CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

TOLEDO-LUCAS COUNTY PORT AUTHORITY

LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditors' Report* of the Toledo-Lucas County Port Authority, Lucas County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Toledo-Lucas County Port Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2022

This page intentionally left blank.

TABLE OF CONTENTS

This page intentionally left blank.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

1656 Henthorne Drive, Suite 400
Maumee, Ohio 43537
P. 419.841.2848 | F. 419.841.8178

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Toledo-Lucas County Port Authority
Toledo, Ohio:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Toledo-Lucas County Port Authority, Ohio (the "Authority") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2021, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of ParkSmart, Inc., which represents 5.0 percent, 8.0 percent, and 8.7 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. 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* 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 17, 2022

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, 2021. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The financial highlights for 2021 are as follows:

- Total Net Position for the year ended December 31, 2021 increased $11,862,344 to $239,508,808. The increase, which was the highest since 2011, was primarily the result of revenues derived from *rental under property leases*, *airport landing area, airport terminal, other rental and fee income, other income, and grant revenues.*

- Total operating revenue in 2021 increased $5,403,206 compared to 2020. Total operating revenue of $24,130,599 in 2021 was the best performing year since 2004.

- Total operating expenses were down $720,216, attributed to the impact of beneficial changes in pension and OPEB liabilities.

FINANCIAL DRIVERS

The following statistics played a key role in the Authority's financial picture in 2021 compared to 2020:

- Operating revenue from every source increased from 2020. *Rental under property lease* and *Other rental and fee income* comprised 82.4% of total operating revenue.

- Passengers using Eugene F. Kranz Toledo Express Airport increased 28.7% in 2021 compared to 2020.

- 2021 Seaport tonnage exceeded 2020 by 22.1%.

- *Grant revenue* was approximately $14.5 million in 2021 which was an increase of approximately 51.6% compared to 2020.

- *Other expense* was approximately $7.3 million in 2021, the majority of which related to the transfer of the Front-Millard project.

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 property tax, 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, 2021 and 2020, respectively.

Condensed Statements of Net Position

	December 31, 2021	December 31, 2020	Amount Change	% Change
Assets				
Current assets	$ 73,035,431	$ 44,453,574	$ 28,581,857	64.3%
Capital assets, net	231,527,068	234,705,457	(3,178,389)	(1.4)
Other noncurrent assets	81,914,036	29,072,450	52,841,586	181.8
Deferred outflows-pension	349,001	535,812	(186,811)	(34.9)
Deferred outflows-OPEB	168,206	451,133	(282,927)	(62.7)
Total assets & deferred outflows	$ 386,993,742	$ 309,218,426	$ 77,775,316	25.2%
Liabilities, Deferred Inflows and Net Position				
Liabilities				
Current liabilities (includes long term debt due within one year)	$ 11,755,372	$ 11,630,921	$ 124,451	1.1%
Noncurrent liabilities	131,205,803	66,673,550	64,532,253	96.8
Deferred inflows-property tax	2,005,325	2,073,226	(67,901)	(3.3)
Deferred inflows-pension	1,405,557	814,499	591,058	72.6
Deferred inflows-OPEB	1,112,877	379,766	733,111	193.0
Total liabilities & deferred inflows	147,484,934	81,571,962	65,912,972	80.8
Net Position				
Net investment in capital assets	171,546,938	171,928,517	(381,579)	(0.2)
Restricted	24,025,376	5,692,610	18,332,766	322.0
Unrestricted	43,936,494	50,025,337	(6,088,843)	(12.2)
Total Net Position	239,508,808	227,646,464	11,862,344	5.2
Total liabilities, deferred inflows, and net position	$ 386,993,742	$ 309,218,426	$ 77,775,316	25.2%

- Total Assets and Deferred Outflows increased by 25.2% compared to 2020. This was primarily driven by the consolidation of the new component unit ParkUToledo.

- Current Assets increased by 64.3%, mainly due to an increase in cash and cash equivalents in 2021.

- Total Liabilities and Deferred Inflows increased by 80.8% compared to 2020. This was also driven by the consolidation of the new component unit ParkUToledo.

- Noncurrent Liabilities increased by 96.8%, primarily due to the ParkUToledo additional debt.

- Restricted Net Position increased significantly due to the increase in restricted cash related to ParkUToledo.

The following table shows the changes in revenues and expenses for the Authority between 2021 and 2020, respectively.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2021	December 31, 2020	Amount Change	% Change
Operating revenues				
Airport related	$ 4,580,949	$ 3,743,572	$ 837,377	22.4%
Seaport, Financing, Admin and other	19,549,650	14,983,821	4,565,829	30.5
Total operating revenues	24,130,599	18,727,393	5,403,206	28.9
Operating expenses				
Airport related	9,395,637	10,340,856	(945,219)	(9.1)
Seaport, Financing, Admin and other	11,912,760	11,687,757	225,003	1.9
Total operating expenses	21,308,397	22,028,613	(720,216)	(3.3)
Operating income (loss)	2,822,202	(3,301,220)	6,123,422	(185.5)
Nonoperating revenues (expenses)				
Proceeds of property tax levy	2,444,493	2,424,847	19,646	0.8
Interest income from investments	1,036,453	1,097,461	(61,008)	(5.6)
Passenger facility charges	451,148	364,367	86,781	23.8
Grants	14,458,574	9,537,653	4,920,921	51.6
Other revenue	1,235,453	603,378	632,075	104.8
Other expense	(7,330,865)	(1,262,905)	(6,067,960)	480.5
Interest expense	(2,847,741)	(2,241,446)	(606,295)	27.0
Grant pass through	(407,373)	-	(407,373)	100.0
Total nonoperating revenues (expenses)	9,040,142	10,523,355	(1,483,213)	(14.1)
Changes in Net Position	11,862,344	7,222,135	4,640,209	64.2
Net Position beginning of year	227,646,464	220,424,329	7,222,135	3.3
Net Position end of year	$ 239,508,808	$ 227,646,464	$ 11,862,344	5.2%

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

- 2021 reported a net operating income of approximately $2.8 million. This was the result of operating revenue from every source exceeding prior year and the impact of beneficial changes in pension and OPEB liabilities. Included in net operating income is $10.2 million of depreciation expense.

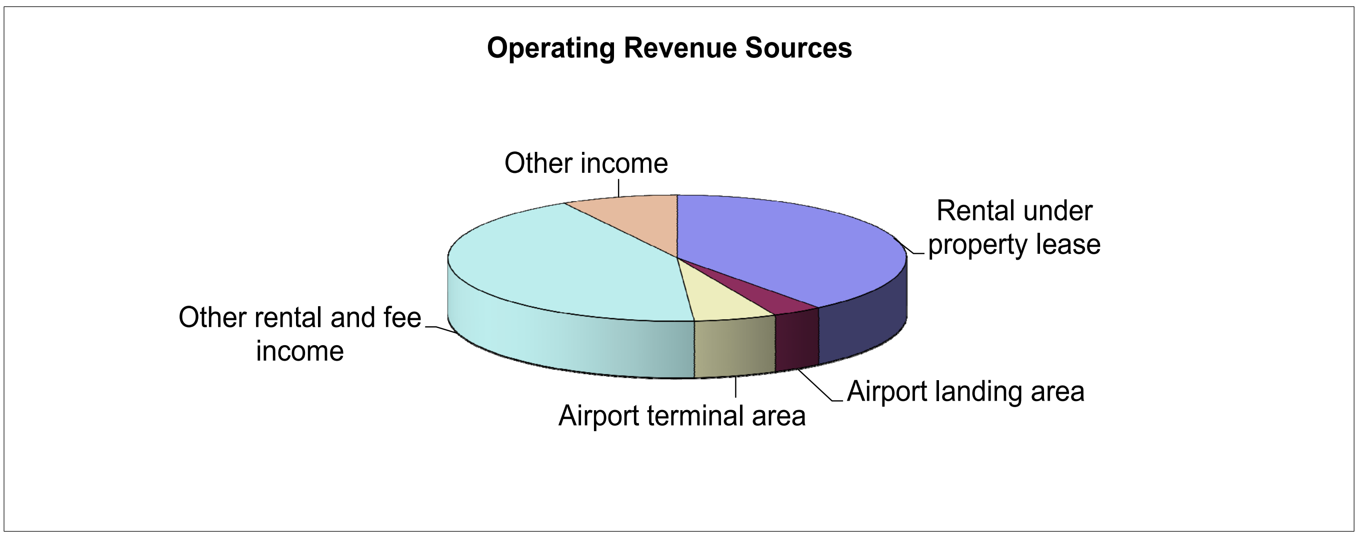
- Operating revenues consist primarily of fees for services, rents and charges for the use of Port Authority facilities, airport landing fees and other income. Operating expenses include the cost of providing these services, including administrative expenses and depreciation on capital assets.

- Non-operating revenues exceeded non-operating expenses by approximately $9.0 million due to grant revenue of approximately $14.5 million and property tax revenue of approximately $2.4 million. Nonoperating expenses include interest expense and expenses attributed to grants received. Other non-operating revenues included interest earned, and airport passenger facility charges.

- Interest expense on outstanding bonds and notes payable, community grants, and grant pass through expense accounted for the majority of nonoperating expenses for 2021.

The following is a summary of the Authority's 2021 operating revenue sources:

Operating Revenue Sources	2021	Percent of Total
Rental under property lease	$ 9,519,258	39.45 %
Airport landing area	853,426	3.54
Airport terminal area	1,406,801	5.83
Other rental and fee income	10,363,985	42.95
Other income	1,987,129	8.23
Total Operating Revenue	$ 24,130,599	100.00 %



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the Authority reported $231,527,068 of capital assets net of accumulated depreciation which was invested in land, buildings, equipment and vehicles. This amount represents a net decrease of approximately $3.2 million after depreciation expense of approximately $10.2 million. Note 3 to the financial statements provides more detailed capital asset information.

The following table shows fiscal year 2021 and 2020 balances:

Capital Assets at December 31,

	2021	2020	Change
Land	$ 66,387,331	$ 68,763,427	$ (2,376,096)
Construction in progress	4,017,446	10,242,473	(6,225,027)
Improvements	232,767,664	224,445,416	8,322,248
Property and equipment	32,932,603	26,834,974	6,097,629
Buildings & leasehold improvements	119,881,024	118,733,930	1,147,094
Furniture and fixtures	523,546	523,546	-
Total Cost	456,509,614	449,543,766	6,965,848
Accumulated depreciation	(224,982,546)	(214,838,309)	(10,144,237)
Net Capital Assets	$ 231,527,068	$ 234,705,457	$ (3,178,389)

Debt

At December 31, 2021 the Authority had $131,352,355 in debt outstanding, $3,366,092 of which is due within one year. Outstanding debt in the amount of $7,998,501 pertains to Airport improvements and $123,353,854 to Seaport and Development improvements and projects.

The following table summarizes the Authority's debt outstanding as of December 31, 2021 and 2020. Note 6 of the audited financial statements provides more detailed debt information.

Outstanding Debt at December 31,

	2021	2020	Change
Revenue bonds payable	$ 100,375,805	$ 30,704,303	$ 69,671,502
Notes payable	30,976,550	32,072,637	(1,096,087)
Total debt	131,352,355	62,776,940	68,575,415
Current portion	(3,366,092)	(3,306,087)	(60,005)
Long-term debt less current portion	$ 127,986,263	$ 59,470,853	$ 68,515,410

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

The Authority's primary government projects 2022 operating revenues to be approximately $15.3 million. Additionally, excess revenues over expenses are projected to be approximately $2.2 million.

ParkUToledo, one of the Authority's four component units, began operations in October 2021. As this component unit will be operational for the entire year of 2022, revenues and expenses are expected to increase significantly.

The Authority's other three component units, ARG Services, Northwest Ohio Improvement Fund, and ParkSmart are anticipating comparable or slightly increased performance in 2022.

The Authority's $.4 mill renewal levy was approved by Lucas County voters in November of 2018. This levy will generate approximately $2.4 million in property tax revenues annually to the Authority through 2025.

Additionally, in 2022, the Authority has been awarded to date approximately $19.6 million in grant funding. These funds, along with additional grant 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.

Toledo-Lucas County Port Authority
Statement of Net Position
December 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets:		
Cash and cash equivalents	$	19,532,243
Restricted cash		22,018,146
Investments		21,578,283
Bond proceeds held by trustee		683,733
Interest receivable		9,585
Property tax receivable		2,377,711
Customer and other accounts receivable		2,135,669
Grants receivable		1,544,588
Loans receivable		2,407,965
Lease receivable		377,270
Prepaid expenses and other assets		370,238
Total Current Assets		**73,035,431**
Noncurrent Assets:		
Nondepreciable capital assets		70,404,777
Depreciable capital assets, net of accumulated depreciation		161,122,291
Restricted investments		2,007,230
Loans receivable		20,359,883
Lease receivable		3,857,307
Deposits		318,312
Amount due from NW Ohio Bond Fund		3,000,000
Net OPEB asset		308,418
Right to use assets, net		52,062,886
Total Noncurrent Assets		**313,441,104**
Total Assets		**386,476,535**
Deferred Outflows of Resources:		
Deferred outflows-pension		349,001
Deferred outflows-OPEB		168,206
Total Deferred Outflows of Resources		**517,207**
Total Assets and Deferred Outflows of Resources	**$**	**386,993,742**

(Continued)

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Net Position, Continued
December 31, 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current Liabilities:		
Accounts payable and other	$	2,254,678
Accrued payroll		591,035
Deposits		330,956
Accrued interest		238,384
Bonds payable - current		2,235,000
Notes payable - current		1,131,092
Advances		4,974,227
Total Current Liabilities		**11,755,372**
Noncurrent Liabilities:		
Development loan fund		781,060
Bonds payable		98,140,805
Notes payable		29,845,458
Net pension liability		2,438,480
Total Noncurrent Liabilities		**131,205,803**
Total Liabilities		**142,961,175**
Deferred Inflows of Resources:		
Deferred inflows-property tax		2,005,325
Deferred inflows-pension		1,405,557
Deferred inflows-OPEB		1,112,877
Total Deferred Inflows of Resources		**4,523,759**
Total Liabilities and Deferred Inflows of Resources		**147,484,934**
Net Position:		
Net investment in capital assets		171,546,938
Restricted		24,025,376
Unrestricted		43,936,494
Total Net Position		**239,508,808**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$**	**386,993,742**

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, 2021

Operating Revenues		
Rental under property leases	$	9,519,258
Airport landing area		853,426
Airport terminal area		1,406,801
Other rental and fee income		10,363,985
Other income		1,987,129
Total Operating Revenues		**24,130,599**
Operating Expenses		
Personnel		1,336,161
Marketing		350,304
Contractual services		5,121,706
Utilities		1,329,253
Repairs and maintenance		2,557,372
Depreciation		10,175,463
Amortization		374,351
Other operating expenses		63,787
Total Operating Expenses		**21,308,397**
Operating Income		**2,822,202**
Nonoperating Revenues (Expenses)		
Revenue from property tax levy		2,444,493
Interest income from investments		1,036,453
Passenger and customer facility charges		451,148
Grants		14,458,574
Non-operating revenues		1,235,453
Interest expense		(2,847,741)
Other nonoperating expenses		(6,799,687)
Loss on investments		(228,159)
Loss on disposal of assets		(303,019)
Grant pass through		(407,373)
Total Nonoperating Revenues (Expenses)		**9,040,142**
Total Change in Net Position	**$**	**11,862,344**
Net Position beginning of year		227,646,464
Net Position at end of year	**$**	**239,508,808**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities:	
Cash received from customers	$ 23,979,749
Cash payments for goods and services	(9,673,855)
Cash payments to and on behalf of employees	(3,858,116)
Net cash provided by operating activities	**10,447,778**
Cash flows from noncapital financing activities:	
Intergovernmental grants	1,235,453
Grant disbursements	(6,799,687)
Proceeds of property tax levy	2,377,711
Net cash used in noncapital financing activities	**(3,186,523)**
Cash flows from capital and related financing activities:	
Capital grants received	14,359,278
Passenger and Customer facility charges received	434,923
Acquisition and construction of capital assets	(7,300,093)
Interest paid on capital asset debt	(2,847,212)
Principal payments on long-term debt	(9,007,616)
Issuance of debt, net of bond proceeds held by trustee	77,583,031
Grant pass through	(407,373)
Net cash provided by capital and related financing activities	**72,814,938**
Cash flows from investing activities:	
Interest on investments	816,700
Purchase of securities	(16,560,374)
Proceeds on securities	5,293,209
Payment for right to use asset	(52,437,237)
Net cash used in investing activities	**(62,887,702)**
Net increase in cash and cash equivalents	17,188,491
Cash and cash equivalents at beginning of year	24,361,898
Cash and cash equivalents at end of year	**$ 41,550,389**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows, Continued
For the Year Ended December 31, 2021

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$**	**2,822,202**
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation expense		10,175,463
Amortization of right to use asset		374,351
Changes in assets, liabilities and deferrals:		
Accounts receivable		(703,552)
Loans receivable		(158,753)
Leases receivable		402,945
Prepaid expenses and other assets		(31,128)
Accounts payable and other		122,918
Accrued payroll		(17,902)
Deposits		139,521
Advances		(180,619)
Development loan fund		6,385
Net pension and OPEB assets and liabilities and related deferrals		(2,504,053)
Total adjustments		**7,625,576**
Net cash provided by operating activities	**$**	**10,447,778**

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, Eugene F. Kranz Toledo Express Airport ("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 has been amended 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Operations (continued)

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. 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 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. The Authority created ParkUToledo, Inc. ("ParkUToledo") in 2021 to serve as the Lessee/Concessionaire under a concession agreement with the University of Toledo. Pursuant to the concession agreement, ParkUToledo agreed to lease, operate, maintain, and improve the University of Toledo's parking system. ParkUToledo is considered a blended component unit.

Authority management has determined that the component units NOIF and ARG are not deemed significant. Additional information related to the significant component units ParkSmart and ParkUToledo and be found in Notes 14 and 15, respectively.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021, which approximates fair value.

For 2021, 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 $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 determined 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. Prior to 2021, interest on funds used during construction, less interest earned on related investments if the asset is financed with the proceeds from restricted obligations, was capitalized as part of the cost of the asset. As discussed under *Change in Accounting Principles* below, GASB Statement No. 89, requires that interest cost incurred before the end of a construction period will no longer be included in the cost of the asset.

Right to Use Assets

Right to use assets subject to amortization relate to the Authority's component unit, ParkUToledo, and include the University of Toledo's parking system, which is being amortized over 35 years, the term of the concession agreement, using a straight-line depreciation method.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability and the net OPEB asset, 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 liability and the net OPEB asset explained in Notes 8 and 9.

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 liability and the net OPEB asset explained in Notes 8 and 9 and property taxes.

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 $18,690 from $352,993 at December 31, 2020 to $334,303 at December 31, 2021.

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.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. The Port uses unrestricted resources that are committed first, assigned second and unassigned last.

Revenues and Expenses

Operating revenues consist primarily of fees for services, rents and charges for use of Authority facilities, 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 receivable is recognized when the Authority has an enforceable legal claim to the resources, whereas revenue is recognized in the period for which the taxes are levied.

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 2021. The 2020 levy (collected in 2021) was based upon assessed valuations of approximately $9.1 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 January 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)

Change in Accounting Principles

GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period* was issued in June 2018. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest costs incurred before the end of a construction period will not be included in the historical cost of a capital asset. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Authority.

Upcoming Accounting Pronouncements

GASB Statement No. 87, *Leases* was issued in June 2017. GASB Statement No. 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of a contract. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use of an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is evaluating the impact this standard will have on the financial statements when adopted for the year ending December 31, 2022.

GASB Statement No. 91, *Conduit Debt Obligations* was issued in May 2019. GASB Statement No. 91 addresses accounting and financial reporting for conduit debt obligations issued by governments. The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Authority is evaluating the impact this standard will have on the financial statements when adopted for the year ending December 31, 2022.

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 $41,549,639 and the bank balance was $41,955,401. The Authority also had $750 cash on hand. The Federal Deposit Insurance Corporation (FDIC) covered $9,333,382 of the bank balance. Of the $32,622,019 which was not FDIC insured, $11,945,803 was collateralized with securities held by the pledging institution's trust department not in the Authority's name.

NOTE 2 – CASH AND INVESTMENTS (Continued)

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;

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.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (continued)

The Authority's investments at December 31, 2021 were as follows:

		Investment Maturities (in Years)			
	Credit Rating	**Less than 1**	**1-3**	**3-5**	**Fair Value**
United States Treasury Bill	AA+[1]	$ 125,781	$ 1,484,813	$ 468,584	$ 2,079,178
Federal National Mortgage Association	AA+[1]	100,131	609,603	-	709,734
Federal Home Loan Mortgage Corporation	AA+[1]	-	277,870	-	277,870
Federal Home Loan Banks	AA+[1]	-	529,291	2,079,241	2,608,532
Federal Farm Credit Banks	AA+[1]	-	892,907	118,537	1,011,444
Money Markets	A-1+[1]	81,180	-	-	81,180
Money Markets	A-2[1]	290,598	-	-	290,598
Money Markets	A3[2]	353,461	-	-	353,461
Money Markets	NR	6,027,291	-	-	6,027,291
Commercial Paper	a3[2]	1,926,050	-	-	1,926,050
Negotiable Certificate of Deposit	NR	2,865,625	3,626,822	1,727,728	8,220,175
		$ 11,770,117	$ 7,421,306	$ 4,394,090	$ 23,585,513

[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 28.4%, Money Market funds 28.6% and other 43.0% 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	$ 41,549,639
Cash on hand	750
Investments	23,585,513
Total	$ 65,135,902
Cash and investments per statement of net position	
Cash and cash equivalents	$ 19,532,243
Restricted cash	22,018,146
Investments	21,578,283
Restricted investments	2,007,230
Total	$ 65,135,902

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Capital assets not being depreciated:				
Land	$ 68,763,427		$ (2,376,096)	$ 66,387,331
Construction in Progress	10,242,473	1,618,849	(7,843,876)	4,017,446
Subtotal	79,005,900	1,618,849	(10,219,972)	70,404,777
Capital assets being depreciated:				
Improvements	224,445,416	8,322,248	-	232,767,664
Property and Equipment	26,834,974	6,128,855	(31,226)	32,932,603
Buildings and Leasehold Improvements	118,733,930	1,147,094	-	119,881,024
Furniture and Fixtures	523,546	-	-	523,546
Subtotal	370,537,866	15,598,197	(31,226)	386,104,837
Total Cost	$ 449,543,766	$ 17,217,046	$ (10,251,198)	$ 456,509,614

Accumulated Depreciation:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Capital assets being depreciated:				
Land Improvements	$ (140,059,604)	$ (5,049,110)	$ -	$ (145,108,714)
Property and Equipment	(15,695,770)	(1,002,046)	31,226	(16,666,590)
Buildings and Leasehold Improvements	(58,575,854)	(4,122,165)	-	(62,698,019)
Furniture and Fixtures	(507,081)	(2,142)	-	(509,223)
Total Depreciation	$ (214,838,309)	$ (10,175,463)	$ 31,226	$ (224,982,546)
Net Value:	$ 234,705,457	$ 7,041,583	$ (10,219,972)	$ 231,527,068

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. Total Depreciation Expense charged to Operating Expense in 2021 was $10,175,463. During 2021, approximately $14.4 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, 2020	Additions	Payments	Bad Debt	Balance December 31, 2021	Due Within One Year
ESID Loan Receivable	$ 2,178,247	$1,038,949	$ (132,432)	$ -	$ 3,084,764	$ 2,253,571
NOIF Loan Receivable	16,490,000	-	-	-	16,490,000	-
Various Loans Receivable	3,940,848	1,150,000	(1,897,764)	-	3,193,084	154,394
Total Loans Receivable	**$ 22,609,095**	**$2,188,949**	**$ (2,030,196)**	**$ -**	**$ 22,767,848**	**$ 2,407,965**
Capital Lease Receivable	**$ 4,637,522**	**$ -**	**$ (402,945)**	**$ -**	**$ 4,234,577**	**$ 377,270**

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 6. As of December 31, 2021, the balance remaining on the note was $964,953.

In addition, the Authority loaned funds to the ESID which totaled $2,119,811 to provide funding of projects which will be included in the future issuance of Energy Bond 8. The loan has an interest rate of 2% and will mature in 2022 when Energy Bond 8 is issued. As of December 31, 2021, the balance of the note was $2,119,811.

Loans receivable at the end of 2021 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 $3,615,221 under various loan programs, at interest rates ranging from zero to 4.5%, with maturities ranging from 2021 through 2037. As of December 31, 2021, the balance of the notes under various loan programs was $3,193,084. Future principal payments in years after 2021 for these loans receivable are as follows:

NOTE 4 – LOANS AND CAPITAL LEASE RECEIVABLE (Continued)

Loans Receivable (continued)

December 31,	Loans Receivable
2022	$ 2,407,965
2023	561,153
2024	812,756
2025	1,130,900
2026	1,160,324
Thereafter	16,694,750
Total	$ 22,767,848

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 occurred February 28, 2021. In addition, lease payments of $15,244 were received in 2021. The option price was considered a bargain purchase and, under the provision of GASB 62, the amended lease was accounted for as a direct financing lease. The present value of the bargain purchase option and the lease payments during the term of the lease were recorded as the amount due from lessee in the statement of net position at December 31, 2021.

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, 2021.

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, 2021.

NOTE 4 – LOANS AND CAPITAL LEASE RECEIVABLE (Continued)

Capital Lease Receivable (continued)

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, 2021.

NOTE 5 – RIGHT TO USE ASSETS

ParkUToledo entered into a concession agreement with the University of Toledo ("University"). ParkUToledo has the right to use assets (the University's parking system) with the conditions of performance to lease, operate, maintain and improve the University's parking system.

The right to use assets had an original cost of $52,416,237. ParkUToledo is amortizing the right to use assets over the 35 year term of the concession agreement. Capital improvements to the right to use assets will be added to the right to use assets and amortized over the remaining period of the 35 years from the day that the addition is placed in service. The amortization expense for the year ending December 31, 2021 is $374,351 including the amortization on the $21,000 additions made during the year ended December 31, 2021. The following table details out the activities in right to use assets as of December 31, 2021:

	At inception October 7, 2021	Additions	December 31, 2021
Right to use assets	$ 52,416,237	$ 21,000	$ 52,437,237
Less accumulated amortization	-	(374,351)	(374,351)
Net right to use assets	$ 52,416,237	$ (353,351)	$ 52,062,886

NOTE 6 – DEBT

A summary of Long-Term Debt activity for the year ended December 31, 2021 is as follows:

	Series	Maturity Date	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Revenue Bonds:							
Northwest Ohio Development:							
Taxable:							
7.25% Chevron	2008A	2028	$2,985,000	$ -	$ (255,000)	$2,730,000	$275,000
4.90% Parking Garage Project	2011C	2026	2,705,000	-	(360,000)	2,345,000	380,000
4.61% Refunding Air Hub Project	2012A	2026	4,395,000	-	(505,000)	3,890,000	530,000
4.02% Dana Facility	2016B	2028	9,215,000	-	(415,000)	8,800,000	435,000
Other:							
Tax Exempt:							
3.00% Ohio Tax Exempt - Garages	2011-1	2031	6,130,000	-	(6,130,000)	-	-
4.00% Refunding Ohio Tax Exempt - Garages	2021-1	2031	-	5,180,000	-	5,180,000	405,000
3.50% Ohio Tax Exempt - Seaport	2019-2	2039	5,025,000	-	(210,000)	4,815,000	210,000
4.00% ParkUToledo Tax Exempt Bond	2021	2057	-	68,670,000	-	68,670,000	-
Total Revenue Bonds			30,455,000	73,850,000	(7,875,000)	96,430,000	2,235,000
Unamortized Premium - Garages	2021-1	2031	-	1,007,917	-	1,007,917	-
Unamortized Premium - Seaport	2019-2	2039	249,303	-	(13,640)	235,663	-
Unamortized Premium - ParkUToledo	2021	2057	-	2,725,114	(22,889)	2,702,225	-
Total Revenue Bonds and Unamortized Premium			30,704,303	77,583,031	(7,911,529)	100,375,805	2,235,000
Notes Payable:							
1.00% ODSA	2015	2028	1,361,281	-	(164,279)	1,197,002	165,926
2.25% JobsOhio	2016	2027	7,770,151	-	(364,900)	7,405,251	374,128
2.50% Lucas County Builds	2016	2028	644,526	-	(33,393)	611,133	34,237
3.00% Airport Hangar Acquisition	N/A	2037	1,725,146	-	(79,124)	1,646,022	81,516
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	644,001	-	(55,464)	588,537	59,573
3.00% ESID Note Garages	2012	2025	352,932	-	(52,730)	300,202	54,324
3.42% ESID Note One Maritime	2012	2025	538,685	-	(79,855)	458,830	82,611
1.39% ESID Note MLK	2011	2026	243,978	-	(31,298)	212,680	31,736
5.00% ESID Note Two Maritime	2017A	2031	455,000	-	(30,000)	425,000	30,000
4.80% ESID Note TEA Terminal Roof	2017A	2027	1,365,000	-	(165,000)	1,200,000	175,000
3.88% ESID Note TEA Ramp Lighting	2017A	2025	48,366	-	(7,646)	40,720	8,012
5.00% ESID Note TEA Maintenance	N/A	2022	12,189	-	(5,942)	6,247	6,247
4.20% ESID Note TAA Hangar	2017D	2032	421,382	-	(26,456)	394,926	27,782
Total Notes Payable			32,072,637	-	(1,096,087)	30,976,550	1,131,092
Total			$ 62,776,940	$77,583,031	$(9,007,616)	$ 131,352,355	$3,366,092

NOTE 6 – DEBT (Continued)

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

Revenue Bonds Payable	2022	2023	2024	2025	2026
Northwest Ohio Development Revenue Bonds					
Taxable Chevron	$ 275,000	$ 300,000	$ 325,000	$ 350,000	$ 375,000
Taxable Parking Garage Project	380,000	405,000	430,000	455,000	675,000
Taxable Refunding Air Hub Project	530,000	560,000	585,000	620,000	1,595,000
Taxable Dana Facility	435,000	460,000	475,000	505,000	520,000
Refunding Ohio Tax Exempt - Garages	405,000	445,000	465,000	485,000	500,000
Ohio Tax Exempt - Seaport	210,000	220,000	220,000	230,000	230,000
ParkUToledo Tax Exempt Bond	-	-	-	-	-
Notes Payable					
ODSA	165,926	167,589	169,269	170,966	172,680
JobsOhio	374,128	383,589	393,290	403,235	413,432
Lucas County Builds	34,237	35,103	35,991	36,901	37,834
Airport Hangar Acquisition	81,516	83,980	86,518	89,133	91,827
NOIF-2015	-	251,571	258,042	264,679	271,488
NOIF-2017	-	-	259,271	533,011	552,902
ESID Note Airport	59,573	62,654	67,790	70,871	74,979
ESID Note Garages	54,324	55,966	57,657	132,255	-
ESID Note One Maritime	82,611	85,462	88,412	202,345	-
ESID Note MLK	31,736	32,180	32,630	33,087	83,047
ESID Note Two Maritime	30,000	30,000	40,000	40,000	40,000
ESID Note TEA Terminal Roof	175,000	185,000	195,000	205,000	215,000
ESID Note TEA Ramp Lighting	8,012	8,395	8,797	15,516	-
ESID Note TEA Maintenance	6,247	-	-	-	-
ESID Note TAA Hangar	27,782	29,174	30,636	32,172	33,784
Total	$3,366,092	$3,800,663	$4,223,303	$4,874,171	$5,881,973

Revenue Bonds Payable	2027-2031	2032-2036	2037-2041	2042-2046	2047-2051	2052-2056	2057-2061	Total
Northwest Ohio Development Revenue Bonds								
Taxable Chevron	$ 1,105,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,730,000
Taxable Parking Garage Project	-	-	-	-	-	-	-	2,345,000
Taxable Refunding Air Hub Project	-	-	-	-	-	-	-	3,890,000
Taxable Dana Facility	6,405,000	-	-	-	-	-	-	8,800,000
Refunding Ohio Tax Exempt - Garages	2,880,000	-	-	-	-	-	-	5,180,000
Ohio Tax Exempt - Seaport	1,265,000	1,530,000	910,000	-	-	-	-	4,815,000
ParkUToledo Tax Exempt Bond	480,000	2,730,000	6,015,000	10,450,000	16,340,000	26,190,000	6,465,000	68,670,000
Notes Payable								
ODSA	350,572	-	-	-	-	-	-	1,197,002
JobsOhio	5,437,577	-	-	-	-	-	-	7,405,251
Lucas County Builds	431,067	-	-	-	-	-	-	611,133
Airport Hangar Acquisition	502,482	583,151	127,415	-	-	-	-	1,646,022
NOIF-2015	1,465,850	1,664,327	1,889,681	1,694,362	-	-	-	7,760,000
NOIF-2017	3,089,841	1,594,472	1,184,555	1,365,165	150,783	-	-	8,730,000
ESID Note Airport	252,670	-	-	-	-	-	-	588,537
ESID Note Garages	-	-	-	-	-	-	-	300,202
ESID Note One Maritime	-	-	-	-	-	-	-	458,830
ESID Note MLK	-	-	-	-	-	-	-	212,680
ESID Note Two Maritime	245,000	-	-	-	-	-	-	425,000
ESID Note TEA Terminal Roof	225,000	-	-	-	-	-	-	1,200,000
ESID Note TEA Ramp Lighting	-	-	-	-	-	-	-	40,720
ESID Note TEA Maintenance	-	-	-	-	-	-	-	6,247
ESID Note TAA Hangar	196,076	45,302	-	-	-	-	-	394,926
Total	$24,331,135	$8,147,252	$10,126,651	$13,509,527	$16,490,783	$26,190,000	$6,465,000	$127,406,550

NOTE 6 – DEBT (Continued)

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

Revenue Bonds Payable	2022	2023	2024	2025	2026
Northwest Ohio Development Revenue Bonds					
Taxable Chevron	$ 193,031	$ 172,731	$ 150,438	$ 126,513	$ 100,594
Taxable Parking Garage Project	110,373	91,385	71,295	49,858	27,316
Taxable Refunding Air Hub Project	173,336	148,557	122,396	95,081	66,153
Taxable Dana Facility	348,802	331,072	312,321	292,856	272,273
Refunding Ohio Tax Exempt - Garages	252,978	215,400	197,400	175,500	159,000
Ohio Tax Exempt - Seaport	178,944	174,163	169,144	163,859	158,325
ParkUToledo Tax Exempt Bond	640,920	2,746,800	2,746,800	2,746,800	2,746,800
Notes Payable					
ODSA	8,667	7,420	6,160	4,887	3,601
JobsOhio	162,777	154,262	145,532	136,581	127,403
Lucas County Builds	14,888	14,022	13,134	12,224	11,291
Airport Hangar Acquisition	48,774	46,310	43,772	41,157	38,463
NOIF-2015	197,709	195,319	188,848	182,210	175,402
NOIF-2017	320,339	320,339	318,364	301,920	282,029
ESID Note Airport	27,707	24,805	21,729	18,405	14,933
ESID Note Garages	8,602	6,960	5,268	3,526	-
ESID Note One Maritime	15,000	12,149	9,200	6,149	-
ESID Note MLK	2,855	2,411	1,960	1,504	1,041
ESID Note Two Maritime	20,875	19,375	17,750	15,750	13,750
ESID Note TEA Terminal Roof	55,560	47,040	38,040	28,560	18,600
ESID Note TEA Ramp Lighting	1,503	1,189	859	514	-
ESID Note TEA Maintenance	237	-	-	-	-
ESID Note TAA Hangar	16,299	15,117	13,877	12,574	11,206
Total	$2,800,176	$4,746,826	$4,594,287	$4,416,428	$4,228,180

Revenue Bonds Payable	2027-2031	2032-2036	2037-2041	2042-2046	2047-2051	2052-2056	2057-2061	Total
Northwest Ohio Development Revenue Bonds								
Taxable Chevron	$ 98,055	$ -	$ -	$ -	$ -	$ -	$ -	$ 841,362
Taxable Parking Garage Project	-	-	-	-	-	-	-	350,227
Taxable Refunding Air Hub Project	-	-	-	-	-	-	-	605,523
Taxable Dana Facility	479,693	-	-	-	-	-	-	2,037,017
Refunding Ohio Tax Exempt - Garages	412,125	-	-	-	-	-	-	1,412,403
Ohio Tax Exempt - Seaport	691,531	428,950	69,375	-	-	-	-	2,034,291
ParkUToledo Tax Exempt Bond	13,720,200	13,464,200	12,671,400	11,134,400	8,599,400	4,589,200	258,600	76,065,520
Notes Payable								
ODSA	3,295	-	-	-	-	-	-	34,030
JobsOhio	284,990	-	-	-	-	-	-	1,011,545
Lucas County Builds	18,947	-	-	-	-	-	-	84,506
Airport Hangar Acquisition	148,965	68,297	2,874	-	-	-	-	438,612
NOIF-2015	768,598	570,118	344,767	93,190	-	-	-	2,716,161
NOIF-2017	1,084,816	630,339	387,831	158,805	1,617	-	-	3,806,399
ESID Note Airport	18,652	-	-	-	-	-	-	126,231
ESID Note Garages	-	-	-	-	-	-	-	24,356
ESID Note One Maritime	-	-	-	-	-	-	-	42,498
ESID Note MLK	-	-	-	-	-	-	-	9,771
ESID Note Two Maritime	35,250	-	-	-	-	-	-	122,750
ESID Note TEA Terminal Roof	8,160	-	-	-	-	-	-	195,960
ESID Note TEA Ramp Lighting	-	-	-	-	-	-	-	4,065
ESID Note TEA Maintenance	-	-	-	-	-	-	-	237
ESID Note TAA Hangar	32,989	1,434	-	-	-	-	-	103,496
Total	$17,806,266	$15,163,338	$13,476,247	$11,386,395	$8,601,017	$4,589,200	$258,600	$92,066,960

NOTE 6 – DEBT (Continued)

Except as noted otherwise below, Authority's financed assets serve as collateral for related debt.

No bonds have been in default, and no draws have been made by the trustee under any of the Program Reserve Funds. Similarly, no notes have been in default.

None of the Authority's debt provides for subjective acceleration clauses.

A. Taxable Chevron

The Authority issued and is the borrower on $4,780,000 of taxable revenue bonds from the Northwest Ohio Bond Fund (NWOBF) 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, 2021, $2,730,000 remains outstanding.

The occurrence of any of the following events is defined as and declared to be an event of default:

- Payment of any interest on any bond shall not be made when and as that interest shall become due and payable.
- Payment of the principal of or any premium on any bond was not made when and as that principal or premium became due and payable.
- The Authority fails to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the indentures or in the bonds, which failure shall have continued for a period of sixty days after written notice to the issuer and, if the failure is a result of a contracting party (the party for which the Authority is securing financing for a project or projects) being in default under its agreement, then also to that contracting party, specifying the failure and requiring that it be remedied, which notice may be given by the trustee in its discretion and shall be given by the trustee at the written request of the bond holders of not less than twenty-five percent in aggregate principal amount of bonds then outstanding.

If any event of default shall occur, the following remedies are available:

- In the event bond service charges are not paid when due, whether at maturity or by redemption, the trustee may, and upon the written request of bond holders of not less than a majority in aggregate principal amount of outstanding bonds shall, declare by notice in writing delivered to the issuer the principal of all bonds then outstanding and the interest accrued thereon to be due and payable immediately unless otherwise provided in the related supplemental indenture.

NOTE 6 – DEBT (Continued)

A. Taxable Chevron (continued)

- Upon the failure of a contracting party to pay in full any financing payment, the trustee may declare, and upon the written request of the bond holders of not less than twenty-five percent in aggregate principal amount of outstanding bonds of the series related to the financing payment which was not made, the trustee shall declare, by a notice in writing delivered to the issuer, the principal of all bonds of that series then outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately unless otherwise provided in the supplemental indenture; provided that no such notice of acceleration may be given unless there is then on deposit with the trustee sufficient moneys in the accounts in the Primary Reserve Fund and Collateral Fund and the subaccounts in the prepayment account, interest payment account, and principal payment account in the bond fund for the series for which notice is to be given to pay in full the principal of and interest on the outstanding bonds of that series on the date selected by the trustee for tender of payment to the bond holders pursuant to any declaration of acceleration hereunder; provided, that interest on any unpaid principal of bonds outstanding shall continue to accrue from the date determined by the trustee for the tender of payment to the bond holders of those bonds.
- If the default is cured before action is taken pursuant to these provisions, it is possible that acceleration will not proceed to be enforced.

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, 2021, $3,890,000 remains outstanding. The facility was leased to Tronair, Inc. ("Tronair"). 2021 revenues from Tronair were sufficient to cover the annual debt payments. Revenues in subsequent years are also expected to be sufficient to cover the annual debt payments.

The agreements related to this debt provide for the same events of default and remedies as those above under section *A. Taxable Chevron*.

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 (Dana) 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 in 2017. As of December 31, 2021, $7,405,251 remains outstanding.

NOTE 6 – DEBT (Continued)

C. Port Authority Overland Property (continued)

JobsOhio (continued)

The related agreements provide that each of the following events shall be an event of default:

- The Authority shall fail to pay within ten days after the due date thereof any amount.
- Failure to comply with metric commitment requirements set forth in the agreements.
- Failure to observe and perform any other agreement, term or condition contained in the agreement, and such failure continues for a period of thirty days after the Authority has knowledge thereof.
- Any representation or warranty made by the Authority in any of the agreements or application proves to be incorrect.
- The Authority shall fail to pay any indebtedness in excess of $250,000 in principal, or any interest or premium thereon, when due and such failure shall continue after the applicable grab period.
- The Authority commences a voluntary case under the United States Bankruptcy code; or an involuntary case is commenced against the Authority and relief is ordered against the Authority; or the Authority is not paying its debts as they become due; or a custodian is appointed for, or takes charge of the property of the Authority; or the Authority commences any other proceeding under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law; or there is commenced against the Authority any such proceedings, which remains undismissed for a period of sixty days; or the Authority is adjudicated insolvent or bankrupt; or the Authority fails to controvert in a timely manner any such case under the Bankruptcy Code; or the Authority makes a general assignment for the benefit of creditors; or any action is taken by the Authority for the purpose of effecting any of the foregoing; or a receiver or trustee or any other officer or representative of the court or of creditors, or any court or governmental authority, shall under color of legal authority, take and hold possession of any substantial part of the property or assets of the Authority for a period in excess of sixty days.
- A judgement or order for the payment of money in excess of $250,000 shall be rendered against the Authority and either (i) enforcement proceedings shall have been commenced by any creditor or (ii) there shall be a period of thirty consecutive days during which the stay of enforcement shall not be in effect.
- The project or collateral shall be placed under control or custody of any court.
- An attachment, levy or restraining order shall be issued for any portion of the collateral.
- Any default under any other loan document, shall have occurred that is not cured within any applicable cure period, and is continuing.
- Dana vacates the project site during the loan term and the Authority fails to re-let the property pursuant to a lease acceptable to JobsOhio.
- Any default, under any loan document entered into by the Authority with any other lender or creditor, shall have occurred that is not cured within any applicable notice or cure period, and is continuing.
- Any default under any grant document entered into between JobsOhio and Dana shall have occurred that is not cured within any applicable notice or cure period, and is continuing.

NOTE 6 – DEBT (Continued)

C. Port Authority Overland Property (continued)

JobsOhio (continued)

If any event of default shall occur, the lender may do any one or more of the following:

- If the entire loan has not been disbursed, JobsOhio may terminate any and all of the obligations.
- JobsOhio may declare all payments under the note to be immediately due and payable,
- JobsOhio may increase the interest rate of the outstanding balance of the loan up to 10% per annum, but in no event more than the maximum rate allowed by law.
- JobsOhio may exercise any or all combination of remedies specified in any loan document.
- JobsOhio may pursue all remedies existing at law or in equity to collect all amounts then due and thereafter to become due.
- Cause the agent, on behalf of JobsOhio, to exercise any enforcement actions under the disbursing agreement.
- Upon an event of default occurring as a result of the Authority's or Dana's failure to deliver the annual reports required, then in addition the Authority shall pay to JobsOhio damages of $500 for each month such information is not received after the respective due date.
- If in the event of default, JobsOhio incurs expenses, including attorney fees enforcing the agreements, the Authority shall reimburse JobsOhio. If such expenses are not reimbursed, an interest of four percent plus the prime rate shall constitute additional indebtedness.

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, 2021, $8,800,000 in total remains outstanding.

The agreements related to this debt provide for the same events of default and remedies as those above under section *A. Taxable Chevron*.

NOTE 6 – DEBT (Continued)

C. Port Authority Overland Property (continued)

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, 2021 was $611,133.

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.

The related agreements provide that each of the following events shall be an event of default:

- Any failure by the Authority to pay any amount when due, which failure is not cured within three days after written notice from the lender.
- Any failure by the Authority to perform any other covenant or agreement, or to meet any other condition required to be paid, performed or met under the agreements for a period of one hundred eighty days after the receipt of written notice from the Lender or such longer period of time as is reasonably necessary to cure the failure, provided that the Authority has promptly commenced to cure the failure and diligently pursues curing the default thereafter.
- Any representation or warranty made by the Authority under the agreements shall be incorrect in any material respect when made.
- The Authority admits insolvency or bankruptcy in writing, becomes insolvent or bankrupt or initiates insolvency proceedings; or any insolvency proceeding is commenced against the Authority which it fails to have dismissed within sixty days after the date of filing; or the dissolution and winding up of the affairs of the Authority.

If any event of default shall occur, the lender may do any one or more of the following:

- The outstanding balance and all interest accrued thereon and any amounts due shall be immediately due and payable without demand, presentment of any kind, notice of dishonor, protest, notice for protest, or other notice of any kind, all of which are waived.
- Without waiving any prior or subsequent default or event of default, the lender may either waive or, with or without waiving it, remedy any default or event of default.
- Take possession of the property, enter into contracts for and otherwise proceed with the completion of the project, and pay the costs thereof out of the proceeds of the loan.
- The lender may otherwise exercise any remedy or right granted in any related agreement or provided by law or in equity and, in so doing, incur reasonable expenses (including attorneys' fees).

NOTE 6 – 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 (NWOBF). In addition, tax exempt bonds were issued from the SIB GRF Bond Fund Program in the amount of $9,430,000. In late 2021, the Authority refinanced the tax exempt bonds. The new series 2021-1 tax exempt bonds were issued from the SIB GFR Bond Fund Program in the amount of $5,180,000. The new bond was sold at a premium of $1,007,917 which will be amortized starting in 2022 over the life of the bond using the straight-line method. Bonds payable are reported net of the applicable bond premium. The total remaining balance for both bonds was $8,532,917 as of December 31, 2021.

The agreements related to the NWOBF debt provide for the same events of default and remedies as those above under section *A. Taxable Chevron*.

The agreements related to the SIB GRF debt provide for the same events of default and remedies as those below under section *I. Tax Exempt Seaport Project*. In addition, the following remedies may be exercised by the lender related to the *Taxable Parking Garage Project* debt:

- Immediately retake possession of the collateral, or any part thereof.

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, Junior Terminal. As of December 31, 2021, $3,627,142, remains outstanding.

The related agreements provide that if any of the following events occur, it shall be deemed a default and the ESID shall be entitled to avail itself of any rights or remedies under the agreements or remedies provided under law:

- The Authority fails to pay an installment of any special assessment when due.
- The Authority fails to perform any other obligation under the agreements and the failure continues for a period of ten days after written notice from the ESID.
- The Authority is in breach of any of its representations or warranties under this agreement.
- The Authority abandons the property.
- The Authority commits waste upon the property.
- The Authority becomes bankrupt or insolvent or files or has filed against it a petition in bankruptcy or for reorganization or arrangement or other relief under the bankruptcy laws or any similar state law or makes an assignment for the benefit of creditors.

NOTE 6 – DEBT (Continued)

F. Ohio Development Services Agency ("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, 2021, the loan from ODSA has a balance of $1,197,002. As of December 31, 2021, the loan receivable due from the ESID has a balance of $964,953. The difference between the two represents the amount owed by the Authority for the energy project completed at Toledo Express Airport.

The related agreements provide that each of the following events shall be an event of default:

- The Authority shall fail to pay within ten days after the due date thereof any amount payable pursuant to the agreements.
- The Authority shall fail to observe and perform any agreement, covenant, term or condition contained in the agreements, or any other agreement, covenant, term or condition contained in any debt agreement to which the Authority is a party, and such failure continues for a period of thirty days after the Authority has knowledge thereof; provided, however, that such thirty day cure period shall not apply to (i) any failure which is incapable of cure, (ii) any failure which has previously occurred, or (iii) any failure to maintain and keep in effect any insurance required.
- Any representation or warranty made by the Authority (or any of its officers) in any of the agreements or in connection with shall prove to have been incorrect in any material respect when made.
- The Authority commences a voluntary case concerning it under Title 11 of the United States Code entitled Bankruptcy; or an involuntary case is commenced against the Authority under the Bankruptcy Code and relief is ordered against the Authority, or the petition is controverted but is not dismissed within sixty days after the commencement of the case; or the Authority is not paying its debts as such debts become due; or a custodian is appointed for, or takes charge of, all or substantially all of the property of the Authority; or the Authority commences any other proceeding under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction; or there is commenced against the Authority any such proceeding which remains undismissed for a period of sixty days; or the Authority is adjudicated insolvent or bankrupt; or the Authority fails to controvert in a timely manner any such case under the Bankruptcy Code or any such proceeding or any order of relief or other order approving any such case or proceeding or in the appointment of any custodian or the like of or for it or any substantial part of its property or suffers any such appointment to continue undischarged or unstayed for a period of sixty days; or the Authority makes a general assignment for the benefit of creditors; or any action is taken by the Authority for the purpose of effecting any of the foregoing; or a receiver or trustee or any other officer or representative of the court or of creditors, or any court or governmental authority, shall under color of legal authority, take hold possession of any substantial part of the property or assets of the Authority for a period in excess of sixty days.

NOTE 6 – DEBT (Continued)

F. Ohio Development Services Agency ("ODSA") (continued)

- A judgment or order for the payment of money in excess of $5,000,000 shall be rendered against the Authority and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of thirty consecutive days during which a stay of enforcement of such judgment or order shall not be in effect.
- Termination or abandonment of any one of the projects.

If any event of default shall occur, the lender may do any one or more of the following:

- If the entire loan amount has not been disbursed, the lender may terminate any and all of the lender's obligations.
- The lender may declare all payments under the note to be immediately due and payable.
- The lender may increase the interest rate on the outstanding balance of the loan up to 10% per annum.
- The lender may exercise any or all or any combination of the remedies specified in any loan document.
- The lender may pursue all remedies existing at law or in equity to collect all amounts then due and thereafter to become due under the agreements, or to enforce the performance and observance of any other obligation or agreement of the Authority under the loan documents.
- Upon an event of default occurring as a result of the Authority's failure to deliver the reports required of this agreement, the Authority shall pay to the lender damages of $500 for each month such information is not received after the respective due date.
- If in the event of default, the lender incurs expenses, including attorney fees enforcing the agreements, the Authority shall reimburse the lender, as permitted by law. If such expenses are not reimbursed, interest shall constitute additional indebtedness

G. Northwest Ohio Improvement Fund ("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 XXV, 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, 2021, 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 XXXI, 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, 2021, there remains a $8,730,000 balance.

NOTE 6 – DEBT (Continued)

G. Northwest Ohio Improvement Fund ("NOIF") (continued)

The related agreements provide that each of the following events shall be an event of default:

- The interest, fee, or principal of, any note shall not be paid in full punctually when due and payable.
- The Authority fails to perform or observe any covenant or agreement, and such failure remains unremedied for thirty days after the lender gives notice thereof.
- Any representation, warranty, or statement made in pursuant to the agreements shall be false or erroneous.
- Any material provision shall cease to be valid, binding, and enforceable against the Authority; or if the validity, binding effect, or enforceability of any agreement shall be contested by the Authority; or if the Authority shall deny that it has any further liability or obligation thereunder; or if any loan document shall be terminated, invalidated, or set aside, or be declared ineffective or inoperative, or cease to provide the lender the benefits created thereby.
- Any default shall occur under any other loan document, or if under any loan document any payment is required on demand and such demand is made.
- The Authority shall default in the payment of any other obligation, beyond any grace period provided, or in the performance or observance of any other agreement, term, or condition, if the effect of such default is to allow the acceleration of the maturity of such indebtedness or to permit the holder thereof to cause such indebtedness to become due prior to its stated maturity.
- A final judgment or order for the payment of money shall be rendered against the Authority by a court of competent jurisdiction that remains unpaid or unstayed and undischarged for a period of thirty days after the date on which the right to appeal has expired.
- There shall have occurred any material adverse change.
- The lender deems itself insecure with respect to repayment.
- The Authority shall (a) discontinue doing business, (b) not pay its debts as such debts become due, (c) make a general assignment for the benefit of creditors, (d) apply for or consent to the appointment of a receiver, custodian, trustee, or liquidator of all or substantial part of its assets, (d) be adjudicated a debtor or have entered against it an order for relief under Title 11 of the United States Code, (f) file a voluntary petition of bankruptcy, or file a petition seeking reorganization or an arrangement with creditors, or seeking to take advantage of any other law relating to relief of debtors, or admit the material allegations of a petition filed against it in any bankruptcy, reorganization, insolvency, or other proceeding relating to relief of debtors, (g) suffer or permit to continue unstayed and in effect for thirty consecutive days any judgment, decree or order, that approves a petition seeking reorganization or appoints a receiver, custodian, trustee, or liquidator of all or a substantial part of its assets, or (h) take any action to effect any of the foregoing, or omit to take, any action to in order to prevent any of the foregoing.
- ProMedica is in default beyond the notice and cure rights granted.

If any event of default shall occur, the lender may do any one or more of the following:

- Declare all obligations to be immediately due and payable, together with all of the lender's costs, expenses, and attorney fees.
- Exercise any rights and remedies available under applicable law.
- Exercise any rights and remedies granted to the lender under terms of the agreements.
- Set off the unpaid balances against any debt owed to the Authority.
- Any other right, power, privilege, or remedy, either in law, in equity or otherwise.
- Principal payments are not permitted under terms of the promissory notes prior to the end of the compliance period; however, if principal payments are received from ProMedica, the Authority shall immediately remit to the lender.

NOTE 6 – 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, 2021, there remains a balance of $1,646,022 balance.

The related agreements provide that each of the following events shall be an event of default:

- Failure by the Authority to pay when due any amount payable pursuant to the note or this loan agreement, or any other loan document on the date on which payment is due and payable.
- The Authority shall fail to observe and perform any agreement, term or condition contained in the agreement and such failure continues for a period of thirty days after the Authority has knowledge thereof; provided, however, that such thirty day cure period shall not apply to (i) any failure which in the good faith opinion of the lender is incapable of cure, (ii) any failure which has previously occurred, or (iii) any failure to maintain and keep in effect any insurance.
- The Authority commences a voluntary case concerning it under Title 11 of the United States Code entitled Bankruptcy; or the Authority is not generally paying the Authority's debts as such debts become due; or a custodian is appointed for, or takes charge of, all or substantially all of the property of the Authority; or the Authority commences any other proceeding under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law; or there is commenced against the Authority any such proceeding which remains undismissed for a period of ninety days; or the Authority is adjudicated insolvent or bankrupt; or the Authority fails to controvert in a timely manner any such case under bankruptcy code or any such proceeding or any case or proceeding for the appointment of any custodian or any substantial part of the Authority's property suffers any such appointment to continue undischarged or unstayed for a period of ninety days; or the Authority makes a general assignment for the benefit of creditors outside of its ordinary course of business; or any action is taken by the Authority for the purpose of effecting any of the foregoing; or a receiver or trustee or any other officer or representative of the court or of creditors, or any court, governmental officer or agency, shall under color of legal authority, take and hold possession of any substantial part of the property or assets of the Authority for a period in excess of ninety days.
- Any representation or warranty made by the Authority, or any of the Authority's officers shall prove to have been incorrect in any material respect when made.
- Any event of default under the note or any other loan documents shall have occurred and be continuing.

If any event of default shall occur, the lender may do any one or more of the following:

- If the loan has not been disbursed, termination of any and all of lender's obligations under the agreement and the commitment.
- Declaration that the entire unpaid balance of all indebtedness owed to the lender is immediately due and payable.
- Exercise of all or any rights and remedies as the lender may have under the agreements.
- The lender may inspect, examine, and copy the books, records, accounts and financial data of the Authority.
- The lender may pursue all remedies existing at law or in equity to collect all amounts then due and thereafter to become due under the agreements, or to enforce the performance and observance of any other obligation or agreement of the Authority.

NOTE 6 – DEBT (Continued)

H. Airport Hangar Acquisition (continued)

- If in the event of default, the lender incurs expenses, including attorney fees enforcing the agreements, the Authority shall reimburse the lender, as permitted by law. If such expenses are not reimbursed, interest shall constitute additional indebtedness.

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, 2021, $4,814,076 has been drawn, and $683,733 is recorded as bond proceeds held by trustee. Current year amortization of $13,640 was recorded as reduction of interest expense. The outstanding bond payable balance net of unamortized premium is $5,050,663 at December 31, 2021.

The related agreements provide that each of the following events shall be an event of default:

- Failure by to pay when due any installment of principal, interest, or administrative fee.
- Failure to pay upon demand any amounts to be paid under the agreements.
- Failure to observe and perform any term, covenant or agreement, and the failure of the Authority to within thirty days after written notice to cure or commence to cure; provided if the nature of the failure is such that it cannot be reasonably cured within thirty days, the Authority shall not be in default if it shall have commenced cure within the thirty day period and is diligently proceeding.
- Any representation or warranty made in the agreements shall prove been incorrect in any material respect when made.
- The Authority shall fail to pay any indebtedness, or any interest, or premium, when due and such failure shall continue after the applicable grace period; or any other default under any agreement, or any other event, shall occur and shall continue after the grace period, if the effect of such default is to accelerate, the maturity of such indebtedness; or any such indebtedness shall be declared to be due and payable, or required to be prepaid prior to the stated maturity.
- The Authority shall: (i) admit in writing its inability to pay its debts as such debts become due; (ii) (a) commence a voluntary bankruptcy case or (b) have an involuntary bankruptcy case commenced against it and have an order of insolvency or reorganization entered against it or have the case remain undismissed and unstayed for 90 days; (iii) commence any other proceedings under any reorganization, arrangement, readjustment of debt, relief of debtors, dissolution, insolvency, or liquidation or similar and have an order entered against the Authority or remain undismissed or unstayed for ninety days or there is commenced against the Authority any such proceeding which remains undismissed or unstayed for 90 days; (iv) be adjudicated insolvent or bankrupt; (v) make a general assignment for the benefit of creditors; (vi) have a receiver, trustee or custodian appointed for the Authority; or (vii) take any other action for the purpose of effecting the forgoing.

NOTE 6 – DEBT (Continued)

I. Tax Exempt Seaport Project (continued)

- A judgment or order for the payment of money that is not insured or covered by an adequate reserve in excess of $500,000 shall be rendered against the Authority and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

If an event of default shall occur, the lender may exercise any of the remedies conferred upon or reserved under the agreements, or existing at law, or in equity by statute. Subject to the foregoing, any or all of the following remedies may be exercised:

- If the state assistance has not been disbursed, in whole or in part, termination of any and all of the obligations under the agreements.
- Declaration that the entire unpaid balance is immediately due and payable, without notice or demand.
- Direction to the trustee in writing to transfer any amounts remaining in the project fund to the collateral proceeds account.
- Exercise of all or any rights and remedies as the lender may have under the agreements.
- Inspection, examination, and copying of publicly available books, records, accounts and financial data of the Authority.
- Exercise of any rights, remedies, and powers at law or in equity to collect all amounts due and thereafter to become due.
- Take whatever action at law or in equity necessary or desirable to collect amounts due and thereafter to become due.
- If in the event of default, the lender incurs out-of-pocket expenses, including attorney fees enforcing the agreements, the Authority shall reimburse the lender, to the extent permitted by law.
- In the event the Authority should default, the Authority agrees to waive the benefit or all appraisement, valuation, stay, extension, or redemption laws and all right of appraisement and redemption to which it may be entitled.

J. ParkUToledo

On October 7, 2021, the Authority issued tax-exempt bond series 2021A for $68,670,000 with a fixed rate of 4% on behalf of ParkUToledo, a component unit of the Authority, for the financing of *right to use assets*. The bond premium was $5,846,676 and cost of issuance was $3,121,562. No principal payments are required on the bonds until January 1, 2029.

The occurrence of any of the following events is defined as and declared to be an event of default:

- Failure to make due and punctual payment of any loan payment.
- Failure to observe and perform any covenant, condition or agreement on its part to be observed or performed in Section 7.02 of the loan agreement (Consolidation, Merger, Sale or Conveyance; No Assignment) or Section 7.19 of the loan agreement (Transfer of Concession Agreement Interest).
- Failure to observe or perform any other covenant, condition, or agreement for a period of 30 days after written notice.
- Any representation or warranty made by the borrower in connection with the issuance of the series 2021 bonds shall prove to have been incorrect in any material respect as of the time made and such misrepresentation has a material adverse effect.

NOTE 6 – DEBT (Continued)

J. ParkUToledo (continued)

- The occurrence and continuance of a concessionaire default or a University of Toledo default under the concession agreement.
- The occurrence and continuance of an event of default under the indenture.
- The dissolution or liquidation of the borrower, or the failure by the borrower promptly to lift any execution, garnishment or attachment of any such consequence as will impair its ability to meet its obligations with respect to the parking system or to make any payments under the loan agreement.
- The borrower shall either (A) become insolvent or generally fail to pay its debts as they become due, (B) voluntarily commence any proceedings or file any petition for bankruptcy, insolvency or similar, or (C) take any action for the purpose of effectuating any of the foregoing.
- The attachment of any writ or warrant against the parking system or any part thereof that is not released or bonded within 45 days of attachment thereof.
- The entry of a decree or order by a court having jurisdiction for relief, or adjudging the borrower a bankrupt or insolvent, or approving a petition seeking reorganization, adjustment or composition of the borrower, or appointing a custodian, receiver, liquidator, assignee, trustee, or sequestrator of or for the borrower or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days.

If any event of default shall occur, the following remedies are available:

- The trustee may declare the loan payments and additional payments payable under the loan agreement for the remainder of the term to be immediately due and payable.
- The trustee may exercise its rights under the assignment of the concession agreement and security documents, and may realize upon the security interest in the revenues and may exercise all rights and remedies of a secured party.
- The trustee may take whatever action at law or equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or enforce performance or observance of any obligations, agreements, or covenants of the borrower, or may, by action or suit in equity, enjoin any acts or things that may be unlawful or in violation of the rights of the Authority or trustee thereunder.
- The trustee, at the borrower's expense, may retain on behalf of the borrower a management consultant to provide recommendations to the borrower with respect to the parking system and operations, which the borrower shall implement until the loan default event has been cured.

K. Midwest Terminal Buildings

During 2021, the Authority entered into a loan agreement with the Ohio Department of Transportation State Infrastructure Bank on November 29, 2021 for project costs relating to the construction of two administration buildings to be utilized by Midwest Terminals of Toledo, Inc. The loan agreement allows for a maximum loan value of $1,506,000 and an interest rate of 3% and term of 10 years. An amended lease will be signed with Midwest requiring additional lease payments equal to the payments on the new debt. As of December 31, 2021, no amounts have been drawn on this new loan.

NOTE 7 – 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, 2021, a net loan receivable of $206,308 and net restricted cash of $574,752 are included in the assets on the Statement of Net Position and the corresponding development loan fund liability due to the Township of $781,060 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 8 – 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. 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 8 – 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 8 – 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' ACFR 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 years	**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 years	**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 years

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 2020, 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 $349,001 for 2021.

NOTE 8 – 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, 2020 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	$ 2,438,480
Proportion of Net Pension Liability	0.016468%
Change in Proportion	-0.002558%
Pension Expense	$ 195,284

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 102,004
Net difference between projected and actual earnings on pension plan investments	-	950,448
Change in proportionate share and differences in employer contributions	-	353,105
Contributions subsequent to measurement date	349,001	-
Total	$ 349,001	$ 1,405,557

$349,001 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, 2022.

Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2022	$ (637,461)
2023	(251,034)
2024	(387,435)
2025	(129,627)
Total	$ (1,405,557)

NOTE 8 – 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	**December 31, 2020 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: 0.5% simple through 2021, then 2.15% simple
Investment rate of return	7.20%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 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 8 – 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 2020, 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 11.7% for 2020.

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 2020 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	25.00%	1.32%
Domestic Equities	21.00%	5.64%
Real Estate	10.00%	5.39%
Private Equity	12.00%	10.42%
International Equities	23.00%	7.36%
Other Investments	9.00%	4.75%
Total	100.00%	5.43%

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 8 – 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	$4,651,358	$2,438,480	$598,422

Changes Subsequent to the Measurement Date.

In September 2021, the Board approved several changes to the pension plan based on the completed five-year experience study covering the period 2016 to 2020. In addition to other changes, the Board approved to decrease the assumed pension investment rate of return from 7.20% to 6.90%. These changes are not reflected in the current measurement period, but are expected to increase the associated pension liability.

NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Net OPEB Asset

The net OPEB asset reported on the statement of net position represents an asset for 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 asset 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 asset 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.

NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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 asset. Resulting adjustments to the net OPEB asset 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.

The proportionate share of the OPEB plan's funded benefits is presented as a long-term *net OPEB asset* 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 post employment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' ACFR 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.

NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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 2021 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 2021 was 4.0%. The Authority's contractually required contribution to OPERS was $9,774 for 2021.

OPEB Assets, 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, 2019, rolled forward to the measurement date of December 31, 2020, 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 asset 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 Asset	$ 308,418
Proportion of Net OPEB Asset	0.017311%
Change in Proportion	(0.00200%)
Negative OPEB Expense	($ 1,949,995)

NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

At December 31, 2021, 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	$ -	$ 278,344
Net difference between projected and actual earnings on OPEB plan investments	-	164,268
Change in assumptions	151,621	499,729
Change in proportionate share and differences in employer contributions	6,811	170,536
Contributions subsequent to measurement date	9,774	-
Total	$ 168,206	$ 1,112,877

$9,774 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2022	$ (510,358)
2023	(353,346)
2024	(71,384)
2025	(19,357)
Total	$ (954,445)

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, 2019, rolled forward to the measurement date of December 31, 2020.

NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT 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	6.00%
Prior measurement period	3.16%
Investment rate of return:	6.00%
Municipal bond rate	
Current measurement period	2.00%
Prior measurement period	2.75%
Health care cost trend rate:	
Current measurement period	8.5% initial, 3.50% ultimate in 2035
Prior measurement period	10.5% initial, 3.50% ultimate in 2030
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for 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 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

During 2020, 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 10.5% for 2020.

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 2020 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%	1.07%
Domestic Equities	25.00%	5.64%
REITs	7.00%	6.48%
International Equities	25.00%	7.36%
Other Investments	9.00%	4.02%
Total	100.00%	4.43%

***Discount Rate**.*

A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2020. 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 2.00%. 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, 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 (5.00%) or 1.0% point higher (6.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate of 6.00%	1% Increase (7.00%)
Authority's proportionate share of the net OPEB asset	$76,715	$308,418	$499,080

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset 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 2021 is 8.50%. 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 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset	$316,038	$308,418	$300,106

NOTE 10 – 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, 2021 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	31,352,837	10,274,322	41,627,159
Total Cost	49,223,232	50,446,946	99,670,178
Less: Accumulated Depreciation	(13,230,244)	(19,490,450)	(32,720,694)
	$ 35,992,988	$ 30,956,496	$ 66,949,484

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

Years	Development and Property Leases	Seaport Leases	Total
2022	$ 7,138,094	$ 1,796,048	$ 8,934,142
2023	6,996,554	1,796,048	8,792,602
2024	6,898,426	1,796,048	8,694,474
2025	6,598,554	1,662,864	8,261,418
2026	6,551,039	1,107,165	7,658,204
2027-2031	11,599,320	4,613,707	16,213,027
2032-2036	974,093	4,613,707	5,587,800
2037-2041	432,480	4,613,707	5,046,187
2042-2046	432,480	4,033,547	4,466,027
2047-2051	432,480	1,265,323	1,697,803
2052-2056	432,480	-	432,480
2057-2061	432,480	-	432,480
2062-2066	432,480	-	432,480
2067-2071	432,480	-	432,480
2072-2076	432,480	-	432,480
2077-2081	432,480	-	432,480
2082-2086	432,480	-	432,480
2087-2091	432,480	-	432,480
2092-2096	43,248	-	43,248
Totals	$ 51,556,608	$ 27,298,164	$ 78,854,772

NOTE 10 – 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. Receipts under the agreement totaled $395,848 for the year 2021. In 2021, 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, $593,399 for the year 2021.

NOTE 11 − 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, 2021, there were forty-six series of revenue bonds outstanding issued after July 1, 1995. The original issue amounts for the series were $290,674,160 of which $226,664,261 remained outstanding at December 31, 2021. There was one revenue bond outstanding issued prior to July 1, 1995. The original issue amount was $29,700,000 and the entire amount paid in full as of December 31, 2021.

NOTE 12 – 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 13 – 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, 2021, the Authority was involved in several such matters. The outcome of such matters cannot presently be determined.

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, 2021.

C. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 14 – COMPONENT UNIT - PARKSMART

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 obtained financing of $9,430,000 of tax exempt bonds within the Ohio Department of Transportation's State Infrastructure Bank. In 2021, the Authority refinanced the tax exempt bonds. The new series 2021-1 tax exempt bonds were issued from the SIB GFR Bond Fund Program in the amount of $5,180,000.

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. 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.

NOTE 14 – COMPONENT UNIT - PARKSMART (Continued)

In 2021, revenues in the amount of $3,790,099 were generated and $3,431,290 of expenses (including debt service of $865,672) were incurred. The revenue and 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.

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

	ParkSmart
Balance Sheet	
Current Assets	$ 17,573,750
Capital Assets	1,843,021
Other Assets	500
Current Liabilities	(293,858)
Net Position	$ 19,123,413
Revenue, Expenses and Changes in Net Position	
Total Revenue	$ 3,790,099
Depreciation Expense	(328,980)
Other Expenses	(1,317,876)
Excess of Revenue Over Expenses	2,143,243
Beginning Net Position	16,980,170
Ending Net Position	$ 19,123,413
Statement of Cash Flows	
Operating Activities	$ 687,320
Investing Activities	(351,200)
Cash at Beginning of Year	2,322,438
Cash at End of Year	$ 2,658,558

NOTE 15 – COMPONENT UNIT - PARKUTOLEDO

In 2021, revenues in the amount of $1,575,805 were generated and $1,703,697 of expenses were incurred. The revenue and 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 ParkUToledo financial information, please send correspondence to 2801 W. Bancroft Street, Toledo, Ohio 43606.

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

	ParkUToledo
Balance Sheet	
Current Assets	$ 19,603,361
Capital Assets	79,575
Other Assets	52,062,886
Current Liabilities	(463,989)
Non-Current Liabilities	(71,372,225)
Net Position	$ (90,392)
Revenue, Expenses and Changes in Net Position	
Total Revenue	$ 1,575,805
Depreciation & Amortization Expense	(378,539)
Other Expenses	(1,287,658)
Excess of Revenue Over Expenses	(90,392)
Beginning Net Position	-
Ending Net Position	$ (90,392)
Statement of Cash Flows	
Operating Activities	$ 519,130
Financing Activities	71,395,114
Investing Activities	(52,521,000)
Cash at Beginning of Year	-
Cash at End of Year	$ 19,393,244

NOTE 16 – SEGMENT INFORMATION - AIRPORT

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, 2021:

Statement of Net Position

Current Assets	$ (15,146,864)
Capital Assets, net	126,893,681
Other Assets	(4,323,061)
Total Assets	107,423,756
Deferred Outflows of Resources	201,436
Total Assets and Deferred Outflows of Resources	107,625,192
Current Liabilities	2,752,972
Noncurrent Liabilities	8,027,993
Total Liabilities	10,780,965
Deferred Inflows of Resources	980,931
Total Liabilities and Deferred Inflows of Resources	11,761,896
Net Investment in Capital Assets	118,895,180
Restricted	2,896,591
Unrestricted	(25,928,475)
Total Net Position	$ 95,863,296

Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	$ 4,580,949
Depreciation	(5,608,946)
Other Operating Expenses	(3,786,691)
Operating Loss	(4,814,688)
Nonoperating Revenues (Expenses):	
Grants	9,210,140
Interest Income from Investments	29,163
Interest Expense	(356,339)
Other Nonoperating Revenues	167,318
Change in Net Position	4,235,594
Net Position Beginning of Year	91,627,702
Net Position at End of Year	$ 95,863,296

Statement of Cash Flows

Net Cash Provided (Used) by:	
Operating Activities	$ 457,181
Noncapital Financing Activities	(242,725)
Capital and Related Financing Activities	270,812
Investing Activities	(6,955)
Cash at Beginning of Year	1,693,818
Cash at End of Year	$ 2,172,131

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 Eight 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%
2020	0.019026%	3,760,634	2,730,000	137.75%	82.17%
2021	0.016468%	2,438,480	2,381,000	102.41%	86.88%

(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
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%
2020	333,340	(333,340)	-	2,381,000	14.00%
2021	349,001	(349,001)	-	2,492,864	14.00%

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

	Authority's Proportion of the Net OPEB Liability/(Asset)	Authority's Proportionate Share of the Net OPEB Liability/(Asset)	Authority's Covered Payroll	Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset
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%	2,489,534	2,639,343	94.32%	46.33%
2020	0.019311%	2,667,388	2,730,000	97.71%	47.80%
2021	0.017311%	(308,418)	2,381,000	-12.95%	115.57%

(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.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2028 to 10.5% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.5% ultimate in 2030 to 8.5% initial, 3.5% ultimate in 2035.

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
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	4,454	(4,454)	-	2,639,343	0.17%
2019	6,804	(6,804)	-	2,730,000	0.25%
2020	6,051	(6,051)	-	2,381,000	0.25%
2021	9,774	(9,774)	-	2,492,864	0.39%

Toledo-Lucas County Port Authority
Schedule of Net Position Information by Division
December 31, 2021

	Administration	Seaport	Airport	Development & Property	Total
ASSETS AND DEFERRED OUTFLOWS					
Current Assets:					
Cash and cash equivalents	$ 15,508,725	$ -	$ 224,639	$ 3,798,879	$ 19,532,243
Restricted cash	-	-	1,947,492	20,070,654	22,018,146
Investments	12,210,421	8,004,704	-	1,363,158	21,578,283
Bond Proceeds Held by Trustee	-	683,733	-	-	683,733
Interest receivable	-	4,793	-	4,792	9,585
Property tax receivable	2,377,711	-	-	-	2,377,711
Customer and other accounts receivable	-	418,233	458,326	1,259,110	2,135,669
Grants receivable	-	616,983	925,562	2,043	1,544,588
Due from (to) other funds	(7,581,198)	10,793,807	(18,773,054)	15,560,445	-
Loans receivable	104,361	-	-	2,303,604	2,407,965
Lease receivable	-	185,402	-	191,868	377,270
Prepaid expenses and other assets	107,978	5,904	70,171	186,185	370,238
Total Current Assets	22,727,998	20,713,559	(15,146,864)	44,740,738	73,035,431
Noncurrent Assets:					
Nondepreciable capital assets	-	14,457,142	41,341,503	14,606,132	70,404,777
Depreciable capital assets, net	85,849	33,792,401	85,552,178	41,691,863	161,122,291
Restricted investments	-	-	949,099	1,058,131	2,007,230
Loans receivable	898,487	-	-	19,461,396	20,359,883
Lease receivable	-	-	-	3,857,307	3,857,307
Deposits	-	-	84,577	233,735	318,312
Amount due from NW Ohio Bond Fund	-	3,000,000	-	-	3,000,000
Net OPEB asset	114,670	4,839	1,885	187,024	308,418
Interdivisional receivables (payables)	-	7,106,004	(5,358,622)	(1,747,382)	-
Right to use assets, net	-	-	-	52,062,886	52,062,886
Total Noncurrent Assets	1,099,006	58,360,386	122,570,620	131,411,092	313,441,104
Total Assets	23,827,004	79,073,945	107,423,756	176,151,830	386,476,535
Deferred Outflows of Resources:					
Deferred outflows-pension	129,748	14,735	135,920	68,598	349,001
Deferred outflows-OPEB	62,539	7,098	65,516	33,053	168,206
Total Deferred Outflows of Resources	192,287	21,833	201,436	101,651	517,207
Total Assets and Deferred Outflows of Resources	**$ 24,019,291**	**$ 79,095,778**	**$ 107,625,192**	**$ 176,253,481**	**$ 386,993,742**
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
Current Liabilities:					
Accounts payable and other	144,829	413,922	713,256	982,671	2,254,678
Accrued payroll	206,300	14,308	142,912	227,515	591,035
Deposits	-	-	58,130	272,826	330,956
Accrued interest	-	27,703	59,437	151,244	238,384
Bonds payable - current	-	210,000	530,000	1,495,000	2,235,000
Notes payable - current	-	-	390,296	740,796	1,131,092
Advances	-	-	858,941	4,115,286	4,974,227
Total Current Liabilities	351,129	665,933	2,752,972	7,985,338	11,755,372
Noncurrent Liabilities:					
Development Loan Fund	-	-	-	781,060	781,060
Bonds payable	-	4,840,663	3,360,000	89,940,142	98,140,805
Notes payable	-	-	3,718,205	26,127,253	29,845,458
Net pension liability	906,627	102,904	949,788	479,161	2,438,480
Total Noncurrent Liabilities	906,627	4,943,567	8,027,993	117,327,616	131,205,803
Total Liabilities	1,257,756	5,609,500	10,780,965	125,312,954	142,961,175
Deferred Inflows of Resources:					
Deferred inflows-property tax	2,005,325	-	-	-	2,005,325
Deferred inflows-pension	522,586	59,315	547,464	276,192	1,405,557
Deferred inflows-OPEB	413,767	46,963	433,467	218,680	1,112,877
Total Deferred Inflows of Resources	2,941,678	106,278	980,931	494,872	4,523,759
Total Liabilities and Deferred Inflows of Resources	**4,199,434**	**5,715,778**	**11,761,896**	**125,807,826**	**147,484,934**
Net Position:					
Net investment in capital assets	85,849	43,198,880	118,895,180	9,367,029	171,546,938
Restricted	-	-	2,896,591	21,128,785	24,025,376
Unrestricted	19,734,008	30,181,120	(25,928,475)	19,949,841	43,936,494
Total Net Position	19,819,857	73,380,000	95,863,296	50,445,655	239,508,808
Total Liabilities and Deferred Inflows of Resources	**$ 24,019,291**	**$ 79,095,778**	**$ 107,625,192**	**$ 176,253,481**	**$ 386,993,742**

Toledo-Lucas County Port Authority
Schedule of Revenues, Expenses, and Changes in Net Position Information by Division
For the Year Ended December 31, 2021

	Administration	Seaport	Airport	Development & Property	Total
Operating Revenues					
Rental under property leases	$ -	$ 1,876,672	$ -	$ 7,642,586	$ 9,519,258
Airport landing area	-	-	853,426	-	853,426
Airport terminal area	-	-	1,406,801	-	1,406,801
Other rental and fee income	-	-	2,246,397	8,117,588	10,363,985
Other income	-	1,900,021	74,325	12,783	1,987,129
Total Operating Revenues	**-**	**3,776,693**	**4,580,949**	**15,772,957**	**24,130,599**
Operating Expenses					
Personnel	-	136,876	751,709	447,576	1,336,161
Marketing	-	28,815	274,455	47,034	350,304
Contractual services	-	204,877	712,023	4,204,806	5,121,706
Utilities	-	5,462	512,183	811,608	1,329,253
Repairs and maintenance	-	193,488	1,506,628	857,256	2,557,372
Depreciation	32,914	2,007,850	5,608,946	2,525,753	10,175,463
Amortization	-	-	-	374,351	374,351
Other operating expenses	-	10,373	29,693	23,721	63,787
Total Operating Expenses	**32,914**	**2,587,741**	**9,395,637**	**9,292,105**	**21,308,397**
Operating Income (Loss)	**(32,914)**	**1,188,952**	**(4,814,688)**	**6,480,852**	**2,822,202**
Nonoperating Revenues (Expenses)					
Revenue from property tax levy	2,444,493	-	-	-	2,444,493
Interest income from investments	-	86,486	29,163	920,804	1,036,453
Passenger and customer facility charges	-	-	451,148	-	451,148
Grants	-	4,841,060	9,210,140	407,374	14,458,574
Non-operating revenues	-	179,950	658,202	397,301	1,235,453
Interest expense	-	(168,427)	(356,339)	(2,322,975)	(2,847,741)
Other nonoperating expenses	-	(5,771,524)	(900,927)	(127,236)	(6,799,687)
Loss on investments	-	(84,258)	(54,183)	(89,718)	(228,159)
Gain (Loss) on disposal of assets	-	-	13,078	(316,097)	(303,019)
Grant pass through	-	-	-	(407,373)	(407,373)
Total Nonoperating Revenues (Expenses)	**2,444,493**	**(916,713)**	**9,050,282**	**(1,537,920)**	**9,040,142**
Total Change in Net Position	**$ 2,411,579**	**$ 272,239**	**$ 4,235,594**	**$ 4,942,932**	**$ 11,862,344**
Net Position beginning of year	$ 17,408,278	$ 73,107,761	$ 91,627,702	$ 45,502,723	$ 227,646,464
Net Position at end of year	**$ 19,819,857**	**$ 73,380,000**	**$ 95,863,296**	**$ 50,445,655**	**$ 239,508,808**

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Federal Grantor *Direct/Pass Through Grantor* **Program Title**	Federal Assistance Listing Number	Federal Expenditures	Total Expenditures
U.S. Department of Transportation			
Direct Program			
Airport Improvement Program	20.106	$ 8,268,161	
COVID-19 - Airport Improvement Program	20.106	897,721	
Total Airport Improvement Program			$ 9,165,882
Maritime Administration Program	20.823	356,088	
Total Maritime Administration Program			356,088
Total U.S. Department of Transportation			9,521,970
U.S. Department of Energy			
Direct Program			
DOE Environmental Mgmt.-Energy Efficiency and Conservation Block Grant Program	81.128	41,063	
Total U.S. Department of Energy			41,063
Total Expenditures of Federal Awards			$ 9,563,033

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, 2021

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, 2021. 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, 2021

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Totals
PFC Fees Collected	$ 65,446	$ 97,371	$ 103,758	$ 97,116	$ 363,691
Interest Income	225	261	301	340	1,127
PFC Fees Expended	-	-	-	-	-
Net Increase in Cash	65,671	97,632	104,059	97,456	364,818
Cash at Beginning of Period	570,529	636,200	733,832	837,891	570,529
Cash at End of Period	$ 636,200	$ 733,832	$ 837,891	$ 935,347	$ 935,347

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
For the Year Ended December 31, 2021

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.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

1656 Henthorne Drive, Suite 400
Maumee, Ohio 43537
P. 419.841.2848 | F. 419.841.8178

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

To the Board of Directors
Toledo-Lucas County Port Authority
Toledo, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Toledo-Lucas County Port Authority (the "Authority"), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 17, 2022. Our report includes references to other auditors who audited the financial statements of ParkSmart, Inc., as described in our report on the Authority's financial statements. The financial statements of ParkSmart, Inc. and ParkUToledo were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with ParkSmart and ParkUToledo or that are reported on separately by those auditors who audited the financial statements of ParkSmart and ParkUToledo.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 17, 2022

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

1656 Henthorne Drive, Suite 400
Maumee, Ohio 43537
P. 419.841.2848 | F. 419.841.8178

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Toledo-Lucas County Port Authority
Toledo, Ohio:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Toledo-Lucas County Port Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Authority's major federal programs for the year ended December 31, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 17, 2022

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

1656 Henthorne Drive, Suite 400
Maumee, Ohio 43537
P. 419.841.2848 | F. 419.841.8178

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH 14 CFR PART 158

To the Board of Directors
Toledo-Lucas County Port Authority
Toledo, Ohio:

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Toledo-Lucas County Port Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), for its passenger facility charge program for the year ended December 31, 2021.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended December 31, 2021.

Basis for Opinion on Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); and the Guide. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for Passenger Facility Charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the passenger facility charge program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the passenger facility charge program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of Passenger Facility Charge program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
June 17, 2022

Toledo-Lucas County Port Authority
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with the Uniform Guidance?	no
Identification of major programs:	
ALN 20.106 – Airport Improvement Program	
Dollar threshold to distinguish between Type A and Type B Programs:	$750,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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 7/7/2022

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