DAYTON-MONTGOMERY COUNTY PORT AUTHORITY
MONTGOMERY COUNTY

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

Charles E. Harris
& Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Dayton-Montgomery County Port Authority
8 North Main Street
Dayton, Ohio 45402

We have reviewed the *Independent Auditor's Report* of Dayton-Montgomery County Port Authority, Montgomery County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2019. 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. Dayton-Montgomery County Port Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2020

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DAYTON-MONTGOMERY COUNTY PORT AUTHORITY
MONTGOMERY COUNTY

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Dayton-Montgomery County Port Authority
Montgomery County
8 North Main Street
Dayton, Ohio 45402

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the aggregate remaining fund information of the Dayton-Montgomery County Port Authority, Montgomery County, Ohio (the Port Authority), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Dayton-Montgomery County Port Authority, Montgomery County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Port Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2020, on our consideration of the Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control testing over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Port Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port Authority's internal control over financial reporting and compliance.

Charles E Harris Associates

Charles E. Harris & Associates, Inc.
August 27. 2020

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Our discussion and analysis of the Dayton-Montgomery County Port Authority's (the "Port Authority") financial performance provides an overview of the Port Authority's financial activities for the fiscal year ended December 31, 2019. Please review it in conjunction with the basic financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources were less than liabilities and deferred inflows of resources as of December 31, 2019 with the net position of the Port Authority being a deficit of ($2,300,847). This represents an increase of $1,272,393 from the previous year. A good portion the increase is the result of the Port Authority collecting over $528,000 in administrative fees.

- The Port Authority maintains restricted cash and investment balances in the agency fund which, at December 31, 2019 totaled $28,575,248. Of that amount, $12,021,094 is maintained in the Southwest Regional Bond Fund trust accounts and project accounts related to Port Authority projects and another $16,554,154 in Southwest Regional Bond Fund for Cincinnati Port Authority projects.

- The Port Authority reflects debt balances of $37,169,745 in the agency fund for projects the Port Authority was involved in that are supported with a financing lease receivable or intergovernmental receivable. Although the Port Authority reports these debt balances, the Port Authority has no financial responsibility for payment on these debts except for receiving the respective lease payments through the respective bank trustee.

- The Port Authority had operating revenues of $1,999,550 and operating expenses of $1,681,171 resulting in an operating income of $318,379 for 2019.

- For 2019, the Southwest Ohio Bond Fund (the "Fund") saw six new bond issues bringing the total active projects to twenty-three projects in the Fund. One project bond was paid off during the year as well.

- In 2019, the Fund increased the line of credit through Fifth Third Bank from $5 million to $10 million. With the increased line of credit and program reserve balances, the Fund's outstanding bond issuances are covered at a 48.25% ratio.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Port Authority's basic financial statements. The following is a list of the basic financial statements included in this report:

Management's Discussion and Analysis
Basic Financial Statements
Statement of Net Position
Statement of Revenues, Expenses and Changes in Net Position
Statement of Cash Flows
Statement of Fiduciary Asset and Liabilities
Notes to the Basic Financial Statements
Required Supplementary Information – Pension/OPEB Tables

The Port Authority is a single enterprise fund using proprietary fund accounting, which means these statements (non-fiduciary) are presented in a manner similar to private-sector business. The statements are presented using economic resource management focus and the accrual basis of accounting. The statements are designed to provide readers with a broad overview of the Port Authority's finances.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

Our analysis of the Port Authority as a whole begins here. One of the most important questions asked about the Port Authority's finances is "Is the Port Authority as a whole better off or worse off as a result of the year's activities?" The net position increased by $1.2 million so the answer is clearly yes as the Port Authority still has over $3.4 million in operating (non-restricted) cash which is consistent with 2018. As stated above, the increase in net position was caused by administrative fees and also non-operating capital grants that haven't been disbursed yet.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Port Authority as a whole, other than activity reported on the fiduciary (agency fund) statement, and about its activities in a way that helps answer the question above. These statements include all the assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting.

These two statements report the Port Authority's *net position* and changes in net position. One can think of the Port Authority's net position, the difference between assets and deferred outflows of resources (what the Port Authority owns) and liabilities and deferred inflows of resources (what the Port Authority owes), as one way to measure the Port Authority financial health, or *financial position*. Over time, *increases or decreases* in the Port Authority's net position are one indicator of whether its *financial health* is improving or deteriorating. One will need to consider other nonfinancial factors, however, such as changes in the Port Authority's jurisdiction and the availability of capital projects to assess the overall health of the Port Authority.

Statement of Cash Flows

The Statement of Cash Flows provides information about the Port Authority's cash receipts and cash payments during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing activities, non-capital activities and investing activities.

These financial statements report on all of the functions of the Port Authority that are principally supported by fees.

Statement of Fiduciary Assets and Liabilities

The Statement of Fiduciary Assets and Liabilities reports the restricted cash held in the regional bond fund and the amount of pledged lease payments due from companies with debt issued through the regional bond fund.

These financial statements can be found on pages 12 through 15 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 16-63 of this report.

Required Supplementary Information

The required supplementary information provides additional information about the pension system liabilities and the Port Authority's required contributions. The required supplementary information can be found on pages 64-67 of this report.

FINANCIAL ANALYSIS OF THE PORT AUTHORITY

As stated previously, the Statement of Net Position looks at the Port Authority as a whole without regard to the agency fund. The following table provides a summary of the Port Authority's net position for 2019 compared to 2018.

Net Position (in thousands)

	2019	2018	Change
Current Assets	$12,949	$14,526	($1,577)
Restricted Assets	488	439	49
Capital Assets	23,343	24,081	(738)
Total Assets	36,780	39,046	(2,266)
Deferred Outflows of Resources	63	33	30
Current Liabilities	1,403	1,670	(267)
Long Term and Other Liabilities	28,295	29,940	(1,645)
Total Liabilities	29,698	31,610	(1,912)
Deferred Inflows of Resources	9,446	11,042	(1,596)
Net position:			
Net Investment in Capital Assets	1,929	2,405	(476)
Unrestricted (Deficit)	(4,230)	(5,978)	1,748
Total Net Position	($2,301)	($3,573)	$1,272

In prior years, the Port Authority adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. The Port Authority also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension," which significantly revises accounting for other postemployment benefit (OPEB) costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Port Authority's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension/OPEB costs, GASB 27 and GASB 45 focused on a funding approach. This approach limited pension/OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension/net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension/OPEB accounting; however, the nature of Ohio's statewide pension/OPEB systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and net OPEB liability to equal the Port Authority's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension/OPEB promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Port Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefits recipients. The retirement systems may allocate a portion of the employer contributions to provide these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension/OPEB liability. As explained above, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Port Authority's statements prepared on an accrual basis of accounting include an annual pension/OPEB expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Unrestricted net position, which is the portion of net position that can be used to finance the day-to-day operations without constraints established by debt covenants or other legal requirements, increased by $1.7 million in 2019. The majority of the increase is from capital grants and additional project fee revenues be available for unrestricted cash.

The current liabilities decreased by $0.3 million as the moneys the Port Authority held related to the Renegade project on behalf of the Dayton Projects Inc. was paid to the company in 2019 as the project grant requirements have been met.

Capital assets decreased by $0.7 million with the no new construction during 2019 and depreciation expense reduced the carrying value of the assets.

The following tables look at the change in the Port Authority's revenues and expenses from 2019 to 2018.

Changes in Net Position (in thousands)

	2019	2018	Change
Fee revenue	$1,891	$2,199	($308)
Other revenue	109	74	35
Total operating revenue	2,000	2,273	(273)
Salaries and benefits	181	172	9
Operating expenses	763	586	177
Payments in lieu of real estate taxes	0	6	(6)
Depreciation	738	517	221
Total Operating expense	1,682	1,281	401
Capital Grants paid to Developers	(750)	(295)	(455)
Contributions to Pace Financing Venture	0	(324)	324
Capital Grants from/to TID	1,707	1,443	264
Capital Grants from City of Dayton	750	243	507
Capital Grants from Friends of Levitt	265	3,502	(3,237)
Interest income	46	36	10
Interest expenses	(1,064)	(1,062)	(2)
Total nonoperating revenues and expenses	954	3,543	(2,589)
Change in Net Position	1,272	4,535	($3,263)
Beginning Net Position	(3,573)	(8,108)	
Ending Net Position	($2,301)	($3,573)	

The Port Authority saw port fees decrease about $273,000 with less project activity than 2018. Fiscal year 2019 saw the Port Authority collect over $533,000 in administrative fees. Operating expenses were 31% higher than the prior year as the Port Authority saw professional services expenses related to the Main Street garage increase with some maintenance items. The capital grants from the City of Dayton were the funds used to help with the financing of the Fire Blocks project. The capital grants from the TID were amounts received in respect to payments on the two loans for the Dogleg road project. The capital grants from Friends of Levitt related to the construction of the Levitt Pavilion in 2018. The amount in 2019 relates to the initial payment on the City of Dayton loan; however, the Port Authority is holding those funds until the City of Dayton requests it.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Port Authority reports as capital assets in the enterprise fund the Main Street parking garage where the Port Authority holds title and ownership, with an operating agreement in place. The Port Authority also reports a capital assets for the Levitt Pavilion. See note 3 for additional information on the Port Authority's capital assets.

Debt reported in the enterprise fund

The Port Authority has a long term liability due to the City of Dayton for the debt outstanding on the Main Street Garage. In 2019, the Port Authority paid $938,574 of net garage revenue to the City for this debt, $261,413 of which was paid on the principal owed. The Port Authority's liability for this debt is limited to the net revenues generated from the Main Street Garage. The Port Authority had drawn down $13,261,888 on an authorized SIB loan for Walnut Project's obligations, which are guaranteed and paid by Montgomery County and City of Union. The Port Authority also reports a loan payable for the City of Dayton's contribution to the Levitt Pavilion project due and payable based on what the Friends of Levitt pay during the year. See Notes 4 and 10 for additional information on the Port Authority's debt related to the enterprise fund.

Debt reported in the agency fund

As discussed in the highlights, the Port Authority's long term debt issuances maintained in the agency fund are $37.2 million in non-recourse revenue bonds. The Port Authority only issues non-recourse obligations for which the company maintains the liability for repayment. For more information on the Port Authority's agency fund debt balances see notes 4 and 9 of the financial statements.

ECONOMIC FACTORS

After several years of slowing economics for the community, Montgomery County saw increased development activity in 2019 in the northern and southern portions of the county. The southern portion of the County is benefiting from the Austin Interchange increasing taxable valuation by $266 million because of developments including Austin Landing, Motoman Enterprises, Miamisburg Industrial Park, and Springboro's Tech Park. The Port Authority's involvement in Project Walnut will also bring a significant amount of valuation increase to the northern portion of the County in the City of Union. There is continued interest in development around the City of Dayton Airport properties with North Pointe developers now having five buildings financed in some way through the Port Authority. The County has also seen expansion in areas such as Butler Township along the I70/I75 corridor and the City of Huber Heights is working on expansions along their respective interchanges. The Port Authority is heavily involved with the Property Assessed Clean Energy (PACE) bond issues through a partnership with the City of Dayton's created Energy Special Improvement District (ESID). Through 2019, the ESID has issued $7.4 million through four bond funds deals and more to come in fiscal year 2020.

After seeing the unemployment rate for 2009 reach 12 percent in the County, the rate was declined or remained relatively unchanged. As of December 2018, the rate was down to 4.7 percent and dropped another full point in fiscal year 2019 to finish at 3.7 percent as of December 2019.

Request for Information

The financial report is designed to provide a general overview of the Port Authority's finances for all those with an interest in the Port Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Dayton-Montgomery County Port Authority, 8 North Main Street, Dayton, Ohio 45402-2400.

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DAYTON-MONTGOMERY COUNTY PORT AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$	3,457,095
Intergovernmental receivable		9,441,807
Accounts receivable		50,320
Total current assets		12,949,222
RESTRICTED ASSETS:		
Restricted cash and cash equivalents		487,905
CAPITAL ASSETS:		
Land and land improvements		4,218,337
Buildngs		25,005,427
Total		29,223,764
Less: Accumulated depreciation		(5,880,894)
Total capital assets, net		23,342,870
TOTAL ASSETS		36,779,997
DEFERRED OUTFLOWS OF RESOURCES:		
Pensions		55,532
OPEB		7,321
TOTAL DEFERRED OUTFLOWS OF RESOURCES		62,853
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable		152,805
Accrued interest on SIB loan		41,579
Current portion of long term debt:		
SIB loan payable - Project Walnut		1,208,631
Total current liabilities		1,403,015
LONG TERM AND OTHER LIABILITIES		
Revenue bonds, notes and loans:		
Main street arage		20,738,929
SIB Loan Payable - Project Walnut		6,613,704
Levitt Pavilion		674,821
Net pension liabilities		185,142
Net OPEB liabilities		82,137
Total long term and other liabilities		28,294,733
TOTAL LIABILITIES		29,697,748
DEFERRED INFLOWS OF RESOURCES:		
Intergovernmental grant		9,441,807
Pension		3,919
OPEB		223
TOTAL DEFERRED INFLOWS OF RESOURCES		9,445,949
NET POSITION:		
Net investment in capital assets		1,929,120
Unrestricted (Deficit)		(4,229,967)
TOTAL NET POSITION	$	(2,300,847)

See accompanying notes to the financial statements

DAYTON-MONTGOMERY COUNTY PORT AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES:		
Port fees	$	528,660
Parking garage fees		1,362,182
Other revenues		108,708
Total Operating Revenues		1,999,550
OPERATING EXPENSES:		
Salaries and benefits		181,141
Operating expenses		486,430
Project related expenses		269,856
Professional services		6,046
Depreciation		737,698
Total Operating Expenses		1,681,171
OPERATING INCOME		318,379
NONOPERATING REVENUES (EXPENSES):		
Capital grants to developers		(750,000)
Capital grants from Friends of Levitt		265,000
Capital grants from TID		1,706,629
Capital grants from City of Dayton		750,000
Interest income		46,681
Interest and fiscal charges		(1,064,296)
Total Nonoperating Revenues (Expenses)		954,014
CHANGE IN NET POSITION		1,272,393
Net Position Beginning of Year		(3,573,240)
Net Position End of Year	$	(2,300,847)

See accompanying notes to the financial statements

DAYTON-MONTGOMERY COUNTY PORT AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities:		
Cash received from customers	$	1,894,676
Cash payments to employees for services		(151,130)
Cash payments to supplier for goods and services		(816,389)
Cash received from other sources		80,719
Net cash provided by operating activities		1,007,876
Cash flows from capital and related financing activities:		
Retirement of debt		(1,699,427)
Interest paid		(861,939)
Capital Grants for debt payment		1,706,629
Capital contributions on City of Dayton loan		265,000
Net cash used for capital and related financing activities		(589,737)
Cash flows from noncapital financing activities:		
Capital Grants		750,000
Capital Distributions - Renegade		(300,000)
Capital Distributions - Fire Blocks		(750,000)
Net cash used for noncapital financing activities		(447,734)
Cash flows from investing activities:		
Interest received		54,785
Net increase in cash and cash equivalents		25,190
Cash and cash equivalents at beginning of year		3,919,810
Cash and cash equivalents at end of year		3,945,000
Reconciliation of operating income to net cash provided by operating activities		
Operating Income		318,379
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		737,698
Changes in assets and liabilities:		
Increase in accounts receivable		(24,155)
Decrease in accounts payable		(57,182)
Increase in net pension liability and related deferred inflows/outflows		33,136
Net cash provided by operating activities	$	1,007,876

See accompanying notes to the financial statements

DAYTON-MONTGOMERY COUNTY PORT AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2019

Assets:		
Cash and Cash Equivalents		
in Restricted Accounts	$	28,575,248
Intergovernmental Receivable		16,886,311
Financing Leases Receivable		25,887,385
Total Assets	$	71,348,944
Liabilities :		
Liabilities:		
ODOD Loan Payable	$	1,500,000
Proceeds Held for Bond Fund Reserves		6,216,930
Proceeds Held for Cincinnati Port Authority		16,300,156
Unspent Bond Proceeds		195,376
Interest and Fees Payable		9,966,737
Revenue Bonds Payable		37,169,745
Total Liabilities	$	71,348,944

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Dayton-Montgomery County Port Authority, Montgomery County, Ohio (the "Port Authority") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority was established in January 2000 pursuant to section 4582.22 of the Ohio Revised Code by resolution of Montgomery County and by ordinance of the City of Dayton. A nine-member Board of Directors directs the Port Authority. Five of the Directors are appointed by the Montgomery County Commissioners and four are appointed by the Mayor of the City of Dayton, with the advice and consent of the Dayton City Commission.

The Port Authority provides services that are enumerated in Sections 4582.31 of the Ohio Revised Code. The services include but are not limited to the power to finance, purchase, construct, reconstruct, enlarge, improve, equip, develop, sell, exchange, lease, convey other interest in, and operate Port Authority facilities.

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, in that the financial statements include all divisions and operations for which the Port Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on the organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or to impose specific financial burdens on, the primary government/component unit. On this basis, no governmental organization other than the Port Authority itself is included in the financial reporting entity.

The purpose of the Port Authority is to facilitate economic and community development in the Dayton Region. The operating policy and practice of the Port Authority has been to be financially self-sustaining. To that end, the Port Authority's policy and practice is, and has been from its inception, to limit its financial exposure to individual projects by utilizing one or more of the following approaches: full financial, operating and legal indemnification by project beneficiary; bond issuances supported by financing leases and/or credit enhancement, wherein the beneficiary/tenant is responsible for all debt service and operating expenses; strict limitation of financial liability to individual project revenues; and guaranty of debt service by another unit of government, with all operating expenses the responsibility of the tenant/beneficiary. In conclusion, the Port Authority never takes credit risk on behalf of a conduit borrower and has no credit risk to Bond Fund borrowers, beyond resources previously pledged in 2004 to the Bond Fund reserves.

Basis of Accounting

The Port Authority's activities, other than activity related to bond financings either through the bond fund issues or other trust activity that are fiduciary in nature and reported in an agency fund, are financed and operated as a single enterprise fund such that the costs and expenses, of providing the services are recovered primarily through administrative fees. The enterprise fund measurement focus is on the determination of revenues, expenses, financial position, and cash flows as the identification of these items is necessary for appropriate capital maintenance, public policy, management control, and accountability. The Port Authority's financial transactions are recorded on the accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred.

As defined by GAAP, the fiduciary fund category is split into four classifications: private purpose trust funds, pension trust funds, investment trust funds and agency funds. The Port Authority maintains a fiduciary agency fund for its projects that are issued through the Regional Bond Fund, and other stand alone issuances where the Port Authority has a financing lease receivable. Examples of such projects are Clopay, STEM School, Materion Brush, White Castle, Connor, Fieldstone, and Hematite. The Port Authority's agency fund is custodial in nature and does not involve the measurement of results of operations.

Investments

The Port Authority's investments (including cash equivalents) are recorded at fair value. Money market funds are recorded at share values reported by the money market fund.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Port Authority considers all highly liquid investments with maturities of less than three months (including restricted assets) to be cash equivalents.

Capital Assets

The Port Authority defines capital assets as follows:

- Land assets will always be capitalized without regard to costs and not depreciated.
- Infrastructure assets will be capitalized if it has a life expectancy of five (5) years or greater and a designated value exceeding $300,000
- Assets other than land or infrastructure will be capitalized if the asset has a useful life of two (2) years or more and a designated value exceeding $5,000.

Capital assets are stated at historical cost. Donated capital assets are recorded as estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed and updated for the cost of additions and retirement during the year. Interest incurred during construction is capitalized until substantial completion of the project.

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

- Buildings and Improvements – 40 years
- Infrastructure – 40 years
- Office Equipment – 3 years

Restricted Assets and Related Liabilities

Bond indentures and other agreements require portions of debt proceeds as well as other resources of the Port Authority to be set aside for various purposes. These amounts are reported as restricted assets on the Statement of Net Position and Statement of Fiduciary Assets and Liabilities. The liabilities that relate to the restricted assets are included in other liabilities in the same statement. The Port Authority also reports restricted cash for the balance maintained in the Main Street Garage account of $222,905. The City of Dayton is provided a monthly review of the Port Authority’s expenses in that account. The Port Authority received $265,000 from Friends of Levitt as part of the repayment to City of Dayton loan provided to construct the Levitt Pavilion. The amount is reported as a restricted asset and liability.

Budgetary Accounting and Control

The Port Authority’s annual budget, as provided by law, is prepared on the cash basis of accounting. The budget includes amounts for current year revenues and expenses.

The Port Authority maintains budgetary control by not permitting total capital expenditures and accounts charges to individual expense categories to exceed their respective appropriations without an amendment of appropriations by the Board of Directors.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from charges for services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Port Authority. Revenues and expenses that do not meet these criteria are considered non-operating and reported as such.

Tax Increment Financing from the City of Dayton

As part of the financing agreement between the Port Authority and the City of Dayton related to the Taxable Project Development Mortgage Revenue Bonds for the Patterson Street Parking Garage Facility Project, the City of Dayton makes debt service payments on the bonds from service payments in lieu of taxes received the from adjoining office building. The Port Authority recognizes the debt service payments on the bonds made by the City of Dayton on behalf of the Port Authority as tax increment financing (nonoperating) revenue bonds within the enterprise fund.

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an expense until then. The Port Authority reports deferred outflows of resources on the statement of net position for pension/OPEB. The deferred outflows of resources related to pension/OPEB are explained in Notes 5 and 6.

Deferred Inflows of Resources

In addition to liabilities, the statements of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as revenue until that time.

Deferred inflows of resources related to pension/OPEB and revenues received from the City of Union for debt service payment associated with the SIB loan are reported on the statement of net position The deferred inflows of resources related to pension/OPEB are explained in Notes 5 and 6.

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Total net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position - net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowing, or portion of a borrowing, used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation adopted by the Port Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Port Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Conduit Debt

The Port Authority issues conduit debt on behalf of other entities, whether public entities or private companies, whether taxable or tax exempt. The Port Authority is contractually protected from liability related to these issues. For the purposes of the financial statements, the various conduit debts of the Port Authority are classified in one of two manners, depending on applicable accounting rules. First, a completely “off book” issuance where the Port Authority has issued the debt in name only on behalf of a private company, or organization. These are disclosed in Note 8. Second, bond issuances that involve a lease receivable where the company or organization is responsible for making payments to a trustee for payment of principal, interest and related fees on debt issued in the Port Authority’s name. These are disclosed in Notes 9 and 11 and reported within the Agency Fund statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Monies held by the Port Authority are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Port Authority treasury. Such monies must be maintained either as cash in the Port Authority treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Directors have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than five years from the date of deposit or by savings accounts, including passbook accounts.

Interim monies held by the Port Authority can be deposited or invested in the following securities:

- United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days; and

- Bond and other obligations of the State of Ohio;

- Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,

- The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Port Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of a bank failure the Port Authority’s deposits may not be returned. Protection of the Port Authority’s cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institutions holding the assets. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Port Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by FDIC. The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 105 percent of the carrying value of all public deposits held by each institution that are not covered by FDIC. Obligations that may be pledged as collateral are limited to obligation of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Port Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2019, the Port Authority’s $2,360,354 of the Port Authority’s bank balance of $2,610,354 was not exposed to custodial credit risk since it was collateralized with securities held in the Ohio Pooled Collateral System.

The Port Authority has no deposit policy for custodial risk beyond the requirements of the State statute.

Investments

During fiscal year 2019, the Port Authority invested in State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at net asset value (NAV) which is based on the fund's quoted market prices.

The Port Authority's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the Port Authority. The Port Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance to all deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transaction to $100 million per day, required any excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

The Port Authority also had the following cash equivalents and investments as of December 31, 2019 reported in the enterprise fund as follows:

	NAV Value	NAV Value Measuring Unit	Credit Rating	Maturity
STAR Ohio	$2,084,718	Level 1	AAm	<60 days

The Port Authority also has cash equivalents and investments as of December 31, 2019 reported in the agency fund were as follows:

	Fair Value	Fair Value Measuring Unit	Credit Rating	Maturity
U.S Government MM Funds	$18,815,415	Level 1	AAm	<60 days
U.S Treasury Bills	4,676,000	Level 1	N/A	1 year
U.S Treasury Notes	4,878,454	Level 1	N/A	1 year
Total	$28,369,869			

Fair Value Measurement
Fair value as defined by GASB Statement No. 72 requires the Port Authority to apply valuation techniques that best represent fair value in the circumstances-market approach, cost approach and income approach. The following are the levels for which inputs can be measured. Level 1 – quoted prices (unadjusted) in active markets for identical assets/liabilities (most reliable); Level 2 – quoted prices for similar assets/liabilities, quoted price for identical assets/liabilities or similar assets/liabilities in markets that are not active, or other quoted prices that are observable; and Level 3 – unobservable inputs (least reliable).

Interest Rate Risk – State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Port Authority, and that an investment must be purchased with the expectation that it will be held to maturity. The Guaranteed Investment Contracts are matched to obligations within the Bond Fund Program.

Concentration of Credit Risk – The Port Authority places no limit on the amount the Port Authority may invest in one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Port Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Port Authority has no investment policy dealing with the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investment to the Port Authority or qualified trustee.

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Increases	Decreases	Balance 12/31/2019
Cost				
Land and Improvements	$4,218,337	$0	$0	$4,218,337
Levitt Pavilion	4,413,510	0	0	4,413,510
Parking Garages	20,591,917	0	0	20,591,917
Total Cost	29,223,764	0	0	29,223,764
Accumulated depreciation				
Levitt Pavilion	0	(110,338)	0	(110,338)
Parking Garages	(5,143,196)	(627,360)	0	(5,770,556)
Net Capital Assets	$24,080,568	($737,698)	$0	$23,342,870

The Port Authority reports a significant amount of capital assets within the enterprise fund. The parking garage in the name of the Port Authority will remain with the Port Authority after final payment on the respective debt obligation. In prior years, the Port Authority constructed the Levitt Pavilion. The project was financed in part of a loan payable from the City of Dayton and pass through contributions from the Friends of Levitt Pavilion.

4. PROJECTS

Main Street Parking Garage (Enterprise Fund reported)

In conjunction with the CareSource Management Group project, during 2007 the Port Authority began construction of a seven story parking garage in downtown Dayton to be owned and operated by the Port Authority. CareSource Management Group agreed to rent 900 spaces for 20 years with an option to re-negotiate rental rates after 10 years. The number of spaces leased to Caresource has since increased to 1050.

As of December 31, 2019, $24,810,254 of cost has been capitalized, including $4,218,337 of land and $20,591,917 of construction costs. Funding of $20,100,000 under the financing arrangement has been provided by the City of Dayton as of December 31, 2019. The amount funded is reflected on the statement of net position as a payable to the City of Dayton less the amount repaid against the obligation plus accrued interest added to the principal. Construction of the garage was completed in December 2008.

During January 2008, the City of Dayton issued economic development revenue bonds and entered into a loan agreement with the Port Authority for the permanent funding of the project. The City of Dayton and Port Authority agreed to repay the loan from garage net revenues. For 2019, the Port Authority paid $854,737 to the City of Dayton in net revenues. $261,413 of this amount was applied towards principal payments.

The Port Authority is not paying the full principal payments to the City of Dayton in connection with the Main Street Garage Project. Per the loan agreement between the City of Dayton and Port Authority, dated January 10, 2008, the City of Dayton could declare all loan payments due in the event of default. During 2018, the City of Dayton has waived this covenant. If the City of Dayton rescinds the waiver of this covenant violation, then the full balance of the loan may be due at that time. The amount outstanding at December 31, 2019 is $20,738,929.

The Port Authority's obligation for this payable is limited to its revenues from the garage, net of operating and additional construction expenses.

Austin Landing Parking Garage (Partially conduit not reported on the financial statements, Partially Enterprise Fund reported)

The Port Authority received a loan from the State Infrastructure Bank for $3,610,000 as a partial funding source to pay off the parking garage being constructed by RG Properties at the Austin Landing project. During 2012, the Port Authority received $3,600,000 and provided the proceeds to RG Properties as a grant. The Port Authority entered into an intergovernmental agreement with Montgomery County to provide the Port Authority all necessary funds to repay the SIB loan together with any interest. During 2015, Montgomery County provided a payment to the Port Authority to retire the outstanding principal due on the loan. The Port Authority was also involved in the issuance of $800,000 Recovery Zone Bonds and $1,500,000 Recovery Zone Bond both purchased by PNC Bank and loaned to RG Properties in relation to the Parking Garage and retail development. These bonds are conduit in nature with RG Properties making payments directly to the bank. Both bonds were paid off by RG Properties during 2019.

Connor Group (Agency Fund reported)

During 2012, the Port Authority borrowed on behalf of The Connor Group, A Real Estate Investment Firm, LLC $8,350,000 in State Economic Development Revenue Bonds. The bonds are being used to finance a portion of the costs of constructing, equipping and furnishing an approximately 39,000 square foot office facility located in Miami Township, Ohio just south of the City of Dayton. The Connor Group entered into a financing lease with the Port Authority to service the respective debt obligations on this project. The initial principal payments started in September 2014 and terminate in May 2027.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$630,000	$219,443
2021	655,000	192,467
2022	685,000	164,385
2023	715,000	135,038
2024	745,000	104,427
2025-2027	2,010,000	118,336
Total	$5,440,000	$934,097

The future lease payments to be received (less cash on hand) and the Port Authority's net investment in the lease are as follows:

Year	Total
2020	$861,435
2021	859,554
2022	858,061
2023	858,563
2024	854,394
2025-2027	2,064,869
Total	$6,356,876

White Castle (Partially conduit not reported on the financial statements, Partially Agency Fund reported)

On October 31, 2012, the Port Authority borrowed on behalf of White Castle Distributing LLC $9,850,000 in State Economic Development Revenue Bonds at a variable interest rate ranging from 1.125 – 4.0% with a final maturity of December 1, 2027. The Port Authority received a $2,000,000 State of Ohio 166 loan at a 3% interest rate with a final maturity of November 15, 2027. The loan is conduit in nature with White Castle making payments directly to the State. The proceeds from the bonds and loan are being used to finance a portion of the costs of acquisition and constructing an approximately 74,000 square foot frozen food manufacturing facility located in Vandalia, Ohio just north of the City of Dayton. White Castle entered into a financing lease with the Port Authority to service the respective debt obligations on this project. The initial principal payments on the bonds started in June 2014 and terminate in December 2027.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$675,000	$204,375
2021	700,000	177,175
2022	730,000	148,975
2023	755,000	121,313
2024	780,000	98,475
2025-2027	2,490,000	143,244
Total	$6,130,000	$893,556

The future lease payments to be received (less cash on hand) and the Port Authority's net investment in the lease are as follows:

Year	Total
2020	$892,685
2021	888,966
2022	889,191
2023	884,880
2024	885,342
2025-2027	2,592,752
Total	$7,033,816

Sherman Dixie (Conduit not reported on financial statements)

In 2005, the Port Authority issued $3,500,000 Facilities Revenue Bonds and loaned the proceeds to Sherman-Dixie, a concrete products manufacturer who purchased a plant in Dayton and proposed to use the fund to renovate and update the facility. The bonds have a twenty year term and payable as a bullet payment with the final payment in December 2025.

STEM School (Agency Fund reported)

The Port Authority issued $5,000,000 in qualified school construction bonds designated as Taxable Development Revenue Bonds (Dayton Regional Bond Fund) Series 2011A (Dayton Regional STEM School) (the “Dayton Bonds”). The proceeds of the Bonds were used for the acquisition, construction, equipping, improvement, and installation of “port authority facilities” as defined in Sections 4582.01 and 4582.22, Ohio Revised Code, and consistent with the intended purposes pursuant to Section 54F of the Internal Revenue Code. Specifically, the facilities consist of a school facility owned by the Port Authority, leased to the Dayton Regional STEM Schools, Inc., and located in Kettering, Ohio.

The Port Authority is to make monthly principal payments on the Bonds, Series 2011A, in varying monthly amounts ranging from $130,000 beginning on May 15, 2019 to $1,425,000 on November 15, 2025. The bonds bear an interest rate of 5.5 percent and are secured by the property and rental payments to be received under the lease with the Dayton Regional STEM Schools through November 15, 2025. The Port Authority is receiving an interest subsidy of 5.41 percent from the U.S Treasury.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$265,000	$162,800
2021	290,000	147,812
2022	295,000	131,863
2023	295,000	115,638
2024	300,000	99,275
2025	1,580,000	82,638
Total	$3,025,000	$740,026

The future lease payments to be received (less cash on hand) and the Port Authority's net investment in the lease are as follows:

Year	Total
2020	$448,449
2021	451,517
2022	438,718
2023	422,394
2024	409,467
2025	1,019,493
Total	$3,190,038

Renegade (Agency Fund reported)

On September 1, 2007 the Port Authority issued Development Revenue Bonds from the Regional Bond Fund for acquisition and construction of a facility guaranteed by Maverick. The Port Authority is to make monthly principal payments on the Bonds in varying monthly amounts ranging from $105,000 beginning in May 15, 2019 to $125,000 on May 15, 2022. The bonds were issued at a 5.125% interest rate with a final maturity on May 15, 2022 and secured by the property and rental payments to be received under the lease with Renegade through May 1, 2022. During 2019, the company paid the outstanding balance due on the bonds to retire the obligation.

Clopay (Agency Fund reported)

On October 25, 2006 the Port Authority issued a $1,500,000 Taxable Development Revenue Bond at 6.25% interest rate from the Regional Bond fund for the acquisition/rehabilitation of the former Panasonic facility for expansion and consolidation of Clopay manufacturing capacity. The final maturity on the bond is November 15, 2021. The Port Authority also received an Ohio Enterprise Bond Fund loan of $7,790,000 at approximately 5.89% interest rate with a final maturity of December 1, 2021 and a State of Ohio 166 loan of $5,000,000 at a 1-3% variable interest rate with a final maturity of October 15, 2021 for the project. The various bonds/loans are secured by the property and rental payments to be received under the lease with Clopay through November 15, 2021 and further are guaranteed by Griffin Corporation.

Annual debt service requirements to maturity for revenue bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$150,000	$17,344
2021	165,000	7,812
Total	$315,000	$25,156

Annual debt service requirements to maturity for taxable bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$750,000	$74,582
2021	795,000	29,524
Total	$1,545,000	$104,106

Annual debt service requirements to maturity for loans are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$412,567	$17,335
2021	387,178	4,877
Total	$799,745	$22,212

The future lease payments to be received (less cash on hand) and the Port Authority's net investment in the lease are as follows:

Year	Total
2020	$1,425,931
2021	1,225,008
Total	$2,650,939

Materion Brush (Agency Fund reported)

On April 9, 2011, the Port Authority issued a $2,000,000 Taxable Development Revenue Bond, at an interest rate of 4.9%, with a 10 year maturity. At the same time, the Toledo Lucas County Port Authority (TLCPA) issued an $8,000,000 bond of the same type, on the same terms. $2,000,000 of the TLCPA issuance was then used to purchase (Dayton) Port Authority’s issuance. The remaining proceeds of the TLCPA issuance, and the proceeds of the Port Authority issuance, $8,000,000 in total, were then lent on identical terms, parri passu, to Materion Brush for an expansion and upgrade of its operating capacity. The Port Authority is to make monthly principal payments on the Bonds in varying monthly amounts ranging from $105,000 beginning in May 15, 2019 to $310,000 on May 15, 2021. The Bonds are secured by the property and rental payments to be received under the lease with Materion Brush through May 1, 2021.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$220,000	$23,275
2021	310,000	7,595
Total	$530,000	$30,870

The future lease payments to be received (less cash on hand which cover the fiscal year 2021 payment) and the Port Authority's net investment in the lease are as follows:

Year	Total
2020	$232,767

Penn National Gaming (Conduit not reported on financial statements)

During 2013, the Port Authority entered into agreement with Penn National Gaming to finance the construction, installation and equipping of a racing and video lottery terminal, including a one (1) mile thoroughbred horse race track. The Port Authority agreed to issue up to $55 million in conduit bonds for the project that will be purchased by Penn National Gaming or its assignee. Penn National Gaming has deposited and withdrawn amounts necessary for all of the construction by the end of 2014 with the trustee. Penn National Gaming or its subsidiaries will deposit the necessary funds required to reimburse construction expenses as needed. As of December 31, 2019, $0 was the outstanding balance of $28,272,111 on the outstanding bonds were paid off during March 2019.

Malt Products (Conduit not reported on financial statements)

During 2013, the Port Authority entered into agreement with Malt Products to assist with the construction of a 30,000 square foot facility on 42 acres within Montgomery County through a conduit capital lease structure. The Port Authority agreed to issue up to $11 million in conduit bonds for the project that will be purchased by a subsidiary of Malt Products. Malt Products had deposited and withdrawn the amount necessary for construction fees by the end of 2014 with the trustee. Malt Products or its subsidiaries will deposit the necessary funds required to reimburse construction expenses as needed. As of December 31, 2019, $58,000 was the outstanding balance.

Fieldstone (Agency Fund reported)

On December 20, 2013, the Port Authority issued Development Revenue Bonds from the Regional Bond Fund for acquisition and construction of an extend care facility in Tipp City using tax incremental financing (TIF) revenues from Tipp City with a secondary pledge from the Granger company being the guarantor of minimum service payments on the TIF bond through a letter of credit with PNC. The bonds were issued at a 4.25% interest rate with a final maturity on November 15, 2042.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$30,000	$54,294
2021	30,000	53,019
2022	30,000	51,744
2023	40,000	50,362
2024	40,000	48,663
2024-2029	220,000	217,175
2030-2034	275,000	165,219
2035-2039	360,000	98,919
2040-2042	260,000	19,763
Total	$1,285,000	$759,158

The future lease payments to be received (less cash on hand) and the Port Authority's net investment in the lease are as follows:

Year	Total
2020	$93,875
2021	92,375
2022	90,875
2023	99,250
2024	97,250
2025-2029	475,500
2030-2034	469,375
2035-2039	476,375
2040-2042	197,484
Total	$2,092,359

Project Walnut (Enterprise fund reported)

The Port Authority and Montgomery County Transportation Improvement District (the "TID") are working together with the City of Union and Montgomery County on the logistic park (referred to locally as Project Walnut) to provide infrastructure needs to support a larger manufacturing facility. The Port Authority applied to the State Infrastructure Bank (the "SIB") for a loan to provide local funding for the Project. The TID is the construction agent handling the infrastructure improvements and submits the project invoices to the Port Authority for approval and submission to the SIB. The loan is guaranteed through an intergovernmental agreement with the City of Union to provide tax increment financing revenues to cover the debt service payments. As of December 31, 2019, $13,251,888 of the authorized $14,500,000 loan was drawn down.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$1,208,631	$263,155
2021	1,245,161	226,625
2022	1,282,796	188,990
2023	1,321,569	150,217
2024	1,361,513	110,273
2025	1,402,665	69,122
Total	$7,822,335	$1,008,382

Project Walnut (Agency fund reported)

As part of the project where the Port Authority and Montgomery County Transportation Improvement District (the "TID") are working together with the City of Union and Montgomery County on the logistic park (referred to locally as Project Walnut) to provide infrastructure needs to support a larger manufacturing facility, Montgomery County initially provided funding to write down the land cost for the developer. During fiscal year 2015, the City of Union borrowed $790,000 through the Bond Fund to repay Montgomery County for the funds. The bond is guaranteed through an intergovernmental agreement with the City of Union to provide tax increment financing revenues to cover the debt service payments at the same time of the State Infrastructure Bank Loan.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$80,000	$23,988
2021	80,000	20,188
2022	85,000	16,387
2023	90,000	12,231
2024	90,000	7,956
2025	100,000	3,563
Total	$525,000	$84,313

Property Assessed Clean Energy Program (PACE) Kettering Tower (Agency fund reported)

The Port Authority was authorized by the State of Ohio as an authorized participant in the State of Ohio Property Assessed Clean Energy Program (PACE). As part of this program, the Port Authority received $125,000 from the State of Ohio as additional bond fund reserves to help secure these projects. During 2016, the State of Ohio deposited another $1,000,000 in bond fund reserves for the energy projects. The first PACE project for the Port Authority is related to the improvements to the Kettering Tower. The Port Authority and Toledo Port Authority issued PACE bonds through their respective bond funds to allow the owner to make energy improvements. The City of Dayton created a Dayton Regional Energy Special Improvement District on June 24, 2015 when the Kettering Tower petitioned the City to participate in this program. The owner will be assessed through the real estate taxation process to repay the Port Authority bonds. The Port Authority has reported an intergovernmental receivable for the principal and interest less the project cash reserve held at the Port Authority.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$20,000	$7,177
2021	20,000	6,308
2022	20,000	5,437
2023	25,000	4,567
2024	30,000	3,372
2025	55,000	2,066
Total	$170,000	$28,927

PACE – Top of the Market i.e 32 Webster Street (Agency fund reported)

On August 14, 2015, 32 Webster Street petition the City of Dayton to be added to the PACE program. The Port Authority and Toledo Port Authority issued PACE bonds through their respective bond funds to allow the owner to make energy improvements. The owner will be assessed through the real estate taxation process to repay the Port Authority bonds. The Port Authority has reported an intergovernmental receivable for the principal and interest less the project cash reserve held at the Port Authority.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$10,000	$9,026
2021	10,000	8,591
2022	10,000	8,157
2023	15,000	7,721
2024	20,000	6,960
2025-2029	100,000	21,750
2030	45,000	1,739
Total	$210,000	$63,944

PACE – Delco Rehabilitation Project (Agency fund reported)

On July 26, 2016, Delco petition the City of Dayton to be added to the PACE program. The Port Authority issued PACE bonds through the bond fund to allow the owner to make energy improvements. The owner will be assessed through the real estate taxation process to repay the Port Authority bonds. The Port Authority has reported an intergovernmental receivable for the principal and interest less the project cash reserve held at the Port Authority.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$200,000	$137,295
2021	205,000	129,195
2022	215,000	120,791
2023	225,000	111,982
2024	240,000	102,667
2025-2029	1,370,000	357,007
2030-2032	985,000	71,179
Total	$3,440,000	$1,030,116

PACE – Social Row (Livingston Development) Project (Agency fund reported)

On March 20, 2017, Washington Township petitioned the City of Dayton to be added to the PACE program. The Port Authority issued PACE bonds through the bond fund to allow the owner to make energy improvements. The owner will be assessed through the real estate taxation process to repay the Port Authority bonds. The Port Authority has reported an intergovernmental receivable for the principal and interest less the project cash reserve held at the Port Authority.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$150,000	$138,625
2021	160,000	131,000
2022	170,000	122,875
2023	180,000	114,250
2024	190,000	105,125
2025-2029	1,120,000	369,750
2030-2032	840,000	75,125
Total	$2,810,000	$1,056,750

Yankee Trace (Agency fund reported)

During 2017, the Port Authority partnered with the Development Finance Authority of Summit County and the Toledo-Lucas County Port Authority to provide $14,500,000 in public financing for the Yankee Trace Public Improvement Project. The Port Authority issued $5,500,000 of Southwest Ohio Regional Bond Fund bonds at a fixed interest rate of 3.80 percent with a maturity date of November 15, 2034. Principal payments range from $120,000 starting on May 15, 2020 to $770,000 on November 15, 2034. All of the bond payments are secured through new community authority charges for the development on a monthly basis starting at $51,580 in January 2019 to $1,554,137 in November 2034. The Port Authority has the rights to portion of the charges to service the respective debt service.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$240,000	$206,720
2021	250,000	197,505
2022	260,000	187,910
2023	275,000	177,935
2024	285,000	167,390
2025-2029	1,625,000	663,005
2030-2034	2,565,000	321,480
Total	$5,500,000	$1,921,945

Hematite (Agency fund reported)

During 2017, the Port Authority partnered with JOBS Ohio to provide $7,875,000 in public financing for the Hematite manufacturing facility construction project. The Port Authority issued $4,375,000 of Southwest Ohio Regional Bond Fund bonds at a fixed interest rate of 3.92 percent with a maturity date of May 15, 2032. JOBS Ohio provided an additional $3,500,000 loan that is secured by Hematite RE through a mortgage on the property. Principal payments on the Port Authority bonds range from $105,000 starting on May 15, 2019 to $625,000 on May 15, 2032. The bond payments are secured through lease payments on a monthly basis starting at $33,516 in January 2019 to $33,656 in May 2032.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$225,000	$157,584
2021	235,000	148,666
2022	245,000	139,356
2023	255,000	129,654
2024	265,000	119,560
2025-2029	1,515,000	430,416
2030-2032	1,335,000	96,529
Total	$4,075,000	$1,221,765

The future lease payments to be received (less cash on hand) and the Port Authority's net investment in the lease are as follows:

Year	Total
2020	$405,194
2021	404,970
2022	404,297
2023	403,176
2024	401,608
2025-2029	2,008,197
2030-2032	303,148
Total	$4,330,590

YMCA of Greater Dayton (Conduit not reported on financial statements)

During 2014, the Port Authority entered into agreement with the YMCA of Greater Dayton to refinance four existing borrowings through refunding bonds. The Port Authority agreed to issue up to $9 million in economic development revenue refundings bonds for the project that were purchased by PNC Bank. The issuance was down through two series. Series A was issued for $2,596,250 ranging in payments of $32,685 on January 2, 2019 to a final maturity of $37,872 on June 2, 2021. Series B was issued for $6,110,500 ranging in payments of $17,173 on January 2, 2019 to a final maturity of $43,942 on June 2, 2034. Both series have a variable interest rate based the LIBOR multiplied by an interest factor plus 108 basis points.

Storypoint of Troy (Conduit not reported on financial statements)

During 2015, the Port Authority entered into agreement with the Storypoint of Troy to finance the acquisition, construction, improvement, installation and equipping of a facility constituting a residential supportive senior living facility. The Port Authority agreed to issue up to $32.26 million in project revenue bonds Series 2015-1 and $1.47 million in project revenue bonds taxable Series 2015-2. Series 2015-1 was issued as three separate term bonds: $1.23 million due January 15, 2025 at 6.125%; $11.79 million due January 15, 2040 at 7%; and $19.24 million due January 15, 2050 at 7.125%. Series 2015-2 was issued as a term bond due on January 15, 2027 at 8%. The full amount on both series was outstanding at December 31, 2019.

Chaminade-Julienne High School (Conduit not reported on financial statements)

In 2015, the Port Authority issued $6,000,000 Facilities Revenue Bonds and loaned the proceeds to Chaminade-Julienne High School, a school who proposed to use the fund to renovate and update the facility. The bonds have a twenty year term and payable as a bullet payment with the final payment in December 2035.

St. Vincent De Paul (Conduit not reported on financial statements)

In 2015, the Port Authority issued $11,000,000 refinance existing borrowings through refunding bonds. The Port Authority agreed to issue up to $11 million in economic development revenue refundings bonds for the project that were purchased by PNC Bank. The bonds have a twenty year term and payable as a bullet payment with the final payment in December 2035.

Goodwill Easter Seals (Conduit not reported on financial statements)

In 2015, the Port Authority issued $10,200,000 refinance existing borrowings through refunding bonds. The Port Authority agreed to issue up to $10.2 million in economic development revenue refundings bonds for the project that were purchased by PNC Bank. The bonds have a twenty year term and payable as a bullet payment with the final payment in December 2035.

Northpointe (Conduit not reported on financial statements)

In 2016, the Port Authority issued $17,400,000 in lease revenue bonds for the construction of a manufacturing facility around the Dayton International Airport. The bonds were purchased by Associated Bank. The bond have a twenty-five year term payable as a bullet with the final payment in February 2038.

In 2018, the Port Authority issued $14,400,000 in lease revenue bonds for the construction of a manufacturing facility around the Dayton International Airport and $16,177,830 in lease revenue bonds for the construction of a manufacturing facility around the Dayton International Airport. The bonds were purchased by Security Bank of Kansas Cirty. The bonds have a twenty-five year term payable as a bullet with the final payment in February 2039.

Emerson Climate Technology (Conduit not reported on financial statements)

In 2017, the Port Authority issued $100,000,000 in lease revenue bonds for a new approximately 20,000 square foot office addition, new employee entrance, new west side guardhouse, add approximately 97,000 square feet of new engineering labs and a new east-wide corridor as part of phase 1. Phase 2 would include a new north-south corridor, remodel/construct 172,000 square feet of existing first floor space, remodel the cafeteria, new east side guardhouse and parking lot improvements. The bonds were purchased by Emerson. The bonds have a five year term payable as a bullet with the final payment in May 2022.

Gateway Lofts (Conduit not reported on financial statements)

In 2018, the Port Authority issued $27,214,600 in lease revenue bonds for 14 new 3-story approximately 350,000 square foot buildings located on 20 acres at Chardonnay Drive in Centerville. The buildings will consist of 360 residential units, made up 256 one-bedroom units and 104 two-bedroom units. The developer will also construct various amenities for residents and 4 parking garages and parking spaces. The project will create 10 full time jobs. The developer also is providing $7,800,000 in equity to the project. The bonds have a five year term payable as a bullet with the final payment in February 2023.

Midmark Corporation (Conduit not reported on financial statements)

In 2018, the Port Authority issued $20,249,000 in lease revenue bonds for a new approximately 107,000 square foot technical design center containing a leading research and development facility. The project is expected to create 97 new full time jobs. The bonds were purchased by commercial lender arranged by the lessee. The bonds have a five year term payable as a bullet with the final payment in September 2023.

Village of Versailles - North West Street Extension (Agency fund reported)

During 2018, the Port Authority partnered with the Village of Versailles, Midmark Corporation and the Ohio Department of Transportation to provide $2,727,370 in public financing for the North West Street Extension Project. The Port Authority issued $1,855,000 of Southwest Ohio Regional Bond Fund bonds at a fixed interest rate of 4.215 percent with a maturity date of May 15, 2033. Principal payments range from $20,000 starting on May 15, 2019 to $65,000 on May 15, 2033. All of the bond payments are secured through .5% income tax revenue specifically levied and used for street construction, if not .5% is not renewed the remaining 1% of general income tax will be used. The Port Authority has the rights to portion of the income tax the respective debt service.

Annual debt service requirements to maturity for bonds are as follows:

	Annual Payments	
Year	Principal	Interest
2020	$80,000	$56,206
2021	80,000	54,931
2022	80,000	53,657
2023	90,000	52,381
2024	90,000	51,106
2025-2029	515,000	230,563
2030-2033	435,000	133,131
Total	$1,370,000	$631,975

5. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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

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

Plan Description – The Port Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (Port Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

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

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

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority’s contractually required contribution was $14,279 for the year ending December 31, 2019. Of this amount, $551 is reported as a liability on the statement of net position.

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

The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority's proportion of the net pension liability was based on Port Authority’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability - prior measurement date	0.000689%
Proportion of the Net Pension Liability - current measurement date	0.000676%
Change in proportionate share	-0.000013%
Proportionate Share of the Net Pension Liability	$185,142
Net Pension Expense	$ 41,515

At December 31, 2019 the Port Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$9
Net difference between projected and actual earnings on pension plan investments	25,128
Changes in assumptions	16,116
District contributions subsequent to the measurement date	14,279
Total Deferred Outflows of Resources	$55,532
Deferred Inflows of Resources	
Differences between expected and actual experience	$2,431
Difference between Port Authority contributions and proportionate share of contributions	1,488
Total Deferred Inflows of Resources	$3,919

$14,279 reported as deferred outflows of resources related to pension resulting from the Port Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	OPERS
2020	$15,914
2021	7,403
2022	2,331
2023	11,686
Total	$37,334

Actuarial Methods and Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.5% down to 7.2%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage Inflation	3.25 percent
Projected Salary Increases	3.25 percent to 10.75 percent (Includes wage inflation 3.25%)
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3 percent Simple Post 1/7/13 Retirees: 3% simple through 2018, then 2.15% simple
Investment Rate of Return	7.20 percent
Actuarial Cost Method	Individual Entry Age

The most recent experience study was completed for the five-year period ended December 31, 2015.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.30
Other Investments	18.00	5.50
Total	100.00 %	5.95 %

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

Discount Rate

The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Port Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Port Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Port Authority's proportionate share of the net pension liability	$273,510	$185,142	$111,709

6. OTHER POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Port Authority's contractually required contribution was $0 for 2019.

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Port Authority's proportion of the net OPEB liability was based on the Port Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.000630%
Prior Measurement Date	0.000625%
Change in Proportionate Share	0.0000050%
Proportionate Share of the Net OPEB Liability	$82,137
OPEB Expense	$8,265

At December 31, 2019, the Port Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$28
Changes of assumptions	2,711
Net difference between projected and actual earnings on pension plan investments	3,674
Changes in proportionate Share	908
Total Deferred Outflows of Resources	$7,321
Deferred Inflows of Resources	
Differences between expected and actual experience	$223

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Fiscal Year Ending June 30:	
2020	($3,644)
2021	(961)
2022	(595)
2023	(1,898)
Total	($7,098)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	100.00 %	5.16 %

Discounts Rate

A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Port Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the Port Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Port Authority's proportionate share of the net OPEB liability	$105,084	$82,137	$63,888

Sensitivity of the Port Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Cost Trend Rate Assumption	1% Increase
Port Authority's proportionate share of the net OPEB liability	$78,952	$82,137	$85,806

7. RISK MANAGEMENT

The Port Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries, and natural disasters. The Port Authority has obtained commercial insurance for comprehensive property and general liability, employee bonding, auto insurance and specific property insurance for the Main Street Parking Garage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the last three years. There has not been a significant reduction in coverage from the prior year.

8. CONDUIT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS)

The following table provides the latest available information for the Port Authority's conduit (non-recourse full indemnification) debt outstanding:

	Issue		Maturity	12/31/2019
Issue Name	Amount	Date	Date	Balance
Sherman Dixie	$3,500,000	10/31/2005	12/01/2025	$3,500,000
Austin Landing Recovery Zone Bonds (parking garage)	800,000	12/13/2010	12/01/2020*	0
Austin Landing Recovery Zone Bonds (retail)	1,500,000	12/13/2010	12/01/2020*	0
White Castle 166 loan	2,000,000	10/31/2012	11/15/2027	1,235,230
Penn National Gaming	28,272,111	12/23/2013	11/01/2023*	0
Malt Products	58,000	08/01/2013	8/01/2023	58,000
YMCA Refinancing Project	8,706,750	07/01/2014	06/02/2034	6,327,887
Storypoint of Troy	33,730,000	10/07/2015	01/15/2050	33,730,000
Chaminade-Julienne HS**	6,000,000	09/01/2015	12/01/2035	6,000,000
St. Vincent De Paul**	11,000,000	11/01/2015	12/01/2035	11,000,000
Goodwill Easter Seal**	10,200,000	12/01/2015	12/01/2035	10,200,000
CJ McLin Apartments	3,710,000	03/01/2016	03/01/2051	3,555,000
Northpointe	17,400,000	07/01/2016	02/01/2038	17,400,000
Emerson Climate Technology	100,000,000	07/22/2017	07/22/2022	52,480,861
North Pointe – Concorde	14,400,000	02/09/2018	02/09/2023	14,400,000
Gateway Lofts**	27,214,600	02/12/2018	02/12/2023	27,214,600
North Pointe – Airpark	16,177,830	08/09/2018	08/09/2023	16,177,830
Midmark Corporation**	20,249,000	09/13/2018	09/13/2023	20,249,000
North Pointe – Chewy	21,610,000	02/13/2019	02/13/2024	21,610,000
North Pointe – Building V	18,170,000	11/01/2019	11/01/2024	18,170,000

*These issues were retired early during fiscal year 2019
** Most recent information available for balance presented

9. AGENCY FUND

Financing Leases Receivable

The Port Authority enters into various financing arrangements for the purpose of funding the construction of facilities that are leased to private and public companies. Financing lease agreements with the companies provide for leasing payments sufficient to fund the related debt issued by the Port Authority and other costs and expenses related to the project. The leases are non-cancelable until the underlying debt and any related charges are paid in full. Lease payments cover a minimum of the principal and interest payments on the debt as they become due. Lease arrangements allow the lessee an option to purchase the leased facility at the termination of the lease. All expenses related to the debt and operation and maintenance of the leased facilities are the responsibility of the lessee. The Port Authority has no responsibility for the repayment of any of the debt issued for the construction of the leased facilities if the resources provided by the underlying lease are insufficient to pay the obligation. All lease payments and debt retirement payments are administered and flow through accounts of the Port Authority and are recognized in the accompanying statements.

Regional Bond Fund

The Port Authority has established a Bond Fund Program to provide long-term, fixed interest rate financing for qualified industrial, commercial and public projects. The primary objective of the Bond Fund program is to further economic development efforts in the Dayton region. The Bond Fund Program is designed to provide a secondary source of repayment and credit enhancement for debt issued through the Bond Fund but does not represent a liability to the Port Authority and is reported as an agency fund on the Port Authority's financial statements.

The State of Ohio Department of Development (ODOD) awarded the Port Authority a grant of $4,000,000 during 2000 to establish the Bond Fund Program. Amounts held in the Port Authority's Bond Fund Program Reserve are included in restricted assets and as a liability on the accompanying statement of fiduciary assets and liabilities, due to the nature of the grant that restricts the use of the funds solely to the Bond Fund Program activities. Under the Program, debt service requirements on each bond issue are to be secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities, as well a lien on related assets. In addition, all borrowers are required to provide a letter of credit or cash as additional security for the related bonds. As of December 31, 2019 the Port Authority had used $1,022,205 for principal and interest payments on the Dayton Legal Blank obligation. There was nothing added during fiscal year 2019.

During 2003, the Port Authority obtained an additional $2,000,000 grant/loan from ODOD to further increase the funds of the Bond Fund Program. The terms of the grant/loan allow the Port Authority to use the funds for the Bond Fund Program and for any purpose approved by the Board for economic development purposes.

The conditional grant/loan was initially for a 20-year term, with 25 percent of the interest earned on the fund remitted back to ODOD through December 2017 and then, beginning 2018 and continuing through December 2022, 100 percent of the interest earned was required to be remitted back to ODOD. In addition to the interest repayment requirements, the Port Authority was to make a $1,000,000 repayment of principal on December 31, 2022. During May 2004 the terms were renegotiated whereby the Port Authority is to make annual interest payments of $25,000 over 20 years on the loan portion and a final repayment in 2024 totaling $1,500,000, representing the original $1,000,000 of loan principal and $500,000 in accumulated interest if the funds are not in reserves. As of December 31, 2019 the Port Authority has accrued interest payments owed to ODOD totaling $25,000.

In addition, the Port Authority has obtained a $10,000,000 letter of credit (increased by $5,000,000 during 2019) with a commercial bank for additional reserves. As of December 31, 2019, no amounts of this line of credit have been utilized. The letter of credit is to be accessed only in the event the other reserves of the Regional Bond Fund have been exhausted.

On March 16, 2015, the Port Authority approved the creation of the Southwest Ohio Regional Bond Fund (the “SWORBF”). The SWORBF is the combination of the Dayton Montgomery County Port Authority and Cincinnati Port Authority for the purpose of an expanded scope and reserves of the Dayton Regional Bond Fund. Each port authority continues to operate as separate port authorities for every other purpose. The Cincinnati Port Authority added $3,500,000 in bond fund reserves that are reported within the Agency Fund as restricted cash and also as proceeds held for the Cincinnati Port Authority. During 2019, the Cincinnati Port Authority, in connection with the Dayton Port, authorized a bond fund deals for projects in Fountain Square South, Plum & Elm (Phases 1 and 2), Findlay Center (Phases 1 and 2) and Madison & Whetsel that increased the cash balance held on behalf of the Cincinnati Port by $3,532,467 at December 31, 2019 for a total of $16,300,156.

For agency fund Dayton only projects, the table below reflects bond principal balance, as well as the gross lease receivable (which includes interest expenses and other fees reported on the Statement of Fiduciary Assets and Liabilities of $9,966,737.)

	Bond Balance At 12/31/2019	Lease Receivable at 12/31/2019
Bond Fund Projects		
STEM	$3,025,000	$3,190,038
Materion Brush	530,000	232,767
Clopay Revenue Bonds	315,000	277,078
Fieldstone	1,285,000	2,092,359
Project Walnut - Union	525,000	0
Yankee Trace	5,500,000	0
Hematite	4,075,000	4,330,590
Versailles	1,370,000	0
PACE – Kettering	170,000	0
PACE – Top of the Market	210,000	0
PACE – Delco	3,440,000	0
PACE – Social Row	2,810,000	0
Subtotal Bond Fund Projects	23,255,000	10,122,832
Other Agency Projects		
Clopay Taxable Bonds	1,545,000	1,583,879
Clopay 166 State Loan	799,745	789,982
Connor Group	5,440,000	6,356,876
White Castle	6,130,000	7,033,816
Subtotal Other Trust Projects	13,917,745	15,764,553
Total	$37,169,745	$25,887,385

The Port Authority has $28,575,248 in restricted cash and cash equivalents maintained in the regional bond fund. Of that amount, $4,143,474 is related to the projects listed above which is used to reduce the lease receivable due from the companies.

10. PROJECT RELATED DEBT OBLIGATIONS

For the year ended December 31, 2019, changes in Port Authority's project related debt were as follows:

	Balance at January 1, 2019	Additions	Payments/ Deletions	Balance at December 31, 2019	Due Within One Year
Main Street Parking Garage					
City of Dayton	$21,000,342	$0	($261,413)	$20,738,929	$0
Project Walnut					
SIB Loan	9,260,349	0	(1,438,014)	7,822,335	1,208,631
Levitt Pavilion					
City of Dayton	674,821	0	0	674,821	0
Net Pension Liability	108,091	77,051	0	185,142	0
Net OPEB Liability	69,499	12,638	0	82,137	0
Total Debt Obligations	$31,113,102	$89,689	($1,699,427)	$29,503,364	$1,208,631

11. FINANCING LEASES

For the year ended December 31, 2019, changes in Port Authority's financing leases were as follows:

	Balance at January 1, 2019	Additions	Payments/ Deletions	Balance at December 31, 2019
STEM	$3,610,684	$0	$420,646	$3,190,038
Materion Brush	585,905	0	353,138	232,767
Renegade	859,027	0	859,027	0
Clopay Revenue Bonds	446,656	0	169,578	277,078
Fieldstone Revenue Bonds	2,181,824	0	89,465	2,092,359
Clopay Taxable Bonds	2,403,478	0	819,599	1,583,879
Clopay 166 State Loan	1,222,344	0	432,362	789,982
Connor Group	7,173,805	0	816,929	6,356,876
White Castle	7,869,854	0	836,038	7,033,816
Hematite	4,735,561	0	404,971	4,330,590
	$31,089,138	$0	$5,201,753	$25,887,385

12. RELATED PARTY DISCLOSURE

City of Dayton

The Port Authority has board members selected by the City of Dayton who have authority to authorize various bond issuances of the Port Authority. In prior years, the Port Authority has approved bond issuance in relation to the City of Dayton Main Street parking garages. The City of Dayton has issued bond debt through their investment portfolio and required payment from the Port Authority. The Port Authority makes monthly payments to the City of Dayton of the net revenues for the Main Street garage. During the current year, the City of Dayton provided loan proceeds as part of the Levitt Pavilion financing structure.

Montgomery County

The Port Authority has board members selected by Montgomery County who have authority to authorize various financial transaction involving Montgomery County and the Port Authority. During the current year, the Port Authority issued bonds in relation to Project Walnut and Montgomery County has guaranteed the debt payments by providing an intergovernmental receivable to the Port Authority. In the previous year, Montgomery County has guaranteed payments for the Austin Landing Parking Garage.

13. NON-COMPLIANCE

The Port Authority did not certify expenditures in accordance with requirements of Ohio Revised Code Section 5704.41(D).

14. SUBSEQUENT EVENTS

During 2020, the Port Authority has issued the following bonds from the Southwest Ohio Regional Bond Fund:

Name of Issue	Maturity Date	Face Value of Bonds
Dayton Arcade Project	11/15/2044	$2,835,000
PACE - Front Street Building	11/15/2032	495,000
PACE – Claypool Building	11/15/2039	885,000
PACE – TOMCO Machining	11/15/2039	975,000
PACE – Beth Abraham Synagogue	11/15/2039	1,345,000
KOA Project	11/15/2039	7,800,000

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and ensuing emergency measures will impact subsequent periods of the Port Authority. The investments of the pension and other employee benefit plans in which the Port Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of those losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Port Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

DAYTON MONTGOMERY COUNTY PORT AUTHORITY

SCHEDULE OF THE PORT AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN
LAST SIX FISCAL YEARS (1) (2)

	2019	2018	2017	2016	2015	2014
The Port Authority's Proportion of the Net Pension Liability	0.000676%	0.000689%	0.000689%	0.000689%	0.000646%	0.000646%
The Port Authority's Proportion Share of the Net Pension Liability	$ 185,142	$ 108,091	$ 156,460	$ 119,343	$ 77,915	$ 76,155
The Port Authority's Covered Payroll	$ 95,000	$ 91,000	$ 85,808	$ 85,783	$ 101,233	$ 86,154
The Port Authority's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.89%	118.78%	182.34%	139.12%	76.97%	88.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.60%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available
(2) Amounts presented for each year were determined as of the Port Authority's measurement date, which is the prior year end.

Notes to the Schedule:
For fiscal year 2019, the discount rate was reduced from 7.5% to 7.2%. This impacted the projected inflows and outflows from investment earnings.

Changes in assumptions: In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, 3.75% to a reduction in the wage inflation rate from 3.25%, and transitions from the RP-Zero mortality tables to the RP-2014 mortality tables.

DAYTON MONTGOMERY COUNTY PORT AUTHORITY
SCHEDULE OF PORT AUTHORITY'S PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contributions	$ 14,279	$ 13,300	$ 11,830	$ 10,297	$ 10,294	$ 12,148	$ 11,200	$ 5,808	$ 4,998	$ 3,431
Contributions in Relation to the Contractually Required Contribution	(14,279)	(13,300)	(11,830)	(10,297)	(10,294)	(12,148)	(11,200)	(5,808)	(4,998)	(3,431)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Port Authority Employee Payroll	$ 101,993	$ 95,000	$ 91,000	$ 85,808	$ 85,783	$ 101,233	$ 86,154	$ 58,080	$ 49,980	$ 39,528
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%	8.68%

DAYTON MONTGOMERY COUNTY PORT AUTHORITY

SCHEDULE OF THE PORT AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN
LAST THREE FISCAL YEARS (1) (2)

	2019	2018	2017
The Port Authority's Proportion of the Net OPEB Liability	0.000630%	0.000625%	0.000640%
The Port Authority's Proportion Share of the Net OPEB Liability	$ 82,137	$ 69,499	$ 63,127
The Port Authority's Covered Payroll	$ 95,000	$ 91,000	$ 85,808
The Port Authority's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	86.46%	76.37%	73.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	NA

(1) Information prior to 2017 is not available
(2) Amounts presented for each year were determined as of the Port Authority's measurement date, which is the prior year end.

Notes to the Schedule:
For fiscal year 2019, the discount rate was increased from 3.85% to 3.96%. This impacted the projected inflows and outflows from investment earnings. The initial health care cost trend rate initial rate also changed from 7.50% to 10.0%.

DAYTON MONTGOMERY COUNTY PORT AUTHORITY
SCHEDULE OF PORT AUTHORITY'S OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contributions	$ -	$ -	$ 910	$ 1,716	$ 1,716	$ 2,025	$ 862	$ 2,323	$ 1,999	$ 2,103
Contributions in Relation to the Contractually Required Contribution	-	-	(910)	(1,716)	(1,716)	(2,025)	(862)	(2,323)	(1,999)	(2,103)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Port Authority Employee Payroll	$ 101,993	$ 95,000	$ 91,000	$ 85,808	$ 85,783	$ 101,233	$ 86,154	$ 58,080	$ 49,980	$ 39,528
Contributions as a Percentage of Employee Payroll	0.00%	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%	4.00%	4.00%	5.32%

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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Dayton-Montgomery County Port Authority
Montgomery County
8 North Main Street
Dayton, Ohio 45402

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the Dayton-Montgomery County Port Authority, Montgomery County, (the Port Authority), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated August 27, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Port Authority.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards,* which is described in the accompanying Schedule of Findings as item 2019-001.

We also noted a certain other matter not requiring inclusion in this report that we reported to the Port Authority's management in a separate letter dated August 27, 2020.

Port Authority's Response to Finding

The Port Authority's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The Port Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Charles E. Harris & Associates, Inc.
August 27, 2020

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2019-001 - NONCOMPLIANCE

Ohio Rev. Code § 5705.41(D)(1) states that except as otherwise provided in division (D)(2) of this section and section 5705.44 of the Revised Code, no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. If no certificate is furnished as required, upon receipt by the taxing authority of the subdivision or taxing unit of a certificate of the fiscal officer stating that there was at the time of the making of such contract or order and at the time of the execution of such certificate a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances, such taxing authority may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution shall be passed within thirty days after the taxing authority receives such certificate; provided that, if the amount involved is less than three thousand dollars, the fiscal officer may authorize it to be paid without such affirmation of the taxing authority of the subdivision or taxing unit, if such expenditure is otherwise valid.

The Port Authority did not certify expenditures pursuant to this section. Failure to properly certify the availability of funds could result in misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

The Port Authority should establish and implement policies and procedures to verify that fiscal officer certificates are utilized properly for all purchases and that operating budgets are approved in a timely manner to verify that the Port Authority has appropriate time to adapt to any anticipated changes in the ensuing fiscal year.

The Treasurer should certify that the funds are or will be available prior to the obligation by the Port Authority to improve controls over disbursements and to help reduce the possibility that purchases would exceed budgetary spending limitations. When prior certification is not possible, “then and now” certification should be used. The Port Authority should certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Treasurer should sign the certification prior to the Port Authority incurring a commitment, and only when the requirements of 5705.41(D) are satisfied. The Treasurer should also post approved purchase commitments to the proper appropriation code to reduce the available appropriation

Management Response:

See Corrective Action Plan.

DAYTON-MONTGOMERY COUNTY PORT AUTHORITY
MONTGOMERY COUNTY
December 31, 2019

SCHEDULE OF PRIOR AUDIT FINDINGS – PREPARED BY MANAGEMENT

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2018-001	Ohio Rev. Code § 5705.41(D)(1) – approving budget and utilizing fiscal officer certificate for encumbering expenditures	Finding not corrected	

DAYTON-MONTGOMERY COUNTY PORT AUTHORITY
MONTGOMERY COUNY

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT
December 31, 2019

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2019-001	Due to the limited nature of staff, PO process is not time efficient.	N/A	Sean Fraunfelter, Contract Accountant

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OHIO AUDITOR OF STATE
KEITH FABER

DAYTON- MONTGOMERY COUNTY PORT AUTHORITY

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 10/8/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370