Ohio Turnpike and Infrastructure Commission

(A Component Unit of the State of Ohio)

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

PAVING THE WAY FOR EMERGING TECHNOLOGY

Commission Members
Ohio Turnpike and Infrastructure Commission
682 Prospect Street
Berea, Ohio 44017

We have reviewed the *Independent Auditor's Report* of the Ohio Turnpike and Infrastructure Commission, Cuyahoga County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2017 through December 31, 2017. 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 Ohio Turnpike and Infrastructure Commission is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

May 17, 2018

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Ohio Turnpike and Infrastructure Commission

MEMBERS & OFFICERS

JERRY N. HRUBY
Chairman

TIMOTHY J. PARADISO
Vice Chairman

SANDRA K. BARBER
Secretary - Treasurer

CAPRI S. CAFARO
Member

GEORGE F. DIXON III
Member

MICHAEL A. PETERSON
Member

FRANK LAROSE
Senate Member

THOMAS F. PATTON
House Member

TIMOTHY S. KEEN
Director, Office of Budget and Management

JERRY WRAY
Director of Transportation

RANDY COLE
Assistant Secretary-Treasurer/Executive Director

INDEPENDENT AUDITORS:
Plante Moran
Columbus, OH

TRUSTEE:
The Huntington National Bank
Cleveland, OH

CONSULTING ENGINEERS:
AECOM Technical Services, Inc.
Akron, OH

PREPARED BY:
CFO/Comptroller's Office and the Office of Marketing and Communications

2017 Comprehensive Annual Financial Report

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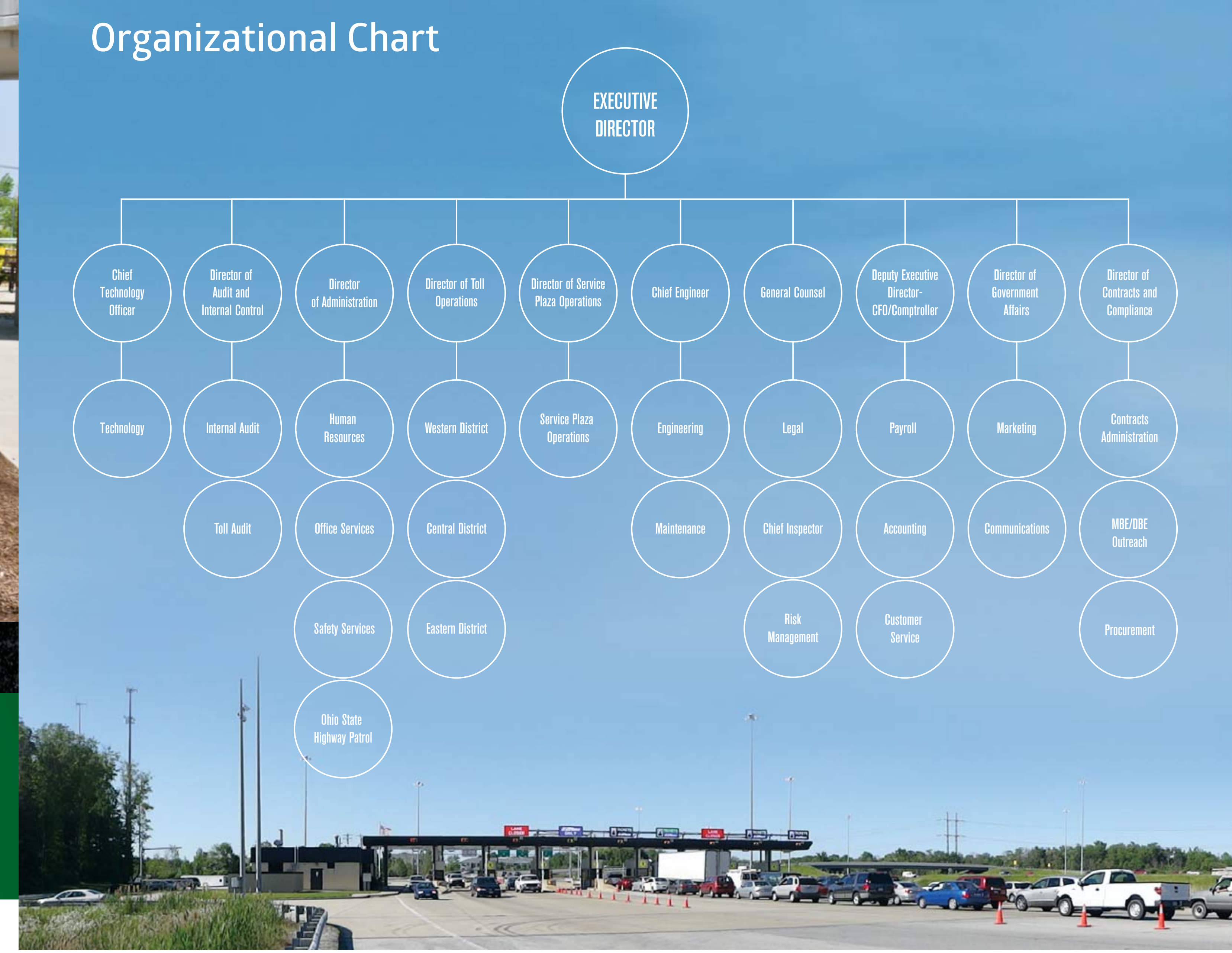

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Members and Staff

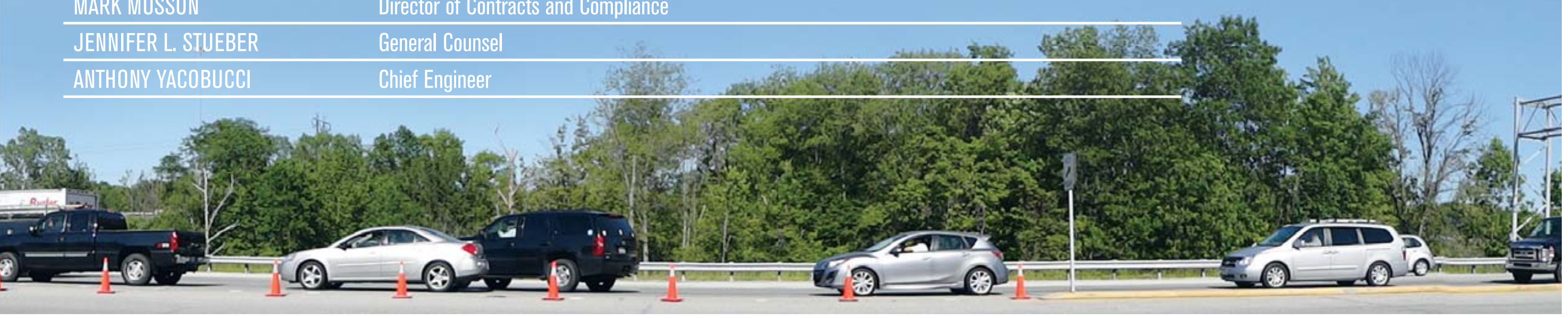
Ohio Turnpike and Infrastructure Commission Members (as of December 31, 2017)

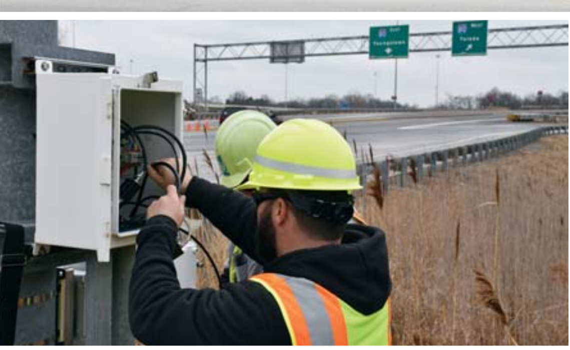
		APPOINTED	TERM EXPIRATION
JERRY N. HRUBY*	Chairman	06/29/11	06/30/21
TIMOTHY J. PARADISO	Vice Chairman	09/06/13	06/30/18
SANDRA K. BARBER	Secretary – Treasurer	06/04/12	06/30/19
CAPRI S. CAFARO	Member	01/27/17	12/19/17 ****
GEORGE F. DIXON III*	Member	10/05/01	06/30/22
MICHAEL A. PETERSON	Member	08/02/16	06/30/20
JERRY WRAY**	Director of Transportation	01/10/11	–
TIMOTHY S. KEEN**	Director, Office of Budget and Management	01/10/11	–
FRANK LAROSE***	Senate Member	04/27/16	–
THOMAS F. PATTON***	House Member	02/01/17	

*Names in bold indicate voting Member status * Reappointed Member ** Member Ex-Officio *** Legislative Member **** Resigned*

Ohio Turnpike and Infrastructure Commission Senior Staff

RANDY COLE	Executive Director
MARTIN SEEKELY	Deputy Executive Director – CFO/Comptroller
MATTHEW COLE	Director of Administration
ADAM GREENSLADE	Director of Government Affairs
ANDREW HERBERGER	Director of Service Plaza Operations
SHARON ISAAC	Director of Toll Operations
BRIAN KELLEY	Chief Technology Officer
DAVID MILLER	Director of Audit and Internal Control
MARK MUSSON	Director of Contracts and Compliance
JENNIFER L. STUEBER	General Counsel
ANTHONY YACOBUCCI	Chief Engineer





Chairman's Letter:

JERRY N. HRUBY

Ohio Turnpike shows gains in safety and free-flow traffic in 2017

Even with another record-breaking increase in traffic, the Ohio Turnpike managed to keep the roadway free from traffic backups 99.84 percent of the time in 2017. More importantly, the number of fatalities due to traffic crashes declined from 12 in 2016 and 11 in 2015 to six in 2017.

For the third year in a row, more vehicles traveled on the Ohio Turnpike than any other year in its 62-year history. The total of 55.2 million vehicles in 2017 eclipsed the previous record from 2016, which was 54.9 million vehicles (passenger cars and commercial vehicles, combined).

The Turnpike also recorded the second most number of vehicle miles traveled in its history with 3.038 billion miles traveled. This was only 2.6 million fewer miles traveled than in the record year, 2006.

Among the reasons for improvements in Ohio Turnpike safety and traffic flow were increased use of night-time work in construction and maintenance zones when traffic volumes are lower; increased enforcement by the Ohio State Highway Patrol, including aerial enforcement of speed limits in construction zones; and use of dynamic message boards to slow vehicles in construction zones.

A steady economy, continued relatively low gas prices and milder weather all contributed to record traffic volume in 2017. So too did our continued focus on customer value, motorist safety and maintenance.

Portions of our 241-mile roadway and many of our 466 bridges require regular maintenance. That's why the Commission invested significantly in its own facilities with a $121.4 million capital improvement program in 2017.

Approximately $45.5 million was dedicated to our pavement replacement program, which started in 2011. Three five-mile-long sections were replaced in the eastbound lanes in Sandusky County and westbound lanes were replaced in five-mile long sections in Erie and Portage Counties.

Four resurfacing projects were also completed totaling $21.6 million while bridge repairs and rehabilitation totaled approximately $16.6 million to improvements on 24 bridges spanning from Williams County in the west to Mahoning County in the east.

The Commission's investment in its own facilities occurred in chorus with our continued support of Governor John R. Kasich's Ohio Jobs and Transportation Plan. We determined that ODOT infrastructure projects recommended by the Transportation Review Advisory Council to rebuild and widen I-75 in Lucas and Wood Counties demonstrated the required transportation-related nexus to the Turnpike System. This project will be funded and constructed following the sale of $450 million in new Junior Lien Ohio Turnpike Revenue Bond funds that will also fund a portion of the construction of the Opportunity Corridor in Cleveland, which was approved for funding in 2013.

As of year-end, the Commission had reimbursed ODOT $882.5 million (of the approved $930 million in the first round of bond funding) for 10 projects in northern Ohio that have a transportation-related nexus to the Turnpike System.

In September, the Commission took advantage of favorable interest rates, and issued $114,670,000 State of Ohio Turnpike Revenue Refunding Bonds, 2017 Series A. The bonds were issued for the purpose of advance refunding $17,020,000 of the outstanding 2009 Series A Bonds and $109,640,000 of the outstanding 2010 Series A Bonds.

The Commission decreased its total future debt service payments by $18,791,016 as a result of the refunding. The Commission also incurred an economic gain (the difference between the present values of the old and new debt service payments) of $16,202,071.

Our financial reputation was reinforced when Fitch Ratings affirmed its ratings on revenue bonds sold by the Commission. The ratings of 'AA' for $492.2 million in senior lien revenue bonds and 'A+' for $1.06 billion in junior lien revenue bonds, was announced with a stable outlook for both ratings.

Key rating drivers that Fitch used include the fact that the Ohio Turnpike is a national transportation corridor between the northeastern and midwestern United States. The report also recognized that the Ohio Turnpike has historically produced consistently sound financial results.

We are proud to know that we are one of the best-managed toll facilities in the world. The Commission will continue to make sure the Ohio Turnpike performs at the high level our customers and stakeholders have come to expect for more than six decades. On behalf of the Commission, I express my gratitude to all of the dedicated employees responsible for our success under the outstanding leadership of Executive Director Randy Cole and his staff. I acknowledge my fellow colleague on the Board of Trustees for their dedicated oversight and tireless efforts in providing the best possible resources for the Executive Director and his outstanding team.

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Executive Director's Year in Review:

RANDY COLE

"This is the right time to prepare our roadway for the future if we are going to remain a better way to travel."

COMMISSION APPROVES PLAN TO MODERNIZE TOLL COLLECTION SYSTEM AND CUSTOMER SERVICE CENTER

The current Toll Collection System (TCS), installed in 2009, is approaching the end of its useful life. Original parts are no longer manufactured and replacement inventories for installed components are becoming scarce. In December of 2017, the Commission adopted a plan to modernize the Ohio Turnpike's TCS and Customer Service Center. The plan is expected to provide operational efficiency and meet the needs of Ohio Turnpike customers into the foreseeable future. It includes the implementation of highway speed *E-ZPass*® lanes at the Eastgate and Westgate Toll Plazas. *E-ZPass* and non-*E-ZPass* tolls are recommended to be collected only from westbound customers at Eastgate (the Pennsylvania border).

In addition, the plan calls for what our customers have asked for, namely, removal of toll gates. With our plan we will remove toll lane gates from all Ohio Turnpike Toll Plaza entrance lanes and in *E-ZPass*-Only Exit lanes. New license plate image capture cameras are planned for installation to catch any toll violators.

The Ohio Turnpike will continue to staff and operate its in-house Customer Service Center but will look at options to contract with a vendor for license plate image review, processing and collections.

The capital implementation cost in 2017 dollars for this plan is currently estimated to be $189-217 million. Construction is currently anticipated to begin in the 4th quarter of 2019 and conclude in the 4th quarter of 2021, subject to Commission approval of the contracts to design, acquire and build the necessary infrastructure. Operation of the new Toll Collection System is anticipated for deployment in the 4th quarter of 2021.

The strategic plan to remove gates and install new technology is a bold step forward in convenience for our customers without introducing significant revenue risk to our financial position. On the operations side, we would gain significant efficiencies without wide-scale organizational changes.

TECHNOLOGY—OUR WORLD IS CHANGING AND THERE'S NO TURNING BACK

With the year-end announcement of DriveOhio by Governor John R. Kasich, the Ohio Turnpike and Infrastructure Commission joined a coordinated effort across the state to test and develop connected and autonomous vehicle technology.

DriveOhio – a partnership of researchers at the Ohio Turnpike, Ohio Department of Transportation, Ohio Department of Public Safety, The Ohio State University and the Transportation Research Center are collaborating on development of connected and autonomous vehicle (CAV) technologies.

The Turnpike's roadway is already equipped with a fiber-optic network that is being adapted for Dedicated Short-Range Communications (DSRC) to operationalize its fleet of snowplows and other vehicles and improve safety.

When the equipment installation is complete, and software is running in the spring of 2018, radio units on the roadside will receive and broadcast messages over nearly 60 miles in Lorain, Cuyahoga, Summit and Portage Counties. Software and data exchange will be collected and transmit real-time travel information and weather data to customers who have connected vehicle technology in newer vehicles.

The Commission will also operationalize its fleet as snowplow trucks will transmit speed, salt spread rate, and even whether the plow is up or down. The software will create advisories for road weather warnings, traffic incidents, curve speed warnings and the presence of work zones.

An investment of less than $2 million, which is less than one percent of our capital budget, paved the way for this proof-of-concept project that will begin yielding data in the first half of 2018.

TECHNOLOGY INVESTMENTS WILL REAP EFFICIENCY GAINS

The Commission also rolled out a new all electronic time-keeping system. Employees previously created 75,000 paper time cards and drove over 11,000 miles per year to distribute them to the buildings and employees and 100,000 leave forms were printed each year. In the end, determining proper pay and benefits consumed about 100,000 hours a year.

An employee can now request time off with the click of a button from the convenience of the office or even their home computer. Likewise, managers can approve a time-off request just as easily while also making sure shifts are properly covered. Employees also now badge in and out either at a terminal or by logging their time in and out on their computer.

E-ZPASS PROGRAM EXPANSION INCREASES CUSTOMER VALUE

E-ZPass usage adds up to big savings for our customers. In fact, *E-ZPass* has saved our customers nearly $385 million compared to customers who paid cash since we began the program in 2009.

The number of overall users and vehicle miles traveled with *E-ZPass* has increased steadily since 2009. There are now 335,000 active Ohio *E-ZPass* accounts, in part because of our strategy to expand our partnerships with Ohio retailers.

E-ZPass is available at 327 retail locations in 34 Ohio counties. It's in Giant Eagle and GetGo, Discount Drug Mart, Barney's Convenience Marts, Mickey Mart Stores, and select AAA and Ohio BMV offices.

PARTNERSHIPS PAVE THE WAY FOR IMPROVED SAFETY, ENVIRONMENT AND VALUE

In December, we announced a partnership with Waze, the real-time navigation app powered by its users. The program promotes more efficient traffic monitoring by sharing incident reports from Waze and includes everything from construction and incident data to weather data and road reports. This information shows up on the Waze mobile app, helping travelers to use the Ohio Turnpike across its 241 miles more safely and efficiently.

Given the importance of observing the posted speed limit while driving in work zones, the Ohio State Highway Patrol and the Ohio Turnpike teamed up in an effort to conduct and publicize aerial speed enforcement to increase safety for employees and customers. With the emphasis on aerial enforcement catching excessive speeders in work zones, more than 3,800 drivers were cited for violations in work zones.

As a result of these efforts, together, the Patrol and Commission saw a 21.5 percent decrease in the number of traffic crashes in work zones. This campaign, even more importantly, also led to a 43.8 percent decrease in the number of injury crashes and we're pleased to report that there were no fatal crashes in work zones in 2017.

To serve as a model to encourage others to grow Ohio native plants that help wildlife and the environment, a second set of Native Pollinator Plant Gardens were dedicated and installed at the Mahoning Valley and Glacier Hills Service Plazas in New Springfield.

The project is a partnership between the Ohio Turnpike, Keep Ohio Beautiful, Keep Mahoning Valley Beautiful and the Davey Tree Expert Co. Volunteers from The Purple Cat and Gateways to Better Living were on hand to plant the gardens and a Keep America Beautiful Award for our 2016 inaugural native pollinator plant gardens at Vermilion Valley and Middle Ridge Service Plazas, was presented to the Commission. The 18 species of native plants will attract birds, butterflies and other wildlife.

Since 2011, Sunoco service station (fuel and retail) sales at our 14 Service Plazas have generated approximately $2 million in commission revenue annually and reached a new high of $2.7 million in 2017. Sunoco, as part of its commitment to make $6.4 million in capital improvements to the Commission's facilities, installed roadside LED price signs for fuel and diesel, which makes pricing much more visible to customers during their Turnpike travels.

MARKETING AND COMMUNICATIONS SHOWS CUSTOMERS APPRECIATION AT SERVICE PLAZAS

New this year at Customer Appreciation Events held at our busiest Service Plazas—thanks to Sunoco—were $10, $25 and $50 gift cards that were awarded to lucky winners who play our new digital "spin the wheel" prize contest.

Customers also "went for a spin" in a Hendricks Motorsports NASCAR driving simulator and WIOT-FM 104.7 conducted live broadcasts to promote these very popular events, which are greatly appreciated by our loyal customers. An important component of these events is the safety themes that we incorporate into each one as we work "Towards Zero Deaths" in concert with the Ohio Strategic Highway Safety Plan Steering Committee. Among the featured safety themes were Distracted Driving Awareness, Work Zone Safety and Sharing the Road Safely with Motorcycles.

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Ohio Turnpike and Infrastructure Commission

Martin S. Seekely
Deputy Executive Director-
CFO / Comptroller

Jerry N. Hruby
Chairman

Timothy J. Paradiso
Vice Chairman

Sandra K. Barber
Secretary-Treasurer

George F. Dixon
Member

Michael A. Peterson
Member

Jerry Wray
Director of Transportation
Member Ex-Officio

Timothy S. Keen
Director of OBM
Member Ex-Officio

Frank LaRose
Ohio Senate Member

Thomas F. Patton
Ohio House Member

Randy Cole
Executive Director

March 26, 2018

Ohio Turnpike and Infrastructure Commission and Executive Director*:*

The *Comprehensive Annual Financial Report* ("CAFR") of the Ohio Turnpike and Infrastructure Commission ("Commission") for the years ended December 31, 2017 and 2016, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the financial presentation, including all disclosures, rests with the CFO/Comptroller's Office of the Commission. To the best of my knowledge and belief, the accompanying data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations and cash flows of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included. Readers of these financial statements are encouraged to review Management's Discussion and Analysis for an overview of the Commission's financial position and the results of 2017 and 2016 operations.

The accompanying financial statements include only the accounts and transactions of the Commission. The Commission is considered a component unit of the State of Ohio. The Commission has no component units.

Accounting Policies and Internal Controls
The Commission's reporting entity and its accounting policies are briefly described in Note 1 of the financial statements. The Commission is required to have annual audits of its financial statements by an independent certified public accountant approved by the Auditor of the State of Ohio.

The management of the Commission is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

In addition to the independent audit, the Commission maintains its own Internal Audit Department. This department is responsible for strengthening and reviewing the Commission's internal controls. The Internal Audit Department performs its own in-depth operational and financial audits and provides assistance to the independent auditors as well.

682 Prospect Street, Berea, Ohio 44017-2799 Phone: (440) 234-2081
www.ohioturnpike.org
Serving the nation – The James W. Shocknessy Ohio Turnpike

Ohio Turnpike and Infrastructure Commission

Long-Term Financial Planning
The Commission prepares annual operating and capital budgets which are approved by the Commission before the start of the next calendar year. The operating budget contains the projected revenues, operating expenses, debt service payments and the net amount expected to be transferred to the capital funds for the next calendar year. The capital budget details the construction projects and equipment purchases planned for the year that are necessary to maintain the Turnpike in good condition.

Each year the Commission also prepares a long-term projection of future operating and capital budgets that projects revenues, expenses, debt service payments and capital expenditures for at least the next five years. The long-term projection is used to plan for the sequencing of large capital projects and to forecast the need for toll increases or debt issuances.

Awards
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Ohio Turnpike and Infrastructure Commission for its *Comprehensive Annual Financial Report for the year ended December 31, 2016*. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. The Commission was the first Turnpike to be awarded this honor in 1985. Since then, the Commission has received this award for every year with the exceptions of 1989 and 1990, when no applications were submitted. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments
Preparation of this report could not have been accomplished without the dedicated services of the staff of the CFO/Comptroller's Office, the Director of Audit and Internal Control, the Office of Marketing and Communications, and the various department heads and employees who assisted with and contributed to its preparation.

Respectfully submitted,

Martin S. Seekely
CFO/Comptroller

MSS/cmz

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ohio Turnpike and Infrastructure Commission

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

History and General Information

DRIVEN TO SUCCEED

ORGANIZATION AND BACKGROUND

The Ohio Turnpike and Infrastructure Commission ("Commission") is a body corporate and politic in the State of Ohio created by the Ohio Turnpike Act (Chapter 5537, Ohio Revised Code) adopted by the 98th Ohio General Assembly, effective September 1, 1949. The Commission is authorized and empowered to construct, maintain, repair, and operate the Turnpike system at such locations as shall be approved by the Governor of the State of Ohio and in accordance with such alignment and design standards as are approved by the Director of the Ohio Department of Transportation ("ODOT"). The Commission is also authorized and empowered to issue Turnpike Revenue Bonds of the State of Ohio, payable solely from Turnpike revenues. Under provisions of the Act, Turnpike Revenue Bonds shall not be deemed to constitute a debt or a pledge of faith and credit of the State or any political subdivision thereof.

In December of 1990, Substitute Senate Bill 7 was passed by the 118th Ohio General Assembly. This legislation became effective April 12, 1991, as revised Chapter 5537 of the Ohio Revised Code. Among its provisions, the legislation clarified and modernized the original 1949 Ohio Turnpike Act, provided additional authority to the Commission, and expanded the Commission by adding two non-voting members, one a member of the Ohio Senate and one a member of the Ohio House of Representatives. The legislation also created a Turnpike Oversight Committee (subsequently eliminated, then recreated through legislation) and, most significantly, permitted the existing Ohio Turnpike to remain a toll road after all outstanding bonds were paid.

On May 18, 1992, a Tripartite Agreement that had been entered into in 1964 among the Commission, ODOT and the Federal Highway Administration was modified as a result of the provisions of the Intermodal Surface Transportation Efficiency Act ("ISTEA") of 1991. The modified agreement canceled the requirement that the Ohio Turnpike become free to the public upon redemption of the bonds outstanding (which were redeemed on June 1, 1992) and permitted tolls to continue without repayment of certain federal financial assistance previously received by ODOT for Interstate Highway approaches to the Turnpike.

Effective July 1, 1993, amendments to Chapter 5537 of the Ohio Revised Code were made by the Ohio General Assembly through provisions contained in Amended Substitute House Bill 154. Prior to these amendments, the Turnpike had been a project-by-project operation with each project being separate and was converted to a system of projects with revenue from one project capable of being used to support other projects within the system.

Amended Substitute House Bill 335 went into effect on October 17, 1996. Among other things, the bill recreated the Turnpike Oversight Committee; required the Commission to hold public hearings before it votes to change tolls on a toll project or take any action that will increase its sphere of responsibility beyond the Ohio Turnpike; and prohibited the Commission from expending any toll revenues generated by a Turnpike project to pay any part of the cost of unrelated projects.

Amendments to House Bill 699 (effective March 28, 2007) renamed the Turnpike Legislative Review Committee; requires the Commission to notify the Governor and legislative leaders prior to any toll change; and allows the appropriate chairs of Finance and Transportation Committees to request the Commission to appear and review past budget results and to present its proposed budget. Additional amendments require the Commission to seek approval of the Office of Budget and Management ("OBM") prior to any debt issuance, or any changes to the Master Trust Agreement. The amendments also require the Commission to submit its annual budget to OBM for review only at least 30 days before adoption. Finally, the legislation added the Director of Development and the Director of OBM as ex-officio, non-voting members of the Commission.

Amended Substitute House Bill 51 went into effect on July 1, 2013. Among other things, the bill renamed the Commission throughout the Turnpike Act and everywhere else in the Ohio Revised Code as the "Ohio Turnpike and Infrastructure Commission"; modified governance of the Commission to include two new members for a total of seven voting members; eliminated the Director of Development as a member; changed the terms of future members to five years; allowed the Commission to issue bonds for the purpose of funding infrastructure projects as defined under the statute; established rule-making authority for the Commission concerning how application is to be made for infrastructure funding by the Director of Transportation based on approved Transportation Review Advisory Council projects; and established how toll and other revenues will be pledged to pay maintenance and operating expenses and debt service on both infrastructure projects and Turnpike projects.








THE COMMISSION

The Commission consists of ten members when at full strength, six of whom are appointed by the Governor with the advice and consent of the Senate, no more than three of whom are members of the same political party. Appointed members' terms were for eight years until June 30, 2013; effective July 1, 2013 newly appointed members' terms are for five years. The seventh member is the Director of ODOT, who is a member ex-officio. The three remaining members, a state senator, a state representative and the Director of OBM have non-voting status. The two legislative members are named, respectively, by the President of the Senate and the Speaker of the House of Representatives. The Turnpike's operations are further monitored by a six member Turnpike Legislative Review Committee.

HISTORY

The first completed section of the Ohio Turnpike, 22 miles from the Pennsylvania Turnpike at the Ohio-Pennsylvania border to an interchange at Mahoning County Road 18, nine miles west of the city of Youngstown, was opened for traffic on December 1, 1954. This Eastgate section had been rushed to completion to relieve congestion of traffic moving to and from the Pennsylvania Turnpike over state and other highways. The remaining 219 miles of the Turnpike were opened on October 1, 1955. As traffic flowed through the 17 interchanges and terminals, all service and operating functions were activated - restaurants and service stations, disabled vehicle service, maintenance buildings, the Ohio State Highway Patrol ("OSHP"), and the Turnpike radio communications system.

For the most part, the Turnpike has experienced a relatively steady increase in traffic volume and revenues. In 1956, the first calendar year of full operation, 8.5 million automobiles and 1.5 million trucks used the Turnpike. In 2017, the total annual traffic consisted of 43.6 million automobiles and 11.6 million trucks. Annual revenues from tolls, restaurant and service station concessionaire rentals and other sources rose from $15,351,000 in 1956 to $329,587,000 in 2017.

The Ohio Turnpike links the East and Midwest by virtue of its strategic position along the system that directly connects toll roads between Boston, New York City and Chicago, consisting of the Massachusetts Turnpike, New York Thruway, New Jersey Turnpike, Pennsylvania Turnpike, Ohio Turnpike, Indiana Toll Road and Chicago Skyway.

Although commonly known and referred to as the Ohio Turnpike, the toll road's official name is The James W. Shocknessy Ohio Turnpike in honor of the man who was a member and Chairman of the Ohio Turnpike and Infrastructure Commission from its inception in 1949 until his death in 1976.

The beginning of the National System of Interstate and Defense Highways early in 1956 resulted in the Commission scrapping plans to build several other toll roads in Ohio (but some of this planning was used in launching Ohio's interstate system). Thus, the Ohio Turnpike, which carries the designation of Project No. 1, is the one and only Turnpike project completed, operated and maintained by the Commission.

Even though the Commission receives no federal funding, all of the 241.26 mile Turnpike has been incorporated by the Federal Highway Administration into the Interstate Highway System. The Turnpike is designated Interstate Route 80/90 between the Ohio-Indiana line and the Lorain County West Interchange 142, Interstate Route 80 between the Lorain County West Interchange 142 and the Niles-Youngstown Interchange 218, and Interstate Route 76 between the Niles-Youngstown Interchange 218 and the Ohio-Pennsylvania line.

ACCESS

The Turnpike is linked directly with Interstate Route 75, Interstate Route 280, Interstate Route 480, Interstate Route 71, Interstate Route 77 and Interstate Route 680. There are 31 interchanges on the Ohio Turnpike, 26 of which are accesses to and from U.S., Ohio and Interstate routes and two of which are terminals connecting, respectively, with the Pennsylvania Turnpike in the east and the Indiana Toll Road in the west. The remaining three interchanges connect with county or local roads.

TOLLS

Prior to October 1, 2009, toll charges for all vehicles were determined by gross-weight and distance traveled on the Turnpike. All vehicles were weighed while in motion upon entering the Turnpike on scales located at the entrance lanes of each toll plaza. Passenger cars weighing less than 7,000 pounds fell within Class 1 and all other vehicles fell within Classes 2-9, based on their gross weight. (Classes 10 and 11 applied to triple-trailer combinations and long combination vehicles.)

On October 1, 2009, the Ohio Turnpike and Infrastructure Commission implemented a new toll collection system, including electronic tolling collection technology (*E-ZPass®*). At that same time, the toll rate schedule and vehicle classification system were also revised. Vehicles traveling the Ohio Turnpike are now classified based on seven vehicle classifications, which was a reduction from the eleven classifications used previously. Vehicles are now classified based on the number of axles and height of the vehicle over the first two axles. The vehicle classification along with distance traveled still determines the appropriate toll; however, toll rates were adjusted to coincide with the compression of the vehicle classifications, along with the addition of *E-ZPass*. Toll rates for customers using an *E-ZPass* compatible transponder pay a lower toll for travel on the Ohio Turnpike than cash-paying customers. The Commission ended its previous charge account programs so that customers could take advantage of the same electronic tolling technology with *E-ZPass*.

NEW TOLL COLLECTION SYSTEM

The current Toll Collection System (TCS), installed in 2009, is approaching the end of its useful life. Original parts are no longer manufactured and replacement inventories for installed components are becoming scarce. While the TCS continues to perform as designed, equipment failures will lead to lost revenue and will negatively affect the Commission's toll collection operation.

In December of 2017, the Commission adopted a resolution approving a plan to modernize the Ohio Turnpike by replacing the TCS and customer service center software with new state of the art technology and contracting for unpaid toll processing services to enforce the collection of unpaid tolls. The plan is to complete the toll system modernization in late 2021 with full operation in 2022.

The TCS modernization consists of the following elements: (1) implement highway speed *E-ZPass* lanes at the Eastgate and Westgate mainline toll plazas and convert them to barrier plazas where flat tolls are assessed for each vehicle class regardless of distance traveled; (2) convert Eastgate toll collection to one-way only in the westbound direction (into Ohio and opposite to the Pennsylvania Turnpike's Gateway Plaza which is tolled one-way eastbound into Pennsylvania); (3) construct two new mainline toll plazas with highway speed *E-ZPass* lanes at mile post 49 and mile post 211 to become the new ends of a closed ticket system where all movements within mile post 49 and mile post 211 are tolled by vehicle class and distance travelled between entry and exit tolling points; (4) remove nine selected Toll Plazas but maintain interchange access to the Ohio Turnpike (toll plazas 13, 25, 34, 39, 215, 216, 218, 232, 234); (5) remove all entry toll lane gates as well as exit gates in low speed *E-ZPass* Only lanes within the ticket system; (6) install new license plate image capture cameras in all gateless *E-ZPass* exit lanes; and (7) retain toll lane gates in non-*E-ZPass* exit lanes.

PHYSICAL CHARACTERISTICS

The Ohio Turnpike mainline consists basically of two or three eastbound and westbound travel lanes of reinforced portland cement concrete, all of which has been resurfaced with asphaltic concrete, each flanked by paved shoulders 8 feet wide on the inside and 10 feet, 3 inches wide on the outside of the mainline roadway. The shoulders are hard surfaced with asphaltic concrete. The mainline roadways are separated by a center strip with a standard width between roadway lanes of 56 feet, consisting of 40 feet of grass median and the inside shoulders. The construction of the third lane eliminated the 56 foot center strip, replacing it with two 12 foot traffic lanes, two 14 foot 3 inch wide paved shoulders and a 50 inch high concrete barrier. The third lane section between Interchange 59 and Interchange 218 consists primarily of full depth asphalt. Ascending grades are kept to a maximum of 2.00 percent and descending grades to a maximum of 3.14 percent. Horizontal and vertical curves are of sufficient radius to provide the best sight distance, as well as ease of travel.

All of the roads and railroads intersected by the Turnpike cross under or over the Turnpike's roadways by means of bridges. There are no crossings at grade. To preserve the minimum separation between roadways in the two-lane sections, twin bridges carry the roadways whenever the Turnpike crosses over other highways, railroads or rivers.

SERVICE PLAZAS

The Commission currently operates 14 service plazas on the Turnpike to meet the needs of the traveling public. The Commission has contracted with several private companies to operate restaurants and service stations at each of the seven pairs of service plazas, which are approximately 30 miles apart. The farthest distance between pairs of service plazas is 56.1 miles. Restaurants and service stations are located at all service plazas, which are open 24 hours each day throughout the year. The service stations at the service plazas have gasoline, diesel fuel and assorted automotive accessories for sale. The restaurants at the service stations offer travelers a variety of food and beverage choices. Prices for food, fuel and other items sold at the service plazas are competitive with those charged at similar, off-Turnpike establishments in the same general vicinities. Additionally, Turnpike maps, motel-hotel lists, traffic updates and other touring aids are available at the service plazas for travelers.

TURNPIKE MAINTENANCE

Providing Turnpike customers with a well-maintained highway is a task performed by the Commission's Maintenance Department. Personnel are assigned to the eight maintenance buildings, spaced at approximately 30-mile intervals along the Turnpike. Maintenance workers are responsible for keeping the Turnpike facilities operational and the roadway and pavement in a comfortable-riding, clean and safe condition by performing routine roadway maintenance, patching, joint repair, guardrail repair, lighting maintenance, fabricating and installing roadway signage, mowing, landscaping, applying herbicides and snow and ice removal. Mechanics are employed to maintain the Commission's service vehicles and equipment for such tasks. Weather monitoring stations along the road utilize embedded sensors in certain mainline bridges to provide advance notice of the need to initiate snow and ice operations. The Maintenance Department is also responsible for administering compliance with environmental and other state regulations relative to water systems, wastewater treatment plants, sanitary sewer pumping stations and underground storage tanks.

OHIO STATE HIGHWAY PATROL (OSHP)

A special unit of the OSHP polices the Turnpike. The OSHP operates patrol cars and airplanes to enforce the Commission's traffic regulations, as well as to perform service to ill, stranded or otherwise distressed travelers. Under a contract between the Commission and the OSHP, the Commission utilizes toll revenue to reimburse the patrol for all costs of operating on the Turnpike.

As part of its continued commitment to safety, the Commission has funded the implementation of Multi-Agency Radio Communications System ("MARCS") for OSHP on the Turnpike. This system enables OSHP troopers and law enforcement personnel serving communities adjacent to the Turnpike to effectively communicate with each other, thus providing an additional level of safety and support for both Turnpike motorists and for communities near the Turnpike corridor.

RADIO COMMUNICATIONS SYSTEMS

In the interest of improved efficiency and effectiveness, the Commission has also migrated to the Ohio MARCS 800 MHz two-way radio communication system for Turnpike operations. MARCS is of particular value to Turnpike customers as it provides greater interoperability between Turnpike personnel and emergency services providers such as OSHP, EMS, EMS life flight, fire departments and contracted disable vehicle services when responding to vehicle accidents or incidents along the Turnpike corridor.

DISABLED VEHICLE SERVICE

Disabled vehicle services are available to assist temporarily stranded drivers in getting vehicles started again. On-the-spot service includes changing tires, supplying emergency gasoline, replacing broken fan belts and other minor repairs. Towing service is also available for the removal of vehicles requiring garage work off the Turnpike.

Ohio Turnpike and Infrastructure Commission

2017 Comprehensive Annual Financial Report

FINANCIAL SECTION

FINANCIAL ADMINISTRATION

Martin Seekely
Deputy Executive Director-CFO/Comptroller

David Miller
Director of Audit and Internal Control

Lisa Mejac
Assistant Comptroller

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Independent Auditor's Report

To the Commission Members
Ohio Turnpike and Infrastructure Commission

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Ohio Turnpike and Infrastructure Commission (the "Commission"), a component unit of the State of Ohio, as of and for the years ended December 31, 2017 and 2016 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Turnpike and Infrastructure Commission as of December 31, 2017 and 2016 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the 2016 financial statements have been restated. The restatement decreased noncurrent assets and increased unrestricted current assets on the statement of net position by $42,562,000. Total restricted net position decreased and unrestricted net position increased by the same amount. Our opinion is not modified with respect to this matter.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Commission Members
Ohio Turnpike and Infrastructure Commission

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of net pension liability, and the schedule of employer contributions 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, which 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 collectively comprise the Commission's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018 on our consideration of the Ohio Turnpike and Infrastructure Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Ohio Turnpike and Infrastructure Commission's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 26, 2018

Management's Discussion and Analysis

This section of the annual financial report presents the Commission's unaudited discussion and analysis of its financial position and the results of operations for the year ended December 31, 2017 and 2016. Please read it in conjunction with the Chairman's Letter, Executive Director's Year in Review, Letter of Transmittal, and History and General Information at the front of this report, and the Commission's financial statements and notes, which follow this section.

Financial Highlights

2017

- The total number of vehicles that traveled the Ohio Turnpike in 2017 increased 0.6 percent and vehicle miles traveled increased less than 0.1 percent from the levels reached in 2016. The slight increase in vehicle miles traveled along with a 2.7 percent toll rate increase implemented on January 1, 2017 resulted in an increase in toll revenue of approximately $7.4 million or 2.6 percent.
- Operating expenses increased by $15.1 million or 7.8 percent from 2016. Excluding non-cash GASB 68 pension expense, operating expenses increased by $5.2 million or 2.8 percent from 2016.
- The Commission incurred $106.4 million in Infrastructure Project reimbursement expenses in 2017 for previously approved Infrastructure Project costs that were expended by the Ohio Department of Transportation ("ODOT").
- In 2017, the Commission made capital improvements totaling approximately $97.7 million.

2016

- The total number of vehicles that traveled the Ohio Turnpike in 2016 increased 2.8 percent and vehicle miles traveled increased 1.2 percent from the levels reached in 2015. The increase in vehicle miles traveled along with a 2.7 percent toll rate increase implemented on January 1, 2016 resulted in an increase in toll revenue of approximately $8.3 million or 2.9 percent.
- Operating expenses increased by $12.1 million or 6.7 percent from 2015.
- The Commission incurred $279.4 million in Infrastructure Project reimbursement expenses in 2016 for previously approved Infrastructure Project costs that were expended by the Ohio Department of Transportation ("ODOT").
- In 2016, the Commission made capital improvements totaling approximately $126.0 million.

Condensed Statement of Net Position Information (Dollars in Thousands)

	12/31/17	12/31/16	12/31/15
Assets and Deferred Outflows of Resources			
Cash and Investments	$ 439,493	$ 536,837	$ 823,005
Other Noncapital Assets	25,260	25,724	27,496
Capital Assets, Net	1,479,446	1,461,604	1,407,745
Total Assets	1,944,199	2,024,165	2,258,246
Deferred Outflows of Resources	53,540	42,584	26,467
Total Assets and Deferred Outflows of Resources	$ 1,997,739	$ 2,066,749	$ 2,284,713
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities	$ 111,569	$ 122,762	$ 116,473
Long-Term Liabilities	1,673,089	1,663,121	1,658,027
Total Liabilities	1,784,658	1,785,883	1,774,500
Deferred Inflows of Resources	896	1,885	888
Total Liabilities and Deferred Inflows of Resources	1,785,554	1,787,768	1,775,388
Net Position			
Net Investment in Capital Assets	981,297	930,174	844,818
Restricted	172,358	170,287	169,117
Unrestricted	(941,470)	(821,480)	(504,610)
Total Net Position	212,185	278,981	509,325
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,997,739	$ 2,066,749	$ 2,284,713

Assets

The condensed statements of net position information on the previous page show that cash and investments decreased by $97.3 million in 2017. This decrease was primarily the result of $106.4 million in payments to ODOT for reimbursement of funds spent on Infrastructure Projects. See Note 10 of the financial statements for more detailed information on Infrastructure Project payments. The $0.4 million decrease in other noncapital assets was due to a $1.2 million increase in receivables, a $1.3 million decrease in inventories, and a $0.3 million decrease in prepaid expenses. The increase in accounts receivable was primarily due to an increase in tolls receivable due to an increase in *E-ZPass®* use. Inventories of ice melting materials decreased due to a decrease in the cost of salt from high prices in 2015 and the beginning of 2016 which were due to the unusually severe winter weather in 2014.

Cash and investments decreased by $286.2 million in 2016. This decrease was primarily the result of $283.1 million in payments to ODOT for reimbursement of funds spent on Infrastructure Projects. The $1.8 million decrease in other noncapital assets was due to a $0.7 million decrease in receivables and a $1.1 million decrease in inventories. The decrease in accounts receivable was primarily due to the payment of a related party receivable from ODOT. Inventories of ice melting materials decreased due to a decrease in the cost of salt from high prices in 2015 which were due to the unusually severe winter weather in 2014.

Capital assets increased by $17.8 million in 2017 as the result of capital improvements of approximately $97.7 million, property disposals of $3.7 million and depreciation expense of $76.1 million. The 2017 capital improvements were primarily for the resurfacing of 102.9 lane miles of roadway, the full depth replacement of 31.8 lane miles and the rehabilitation of 16 bridges. Capital assets increased by $53.9 million in 2016 as the result of capital improvements of approximately $126.0 million and depreciation expense of $71.7 million. The 2016 capital improvements were primarily for the resurfacing of 98.4 lane miles of roadway, the full depth replacement of 41.1 lane miles and the rehabilitation of 31 bridges. See Note 4 of the financial statements for more detailed information on the Commission's capital assets.

Deferred outflows of resources increased by $10.0 million in 2017 as a result of a $1.1 million increase in unamortized refunding gains / losses and a $9.9 million increase in deferred pension outflows of resources. The increase in the unamortized refunding gains / losses is due to the 2017 advance refunding of certain 2009 Series A and 2010 Series A Turnpike revenue bonds.

Liabilities

Current liabilities decreased by $11.2 million in 2017 primarily as a result of a $13.8 million decrease in infrastructure funds payable to ODOT and a $1.4 million decrease in contractor retainage payable. These increases were partially offset by a $1.4 million increase in unearned revenue, a $0.9 million increase in accounts payable, a $0.6 million increase in bond interest and principal payable, and a $0.4 million increase in amounts payable to other toll agencies. Current liabilities increased by $6.3 million in 2016 primarily as a result of a $4.2 million increase in contracts payable, a $2.4 million increase in unearned revenue, a $0.9 million increase in bond interest and principal payable, and a $0.8 million increase in amounts payable to other toll agencies. These increases were partially offset by a $3.7 million decrease in infrastructure funds payable to ODOT.

An increase in long-term liabilities of $10.0 million in 2017 was primarily the result of a $23.7 million increase in net pension liability, an increase in principal on capital appreciation bonds of $21.1 million, and an increase of $11.9 million in unamortized bond premiums offset by principal payments on outstanding bonds of $32.5 million and a decrease in bond principal of $12.0 million due to the advance refunding of certain 2009 Series A and 2010 Series A Turnpike revenue bonds. See Note 6, Long-term Obligations, for more information on the advance refunding. An increase in long-term liabilities of $5.1 million in 2016 was primarily the result of a $19.9 million increase in net pension liability and an increase in principal on capital appreciation bonds of $19.9 million offset by principal payments on outstanding bonds of $31.0 million and a reduction of $2.8 million in unamortized bond premiums. See Note 6 of the financial statements for more detailed information on long-term debt activity.

As described in Note 7 of the financial statements, the Commission has commitments for capital projects and major repairs and replacements of $17.5 million as of December 31, 2017. It is anticipated that these commitments will be financed from the Commission's cash balances. However, at the discretion of the Commission, additional bonds may be issued in the future to finance a portion of these costs.

The Ohio Turnpike and Infrastructure Commission's credit rating is among the highest of all the toll roads in the world. The agency ratings as of December 31, 2017 are as follows:

Agency	Senior Lien Bond Rating	Junior Lien Bond Rating
Standard & Poor's	AA-	A+
Fitch Ratings	AA	A+
Moody's Investors Service	Aa3	A1

On January 19, 2018, Moody's Investors Service changed its rating on the senior lien bonds from Aa3 to Aa2 and changed its rating on the junior lien bonds from A1 to Aa3.

Net Position

Net investment in capital assets increased by $51.1 million during 2017 as a result of $32.5 million of bond principal payments combined with the $17.8 million increase in capital assets. The restricted net position of $172.4 million is restricted for debt service in accordance with provisions of the Commission's Master Trust Agreement. The $2.1 million increase in restricted net position during 2017 is the result of an additional $2.1 million restricted for debt service. The $120.0 million decrease in unrestricted net position is due to a $66.8 million decrease in net position as a result of 2017 expenses that exceeded revenues combined with the transfer of unrestricted net position to net position in capital assets and restricted net position. Expenses exceeded revenues in 2017, primarily due to the $106.4 million in expense incurred for Ohio Department of Transportation projects. See Note 10 for a description of State Infrastructure Payments. It is anticipated that expenses will continue to exceed revenues for the next few years as the Commission funds the remaining state infrastructure projects.

Net investment in capital assets increased by $85.4 million during 2016 as a result of $31.0 million of bond principal payments combined with the $53.9 million increase in capital assets. The restricted net position of $170.3 million is restricted for debt service in accordance with provisions of the Commission's Master Trust Agreement. The $316.9 million decrease in unrestricted net position is primarily due to a $230.3 million decrease in net position as a result of 2016 expenses that exceeded revenues. Expenses exceeded revenues in 2016, primarily due to the $279.4 million in expense incurred for Ohio Department of Transportation projects.

Changes in Net Position Information (Dollars in Thousands)

	Years Ended		
	12/31/17	12/31/16	12/31/15
Revenues:			
Operating Revenues:			
Tolls	$ 295,799	$ 288,439	$ 280,187
Special Toll Permits	3,423	3,427	3,413
Concessions	17,104	16,325	16,120
Other	5,581	4,976	4,248
Nonoperating Revenues:			
State Fuel Tax Allocation	3,023	2,834	2,751
Investment Earnings	4,657	4,617	5,456
Total Revenues	329,587	320,618	312,175
Expenses:			
Operating Expenses:			
Administration and Insurance	12,596	11,484	10,178
Maintenance of Roadway and Structures	43,872	39,596	35,562
Services and Toll Operations	61,433	55,383	51,513
Traffic Control, Safety, Patrol, and Communications	13,718	14,487	13,885
Depreciation	76,095	71,663	69,364
Nonoperating Expenses:			
Payments to the Ohio Department of Transportation	106,408	279,368	306,265
Interest Expense	78,848	79,108	80,579
Loss (Gain) on Disposals / Write-Offs of Capital Assets	3,413	(127)	(312)
Total Expenses	396,383	550,962	567,034
Change in Net Position	(66,796)	(230,344)	(254,859)
Net Position - Beginning of Year	278,981	509,325	805,092
Cumulative effect of change in accounting principle	–	–	(40,908)
Net position at beginning of year, as restated	278,981	509,325	764,184
Net Position - End of Year	$ 212,185	$ 278,981	$ 509,325

Toll revenues are the major source of funding for the Ohio Turnpike and Infrastructure Commission. Passenger car traffic volume increased by 0.3 percent and commercial traffic volume increased by 1.7 percent during 2017. Passenger car traffic volume increased by 3.2 percent and commercial traffic volume increased by 1.2 percent during 2016.

Traffic Volume (vehicles in thousands):	2017	2016	2015
Passenger Cars	43,598	43,472	42,110
Commercial Vehicles	11,615	11,425	11,284
Total	55,213	54,897	53,394

The number of miles traveled by passenger cars decreased by 0.6 percent while the miles traveled by commercial vehicles increased by 1.3 percent during 2017. Toll rates were increased for all classes of vehicles by 2.7 percent on January 1, 2017. The toll rate increase was partially offset by the decrease in passenger car vehicle miles traveled and the effect of increased *E-ZPass* use, which resulted in an increase in toll revenue from passenger cars of approximately $1.5 million or 1.2 percent. Revenues from commercial vehicles increased $5.9 million or 3.6 percent in 2017 as a result of the toll rate increase and the increase in commercial vehicle miles traveled.

The number of miles traveled by passenger cars increased by 1.6 percent while the miles traveled by commercial vehicles increased by 0.5 percent during 2016. Toll rates were increased for all classes of vehicles by 2.7 percent on January 1, 2016. The toll rate increase and the increase in passenger car vehicle miles traveled was partially offset by the effect of increased *E-ZPass* use, which resulted in an increase in toll revenue from passenger cars of approximately $3.9 million or 3.2 percent. Revenues from commercial vehicles increased $4.4 million or 2.8 percent in 2016 as a result of the toll rate increase and the increase in commercial vehicle miles traveled.

Toll Revenues (dollars in thousands):	2017	2016	2015
Passenger Cars	$ 127,537	$ 126,063	$ 122,183
Commercial Vehicles	168,262	162,376	158,004
Total	$ 295,799	$ 288,439	$ 280,187

Total expenses decreased by $154.6 million or 28.1 percent in 2017 compared to the prior year. Fringe benefit expenses, which are allocated to each area based on wages, increased $10.9 million from 2016 due primarily to a $9.9 million increase in pension expenses and a $0.7 million increase in employee health benefit costs. See Note 8, Pension Plan, for more information on pension costs. The 9.7 percent increase in Administration and Insurance expense was primarily due to the increase in fringe benefit costs. The 10.8 percent increase in Maintenance of Roadway and Structures expense is the result of higher fringe benefit costs partially offset by lower contamination remediation costs and lower salt costs due to a decrease in the price of salt from the high levels in 2015. The 10.9 percent increase in Services and Toll Operations expense is due primarily to the increase in fringe benefit costs, higher wage rates and higher credit card fees. The Commission made $106.4 million in payments to ODOT in 2017 to pay for Infrastructure Projects, a decrease of $173.0 million from 2016. See Note 10, Payments for State Infrastructure Projects, for more information on these payments. Interest expense decreased $0.3 million in 2017 primarily due lower interest expense due to a reduction in outstanding debt from 2016 partially offset by a decrease in capitalized interest on construction projects.

Total expenses decreased by $16.1 million or 2.8 percent in 2016 compared to the prior year. Fringe benefit expenses, which are allocated to each area based on wages, increased $6.6 million from 2015 due primarily to a $4.1 million increase in pension expenses and a $2.0 million increase in employee health benefit costs. See Note 8, Pension Plan, for more information on pension costs. The 12.8 percent increase in Administration and Insurance expense was primarily due to the increase in fringe benefit costs. The 11.3 percent increase in Maintenance of Roadway and Structures expense is the result of higher fringe benefit costs, higher contamination remediation costs and higher salt costs due to an increase in the price of salt. The 7.5 percent increase in Services and Toll Operations expense is due primarily to the increase in fringe benefit costs and higher credit card fees. The Commission made $279.4 million in payments to ODOT in 2016 to pay for Infrastructure Projects. Interest expense decreased $1.5 million in 2016 primarily due to an increase in capitalized interest on construction projects.

Statements of Net Position (In Thousands)

	12/31/17	12/31/16
Assets and Deferred Outflows of Resources		
Current Assets:		
Unrestricted Current Assets:		
Cash and Cash Equivalents	$ 103,631	$ 59,876
Investments, at Fair Value	89,308	109,006
Accounts Receivable	18,547	17,270
Inventories	4,428	5,771
Other	1,628	1,954
Total Unrestricted Current Assets	217,542	193,877
Restricted Current Assets:		
Cash and Cash Equivalents	12,276	13,343
Investments, at Fair Value	57,023	70,477
Other	453	551
Total Restricted Current Assets	69,752	84,371
Total Current Assets	287,294	278,248
Noncurrent Assets:		
Restricted Investments, at Fair Value	177,255	284,135
Net Pension Asset	204	178
Capital Assets, Net	1,479,446	1,461,604
Total Noncurrent Assets	1,656,905	1,745,917
Total Assets	1,944,199	2,024,165
Deferred Outflows of Resources	53,540	42,584
Total Assets and Deferred Outflows of Resources	$ 1,997,739	$ 2,066,749
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities:		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	$ 14,772	$ 13,848
Accrued Wages and Benefits	3,858	3,562
Compensated Absences	4,896	4,723
Claims and Judgments	1,569	1,323
Contamination Remediation Costs Payable	783	895
Other Liabilities	12,783	11,361
Toll Agency Payable	4,557	4,137
Total Current Liabilities Payable from Unrestricted Assets	43,218	39,849
Current Liabilities Payable from Restricted Assets:		
Contract Retainage Payable	3,021	4,377
Infrastructure Funds Payable to Ohio Department of Transportation	8,354	22,195
Interest Payable	22,201	23,821
Bonds Payable	34,775	32,520
Total Current Liabilities Payable from Restricted Assets	68,351	82,913
Total Current Liabilities	111,569	122,762
Noncurrent Liabilities:		
Net Pension Liability	91,648	67,956
Compensated Absences	5,668	5,701
Claims and Judgments	672	475
Contamination Remediation Costs Payable	442	500
Bonds Payable	1,574,659	1,588,489
Total Noncurrent Liabilities	1,673,089	1,663,121
Total Liabilities	1,784,658	1,785,883
Deferred Inflows of Resources	896	1,885
Total Liabilities and Deferred Inflows of Resources	1,785,554	1,787,768
Net Position:		
Net Investment in Capital Assets	981,297	930,174
Restricted For Debt Service	172,358	170,287
Unrestricted	(941,470)	(821,480)
Total Net Position	212,185	278,981
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,997,739	$ 2,066,749

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

Statements of Revenues, Expenses and Changes in Net Position (In Thousands)

	For the Years Ended	
	12/31/17	12/31/16
OPERATING REVENUES:		
Pledged as Security for Revenue Bonds:		
Tolls	$ 295,799	$ 288,439
Special Toll Permits	3,423	3,427
Concessions	16,418	15,631
Leases and Licenses	1,169	1,154
Other Revenues	4,406	3,812
Unpledged Revenues:		
Concessions	686	694
Other Revenues	6	10
Total Operating Revenues	321,907	313,167
OPERATING EXPENSES:		
Administration and Insurance	12,596	11,484
Maintenance of Roadway and Structures	43,872	39,596
Services and Toll Operations	61,433	55,383
Traffic Control, Safety, Patrol, and Communications	13,718	14,487
Depreciation	76,095	71,663
Total Operating Expenses	207,714	192,613
Operating Income	114,193	120,554
NONOPERATING REVENUES / (EXPENSES):		
State Fuel Tax Allocation	3,023	2,834
Investment Earnings Pledged as Security for Revenue Bonds	3,100	2,056
Investment Earnings - Unpledged	1,557	2,561
(Loss) / Gain on Disposals of Capital Assets	(3,413)	127
Ohio Department of Transportation Infrastructure Project Expense	(106,408)	(279,368)
Interest Expense	(78,848)	(79,108)
Total Nonoperating Revenues / (Expenses)	(180,989)	(350,898)
Decrease in Net Position	(66,796)	(230,344)
Net Position -- Beginning of Year	278,981	509,325
Net Position -- End of Year	$ 212,185	$ 278,981

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

Statements of Cash Flows *(In Thousands)*

	For the Years Ended	
	12/31/17	12/31/16
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 315,221	$ 307,484
Cash Received from Other Operating Revenues	7,156	8,189
Cash Payments for Employee Salaries, Wages and Fringe Benefits	(75,871)	(74,502)
Cash Payments for Goods and Services	(39,521)	(39,160)
Net Cash Provided by Operating Activities	206,985	202,011
Cash Flows from Noncapital Financing Activities:		
Payments to the Ohio Department of Transportation	(120,249)	(283,107)
State Fuel Tax Allocation	3,023	2,794
Net Cash Used in Noncapital Financing Activities	(117,226)	(280,313)
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Sale of Assets	331	555
Proceeds from Sale of Bonds - Par Amount	114,670	-
Proceeds from Sale of Bonds - Premium / (Discount)	22,748	-
Acquisition and Construction of Capital Assets	(96,517)	(118,238)
Bond Issuance Costs	(626)	-
Bond Advanced Refunding - Amount Below / (Above) Par Paid	(10,648)	-
Bond Advanced Refunding - Par Amount Paid	(126,660)	-
Principal Paid on Bonds	(32,520)	(30,995)
Interest Paid on Bonds	(62,664)	(64,279)
Net Cash Used in Capital and Related Financing Activities	(191,886)	(212,957)
Cash Flows from Investing Activities:		
Interest Received on Investments	4,927	5,544
Proceeds from Sale and Maturity of Investments	287,370	800,714
Purchase of Investments	(147,482)	(644,656)
Net Cash Provided by Investing Activities	144,815	161,602
Net Increase / (Decrease) in Cash and Cash Equivalents	42,688	(129,657)
Cash and Cash Equivalents - Beginning of Year	73,219	202,876
Cash and Cash Equivalents - End of Year	$ 115,907	$ 73,219
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$ 114,193	$ 120,554
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	76,095	71,663
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable	(1,277)	227
Inventories	1,343	1,132
Other Assets	298	15
Net Pension Asset	(26)	(35)
Deferred Pension Outflows of Resources	(9,819)	(17,884)
Accounts Payable	924	396
Accrued Wages and Benefits	296	539
Net Pension Liability	23,692	19,905
Compensated Absences	140	339
Claims and Judgments	443	351
Contamination Remediation Costs Payable	(170)	680
Other Liabilities	1,842	3,132
Deferred Pension Inflows of Resources	(989)	997
Net Cash Provided by Operating Activities	$ 206,985	$ 202,011
Noncash Investing and Capital Activities:		
Decrease in Fair Value of Investments	$ (490)	$ (756)
Disposals / Write-Offs of Capital Assets	(3,744)	(428)
Increase in Capital Assets due to Capitalized Interest Costs	(2,521)	(3,466)
(Increase) / Decrease in Capital Assets due to Change in Contracts Payable	1,356	(4,247)
Gain from Capital Asset Trade-in	(3)	(5)
Amortization of Bond Premiums and Refunding Losses Classified as Interest Expense	1,387	1,017
Accretion in Capital Appreciation Bonds	21,085	19,879

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

Notes to Financial Statements

For the Years ended December 31, 2017 and 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the accompanying financial statements include only the accounts and transactions of the Ohio Turnpike and Infrastructure Commission ("Commission", "Ohio Turnpike" or "Turnpike"). Under the criteria specified in these GASB Statements, the Commission is considered a component unit of the State of Ohio because the Governor appoints the voting members of the Commission and the State is financially accountable for the Commission since the State has the potential to receive a financial benefit from the Commission. The Commission has no component units.

Basis of Accounting

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. The statements were prepared using the economic resources measurement focus and the accrual basis of accounting. All transactions are accounted for in a single proprietary (enterprise) fund.

New Accounting Pronouncements

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Commission has not determined the impact that this Statement will have on its financial statements or disclosures.

In March 2016, GASB issued Statement No. 82, *Pension Issues*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The implementation of this Statement had no impact on the Commission's financial statements or disclosures.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. The Commission has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. The Commission has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Commission has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Commission has not determined the impact, if any, that this Statement will have on its financial statements or disclosures. In June 2017, GASB issued Statement No. 87, *Leases*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. The Commission has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.

Net Position Classifications

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, require the classification of net position into the following three components:

- » Net Investment in Capital Assets – consisting of capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- » Restricted – consisting of net position, the use of which is limited by external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, constitutional provisions or enabling legislation.
- » Unrestricted – consisting of net position that does not meet the definition of "net investment in capital assets" or "restricted".

Cash Equivalents

Cash equivalents are defined as highly liquid investments, including overnight repurchase agreements, negotiated order of withdrawal accounts, money market funds and certificates of deposit maturing within 90 days of purchase. Commission investments in overnight repurchase agreements and money market mutual funds, which have remaining maturities of one year or less, are carried at amortized cost, which approximates fair value.

Investments

In the accompanying Statements of Net Position, investments are comprised of certificates of deposit maturing beyond 90 days of purchase, U.S. instrumentality securities and shares in the State Treasury Asset Reserve of Ohio ("STAR Ohio") investment pool. Commission investments in STAR Ohio are carried at amortized cost, which approximates fair value. All other Commission investments are recorded at fair value based on quoted market prices with all related investment income, including the change in the fair value of investments and realized gains and losses, reflected in the Commission's net income.

STAR Ohio is an investment pool created pursuant to Ohio statutes and is managed by the Treasurer of the State of Ohio. The Commission does not own identifiable securities of the pool; rather, it participates as a shareholder of the pool. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with the provisions of GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. The fair value of the Commission's position in the pool is the same as the value of the pool shares. For the years ended December 31, 2017 and 2016, there were no limitations on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Accounts Receivable

Accounts receivable consist of various tolls, charges and amounts due from individuals, commercial companies and other agencies and concession revenues receivable from operators of food and fuel concessions at the Commission's service plazas. Toll accounts receivable from *E-ZPass®* post-paid customers are guaranteed by a surety bond. Reserves for uncollectible accounts receivable are established based on specific identification and historical experience.

Inventories

Inventories consist of materials and supplies that are valued at cost (first-in, first-out). The cost of inventory items is recognized as an expense when used.

Property and Depreciation

Property, roadway, and equipment with an original cost of $1,000 or more are capitalized and reported at cost, net of accumulated depreciation. The costs of normal maintenance and repairs are charged to operations as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Description	Years
Buildings, roadway and structures	40
Bridge painting and guardrail	20
Roadway resurfacing	8-12
Building improvements	10
Machinery, equipment and vehicles	5-10

Depreciation expense is included in the Statements of Revenues, Expenses and Changes in Net Position.

Capitalization of Interest

Capitalized interest is included in the cost of constructed assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. The amount of interest capitalized is based on the cost of assets under construction and the interest cost of eligible borrowings, less investment earnings, if any, on the related bond proceeds. Interest of $2,521,000 and $3,466,000 was capitalized for the years ended December 31, 2017 and 2016, respectively.

Deferred Outflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission's deferred outflows of resources is related to the net pension liability and unamortized refunding gains/losses on debt. See Note 5 for more information.

Bond Issuance Costs, Discounts / Premiums, and Advance Debt Refundings

Bond issuance costs are expensed as incurred. Unamortized bond discounts and premiums are netted against long-term debt. Bond discounts and premiums are amortized to interest expense over the lives of the applicable bonds. Unamortized advance debt refunding losses are classified as deferred outflows of resources and are amortized to interest expense over the shorter of the life of the new debt or the defeased debt.

Compensated Absences

Vacation leave accumulates to all full-time employees of the Commission, ranging from 10 to 25 days per year, and any unused amounts are paid upon retirement or termination. The Commission records a liability for all vacation leave earned.

Sick leave accumulates to all full-time employees of the Commission, at the rate of 15 days per year with additional amounts for overtime worked. A portion of unused sick leave may be payable at the request of an employee or upon termination or retirement. The Commission uses the vesting method to calculate its liability for unused sick leave, to the extent that it is probable that benefits will be paid in cash.

Pensions

Net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System (OPERS) Pension Plan, and additions to/deductions from OPERS' fiduciary net position, have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full-accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Commission's deferred inflows of resources is related to the net pension liability. More detailed information can be found in Note 8.

Operating / Nonoperating Activities

Operating revenues and expenses, as reported on the Statements of Revenues, Expenses and Changes in Net Position, are those that result from exchange transactions such as payments received for providing services and payments made for goods and services received.

Tolls, the principal source of Commission operating revenues, are recognized as vehicles use the Turnpike. For toll calculation purposes, through September 30, 2009 vehicles were assigned to one of eleven weight-based classifications. Tolls were assessed based on the vehicle classification and the distance traveled. Effective October 1, 2009, the Commission implemented a new toll collection system that includes electronic toll collection in the form of *E-ZPass®*, which is interoperable among a network of 38 northeastern U.S. toll agencies. Concurrent with the implementation of the new toll collection system and *E-ZPass*, the Commission converted its weight-based vehicle classification system to a methodology that classifies

vehicles based upon the number of axles and the height over the first two axles. Axle-based toll rates were implemented along with *E-ZPass* on October 1, 2009. As an incentive to utilize electronic tolling, toll rates are lower for customers who use *E-ZPass* than for those who pay at the toll booths.

In addition to tolls, the other major source of operating revenue is concessions from the operation of the Commission's service plazas. Concession revenues arise from contracts entered into for the operation of the restaurants and service stations on the Turnpike. The operators pay fees based in part on percentages of gross sales (as defined in the respective contracts). As provided by Ohio law, the Commission also receives nonoperating revenue of five cents in Ohio fuel taxes for each gallon of fuel sold at the Commission's service plazas. The Commission's revenues are recognized when the operators make the sales. All other revenues are recognized when earned.

Operating expenses include the costs of operating and maintaining the Commission's roadway, bridges, toll plazas, service plazas and other facilities, as well as administrative expenses and depreciation on capital assets. The Commission's practice is to first apply restricted resources when expenditures are made for purposes for which both unrestricted and restricted resources are available.

Nonoperating revenue includes revenue from activities that have the characteristics of nonexchange transactions, such as the allocation of Ohio fuel tax revenues, investment earnings, payments to the Ohio Department of Transportation ("ODOT"), interest expense and gains/losses on disposals/write-offs of capital assets. The implication is that such activities are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

Reclassifications

Certain amounts from the prior year have been reclassified. On the statements of net position, $13,449,000 of noncurrent restricted cash and cash equivalents, $8,103,000 of current restricted cash and cash equivalents, $29,113,000 of noncurrent restricted investments, $484,000 of current restricted state fuel tax allocation receivable, and $73,000 of current restricted investment income receivable have been reclassified. Of these amounts, $21,552,000 has been reclassified to unrestricted cash and cash equivalents, $29,113,000 has been reclassified to unrestricted current investments, $484,000 has been reclassified to current accounts receivable and $73,000 has been reclassified to other current assets to more accurately reflect the nature of these amounts. Additionally, $8,823,000 of contracts payable has been reclassified from current liabilities payable from restricted assets to accounts payable under current liabilities payable from unrestricted assets and $42,565,000 of net position restricted for capital projects has been reclassified to unrestricted net position.

Use of Estimates

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

(2) DEPOSITS AND INVESTMENTS

Deposits

The Commission had $330,000 and $329,000 in undeposited cash on hand at December 31, 2017 and December 31, 2016, respectively. The carrying amount of the Commission's deposits as of December 31, 2017 was $1,586,000 as compared to bank balances of $3,220,000. The carrying amount of the Commission's deposits as of December 31, 2016 was $12,731,000 as compared to bank balances of $14,372,000. All of the bank balances were covered by federal depository insurance or collateralized with securities held in joint custody accounts in the name of the pledging financial institution at the Federal Reserve Bank of Boston, Massachusetts.

Investments

The Commission categorizes its fair value measurements at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2017 the Commission's investments had the following recurring fair value measurements (in thousands):

Investment Type	2017	Level 1	Level 2
Federal National Mortgage Association	$ 109,623	$ –	$ 109,623
Federal Farm Credit Bureau	78,741	–	78,741
Federal Home Loan Bank	39,701	–	39,701
Federal Home Loan Mortgage Corporation	9,752	–	9,752
United State Treasury Notes	7,393	–	7,393
Total Investments	$ 245,210	$ –	$ 245,210

As of December 31, 2016 the Commission's investments had the following recurring fair value measurements (in thousands):

Investment Type	2016	Level 1	Level 2
Federal National Mortgage Association	$ 109,641	$ –	$ 109,641
Federal Farm Credit Bureau	70,784	–	70,784
Federal Home Loan Mortgage Corporation	64,316	–	64,316
Federal Home Loan Bank	49,401	–	49,401
United State Treasury Notes	16,005	–	16,005
Total Investments	$ 310,147	$ –	$ 310,147

Investments in STAR Ohio of $78,376,000 in 2017 and $153,471,000 in 2016 are valued at amortized cost, which approximates fair value.

The U.S. Instrumentalities of $245,210,000 in 2017 and $310,147,000 in 2016 are valued using a matrix pricing model technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Federal Farm Credit Bureau securities totaling $46,488,000, Federal National Mortgage Association securities totaling $99,640,000, Federal Home Loan Mortgage Corporation securities totaling $1,129,000, and Federal Home Loan Bank securities totaling $17,941,000 with maturities between one and five years, are callable within one year from December 31, 2017. Federal Farm Credit Bureau securities totaling $70,784,000, Federal National Mortgage Association securities totaling $97,108,000, and Federal Home Loan Mortgage Corporation securities totaling $11,133,000 with maturities between one and five years, are callable within one year from December 31, 2016.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting exposure to fair value losses arising from rising interest rates, the Commission's Investment Policy provides that selection of investment maturities be consistent with projected cash requirements and the objective of avoiding the forced sale of securities prior to maturity. In addition, the Commission's Investment Policy and Ohio law prescribe that all Commission investments mature within five years of purchase, unless the investment is matched to a specific obligation or debt of the Commission.

As of December 31, 2017, the Commission's investment balances (in thousands) and maturities, excluding call provisions, were as follows:

		Maturities (in Years)	
Investment Type	Fair Value	Less than 1	1-5
Demand Deposit Accounts*	$ 112,746	$ 112,746	$ –
Federal National Mortgage Association	109,623	9,983	99,640
Federal Farm Credit Bureau	78,741	32,253	46,488
STAR Ohio*	78,376	78,376	–
Federal Home Loan Bank	39,701	21,760	17,941
Federal Home Loan Mortgage Corporation	9,752	8,623	1,129
United States Treasury Notes	7,393	7,393	–
Money Market Mutual Funds*	1,245	1,245	–
Total Investments	$ 437,577	$ 272,379	$ 165,198

** Valued at amortized cost*

As of December 31, 2016, the Commission's investment balances (in thousands) and maturities, excluding call provisions, were as follows:

		Maturities (in Years)	
Investment Type	Fair Value	Less than 1	1-5
STAR Ohio*	$ 153,471	$ 153,471	$ –
Federal National Mortgage Association	109,641	2,694	106,947
Federal Farm Credit Bureau	70,784	–	70,784
Federal Home Loan Mortgage Corporation	64,316	53,184	11,133
Collateralized Overnight Repurchase Agreements*	59,197	59,197	–
Federal Home Loan Bank	49,401	31,435	17,966
United States Treasury Notes	16,005	16,005	–
Money Market Mutual Funds*	952	952	–
Negotiable Order of Withdrawal Accounts*	10	10	–
Total Investments	$ 523,777	$ 316,947	$ 206,830

** Valued at amortized cost*

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission's Investment Policy authorizes investments in obligations of the U.S. Treasury, U.S. agencies and instrumentalities, certificates of deposit, STAR Ohio, money market mutual funds, repurchase agreements and General Obligations of the State of Ohio rated AA or higher by a rating service. As of the Statements of Net Position dates, STAR Ohio, as well as the money market mutual funds in which the Commission had investments, were rated AAAm by Standard & Poor's.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty to a transaction, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's Investment Policy requires that all deposits be secured by collateral held in safekeeping for the benefit of the Commission by a Federal Reserve Bank. The Commission's Investment Policy also requires that, excluding Debt Service Fund investments, all U.S. Treasury Obligations, U.S. Agency Obligations, U.S. Instrumentality Obligations, and General Obligations of the State of Ohio purchased by the Commission be held in third-party safekeeping for the benefit of the Commission at a bank or savings and loan association that is eligible to be a depository of public moneys under Section 135.04 of the Ohio Revised Code and that is also authorized under Ohio law to act as trustee for the safekeeping of securities.

As of the Statements of Net Position dates, all Commission deposits and investments in overnight repurchase agreements and negotiable order of withdrawal accounts were fully secured by collateral held in joint custody accounts in the name of the Ohio Turnpike and Infrastructure Commission and the pledging financial institution at the Federal Reserve Bank of Boston, Massachusetts. Excluding Debt Service Fund investments, all U.S. Instrumentality Obligations held by the Commission were held in safekeeping for the benefit of the Commission by the Trust Department at Fifth Third Bank, Cincinnati, Ohio as of December 31, 2017 and December 31, 2016. As of December 31, 2017 and December 31, 2016, Debt Service Fund investments in U.S. instrumentality securities with fair values totaling $186,392,000 and $186,279,000, respectively, were held by The Huntington National Bank ("Trustee") for the payment of interest and principal on the Commission's outstanding bonds as required by the Commission's Master Trust Agreement as amended and supplemented, see Note 6. Assets held by the Trustee as a custodial agent are considered legally separate from the other assets of The Huntington National Bank.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Commission's Investment Policy provides that 100 percent of its average monthly portfolio may be invested in U.S. Treasury Obligations, fixed-rate non-callable U.S. Agency or Instrumentality Obligations, or collateralized overnight repurchase agreements. The Investment Policy further provides that a maximum of 50 percent of its average monthly portfolio may be invested in callable U.S. Agency or Instrumentality Obligations, STAR Ohio or certificates of deposit. The Investment Policy also provides that a maximum of 25 percent of its average monthly portfolio may be invested in variable-rate U.S. Agency or Instrumentality Obligations, uncollateralized repurchase agreements, general obligations of the State of Ohio and money market mutual funds. As of December 31, 2017, more than five percent of the Commission's portfolio was invested in demand deposit accounts and STAR Ohio as well as each of the following U.S. instrumentalities: Federal National Mortgage Association, Federal Farm Credit Bureau, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, United States Treasury Notes. As of December 31, 2016, more than five percent of the Commission's portfolio was invested in collateralized overnight repurchase agreements and STAR Ohio as well as each of the following U.S. instrumentalities: Federal National Mortgage Association, Federal Farm Credit Bureau, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank.

(3) ACCOUNTS RECEIVABLE

The composition of unrestricted accounts receivable (in thousands) as of December 31, is summarized as follows:

	2017	2016
Tolls	$ 15,433	$ 14,547
Concessions	1,536	1,318
Fuel Tax Receivable	527	484
Other	1,599	1,013
Less: Allowance for Doubtful Accounts	(548)	(92)
Total Accounts Receivable	$ 18,547	$ 17,270

(4) CAPITAL ASSETS

Capital asset activity (in thousands) for the years ended December 31, 2017 and 2016 was as follows:

	Balance 12/31/16	Increases	Decreases	Balance 12/31/17
Capital Assets Not Being Depreciated:				
Land	$ 38,211	$ –	$ –	$ 38,211
Construction In Progress	18,161	92,328	(87,025)	23,464
Total Capital Assets Not Being Depreciated	56,372	92,328	(87,025)	61,675
Other Capital Assets:				
Roadway and Structures	1,898,768	81,299	(95,424)	1,884,643
Buildings and Improvements	512,137	5,096	(251)	516,982
Machinery and Equipment	88,921	5,986	(3,006)	91,901
Total Other Capital Assets at Historical Cost	2,499,826	92,381	(98,681)	2,493,526
Less Accumulated Depreciation for:				
Roadway and Structures	(838,529)	(52,249)	91,707	(799,071)
Buildings and Improvements	(190,893)	(15,750)	251	(206,392)
Machinery and Equipment	(65,172)	(8,096)	2,976	(70,292)
Total Accumulated Depreciation	(1,094,594)	(76,095)	94,934	(1,075,755)
Other Capital Assets, Net	1,405,232	16,286	(3,747)	1,417,771
Total Capital Assets, Net	$ 1,461,604	$ 108,614	$ (90,772)	$ 1,479,446

	Balance 12/31/15	Increases	Decreases	Balance 12/31/16
Capital Assets Not Being Depreciated:				
Land	$ 38,211	$ –	$ –	$ 38,211
Construction In Progress	24,578	120,196	(126,613)	18,161
Total Capital Assets Not Being Depreciated	62,789	120,196	(126,613)	56,372
Other Capital Assets:				
Roadway and Structures	1,788,975	117,582	(7,789)	1,898,768
Buildings and Improvements	503,493	9,031	(387)	512,137
Machinery and Equipment	88,478	5,760	(5,317)	88,921
Total Other Capital Assets at Historical Cost	2,380,946	132,373	(13,493)	2,499,826
Less Accumulated Depreciation for:				
Roadway and Structures	(797,029)	(49,000)	7,500	(838,529)
Buildings and Improvements	(176,244)	(15,008)	359	(190,893)
Machinery and Equipment	(62,717)	(7,655)	5,200	(65,172)
Total Accumulated Depreciation	(1,035,990)	(71,663)	13,059	(1,094,594)
Other Capital Assets, Net	1,344,956	60,710	(434)	1,405,232
Total Capital Assets, Net	$ 1,407,745	$ 180,906	$ (127,047)	$ 1,461,604

(5) DEFERRED OUTFLOWS OF RESOURCES

The composition of deferred outflows of resources (in thousands) as of December 31, is summarized as follows:

	2017	2016
Unamortized Refunding Gains/Losses	$ 17,186	$ 16,049
Deferred Pension Outflows of Resources	36,354	26,535
Total Deferred Outflows of Resources	$ 53,540	$ 42,584

(6) LONG-TERM OBLIGATIONS

In accordance with Ohio law and the Commission's Amended and Restated Master Trust Agreement ("Senior Lien Trust Agreement"), dated April 8, 2013, as amended by the Twenty-first Supplemental Trust Agreement, and the Junior Lien Master Trust Agreement ("Junior Lien Trust Agreement"), dated August 1, 2013, as amended by the first supplemental Junior Lien Trust Agreement (collectively, the "Trust Agreements") the Commission has issued revenue bonds payable solely from the Commission's System Pledged Revenues, as defined by the Trust Agreements. The bond proceeds have been used to either help fund the purchase or construction of capital assets, to refund other Turnpike revenue bonds or to fund infrastructure projects constructed by ODOT. Gross Pledged Revenues include tolls, special toll permits, certain realized investment earnings, appropriations from ODOT (if any), and revenue derived from leases, licenses, royalties, advertising, miscellaneous sales, fees, charges and certain concession revenues. The Commission's outstanding bonds do not constitute general obligations of the Commission or the State of Ohio. Neither the general credit of the Commission nor the State of Ohio is pledged for the payment of the bonds.

Under the terms of the Trust Agreements, the Commission covenants to charge and collect sufficient tolls in order that annual Gross Pledged Revenues equal at least the sum of the following: 1) annual operating, maintenance and administrative costs paid from Pledged Revenues; 2) required deposits to maintain an expense reserve account equal to one-twelfth of budgeted annual operating, maintenance and administrative costs paid from Pledged Revenues; 3) budgeted annual amounts for renewal and replacement costs; and 4) composite annual debt service on its outstanding bonds.

The Commission also covenants that its System Pledged Revenues (annual Gross Pledged Revenues less annual operating, maintenance and administrative costs paid from Pledged Revenues and the required annual deposit to the expense reserve account) will equal at least 120 percent of the composite annual net debt service on its outstanding bonds. The Commission also covenants that its System Pledged Revenues during the fiscal year immediately preceding the issuance of additional senior lien bonds, or during any 12 consecutive calendar months selected by the Commission out of the 15 consecutive calendar months immediately preceding such issuance, will equal at least 150 percent of the maximum annual debt service on its senior lien bonds then outstanding and the senior lien bonds proposed to be issued. The Commission also covenants that, based on reasonable assumptions, its System Pledged Revenues are projected to be at least 150 percent of composite annual debt service for the then current year and each successive year during which the junior lien bonds then outstanding, the senior lien bonds then outstanding, the junior lien bonds proposed to be issued and any senior lien bonds then proposed to be issued will be outstanding.

The Commission also covenants that prior to reducing any toll rates on other than a temporary basis, it will engage the services of an independent consultant to estimate the Commission's Gross Pledged Revenues for each year during which Commission bonds are scheduled to be outstanding and, based on these estimated revenues, the Commission covenants that its System Pledged Revenues will equal at least 150 percent of its net composite annual debt service for each year during which Commission bonds are scheduled to be outstanding. The Commission has reviewed its bond covenants and determined that it is in compliance for 2017 and 2016.

In addition, the Commission has, by resolution, declared its intention as a matter of policy to use its best efforts to maintain a ratio of System Pledged Revenues to net senior lien debt service of at least 200 percent. Other than in connection with the issuance of additional bonds or the implementation of a toll reduction on other than a temporary basis, the Commission has no obligation to meet such coverage levels or to maintain a policy of doing so, and the Commission may rescind that policy at any time.

The Senior Lien Trust Agreement requires the Commission to establish and maintain a Debt Service Reserve Account ("DSRA") equal to the maximum annual debt service on its outstanding senior lien bonds. The senior lien DSRA may be funded either with cash or one or more Reserve Account Credit Facilities obtained from an issuer that has been assigned one of the two highest ratings by at least two rating agencies. Due to the downgrade in the credit rating of the issuers of the Commission's Reserve Account Credit Facilities, the Commission has fully funded its DSRA with cash. Those funds were invested and are included in Investments, at Fair Value in restricted current assets.

The Junior Lien Trust Agreement requires the Commission to establish and maintain a DSRA equal to the average annual debt service on its outstanding junior lien bonds. The junior lien DSRA may be funded either with cash or one or more Reserve Account Credit Facilities obtained from an issuer that has been assigned one of the two highest ratings by at least two rating agencies. In connection with the issuance of its junior lien bonds, the Commission deposited $79,070,000 of junior lien bond proceeds into its junior lien DSRA, which is restricted for debt service. Those funds were invested and are included in Investments, at Fair Value in restricted current assets.

On September 28, 2017, the Commission took advantage of favorable interest rates, and issued $114,670,000 State of Ohio Turnpike Revenue Refunding Bonds, 2017 Series A, pursuant to the Commission's Master Trust Agreement, as amended and supplemented, and the Twenty-First Supplemental Trust Agreement dated September 1, 2017. The bonds were issued for the purpose of advance refunding $17,020,000 of the outstanding 2009 Series A Bonds and $109,640,000 of the outstanding 2010 Series A Bonds.

Proceeds of $137,418,420 along with $520,830 of debt service funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As of September 28, 2017, the refunded 2009 Series A Bonds and the refunded 2010 Series A Bonds are considered defeased and the liability for these bonds has been removed from the Commission's financial statements.

The Commission decreased its total future debt service payments by $18,791,016 as a result of the refunding. The Commission also incurred an economic gain (the difference between the present values of the old and new debt service payments) of $16,202,071.

Subsequent to the end of the reporting period, on February 15, 2018, the Commission issued $73,880,000 par amount of State of Ohio Turnpike Revenue Bonds, 2018 Series A for the purpose of funding Turnpike capital projects and $425,965,000 par amount of State of Ohio Turnpike Junior Lien Revenue Bonds, 2018 Series A for the purpose of funding Infrastructure Projects.

Changes in long-term obligations (in thousands) for 2017 and 2016 are as follows:

	Balance 12/31/16	Increases	Decreases	Balance 12/31/17	Amounts Due Within One Year
Revenue Bonds Payable:					
Principal Payable	$ 1,582,237	$ 135,755	$ (159,180)	$ 1,558,812	$ 34,775
Unamortized Premiums - Net	38,772	22,748	(10,898)	50,622	–
Total Revenue Bonds Payable	1,621,009	158,503	(170,078)	1,609,434	34,775
Net Pension Liability	67,956	23,692	–	91,648	–
Compensated Absences	10,424	5,886	(5,746)	10,564	4,896
Claims and Judgments	1,798	13,571	(13,128)	2,241	1,569
Contamination Remediation	1,395	134	(304)	1,225	783
Totals	$ 1,702,582	$ 201,786	$ (189,256)	$ 1,715,112	$ 42,023

	Balance 12/31/15	Increases	Decreases	Balance 12/31/16	Amounts Due Within One Year
Revenue Bonds Payable:					
Principal Payable	$ 1,593,353	$ 19,879	$ (30,995)	$ 1,582,237	$ 32,520
Unamortized Premiums - Net	41,556	–	(2,784)	38,772	–
Total Revenue Bonds Payable	1,634,909	19,879	(33,779)	1,621,009	32,520
Net Pension Liability	48,051	19,905	–	67,956	–
Compensated Absences	10,085	5,844	(5,505)	10,424	4,723
Claims and Judgments	1,447	12,695	(12,344)	1,798	1,323
Contamination Remediation	715	840	(160)	1,395	895
Totals	$ 1,695,207	$ 59,163	$ (51,788)	$ 1,702,582	$ 39,461

Revenue bonds, payable (in thousands) as of December 31, 2017, are summarized as follows:

	Original Amount	Average Yield	Bonds Payable
Senior Lien Debt			
1998 Series A:			
Serial Bonds maturing through 2021	$ 168,180		$ 93,075
Term Bonds due 2024 and 2026	130,395		130,395
Total 1998 Series A	298,575	4.88%	223,470
2009 Series A:			
Serial Bonds maturing through 2024	137,205	4.13%	46,950
2010 Series A:			
Serial Bonds maturing 2021	93,920		2,295
Term Bonds due 2031	37,370		19,355
	131,290	4.82%	21,650
2013 Series A:			
Term Bonds due 2048	73,495	4.94%	73,495
2017 Series A:			
Serial Bonds maturing through 2031	114,670	1.78%	114,670
Total Senior Lien Principal Issued/Outstanding	755,235		480,235

	Original Amount	Average Yield	Bonds Payable
Junior Lien Debt			
2013 Series A:			
Serial Bonds maturing 2019 through 2033	256,195		256,195
Term Bonds due 2039	113,075		113,075
Term Bonds due 2048	340,000		340,000
Capital Appreciation Bonds maturing 2036 through 2043	140,543		183,572
Convertible Capital Appreciation Bonds maturing 2034 through 2036	145,000		185,735
Total Junior Lien Principal Issued/Outstanding	994,813	5.45%	1,078,577
Total Principal Issued/Outstanding	$ 1,750,048	5.24%	$ 1 ,558,812
Add:			
Unamortized bond premiums - net			50,622
Total Revenue Bonds Payable			$ 1 ,609,434

Minimum principal and interest payments (in thousands) on revenue bonds payable are as follows:

Year	Principal	Interest	Total
2018	$ 34,775	59,384	$ 94,159
2019	45,000	57,938	102,938
2020	43,860	55,620	99,480
2021	40,065	53,419	93,484
2022	42,560	51,386	93,946
2023 - 2027	242,770	282,562	525,332
2028 - 2032	183,905	236,184	420,089
2033 - 2037	265,782	333,766	599,548
2038 - 2042	222,627	434,812	657,439
2043 - 2047	345,183	161,733	506,916
2048	92,285	2,307	94,592
Totals	$ 1,558,812	$ 1,729,111	$ 3 ,287,923

Pollution Remediation Obligation

The Commission has recorded a liability for pollution (including contamination) remediation obligations, which are obligations to address current or potential detrimental effects of existing pollution by participating in remediation activities such as site assessments and cleanups. The liability includes estimated contamination remediation costs to collect and dispose of slag leachate as required by the Ohio Environmental Protection Agency estimated at $305,000 as of December 31, 2017 and 2016 and estimated contamination remediation costs to remediate soil and underground water contamination from underground petroleum storage tanks as required by the Ohio Bureau of Underground Storage Tank Regulations of $920,000 and $1,090,000 as of December 31, 2017 and 2016, respectively. The liability was estimated using the expected cash flow technique. The pollution remediation obligation is an estimate and is subject to changes resulting from price increases or decreases, technology, or changes in applicable laws or regulations.

(7) COMMITMENTS AND CONTINGENCIES

Commitments

The Commission has commitments as of December 31, 2017 and 2016 of approximately $17,514,000 and $38,820,000, respectively for capital projects as well as major repairs and replacements. It is anticipated that these commitments will be financed from the Commission's cash balances. However, at the discretion of the Commission, additional bonds may be issued in the future to finance a portion of these costs.

In addition, the Commission has issued purchase orders for goods and services not received amounting to approximately $5,753,000 and $4,649,000 as of December 31, 2017 and 2016, respectively.

Litigation

The nature of the Commission's operations sometimes subjects the Commission to litigation, typically from daily operations of vehicles, equipment and from customer incidents. The management and the General Counsel for the Commission are of the opinion that any unfavorable outcome of such claims in excess of insurance coverage will not result in a material adverse effect on the Commission's financial position or results of operations.

Environmental Matters

Due to the nature of operations at the Commission's service plazas and maintenance buildings, which include vehicle fueling facilities, the Commission may encounter underground fuel leaks or spills. The Commission, however, participates in the Petroleum Underground Storage Tank Release Compensation Board, which limits the Commission's financial liability to $55,000 per incident, up to a maximum reimbursement of $1,000,000 per incident or $2,000,000 per calendar year. The Commission is unaware of any incidents that will exceed these limits.

Collective Bargaining

Approximately 447 full-time, nonsupervisory, field employees in the Commission's Toll Operations and Maintenance Departments, approximately 191 part-time, nonsupervisory, field employees in the Toll Operations Department and approximately nine full-time radio operators are represented by the Teamsters Local Union No. 436, affiliated with the International Brotherhood of Teamsters.

In May 2017, the Commission ratified a three-year collective bargaining agreement with the full-time employees that is effective for the period January 1, 2017 through December 31, 2019. The agreement includes annual wage increases of 2 percent effective January 1, 2017, January 14, 2018 and January 13, 2019 for full-time employees. The Commission also has reached an agreement with the part-time employees for the same time period of January 1, 2017 through December 31, 2019 which also includes annual wage increases of 2 percent effective January 1, 2017, January 14, 2018 and January 13, 2019. The Commission also has reached an agreement with the radio operator employees for the same time period of January 1, 2017 through December 31, 2019 which includes annual wage increases of 3 percent effective January 1, 2017, January 14, 2018 and January 13, 2019.

(8) PENSION PLAN

Plan Description

The Commission contributes to the Ohio Public Employees Retirement System ("OPERS"). The OPERS administers three separate pension plans as follows:

A) The Traditional Pension Plan ("TP") – a cost-sharing, multiple-employer defined benefit pension plan.

B) The Member-Directed Plan ("MD") – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the MD Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

C) The Combined Plan ("CO") – a cost-sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the TP Plan benefit. Member contributions, the investment of which are self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code ("ORC"). The OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, making a written request to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

Benefits Provided

Plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years' service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15 to 30 years), age (48 to 62 years), and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of $500 to $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance after the employee's retirement date. The maximum annual adjustment, if applicable, is 3 percent of the employee's initial annual retirement allowance.

Contributions

State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each employer's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC. The plans' 2017 and 2016 employer contribution rates on covered payroll are as follows:

	Pension	Post-retirement Health Care	Death Benefits	Total
2017	13.00%	1.00%	- %	14.00%
2016	12.00%	2.00%	- %	14.00%

The Commission's contributions to the OPERS for the traditional and combined plans for the years ended December 31, 2017 and 2016 were $6,716,000 and $6,431,000, respectively, equal to 100 percent of the required contributions for each year. Contributions to the member-directed plan for 2017 were $265,000 made by the Commission and $190,000 made by plan members. At December 31, 2017, there was $984,000 in amounts due to OPERS for employee and employer contributions included in Accrued Wages and Benefits on the Statement of Net Position.

Net Pension Liability and Pension Expense

The net pension asset/liability was measured as of December 31, 2016. The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of December 31, 2016. The Commission's proportion of the net asset/liability is based on the Commission's share of contributions to the plan as compared to the total contributions of employers and all non-employer contributing entities.

At December 31, 2017 the Commission reported the following information related to the proportionate share of the net pension liability and pension expense:

	Traditional Plan	Combined Plan
Proportionate Share of the Net Pension Liability	0.403586%	0.364018%
Proportion of the Net Liability (Asset)	$ 91,648,000	$ (204,000)
Pension Expense	$ 19,693,000	$ 147,000

At December 31, 2016 the Commission reported the following information related to the proportionate share of the net pension liability and pension expense:

	Traditional Plan	Combined Plan
Proportionate Share of the Net Pension Liability	0.392329%	0.365870%
Proportion of the Net Liability (Asset)	$ 67,956,000	$ (178,000)
Pension Expense	$ 9,342,000	$ 94,000

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Commission reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflow of Resources	Traditional Plan	Combined Plan	Total
Difference between Expected and Actual Experience	$ 125,000	$ -	$ 125,000
Change in Assumptions	14,538,000	49,000	14,587,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	13,650,000	49,000	13,699,000
Change in Employer's Proportionate Share	956,000	3,000	959,000
Contributions subsequent to the Measurement Date	6,805,000	179,000	6,984,000
Total	$ 36,074,000	$ 280,000	$ 36,354,000

Deferred Inflows of Resources	Traditional Plan	Combined Plan	Total
Difference between Expected and Actual Experience	$ 531,000	$ 104,000	$ 635,000
Change in Employer's Proportionate Share	261,000	-	261,000
	$ 792,000	$ 104,000	$ 896,000

At December 31, 2016, the Commission reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflow of Resources	Traditional Plan	Combined Plan	Total
Difference between Expected and Actual Experience	$ 8,000	$ -	$ 8,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	20,006,000	77,000	20,083,000
Change in Employer's Proportionate Share	-	2,000	2,000
Contributions subsequent to the Measurement Date	6,276,000	166,000	6,442,000
Total	$ 26,290,000	$ 245,000	$ 26,535,000

Deferred Inflows of Resources	Traditional Plan	Combined Plan	Total
Difference between Expected and Actual Experience	$ 1,320,000	$ 82,000	$ 1,402,000
Change in Employer's Proportionate Share	483,000	-	483,000
	$ 1,803,000	$ 82,000	$ 1,885,000

Deferred Outflows of Resources of $6,984,000 related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Traditional Plan	Combined Plan
2018	$ 11,659,000	$ 10,000
2019	12,242,000	10,000
2020	4,864,000	8,000
2021	(296,000)	(10,000)
2022	2,000	(8,000)
Thereafter	5,000	(12,000)
	$ 28,476,000	$ (2,000)

Actuarial Assumptions

The Total Pension Liability is based on the results of an actuarial valuation determined using the following actuarial assumptions for 2016, applied to all periods included in the measurement on December 31, 2017:

	Traditional Plan	Combined Plan
Wage Inflation	3.25%	3.25%
Salary Increases (includes Wage Inflation)	3.25% – 10.75%	3.25% – 8.25%
Investment Rate of Return	7.50%	7.50%
COLA	3.00%	3.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Valuation Date	December 31, 2016	December 31, 2016

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males or females, as appropriate.

The following are the actuarial assumptions for 2015, applied to all periods included in the measurement on December 31, 2016:

	Traditional Plan	Combined Plan
Wage Inflation	3.75%	3.75%
Salary Increases (includes Wage Inflation)	4.25% – 10.05%	4.25% – 8.05%
Investment Rate of Return	8.00%	8.00%
COLA	3.00%	3.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Valuation Date	December 31, 2015	December 31, 2015

Mortality rates were based on the RP-2000 Combined Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on Projection Scale AA.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period of five years ended December 31, 2010.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent and 8.0 percent for the fiscal years ended December 31, 2017 and December 31, 2016, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Projected Cash Flows

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for the year ended December 31, 2017 in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	23.00%	2.75%
Domestic Equity	20.70%	6.34%
Real Estate	10.00%	4.75%
Private Equity	10.00%	8.97%
International Equities	18.30%	7.95%
Other Investments	18.00%	4.92%
Total	100.00%	5.66%

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for the year ended December 31, 2016 in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	23.00%	2.31%
Domestic Equity	20.70%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	18.30%	7.40%
Other Investments	18.00%	4.59%
Total	100.00%	5.27%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table represents the net pension liability (asset) as of December 31, 2017 calculated using the current period discount rate assumption of 7.5 percent. Also shown is what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current assumption:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
2017			
Net Pension Liability Traditional	$ 140,012,000	$ 91,648,000	$ 51,344,000
Net Pension Liability (Asset) Combined	$ 15,000	$ (204,000)	$ (371,000)

Assumption changes

During the current measurement period, the OPERS Board adopted certain assumption changes which impacted their annual actuarial valuations prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent which increased the Commission's respective net pension liability.

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued OPERS financial report. You may obtain a copy of their report by visiting the OPERS Web site at https://www.opers.org/financial/report.shtml.

(9) OTHER POSTEMPLOYMENT BENEFITS

Plan Description

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health plan, which includes medical, prescription drug program, and Medicare Part B premium reimbursement, for qualifying members of both the traditional pension and the combined plans. Members of the member directed plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

In order to qualify for postretirement healthcare coverage, age and service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an other postemployment benefit ("OPEB") as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides statutory authority, requiring public employers to fund postretirement healthcare through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement healthcare benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2017 and 2016, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employers. Active members do not make contributions to the OPEB plan.

OPERS' postemployment healthcare 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 the postemployment healthcare benefits. The portion of employer contributions allocated to healthcare for members in the traditional plan was 1.0 percent during 2017. The portion of employer contributions allocated to healthcare for members in the combined plan was 1.0 percent during 2017. The OPERS board of trustees is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Commission's contributions to the OPERS for other postemployment benefits for the years ended December 31, 2017, 2016 and 2015 were $537,000, $1,072,000, and $1,003,000, respectively, equal to 100 percent of the required contributions for each year.

(10) PAYMENTS FOR STATE INFRASTRUCTURE PROJECTS

On April 1, 2013, Ohio Governor John Kasich signed Am. Sub. H.B. 51 (H.B. 51) into law, creating a "public-public" partnership between the Commission and the Ohio Department of Transportation ("ODOT"). Effective July 1, 2013, H.B. 51 authorized the Commission to issue Turnpike Revenue Bonds as a means of funding certain transportation infrastructure projects ("Infrastructure Projects") as defined under Chapter 5537 of the Ohio Revised Code. H.B. 51 was enacted by the Ohio General Assembly to implement the Ohio Jobs and Transportation Plan proposed by Governor Kasich to address a significant funding shortfall announced by ODOT in January 2012 that would have required postponement of significant Ohio transportation projects. The plan contemplates the issuance of a total of $1.5 billion of Turnpike revenue bonds for transportation projects between 2013 and 2018. Under H.B. 51, the Director of ODOT can apply to the Commission for funding for Infrastructure Projects provided those projects: (1) have been approved by the Transportation Review Advisory Council ("TRAC") that oversees a project selection process for major new transportation projects and; (2) have a "nexus" to the Turnpike System.

On July 15, 2013, the Commission's Board approved the issuance of the 2013 Junior Lien Bonds in order to fund $930 million in Infrastructure Projects. In August 2013, the Director of ODOT submitted funding requests for Infrastructure Projects to the Commission for consideration and, on September 16, 2013, the Commission's Board approved the funding of a list of Infrastructure Projects totaling $930 million. Through December 31, 2017, ODOT has expended $890,826,000 on Infrastructure Projects and the Commission has reimbursed ODOT $882,472,000 for ODOT's expenditures on these projects. It is anticipated that the entire $930 million in 2013 Junior Lien Bond Proceeds will be paid to ODOT by the end of 2018.

The status of the funding (in thousands) of each infrastructure project as of December 31, 2017 is as follows:

County	Project	Approved Amount	Amount Expended by ODOT	Infrastructure Funds Paid to ODOT
Cuyahoga	I-90 Innerbelt Bridge	$ 275,020	$ 272,826	$ 272,826
Cuyahoga	Opportunity Corridor	14,000	11,711	11,491
Erie	US 250 Widening	14,000	13,993	13,993
Hancock/Wood	I-75 Widening	283,280	279,238	279,023
Lorain	SR 57	16,500	16,500	16,500
Lucas	I-75 and I-475 Interchange	122,200	99,914	98,344
Lucas	I-475 and Rt 20 Interchange	27,500	23,525	23,525
Lucas	I-75 Widening	63,000	62,225	62,225
Mahoning/Trumbull	I-80 Widening	65,500	63,253	56,904
Summit	I-271 Widening	49,000	47,641	47,641
		$ 930,000	$ 890,826	$ 882,472

In late 2017, ODOT submitted funding requests for two additional projects on I-75 in Lucas and Wood Counties, which, on December 18, 2017, the Commission determined have the proper nexus for funding with Infrastructure funds. On January 22, 2018, the Commission approved the issuance of 2018 Junior Lien Bonds that would generate proceeds of $450 million in order to fund these two projects along with the Opportunity Corridor project in Cuyahoga County.

(11) RISK MANAGEMENT

The Commission is self-insured for workers' compensation and vehicle damage claims. The Commission is also self-insured for employee health claims, up to a maximum of $250,000 per covered person per contract year. Employee health benefits are not subject to any lifetime maximum benefit payments.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claim liabilities are based upon the estimated ultimate cost of settling the claims, net of any subrogation recoveries from third parties, including specific incremental claim adjustment expenses.

"Claims and Judgments" as of December 31 of each year in the accompanying Statements of Net Position are comprised of the estimated liability for workers' compensation claims, the estimated liability for employee health claims, and the estimated liability for miscellaneous claims and judgments. The Commission is unaware of any unaccrued vehicle damage or unasserted workers' compensation claims as of December 31, 2017.

Claims and Judgments (in thousands) for the years ended December 31, are as follows:

	2017	2016
Workers' compensation claims	$ 1,106	$ 863
Employee health claims	1,078	871
Miscellaneous claims and judgments	57	64
Total	$ 2,241	$ 1,798

Changes in the liability for estimated workers' compensation claims, employee health claims and miscellaneous claims and judgments (in thousands) for the years ended December 31, were as follows:

	Estimated Claims Payable - Beginning of Year	Current Claims	Claims Payments	Estimated Claims Payable - End of Year
2017	$ 1,798	$ 13,571	$ 13,128	$ 2,241
2016	$ 1,447	$ 12,695	$ 12,344	$ 1,798
2015	$ 2,199	$ 10,110	$ 10,862	$ 1,447

The Commission purchases commercial insurance policies in varying amounts for general liability, vehicle liability, bridges, use and occupancy, damage to capital assets other than vehicles, and public officials and employee liability coverage. Paid claims have not exceeded the limits of the Commission's commercial insurance policies for each of the last three fiscal years. The Commission also pays unemployment claims to the State of Ohio as incurred.

Required Supplementary Information

Schedule of Net Pension Liability *Last three Fiscal Years**
Ohio Public Employees Retirement System
As of the Current Measurement Date
(Dollars in Thousands)

		2016		2015		2014
Employer's Proportion of the Collective Net Pension Asset / Liability						
Traditional Plan		0.403586%		0.392329%		0.398393%
Combined Plan		0.364018%		0.365870%		0.373154%
Employer's Proportionate Share of the Collective Net Pension Asset / (Liability)						
Traditional Plan	$	(91,648)	$	(67,956)	$	(48,051)
Combined Plan	$	204	$	178	$	143
Employer's Covered Payroll						
Traditional Plan	$	52,172	$	48,829	$	48,843
Combined Plan	$	1,417	$	1,332	$	1,242
Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll						
Traditional Plan		175.67%		139.17%		98.38%
Combined Plan		-14.40%		-13.36%		-11.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability						
Traditional Plan		77.25%		81.08%		86.45%
Combined Plan		116.55%		116.90%		114.83%

** The amounts presented for the current calendar year were determined as of the previous calendar year-end. Information prior to 2014 is not available.*

Schedule of Employer Contributions *Last three Fiscal Years**
Ohio Public Employees Retirement System
(Dollars in Thousands)

		2017		2016		2015
Statutory Required Employer Contribution	$	6,716	$	6,431	$	6,019
Actual Employer Contributions Received		6,716		6,431		6,019
Difference	$	-	$	-	$	-
Employer's Covered Payroll	$	51,659	$	53,589	$	50,161
Actual Employer Contributions Received as a Percentage of Covered Payroll		13.00%		12.00%		12.00%

** Information prior to 2015 is not available.*

Notes to required supplementary information:
Changes of benefit terms.
There were no changes in benefit terms affecting the OPERS plans for the plan year ended December 31, 2016.

Changes of assumptions.
During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The wage inflation dropped from 3.75 percent to 3.25 percent. The projected salary increase range changed from 4.25-10.05 percent to 3.25-10.75 percent. The mortality tables used changed from RP-2000 to RP-2014.

Ohio Turnpike and Infrastructure Commission

2017 Comprehensive Annual Financial Report

STATISTICAL SECTION

The objective of the statistical section is to provide financial statement users with additional historical perspective, context, and detail to further their understanding and assessment of the Commission's economic condition. This additional information includes:

- Financial trend detail intended to show changes in the Commission's financial position over time;
- Revenue capacity detail intended to show factors affecting the Commission's ability to generate its own-source revenues;
- Debt capacity detail intended to show the Commission's debt burden and its ability to issue additional debt;
- Demographic and economic detail intended to 1) show the socioeconomic environment within which the Commission operates, and 2) provide information that facilitates comparisons of financial statement information over time and among governmental entities; and
- Operating detail intended to provide contextual information about the Commission's operations, resources and economic condition.

Statements of Net Position *Last Ten Fiscal Years (In Thousands)*

	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13	12/31/12	12/31/11	12/31/10	12/31/09	12/31/08
Assets and Deferred Outflows of Resources										
Current Assets:										
Unrestricted Current Assets:										
Cash and Investments, at Fair Value	$ 192,939	$ 168,882	$ 173,290	$ 174,408	$ 167,225	$ 157,364	$ 138,678	$ 150,594	$ 111,656	$ 128,943
Other	24,603	24,995	24,986	23,002	20,292	22,000	21,721	19,925	19,018	14,102
Total Unrestricted Current Assets	217,542	193,877	198,276	197,410	187,517	179,364	160,399	170,519	130,674	143,045
Restricted Current Assets:										
Cash and Investments, at Fair Value	69,299	83,820	85,380	75,205	57,594	38,493	43,212	40,123	38,790	34,798
Other	453	551	2,366	1,349	1,310	32	101	344	134	254
Total Restricted Current Assets	69,752	84,371	87,746	76,554	58,904	38,525	43,313	40,467	38,924	35,052
Total Current Assets	287,294	278,248	286,022	273,964	246,421	217,889	203,712	210,986	169,598	178,097
Noncurrent Assets:										
Restricted Cash and Investments, at Fair Value	177,255	284,135	564,336	870,981	1,072,531	6,269	-	-	-	-
Other	204	178	143	-	-	-	-	-	-	-
Capital Assets, Net	1,479,446	1,461,604	1,407,745	1,371,393	1,343,471	1,306,929	1,276,325	1,234,535	1,233,289	1,237,111
Total Noncurrent Assets	1,656,905	1,745,917	1,972,224	2,242,374	2,416,002	1,313,198	1,276,325	1,234,535	1,233,289	1,237,111
Total Assets	1,944,199	2,024,165	2,258,246	2,516,338	2,662,423	1,531,087	1,480,037	1,445,521	1,402,887	1,415,208
Deferred Outflows of Resources	53,540	42,584	26,467	19,582	21,349	23,222	25,628	28,033	25,997	19,387
Total Assets and Deferred Outflows of Resources	$ 1,997,739	$ 2,066,749	$ 2,284,713	$ 2,535,920	$ 2,683,772	$ 1,554,309	$ 1,505,665	$ 1,473,554	$ 1,428,884	$ 1,434,595
Liabilities and Net Position										
Current Liabilities:										
Current Liabilities Payable from Unrestricted Assets:										
Accounts, Wages and Benefits Payable	$ 18,630	$ 17,410	$ 13,299	$ 14,187	$ 13,205	$ 14,639	$ 14,281	$ 14,495	$ 7,080	$ 10,474
Other	24,588	22,439	18,551	16,657	15,126	15,006	15,364	14,104	11,669	9,646
Total Current Liabilities Payable from Unrestricted Assets	43,218	39,849	31,850	30,844	28,331	29,645	29,645	28,599	18,749	20,120
Current Liabilities Payable from Restricted Assets:										
Wages and Benefits Payable and Retained Amounts	3,021	4,377	3,305	1,603	4,526	1,921	3,339	2,554	3,016	852
Infrastructure Funds Payable to Ohio Department of Transportation	8,354	22,195	25,934	18,239	-	-	-	-	-	-
Interest Payable	22,201	23,821	24,389	24,971	25,460	11,049	11,468	10,162	12,252	12,962
Bonds Payable	34,775	32,520	30,995	29,445	28,145	26,455	22,760	21,745	17,290	21,320
Total Current Liabilities Payable from Restricted Assets	68,351	82,913	84,623	74,258	58,131	39,425	37,567	34,461	32,558	35,134
Total Current Liabilities	111,569	122,762	116,473	105,102	86,462	69,070	67,212	63,060	51,307	55,254
Noncurrent Liabilities:										
Bonds Payable	1,574,659	1,588,489	1,603,914	1,618,950	1,633,508	570,672	599,982	625,596	645,577	656,248
Other	98,430	74,632	54,113	6,776	6,467	6,816	7,479	12,043	14,232	15,344
Total Noncurrent Liabilities	1,673,089	1,663,121	1,658,027	1,625,726	1,639,975	577,488	607,461	637,639	659,809	671,592
Total Liabilities	1,784,658	1,785,883	1,774,500	1,730,828	1,726,437	646,558	674,673	700,699	711,116	726,846
Deferred Inflows of Resources	896	1,885	888	-	-	-	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	1,785,554	1,787,768	1,775,388	1,730,828	-	-	-	-	-	-
Net Position:										
Net Investment in Capital Assets	981,297	930,174	844,818	778,519	721,951	733,024	679,211	615,227	596,419	578,930
Restricted for Debt Service	172,358	170,287	169,117	167,668	166,196	31,823	28,524	27,666	23,655	21,257
Restricted for Capital Projects	-	-	-	-	8,724	-	-	-	-	-
Unrestricted	(941,470)	(821,480)	(504,610)	(141,095)	60,464	142,904	123,257	129,962	97,694	107,562
Total Net Position	212,185	278,981	509,325	805,092	957,335	907,751	830,992	772,855	717,768	707,749
Total Liabilities and Net Position	$ 1,997,739	$ 2,066,749	$ 2,284,713	$ 2,535,920	$ 2,683,772	$ 1,554,309	$ 1,505,665	$ 1,473,554	$ 1,428,884	$ 1,434,595

Note: Certain prior year amounts have been reclassified to conform to the current year presentation. See Reclassifications in Note 1 to Financial Statements.

Revenues, Expenses and Changes in Net Position *Last Ten Fiscal Years (In Thousands)*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues:										
Tolls	$ 295,799 [1]	$ 288,439 [1]	$ 280,187 [1]	$ 264,621 [1]	$ 254,638	$ 252,544 [2]	$ 231,011	$ 232,189	$ 187,278 [3]	$ 187,530
Concessions	17,104	16,325	16,120	15,078	14,088	12,984	14,017	13,670	13,616	13,564
Special Toll Permits	3,423	3,427	3,413	3,460	3,518	3,393	3,413	3,301	2,964	3,046
Leases and Licenses	1,169	1,154	1,031	1,085	1,091	1,077	1,062	941	995	928
Other Revenues	4,412	3,822	3,217	3,029	2,292	1,875	1,936	1,627	1,063	638
Total Operating Revenues	321,907	313,167	303,968	287,273	275,627	271,873	251,439	251,728	205,916	205,706
Operating Expenses:										
Administration and Insurance	12,596	11,484	10,178	9,762	9,293	9,936	8,745	8,737	8,634	8,464
Maintenance of Roadway and Structures	43,872	39,596	35,562	36,702	35,015	35,565	36,131	37,576	35,699	37,281
Services and Toll Operations	61,433	55,383	51,513	50,646	50,369	51,266	50,549	54,583	53,817	52,394
Traffic Control, Safety, Patrol and Communications	13,718	14,487	13,885	13,657	14,040	14,559	14,904	14,998	15,529	15,794
Depreciation	76,095	71,663	69,364	65,826	62,707	59,933	57,488	55,187	53,539	52,652
Total Operating Expenses	207,714	192,613	180,502	176,593	171,424	171,259	167,817	171,081	167,218	166,585
Operating Income	114,193	120,554	123,466	110,680	104,203	100,614	83,622	80,647	38,698	39,121
Nonoperating Revenues / (Expenses):										
State Fuel Tax Allocation	3,023	2,834	2,751	2,487	2,292	2,074	2,051	2,240	2,199	2,146
Investment Income	4,657	4,617	5,456	6,269	2,521	701	957	1,266	1,233	4,406
(Loss) / Gain on Disposals / Write-Offs of Capital Assets	(3,413)	127	312	261	(2)	(40)	(378)	(455)	(1,753)	(3,292)
Ohio Department of Transportation Infrastructure Project Expense	(106,408)	(279,368)	(306,265)	(190,810)	(7,975)	–	–	–	–	–
Interest Expense	(78,848)	(79,108)	(80,579)	(81,130)	(51,455)	(26,590)	(28,115)	(28,611)	(30,358)	(34,440)
Total Nonoperating Revenues / (Expenses)	(180,989)	(350,898)	(378,325)	(262,923)	(54,619)	(23,855)	(25,485)	(25,560)	(28,679)	(31,180)
(Decrease) / Increase in Net Position	(66,796)	(230,344)	(254,859)	(152,243)	49,584	76,759	58,137	55,087	10,019	7,941
Net Position -- Beginning of Year	278,981	509,325	805,092	957,335	907,751	830,992	772,855	717,768	707,749	699,808
Cumulative effect of change in accounting principle	–	–	(40,908)	–	–	–	–	–	–	–
Net Position -- Beginning of year, as Restated	278,981	509,325	764,184	957,335	907,751	830,992	772,855	717,768	707,749	699,808
Net Position -- End of Year	$ 212,185	$ 278,981	$ 509,325	$ 805,092	$ 957,335	$ 907,751	$ 830,992	$ 772,855	$ 717,768	$ 707,749

Notes:
(1) Toll rate increase of 2.7% annually effective January 1, 2014, 2015, 2016 and 2017.
(2) Toll rate increase of approximately 10% effective January 1, 2012.
(3) Toll rate increase effective October 1, 2009 with the implementation of E-ZPass® electronic tolling.

Vehicles by Class *Last Ten Fiscal Years (In Thousands)*

Class		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vehicle Classification by Axles and Height: [1]											
1	Low 2-axle vehicles and all motorcycles	43,598	43,472	42,110	40,345	39,742	39,418	39,026	38,900	9,197	–
2	Low 3-axle vehicles and high 2-axle vehicles	1,417	1,379	1,328	1,251	1,198	1,178	1,166	1,290	322	–
3	Low 4-axle vehicles and high 3-axle vehicles	769	734	713	663	633	620	598	594	128	–
4	Low 5-axle vehicles and high 4-axle vehicles	512	499	473	451	422	404	387	376	83	–
5	Low 6-axle vehicles and high 5-axle vehicles	8,442	8,358	8,335	8,120	7,885	7,766	7,633	7,279	1,681	–
6	High 6-axle vehicles	291	273	257	258	245	237	251	237	50	–
7	All vehicles with 7 or more axles	184	182	178	180	187	181	185	180	42	–
Vehicle Classification by Weight:											
1	--- - 7,000	–	–	–	–	–	–	–	–	29,281	39,036
2	7,001 - 16,000	–	–	–	–	–	–	–	–	1,332	1,463
3	16,001 - 23,000	–	–	–	–	–	–	–	–	334	564
4	23,001 - 33,000	–	–	–	–	–	–	–	–	1,003	1,755
5	33,001 - 42,000	–	–	–	–	–	–	–	–	968	1,321
6	42,001 - 53,000	–	–	–	–	–	–	–	–	943	1,451
7	53,001 - 65,000	–	–	–	–	–	–	–	–	996	1,578
8	65,001 - 80,000	–	–	–	–	–	–	–	–	1,746	2,651
9	80,001 - 90,000	–	–	–	–	–	–	–	–	67	149
10	90,001 - 115,000	–	–	–	–	–	–	–	–	24	36
11	115,001 - 127,400	–	–	–	–	–	–	–	–	5	8
Subtotal		55,213	54,897	53,394	51,268	50,312	49,804	49,246	48,856	48,202	50,012
Add Non-Revenue [2]		416	443	386	367	404	351	338	262	187	192
Total Vehicles		55,629	55,340	53,780	51,635	50,716	50,155	49,584	49,118	48,389	50,204

Percentage of Vehicles Using E-ZPass®:	2017	2016	2015	2014	2013	2012	2011	2010	Oct-Dec 2009	
Passenger cars (Class 1)	52.8%	50.2%	47.6%	45.5%	42.2%	38.4%	34.1%	28.8%	23.0%	–
Commercial vehicles (Class 2-7)	84.7%	83.6%	82.1%	80.0%	78.4%	75.9%	73.0%	69.9%	67.6%	–
Total	59.5%	57.1%	54.9%	52.9%	49.8%	46.2%	42.2%	37.2%	32.0%	–

Source: *Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.*

Notes:

(1) On October 1, 2009, the Ohio Turnpike Commission implemented a new toll collection system inclusive of electronic tolling via E-ZPass®. Concurrent with this change, the vehicle classification methodology was revised to assess tolls based upon the number of axles and vehicle height as opposed to vehicle weight. Cash customers pay higher toll rates than E-ZPass customers. For purposes of the new classification methodology, vehicles less than seven feet six inches as measured over the first two axles are considered "low," vehicles seven feet six inches in height or greater are considered "high."

(2) Non-revenue vehicles represent traffic of officials, employees, agencies and representatives of the Commission while in the discharge of their official duties, police officers of the United States, of the State of Ohio and of its political subdivisions, and vehicles of contractors used in the maintenance of the Turnpike and its buildings.

Toll Revenue by Class *Last Ten Fiscal Years (In Thousands)*

Class		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vehicle Classification by Axles and Height: [1]											
1	Low 2-axle vehicles and all motorcycles	$ 127,537	$ 126,063	$ 122,183	$ 114,871	$ 112,820	$ 112,428	$ 103,201	$ 106,972	$ 25,928	$ –
2	Low 3-axle vehicles and high 2-axle vehicles	8,367	8,029	7,682	7,065	6,723	6,739	6,147	6,939	1,687	–
3	Low 4-axle vehicles and high 3-axle vehicles	6,724	6,312	6,025	5,432	5,128	5,027	4,506	4,582	971	–
4	Low 5-axle vehicles and high 4-axle vehicles	5,126	4,865	4,561	4,213	3,895	3,790	3,303	3,309	703	–
5	Low 6-axle vehicles and high 5-axle vehicles	133,982	129,926	127,382	121,024	114,194	112,749	103,063	100,079	23,436	–
6	High 6-axle vehicles	5,859	5,333	4,795	4,661	4,479	4,477	4,198	3,870	833	–
7	All vehicles with 7 or more axles	8,204	7,911	7,559	7,355	7,399	7,334	6,593	6,438	1,487	–
Vehicle Classification by Weight:											
1	--- - 7,000	–	–	–	–	–	–	–	–	60,882	78,680
2	7,001 - 16,000	–	–	–	–	–	–	–	–	5,384	5,989
3	16,001 - 23,000	–	–	–	–	–	–	–	–	1,624	2,743
4	23,001 - 33,000	–	–	–	–	–	–	–	–	6,120	10,994
5	33,001 - 42,000	–	–	–	–	–	–	–	–	8,047	11,382
6	42,001 - 53,000	–	–	–	–	–	–	–	–	11,214	17,588
7	53,001 - 65,000	–	–	–	–	–	–	–	–	12,762	20,066
8	65,001 - 80,000	–	–	–	–	–	–	–	–	27,069	40,820
9	80,001 - 90,000	–	–	–	–	–	–	–	–	1,172	2,414
10	90,001 - 115,000	–	–	–	–	–	–	–	–	1,269	1,995
11	115,001 - 127,400	–	–	–	–	–	–	–	–	300	546
Subtotal		295,799	288,439	280,187	264,621	254,638	252,544	231,011	232,189	190,888	193,217
Add Volume Discount		–	–	–	–	–	–	–	–	(3,610)	(5,687)
Total Toll Revenue		$ 295,799	$ 288,439	$ 280,187	$ 264,621	$ 254,638	$ 252,544	$ 231,011	$ 232,189	$ 187,278	$ 187,530

Percentage of Toll Revenue from *E-ZPass*®:	2017	2016	2015	2014	2013	2012	2011	2010	Oct-Dec 2009	
Passenger cars (Class 1)	43.2%	40.8%	38.7%	36.9%	34.0%	30.6%	27.2%	23.0%	19.4%	–
Commercial vehicles (Class 2-7)	83.0%	81.7%	79.8%	77.3%	75.4%	72.7%	69.8%	67.0%	65.7%	–
Total	65.9%	63.8%	61.9%	59.8%	57.1%	53.9%	50.7%	46.7%	44.1%	–

Source: *Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.*

Notes: *(1) On October 1, 2009, the Ohio Turnpike Commission implemented a new toll collection system inclusive of electronic tolling via E-ZPass®. Concurrent with this change, the vehicle classification methodology was revised to assess tolls based upon the number of axles and vehicle height as opposed to vehicle weight. The Volume Discount Program was also eliminated at this time. Cash customers pay higher toll rates than E-ZPass customers. For purposes of the new classification methodology, vehicles less than seven feet six inches as measured over the first two axles are considered "low," vehicles seven feet six inches in height or greater are considered "high."*

Vehicle Miles Traveled *Last Ten Fiscal Years (In Thousands)*

Class		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vehicle Classification by Axles and Height: (1)											
1	Low 2-axle vehicles and all motorcycles	2,017,044	2,029,904	1,998,170	1,906,619	1,891,723	1,859,124	1,851,683	1,885,422	443,998	–
2	Low 3-axle vehicles and high 2-axle vehicles	78,806	77,199	75,235	70,619	68,152	67,423	67,624	75,534	18,125	–
3	Low 4-axle vehicles and high 3-axle vehicles	52,818	50,505	49,407	45,371	43,552	42,365	41,323	41,554	8,775	–
4	Low 5-axle vehicles and high 4-axle vehicles	34,087	32,942	31,642	29,928	28,129	27,208	26,155	26,049	5,560	–
5	Low 6-axle vehicles and high 5-axle vehicles	805,356	799,120	801,225	777,125	750,133	736,063	729,354	706,170	164,830	–
6	High 6-axle vehicles	25,122	23,534	21,627	21,551	21,253	21,192	21,959	20,269	4,356	–
7	All vehicles with 7 or more axles	24,686	24,442	23,981	23,946	24,754	24,541	24,363	23,846	5,468	–
Vehicle Classification by Weight:											
1	--- - 7,000	–	–	–	–	–	–	–	–	1,419,056	1,831,515
2	7,001 - 16,000	–	–	–	–	–	–	–	–	87,170	96,884
3	16,001 - 23,000	–	–	–	–	–	–	–	–	20,803	35,148
4	23,001 - 33,000	–	–	–	–	–	–	–	–	61,896	111,146
5	33,001 - 42,000	–	–	–	–	–	–	–	–	81,209	114,840
6	42,001 - 53,000	–	–	–	–	–	–	–	–	96,136	150,787
7	53,001 - 65,000	–	–	–	–	–	–	–	–	109,367	171,966
8	65,001 - 80,000	–	–	–	–	–	–	–	–	195,291	294,548
9	80,001 - 90,000	–	–	–	–	–	–	–	–	8,440	17,407
10	90,001 - 115,000	–	–	–	–	–	–	–	–	3,401	5,341
11	115,001 - 127,400	–	–	–	–	–	–	–	–	741	1,346
Total Vehicle Miles Traveled		3,037,919	3,037,646	3,001,287	2,875,159	2,827,696	2,777,916	2,762,461	2,778,844	2,734,622	2,830,928

Percentage of Vehicle Miles Traveled Using *E-ZPass®*:	2017	2016	2015	2014	2013	2012	2011	2010	Oct-Dec 2009	
Passenger cars (Class 1)	53.0%	50.4%	48.1%	46.2%	42.8%	39.1%	35.0%	30.2%	25.7%	–
Commercial vehicles (Class 2-7)	84.6%	83.4%	81.8%	79.6%	77.7%	75.2%	72.3%	69.5%	68.1%	–
Total	63.6%	61.4%	59.4%	57.4%	54.4%	51.0%	47.3%	42.8%	39.2%	–

Source: *Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.*

Notes: *(1) On October 1, 2009, the Ohio Turnpike Commission implemented a new toll collection system inclusive of electronic tolling via E-ZPass®. Concurrent with this change, the vehicle classification methodology was revised to assess tolls based upon the number of axles and vehicle height as opposed to vehicle weight. Cash customers pay higher toll rates than E-ZPass customers. For purposes of the new classification methodology, vehicles less than seven feet six inches as measured over the first two axles are considered "low," vehicles seven feet six inches in height or greater are considered "high."*

Toll Rates Per Mile *Last Ten Fiscal Years*

Class		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vehicle Classification by Axles and Height (Non *E-ZPass®*): (1)											
1	Low 2-axle vehicles and all motorcycles	$ 0.08	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.06	$ 0.06	$ 0.06	$ –
2	Low 3-axle vehicles and high 2-axle vehicles	0.13	0.13	0.12	0.12	0.12	0.12	0.10	0.10	0.10	–
3	Low 4-axle vehicles and high 3-axle vehicles	0.15	0.15	0.14	0.14	0.14	0.14	0.12	0.12	0.12	–
4	Low 5-axle vehicles and high 4-axle vehicles	0.18	0.18	0.17	0.17	0.16	0.16	0.15	0.15	0.14	–
5	Low 6-axle vehicles and high 5-axle vehicles	0.20	0.20	0.19	0.19	0.18	0.18	0.17	0.17	0.17	–
6	High 6-axle vehicles	0.28	0.27	0.27	0.26	0.25	0.25	0.23	0.23	0.23	–
7	All vehicles with 7 or more axles	0.39	0.37	0.36	0.36	0.34	0.35	0.31	0.31	0.30	–
Vehicle Classification by Axles and Height (*E-ZPass®*): (1)											
1	Low 2-axle vehicles and all motorcycles	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.04	$ 0.04	$ 0.05	$ –
2	Low 3-axle vehicles and high 2-axle vehicles	0.09	0.09	0.09	0.09	0.08	0.08	0.07	0.07	0.07	–
3	Low 4-axle vehicles and high 3-axle vehicles	0.11	0.11	0.11	0.10	0.10	0.10	0.09	0.09	0.09	–
4	Low 5-axle vehicles and high 4-axle vehicles	0.14	0.13	0.13	0.13	0.12	0.12	0.11	0.11	0.11	–
5	Low 6-axle vehicles and high 5-axle vehicles	0.16	0.16	0.15	0.15	0.15	0.15	0.13	0.13	0.13	–
6	High 6-axle vehicles	0.23	0.22	0.21	0.21	0.21	0.21	0.19	0.19	0.19	–
7	All vehicles with 7 or more axles	0.33	0.32	0.31	0.31	0.30	0.30	0.27	0.27	0.27	–
Vehicle Classification by Weight:											
1	--- - 7,000	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 0.04	$ 0.04
2	7,001 - 16,000	–	–	–	–	–	–	–	–	0.06	0.06
3	16,001 - 23,000	–	–	–	–	–	–	–	–	0.08	0.08
4	23,001 - 33,000	–	–	–	–	–	–	–	–	0.10	0.10
5	33,001 - 42,000	–	–	–	–	–	–	–	–	0.10	0.10
6	42,001 - 53,000	–	–	–	–	–	–	–	–	0.12	0.12
7	53,001 - 65,000	–	–	–	–	–	–	–	–	0.12	0.12
8	65,001 - 80,000	–	–	–	–	–	–	–	–	0.14	0.14
9	80,001 - 90,000	–	–	–	–	–	–	–	–	0.14	0.14
10	90,001 - 115,000	–	–	–	–	–	–	–	–	0.37	0.37
11	115,001 - 127,400	–	–	–	–	–	–	–	–	0.40	0.41

Source: *Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.*

Notes: *(1) On October 1, 2009, the Ohio Turnpike Commission implemented a new toll collection system inclusive of electronic tolling via E-ZPass®. Concurrent with this change, the vehicle classification methodology was revised to assess tolls based upon the number of axles and vehicle height as opposed to vehicle weight. Cash customers pay higher toll rates than E-ZPass customers. For purposes of the new classification methodology, vehicles less than seven feet six inches as measured over the first two axles are considered "low," vehicles seven feet six inches in height or greater are considered "high."*

Comparative Traffic Statistics *Last Ten Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Number of Vehicles *(In Thousands):*										
Passenger Cars	43,598	43,472	42,110	40,344	39,742	39,418	39,026	38,900	38,478	39,036
Commercial Vehicles	11,615	11,425	11,284	10,923	10,570	10,386	10,220	9,956	9,724	10,976
Total	55,213	54,897	53,394	51,267	50,312	49,804	49,246	48,856	48,202	50,012
Percentage of Vehicles:										
Passenger Cars	79.0%	79.2%	78.9%	78.7%	79.0%	79.1%	79.2%	79.6%	79.8%	78.1%
Commercial Vehicles	21.0%	20.8%	21.1%	21.3%	21.0%	20.9%	20.8%	20.4%	20.2%	21.9%
Number of Miles *(In Thousands):*										
Passenger Cars	2,017,044	2,029,904	1,998,170	1,906,619	1,891,723	1,859,124	1,851,683	1,885,422	1,863,054	1,831,515
Commercial Vehicles	1,020,875	1,007,742	1,003,117	968,540	935,973	918,792	910,778	893,422	871,568	999,413
Total	3,037,919	3,037,646	3,001,287	2,875,159	2,827,696	2,777,916	2,762,461	2,778,844	2,734,622	2,830,928
Percentage of Miles:										
Passenger Cars	66.4%	66.8%	66.6%	66.3%	66.9%	66.9%	67.0%	67.8%	68.1%	64.7%
Commercial Vehicles	33.6%	33.2%	33.4%	33.7%	33.1%	33.1%	33.0%	32.2%	31.9%	35.3%
Toll Revenue *(In Thousands):*										
Passenger Cars	$ 127,537	$ 126,063	$ 122,183	$ 114,871	$ 112,820	$ 112,428	$ 103,201	$ 106,972	$ 86,810	$ 78,680
Commercial Vehicles	168,262	162,376	158,004	149,750	141,818	140,116	127,810	125,217	100,468	108,850
Total	$ 295,799	$ 288,439	$ 280,187	$ 264,621	$ 254,638	$ 252,544	$ 231,011	$ 232,189	$ 187,278	$ 187,530
Percentage of Toll Revenue:										
Passenger Cars	43.1%	43.7%	43.6%	43.4%	44.3%	44.5%	44.7%	46.1%	46.4%	42.0%
Commercial Vehicles	56.9%	56.3%	56.4%	56.6%	55.7%	55.5%	55.3%	53.9%	53.6%	58.0%
Average Miles per Trip:										
Passenger Cars	46.3	46.7	47.5	47.3	47.6	47.2	47.4	48.5	48.4	46.9
Commercial Vehicles	87.9	88.2	88.9	88.7	88.5	88.5	89.1	89.7	89.6	91.1
Average Toll Revenue per Trip:										
Passenger Cars	$ 2.93	$ 2.90	$ 2.90	$ 2.85	$ 2.84	$ 2.85	$ 2.64	$ 2.75	$ 2.26	$ 2.02
Commercial Vehicles	14.49	14.21	14.00	13.71	13.42	13.49	12.51	12.58	10.33	9.92
Average Toll Revenue per Mile:										
Passenger Cars	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.05	$ 0.04
Commercial Vehicles	0.16	0.16	0.16	0.15	0.15	0.15	0.14	0.14	0.12	0.11

Source: Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.

Activity by Interchange [(1)] *Last Ten Fiscal Years (In Thousands)*

Milepost / Name		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
2	Westgate	7,707	7,772	7,769	7,473	7,397	7,289	7,218	7,274	6,983	7,370
13	Bryan-Montpelier	713	717	697	616	604	649	648	648	658	712
25	Archbold-Fayette	415	400	375	356	353	379	397	422	428	429
34	Wauseon	761	752	732	684	691	696	696	709	690	722
39	Delta-Lyons	631	651	590	525	546	535	518	519	520	563
52	Toledo Airport-Swanton	1,375	1,403	1,342	1,235	1,262	1,360	1,311	1,302	1,307	1,390
59	Maumee-Toledo	3,517	3,892	3,643	3,386	3,379	3,577	3,454	3,444	3,539	3,661
64	Perrysburg-Toledo	5,945	5,703	5,574	5,185	5,101	4,842	4,593	4,542	4,440	4,533
71	Stony Ridge-Toledo	6,498	6,706	6,582	6,376	6,374	6,400	6,304	6,277	6,116	6,414
81	Elmore-Woodville-Gibsonburg	626	606	578	531	525	502	537	562	603	636
91	Fremont-Port Clinton	1,694	1,745	1,773	1,744	1,772	1,733	1,642	1,628	1,640	1,662
110	Sandusky-Bellevue	1,637	1,618	1,638	1,581	1,562	1,435	1,453	1,449	1,423	1,478
118	Sandusky-Norwalk	1,495	1,675	1,601	1,575	1,564	1,541	1,547	1,639	1,785	1,840
135	Vermilion	748	936	888	705	653	679	679	688	753	755
140	Amherst-Oberlin	1,623	1,712	1,585	1,344	1,254	1,253	1,231	1,234	1,280	1,271
142	Lorain County West	3,000	3,165	2,969	2,769	2,674	2,788	2,849	2,938	2,941	3,017
145	Lorain-Elyria	6,402	5,758	5,727	6,187	6,125	5,926	5,816	5,777	5,448	5,660
151	North Ridgeville-Cleveland	5,981	5,746	5,778	5,743	5,657	5,427	5,274	5,139	4,984	5,138
152	North Olmsted-Cleveland	3,065	2,977	2,956	2,747	2,656	2,603	2,606	2,617	2,620	2,575
161	Strongsville-Cleveland	7,645	7,434	7,107	6,877	6,733	6,586	6,753	6,838	6,948	7,236
173	Cleveland	7,548	7,515	7,347	7,002	6,732	6,656	6,696	6,663	6,893	7,287
180	Akron	7,495	7,184	6,802	6,198	5,685	5,412	5,253	4,924	4,950	5,269
187	Streetsboro	7,146	7,245	7,053	6,760	6,681	6,712	6,581	6,524	6,470	6,623
193	Ravenna	2,167	2,020	1,793	1,644	1,627	1,665	1,567	1,546	1,595	1,633
209	Warren	2,079	2,012	2,017	1,863	1,851	1,867	1,889	1,857	1,828	2,045
215	Lordstown West	580	584	613	581	539	524	510	489	447	492
216	Lordstown East	420	322	284	450	426	419	445	389	245	402
218	Niles-Youngstown	8,654	8,682	8,460	8,201	8,035	8,030	8,102	8,084	7,875	8,225
232	Youngstown	2,031	2,047	1,960	1,946	1,951	2,038	1,986	1,774	1,692	1,696
234	Youngstown-Poland	1,460	1,499	1,415	1,379	1,422	1,443	1,415	1,360	1,255	1,261
239	Eastgate	9,368	9,317	9,140	8,873	8,794	8,642	8,522	8,458	8,048	8,028

Source: *Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.*

Notes: *(1) "Activity by Interchange" represents the number of vehicles entering and exiting at each toll interchange.*

Debt Ratios and Revenue Bond Coverage *Last Ten Fiscal Years (Dollars in Thousands Except Per Capita Amounts)*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Ratios:										
Revenue Bonds Payable	$ 1,609,434	$ 1,621,009	$ 1,634,909	$ 1,648,395	$ 1,661,653	$ 597,127	$ 622,742	$ 647,341	$ 662,867	$ 677,568
Revenue Bonds Payable as a % of Personal Income	0.30%	0.31%	0.32%	0.35%	0.37%	0.13%	0.14%	0.15%	0.16%	0.17%
Revenue Bonds Payable Per Capita	$ 138	$ 140	$ 141	$ 142	$ 144	$ 52	$ 54	$ 56	$ 57	$ 59
Revenue Bond Coverage:										
Pledged Revenues	$ 322,727 [1]	$ 313,305 [1]	$ 303,834 [1]	$ 287,065 [1]	$ 275,272 [1]	$ 259,239 [2]	$ 237,474 [2]	$ 238,188 [2]	$ 205,717 [2]	$ 208,265 [2]
Expenses Paid from Pledged Revenues: [4]										
Administration and Insurance	11,240	11,177	10,269	9,762	9,293	9,936	8,745	8,737	8,634	8,465
Maintenance of Roadway and Structures	37,936	38,319	35,810	36,702	35,015	35,565	36,132	37,577	35,699	37,215
Services and Toll Operations	56,200	54,072	51,911	50,646	50,369	51,266	50,549	54,583	53,817	52,394
Traffic Control, Safety, Patrol and Communications	13,386	14,399	13,912	13,657	14,040	14,559	14,871	14,989	15,529	15,794
Total Expenses Paid from Pledged Revenues	118,762	117,967	111,902	110,767	108,717	111,326	110,297	115,886	113,679	113,868
Deposit to Reserve Account	354	374	376	(238)	(539)	176	(1)	33	284	66
Net Revenues Available for Debt Service	$ 203,611	$ 194,964	$ 191,556	$ 176,536	$ 167,094	$ 147,737	$ 127,178	$ 122,269	$ 91,754	$ 94,331
Sr Lien Debt Service Requirements:										
Principal	$ 34,277	$ 32,266	$ 30,737	$ 29,228	$ 27,863	$ 25,839	$ 22,591	$ 21,003	$ 17,962	$ 21,153
Interest	25,093	27,628	29,149	30,660	29,530	29,649	30,750	30,198	31,377	34,730
Less Interest Earned	(933)	(877)	(685)	(513)	(425)	(73)	(144)	(156)	(233)	(499)
Total Sr Lien Debt Service Requirements	$ 58,437	$59,017	$ 59,201	$ 59,375	$ 56,968	$ 55,415 [3]	$ 53,197 [3]	$ 51,045	$ 49,106	$ 55,384
Sr Lien Debt Coverage (see Note 6 to the financial statements)	348%	330%	324%	297%	293%	267%	239%	240%	187%	170%
Jr Lien Debt Service Requirements:										
Interest	$ 36,146	$ 36,146	$ 36,146	$ 36,146						
Less Interest Earned	(991)	(931)	(725)	(830)						
Less Interest on Infrastructure Funds	(1,427)	(2,725)	(3,729)	(3,936)						
Total Jr Lien Debt Service Requirements	$ 33,728	$ 32,490	$ 31,692	$ 31,380						
Composite Debt Service Requirements	$ 92,165	$ 91,507	$ 90,893	$ 90,755						
Composite Debt Coverage (see Note 6 to the financial statements)	221%	213%	211%	195%						

Source: *Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.*

Notes:

(1) Gross Revenues per the Amended and Restated Master Trust Agreement dated April 8, 2013, as amended in 2013 - consisting of tolls, special toll permits, certain realized investment earnings, appropriations from the Ohio Department of Transportation, leases, licenses, royalties, advertising, miscellaneous sales, fees, charges and certain concession revenues.

(2) Gross Revenues per the Master Trust Agreement dated February 15, 1994, as amended in 2005 - consisting of tolls, special toll permits, certain realized investment earnings, appropriations from the Ohio Department of Transportation, and to the extent needed to achieve a debt coverage ratio of up to, but not more than 200%, leases, licenses, royalties, advertising, miscellaneous sales, fees, charges and certain concession revenues.

(3) Savings realized from the advance refunding of debt in 2009 and the refunding of debt in 2010 reduced the amount required to be deposited in the debt service account, thereby increasing the Commission's debt coverage ratio.

(4) Operating expenses exclude non-cash GASB 68 pension expense.

Principal Toll Revenue Payers *Current Year and Nine Years Ago*

Customers	2017 Tolls Paid	2017 Rank	2017 % of Total Tolls Paid
J.W. Hunt OTC., Inc.	$ 145,463	1	0.05%
PBC	93,348	2	0.03%
Yevtukh Brothers, Inc.	83,021	3	0.03%
VDS Farms, LLC.	80,876	4	0.03%
R-K-Campf Transport	71,719	5	0.02%
HOC Transport	71,193	6	0.02%
Wolverine Packing Co.	67,184	7	0.02%
Talon Logistics, Inc.	65,349	8	0.02%
TDC Transport	65,299	9	0.02%
Thomas Flatbed, Inc.	61,901	10	0.02%
Totals [(1)]	$ 805,352		0.27%

Customers	2008 Tolls Paid	2008 Rank	2008 % of Total Tolls Paid
J.W. Hunt OTC., Inc.	$ –	–	–
PBC	–	–	–
Yevtukh Brothers, Inc.	–	–	–
VDS Farms, LLC.	–	–	–
R-K-Campf Transport	–	–	–
HOC Transport	–	–	–
Wolverine Packing Co.	–	–	–
Talon Logistics, Inc.	–	–	–
TDC Transport	–	–	–
Thomas Flatbed, Inc.	–	–	–
United Parcel Service, Inc.	2,068,768	1	1.10%
Yellow Transportation, Inc.	1,646,064	2	0.88%
Con-way Freight, Inc.	1,346,857	3	0.72%
USF Holland, Inc.	1,155,846	4	0.62%
FedEx Ground Package Systems	1,107,557	5	0.59%
Roadway Express, Inc.	836,496	6	0.45%
Werner Enterprises, Inc.	829,768	7	0.44%
J.B. Hunt Transport, Inc.	804,162	8	0.43%
FedEx Freight East, Inc.	752,958	9	0.40%
Falcon Transport Company	665,977	10	0.36%
Totals [(1)]	$ 11,214,452		5.98%

Source: *Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.*

Notes: *(1) Effective October 1, 2009, the Ohio Turnpike Commission implemented E-ZPass® and joined the E-ZPass InterAgency Group (IAG). Large commercial customers who previously had accounts with the Ohio Turnpike Commission now utilize their E-ZPass account that they had previously established with another IAG agency. The Commission is now paid for their travel through other IAG agencies.*

Principal Ohio Employers *Current Year and Nine Years Ago*

Employer	2017 Employees	2017 Rank	2017 Employees (%)
State of Ohio	129,730	1	1.86%
United States Government	77,496	2	1.11%
Wal-Mart Stores	50,500	3	0.73%
Cleveland Clinic Health Systems	49,050	4	0.70%
Kroger Company	43,850	5	0.63%
Mercy Health	32,035	6	0.46%
University Hospitals Health Sys.	26,000	7	0.37%
Ohio Health	22,340	8	0.32%
JP Morgan Chase (Bank One)	21,000	9	0.30%
Giant Eagle, Inc.	19,000	10	0.27%
Totals	471,001		6.77%

Employer	2008 Employees	2008 Rank	2008 Employees (%)
State of Ohio	133,383	1	1.93%
United States Government	76,729	2	1.11%
Wal-Mart Stores	52,000	3	0.75%
Cleveland Clinic Health Systems	29,000	5	0.42%
Kroger Company	36,500	4	0.53%
Mercy Health	23,000	6	0.33%
University Hospitals Health Sys.	21,800	7	0.32%
Ohio Health	-	-	-
JP Morgan Chase (Bank One)	17,100	9	0.25%
Giant Eagle, Inc.	-	-	-
Bob Evans Farms, Inc.	17,500	8	0.25%
Meijer Inc.	16,300	10	0.24%
Totals	423,312		6.14%

Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*
Ohio Department of Development, Office of Strategic Research.
Ohio Department of Job and Family Services, Office of Workforce Development.

Employment, Demographic and Economic Statistics *Last Ten Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Ohio Turnpike and Infrastructure Commission Employees:										
Full-Time:										
Toll Collectors	203	207	205	202	213	208	216	236	286	306
Maintenance Workers	240	250	243	229	242	249	264	274	275	277
Toll and Service Plaza Supervisors	103	109	108	107	108	111	110	118	129	133
Professional and Clerical Staff	100	103	102	96	98	97	100	100	101	100
Maintenance Supervisors	45	45	44	45	44	44	45	45	44	45
Executive and Managerial Staff	20	20	20	20	19	18	17	18	18	18
Administrative Supervisors	14	14	14	15	14	15	22	22	23	20
Total Full-Time	725	748	736	714	738	742	774	813	876	899
Part-Time:										
Toll Collectors	191	195	192	191	203	209	211	232	265	308
Other	30	28	27	24	24	22	23	25	24	24
Total Part-Time	221	223	219	215	227	231	234	257	289	332
Total Ohio Turnpike and Infrastructure Commission Employees	946	971	955	929	965	973	1,008	1,070	1,165	1,231
State of Ohio Statistics:										
Population (In Thousands)	11,659	11,614	11,615	11,594	11,571	11,544	11,545	11,537	11,543	11,528
Personal Income (In Millions)	$ 531,810	$ 517,918	$ 504,993	$ 493,578	$ 472,846	$ 453,556	$ 436,297	$ 419,872	$ 408,395	$ 407,874
Per Capita Personal Income	$ 45,615	$ 44,593	$ 43,478	$ 42,571	$ 40,865	$ 39,289	$ 37,791	$ 36,393	$ 35,380	$ 35,381
Unemployment Rate	4.7%	4.9%	4.8%	5.1%	7.2%	6.7%	8.1%	9.8%	10.8%	7.8%

Source: *Employee counts provided by the Ohio Turnpike and Infrastructure Commission, Payroll, Toll Operations and Maintenance Departments. Population data provided by the U.S. Census Bureau. Personal income and per capita personal income data provided by the U.S. Department of Commerce, Bureau of Economic Analysis. Unemployment rates provided by the Ohio Department of Job & Family Services.*

Traffic Accident Statistics *Last Ten Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
All Accidents:										
Number	2,238	2,367	2,459	2,642	2,380	2,598	2,583	2,268	2,125	2,689
Rate	73.7	77.9	81.9	88.0	84.2	92.7	92.7	80.9	81.8	95.0
Property Damage (Over $150) Accidents:										
Number	1,824	1,918	2,043	2,166	1,944	2,140	2,090	1,885	1,695	2,168
Rate	60.0	63.1	68.1	72.2	68.7	76.4	75.0	67.3	65.2	76.6
Non-Fatal Personal Injury Accidents:										
Number	409	438	405	467	429	451	488	377	422	516
Rate	13.5	14.4	13.5	15.6	15.2	16.1	17.5	13.5	16.2	18.2
Number Injured	592	704	595	687	594	734	682	537	612	738
Injury Rate	19.5	23.2	19.8	22.9	21.0	26.2	24.5	19.2	23.5	26.1
Fatal Accidents:										
Number	5	11	11	9	7	7	4	6	8	5
Rate	.2	.4	.4	.3	.2	.2	.1	.2	.3	.2
Fatalities	6	12	11	9	8	7	6	7	9	7
Fatality Rate	.2	.4	.4	.3	.3	.2	.2	.2	.3	.2

Source: *Ohio State Highway Patrol.*

Notes: *All rates are per 100,000,000 vehicle miles traveled.*

Capital Asset Statistics *Last Ten Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Land and Roadway:										
Land Area (Acres)	10,057	10,057	10,057	10,057	10,057	10,057	10,055	10,044	10,038	10,015
Length of Roadway (Miles)	241	241	241	241	241	241	241	241	241	241
Number of Lane Miles	1,395	1,395	1,395	1,395	1,386	1,382	1,374	1,370	1,370	1,370
Interchanges:										
Toll	29	29	29	29	29	29	29	29	29	29
Barrier	2	2	2	2	2	2	2	2	2	2
Total Interchanges	31	31	31	31	31	31	31	31	31	31
Service Plazas	14	14	14	14	14	14	16	16	14	14
Other Buildings:										
Maintenance	8	8	8	8	8	8	8	8	8	8
Administration	1	1	1	1	1	1	1	1	1	1
Telecommunications	1	1	1	1	1	1	1	1	1	1
Highway Patrol	1	1	1	1	1	1	1	1	1	1
Structures Over or Under the Turnpike:										
Roadways and Interchange Ramps	331	331	331	336	336	337	337	337	337	337
Railroads	43	43	43	45	45	45	45	45	45	45
Rivers and Streams	66	66	66	66	66	66	66	66	66	66

Source: Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office and Engineering Department.

Notes

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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*

Independent Auditor's Report

To Management and the Commission Members
Ohio Turnpike and Infrastructure Commission

We have audited, 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, the financial statements of the Ohio Turnpike and Infrastructure Commission (the "Commission"), a component unit of the State of Ohio, which comprise the basic statement of net position as of December 31, 2017 and the related basic statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 26, 2018.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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.*

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To Management and the Commission Members
Ohio Turnpike and Infrastructure Commission

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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 26, 2018

Dave Yost • Auditor of State

OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

CUYAHOGA 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
MAY 29, 2018

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