through the advance refunding.

Pursuant to the BAX lease, the Authority is obligated to fund an estimated \$7,500,000 of general improvements to the Toledo Express Airport if requested by BAX. The amount is expected to be financed from Authority revenue bonds and federal, state and local grants.

**C. Owens Corning Project**

In June 1994 the Authority announced its plan to construct facilities to serve as the new world headquarters for Owens Corning (OC). The Authority constructed the facilities on land leased to it by the City of Toledo and an affiliate of the local electric utility company. The project is being financed primarily by two bond issues and a loan (revenue note) from the State of Ohio.

In March 1995 the Authority issued \$85,340,000 of taxable World Headquarters Revenue Bonds in connection with this project. The bonds, which pay interest at 9.9%, are subject to mandatory sinking fund redemptions each year beginning in 1997 and mature in 2015. The Authority also issued \$5,000,000 of Northwest Ohio Development Revenue Bonds Series 1995A which pay interest at 10.06%, require semi-annual redemption payments and mature in May 2015. The State of Ohio, Department of Development, lent the Authority \$10,000,000 for the project under a revenue note. The note bears interest at 2% per year. Required are level monthly payments in an amount adequate to reduce the note principal by \$5,000,000 by November 15, 2014. A balloon payment of \$5,000,000 is due November 15, 2014.

**NOTE 5 - LONG-TERM DEBT (Continued)**

**C. Owens Corning Project (Continued)**

The City of Toledo committed up to \$11,250,000 for land acquisition, site preparation and improvements to the area surrounding the project. In addition, the Ohio Department of Development provided a \$1,000,000 grant to the Authority for the project.

The Authority is leasing the facilities to OC under a long-term lease. The lease requires monthly payments through May 2015. The payments are generally equal to the debt service requirements on the three financing vehicles described above, plus a monthly fee of \$11,250 to the Authority. OC is also responsible for taxes, insurance and maintenance of the project.

The future minimum lease payments to be received under the OC arrangement are as follows:

Years	Minimum Lease Receivable
2001	\$13,813,609
2002	13,812,294
2003	13,811,347
2004	13,823,312
2005	13,825,328
Thereafter	53,580,773
Totals	<u>\$122,666,663</u>

The lease agreement provides OC with three options to extend the lease, each for a period of five years. OC also has an option to purchase the building and right of first refusal on the sale to a third party. Unless the building is sold, the Authority will transfer its ownership interest to the City in 2030.

A total of \$135,000 in fees related to the OC project was recognized as income by the Authority in 2000.

On October 5, 2000, OC declared Chapter 11 bankruptcy. The Company has until December 4, 2001 to indicate to the Bankruptcy Court in Delaware its intentions regarding the lease. The Company has made all of its lease payments in a timely manner and has pledged the Court that it will continue to do so until such time as its decision regarding the lease is communicated to the Court.

**D. Brush Wellman Inc. Project**

In 1996 the board authorized the Authority's participation in a \$110 million expansion of Brush Wellman's manufacturing facilities in Elmore, Ohio. The construction of the expansion was financed through the Authority's issuance of \$15.28 million of revenue bonds which mature through 2011 and a \$5 million loan (revenue note) to the Authority by the State of Ohio Department of Development all but \$750,000 of which mature through 2011. The \$750,000 balance matures through 2016. The balance of the project, consisting primarily of equipment purchases, was financed by Brush Wellman. The Authority issued \$13.1 million of the bonds in 1996 and an additional \$2.175 million in 1997. The State of Ohio revenue note proceeds were received in 1997.

**NOTE 5 - LONG-TERM DEBT (Continued)**

**D. Brush Wellman Inc. Project (Continued)**

Brush Wellman has granted the Authority a 30 year lease through 2026 with an option to extend for an additional 30 years for the land upon which the facility was built. The Authority owns the facility and leases it to Brush Wellman under an agreement that runs through 2011 with options through 2026. Brush Wellman has the option to purchase the facility for \$100 plus the remaining outstanding debt or fair market value, whichever is greater.

Lease payments to be received from Brush Wellman are generally equal to the debt service requirements plus fees to the Authority and trustee. Brush Wellman is responsible for taxes, insurance and maintenance expenses. The future minimum lease payments to be received under the agreement are as follows:

Years	Minimum Lease Receivable
2001	\$2,269,007
2002	2,298,857
2003	2,309,842
2004	2,346,279
2005	2,337,529
Thereafter	12,564,982
Totals	<u>\$24,126,496</u>

**E. Central Union Plaza Project**

In 1996 the Authority completed the Central Union Plaza passenger railroad facility. The Authority purchased the facility in 1995 from Conrail with the intention of renovating and leasing the building. Approximately \$6,100,000 of the \$7,300,000 cost of the project was funded by federal, state and local grants with the balance funded by the Authority, including a \$400,000 loan from the State. Rental income received in 2000 and 1999 was \$413,403 and \$415,400, respectively.

**NOTE 6 – PROJECTS IN PROGRESS**

Major projects in progress at December 31, 2000 include the Toledo World Industries/Total Food Corporation (TWI), the Kuss Corporation (Kuss), and the FlightSafety International, Inc. (FlightSafety) projects.

The Authority issued \$1.38 million and \$2.39 million in two separate bond series for the Toledo World Industries/Total Food Project. The bonds bear interest at 6.9% and 6.1% and mature in 2020 and 2010 respectively. The Authority purchased the Michigan Steel building for \$1.05 million and will make selected improvements in the amount of \$160,000. This portion of the project is known as "Series A Project" and will be leased to Toledo World Industries, a wholly owned subsidiary of S. E. Johnson Companies.

The Authority will also provide \$2.1 million worth of leasehold improvements to an existing Port facility. This portion of the project is known as "Series B Project" and also will be leased by Toledo World Industries which will sublease it to Total Food Corporation. Total Food Corporation expects to import sugar through the Port of Toledo and process it in the subleased facility.

During 2000, the Authority issued \$6,070,000 in Bonds for the Kuss Corporation project under the Northwest Ohio Bond Fund. The bonds bear interest at 8.54% and mature in 2010. Also, the Authority is the borrower of a Chapter 166 loan in the amount of \$2.5 million from the State of Ohio. The loan matures in 10 years and has a fixed interest rate which steps up to a maximum of 5% for years 6 through 10, and has a \$1,500,000 payment due at maturity. The Ohio Department of Development will provide a 412 Grant of \$250,000 that will be applied to the project financing. The Authority will construct and own an automotive fuel filter manufacturing facility and will lease it to Kuss Corporation on a 10 year, synthetic lease basis. Kuss will have the option to purchase the facility at the end of the lease term.

Under terms of the operating agreement between the authority and FlightSafety, the Authority acquired an existing building and assets on airport property from FlightSafety, is expanding the building and is acquiring flight simulators which will be operated by FlightSafety. To finance the project, in February 1998, the Authority issued \$20 million of tax exempt Airport Development Revenue Bonds. The bonds, which mature in 20 years bear interest at a variable rate, adjusted periodically by the Remarketing Agent. Interest is payable quarterly while principal is due in a single payment in 2018. The bonds are secured by the project's assets as well as a guaranty by FlightSafety's parent, Berkshire Hathaway, Inc. As of December 31, 2000, approximately \$16,000,000 had been expended on the project which has been capitalized on the Authority's books in property, plant and equipment. The Authority received \$25,000 in fees related to the project in 2000.

**NOTE 7 - RETIREMENT PLAN**

The following information was provided by the Public Employees Retirement System of Ohio (PERS) of Ohio to assist the Authority in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

**NOTE 7 - RETIREMENT PLAN (Continued)**

All employees of the Authority participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-466-2085 or 800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84%, of covered payroll, 6.54% to fund the pension and 4.3% to fund health care. The 1999 and 1998 employer contribution rates were 13.55%. The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's contributions to the PERS of Ohio for the years ending December 31, 2000, 1999 and 1998 were \$349,845, \$432,817 and \$409,203, respectively, which were equal to the required contributions for each year.

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS**

The PERS of Ohio provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 4.3% of covered payroll which amounted to \$138,776.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 1999 is \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.



NOTE 9 - OPERATING LEASES

The Authority has entered into a number of noncancelable operating lease agreements with various companies to lease certain of its facilities for periods from five to forty years. In addition, the Authority has entered into noncancelable operating lease agreements whose proceeds are pledged for the debt service of certain bonds. The minimum future rentals to be received under the lease agreements, most of which have been pledged for the debt service of related bonds, are as follows:

Years	Operating Leases			Total
	Burlington Rentals and Debt Service	Central Union Plaza	Seaport Leases	
2001	\$3,855,167	\$394,850	\$784,827	\$5,034,844
2002	3,755,856	394,850	784,827	4,935,533
2003	3,747,605	394,850	784,827	4,927,282
2004	3,742,395	394,850	784,827	4,922,072
2005	3,741,523	394,850	784,827	4,921,200
Thereafter	29,553,631	1,862,350	11,428,530	42,844,511
Totals	\$48,396,177	\$3,836,600	\$15,352,665	\$67,585,442

Under the BAX lease agreement, scheduled to expire in 2013, BAX was required to make monthly payments for the "basic" rent on the air cargo distribution facility in scheduled amounts calculated to be sufficient to meet the debt service requirements of the 1989 Airport Improvement Revenue Bonds described in Note 5. As described in Note 5 the debt was refinanced in March 1994 and the basic rent was recalculated in an amendment to the lease agreement. Such rental income amounted to \$3,300,271 in 2000 and \$3,305,404 in 1999. Future scheduled payments range between \$3,109,388 in 2001 and \$2,996,870 in 2011.

In addition to the basic rent, the agreement also provides for monthly landing fees and fixed payments for land rental and ramp fees. Fixed payments range from \$748,204 to be received in 2001 to \$538,968 scheduled for 2013. Landing fees which are calculated based on aircraft weight amounted to \$1,472,836 and \$1,556,347 in 2000 and 1999, respectively. The Authority is entitled to increase landing fees annually commensurate with the increase in airport operating costs, with a maximum increase of 5% per year. BAX is also being charged fuel royalty fees based on gallons used. Total rentals and fees (other than basic rent) from Burlington recognized in 2000 and 1999 amounted to \$2,667,665 and \$2,736,196, respectively.

Additionally, the Authority has entered into a number of noncancelable operating leases with companies that provide services at the Airport. The most significant of these agreements are with the airlines and the parking lot operator.

The rent and landing fees received from the airlines totaled \$883,085 and \$787,395 in 2000 and 1999, respectively. Under the agreement covering the operation of the parking lot, which expires in 2001, rentals are based on percentages of gross parking lot receipts. During 2000 and 1999 rentals received totaled \$1,082,724 and \$997,246 respectively.

**NOTE 10 - CONDUIT DEBT**

From time to time the Authority has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Authority is not 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, 2000, there were thirteen series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the four series issued after July 1, 1995 was \$33,730,000 of which \$33,100,000 remained outstanding at December 31, 2000. The aggregate principal amount payable for the nine series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$110,500,000.

**NOTE 11 - RISK MANAGEMENT**

The Authority maintains commercial insurance coverage against most normal hazards and there has been no significant reduction in coverage from the prior year. Settlement claims have not exceeded coverage for any of the last three fiscal years.

The Authority participates in the State of Ohio's Workers' Compensation program under which premiums paid are based on a rate per \$100 of payroll. The rate is determined based on accident history.

Employee health benefits are covered under a self insurance program with a stop loss policy which limits losses to \$17,500 per employee up to a combined annual loss of \$360,000. In both 2000 and 1999 claims exceeded the combined annual loss limitation and the stop loss provisions were invoked. Premium expense for 2000 and 1999 was \$147,000 and \$126,000 respectively.

**TOLEDO-LUCAS COUNTY PORT AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>FEDERAL GRANTOR/PASS- THROUGH GRANTOR/PROGRAM</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation Direct program Airport Improvement Program	20.106		\$ 5,530,686
Total U.S. Department of Transportation			5,530,686
Total expenditures of federal awards			<u>\$ 5,530,686</u>

**Note - Basis of Presentation**

The above schedule of expenditures of federal awards includes the federal grant activity of the Toledo-Lucas County Port Authority and is presented on the accrual basis of accounting. The information in the schedule is also presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the general purpose financial statements of The Toledo-Lucas County Port Authority as of and for the year ended December 31, 2000, and have issued our report thereon dated July 19, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Clark Johnson & Robson  
July 19, 2001

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the Toledo-Lucas County Port Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Toledo-Lucas County Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weakness.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Clark Johnson & Robson  
July 19, 2001

**TOLEDO-LUCAS COUNTY PORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of accountants' report issued - Unqualified

Internal control over financial reporting -

Material weakness identified?                     yes                     no

Reportable condition identified  
that is not considered to be  
material weakness?                     yes                     none reported

Noncompliance material to financial  
statements noted?                     yes                     no

*Federal Awards*

Internal control over major programs -

Material weakness identified?                     yes                     no

Reportable condition identified  
that is not considered to be  
material weakness?                     yes                     none reported

Type of accountants' report issued on compliance for major programs - Unqualified

Any audit findings disclosed that are  
required to be reported in accordance  
with Section 510(a) of Circular A-133?                     yes                     no

Identification of major programs-

CFDA Number - 20.106    Name of Federal Program - Airport Improvement Program

Dollar threshold used to distinguish  
between type A and type B programs - \$300,000

Auditee qualified as low-risk auditee                     yes                     no

**TOLEDO-LUCAS COUNTY PORT AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

NO MATTERS REPORTED

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NO MATTERS REPORTED



**TOLEDO-LUCAS COUNTY PORT AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**AND CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

NO MATTERS REPORTED





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**TOLEDO LUCAS COUNTY PORT AUTHORITY**

**LUCAS 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  
SEPTEMBER 25, 2001**