TOLEDO-LUCAS COUNTY PORT AUTHORITY

AUDITED FINANCIAL STATEMENTS
AND OTHER SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2013

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Toledo-Lucas County Port Authority, Lucas County, prepared by Gilmore Jasion & Mahler, LTD, for the audit period January 1, 2013 through December 31, 2013. 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.

Dave Yost
Auditor of State

July 16, 2014

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Toledo-Lucas County Port Authority
Toledo, OH

Report on the Financial Statements

We have audited the accompanying financial statements of Toledo-Lucas County Port Authority ("the Authority"), which consist of the statement of net position as of December 31, 2013, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

TOLEDO OFFICE:
1715 INDIAN WOOD CIR, STE 100
MAUMEE OH 43537-4055
PHONE: 419.794.2000
FAX: 419.794.2090
GJMLTD.COM

FINDLAY OFFICE:
551 LAKE CASCADES PKWY
PO BOX 1106
FINDLAY OH 45839-1106
PHONE: 419.423.4481
FAX: 419.423.4865

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 - 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards on page 36 is presented for purposes of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations;* the accompanying schedule of passenger facility charges collected and expended – cash basis on page 38 is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration; and the supplementary information on pages 34 – 35, which includes the schedule of net position information by division and the schedule of revenues, expenses, and changes in net assets information by division, are presented for purposes of additional analysis, and not required parts of the financial statements.

The schedule of expenditures of federal awards; the schedule of passenger facility charges collected and expended – cash basis; and the supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014 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 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 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.

Gilmore Jasion Mahler, LTD

Maumee, Ohio
June 27, 2014

The discussion and analysis of the Toledo-Lucas County Port Authority's financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2013. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The following financial highlights for 2013 are as follows:

- Total Net Position increased $9,036,430 to $225,145,651 from the year ended December 31, 2012.

- Overall operating revenue decreased approximately $150,000 from 2012. The 2012 acquisition of the downtown parking garages increased operating revenue approximately $3.5 million which was slightly lower than last year. Major operating revenues remained approximately the same as last year.

- An operating loss of approximately $6.3 million was reported which includes approximately $8.7 million of depreciation and amortization expense.

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 are 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 economic resources measurement focus and the 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) and Authority net position (the difference between assets and liabilities). The Statement of Revenues, Expenses and Changes in Net Position presents 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 tables provide a summary of the Authority's financial position and operations for 2013 and 2012, respectively.

Condensed Statements of Net Position

	December 31, 2013	December 31, 2012	Change Amount	Change %
Assets:				
Current assets	$ 23,109,196	$ 22,702,297	$ 406,899	1.8%
Capital assets, net	226,230,017	218,839,514	7,390,503	3.4%
Other noncurrent assets	9,300,158	12,068,986	(2,768,828)	-22.9%
Total assets	$ 258,639,371	$ 253,610,797	$ 5,028,574	2.0%
Liabilities and Net Position:				
Liabilities:				
Current liabilities (includes long term debt due within one year)	$ 6,789,727	$ 10,137,205	$ (3,347,478)	-33.0%
Long-term debt outstanding	26,703,993	27,364,371	(660,378)	-2.4%
Total liabilities	33,493,720	37,501,576	(4,007,856)	-10.7%
Net Position:				
Net investment in capital assets	197,713,164	188,179,514	9,533,650	5.1%
Restricted	7,621,104	8,325,990	(704,886)	-8.5%
Unrestricted	19,811,383	19,603,717	207,666	1.1%
Total net position	225,145,651	216,109,221	9,036,430	4.2%
Total Liabilities and Net Position	$ 258,639,371	$ 253,610,797	$ 5,028,574	2.0%

- Current assets increased over $400 thousand (1.8%) mainly due to an increase of cash and investments at the close of 2013. However, there was a decrease in accounts receivable.

- Capital assets increased approximately 3.4% because of improvements at the seaport and development divisions.

- Liabilities decreased 10.7% because of a substantial decrease of accounts payable in the seaport division. This was due to capital project work at Ironville late in the year incurring construction invoices.

Management's Discussion and Analysis
For the Year Ended December 31, 2013

The Authority's assets exceeded liabilities by approximately $225 million at December 31, 2013 (an increase of over $9 million) because of land improvements to the Jeep and Beazer properties, headquarters building and the airport. Authority's net position represents its investment in capital assets, less related debt outstanding used to acquire those assets. The Authority uses these capital assets to provide services to its tenants, passengers and customers of the Airport and Seaport. Therefore these assets are not available for future spending. The Authority uses operating and nonoperating revenue to repay the debt associated with these capital assets.

Changes in Net Position - The following table shows the changes in revenues and expenses for the Authority between 2013 and 2012:

Condensed Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2013	**December 31, 2012**	**Change Amount**	**%**
Operating revenues				
Airport related	$ 4,070,813	$ 4,245,142	$ (174,329)	-4.1%
Seaport, Financing, Admin and other	8,409,021	8,385,098	23,923	0.3%
Total operating revenues	12,479,834	12,630,240	(150,406)	-1.2%
Operating expenses				
Airport related	10,171,476	10,987,988	(816,512)	-7.4%
Seaport, Financing, Admin and other	8,640,671	9,027,042	(386,371)	-4.3%
Total operating expenses	18,812,147	20,015,030	(1,202,883)	-6.0%
Operating loss	(6,332,313)	(7,384,790)	1,052,477	-14.3%
Nonoperating revenues (expenses)				
Proceeds of property tax levy	2,321,162	2,354,413	(33,251)	-1.4%
Intergovernmental Grants	21,534,160	16,499,728	5,034,432	30.5%
Interest income from investments	89,478	312,098	(222,620)	-71.3%
Passenger facility charges	745,916	725,411	20,505	2.8%
Other income (expense)	(693,562)	1,263,356	(1,956,918)	-154.9%
Interest expense	(1,353,003)	(1,625,563)	272,560	-16.8%
Loss on refunding	-	(2,200,229)	2,200,229	-100.0%
Grant pass through	(7,275,408)	(4,559,428)	(2,715,980)	59.6%
Total nonoperating revenues (expenses)	15,368,743	12,769,786	2,598,957	20.4%
Income (loss) before contributions	9,036,430	5,384,996	3,651,434	67.8%
Changes in Net Position	9,036,430	5,384,996	3,651,434	67.8%
Total net position-beginning of year	216,109,221	210,724,225	5,384,996	2.6%
Total net position-end of year	$ 225,145,651	$ 216,109,221	$ 9,036,430	4.2%

- Although 2013 reported a net operating loss of approximately $6.3 million including $8.7 million of depreciation and amortization expense, non-operating revenues exceeded non-operating expenses by approximately $15.4 million due to grant revenue of approximately $21.5 million. Non operating expenses include; interest, debt refunding and expenses attributed to the grants received. Other non-operating revenues included tax levy proceeds, interest earned, airport passenger facility charges and a car facility charge.

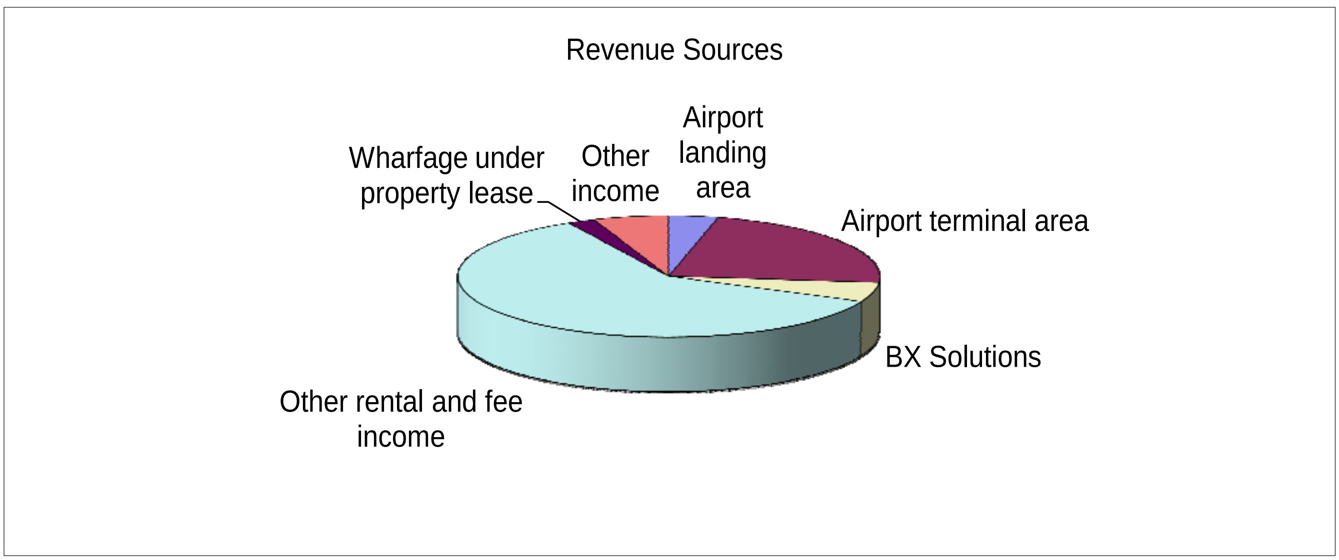
- Operating revenues consist primarily of fees for services, rents and charges for the use of the Authority's facilities, airport landing fees, operating grants and other income. Operating expenses include the cost of providing these services, including administrative expenses and depreciation on capital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

- Operating revenues for 2013 decreased approximately 1.2% or about $150 thousand.

- Operating expenses decreased about 6% for 2013 due mainly to contract services and personnel.

- Interest expenses and grant pass through expenditures accounted for the majority of non-operating expenses for 2013.

Revenue Sources	**2013**	**Percent of Total**
Rental under property lease	2,902,129	23.25%
Airport landing area	362,613	2.91%
Airport terminal area	2,184,276	17.50%
BX Solutions	500,000	4.01%
Other rental and fee income	5,778,311	46.30%
Wharfage under property lease	202,844	1.63%
Other income	549,661	4.40%
Total Revenue	$12,479,834	100.00%



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013 the Authority had $226,230,017 net of accumulated depreciation invested in land, buildings, equipment and vehicles. This amount represents a net increase, after $8.6 million depreciation expense, of approximately $7.4 million, as compared to 2012 due mainly to the receipt of Federal, State and Local grants utilized for capital assets.

The following table shows fiscal year 2013 and 2012 balances:

Capital Assets at December 31,

	2013	2012	Change
Land	$ 70,156,112	$ 69,287,249	$ 868,863
Construction in progress	2,617,934	2,681,517	(63,583)
Improvements	174,579,898	161,096,049	13,483,849
Property and equipment	62,190,846	62,176,770	14,076
Buildings and leasehold improvements	105,999,997	104,349,137	1,650,860
Furniture and fixtures	527,757	496,954	30,803
Total Cost	$ 416,072,544	$ 400,087,676	$ 15,984,868
Accumulated depreciation	(189,842,527)	(181,248,162)	(8,594,365)
Net Value	$ 226,230,017	$ 218,839,514	$ 7,390,503

Debt

At December 31, 2013 the Authority had $29,967,987 in debt outstanding, $3,263,994 of which is due within one year. Outstanding debt in the amount of $9,815,943 pertains to Airport improvements and $20,152,044 is for Seaport and Development improvements and projects.

The following table summarizes the Authority's debt outstanding as of December 31, 2013 and 2012 and should be read in conjunction with Note 4 to the audited financial statements for more detailed information on debt.

Outstanding Debt at December 31,

	2013	2012
Revenue bonds payable	$ 25,404,862	$ 28,314,862
Long-term notes payable	4,563,125	2,345,138
Long-term debt	29,967,987	30,660,000
Current portion	(3,263,994)	(3,295,629)
Long-term debt less current portion	$ 26,703,993	$ 27,364,371

ECONOMIC FACTORS

The following statistics played a key role in the Authority's financial picture in 2013 compared to 2012:

- Cargo moving through the Port of Toledo was down 2.7 % due to decreases in iron ore and dry bulk.
- Passengers using Toledo Express Airport were up 44.8%.
- There was 1% decrease in the amount of Passengers using the AMTRAK station in Toledo, at Dr. Martin Luther King, Jr., Plaza owned by the Authority.
- Parking revenue from the Authority's three downtown parking garages was down 4.5%.

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 the 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, 2013

ASSETS

Current Assets:		
Unrestricted Assets:		
Cash and cash equivalents	$	13,296,549
Investments		4,835,163
Interest receivable		2,109
Accounts receivable		4,538,060
Loan receivable-current		3,023,283
Prepaid expenses and other assets		437,315
Total Current Assets		**26,132,479**
Noncurrent Assets:		
Nondepreciable capital assets		72,774,047
Depreciable capital assets, net of accumulated depreciation		153,455,970
Restricted:		
Investments		517,168
Amount due from lessee		251,660
Deferred bond issue costs		1,205,760
Loan receivable		1,302,287
Amount due from Northwest Bond Fund		3,000,000
Total Noncurrent Assets		**232,506,892**
Total Assets	**$**	**258,639,371**

(Continued)

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Net Position, Continued
December 31, 2013

LIABILITIES AND NET POSITION

Current Liabilities:		
Accounts payable	$	2,486,713
Accrued payroll		238,314
Deferred income		99,288
Accrued interest payable		200,000
Deposits		501,418
Revenue bonds payable-current		2,468,950
Notes payable-current		469,660
Ohio SIB loan-current		325,384
Total Current Liabilities		**6,789,727**
Noncurrent Liabilities:		
Long-term notes payable		1,932,524
Revenue bonds payable		15,610,000
Ohio SIB loan		9,161,469
Total Noncurrent Liabilities		**26,703,993**
Total Liabilities		**33,493,720**
Net Position:		
Net investment in capital assets		196,233,458
Restricted		7,621,104
Unrestricted		21,291,089
Total Net Position		**225,145,651**
Total Liabilities and Net Position	**$**	**258,639,371**

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, 2013

Operating Revenues	
Rental under property lease	$ 2,902,129
Airport landing area	362,613
Airport terminal area	2,184,276
BX Solutions	500,000
Other rental and fee income	5,778,311
Wharfage under property lease	202,844
Other income	549,661
Total Operating Revenues	**12,479,834**
Operating Expenses	
Personnel	3,631,148
Marketing	337,257
Contractual services	3,943,499
Utilities	784,693
Repairs and maintenance	1,229,910
Depreciation	8,631,046
Amortization	67,217
Other	187,377
Total Operating Expenses	**18,812,147**
Operating Loss	**(6,332,313)**
Nonoperating Revenues (Expenses)	
Proceeds of property tax levy	2,321,162
Intergovernmental grants	58,560
Grants	21,475,600
Interest income from investments	89,478
Passenger facility charges	745,916
Gain on investment	(8,559)
Loss on lease	(100,340)
Other nonoperating revenue (expense)	(584,663)
Interest expense	(1,353,003)
Grant pass through	(7,275,408)
Total Nonoperating Revenues (Expenses)	**15,368,743**
Changes in Net Position	**9,036,430**
Net Position at beginning of year	216,109,221
Net Position at End of Year	**$ 225,145,651**

Toledo-Lucas County Port Authority
Statement of Cash Flows
For the Year Ended December 31, 2013

Cash flows from operating activities:	
Cash received from customers	$ 14,470,442
Cash payments for goods and services	(9,057,117)
Cash payments to and on behalf of employees	(3,677,498)
Net cash provided by operating activities	**1,735,827**
Cash flows from noncapital financing activities:	
Intergovernmental grants	58,560
Proceeds of property tax levy	2,321,162
Net cash provided by noncapital financing activities	**2,379,722**
Cash flows from capital and related financing activities:	
Capital grants received	23,052,822
Passenger and Customer facility charges received	776,092
Acquisition and construction of capital assets	(16,213,287)
Interest paid on capital asset debt	(1,353,003)
Principal payments on long-term debt	(3,342,688)
Issuance of debt	2,650,675
Grant pass through	(7,275,408)
Net cash used by capital and related financing activities	**(1,704,797)**
Cash flows from investing activities:	
Interest on investments	89,478
Purchase of securities	(2,408,303)
Proceeds on securities	275,000
Net cash provided by investing activities	**(2,043,825)**
Net (decrease) in cash and cash equivalents	366,927
Cash and cash equivalents at beginning of year	12,929,622
Cash and cash equivalents at end of year	**$ 13,296,549**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows, Continued
For the Year Ended December 31, 2013

Reconciliation of operating loss to net cash Provided by operating activities:	
Operating loss	$ (6,332,313)
Adjustments to reconcile operating income to cash provided by operating activities:	
Depreciation and amortization expense	8,698,263
Changes in assets and liabilities:	
Reductions in loans receivable	
Accounts receivable	2,139,959
Prepaid expenses and other assets	(236,639)
Accrued Payroll	(46,350)
Accounts payable	(2,574,381)
Deferred income	87,288
Total adjustments	**8,068,140**
Net cash provided by operating activities	**$ 1,735,827**

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Toledo-Lucas County Port Authority (the "Authority") is a governmental subdivision created following enactment by the Ohio Legislature of the Ohio Port Authority Act. The Act permits the Authority to administer seaport, airport, surface transportation and economic development business within the State of Ohio. The Authority is governed by a board of thirteen directors, six of whom are appointed by the 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 Administration Division. The Authority functions as a site purchasing and development agency, leasing developed areas at the Port of Toledo, Toledo Express Airport, Toledo Executive Airport and Dr. Martin Luther King, Jr. Plaza to private firms for operations. In 1973, the Authority assumed the operation and management of Toledo's airports from the City of Toledo under a lease, which previously expired in the year 2023 was extended for six years providing that, annually, the lease is automatically renewed for an additional year to allow a continuous minimum term of twenty one years. The Development and Property Division was formed during 2008 and is 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 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 is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority does not have financial accountability over any entities.

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. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989 unless those pronouncements conflict with GASB pronouncements, in which case GASB prevails. The Authority has elected not to apply FASB after November 30, 1989. GASB pronouncements are applied after this date.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets 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 assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activity.

Use of Estimates

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

Cash and Investments

Investments are made in accordance with the Authority's investment policy, which conforms to statutes of the State of Ohio. Restricted cash and investments represent balances restricted by trust 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. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the Authority reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit, repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

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.

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 and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

Deferred Bond Issue Costs

The cost of issuing long term debt is amortized over the life of the debt.

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 $16,545 from $195,112 at December 31, 2012 to $178,567 at December 31, 2013.

Net Position

Net position represents the difference between assets and liabilities. 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.

Revenues and Expenses

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Levy

A .4 mill real estate tax renewal levy passed by Lucas County voters in 2009 provides financial support for the various activities of the Authority. The levy expires in 2014. The Authority elected to collect the full .4 mill in 2013.

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

Budgetary Process

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

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 Authority cash and deposits is provided by the federal deposit insurance corporation 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 Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts 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 $11,793,930 and the bank balance was $13,613,855. The Authority also had $750 cash on hand. FDIC covered $3,607,514 of the bank balance and $10,006,341 was uninsured. Of the remaining uninsured bank balance, the Authority was exposed to custodial risk as follows:

Uninsured and collateralized with securities held by the pledging institution's trust department not in the Authority's name:	$10,006,341

NOTE 2 – CASH AND INVESTMENTS (continued)

<u>Investments</u>

State law restricts the Authority's investments to the following:

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); and

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

The Authority's investments at December 31, 2013 were as follows:

			Investment Maturities (in Years)			
	Fair Value	Credit Rating	less than 1	1-3	3-5	more than 5
STAR Ohio	$ 1,501,869	AAAm [1]	$ 1,501,869	$ -	$ -	$ -
Money Market Fund	3,850,356	A-1+ [1]	3,850,356	-	-	-
			-	-	-	-
Federal Farm Credit Bank	500,025	AAA [1]		500,025	-	-
Federal National Mortgage Association	501,765	AAA [1]	501,765		-	-
Federal Home Loan Mortgage Corp	500,185	AAA [1]	500,185		-	-
Total Investments	$ 6,854,200		$ 6,354,175	$ 500,025	$ -	$ -

[1] Standard & Poor's

NOTE 2 – CASH AND INVESTMENTS (continued)

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.

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 are held by the counterparty.

Concentration of Credit Risk - Concentration of credit risk exists when investments are concentrated in one issue. The Authority's investment policy allows investments of 100% in U.S. Agency or Treasury Obligations, and limits repurchase agreements and investments in STAR Ohio to 25% of total investments (25% limitation was eliminated in January of 2009) and investments in Authority Bonds to $200,000, unless the Authority's Board of Directors, by resolution, modifies the limits. The Authority's investments in U.S. Agencies represent approximately 28% and Money Market funds 72% the Authority's investment portfolio excluding STAR Ohio at year end.

Cash and investments per footnote	
Carrying amount of bank deposits	$ 11,793,930
Cash on hand	750
Investments	6,854,200
Total	$ 18,648,880

Cash and investments per statement of net position	
Cash and cash equivalents	$ 13,296,549
Investments	4,835,163
Restricted investments	517,168
Total	$ 18,648,880

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following:

Historical Cost:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Capital assets not being depreciated:				
Land	$ 69,287,249	$ 868,863	$ -	$ 70,156,112
Construction in Progress	2,681,517	5,618	(69,200)	2,617,935
Subtotal	71,968,766	874,481	(69,200)	72,774,047
Capital assets being depreciated:				
Land Improvements	161,096,049	13,531,166	(47,318)	174,579,897
Property and Equipment	62,176,770	69,563	(55,487)	62,190,846
Buildings and Leasehold Improvements	104,349,137	1,650,860	-	105,999,997
Furniture and Fixtures	496,954	66,035	(35,232)	527,757
Subtotal	328,118,910	15,317,624	(138,037)	343,298,497
Total Cost	$ 400,087,676	$ 16,192,105	$ (207,237)	$ 416,072,544

Accumulated Depreciation:

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Capital assets being depreciated:				
Land Improvements	$ (98,813,991)	$ (3,936,707)	$ -	$ (102,750,698)
Property and Equipment	(32,435,173)	(2,326,401)	36,681	(34,724,893)
Buildings and Leasehold Improvements	(49,628,264)	(2,361,475)	-	(51,989,739)
Furniture and Fixtures	(370,734)	(6,463)	-	(377,197)
Total Depreciation	$ (181,248,162)	$ (8,631,046)	$ 36,681	$ (189,842,527)
Net Value:	$ 218,839,514	$ 7,561,059	$ (170,556)	$ 226,230,017
Depreciation Expense charged to operating expense		$ 8,631,046		

Depreciation has been determined using the straight-line method over the estimated useful lives of the property and equipment ranging between 5 and 40 years. During 2013, approximately $15 million of Federal, state and local grant funding was utilized to purchase and acquire the Authority's capital assets.

NOTE 4-LOANS RECEIVABLE

Loans receivable includes a loan to Ironville Improvement, LLC (Ironville), an Ohio limited liability company. The purpose of the loan is for Ironville to lease certain property at the Port of Toledo, Ohio, containing approximately 181 acres; to construct and own various improvements on the premises, including storage facilities, rail line improvements, dock face improvements, and cargo conveyors; to purchase necessary equipment for the operation of a port terminal; and to sublease the premises and improvements and equipment to Midwest Terminals of Toledo, Inc. The Company has obtained debt financing which constitutes a qualified low-income community investment under the meaning of Section 45D of the Internal Revenue Code, and debt financing which constitutes an Ohio qualified low-income community investment under the meaning of Ohio New Market Tax Credit law. The debt requires Ironville to comply with certain covenants related to maintaining eligibility for the new market tax credits, including maintaining the Company's status as a qualified active low-income community business, under the meaning of Section 45D in the Internal Revenue Code. In addition, Ironville is bound by certain restrictions governing the use of the property, which must be maintained until the maturity of the notes.

The initial loan was in the amount of $5,500,000, and bears interest at 1.449%. Quarterly interest-only payments are required from 2012 through 2019. From 2020 through 2042, quarterly payments of principal and interest are required in an amount to fully amortize the loan over the remaining term, which matures on December 28, 2042. The balance ending December 31, 2013 was $2,786,180.

In addition, Port Authority has loaned amounts totaling $1,618,906 under various loan programs, at interest rates ranging from zero to 6%, with maturities ranging from 2014 through 2028. Future principal payments in years after 2013 for these loans receivable are as follows:

December 31,			
2014		$	3,023,283
2015			256,099
2016			273,033
2017			163,378
2018			104,915
Thereafter			504,862
	Total	$	4,325,570

NOTE 5 – DEBT

A summary of Long Term Debt Activity for the year ended December 31, 2013 follows:

		Series	Maturity Date	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Revenue Bonds:								
Northwest Ohio Development:								
	Taxable:							
7.25%	Chevron	2008A	2028	$ 4,475,000	$ -	$ (140,000)	$ 4,335,000	$ 150,000
5.50%	Parking Garage Project	2011C	2026	4,939,862	-	(225,000)	4,714,862	235,000
4.61%	Refunding Air Hub Project	2012A	2026	9,470,000	-	(2,170,000)	7,300,000	355,000
	Tax Exempt:							
Other:								
	State of Ohio Tax Exempt	2011-1	2031	9,430,000	-	(375,000)	9,055,000	390,000
Total Revenue Bonds				28,314,862	-	(2,910,000)	25,404,862	1,130,000
Notes Payable:								
3.00%	Airport ODOT Note	2009	2016	1,137,831	-	(315,838)	821,993	325,384
1.35%	State Bank-Cargo Hub	2014	2014	-	1,000,000	-	1,000,000	1,000,000
4.25%	Dept. of Energy Note Airport	2014	2014	-	693,950	-	693,950	693,950
5.13%	Dept. of Energy Note Garages	2012	2026	575,066	146,395	(13,512)	707,949	32,425
5.13%	Dept. of Energy Note Maritime	2012	2026	444,187	614,351	(80,581)	977,957	57,224
3.00%	Dept. of Energy Note MLK	2011	2021	188,054	195,979	(22,757)	361,276	25,011
Total Notes Payable				2,345,138	2,650,675	(432,688)	4,563,125	2,133,994
Total				$ 30,660,000	$ 2,650,675	$ (3,342,688)	$ 29,967,987	$ 3,263,994

NOTE 5 - DEBT (continued)

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

	2014	2015	2016	2017	2018
Notes Payable					
Airport ODOT Note	$ 325,384	$ 335,219	$ 161,390	$ -	$ -
State Bank Cargo Hub	1,000,000	-	-	-	-
Dept. of Energy Note Airport	693,950	-	-	-	-
Dept. of Energy Note Garages	32,425	34,790	36,816	40,532	40,532
Dept. of Energy Note Maritime	57,224	60,159	63,246	66,490	69,901
Dept. of Energy Note MLK	25,011	25,425	25,836	26,290	26,743
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds					
Tax Exempt-Garage	235,000	255,000	270,000	285,000	305,000
Taxable Airport Hub	355,000	375,000	390,000	415,000	435,000
Taxable Port Authority	150,000	165,000	175,000	190,000	205,000
State of Ohio Tax Exempt	390,000	400,000	405,000	415,000	425,000
Total	$ 3,263,994	$ 1,650,593	$ 1,527,288	$ 1,438,312	$ 1,507,176

	2019-2023	2024-2028	2029-2033	Total
Notes Payable				
Airport ODOT Note	$ -	$ -	$ -	$ 821,993
State Bank Cargo Hub	-	-	-	1,000,000
Dept. of Energy Note Airport	-	-	-	693,950
Dept. of Energy Note Garages	238,122	284,732	-	707,949
Dept. of Energy Note Maritime	407,118	253,819	-	977,957
Dept. of Energy Note MLK	140,991	90,980	-	361,276
Revenue Bonds Payable				
Northwest Ohio Development Revenue Bonds				
Tax Exempt-Garage	1,805,000	1,559,862	-	4,714,862
Taxable Airport Hub	2,530,000	2,800,000	-	7,300,000
Taxable Port Authority	1,295,000	2,155,000	-	4,335,000
State of Ohio Tax Exempt	2,330,000	2,760,000	1,930,000	9,055,000
Total	$ 8,746,231	$ 9,904,393	$ 1,930,000	$ 29,967,987

NOTE 5 - DEBT (continued)

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

	2014	2015	2016	2017	2018
Notes Payable					
Airport ODOT Note	$ 22,538	$ 12,703	$ 2,571	$ -	$ -
State Bank Cargo Hub	15,121	-	-	-	-
Dept. of Energy Note Garages	29,772	28,368	27,576	25,128	24,252
Dept. of Energy Note Maritime	43,668	41,616	39,300	38,148	35,580
Dept. of Energy Note MLK	6,330	5,917	5,505	5,051	4,599
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds					
Tax Exempt-Garage	228,217	216,458	203,718	190,365	176,155
Taxable Airport Hub	332,496	315,900	298,498	280,173	260,811
Taxable-Port Authority	311,569	300,512	288,369	275,318	261,366
State of Ohio Tax Exempt	299,978	292,128	283,878	274,709	264,265
Total	$ 1,289,689	$ 1,213,602	$ 1,149,415	$ 1,088,892	$ 1,027,028

	2019-2023	2024-2028	2029-2033	Total
Notes Payable				
Airport ODOT Note	$ -	$ -	$ -	$ 37,812
State Bank Cargo Hub	-	-	-	15,121
Dept. of Energy Note Garages	82,668	29,006	-	246,770
Dept. of Energy Note Maritime	120,132	20,261	-	338,705
Dept. of Energy Note MLK	15,715	3,044	-	46,161
Revenue Bonds Payable				
Northwest Ohio Development Revenue Bonds				
Tax Exempt- Garage	636,143	148,469	-	1,799,525
Taxable Airport Hub	978,588	283,629	-	2,750,095
Taxable-Port Authority	1,053,242	475,600	-	2,965,976
State of Ohio Tax Exempt	1,118,295	698,837	141,590	3,373,680
Total	$ 4,004,783	$ 1,658,846	$ 141,590	$ 11,573,845

A. Port Authority-Chevron Property

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

B. Airport Improvement Revenue Bonds and Note

The BAX Global lease was terminated in October 2011. Provisions in the termination agreement provided funding by BAX Global for the defeasance of the 2004-1 bonds, which occurred in March 2012. In addition to the defeased 2004-1 bonds, the series 2004-C bonds were defeased by the Authority and financed by issuing series 2012-A bonds in the amount of $9,470,000. Unamortized bond issue costs amounting to $1.3 million relating to the defeased bonds were written off the Port's financial statements in 2012. As of December 31, 2013 $7,300,000 remains outstanding.

NOTE 5 - DEBT (continued)

C. Ohio Department of Transportation State Infrastructure Bank

The Authority incurred additional debt during 2009 in the form of a promissory note with the State of Ohio in the amount of $1,743,068 for the purpose of constructing a car rental facility at Toledo Express Airport. This loan is scheduled to be paid back by August of 2015 with an interest rate of 3%. A car rental fee has been assessed as a source to provide principal and interest payments. As of December 31, 2013 $821,993 remains outstanding.

D. Toledo Parking Garage Project

In October 2011, the Authority purchased parking facilities from the City of Toledo. This project was financed by issuing $4,940,000 of taxable development revenue bonds within the Northwest Ohio Bond Fund. In addition, bonds were issued from the SIB GRF Bond Fund Program in the amount of $9,430,000. Both issuances have a term which ends in 2031. As of December 31, 2013 $4,714,862 and $9,055,000 remain outstanding.

E. Department of Energy

During 2013 the Authority was the borrower of four Department of Energy Notes totaling $1,650,675 for the purpose of capital improvements to the garage facilities, headquarters building, airport terminal and the Martin Luther King terminal. As of December 31, 2013 $2,741,132 remains outstanding.

NOTE 6 - RETIREMENT PLAN

The following information was provided by the Ohio Public Employees Retirement System (OPERS) to assist the Authority in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers" and GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension."

All employees of the Authority participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Members contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

NOTE 6 – RETIRMENT PLAN (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including post-employment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for members and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate was 10%. The 2013, 2012, and 2011 employer contribution rates for local government employer units was 14% of covered payroll. The Authority's contributions to OPERS for the years ending December 31, 2013, 2012, and 2011 were $355,803, $411,278, and $427,004, respectively, which were equal to the required contributions for each year.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying members of both the TP Plan and the CO Plan. To qualify for post-employment health care coverage, age-and-service retirees under the TP Plan and the CO Plan must have 10 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 45.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contributions to OPERS is set aside for the funding of post-retirement health care benefits. OPERS' Post-employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post- employment health care benefits. The portion of employer contributions allocated to health care for members in the TP Plan was 1%, 4%, and 4% for calendar years 2013, 2012, and 2011, respectively. The portion of employer contributions allocated to health care for members in the CO Plan was 1%, 6.05%, and 6.05% for calendar years 2013, 2012, and 2011, respectively. The Authority's contributions to fund post-employment benefits for 2013, 2012, and 2011 were $25,404, $117,502, and 121,995, respectively.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

NOTE 6 – RETIRMENT PLAN (continued)

Information from employer's records

The rates stated in Section B, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portion of your employer contributions that were used to fund post-employment benefits can be approximated by multiplying actual employer contributions for calendar year 2013 by 0.0714 for state and local employers, and 0.0552 for law enforcement and public safety employers.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

NOTE 7 - OPERATING LEASES

The Authority has entered into a number of noncancelable operating lease agreements with various companies to lease certain of its facilities for periods from five to forty years. In addition, the Authority has entered into noncancelable operating lease agreements whose proceeds are pledged for the debt service of certain bonds.

Property under lease at December 31, 2013 consists of the following:

	Property and Development Division	Seaport Leases	Total
Land	$ 2,667,783	$ 10,584,857	$ 13,252,640
Improvements	-	22,908,068	22,908,068
Property and Equipment	35,838	14,851,823	14,887,661
Building and Leasehold Improvements	13,201,858	9,839,058	23,040,916
Total Cost	15,905,479	58,183,806	74,089,285
Less: Accumulated Depreciation	(5,233,068)	(18,764,709)	(23,997,777)
	$ 10,672,411	$ 39,419,097	$ 50,091,508

NOTE 7 - OPERATING LEASES (continued)

The minimum future rentals to be received under the lease agreements, excluding those which have been pledged solely for the debt service of related bonds, are as follows:

Years	Administration	Project & Development Leases	Seaport Leases	Total
2014	$ 65,000	$ 886,411	$ 749,827	$ 1,701,238
2015	65,000	827,765	682,467	1,575,232
2016	65,000	597,717	682,467	1,345,184
2017	65,000	461,848	682,467	1,209,315
2018	27,000	428,963	682,467	1,138,430
2019-2023	-	255,457	3,262,335	3,517,792
2024-2028	-	-	1,204,641	1,204,641
Totals	$ 287,000	$ 3,458,161	$ 7,946,671	$ 11,691,832

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. During 2013 the Authority received $525,593. The agreement with the parking lot operator provides them with a management fee of $98,550 per year with the remainder of all collected receipts remitted to the Authority which totaled $443,593 for the year 2013.

NOTE 8 - 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, 2013, there were forty five series of Revenue Bonds outstanding issued after July 1, 1995. The original issue amounts for the series was $653,544,900 of which $264,067,332 remained outstanding at December 31, 2013. The aggregate principal amount issued for nine series issued prior to July 1, 1995 could not be determined; however, their original issue amounts totaled $197,725,000.

NOTE 9 – AMOUNT DUE FROM LESSEE

On June 2, 2003, the United States transferred ownership of property occupied by Teledyne Technologies to the Authority for $10. A lease agreement between the Authority and Teledyne Technologies was entered into on August 23, 2001 and commenced on the date the property was transferred to the Authority (June 2, 2003). Lease payments are due in the amount of $65,000 per year with periodic increases based upon the consumer price index. The original lease term is five years with options to extend the lease for four additional periods of five years. On November 29, 2012 Teledyne exercised the second five year option period thereby extending the lease through May 31, 2018. Teledyne has the option to purchase the property for $450,000. The option price is considered a bargain purchase and, under the provision of the FASB Accounting Standards Codification (ASC) topic *Contingencies,* the lease is being accounted for as a direct financing lease. The present value of the bargain purchase option and the lease payments during the original lease term are recorded as amount due from lessee in the statement of net position at December 31, 2013. All costs, expenses, and obligations relating to the property are to be paid by Teledyne.

NOTE 10 – 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.

The Authority has a self-insured plan for employee health insurance coverage. The Authority pays a portion of the employees' costs of medical services. Related expense in 2013 was $426,279.

NOTE 11 – CONTINGENCIES

A. Guarantees

In 2010 the Authority entered into an inter creditor agreement with Xunlight Corp. which is the borrower on a $3 million debt issue from the Northwest Ohio Bond Fund. This debt is backed by a $2,000,000 letter of credit with Huntington Bank and a guarantee in the form of an inter creditor agreement with the Authority in the amount of $1,000,000 million in the event of a default on the debt. During 2014 Xunlight failed to make monthly debt service payments. The bond reserve was used to make the semi- annual May 2014 bond payment. Approximately $1.685 million of the bonds are outstanding. The Authority's exposure from the inter credit agreement is approximately $390,000.

B. Litigation

In the normal course of operations, the Authority may be subject to litigation, claims, and unasserted possible claims. As of December 31, 2013, the Authority was involved in several such matters. The outcome of such matters cannot presently be determined.

NOTE 11 – CONTINGENCIES (continued)

C. Grants

The 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 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 Authority and December 31, 2013.

NOTE 12 - TOLEDO PARKING GARAGE PROJECT

The Port 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 Port Authority also, entered in to an agreement to acquire the City of Toledo's on-street parking equipment and the on-street parking franchise from the city to operate, maintain and improve the on-street parking meters and provide enforcement services within the designated boundaries. To finance the acquisition the Port issued $4,940,000 of taxable revenue bonds within the Northwest Ohio Bond Fund and $9,430,000 of tax exempt bonds issued within the Ohio Department of Transportation, State Infrastructure Bank. In 2012 a management agreement was implemented that includes sharing of the excess revenues generated from the Parking Facilities with the City of Toledo. Maintenance costs are financed from these same revenues. The operation of the Parking Facilities is performed by the Downtown Parking Authority, Inc. (DTPA). Management has determined that DTPA is a component unit of the Authority, and has included its financial position and its results of operations in the Authority's financial statements as a blended component unit.

In 2013, revenues in the amount of $3,504,425 were generated and $3,182,589 of operating expenses (including debt service of $1,155,418) were incurred. The revenue and operational expense numbers are reported under the Development & Property Division in the Schedule of Revenues, Expenses and Changes in Net Assets Information by Division. The Parking Facility asset and related debt are reported under the same division in the Schedule on Net Assets Information by Division. To obtain Downtown Parking Authority financial information, please contact Daniel Fortinberry at 215 North St. Clair St. Toledo, Oh 43604.

NOTE 13 - SEGMENT INFORMATION

Significant financial data for the airport division, which meets the requirements for segment reporting under GASB 34, is as follows for the year ended December 31, 2013:

Statement of Net Assets

Current Assets	$	52,625
Capital Assets		137,649,208
Other Assets		(4,254,686)
Total Assets		133,447,147
Current Liabilities		3,568,009
Noncurrent Liabilities		7,441,609
Total Liabilities		11,009,618
Invested in Capital Assets, Net of Related Debt		128,833,264
Restricted		2,877,007
Unrestricted		(9,272,742)
Total Net Assets	$	122,437,529

Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	$	4,070,813
Depreciation and Amortization		6,003,596
Other Operating Expenses		4,167,880
Operating Loss		(6,100,663)
Nonoperating revenues (expenses):		
Grants		9,465,305
Investment Income		25,598
Interest Expense		(426,001)
Other Nonoperating Revenues (Expenses)		348,309
Change in Net Position		3,312,548
Beginning Net Position		119,124,982
Ending Net Position	$	122,437,530

Statement of Cash Flows

Net Cash Provided (Used) by:		
Operating Activities	$	(111,914)
Noncapital Finance		58,560
Capital and Related Financing		372,183
Investing		25,598
Cash at Beginning of Year		3,481,584
Cash at End of Year	$	3,826,011

Toledo-Lucas County Port Authority
Schedule of Net Position Information by Division
December 31, 2013

	Administration	Seaport	Airport	Development and Property	Total
ASSETS					
Current Assets:					
Cash	$ 4,247,229	$ -	$ 3,826,011	$ 5,223,309	$ 13,296,549
Investments	3,333,188	1,501,975	-	-	4,835,163
Interest receivable	-	-	-	2,109	2,109
Accounts receivable	41,043	410,479	2,132,253	1,954,285	4,538,060
Due (to) from other divisions	(1,383,764)	9,749,193	(5,905,639)	(2,459,790)	-
Loans receivable-current	18,738	-	53,736	2,950,809	3,023,283
Prepaid expenses and other assets	93,242	11,763	-	332,310	437,315
Total Current Assets	6,349,676	11,673,410	106,361	8,003,032	26,132,479
Noncurrent Assets:					
Nondepreciable capital assets	435,000	17,584,859	41,323,921	13,430,267	72,774,047
Depreciable capital assets,					
Net of accumulated depreciation	99,829	28,834,238	96,325,287	28,196,616	153,455,970
Restricted:					
Investments	-	-	-	517,168	517,168
Amount due from lessee	-	-	-	251,660	251,660
Deferred bond issuance cost	-	-	840,213	365,547	1,205,760
Loans receivable	645,640	-	209,987	446,660	1,302,287
Amount due from Northwest Bond Fund	-	3,000,000	-	-	3,000,000
Interdivisional receivables (payables)	-	7,106,003	(5,358,622)	(1,747,381)	-
Total Noncurrent Assets	1,180,469	56,525,100	133,340,786	41,460,537	232,506,892
Total Assets	**$ 7,530,145**	**$ 68,198,510**	**$ 133,447,147**	**$ 49,463,569**	**$ 258,639,371**
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	$ 172,481	$ 530,028	$ 859,983	$ 924,221	$ 2,486,713
Accrued payroll	87,871	4,200	108,768	37,475	238,314
Accrued interest payable	-	-	200,000	-	200,000
Deferred income	-	4,434	20,708	74,146	99,288
Deposits	46,086	7,500	4,216	443,616	501,418
Notes payable-current	-	-	355,000	114,660	469,660
Revenue bonds payable-current	-	-	1,693,950	775,000	2,468,950
Ohio SIB		-	325,384	-	325,384
Total Current Liabilities	306,438	546,162	3,568,009	2,369,118	6,789,727
Long-term notes payable	-	-	-	1,932,524	1,932,524
Revenue bonds payable	-	-	6,945,000	8,665,000	15,610,000
Ohio SIB	-	-	496,609	8,664,860	9,161,469
Total Noncurrent Liabilities	-	-	7,441,609	19,262,384	26,703,993
Total Liabilities	**306,438**	**546,162**	**11,009,618**	**21,631,502**	**33,493,720**
Net Position:					
Net investment in capital assets	534,829	46,419,097	127,833,264	21,446,268	196,233,458
Restricted	-	-	3,825,512	3,795,592	7,621,104
Unrestricted	6,688,878	21,233,251	(9,221,247)	2,590,207	21,291,089
Total Net Position	**$ 7,223,707**	**$ 67,652,348**	**$ 122,437,529**	**$ 27,832,067**	**$ 225,145,651**

Toledo-Lucas County Port Authority
Schedule of Revenues, Expenses and Changes in Net Position Information by Division
For the Period Ended December 31, 2013

	Administration	Seaport	Airport	Development & Property	Total
Operating Revenues					
Rental under property leases	$ -	$ 1,300,457	$ -	$ 1,601,672	$ 2,902,129
Airport landing area	-	-	362,613	-	362,613
Airport terminal area	-	-	2,184,276	-	2,184,276
BX Solutions	-	-	500,000	-	500,000
Other rental and fee income	-	-	593,623	5,184,688	5,778,311
Wharfage under property lease	-	202,844	-	-	202,844
Other income	-	71,506	430,301	47,854	549,661
Total Operating Revenues	**-**	**1,574,807**	**4,070,813**	**6,834,214**	**12,479,834**
Operating Expenses					
Personnel	1,063,165	112,478	1,573,640	881,865	3,631,148
Marketing	80,840	17,764	210,801	27,852	337,257
Contractual services	(386,236)	304,518	780,818	3,244,399	3,943,499
Utilities	14,958	4,300	566,041	199,394	784,693
Repairs and maintenance	-	107,276	916,976	205,658	1,229,910
Depreciation	23,514	1,450,005	5,936,379	1,221,148	8,631,046
Amortization	-	-	67,217	-	67,217
Other operating expenses	36,284	-	119,604	31,489	187,377
Total operating expenses	**832,525**	**1,996,341**	**10,171,476**	**5,811,805**	**18,812,147**
Operating Income (Loss)	**(832,525)**	**(421,534)**	**(6,100,663)**	**1,022,409**	**(6,332,313)**
Nonoperating Revenues (Expenses)					
Proceeds of property tax levy	2,321,162	-	-	-	2,321,162
Intergovernmental grants	-	-	58,560	-	58,560
Grants	-	4,245,055	9,406,745	7,823,800	21,475,600
Interest income from investments	-	9,941	25,598	53,939	89,478
Passenger facility charges	-	-	745,916	-	745,916
Gain on investment	-	(8,559)	-	-	(8,559)
Loss on lease	-	-	-	(100,340)	(100,340)
Other nonoperating revenue (expense)	-	-	(180,067)	(404,596)	(584,663)
Interest expense	-	-	(426,001)	(927,002)	(1,353,003)
Grant pass through	-	(4,224,219)	(217,540)	(2,833,649)	(7,275,408)
Total Nonoperating Revenues (Expenses)	**2,321,162**	**22,218**	**9,413,211**	**3,612,152**	**15,368,743**
Income (Loss) Before Contributions	**1,488,637**	**(399,316)**	**3,312,548**	**4,634,561**	**9,036,430**
Change in Net Position	**1,488,637**	**(399,316)**	**3,312,548**	**4,634,561**	**9,036,430**
Net Position at beginning of year	5,735,070	68,051,664	119,124,982	23,197,505	216,109,221
Net Position at End of Year	**$ 7,223,707**	**$ 67,652,348**	**$ 122,437,530**	**$ 27,832,066**	**$ 225,145,651**

TOLEDO LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor/Pass - Through Grantor Program Titles	CFDA Number	Grant Expenditures
U.S. Department of Transportation		
Airport Improvement Program	20.106	$ 8,520,358
U.S. Department of Housing and Urban Development		
HUD B10SPOH0353	14.251	275,636
HUD B10SPOH0393	14.251	9,402
		285,038
U.S Department of Energy		
DOE Environmental Mgmt.- EECBG - ARRA	81.128	517,574
DOE Revolving Loans - ARRA	81.128	793,229
		1,310,803
U.S. Department of Homeland Security		
FEMA 2009PUT9K054	97.056	1,438
FEMA 2010PUT0K041	97.056	230,269
FEMA 2011PUK00106	97.056	114,827
		346,534
		$ 10,462,733

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Note 1–Basis of presentation

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

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
FOR EACH QUARTER DURING THE YEAR ENDED DECEMBER 31, 2013

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Totals
PFC Fees Collected	$ 67,874	$ 103,910	$ 102,992	$ 78,661	$ 353,437
Interest Income	1,000	1,058	1,141	1,154	4,353
PFC Fees Expended*	-	-	-	-	-
Net Increase in Cash	68,874	104,968	104,133	79,815	357,790
Cash at Beginning of Period	1,990,750	2,059,624	2,164,592	2,268,725	1,990,750
Cash at End of Period	$ 2,059,624	$ 2,164,592	$ 2,268,725	$ 2,348,540	$ 2,348,540

*No fees were transferred from the Passenger Facility Charge (PFC) account.

At December 31, 2013, expenditures amounting to approximately $3 million had been made by the Authority, which will be reimbursed from PFC Cash in the future.

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
YEAR ENDED DECEMBER 31, 2013

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. Starting in December 2011, the Airport began to collect PFC fees for application #6, at the same rates, which will continue through December 1, 2018. 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.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
Toledo-Lucas County Port Authority
Toledo, OH

Report on Compliance for Passenger Facility Charge Program

We have audited the compliance of Toledo-Lucas County Port Authority ("the Authority") with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2013.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Passenger Facility Charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance for the Passenger Facility Charge program based on our audit of the types of compliance requirements specified in the Guide. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Compliance for Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program for the year ended December 31, 2013.

TOLEDO OFFICE:
1715 INDIAN WOOD CIR, STE 100
MAUMEE OH 43537-4055
PHONE: 419.794.2000
FAX: 419.794.2090
GJMLTD.COM

FINDLAY OFFICE:
551 LAKE CASCADES PKWY
PO BOX 1106
FINDLAY OH 45839-1106
PHONE: 419.423.4481
FAX: 419.423.4865

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Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the Passenger Facility Charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Passenger Facility Charge program, 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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 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 the 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Gilmore Jasion Mahler, LTD

Maumee, Ohio
June 27, 2014

INDEPENDENT AUDITOR'S 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*

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 Toledo-Lucas County Port Authority ("the Authority"), as of and for the year ended December 31, 2013, 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 27, 2014.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity'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 may exist that have not been identified.

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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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilmore Jasion Mahler, LTD

Maumee, Ohio
June 27, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Toledo-Lucas County Port Authority
Toledo, Ohio

Report on Compliance for Each Major Federal Program

We have audited Toledo-Lucas County Port Authority's ("the Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2013. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of 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, 2013.

TOLEDO OFFICE:
1715 INDIAN WOOD CIR, STE 100
MAUMEE OH 43537-4055
PHONE: 419.794.2000
FAX: 419.794.2090
GJMLTD.COM

FINDLAY OFFICE:
551 LAKE CASCADES PKWY
PO BOX 1106
FINDLAY OH 45839-1106
PHONE: 419.423.4481
FAX: 419.423.4865

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Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gilmore Jasion Mahler, LTD

Maumee, Ohio
June 27, 2014

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs

CFDA Number	Name of Federal Program
20.106	Department of Transportation – Airport Improvement Program
81.128	Dept of Energy – Energy Efficiency and Conservation Block Grant Program

Dollar threshold used to distinguish between type A and type B programs	$314,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF STATUS OF PRIOR YEAR (2012) AUDIT FINDINGS
For the Year Ended December 31, 2013

None.

TOLEDO-LUCAS COUNTY PORT AUTHORITY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 29, 2014

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov