TOLEDO-LUCAS COUNTY PORT AUTHORITY
LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER

TOLEDO-LUCAS COUNTY PORT AUTHORITY
LUCAS COUNTY
DECEMBER 31, 2019

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Toledo-Lucas County Port Authority
Lucas County
One Maritime Plaza
Toledo, Ohio 43604

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Toledo-Lucas County Port Authority, Lucas County, Ohio (the Authority), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of ParkSmart, Inc., which represents 1.6 percent, 1.7 percent, and 15 percent, respectively, of the assets, net position, and revenues of the Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for ParkSmart, Inc., is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of ParkSmart, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards.*

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Toledo-Lucas County Port Authority, Lucas County, Ohio, as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the 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 this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting 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 opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Authority's basic financial statements taken as a whole.

The schedule of net position information by division and schedule of revenues, expenses, and changes in net position information by division information presents additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the Schedule of Passenger Facility Charges Collected and Expended – Cash Basis present additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the *Passenger Facility Charge Audit Guide for Public Agencies* (the (Guide), issued by the Federal Aviation Administration, respectively, and are not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

December 3, 2020

This page intentionally left blank.

The discussion and analysis of the Toledo-Lucas County Port Authority's ("Authority's") financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2019. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The following financial highlights for 2019 are as follows:

- Total Net Position for the year ended December 31, 2019 increased $9,489,554 to $222,599,909. This increase was driven by increases in *rental under property leases, grant revenues and the recognition of property tax receivable*.

- In comparison to 2018, total operating revenue increased $4,592,701, which was the best revenue performing year since 2004.

- Total operating expenses were up by 16.8% attributed to several factors including the purchase and management of One Government Center.

FINANCIAL DRIVERS

The following statistics played a key role in the Authority's financial picture in 2019 compared to 2018:

- Total cargo moving through the Port of Toledo decreased 2.6%. General cargo, iron ore and petroleum increased while coal, grain and dry bulk decreased.

- Passengers using Toledo Express Airport increased 1.7% compared to 2018, resulting in increased terminal area related revenues.

- Airport ground rental revenue increased 52.6% compared to 2018, primarily due to leasing the cargo apron for vehicle storage.

- Bond issuance fee income increased 10.6% compared to 2018, mainly attributed to an increase in financing activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Statement of Net Position presents the Authority's financial position and reports the resources owned by the Authority (assets); obligations owed by the Authority (liabilities); deferred outflows and inflows of resources related to pension and other postemployment benefits; and the Authority's net position (the difference between the four elements). The Statement of Revenues, Expenses and Changes in Net Position present a summary of how the Authority's net position changed during the year. Revenue is reported when earned and expenses are reported when incurred. The Statement of Cash Flows provides information about the Authority's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing and financing activities. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

The following table provides a summary of the Authority's financial position as of December 31, 2019 and 2018, respectively.

Condensed Statements of Net Position

	December 31, 2019	December 31, 2018	Change Amount	%
Assets				
Current assets	$ 36,667,470	$ 27,711,598	$ 8,955,872	32.3%
Capital assets, net	234,220,583	226,648,461	7,572,122	3.3
Other noncurrent assets	29,620,564	30,204,111	(583,547)	(1.9)
Deferred outflows-pension	1,590,891	808,317	782,574	96.8
Deferred outflows-OPEB	225,899	192,608	33,291	17.3
Total assets & deferred outflows	$ 302,325,407	$ 285,565,095	$ 16,760,312	5.9
Liabilities, Deferred Inflows and Net Position				
Liabilities				
Current liabilities (includes long term debt due within one year)	$ 6,737,195	$ 5,211,785	$ 1,525,410	29.3
Noncurrent liabilities	72,910,758	66,361,279	6,549,479	9.9
Deferred inflows-pension	70,790	728,548	(657,758)	(90.3)
Deferred inflows-OPEB	6,755	153,128	(146,373)	(95.6)
Total liabilities & deferred inflows	79,725,498	72,454,740	7,270,758	10.0
Net Position				
Net investment in capital assets	168,443,558	164,085,363	4,358,195	2.7
Restricted	6,935,313	5,100,777	1,834,536	36.0
Unrestricted	47,221,038	43,924,215	3,296,823	7.5
Total Net Position	222,599,909	213,110,355	9,489,554	4.5
Total liabilities, deferred inflows, and net position	$ 302,325,407	$ 285,565,095	$ 16,760,312	5.9%

- Although Deferred Outflows of Pension increased significantly, Total Assets increased only slightly compared to 2018.

- Deferred Inflows of Pension and OPEB decreased significantly; however, Total Liabilities increased 10.0% compared to 2018.

- Current Liabilities increased by 29.3%, mainly attributable to a significant increase in accounts payable related to ongoing projects.

- Noncurrent Liabilities increased by 9.9%, primarily driven by the issuance of revenue bonds totaling $5.2 million to support the infrastructure at the Port of Toledo.

- Restricted Net Position increased by 36.0%, primarily driven by additional funds received from Spencer Township for investment.

The following table shows the changes in revenues and expenses for the Authority between 2019 and 2018, respectively.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2019	December 31, 2018	Change Amount	%
Operating revenues				
Airport related	$ 4,559,827	$ 4,197,990	$ 361,837	8.6%
Seaport, Financing, Admin and other	16,691,163	12,460,299	4,230,864	34.0
Total operating revenues	21,250,990	16,658,289	4,592,701	27.6
Operating expenses				
Airport related	11,858,845	11,695,991	162,854	1.4
Seaport, Financing, Admin and other	12,600,688	9,250,345	3,350,343	36.2
Total operating expenses	24,459,533	20,946,336	3,513,197	16.8
Operating loss	(3,208,543)	(4,288,047)	1,079,504	(25.2)
Nonoperating revenues (expenses)				
Proceeds of property tax levy	4,636,887	2,325,751	2,311,136	99.4
Interest income from investments	1,297,070	1,197,244	99,826	8.3
Passenger facility charges	640,080	631,921	8,159	1.3
Grants	7,772,765	5,467,436	2,305,329	42.2
Other revenue	1,066,894	747,362	319,532	42.8
Other expense	(480,349)	(930,531)	450,182	(48.4)
Interest expense	(2,234,681)	(2,358,445)	123,764	(5.2)
Grant pass through	(569)	(1,476,324)	1,475,755	(100.0)
Total nonoperating revenues (expenses)	12,698,097	5,604,414	7,093,683	126.6
Changes in Net Position	9,489,554	1,316,367	8,173,187	620.9
Net Position beginning of year	213,110,355	213,940,545	(830,190)	(0.4)
Restatement of Net Position for GAAP change	-	(1,821,513)	1,821,513	
Restatement for reorganization of component unit	-	(325,044)	325,044	
Net Position end of year	$222,599,909	$ 213,110,355	$ 9,489,554	4.5%

It is important to note the following in regard to the Authority's change in net position:

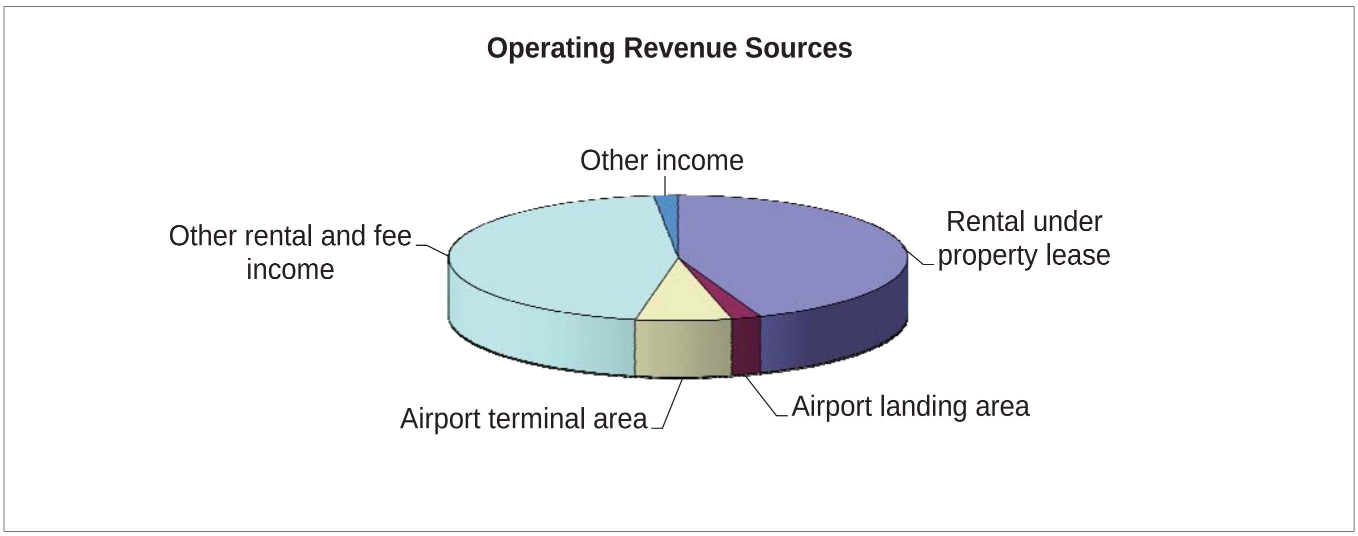
- Although 2019 reported a net operating loss of approximately $3.2 million, including $9.4 million of depreciation expense, non-operating revenues exceeded nonoperating expenses by approximately $12.7 million due to grant revenue of approximately $7.8 million and property tax revenue of approximately $4.6 million. Nonoperating expenses include interest expense, loss on disposal of assets, and expenses attributed to the grants received. Other nonoperating revenues included interest earned, airport passenger facility charges and grant revenues.

- Operating revenues consist primarily of fees for services, rents and charges for the use of Port Authority facilities, airport landing fees and other income. Operating expenses include the cost of providing these services, including administrative expenses and depreciation on capital assets.

- Interest expense on outstanding bonds and notes payable, expense related to purchased wetland credits, and community grants accounted for the majority of nonoperating expenses for 2019.

The following is a summary of the Authority's 2019 operating revenue sources:

Operating Revenue Sources	2019	Percent of Total
Rental under property lease	$ 9,386,598	44.17 %
Airport landing area	440,892	2.07
Airport terminal area	1,433,996	6.75
Other rental and fee income	9,628,008	45.31
Other income	361,496	1.70
Total Operating Revenue	$ 21,250,990	100.00 %



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the Authority reported $234,220,583 of capital assets net of accumulated depreciation which was invested in land, buildings, equipment and vehicles. This amount represents a net increase of approximately $7.6 million after depreciation expense of approximately $9.4 million. Note 3 to the financial statements provides more detailed capital asset information.

The following table shows fiscal year 2019 and 2018 balances:

Capital Assets at December 31,

	2019	2018	Change
Land	$ 68,763,427	$ 68,636,598	$ 126,829
Construction in progress	7,498,255	7,920,253	(421,998)
Improvements	217,658,839	211,368,044	6,290,795
Property and equipment	26,744,879	26,778,255	(33,376)
Buildings & leasehold improvements	118,055,867	107,646,668	10,409,199
Furniture and fixtures	523,546	523,546	-
Total Cost	439,244,813	422,873,364	16,371,449
Accumulated depreciation	(205,024,230)	(196,224,903)	(8,799,327)
Net Capital Assets	$ 234,220,583	$ 226,648,461	$ 7,572,122

Debt

At December 31, 2019 the Authority had $65,777,025 in debt outstanding, $3,167,755 of which is due within one year. Outstanding debt in the amount of $9,704,437 pertains to Airport improvements and $56,072,588 to Seaport and Development improvements and projects.

The following table summarizes the Authority's debt outstanding as of December 31, 2019 and 2018. Note 5 of the audited financial statements provides more detailed debt information.

Outstanding Debt at December 31,

	2019	2018	Change
Revenue bonds payable	$ 32,822,944	$ 29,155,000	$ 3,667,944
Notes payable	32,954,081	33,408,098	(454,017)
Total debt	65,777,025	62,563,098	3,213,927
Current portion	(3,167,755)	(2,788,941)	(378,814)
Long-term debt less current portion	$ 62,609,270	$ 59,774,157	$ 2,835,113

FACTORS EXPECTED TO IMPACT THE AUTHORITY'S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS

2020 operating revenues were originally projected to be comparable to 2019 at approximately $15.7 million. Additionally, excess revenues over expenses were originally projected to be approximately $1.9 million.

In March 2020, the United States and the State of Ohio declared a state of emergency due to the COVID-19 pandemic. It is anticipated that COVID-19 will have a financial impact on the Authority in 2020 and possibly other subsequent periods. Predicting the extent of such impact is difficult. However, the Authority is still anticipating meeting the original projected estimates. This is in part due to the diversity of the Authority's revenue stream and the Authority's ability to control and reduce discretionary spending. Additionally, it is anticipated that some revenue streams adversely impacted by COVID-19 will be supplemented by revenue generated by development financing fees.

The Authority's $.4 mill renewal levy was approved by Lucas County voters in November of 2018. This levy will generate approximately $2.3 million in property tax revenues annually to the Authority through 2025.

In addition, in 2020, as of the report date, the Authority has been awarded over $38.8 million in grant funding. These funds are expected to be received and expended over the next several years. The Authority will continue to pursue additional grant funding as it becomes available.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for money it receives. If you have questions about this report or need additional financial information, contact Thomas Winston, Toledo-Lucas County Port Authority, One Maritime Plaza, Toledo, Ohio 43604.

This page intentionally left blank.

Toledo-Lucas County Port Authority
Statement of Net Position
December 31, 2019

ASSETS AND DEFERRED OUTFLOWS

Current Assets:		
Cash and cash equivalents	$	14,828,077
Restricted cash		4,918,693
Investments		9,850,693
Bond proceeds held by trustee		837,819
Interest receivable		34,279
Property tax receivable		2,335,168
Customer and other accounts receivable		1,996,949
Grants receivable		936,738
Loans receivable		253,021
Lease receivable		434,165
Prepaid expenses and other assets		241,868
Total Current Assets		**36,667,470**
Noncurrent Assets:		
Nondepreciable capital assets		76,261,681
Depreciable capital assets, net of accumulated depreciation		157,958,902
Restricted investments		2,016,620
Loans receivable		19,648,110
Lease receivable		4,637,523
Deposits		318,311
Amount due from NW Ohio Bond Fund		3,000,000
Total Noncurrent Assets		**263,841,147**
Total Assets		**300,508,617**
Deferred Outflows of Resources:		
Deferred outflows-pension		1,590,891
Deferred outflows-OPEB		225,899
Total Deferred Outflows of Resources		**1,816,790**
Total Assets and Deferred Outflows	**$**	**302,325,407**

(Continued)

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Net Position, Continued
December 31, 2019

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities:		
Accounts payable and other	$	1,672,291
Accrued payroll		611,433
Deposits		194,216
Accrued interest		253,680
NWOBF revenue bonds payable - current		1,455,000
Note payable - current		1,062,755
Ohio SIB bond - current		650,000
Advances		837,820
Total Current Liabilities		**6,737,195**
Noncurrent Liabilities:		
Development loan fund		2,556,799
NWOBF revenue bonds payable		19,300,000
Notes payable		31,891,326
Ohio SIB bond		11,417,944
Net pension liability		5,255,154
Net OPEB liability		2,489,535
Total Noncurrent Liabilities		**72,910,758**
Total Liabilities		**79,647,953**
Deferred Inflows of Resources:		
Deferred inflows-pension		70,790
Deferred inflows-OPEB		6,755
Total Deferred Inflows of Resources		**77,545**
Total Liabilities and Deferred Inflows of Resources		**79,725,498**
Net Position:		
Net investment in capital assets		168,443,558
Restricted		6,935,313
Unrestricted		47,221,038
Total Net Position		**222,599,909**
Total Liabilities, Deferred Inflows and Net Position	**$**	**302,325,407**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2019

Operating Revenues		
Rental under property leases	$	9,386,598
Airport landing area		440,892
Airport terminal area		1,433,996
Other rental and fee income		9,628,008
Other income		361,496
Total Operating Revenues		**21,250,990**
Operating Expenses		
Personnel		5,227,291
Marketing		361,503
Contractual services		5,214,943
Utilities		1,518,205
Repairs and maintenance		2,661,181
Depreciation		9,377,072
Other operating expenses		99,338
Total Operating Expenses		**24,459,533**
Operating Loss		**(3,208,543)**
Nonoperating Revenues (Expenses)		
Proceeds of property tax levy		4,636,887
Interest income from investments		1,297,070
Passenger facility charges		640,080
Grants		7,772,765
Non-operating revenue		912,873
Interest expense		(2,234,681)
Other nonoperating expenses		(409,516)
Gain on investments		154,021
Loss on disposal of assets		(70,833)
Grant pass through		(569)
Total Nonoperating Revenues (Expenses)		**12,698,097**
Total Change in Net Position	**$**	**9,489,554**
Net Position beginning of year		213,110,355
Net Position at end of year	**$**	**222,599,909**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash flows from operating activities:	
Cash received from customers	$ 23,560,256
Cash payments for goods and services	(9,064,697)
Cash payments to and on behalf of employees	(4,160,889)
Net cash provided by operating activities	**10,334,670**
Cash flows from noncapital financing activities:	
Intergovernmental grants	503,357
Proceeds of property tax levy	2,301,719
Net cash provided by noncapital financing activities	**2,805,076**
Cash flows from capital and related financing activities:	
Capital grants received	7,124,065
Passenger and Customer facility charges received	629,395
Acquisition and construction of capital assets	(15,357,303)
Construction of roadway donated to the County	(1,662,724)
Interest paid on capital asset debt	(2,246,569)
Principal payments on long-term debt	(2,798,807)
Issuance of debt, net of bond proceeds held by trustee	5,174,915
Grant pass through	(569)
Net cash used in capital and related financing activities	**(9,137,597)**
Cash flows from investing activities:	
Interest on investments	1,459,388
Purchase of securities	(4,963,718)
Proceeds on securities	3,956,092
Net cash provided by investing activities	**451,762**
Net increase in cash and cash equivalents	4,453,911
Cash and cash equivalents at beginning of year	15,292,859
Cash and cash equivalents at end of year	**$ 19,746,770**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows, Continued
For the Year Ended December 31, 2019

Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	**$**	**(3,208,543)**
Adjustments to reconcile operating loss to cash provided by operating activities:		
Depreciation expense		9,377,072
Changes in assets, liabilities and deferrals:		
Accounts receivable		(215,597)
Loans receivable		730,888
Leases receivable		553,622
Prepaid expenses and other assets		(155,627)
Accounts payable and other		790,473
Accrued payroll		8,799
Deposits		62,031
Advances		297,182
Development loan fund		1,036,767
Net pension and OPEB liabilities and related deferrals		1,057,603
Total adjustments		**13,543,213**
Net cash provided by operating activities	**$**	**10,334,670**

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

The Authority is composed of four divisions, the Seaport Division, the Airport Division, the Development and Property Division and the Administration Division. The Authority functions as a site purchasing and development agency, leasing developed areas at the Port of Toledo, Toledo Express Airport, Toledo Executive Airport, Dr. Martin Luther King, Jr. Plaza, One and Two Maritime Plaza and Overland Industrial Park to private firms for operations. In addition, the Authority owns One Government Center, leasing space to governmental agencies. In 1973, the Authority assumed the operation and management of Toledo's airports from the City of Toledo under a lease, which originally was set to expire in the year 2023. The lease was extended six additional years, which term is automatically renewed annually for an additional year to allow a continuous minimum term of twenty-one years. The Development and Property Division was formed during 2008 for the purpose of acquisition and remediation of property for economic development and reflects the revenue generated from the Authority's financing programs. The division also administers a grant and loan program for qualifying neighborhood projects.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability are the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority purchased garages from the City of Toledo in 2012; the garages are operated by ParkSmart, Inc. ("ParkSmart"), which is considered a blended component unit. In 2011, the Northwest Ohio Improvement Fund, LLC ("NOIF") was established to provide financing through loans, equity and other financial services to businesses and real estate development projects located in low-income communities in Northwest Ohio. In 2015, NOIF was the intermediary related to the Promedica Downtown project involving new market tax credits. In 2017, NOIF was the intermediary related to the Overland Industrial Parkway project also involving new market tax credits. The activities of NOIF are directed by the Authority and the Authority is the primary beneficiary of NOIF, therefore, NOIF is considered a blended component unit. In 2016, ARG Services, Inc. ("ARG") was incorporated to assist the Authority by managing, operating, supervising and otherwise working with or doing work related to Authority facilities. The activities of ARG are directed by the Authority and the Authority is the primary beneficiary of ARG, therefore, ARG is considered a blended component unit. Authority management has determined that the component units NOIF and ARG are not deemed significant.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The Authority operates as a self-supporting governmental enterprise and uses accounting policies applicable to governmental enterprise funds. All transactions are accounted for in a single enterprise fund. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in all material respects. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows and inflows of resources and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total revenues, expenses and changes in net position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

Investments are made in accordance with the Authority's investment policy, which conforms to statutes of the State of Ohio. Restricted cash and investments represent balances restricted by agreements and proceeds from the sale of property purchased with federal monies. Accordingly, these balances have been separately identified in the accompanying financial statements.

In accordance with GASB Statement No. 72, *"Fair Value Measurement,"* the Authority reports investments at fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

For purposes of the statements of net position and of cash flows, the Authority considers all bank deposits and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) to be cash equivalents. Since 1995, STAR Ohio has maintained Standard & Poor's highest rating AAAm.

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 Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2019, which approximates fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (continued)

For 2019, 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 of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Capital Assets

Capital assets are stated at cost, or acquisition value is used when assets are acquired in a non-cash transaction, net of accumulated depreciation and amortization. Donated capital assets are recorded at their acquisition value. Depreciation expense is provided using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the related lease. Maintenance and repairs are charged to expense and improvements are capitalized. Interest on funds used during construction, less interest earned on related investments if the asset is financed with the proceeds from restricted obligations, is capitalized as part of the cost of the asset.

Pensions and Other Postemployment Benefits (OPEB)

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net 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(s) and so will not be recognized as an outflow of resources until then. For the Authority, deferred outflows of resources are reported for components associated with the net pension and net OPEB liabilities explained in Notes 7 and 8.

In addition to liabilities, the statement of net 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(s) and so will not be recognized as an inflow of resources until that time. For the Authority, deferred inflows of resources are reported for components associated with the net pension and net OPEB liabilities explained in Notes 7 and 8.

Compensated Absences

Employees of the Authority are entitled to paid vacation days depending on job classification, length of service, and other factors. Accrued vacation, which is included with accrued payroll on the statement of net position, decreased $23,852 from $375,814 at December 31, 2018 to $351,962 at December 31, 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The restricted component of net position consists of monies and other resources which are restricted to satisfy debt service requirements as specified in debt agreements. The restricted component of net position also includes cash received from the sale of land, unspent grant monies, and passenger facility charges, which are restricted per the Federal Aviation Administration. The restricted component also includes cash received from other entities for Authority programs.

Revenues and Expenses

Operating revenues consist primarily of fees for services, rents and charges for use of Authority facilities, operating grants and other income. Operating expenses include the cost of providing these services, including administrative expenses and depreciation on capital assets.

Nonoperating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Nonoperating revenues include proceeds from the property tax levy, interest from investments and passenger facility charges. Nonoperating expenses include interest expense on long-term debt.

Property Tax Levy

Property tax revenue and property tax receivable are recognized when the Authority has an enforceable legal claim to the resources or when the resources are received, whichever is first.

A $.4 mill real estate tax renewal levy passed by Lucas County voters in 2018 provides financial support for the various activities of the Authority. The levy expires in 2025. The Authority elected to collect the full $.4 mill in 2019. The 2018 levy (collected in 2019) was based upon assessed valuations of approximately $7.8 billion.

Real property taxes are levied each January 1 on the assessed value listed as of the prior January 1. Assessed values are established by the County Fiscal Officer at 35% of appraised market value. The County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the Authority. Taxes are due and payable to the County in two equal installments in February and July. The County Fiscal Officer periodically remits to the Authority its portion of the taxes collected.

Budgetary Process

The Authority has been notified by the Lucas County Auditor that it has waived the requirement to prepare a tax budget.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

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 the ensuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio and the investments of the pension and other employee benefit plan in which the Authority participates have incurred significant fluctuation in fair value, consistent with the general broad volatility in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Change in Accounting Principles

The Authority noted the May 2020 issuance of GASB Statement No. 95 (GASB 95), "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB 95's objective was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective was accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later. GASB 95 was effective immediately upon issuance. The implementation of GASB 95 did not result in any change in the Authority's financial statements.

NOTE 2 – CASH AND INVESTMENTS

Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of the Authority's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution 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 Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the FDIC. Financial institutions participating in the Ohio Pooled Collateral System (OPCS), a centralized collateral system monitored by the Ohio Treasurer of State, must pledge eligible securities equal to at least 102% of the carrying value of all public deposits held by each institution. The Authority has placed deposits with several institutions that participate in OPCS that were approved for a reduced collateral floor. Financial institutions choosing not to participate in the OPCS must pledge eligible securities equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other 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.

At year end the carrying amount of the Authority's deposits was $19,746,020 and the bank balance was $19,795,284. The Authority also had $750 cash on hand. Federal depository insurance covered $14,224,025 of the bank balance and $5,571,259 was uninsured. Of the remaining uninsured bank balance, the Authority's custodial risk is as follows:

Collateralized with securities held by pledging institution's trust department not in the Authority's name:	$4,613,175

Investments

The Authority has established an investment policy with priorities and guidelines based on Section 135.14 of the Ohio Revised Code. The following is a partial listing of authorized investments:

1. United States Treasury bills, bonds, notes, 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;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Interim deposits in eligible institutions applying for interim monies;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in 1. and 2. above and repurchase agreements secured by such obligations;

6. Investments in debt instruments of Ohio state and local governments;

NOTE 2 – CASH AND INVESTMENTS (Continued)

7. Investments of proceeds of revenue bonds as may be permitted by a trust agreement or resolution;

8. The Ohio Subdivision's Fund (STAR Ohio);

9. Overnight or term repurchase agreements consisting of an agreement to repurchase any of the securities listed in 1. or 2. above;

10. Commercial paper notes issued by companies incorporated under the laws of the United States;

11. Certificates of deposit from any eligible institution mentioned in Section 135.32 of the Ohio Revised Code; and

12. Issuance of the Authority's debt as well as obligations within the Northwest Ohio Bond Fund or other political subdivision or port authority bond funds as permitted by law.

The Authority's investments at December 31, 2019 were as follows:

			Investment Maturities (in Years)		
	Fair Value	**Credit Rating**	**Less than 1**	**1-3**	**3-5**
United States Treasury Bill	$ 734,903	AA+[1]	$ 364,684	$ 370,219	$ -
Federal National Mortgage Association	525,657	AA+[1]	179,955	345,702	
Federal Home Loan Mortgage Corporation	1,133,263	AA+[1]	564,583	292,267	276,413
Federal Farm Credit Bank	249,828	AA+[1]			249,828
Federal Home Loan Banks	646,540	AA+[1]	354,984	291,556	
Bank NY Mellon Money Market Funds	83,154	A-1[1]	83,154		
Key Money Market Fund	67,582	A-2[1]	67,582		
Huntington Money Market Fund	1,828,818	Aa3[2]	1,828,818		
MUFG BK LTD NY BRH Commerical Paper	1,933,466	A1[2]	1,933,466		
Signature Bank Money Market	261,084	NR	261,084		
Morgan Stanley BK FDIC Insured CD	250,083	NR	250,083		
Synchrony BK Retail CD	250,850	NR	250,850		
Ally BK FDIC Insured CD	175,788	NR	175,788		
BMO Harris Bk Natl Assn CD	110,474	NR		110,474	
Goldman Sachs Bk USA NY CD	763,187	NR		254,599	508,588
Live Oak Banking Company CD	248,636	NR		248,636	
Medallion Bk Salt Lake City CD	150,527	NR			150,527
Merrick Bank CD	149,883	NR		149,883	
Morgan Stanley Bank NA CD	152,813	NR		152,813	
Sallie Mae FDIC Insured CD	406,091	NR	250,945	155,146	
UBS Bank USA CD	259,515	NR			259,515
Wells Fargo BK FDIC Insured CD	250,990	NR	250,990		
State Bank Money Market Fund	230,002	NR	230,002		
Discover Bank FDIC Insured CD	252,821	NR	252,821		
Ally Bank FDIC Insured CD	250,153	NR	250,153		
JP Morgan Chase BK CD	501,205	NR			501,205
	$ 11,867,313		$ 7,549,942	$ 2,371,295	$ 1,946,076

[1] Standard & Poor's
[2] Moody's
[NR] Not rated

NOTE 2 – CASH AND INVESTMENTS (Continued)

The Authority's investments in federal agency securities, negotiable certificates of deposit, commercial paper and mutual funds are valued using significant other observable inputs valued by pricing sources used by the Authority's investment managers (Level 2 inputs).

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state laws, the Authority's investment policy limits investment maturities to those permitted by the Ohio Revised Code which is five years or less, unless the investment is matched to a specific obligation or debt of the Authority.

Credit Risk – The Authority's investment policy limits investments to securities specifically authorized by Ohio Revised Code. No load money market funds must have the highest rating issued by national raters. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service. Ohio Revised Code 135.14(B)(7)(a) limits commercial paper purchases to those assigned the highest credit rating by two nationally recognized rating services.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the Authority's investments in federal agency securities, the entire balance is uninsured, not registered in the name of the Authority, and is held by the counterparty. The Authority has no policy outside of adherence to ORC requirements. The negotiable certificates of deposit are generally covered by FDIC and/or Securities Investor Protection Corporation (SIPC) insurance.

Concentration of Credit Risk - Concentration of credit risk exists when investments are concentrated in one issue. The Authority's investment policy allows for various types of investments with various safeguard limits and cannot be changed unless the Authority's Board of Directors, by resolution, modifies the limits. The Authority's investments in U.S. Agencies represent 28%, Money Market funds 21% and other 51% of the Authority's investment portfolio excluding STAR Ohio at year end. Ohio Revised Code 135.14(B)(7) limits commercial paper and bankers' acceptances to under 25% of the total portfolio. Commercial paper cannot exceed 10% of the issuer's outstanding commercial paper.

Cash and investments per footnote	
Carrying amount of bank deposits	$19,746,020
Cash on hand	750
Investments	11,867,313
Total	$ 31,614,083
Cash and investments per statement of net position	
Cash and cash equivalents	$ 14,828,077
Restricted cash	4,918,693
Investments	9,850,693
Restricted investments	2,016,620
Total	$ 31,614,083

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following:

Historical Cost: **Class**	**December 31, 2018**	**Additions**	**Deletions**	**December 31, 2019**
Capital assets not being depreciated:				
Land	$ 68,636,598	$ 126,829	$ -	$ 68,763,427
Construction in Progress	7,920,253	4,752,812	(5,174,810)	7,498,255
Subtotal	76,556,851	4,879,641	(5,174,810)	76,261,682
Capital assets being depreciated:				
Improvements	211,368,044	6,290,795	-	217,658,839
Property and Equipment	26,778,255	371,390	(404,766)	26,744,879
Buildings and Leasehold Improvements	107,646,668	10,653,011	(243,812)	118,055,867
Furniture and Fixtures	523,546	-	-	523,546
Subtotal	346,316,513	17,315,196	(648,578)	362,983,131
Total Cost	$ 422,873,364	$ 22,194,837	$ (5,823,388)	$ 439,244,813

Accumulated Depreciation: **Class**	**December 31, 2018**	**Additions**	**Deletions**	**December 31, 2019**
Capital assets being depreciated:				
Land Improvements	$ (130,548,067)	$ (4,632,738)	$ -	$ (135,180,805)
Property and Equipment	(14,349,977)	(898,421)	404,766	(14,843,632)
Buildings and Leasehold Improvements	(50,827,071)	(3,841,718)	172,979	(54,495,810)
Furniture and Fixtures	(499,788)	(4,195)	-	(503,983)
Total Depreciation	$ (196,224,903)	$ (9,377,072)	$ 577,745	$ (205,024,230)
Net Value:	$ 226,648,461	$ 12,817,765	$ (5,245,643)	$ 234,220,583
Depreciation Expense charged to Operating Expense		$ 9,377,072		

Depreciation has been determined using the straight-line method over the estimated useful lives of the property and equipment ranging between 5 and 40 years. During 2019, approximately $7.7 million of Federal, state and local grant funding was utilized to purchase and acquire Port Authority capital assets.

NOTE 4 – LOANS AND CAPITAL LEASE RECEIVABLE

A summary of loans and capital lease receivable at December 31 follows:

	Balance December 31, 2018	Additions	Payments	Change in Discount	Bad Debt	Balance December 31, 2019	Due Within One Year
ESID Loan Receivable	$ 1,358,318	$ -	$ (129,816)	$ -	$ -	$ 1,228,502	$ 131,118
NOIF Loan Receivable	16,490,000	-	-	-	-	16,490,000	-
Various Loans Receivable	2,783,701	150,000	(751,072)	-	-	2,182,629	121,903
Total Loans Receivable	**$ 20,632,019**	**$ 150,000**	**$ (880,888)**	**$ -**	**$ -**	**$ 19,901,131**	**$ 253,021**
Capital Lease Receivable	**$ 5,625,310**	**$ -**	**$ (553,622)**	**$ -**	**$ -**	**$ 5,071,688**	**$ 434,165**

Loans Receivable
In 2016, the Authority loaned funds to the Northwest Ohio Advanced Energy Improvement District ("ESID"). This loan totaled $1,740,087 and has an interest rate of 1% requiring semiannual payments of $71,538 with a maturity in 2028. These funds are related to the debt from the Ohio Development Services Agency ("ODSA") found in Note 5. As of December 31, 2019, the balance remaining on the note was $1,228,502.

Loans receivable at the end of 2019 includes six loans in which the Northwest Ohio Improvement Fund, LLC ("NOIF") entered into: two in 2015 with ProMedica Downtown Campus Landlord, LLC for a total of $7,760,000 and four in 2017 with Overland Industrial Parkway Two, LLC for a total of $8,730,000. These loans are directly related to the conduit debt that was incurred by NOIF; at the time NOIF served as an intermediary in the Promedica project and the Overland Industrial Parkway project financing. These structures were created to facilitate the use of new market tax credits; the exposure for the notes is minimal due to the pass-through structure of the agreements in place. The loans are interest only for the first seven years, and then bear interest rates of 2.55% on the 2015 loans and 3.67% on the 2017 loans. On the 2015 loans, from 2023 through 2045, quarterly payments of principal and interest are required in an amount to fully amortize the loan over the remaining term, which mature on December 23, 2045. On the 2017 loans, from 2024 through 2047, monthly payments of principal and interest are required in an amount to fully amortize the loans over the remaining term, which mature on June 29, 2047. The Authority is not a guarantor of this debt.

In addition, the Authority has loaned amounts totaling $3,174,558 under various loan programs, at interest rates ranging from zero to 6%, with maturities ranging from 2021 through 2035. The total loan receivable amount of $2,182,629 shown in the table above is net of a discount of $17,765 for financial statement presentation in the Statement of Net Position. The discount represents the net present value calculation performed on the loans that are not charged interest. Future principal payments in years after 2019 for these loans receivable are as follows:

December 31,	Discounted	Undiscounted
2020	$ 253,021	$ 253,021
2021	226,345	244,110
2022	213,884	213,884
2023	518,436	518,436
2024	768,725	768,725
Thereafter	17,920,720	17,920,720
Total	$ 19,901,131	$ 19,918,896

NOTE 4 – LOANS AND CAPITAL LEASE RECEIVABLE (Continued)

Capital Lease Receivable

On May 6, 2005, the Authority and Nagle Holdings, Ltd. entered into an agreement for the lease of approximately 14.374 acres of vacant land near Toledo Executive Airport, on which Nagle Holdings constructed a facility in conjunction with its trucking business. On March 22, 2016, a first amendment to the lease agreement was signed in which the Authority allows Nagle Holdings to purchase the leased premises for $100 upon expiration of the lease, which occurs February 28, 2021. In addition, lease payments of $91,200 are due in 2020 and $15,200 in 2021. The option price is considered a bargain purchase and, under the provision of GASB 62, the amended lease is being accounted for as a direct financing lease. The present value of the bargain purchase option and the lease payments during the remaining terms of the lease are recorded as the amount due from lessee in the statement of net position at December 31, 2019.

On May 13, 2008, the Authority and Midwest Terminals of Toledo, Inc. ("Midwest") entered into an agreement for the lease of approximately 181 acres of land commonly known as "Ironville" for the development and management of logistics, maritime related businesses, and or other commercial or industrial uses. On August 1, 2014, a first amendment to the lease agreement was signed because of ongoing development at Ironville, in which the Authority would provide $1.3 million in funding for additional capital improvements at the site. Commenced January 1, 2015 and ending December 31, 2022, Midwest shall pay the Authority $15,772 a month, which amounts to $189,264 annually as additional rent for these improvements. The present value of the lease payments during the remaining terms of the lease is recorded as amount due from lessee in the statement of net position at December 31, 2019.

On June 8, 2016, the Authority and Midwest entered into an agreement for the lease of a Waterless Pelican P Dual Tier-399 HP Street Sweeper which the Authority owns. Midwest paid the Authority $7,724 a month beginning September 1, 2016 through August 31, 2019, after which time Midwest has the option to purchase the sweeper for $100 as Midwest had met all the monthly payment requirements. The option price is considered a bargain purchase under the provision of GASB 62 and the lease was accounted for as a direct financing lease. As of December 31, 2019, Midwest has not exercised its option to purchase the sweeper. It is anticipated Midwest will exercise the option in 2020.

NOTE 4 – LOANS AND CAPITAL LEASE RECEIVABLE (Continued)

On October 26, 2016, the Authority and Dana Limited entered into an agreement for the lease of a 102,060-square foot building and parking areas located on real property commonly known as 3220 Jeep Parkway. On October 10, 2017, a first amendment to the lease agreement was signed to reflect the addition of expanded premises, in which the Authority would provide $4.5 million in funding for tenant improvements at the site. Commencing June 1, 2017 and ending May 1, 2037, Dana Limited shall pay the Authority monthly payments consisting of principal and interest per the amortization schedule attached as exhibit E to the first amendment. The lease payments during the remaining terms of the lease are recorded as the amount due from lessee in the statement of net position at December 31, 2019.

On September 8, 2017, the Authority and Mitsubishi Chemical Performance Polymers, Inc. entered into an agreement for the construction of a rail spur on property owned by Mitsubishi, which was partially funded by the Port. The Port funded amount totaled $375,000. The Authority leases the premises and rail spur to Mitsubishi for $4,000 per month. The agreement will expire on December 31, 2026; wherein Mitsubishi has the option to acquire the Authority's entire interest in the project at a purchase price of $100. Further, at any time during the project lease term beginning 5 years after the commencement date, Mitsubishi may terminate the project lease by paying the sum of all rent payments due through December 31, 2026 and the purchase price of $100. The lease payments during the remaining terms of the lease are recorded as the amount due from lessee in the statement of net position at December 31, 2019.

NOTE 5 – DEBT

A summary of Long-Term Debt activity for the year ended December 31, 2019 is as follows:

		Series	Maturity Date	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Revenue Bonds								
Northwest Ohio Bond Fund								
7.25%	Chevron	2008A	2028	$3,450,000	$ -	($225,000)	$3,225,000	$240,000
4.90%	Parking Garage Project	2011C	2026	3,365,000	-	(320,000)	3,045,000	340,000
4.61%	Refunding Air Hub Project	2012A	2026	5,330,000	-	(455,000)	4,875,000	480,000
4.02%	Dana Facility	2016B	2028	9,990,000	-	(380,000)	9,610,000	395,000
Other								
3.00%	State of Ohio Tax Exempt - Garages	2011-1	2031	7,020,000	-	(440,000)	6,580,000	450,000
3.50%	State of Ohio Tax Exempt - Seaport	2019-2	2039	-	5,225,000	-	5,225,000	200,000
Total Revenue Bonds				29,155,000	5,225,000	(1,820,000)	32,560,000	2,105,000
Unamortized Premium		2019-2	2039	-	272,810	(9,866)	262,944	-
				29,155,000	5,497,810	(1,829,866)	32,822,944	2,105,000
Notes Payable								
1.00%	ODSA	2015	2028	1,684,963	-	(161,034)	1,523,929	162,648
2.25%	JobsOhio	2016	2027	8,300,695	-	(351,483)	7,949,212	360,372
2.50%	Lucas County Builds	2016	2028	708,861	-	(31,766)	677,095	32,569
3.00%	Airport Hangar Acquisition	N/A	2037	1,281,594	514,924	-	1,796,518	71,372
2.55%	NOIF-2015	2015	2045	7,760,000	-	-	7,760,000	-
3.67%	NOIF-2017	2017	2047	8,730,000	-	-	8,730,000	-
4.83%	ESID Note Airport	2014	2028	747,740	-	(50,329)	697,411	53,410
3.00%	ESID Note Garages	2012	2026	453,796	-	(49,681)	404,115	51,183
3.42%	ESID Note One Maritime	2012	2026	690,492	-	(74,616)	615,876	77,191
1.39%	ESID Note MLK	2011	2026	305,284	-	(30,440)	274,844	30,866
5.00%	ESID Note Two Maritime	2017A	2031	515,000	-	(30,000)	485,000	30,000
4.80%	ESID Note TEA Terminal Roof	2017A	2027	1,670,000	-	(150,000)	1,520,000	155,000
3.88%	ESID Note TEA Ramp Lighting	2017A	2025	62,990	-	(7,327)	55,663	7,297
5.00%	ESID Note TEA Maintenance	N/A	2022	23,220	-	(5,378)	17,842	5,653
4.20%	ESID Note TAA Hangar	2017D	2032	473,463	-	(26,887)	446,576	25,194
Total Notes Payable				33,408,098	514,924	(968,941)	32,954,081	1,062,755
Total				$ 62,563,098	$ 6,012,734	$ (2,798,807)	$ 65,777,025	$ 3,167,755

NOTE 5 - DEBT (Continued)

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

	2020	2021	2022	2023	2024
Revenue Bonds Payable					
Northwest Ohio Bond Fund					
Taxable Chevron	$ 240,000	$ 255,000	$ 275,000	$ 300,000	$ 325,000
Taxable Parking Garage Project	340,000	360,000	380,000	405,000	430,000
Taxable Refunding Air Hub Project	480,000	505,000	530,000	560,000	585,000
Taxable Dana Facility	395,000	415,000	435,000	460,000	475,000
Other					
State of Ohio Tax Exempt - Garages	450,000	465,000	480,000	495,000	515,000
State of Ohio Tax Exempt - Seaport	200,000	210,000	210,000	220,000	220,000
Notes Payable					
ODSA	162,648	164,279	165,926	167,589	169,269
JobsOhio	360,372	369,485	378,829	388,409	398,231
Lucas County Builds	32,569	33,393	34,237	35,103	35,991
Airport Hangar Acquisition	71,372	79,124	81,516	83,980	86,518
NOIF-2015	-	-	-	251,571	258,042
NOIF-2017	-	-	-	-	259,271
ESID Note Airport	53,410	55,464	59,573	62,654	67,790
ESID Note Garages	51,183	52,730	54,324	55,966	57,657
ESID Note One Maritime	77,191	79,855	82,611	85,462	88,412
ESID Note MLK	30,866	31,298	31,736	32,180	32,630
ESID Note Two Maritime	30,000	30,000	30,000	30,000	40,000
ESID Note TEA Terminal Roof	155,000	165,000	175,000	185,000	195,000
ESID Note TEA Ramp Lighting	7,297	7,646	8,012	8,395	8,797
ESID Note TEA Maintenance	5,653	5,942	6,247	-	-
ESID Note TAA Hangar	25,194	26,456	27,782	29,174	30,636
Total	$ 3,167,755	$ 3,310,672	$ 3,445,793	$ 3,855,483	$ 4,278,244

	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049	Total
Revenue Bonds Payable						
Northwest Ohio Bond Fund						
Taxable Chevron	$ 1,830,000	$ -	$ -	$ -	$ -	$ 3,225,000
Taxable Parking Garage Project	1,130,000	-	-	-	-	3,045,000
Taxable Refunding Air Hub Project	2,215,000	-	-	-	-	4,875,000
Taxable Dana Facility	7,430,000	-	-	-	-	9,610,000
Other						
State of Ohio Tax Exempt - Garages	2,860,000	1,315,000	-	-	-	6,580,000
State of Ohio Tax Exempt - Seaport	1,195,000	1,410,000	1,560,000	-	-	5,225,000
Notes Payable						
ODSA	694,218	-	-	-	-	1,523,929
JobsOhio	6,053,886	-	-	-	-	7,949,212
Lucas County Builds	505,802	-	-	-	-	677,095
SIB Loan	473,431	549,436	371,141	-	-	1,796,518
NOIF-2015	1,393,253	1,581,900	1,796,091	2,039,285	439,858	7,760,000
NOIF-2017	2,871,526	2,316,148	1,287,326	1,268,708	727,021	8,730,000
ESID Note Airport	398,520	-	-	-	-	697,411
ESID Note Garages	132,255	-	-	-	-	404,115
ESID Note One Maritime	202,345	-	-	-	-	615,876
ESID Note MLK	116,134	-	-	-	-	274,844
ESID Note Two Maritime	220,000	105,000	-	-	-	485,000
ESID Note TEA Terminal Roof	645,000	-	-	-	-	1,520,000
ESID Note TEA Ramp Lighting	15,516	-	-	-	-	55,663
ESID Note TEA Maintenance	-	-	-	-	-	17,842
ESID Note TAA Hangar	177,809	129,525	-	-	-	446,576
Total	$ 30,559,695	$ 7,407,009	$ 5,014,558	$ 3,307,993	$ 1,166,879	$ 65,514,081

NOTE 5 - DEBT (Continued)

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

	2020	2021	2022	2023	2024
Revenue Bonds Payable					
Northwest Ohio Bond Fund					
Taxable Chevron	$ 229,463	$ 211,881	$ 193,031	$ 172,731	$ 150,438
Taxable Parking Garage Project	145,163	128,135	110,373	91,385	71,295
Taxable Refunding Air Hub Project	219,321	196,847	173,336	148,557	122,396
Taxable Dana Facility	381,814	365,703	348,802	331,072	312,321
Other					
State of Ohio Tax Exempt - Garages	238,468	223,628	209,468	194,568	178,260
State of Ohio Tax Exempt - Seaport	187,325	183,275	178,944	174,163	169,144
Notes Payable					
ODSA	11,125	9,902	8,667	7,420	6,160
JobsOhio	175,158	166,956	158,546	149,924	141,084
Lucas County Builds	16,556	15,732	14,888	14,022	13,134
Airport Hangar Acquisition	51,274	52,854	50,513	48,102	45,618
NOIF-2015	197,709	197,709	197,709	195,319	188,848
NOIF-2017	320,339	320,339	320,339	320,339	318,364
ESID Note Airport	33,065	30,436	27,707	24,805	21,729
ESID Note Garages	11,742	10,195	8,602	6,960	5,268
ESID Note One Maritime	20,421	17,756	15,000	12,149	9,200
ESID Note MLK	3,724	3,292	2,855	2,411	1,960
ESID Note Two Maritime	23,875	22,375	20,875	19,375	17,750
ESID Note TEA Terminal Roof	71,160	63,600	55,560	47,040	38,040
ESID Note TEA Ramp Lighting	2,090	1,803	1,503	1,189	859
ESID Note TEA Maintenance	831	542	237	-	-
ESID Note TAA Hangar	18,495	17,424	16,299	15,117	13,877
Total	$ 2,359,118	$ 2,240,384	$ 2,113,254	$ 1,976,648	$ 1,825,745

	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049	Total
Revenue Bonds Payable						
Northwest Ohio Bond Fund						
Taxable Chevron	$ 325,162	$ -	$ -	$ -	$ -	$ 1,282,706
Taxable Parking Garage Project	77,174	-	-	-	-	623,525
Taxable Refunding Air Hub Project	161,234	-	-	-	-	1,021,691
Taxable Dana Facility	1,044,822	-	-	-	-	2,784,534
Other						
State of Ohio Tax Exempt - Garages	593,899	68,268	-	-	-	1,706,559
State of Ohio Tax Exempt - Seaport	760,615	549,800	201,625	-	-	2,404,891
Notes Payable						
ODSA	11,783	-	-	-	-	55,057
JobsOhio	479,552	-	-	-	-	1,271,220
Lucas County Builds	42,462	-	-	-	-	116,794
Airport Hangar Acquisition	188,118	113,735	27,646	-	-	577,860
NOIF-2015	841,196	652,545	438,355	195,162	7,027	3,111,579
NOIF-2017	1,303,131	775,261	478,740	255,259	34,966	4,447,077
ESID Note Airport	51,990	-	-	-	-	189,732
ESID Note Garages	3,526	-	-	-	-	46,293
ESID Note One Maritime	6,149	-	-	-	-	80,675
ESID Note MLK	2,545	-	-	-	-	16,787
ESID Note Two Maritime	58,000	6,750	-	-	-	169,000
ESID Note TEA Terminal Roof	55,320	-	-	-	-	330,720
ESID Note TEA Ramp Lighting	514	-	-	-	-	7,958
ESID Note TEA Maintenance	-	-	-	-	-	1,610
ESID Note TAA Hangar	48,488	9,715	-	-	-	139,415
Total	$ 6,055,680	$ 2,176,074	$ 1,146,366	$ 450,421	$ 41,993	$ 20,385,683

NOTE 5 - DEBT (Continued)

A. Taxable Chevron

The Authority issued and is the borrower on $4,780,000 of taxable revenue bonds from the Northwest Ohio Bond Fund for the purchase of the former Chevron Property in 2008. A lease was signed with Midwest requiring lease payments equal to the amount of debt. As of December 31, 2019, $3,225,000 remains outstanding.

B. Taxable Refunding Air Hub Project

The Authority issued bonds to refinance debt in 2012 for the air cargo hub facility. The series 2012A taxable bonds were issued by the Northwest Ohio Bond Fund in the amount of $9,470,000. As of December 31, 2019, $4,875,000 remains outstanding. The facility was leased to Tronair, Inc. ("Tronair"). 2019 revenues from Tronair covered 93.5% of the annual debt payments. Revenues in 2020 and subsequent years will fully cover the annual debt payments.

C. Port Authority Overland Property

JobsOhio
During construction of the 100,000-square foot warehousing facility on Overland Parkway that began in 2014, the Authority was in negotiations with JobsOhio. A loan in the amount of $2,500,000 was received in 2016 bearing an interest rate of 0% for the first year, 3% for years two through six, and 4% for years seven through twelve, maturing in 2027. In May of 2016, it was announced that Dana Corporation would lease the warehousing facility. The announcement of a tenant and the expansion of the facility to approximately 300,000 square feet led to the further restructuring of the repayment terms of the currently outstanding $2,500,000 loan. As a result of the expansion, the Authority's JobsOhio financing obligation was increased to a total of up to $8,750,000, which was drawn during 2017. As of December 31, 2019, $7,949,212 remains outstanding.

Taxable Dana Facility
As a result of the expansion of the Dana facility to approximately 300,000 square feet, the Authority issued and is borrower on $10,470,000 of taxable revenue bonds from the Northwest Ohio Bond Fund. The issuance is comprised of two series. The series 2016B-1 of $2,275,000 is the absorption of the original financing of the initial 100,000 square foot facility. The series 2016B-2 representing $8,195,000 is the financing of the building expansion of approximately 200,000 square feet. As of December 31, 2019, $9,610,000 in total remains outstanding.

Lucas County Builds
As part of the overall financing for the Dana facility on Overland Parkway, a loan was secured and funded in the amount of $750,000 from the Lucas County Builds Fund in October of 2016. The term of the loan will expire on December 31, 2028 and the balance of the loan on December 31, 2019 was $677,095.

The lease signed with Dana will fund payments due for the JobsOhio obligation, the Northwest Ohio Bond Fund 2016B series, and the Lucas County Builds loan.

NOTE 5 - DEBT (Continued)

D. Taxable Parking Garage Project

In October 2011, the Authority purchased parking facilities from the City of Toledo. This project was financed by issuing $4,940,000 of taxable development revenue bonds within the Northwest Ohio Bond Fund. In addition, tax exempt bonds were issued from the SIB GRF Bond Fund Program in the amount of $9,430,000. The total remaining balance for both bonds was $9,625,000 as of December 31, 2019.

E. Northwest Ohio Advanced Energy Improvement District (ESID Notes Payable)

The Authority was the borrower of nine Northwest Ohio Advanced Energy Improvement District (“ESID”) Notes for capital improvements to the garage facilities, One Maritime Plaza and Two Maritime Plaza office buildings, airport terminal, airport maintenance building, TAA hangar, airport ramp and the Martin Luther King terminal. As of December 31, 2019, $4,517,327 remains outstanding.

F. ODSA

During 2015, the Authority borrowed funds from ODSA. These funds relate to the series 2013A bond issuance. This series was issued to the ESID, which is an entity the Authority created to assist with financing related to the BetterBuildings Northwest Ohio Energy Program. As funds for energy efficiency projects were expended, disbursement requests were submitted to ODSA for a 50% reimbursement to the Authority. All of the funds received from ODSA were provided to the ESID by the end of 2016. The loan from ODSA will be a liability to the Authority, as the loan with ODSA is with the Authority and not the ESID; however, the risk is minimal due to the agreements in place with the ESID. Following the 2016 disbursements to the ESID, the Authority shows a loan receivable from the ESID. As of December 31, 2019, the loan with ODSA has a balance of $1,523,929. As of December 31, 2019, the loan receivable from the ESID has a balance of $1,228,502. The difference between the two represents the amount owed by the Authority for the energy project completed at Toledo Express Airport.

G. NOIF

During 2015, NOIF entered into two loans totaling $7,760,000, which relate to the receivables discussed previously in Note 4. NOIF serves as an intermediary between Finance Fund (through NMTC Leveraged XXXV, LLC) and ProMedica Downtown Landlord, LLC (“ProMedica”). Loan payments to NOIF are made by Promedica quarterly, and ten days following those payments, a payment is due from NOIF to Finance Fund in an amount less than that which was received. The risk to NOIF is minimal due to the pass-through structure of the arrangement. The Authority is not a guarantor of this debt. As of December 31, 2019, there remains a $7,760,000 balance.

During 2017, NOIF entered into four loans totaling $8,730,000, which relate to the receivables discussed previously in Note 4. NOIF serves as an intermediary between Finance Fund (through NMTC Leveraged XXI, LLC) and Overland Industrial Parkway Two, LLC (“Overland”). Loan payments to NOIF are made by Overland monthly, as are payments due from NOIF to Finance Fund in an amount less than that which was received. The risk to NOIF is minimal due to the pass-through structure of the arrangement. The Authority is not a guarantor of this debt. As of December 31, 2019, there remains a $8,730,000 balance.

NOTE 5 - DEBT (Continued)

H. Airport Hangar Acquisition

During 2018, the Authority purchased an office building and several hangars at Toledo Executive Airport. A loan was secured in the amount of $1,761,000 from the Ohio Department of Transportation State Infrastructure Bank to finance this acquisition, to provide funds for installation of a self-service fuel farm, and for renovation of hangars. As of December 31, 2019, $1,758,070 has been drawn and capitalized interest of $38,448 is included in the outstanding balance of $1,796,518.

I. Tax Exempt Seaport Project

In April 2019, a bond was issued from the SIB GRF Bond Fund Program in the amount of $5,225,000 to finance improvements at the Authority's Seaport facilities. Improvements included replacement of water lines and associated hydrants and service connections, and construction, installation and equipping of two 48,000 square foot buildings located in the Authority's Foreign Trade Zone.

The bond was sold at a premium of $277,810 which is being amortized over the life of the bond using the straight-line method. Bonds payable are reported net of the applicable bond premium. As of December 31, 2019, $4,659,991 has been drawn, and $837,819 is recorded as bond proceeds held by trustee. Current year amortization of $9,866 was recorded as reduction of interest expense. The outstanding bond payable balance net of unamortized premium is $5,487,944 at December 31, 2019.

NOTE 6 - DEVELOPMENT LOAN FUND

The Authority and the Board of Township Trustees of Spencer Township entered into a Cooperative Agreement dated October 23, 2017. Per the Agreement, the Township will appropriate revenues generated from the income tax levied within the Township's Joint Economic Development Zone to be used for certain projects of the Authority that are expected to enhance, foster, aid, provide, and promote economic development within the Township by creating and preserving jobs and employment opportunities in the region.

Under the terms of the Cooperative Agreement, the Authority will utilize the revenues from the Township to administer loans for the aforementioned projects. As of December 31, 2019, a net loan receivable of $236,613 and net restricted cash of $2,320,186 are included in the assets on the Statement of Net Position and the corresponding development loan fund liability due to the Township of $2,556,799 is included in the liability section. No interest is charged to the Authority for this liability. The Cooperative Agreement does not specify a maturity date for the liability; however, if project financing has been issued through the Authority or the Township, no party involved may be removed from the Cooperative Agreement.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. The Authority's net pension liability increased by $2,243,640 to $5,255,154, from 2018 to 2019. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Authority's proportionate share of 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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

GASB Statement No. 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 plan to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the 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 net pension liability would be effective when the changes are legally enforceable.

The proportionate share of the pension 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 accrued payroll on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The 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 (e.g., Authority employees) may elect the Member-Directed Plan and the Combined Plan, the majority of employee members are in OPERS' Traditional Plan; therefore, the following disclosures focus 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 (ORC). 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 Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% 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%.

Funding Policy—The ORC provides statutory authority for member and employer contributions. For 2019, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $382,200 for 2019.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Proportionate Share of Net Pension Liability	$ 5,255,154
Proportion of Net Pension Liability	0.019188%
Change in Proportion	-0.0000084%
Pension Expense	$ 1,185,507

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

Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 242	$ 69,003
Net difference between projected and actual earnings on pension plan incestments	713,272	-
Change in assumptions	457,473	-
Change in proportionate share and differences in employer contributions	37,704	1,787
Contributions subsequent to the measurement date	382,200	-
Total Deferred Outflows of Resources	$ 1,590,891	$ 70,790

The $382,200 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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:

Year Ending December 31:	OPERS
2020	$ 508,331
2021	231,677
2022	66,170
2023	331,723
Total	$ 1,137,901

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	**December 31, 2018 Valuation**
Wage inflation	3.25%
Future salary increases, Including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3%; Post 1/7/2013 retirees: 3% simple through 2018, then 2.15% simple
Investment rate of return	7.00%
Current measurement period	7.20%
Prior measurement period	7.50%
Actuarial cost method	Individual entry age

In October 2018, the OPERS Board adopted a change in the investment rate of return assumption reducing it from 7.5 percent to 7.2 percent. This change was effective beginning with the 2018 valuation.

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 Health 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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.79%
Domestic Equities	19.00%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	20.00%	7.83%
Other Investments	18.00%	5.50%
Total	100.00%	5.95%

Discount Rate

The discount rate used to measure the total pension liability was 7.20%. 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The following table represents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.20%) and one-percentage point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate of 7.20%	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$7,763,383	$5,255,154	$3,170,784

NOTE 8 – DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN

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 Authority's proportionate share of the 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, health care cost trends and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB Statement No. 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 health care 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.

NOTE 8 – DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Plan Description—Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit 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 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 postemployment benefit (OPEB) as described in GASB Statement No. 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 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. Beginning in 2018, health care is not being funded.

NOTE 8 – DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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% of earnable salary. This is the maximum employer contribution rate 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 Traditional Pension and Combined plans' employer contributions allocated to health care was zero in 2018 and is expected to remain at that level. 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 2018 was 4.0%.

For the year ended December 31, 2019, OPERS did not allocate any employer contributions to postemployment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The total OPEB liability for OPERS was 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 Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement system relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

	OPERS
Proportionate Share of Net OPEB Liability	$ 2,489,535
Proportion of Net OPEB Liability	0.0190950%
Change in Proportion	0.0001658%
OPEB Expense	$ 254,295

NOTE 8 – DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 843	$ 6,755
Net difference between projected and actual earnings on OPEB plan investments	114,129	-
Change in assumptions	80,266	-
Change in proportionate share and differences in employer contributions	30,661	-
Total	$ 225,899	$ 6,755

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

	OPERS
Year Ending December 31:	
2020	$ 113,468
2021	29,244
2022	18,936
2023	57,496
Total	$ 219,144

Actuarial 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 health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

NOTE 8 – DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	3.25%
Projected salary increases	3.25% to 10.75%, including wage inflation
Singe discount rate:	
Current measurement period	3.96%
Prior measurement period	3.85%
Investment rate of return:	
Current measurement period	6.00%
Prior measurement period	6.50%
Municipal bond rate	
Current measurement period	3.71%
Prior measurement period	3.71%
Health care cost trend rate:	
Current measurement period	10.0% initial, 3.25% ultimate in 2029
Prior measurement period	7.5 initial, 3.25% ultimate in 2028
Actuarial cost method	Individual entry age

In October 2018, the OPERS Board adopted a change in the investment rate of return assumption reducing it from 6.5 percent to 6.0 percent. The change was effective beginning with the 2018 valuation.

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 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 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.

NOTE 8 – DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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% for 2018.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board 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 benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the OPERS 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%
REITs	6.00%	5.98%
International Equities	22.00%	7.83%
Other Investments	17.00%	5.57%
Total	100.00%	5.16%

***Discount Rate*.**

A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. 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% and a municipal bond rate of 3.71%. 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.

NOTE 8 – DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate.

The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the Authority's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (2.96%) or 1.0% point higher (4.96%) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate of 3.96%	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$3,184,954	$2,489,535	$1,936,368

Sensitivity of the 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% lower or 1.0% 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 10.00%. 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% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$2,392,916	$2,489,535	$2,600,664

NOTE 9 - OPERATING LEASES

The Authority has entered into a number of operating lease agreements with various companies to lease certain of its facilities for periods from one to forty years.

Property under lease at December 31, 2019 consists of the following:

	Property and Development Division	Seaport Leases	Total
Land	$ 8,588,931	$ 6,938,961	$ 15,527,892
Improvements	9,093,191	19,509,357	28,602,548
Property and Equipment	188,273	13,724,306	13,912,579
Building and Leasehold Improvements	30,929,769	10,274,322	41,204,091
Total Cost	48,800,164	50,446,946	99,247,110
Less: Accumulated Depreciation	(10,457,600)	(16,814,271)	(27,271,871)
	$ 38,342,564	$ 33,632,675	$ 71,975,239

The minimum future rentals to be received under the lease agreements are as follows:

Years	Development and Property Leases	Seaport Leases	Total
2020	$ 7,215,739	$ 1,562,469	$ 8,778,208
2021	6,932,019	1,571,019	8,503,038
2022	6,773,874	1,555,644	8,329,518
2023	6,737,812	1,555,644	8,293,456
2024	6,680,465	1,555,644	8,236,109
2025-2029	24,191,617	5,034,407	29,226,024
2030-2034	1,302,870	4,314,947	5,617,817
2035-2039	432,480	4,314,947	4,747,427
2040-2044	432,480	4,314,947	4,747,427
2045-2049	432,480	2,372,358	2,804,838
2050-2054	432,480	-	432,480
2055-2059	432,480	-	432,480
2060-2064	432,480	-	432,480
2065-2069	432,480	-	432,480
2070-2074	432,480	-	432,480
2075-2079	432,480	-	432,480
2080-2084	432,480	-	432,480
2085-2089	432,480	-	432,480
2090-2094	216,240	-	216,240
Totals	$ 64,807,916	$ 28,152,026	$ 92,959,942

NOTE 9 - OPERATING LEASES (Continued)

The Authority has entered into a number of noncancelable operating leases with companies that provide services at the Airport. The most significant of these agreements is the parking lot operator and the car rental agencies.

Under the agreement covering the car rental agencies, revenues are based on percentages of gross receipts. The receipts for the car rental agencies totaled $576,494 for the year 2019. In 2019, the Authority had an agreement for management of the airport parking lot with ParkSmart, Inc. that provided for operating expenses with the net revenue remitted to the Authority. The receipts for the parking lot totaled $907,271 for the year 2019.

NOTE 10 - CONDUIT DEBT

From time to time the Authority has issued revenue bonds to provide financial assistance to private-sector, governmental and non-profit entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments on the underlying mortgage loans. Upon repayment of the obligations, ownership of the acquired facilities transfers to the entity served by the bond issuance. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2019, there were forty-five series of revenue bonds outstanding issued after July 1, 1995. The original issue amounts for the series was $334,192,757 of which $228,921,148 remained outstanding at December 31, 2019. There was one revenue bond outstanding issued prior to July 1, 1995. The original issue amount was $29,700,000 and the entire amount remained outstanding at December 31, 2019.

NOTE 11 – RISK MANAGEMENT

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

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

NOTE 12 – CONTINGENCIES

A. Litigation

In the normal course of operations, the Authority may be subject to litigation, claims, and unasserted possible claims. As of December 31, 2019, the Authority was involved in several such matters. As of the date of these financial statements, all rights to appeal have passed and all related legal matters have been closed.

B. Grants

The Port Authority received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits would become a liability of the Port Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial positions of the Port Authority at December 31, 2019.

NOTE 13 - TOLEDO PARKING GARAGE PROJECT

The Authority acquired the off-street Parking Facilities from the City of Toledo that included Port Lawrence Parking Garage, Superior Street Parking Garage, and the Vistula Street Parking Garage. The Authority also entered into an agreement to acquire the City of Toledo's on-street parking equipment and the on-street parking franchise from the city. The Authority operates, maintains and improves the on-street parking meters and provides enforcement services within the designated boundaries. To finance the acquisition, the Authority issued $4,940,000 of taxable revenue bonds within the Northwest Ohio Bond Fund and issued $9,430,000 of tax exempt bonds within the Ohio Department of Transportation's State Infrastructure Bank. In 2012, a management agreement was implemented that includes sharing the excess revenue generated from the Parking Facilities with the City of Toledo. Maintenance costs are financed from these same revenues.

Through December 31, 2017, the operation of the Parking Facilities was performed by the ParkSmart Division of Downtown Toledo Development Corporation ("DTDC"). DTDC is a non-profit organization formed for the purpose of furthering development and commercial activity in downtown Toledo.

Effective January 1, 2018, DTDC reorganized and ParkSmart, Inc (ParkSmart) was established as a separate legal entity. Due to the reorganization, the Authority's net position decreased by $325,044 as noted on the Statement of Revenues, Expenses, and Changes in Net Position. As of the date of the reorganization, the operation of the Parking Facilities is performed by ParkSmart. Management has determined that ParkSmart is a component unit of the Authority, and included its financial position and results of operations in the Authority's financial statements as a blended component unit.

In 2019, revenues in the amount of $5,478,863 were generated and $4,978,602 of operating expenses (including debt service of $1,218,780) were incurred. The revenue and operational expenses are reported under the Development and Property Division in the Schedule of Revenues, Expenses and Changes in Net Position Information by Division. The Parking Facility asset and related debt are reported under the same division in the Schedule of Net Position Information by Division. To obtain ParkSmart financial information, please send correspondence to 215 North St. Clair St. Toledo, OH 43604.

NOTE 13 - TOLEDO PARKING GARAGE PROJECT (Continued)

The following information is being disclosed for ParkSmart, which has been deemed by management to be the only significant component unit.

	ParkSmart, Inc.
Balance Sheet	
Current Assets	$ 13,991,769
Capital Assets	1,753,299
Other Assets	500
Current Liabilities	571,080
Non-Current Liabilities	-
Net Position	$ 15,174,488
Revenue, Expenses and Changes in Equity	
Total Revenue	$ 5,480,207
Depreciation Expense	250,840
Other Expenses	2,048,018
Excess of Revenue Over Expenses	3,181,349
Beginning Net Position	11,993,139
Ending Net Position	$ 15,174,488
Statement of Cash Flows	
Operating Activities	$ 1,036,860
Noncapital Financing Activities	-
Capital and Related Financing Activities	-
Investing Activities	(414,414)
Cash at Beginning of Year	2,408,970
Cash at End of Year	$ 3,031,416

NOTE 14 - SEGMENT INFORMATION

Significant financial data for the airport division, which meets the requirements for segment reporting under GASB 34, is as follows for the year ended December 31, 2019:

Statement of Net Position		
Current Assets	$	(13,330,512)
Capital Assets, net		124,666,397
Other Assets		(4,304,079)
Total Assets		107,031,806
Deferred Outflows of Resources		867,105
Current Liabilities		2,143,853
Noncurrent Liabilities		12,073,538
Total Liabilities		14,217,391
Deferred Inflows of Resources		32,026
Net Investment in Capital Assets		114,961,960
Restricted		2,102,011
Unrestricted		(23,414,477)
Total Net Position	$	93,649,494
Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues	$	4,559,827
Depreciation		5,673,064
Other Operating Expenses		6,185,781
Operating Loss		(7,299,018)
Nonoperating Revenues (Expenses):		
Grants		1,693,688
Interest Income from Investments		91,354
Interest Expense		(371,346)
Other Nonoperating Revenues		389,369
Change in Net Position		(5,495,953)
Net Position Beginning of Year		99,145,447
Net Position at End of Year	$	93,649,494
Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	$	1,450,901
Noncapital Financing Activities		(185,568)
Capital and Related Financing Activities		(1,707,297)
Investing Activities		89,652
Cash at Beginning of Year		1,630,696
Cash at End of Year	$	1,278,384

Toledo-Lucas County Port Authority
Lucas County, Ohio
Required Supplementary Information
Schedule of Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Pension Plan
Last Six Years (1) (2)

	Authority's Proportion of the Net Pension Liability	Authority's Proportionate Share of the Net Pension Liability	Authority's Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.018139%	$ 2,138,347	$ 2,541,450	84.14%	86.36%
2015	0.018139%	2,187,761	2,213,343	98.84%	86.45%
2016	0.019021%	3,294,638	2,488,629	132.39%	81.08%
2017	0.018519%	4,205,326	2,405,350	174.83%	77.25%
2018	0.019196%	3,011,514	2,528,592	119.10%	84.66%
2019	0.019188%	5,255,154	2,639,343	199.11%	74.70%

(1) Information prior to 2014 is not available. The Authority will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

Notes to Schedule:

Change 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%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2019, a reduction of the discount rate was made from 7.5% to 7.2%.

Toledo-Lucas County Port Authority
Lucas County, Ohio
Required Supplementary Information
Schedule of Authority's Pension Contributions
Ohio Public Employees Retirement System - Traditional Pension Plan
Last Ten Years

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	$ 289,698	$ (289,698)	$ -	$ 3,247,736	8.92%
2011	305,003	(305,003)	-	3,050,029	10.00%
2012	293,770	(293,770)	-	2,937,700	10.00%
2013	330,389	(330,389)	-	2,541,450	13.00%
2014	265,601	(265,601)	-	2,213,343	12.00%
2015	298,635	(298,635)	-	2,488,629	12.00%
2016	288,642	(288,642)	-	2,405,350	12.00%
2017	328,717	(328,717)	-	2,528,592	13.00%
2018	369,508	(369,508)	-	2,639,343	14.00%
2019	382,200	(382,200)	-	2,730,000	14.00%

Toledo-Lucas County Port Authority
Lucas County, Ohio
Required Supplementary Information
Schedule of Authority's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Three Years (1) (2)

	Authority's Proportion of the Net OPEB Liability	Authority's Proportionate Share of the Net OPEB Liability	Authority's Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.018297%	$ 1,848,084	$ 2,405,350	76.83%	54.05%
2018	0.018929%	2,055,575	2,528,592	81.29%	54.14%
2019	0.019095%	2,489,535	2,639,343	94.32%	46.33%

(1) Information prior to 2017 is not available. The Authority will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the Authority's measurement date, which is the prior year-end.

Notes to Schedule:

Change in assumptions. In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.50% initial to 10.00% initial.

Toledo-Lucas County Port Authority
Lucas County, Ohio
Required Supplementary Information
Schedule of Authority's OPEB Contributions
Ohio Public Employees Retirement System
Last Ten Years

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	$ 164,985	$ (164,985)	$ -	$ 3,247,736	5.08%
2011	122,001	(122,001)	-	3,050,029	4.00%
2012	117,508	(117,508)	-	2,937,700	4.00%
2013	25,415	(25,415)	-	2,541,450	1.00%
2014	44,267	(44,267)	-	2,213,343	2.00%
2015	49,773	(49,773)	-	2,488,629	2.00%
2016	48,107	(48,107)	-	2,405,350	2.00%
2017	26,571	(26,571)	-	2,528,592	1.05%
2018	-	-	-	2,639,343	0.00%
2019	-	-	-	2,730,000	0.00%

Toledo-Lucas County Port Authority
Schedule of Net Position Information by Division
December 31, 2019

	Administration	Seaport	Airport	Development & Property	Total
ASSETS AND DEFERRED OUTFLOWS					
Current Assets:					
Cash and cash equivalents	$ 12,735,358	$ -	$ 131,095	$ 1,961,624	$ 14,828,077
Restricted cash	-	-	1,147,289	3,771,404	4,918,693
Investments	4,880,218	3,141,657	-	1,828,818	9,850,693
Bond Proceeds Held by Trustee	-	837,819	-	-	837,819
Interest receivable	-	14,520	5,239	14,520	34,279
Property tax receivable	2,335,168				2,335,168
Customer and other accounts receivable	-	165,211	822,470	1,009,268	1,996,949
Grants receivable			256,278	680,460	936,738
Due from (to) other funds	(1,439,748)	16,844,081	(15,793,280)	388,947	-
Loans receivable	72,045	-	-	180,976	253,021
Lease receivable	-	171,545	88,975	173,645	434,165
Prepaid expenses and other assets	105,936	7,013	11,422	117,497	241,868
Total Current Assets	18,688,977	21,181,846	(13,330,512)	10,127,159	36,667,470
Noncurrent Assets:					
Nondepreciable capital assets	-	18,427,499	41,498,383	16,335,799	76,261,681
Depreciable capital assets, net	113,475	30,117,544	83,168,014	44,559,869	157,958,902
Restricted investments	-	-	954,722	1,061,898	2,016,620
Loans receivable	818,703	-	-	18,829,407	19,648,110
Lease receivable	-	363,723	15,244	4,258,556	4,637,523
Deposits	-	-	84,577	233,734	318,311
Amount due from NW Ohio Bond Fund	-	3,000,000	-	-	3,000,000
Interdivisional receivables (payables)	-	7,106,004	(5,358,622)	(1,747,382)	-
Total Noncurrent Assets	932,178	59,014,770	120,362,318	83,531,881	263,841,147
Total Assets	19,621,155	80,196,616	107,031,806	93,659,040	300,508,617
Deferred Outflows of Resources:					
Deferred outflows-pension	617,162	(40,421)	773,809	240,341	1,590,891
Deferred outflows-OPEB	87,649	10,843	93,296	34,111	225,899
Total Deferred Outflows of Resources	704,811	(29,578)	867,105	274,452	1,816,790
Total Assets and Deferred Outflows of Resources	**20,325,966**	**80,167,038**	**107,898,911**	**93,933,492**	**302,325,407**
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
Current Liabilities:					
Accounts payable and other	72,833	448,843	261,695	888,920	1,672,291
Accrued payroll	131,673	13,744	240,302	225,714	611,433
Deposits	-	-	56,090	138,126	194,216
Accrued interest	-	30,062	73,835	149,783	253,680
Revenue bonds payable - current	-	-	480,000	975,000	1,455,000
Note payable - current	-	-	349,456	713,299	1,062,755
Ohio SIB bond - current	-	200,000	-	450,000	650,000
Advances	-	-	682,475	155,345	837,820
Total Current Liabilities	204,506	692,649	2,143,853	3,696,187	6,737,195
Noncurrent Liabilities:					
Development Loan Fund	-	-	-	2,556,799	2,556,799
Revenue bonds payable	-	-	4,395,000	14,905,000	19,300,000
Notes payable	-	-	4,479,981	27,411,345	31,891,326
Ohio SIB bond	-	5,287,944	-	6,130,000	11,417,944
Net pension liability	2,039,000	252,247	2,170,379	793,528	5,255,154
Net OPEB liability	965,939	119,498	1,028,178	375,920	2,489,535
Total Noncurrent Liabilities	3,004,939	5,659,689	12,073,538	52,172,592	72,910,758
Total Liabilities	3,209,445	6,352,338	14,217,391	55,868,779	79,647,953
Deferred Inflows of Resources:					
Deferred inflows-pension	27,467	3,398	29,236	10,689	70,790
Deferred inflows-OPEB	2,621	324	2,790	1,020	6,755
Total Deferred Inflows of Resources	30,088	3,722	32,026	11,709	77,545
Total Liabilities and Deferred Inflows of Resources	**3,239,533**	**6,356,060**	**14,249,417**	**55,880,488**	**79,725,498**
Net Position:					
Net investment in capital assets	113,475	43,057,099	114,961,960	10,311,024	168,443,558
Restricted	-	-	2,102,011	4,833,302	6,935,313
Unrestricted	16,972,958	30,753,879	(23,414,477)	22,908,678	47,221,038
Total Net Position	**$ 17,086,433**	**$ 73,810,978**	**$ 93,649,494**	**$ 38,053,004**	**$ 222,599,909**

Toledo-Lucas County Port Authority
Schedule of Revenues, Expenses, and Changes in Net Position Information by Division
For the Year Ended December 31, 2019

	Administration	Seaport	Airport	Development & Property	Total
Operating Revenues					
Rental under property leases	$ -	$ 1,810,448	$ -	$ 7,576,150	$ 9,386,598
Airport landing area	-	-	440,892	-	440,892
Airport terminal area	-	-	1,433,996	-	1,433,996
Other rental and fee income	-	-	2,592,073	7,035,935	9,628,008
Other income	-	228,928	92,866	39,702	361,496
Total Operating Revenues	**-**	**2,039,376**	**4,559,827**	**14,651,787**	**21,250,990**
Operating Expenses					
Personnel	-	499,493	2,990,248	1,737,550	5,227,291
Marketing	-	26,436	264,017	71,050	361,503
Contractual services	-	302,667	719,021	4,193,255	5,214,943
Utilities	-	6,591	558,531	953,083	1,518,205
Repairs and maintenance	-	39,771	1,584,963	1,036,447	2,661,181
Depreciation	41,134	1,444,338	5,673,064	2,218,536	9,377,072
Other operating expenses	-	5,797	69,001	24,540	99,338
Total Operating Expenses	**41,134**	**2,325,093**	**11,858,845**	**10,234,461**	**24,459,533**
Operating Income (Loss)	**(41,134)**	**(285,717)**	**(7,299,018)**	**4,417,326**	**(3,208,543)**
Nonoperating Revenues (Expenses)					
Proceeds of property tax levy	4,636,887	-	-	-	4,636,887
Interest income from investments	-	178,307	91,354	1,027,409	1,297,070
Passenger facility charges	-	-	640,080	-	640,080
Grants	-	-	1,693,688	6,079,077	7,772,765
Non-operating revenue	-	-	76,512	836,361	912,873
Interest expense	-	(20,579)	(371,346)	(1,842,756)	(2,234,681)
Other nonoperating expenses	-	(3,780)	(262,080)	(143,656)	(409,516)
Gain (Loss) on investments	-	66,414	5,690	81,917	154,021
Gain (Loss) on disposal of assets	-	-	(70,833)	-	(70,833)
Grant pass through	-	-	-	(569)	(569)
Total Nonoperating Revenues (Expenses)	**4,636,887**	**220,362**	**1,803,065**	**6,037,783**	**12,698,097**
Total Change in Net Position	**$ 4,595,753**	**$ (65,355)**	**$ (5,495,953)**	**$ 10,455,109**	**$ 9,489,554**
Net Position beginning of year	$ 12,490,680	$ 73,876,333	$ 99,145,447	$ 27,597,895	$ 213,110,355
Total Change in Net Position	4,595,753	(65,355)	(5,495,953)	10,455,109	9,489,554
Net Position at end of year	**$ 17,086,433**	**$ 73,810,978**	**$ 93,649,494**	**$ 38,053,004**	**$ 222,599,909**

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

FEDERAL GRANTOR *Direct/Pass Through Grantor* **Program Title**	Pass Through Entity Number	Federal CFDA Number	Federal Expenditures	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through the State of Ohio, Dept. of Transportation				
Federal Highway Administration	104422	20.205	$ 3,269,327	
Highway Planning and Construction Cluster				
LUC Front-Millard Street				
Passed Through Ohio Rail Development Commission				
Federal Highway Administration	103351	20.205	326,223	
Highway Planning and Construction Cluster				
LUC Dr MLK Jr Plaza Renovations				
Total Federal Highway Planning and Construction Cluster			3,595,550	
Direct Program				
Airport Improvement Program		20.106	1,693,688	
Total U.S. Department of Transportation				$ 5,289,238
U.S DEPARTMENT OF ENERGY				
Direct Program				
DOE Environmental Mgmt.-Energy Efficiency and Conservation Block Grant Program		81.128	58,119	
Total U.S. Department of Energy				58,119
Total Expenditures of Federal Awards				$ 5,347,357

See accompanying notes to the SEFA.

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

Note 1–Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2–Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3–Indirect Cost Rate

The Authority has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
For Each Quarter During The Year Ended December 31, 2019

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Totals
PFC Fees Collected	$ 88,761	$ 141,590	$ 170,959	$ 133,213	$ 534,523
Interest Income	864	1,055	1,115	222	3,256
PFC Fees Expended	-	-	(900,000)	-	(900,000)
Net Increase (Decrease) in Cash	89,625	142,645	(727,926)	133,435	(362,221)
Cash at Beginning of Period	661,006	750,631	893,276	165,350	661,006
Cash at End of Period	$ 750,631	$ 893,276	$ 165,350	$ 298,785	$ 298,785

See accompanying notes to the Passenger Facility Charges.

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
Year Ended December 31, 2019

General

The Schedule of Passenger Facility Charges Collected and Expended - Cash Basis was prepared for the purpose of complying with the regulations issued by the Federal Aviation Administration of the U.S. Department of Transportation (14 CFR 158) to implement 49 U.S.C. 40117, as amended. Those regulations define collection as the point when agents or other intermediaries remit passenger facility charges to the airlines. Passenger facility charges ("PFCs") are collected from passengers for the purpose of funding approved airport improvement projects. These fees are collected by certain air carriers and remitted to the appropriate airport, net of an allowed processing fee, which is retained by the air carrier.

The Aviation Safety and Capacity Expansion Act of 1990 and its implementing regulation, 14 CFR Part 158 (the "Regulation"), provided airports with the ability to obtain funds for improvement projects by assessing a $1, $2, $3, $4 or $4.50 PFC for each applicable enplaning passenger. Each airport choosing to assess such a fee must make an application with the Federal Aviation Administration of the U.S. Department of Transportation (the "FAA") in order to obtain approval for the project for which the PFC is to be collected and approval for the PFC amount that can be charged to each applicable enplaning passenger.

Upon approval from the FAA, certain air carriers are required to collect the PFCs from appropriate enplaning passengers and remit the fee to the assessing airport. The Regulation contains provisions regarding which air carriers are required to collect PFCs and provides for limitation on PFCs that can be collected from passengers.

The Toledo-Lucas County Port Authority ("the Authority"), for its operation at Toledo Express Airport, had been granted FAA approval to collect PFC fees for application #5 in December 2007 through December 31, 2011, at the rates of $4.50 for each enplaned passenger. From December 2011 through December 2018, the Airport collected PFC fees for application #6, at the same rates. Starting in December 2017, the FAA approved application #7 to collect PFC fees at the same rates, which will continue through December 1, 2023. The PFC amounts collected are maintained in a separate Authority bank account.

Basis of Accounting

The Authority uses the cash basis of accounting to prepare the Schedule of Passenger Facility Charges Collected and Expended. Under this method of accounting, the PFC fee is recorded when collected by the Authority from the airline and expenditures are recorded when paid.

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Toledo-Lucas County Port Authority
Lucas County
One Maritime Plaza
Toledo, Ohio 43604

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Toledo-Lucas County Port Authority, Lucas County, Ohio (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 3, 2020 wherein we noted other auditors audited the financial statements of ParkSmart, Inc., as described in our report on the Authority's financial statements. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2019-002 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-001.

Authority's Response to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and / or corrective action plan. We did not subject the Authority's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

December 3, 2020

One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Toledo-Lucas County Port Authority
Lucas County
One Maritime Plaza
Toledo, Ohio 43604

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited Toledo-Lucas County Port Authority, Lucas County, Ohio's (the Authority) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Toledo-Lucas County Port Authority's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Authority's major federal program.

Management's Responsibility

The Authority's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Authority's compliance for the Authority's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Toledo-Lucas County Port Authority complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State

Columbus, Ohio

December 3, 2020

OHIO AUDITOR OF STATE
KEITH FABER

One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

Toledo-Lucas County Port Authority
Lucas County
One Maritime Plaza
Toledo, Ohio 43604

To the Board of Directors:

Report on Compliance for the Passenger Facility Charge Program

We have audited Toledo-Lucas County Port Authority's (the Authority) compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), for its Passenger Facility Charge Program (the Program) for the year ended December 31, 2019.

Management's Responsibility

The Authority's management is responsible for complying with the requirements of laws, regulations, and the Guide applicable to its Passenger Facility Charge Program.

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance for the Authority's Passenger Facility Charge Program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the Guide. These standards and the Guide require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect the Program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Compliance for the Passenger Facility Charge Program

In our opinion, Toledo-Lucas County Port Authority complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its Passenger Facility Charge Program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Authority's internal control over compliance with the applicable requirements that could directly and materially affect the Program to determine our auditing procedures appropriate for opining on the Program's compliance and to test and report on the internal control over compliance in accordance with the Guide, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Authority's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on the Guide. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State

Columbus, Ohio

December 3, 2020

TOLEDO-LUCAS COUNTY PORT AUTHORITY
LUCAS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Program's Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Program (list):**	Highway Planning and Construction Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

FINDING NUMBER 2019-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate - If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Directors can authorize the drawing of a warrant for the payment of the amount due. The Board of Directors thereafter has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

   Amounts less than $3,000 in all subdivisions other than counties may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Authority.

2. Blanket Certificate - The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate - The Board of Directors may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to a difference in interpretation of the law, none of the Authority's transactions were certified by a fiscal officer at the time the commitment was incurred, and there was no evidence the Authority followed the aforementioned exceptions, as the Authority did not have a certification process in place. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

FINDING NUMBER 2019-001
(CONTINUED)

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 help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Authority's funds exceeding budgetary spending limitations, a fiscal officer should certify that the funds are or will be available prior to obligation by the Authority. When prior certification is not possible, "then and now" certification should be used.

Officials' Response:

Since its inception, the Authority has been operating under a different interpretation of the Ohio Revised Code. However, the Authority will abide by the decision of the Auditor of State and implement a process to address certification.

FINDING NUMBER 2019-002

Significant Deficiency – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The financial statements omitted taxes receivable and related proceeds of property tax levy revenues in the amount of $2,335,168 as required by Government Accounting Standards Board Statement No. 33 (GASB Cod N50.114 - .115 paragraphs 17 and 18).

These errors were not identified and corrected prior to the Authority preparing its basic financial statements due to deficiencies in the Authority's internal controls over financial statement monitoring. The failure to adequately monitor basic financial statements could allow for misstatements to occur and go undetected. The accompanying basic financial statements have been adjusted to reflect these changes. There were two additional insignificant errors, related to the matter indicated above, in amounts ranging from $132,310 to $238,288 also noted during the year ended December 31, 2019.

The Authority should record taxes receivable and the related proceeds of property tax revenues in its financial statements.

Additionally, the Authority can refer to Audit Bulletin 2001-004 at the following website address for guidance on properly accounting for property taxes receivable:
http://www.ohioauditor.gov/publications/bulletins/2001/2001-04.pdf

FINDING NUMBER 2019-004
(CONTINUED)

Officials' Response:

For the 2019 Financial Statements, the Authority recorded the property tax levy receivable and related revenue as proposed by the Auditor of State. The Authority will continue to record similarly in future periods as part of the Authority's year-end procedures.

3. FINDINGS FOR FEDERAL AWARDS

None

TOLEDO | LUCAS COUNTY
PORT AUTHORITY

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2019

Finding Number:	2019-001
Planned Corrective Action:	The Authority will implement a process to address the certification requirements indicated by the Auditor of State. The process will include adding verbiage to the Authority's checks which will state that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection free from any previous encumbrances.
Anticipated Completion Date:	12/31/2020
Responsible Contact Person:	Kathleen Despoth, TLCPA Controller

Finding Number:	2019-002
Planned Corrective Action:	For the 2019 financial statements, the Authority recorded property tax levy receivable and related revenue as proposed by the Auditor of State. The Authority will continue to record similarly in future periods as part of the Authority's year-end procedures.
Anticipated Completion Date:	12/31/2019
Responsible Contact Person:	Michele Lashuay, TLCPA Accounting & Compliance Manager

A One Maritime Plaza | Toledo, OH 43604-1866
T 419 243 8251 F 419 243 1835
W toledoportauthority.org

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

TOLEDO LUCAS COUNTY PORT AUTHORITY

LUCAS 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 12/17/2020

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