Port of Greater Cincinnati Development Authority

Financial Report
with Supplemental Information
December 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
Port of Greater Cincinnati Development Authority
3 East Fourth Street, Suite 300
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We have reviewed the *Independent Auditor's Report* of the Port of Greater Cincinnati Development Authority, Hamilton County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2020 through December 31, 2020. 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 Port of Greater Cincinnati Development Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 30, 2021

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Independent Auditor's Report

To the Board of Directors
Port of Greater Cincinnati Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Port of Greater Cincinnati Development Authority (The Port) as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise The Port'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 Port of Greater Cincinnati Development Authority as of December 31, 2020 and 2019 and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Port of Greater Cincinnati Development Authority

Other Matter

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 supplemental 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021 on our consideration of the Port of Greater Cincinnati Development Authority'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 Port of Greater Cincinnati Development Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 29, 2021

Management's Discussion and Analysis

Our discussion and analysis of Port of Greater Cincinnati Development Authority's (dba "The Port") financial performance provides an overview of the financial activities for the fiscal years ended December 31, 2020, 2019, and 2018. Please read it in conjunction with The Port's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2020:

- Operating revenue of $9.2 million in 2020 was $0.4 million or 5% higher than the prior year, as The Port continues to increase operating revenues through its growth in charges for services.

- Operating expense of $10.4 million in 2020 was $0.7 million or 6% lower than the prior year primarily due to a decrease in salary and benefits resulting from pension and postemployment benefit (OPEB) adjustments.

- Capital assets increased $73.9 million or 64% in 2020 due to the $39.3 million acquisition and pre-demolition of the Convention Center Hotel, $23.2 million acquisition and garage construction at Uptown Gateway Development Phase IA, $9.8 million garage construction at Gallery at Kenwood, $4.5 million garage construction at RBM Development Phase 2B, and $0.6 million parking and leasehold improvements, offset by $3.6 million of depreciation.

- Long-term liabilities increased $100.2 million or 54% in 2020 primarily as a result of issuing revenue bonds of $52.9 million for the Convention Center Hotel Acquisition & Demolition Project, $48.4 million for Uptown Development Phase IA, and $1.0 million for the additional bond issued under the Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund.

- The Port's net position decreased to $3.6 million by the end of 2020, a decrease of $9.6 million or 73 percent from the previous year. The decrease is mainly derived from a $5.0 million asset impairment to assets held for resale and a $4.5 million loss from the net of trust restricted bond revenue, bond administrative expense and interest expense. However, unrestricted net position, the part of net position that can be used to finance day-to-day operations, improved $1.6 million in 2020.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of revenues, expenses, and changes in net position provide information about the activities of The Port as a whole and present a longer-term view of its finances. These are followed by the statement of cash flows, which presents detailed information about the changes in The Port's cash position during the year.

Condensed Financial Information

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior two years:

	Business-type Activities				
	2018	2019	2020	Change	Percent Change
Assets					
Other assets	$ 70,006,057	$ 88,418,515	$ 102,283,796	$ 13,865,281	16%
Capital assets being depreciated - Net	48,414,870	66,340,390	62,855,136	(3,485,254)	-5%
Capital assets not being depreciated	25,910,164	49,164,146	126,517,934	77,353,788	157%
Total assets	144,331,091	203,923,051	291,656,866	87,733,815	43%
Deferred Outflows of Resources	1,258,784	1,854,924	1,068,402	(786,522)	-42%
Total assets and deferred outflows	145,589,875	205,777,975	292,725,268	86,947,293	42%
Liabilities					
Current liabilities	1,344,028	6,208,696	1,569,783	(4,638,913)	-75%
Long-term liabilities:					
Due within one year	4,411,824	5,639,047	18,253,430	12,614,383	224%
Due in more than one year	123,337,223	180,678,686	268,241,398	87,562,712	48%
Total liabilities	129,093,075	192,526,429	288,064,611	95,538,182	50%
Deferred Inflows of Resources	761,875	57,587	1,105,410	1,047,823	1820%
Net Position					
Net investment in capital assets	5,568,793	3,442,943	(2,128,520)	(5,571,463)	-162%
Restricted	9,685,628	9,035,970	3,337,203	(5,698,767)	-63%
Unrestricted	480,504	715,046	2,346,564	1,631,518	228%
Total net position	**$ 15,734,925**	**$ 13,193,959**	**$ 3,555,247**	**$ (9,638,712)**	-73%

Note: 2018 net position includes a $1,692,405 beginning of year reduction for a change in accounting principle.

	Business-type Activities				
	2018	2019	2020	Change	Percent Change
Operating Revenue					
Public funding	$ 1,400,000	$ 700,000	$ 660,000	$ (40,000)	-6%
Charges for services	6,673,464	8,129,555	8,574,073	444,518	5%
Total operating revenue	8,073,464	8,829,555	9,234,073	404,518	5%
Operating Expenses					
Salaries and benefits	4,123,709	4,873,330	4,241,367	(631,963)	-13%
Professional services	817,803	1,436,483	1,604,476	167,993	12%
Occupancy	163,998	153,927	163,817	9,890	6%
Travel and business development	118,315	132,800	40,521	(92,279)	-69%
Equipment and supplies	45,856	37,680	54,492	16,812	45%
Other operating expenses	224,224	304,245	327,115	22,870	8%
Taxes and holding costs	387,160	808,739	331,594	(477,145)	-59%
Depreciation	2,563,102	3,333,143	3,598,818	265,675	8%
Total operating expenses	8,444,167	11,080,347	10,362,200	(718,147)	-6%
Operating Loss	(370,703)	(2,250,792)	(1,128,127)	1,122,665	-50%
Restricted bond revenues	4,289,551	4,881,053	6,522,368	1,641,315	34%
Interest expense	(3,970,017)	(5,158,932)	(7,583,772)	(2,424,840)	47%
Gain/(Loss) on sale of property	(37,000)	(807,472)	497,587	1,305,059	-162%
Impairment on asset	(1,593,070)	(108,609)	(5,031,669)	(4,923,060)	N/A
Investment income	457,473	859,315	489,436	(369,879)	-43%
Bond administrative expense	(2,061,598)	(2,993,345)	(3,485,016)	(491,671)	16%
Grants, net	-	50,719	(19,519)	(70,238)	-138%
Forgiveness income	-	-	50,000	50,000	N/A
Capital grants and contributions	7,954,860	2,987,097	50,000	(2,937,097)	-98%
(Decrease) Increase in Net Position	4,669,496	(2,540,966)	(9,638,712)	(7,097,746)	279%
Adjustment for change in accounting principle	(1,692,405)	-	-	-	N/A
Change in Net Position	**$ 2,977,091**	**$ (2,540,966)**	**$ (9,638,712)**	**$ (7,097,746)**	279%

The Port uses a broad range of tools to assist with economic development projects within the City of Cincinnati, Ohio and Hamilton County, Ohio, as described further in Note 1 to the financial statements.

The net position of all business-type activities decreased by $9.6 million, or 73 percent, in 2020. In comparison, net position in 2019 decreased by $2.5 million, or 16 percent. The decrease in 2020 is mainly derived from a $5.0 million asset impairment and a $4.5 million loss from the net of bond revenue, bond administrative expense and interest expense.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations, increased $1.6 million, or 228 percent in 2020. In comparison, in 2019 unrestricted net position increased by $234,542, or 49 percent. The current level of unrestricted net position stands at $2.3 million, or about 35 percent of annual operating expenditures, excluding depreciation.

Restricted net position decreased by $5.7 million, or 63 percent, in 2020 primarily due to the $5.0 million asset impairment (see Note 12). In contrast, restricted net position decreased by $0.6 million, or 7 percent, in 2019. The prior year decrease resulted from a $2.0 million decrease in trust restricted equity due to the refinance of Fountain Square South Garage and Amberley Site bonds (see Note 6), while grant restricted equity increased $1.4 million from the Hudepohl redevelopment in Queensgate.

Net position from The Port's net investment in capital assets decreased $5.6 million, or 162 percent, in 2020 primarily due to nonoperating activity from The Port's capital assets added in 2020 and 2019, including Uptown Gateway Development Phase IA, the Convention Center Hotel, Gallery at Kenwood and the Convention Center Garages. In 2019,net investment in capital assets decreased $2.1 million or 38 percent, mainly due to the addition of the Convention Center Garages and Gallery at Kenwood, offset by depreciation of $3.3 million.

Operating Revenue

In 2020 and 2019, public funding in the form of operating grants was provided solely by Hamilton County in the amount of $660,000 and $700,000, respectively. In 2018, public funding was provided in equal amounts of $700,000 from the City of Cincinnati and Hamilton County to support The Port's economic development and inclusion activities. These grants are appropriated annually and have not increased since 2012.

Charges for services consist primarily of fees charged for: parking, utilization of The Port's finance tools, mortgage down payment assistance, management of other organizations, commercial real estate leases, and oversight of redevelopment projects. Service revenue increased $444,518 or 5 percent in 2020 compared to the prior year. The increase was led by a $1.1 million increase in finance fees, an $0.8 million increase in mortgage down payment assistance fees offset by a $1.3 million decrease in parking fees. In comparison, service revenue increased $1.5 million or 22 percent in 2019 compared to the prior year due to a $2.4 million increase in parking fees offset by a $0.7 million decrease in finance fees.

Operating Expenses

Operating expenses decreased $0.7 million or 6 percent in 2020 compared to the prior year, primarily due to a $0.5 million pension and postemployment benefit (OPEB) adjustment for GASB 68 & 75 reflected in salary and benefits. In 2019, operating expenses increased $2.6 million primarily due to a $1.4 million increase in garage operating expenses related to the addition of the Convention Center Garages, $0.6 million pension and postemployment benefit (OPEB) adjustments, and a $0.2 million increase in consulting.

For years 2020, 2019 and 2018, The Port had adequate operating revenue to cover its operating expenses before depreciation on capital assets.

Nonoperating Income (Expenses)

Nonoperating income consists of grant revenues received under reimbursement-type grants and subsequently passed through to third parties, service payments, special assessments, or other revenues assigned by and received from other public bodies to support The Port's revenue bonds, other nonoperating contributions to The Port's projects, and certain post-closing bond reserves established for future debt service.

Restricted bond revenues increased $1.6 million or 34 percent in 2020 due to a $1.1 million addition from the Convention Center Hotel and a $0.2 million increase in both RBM 2A and Kenwood Collection bond revenues. In comparison, restricted bond revenues increased $0.6 million or 14 percent in 2019 due to a $0.7 million increase in RBM 2A bond revenues.

Bond administrative expenses increased $0.5 million or 16 percent in 2020 due to an increase in issuance costs from new financings in 2020 (see Note 6). Similarly, in 2019 bond administrative expenses increased $0.9 million or 45% due to an increase in debt issuance costs.

In 2020, The Port recognized a $5.0 million cost-to-market adjustment to assets held for resale, including adjustments of: $2.8 million for Hudephol upon being listed by a commercial real estate broker after redevelopment was complete, and $2.0 million for MidPointe Crossing upon signing a purchase sale agreement below its broker listed price. This write-down represents the subsidy invested to make the properties marketable. In comparison, in 2019 The Port recognized a $0.1 million cost-to-market adjustment on an asset held for sale in the West End neighborhood of Cincinnati.

Capital grants and contributions decreased $2.9 million or 98 percent in 2020 primarily due to City of Cincinnati capital grants in 2019 including $2.2 million for the Hudepohl redevelopment in Queensgate and $0.7 million for the Bond Hill business district redevelopment. In comparison, capital grants and contributions decreased $5.0 million or 62 percent in 2019 primarily due to a $4.9 million private developer contribution in 2018 for the RBM Development Project Phase 2B in Madisonville. During 2018 through 2020, The Port received public funding of capital grants from the City of Cincinnati, Hamilton County, and JobsOhio.

Capital Asset and Debt Administration

At the end of 2020, The Port had $189.4 million invested in a broad range of capital assets, including public parking facilities, infrastructure, and utilities. During the year, The Port’s major additions included $39.3 million acquisition and demolition of the Convention Center Hotel (former Millennium Hotel), $23.2 million acquisition and garage construction at Uptown Gateway Development Phase IA, $9.8 million garage construction at Gallery at Kenwood, $4.5 million garage construction at RBM Development Phase 2B, and $0.6 million parking and leasehold improvements. This activity was offset by additional depreciation on capital assets in the amount of $3.6 million.

In comparison, in 2019 The Port acquired the 1,570-space Convention Center Garages for $25.7 million, recognized $13.4 million of construction-in-progress on the RBM 2B Medpace parking garage in Madisonville, and acquired land at the Gallery at Kenwood development for $5.0 million. This activity was offset by additional depreciation on capital assets in the amount of $3.3 million.

In support of economic development and other authorized projects within the City of Cincinnati and Hamilton County, The Port considers and, with board approval, issues bonds. In 2020, The Port issued $385.1 million of bonds, compared to $328.3 million and $421.3 million of bonds issued in 2019 and 2018, respectively. The following table summarizes The Port’s issuance of bonds and conduit financings in the years 2020, 2019 and 2018.

Issue Date	Project Name	Bond Amount
01/2020	Kenwood Gallery Lease ***	54,000,000
01/2020	Uptown Gateway Development Phase IA	48,445,000
02/2020	Convention Center Hotel	52,855,000
03/2020	Fourth & Race Residential Tower *	15,607,000
03/2020	Springrose Meadows *	2,450,000
04/2020	3CDC Parking 1400 Vine St Parking Facility *	3,750,000
05/2020	Kao Property Acquisition Project **	7,800,000
05/2020	Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund – Additional Bond	1,000,000
06/2020	Madison & Stewart Apartments ***	18,750,000
06/2020	College Hill Station ***	22,000,000
07/2020	St Xavier High School *	21,500,000
07/2020	3CDC Ziegler and Fountain Place Parking Facilities *	13,440,000
09/2020	Uptown Gateway Office Building I ***	31,145,100
09/2020	Uptown Gateway Office Building II ***	30,500,000
10/2020	FC Cincinnati Stadium Public Improvements *	8,000,000
11/2020	Willows at Springdale ***	42,000,000
12/2020	Madison & Whetsel Phase III ***	11,818,084
	Total 2020	$ 385,060,184

02/2019	Mariemont City School District Project *	42,980,000
02/2019	Summit Park – Blue Ash Airport Redevelopment *	8,340,000
02/2019	Fountain Square South Garage (refinance)	11,325,000
03/2019	Convention Center Garages	27,170,000
06/2019	3CDC Master Parking (refinance) *	13,260,000
06/2019	Cincinnati Neighborhood Commercial Real Estate Loan Fund (new tranche)	1,500,000
08/2019	The Artistry ***	54,605,000
09/2019	Findlay Center Project **	5,525,000
10/2019	1118 Sycamore Project ***	30,600,000
10/2019	Madison & Whetsel - Phase II ***	13,100,000
10/2019	Madison & Whetsel - Phase II **	4,500,000
12/2019	Fields Ertel Project *	7,500,000
12/2019	3CDC Master Parking (refinance) *	80,480,000
12/2019	Cincinnati Neighborhood Commercial Real Estate Loan Fund (new tranche)	1,000,000
12/2019	Gallery at Kenwood	26,405,000
	Total 2019	$ 328,290,000
06/2018	Fifth and Plum Project	$ 12,590,000
07/2018	RBM Development Phase 2B - TIF	22,805,000
08/2018	Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund	1,000,000
06/2018	Mercer Commons Garage (refinance) *	8,329,000
07/2018	Poste (formerly Firehouse Row) ***	13,680,795
07/2018	RBM Development Phase 2B - Lease ***	43,000,000
09/2018	Woodlawn Meadows Project **	1,855,000
09/2018	Madison and Whetsel **	2,795,000
09/2018	Madison and Whetsel ***	1,412,602
10/2018	Springdale Office Park **	6,605,000
10/2018	Fourth and Race Parking Garage *	29,240,000
12/2018	Provident Bank Building ***	28,000,000
12/2018	FC Cincinnati MLS Stadium *	250,000,000
	Total 2018	$ 421,312,397

* *Conduit revenue bond obligations*
** *Conduit revenue bond obligations - Southwest Ohio Regional Bond Fund*
*** *Conduit revenue drawdown bond obligations – maximum bonds authorized are shown*

Economic Factors and Next Year's Budgets and Rates

The Port will continue to rely on operating support provided from its public partners. The City of Cincinnati and Hamilton County are expected to make operating grants of $700,000 and $800,000, respectively, in 2021.

The Port actively manages a pipeline of potential structured financings that could result in the issuance of bonds or project leases, which generate recurring and non-recurring fees, some of which could be significant.

Revenues from The Port's mortgage down payment assistance program are correlated with the demand for mortgage loans, which can fluctuate due to economic factors such as mortgage interest rates and the supply of housing inventory.

The Port operates four public parking facilities in Cincinnati's central business district providing 2,230 total parking spaces. COVID-19 significantly impacted The Port's parking revenues as companies migrated employees to work-from-home. Additionally, convention center events and professional sports were cancelled or closed to the public. This trend is expected to continue through the first half of 2021 and gradually improve thereafter as more people are vaccinated and offices and special events reopen.

Capital funding from the City of Cincinnati for real estate development is subject to annual, discretionary appropriation by Cincinnati City Council. The City has appropriated $2 million to The Port for redevelopment of an industrial site, which is fully planned for capital expenditure in 2021 and will include developer fee revenue to The Port.

Contacting the Management

This financial report is intended to provide our stakeholders with a general overview of The Port’s finances and to show accountability for the money received. If you have questions about this report or need additional information, we welcome you to contact Rick Hudson, Vice President of Accounting & Financial Management at 513-621-3000.

Proprietary Funds
Statement of Net Position

December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 7,038,173	$ 6,584,134
Receivables - Net of allowance	1,645,998	2,829,789
Prepaid expenses and other assets	580,449	2,833,527
Total current assets	9,264,620	12,247,450
Noncurrent assets:		
Restricted cash and investments	71,606,735	51,949,534
Notes receivable	2,530,486	2,985,625
Capital assets: (Note 4)		
Assets not subject to depreciation	126,517,934	49,164,146
Assets subject to depreciation	62,855,136	66,340,390
Assets held for resale (Note 12)	18,881,955	21,235,906
Total noncurrent assets	282,392,246	191,675,601
Total assets	291,656,866	203,923,051
Deferred Outflows of Resources		
Pension (Note 9)	587,011	1,523,956
OPEB (Note 9)	481,391	330,968
Total deferred outflows of resources	1,068,402	1,854,924
Liabilities		
Current liabilities:		
Accounts payable	1,118,980	2,623,850
Accrued liabilities and other	244,803	3,577,346
Unearned grant revenue	206,000	7,500
Total current liabilities	1,569,783	6,208,696
Noncurrent liabilities:		
Accrued interest payable from restricted assets	3,633,026	2,214,842
Accrued expenses payable from restricted assets	881,388	822,113
Net pension obligation (Note 9)	2,322,206	3,670,558
Net OPEB obligation (Note 9)	2,605,332	2,488,494
Current portion of long-term debt payable from restricted assets (Note 6)	13,739,016	2,602,092
Long-term payable from restricted assets (Note 6)	59,237,176	39,042,434
Long-term debt payable from future restricted bond revenue (Note 6)	204,076,684	135,477,200
Total noncurrent liabilities	286,494,828	186,317,733
Total liabilities	288,064,611	192,526,429
Deferred Inflows of Resources		
Pension (Note 9)	717,450	50,835
OPEB (Note 9)	387,960	6,752
Total deferred inflows of resources	1,105,410	57,587
Net Position		
Net investment in capital assets	(2,128,520)	3,442,943
Restricted:		
Grants	2,647,506	8,357,811
Trust assets	689,697	678,159
Unrestricted	2,346,564	715,046
Total net position	$ 3,555,247	$ 13,193,959

See notes to financial statements.

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenue		
Public funding (Note 7)	$ 660,000	$ 700,000
Charges for services	8,574,073	8,129,555
Total operating revenue	9,234,073	8,829,555
Operating Expenses		
Salaries and benefits	4,241,367	4,873,330
Professional services	1,604,476	1,436,483
Occupancy	163,817	153,927
Travel and business development	40,521	132,800
Equipment and supplies	54,492	37,680
Other operating expenses	327,115	304,245
Taxes and holding costs	331,594	808,739
Depreciation	3,598,818	3,333,143
Total operating expenses	10,362,200	11,080,347
Operating Loss	(1,128,127)	(2,250,792)
Nonoperating Revenue (Expense)		
Restricted bond revenue	6,522,368	4,881,053
Investment income	489,436	859,315
Interest expense	(7,583,772)	(5,158,932)
Gain (loss) on sale of property	497,587	(807,472)
Impairment on assets	(5,031,669)	(108,609)
Bond administrative expense	(3,485,016)	(2,993,345)
Grants	262,636	1,450,885
Grant expenditures	(282,155)	(1,400,166)
Forgiveness income	50,000	-
Total nonoperating (expense) revenue	(8,560,585)	(3,277,271)
Loss - Before capital grants and contributions	(9,688,712)	(5,528,063)
Capital Grants and Contributions	50,000	2,987,097
Decrease in Net Position	(9,638,712)	(2,540,966)
Net Position - Beginning of year	13,193,959	15,734,925
Net Position - End of year	$ 3,555,247	$ 13,193,959

Propriety Funds
Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Receipts from public funding sources	$ 660,000	$ 700,000
Receipts from charges for services	8,330,392	8,279,565
Payments to suppliers	(3,775,868)	(1,684,817)
Payments to employees	(3,614,225)	(3,728,500)
Net cash and cash equivalents provided by operating activities	1,600,299	3,566,248
Cash Flows from Noncapital Financing Activities		
Receipts from grants and subsidies	2,007,406	2,142,153
Proceeds from the issuance of debt	1,000,000	12,474,380
Principal paid on debt	(184,955)	(8,743,333)
Interest paid	(628,916)	(450,468)
Proceeds from the sale of assets held for sale	497,587	1,056,230
Purchase and development of assets held for sale	(3,584,987)	(4,639,555)
Net cash and cash equivalents (used in) provided by noncapital financing activities	(893,865)	1,839,407
Cash Flows from Capital and Related Financing Activities		
Proceeds from the issuance of capital debt	101,300,000	54,925,620
Restricted bond revenue	6,522,368	4,881,053
Purchase and construction of capital assets	(77,134,191)	(44,512,646)
Principal paid on capital debt	(2,150,061)	(3,151,867)
Interest paid	(5,520,506)	(3,955,641)
Bond administrative expenses paid	(4,276,308)	(2,304,508)
Net cash and cash equivalents provided by capital and related financing activities	18,741,302	5,882,011
Cash Flows from Investing Activities		
Interest received on investments	488,428	853,517
Loans collected	1,039,775	1,907,826
Loans provided	(864,699)	(3,358,200)
Net cash and cash equivalents provided by (used in) investing activities	663,504	(596,857)
Net Increase in Cash and Cash Equivalents	20,111,240	10,690,809
Cash and Cash Equivalents - Beginning of year	58,533,668	47,842,859
Cash and Cash Equivalents - End of year	**$ 78,644,908**	**$ 58,533,668**
Classification of Cash and Cash Equivalents		
Cash and investments	$ 7,038,173	$ 6,584,134
Restricted cash	71,606,735	51,949,534
Total cash and cash equivalents	**$ 78,644,908**	**$ 58,533,668**

Propriety Funds
Statement of Cash Flows (Continued)

Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (1,128,127)	$ (2,250,792)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	3,598,818	3,333,143
Changes in assets and liabilities:		
Accounts receivable	(312,064)	(130,618)
Prepaid and other assets	710,459	(568,342)
Accounts payable	(1,024,542)	1,375,505
Accrued and other liabilities	(244,245)	1,807,352
Net cash and cash equivalents provided by operating activities	**$ 1,600,299**	**$ 3,566,248**

See notes to financial statements.

Note 1 - Nature of Business

Port of Greater Cincinnati Development Authority (dba, "The Port") is a port authority that uses a broad range of tools to assist with economic development projects within the City of Cincinnati, Ohio and Hamilton County, Ohio.

Note 2 - Significant Accounting Policies

The Port follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by The Port:

Reporting Entity

The Port is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port was formed under Ohio Revised Code Section 4582.22 by the City of Cincinnati, Ohio (the "City") and Hamilton County, Ohio (the "County") on December 7, 2000. In August 2008, the City and County amended the original agreement by expanding The Port's geographical jurisdiction to include all of Hamilton County, Ohio and the City of Cincinnati, Ohio, streamlining the size of the board of directors and committing to a specific funding plan. The City and County also removed substantially all of the restrictions that had initially been imposed to permit The Port to use all powers available to Ohio port authorities.

The Port primarily seeks to identify, restore, and redevelop properties and land in Hamilton County, Ohio; to provide development financing through the issuance of revenue bonds; and to identify and pursue other opportunities to promote economic development, transportation, and other statutorily authorized purposes of The Port.

The Port's management believes these financial statements present all activities for which The Port is financially accountable.

Port Authority Powers

Historically, port authorities were created to conduct maritime activities and, later, airport activities. However, port authorities in Ohio have evolved as an economic development tool. As independent units of government, Ohio port authorities may conduct traditional waterborne and air transportation activities, as well as own property and provide financing for local economic development initiatives. Ohio law defines the "authorized purposes" of a port authority as "activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within the jurisdiction of the port authority" and "activities authorized by Sections 13 and 16 of Article VIII, Ohio Constitution." These broad powers are complemented by expansive authority to enter into cooperative relationships with one or more other political subdivisions to undertake major development projects jointly.

Special Financing, Projects, and Programs

Under Ohio law, a port authority has a broad range of project management and funding capabilities that enable it to participate in a variety of ways in economic development projects:

Conduit Revenue Bond Financings - Port authorities may provide assistance through conduit revenue bond financing. These revenue bond financings are based on the creditworthiness of the borrower and may include some form of credit enhancement. The issuing port authority has no obligation with respect to the bonds except to the extent of loan payments payable solely from pledged receipts and, unless issued as part of a capital lease financing, would have no interest in the property financed (see Note 11). The Port has several conduit revenue bond issues outstanding and provides such assistance upon request.

Note 2 - Significant Accounting Policies (Continued)

The Port issues conduit debt on behalf of third parties. The Port classifies debt as conduit debt when all of the following characteristics exist: the proceeds from the debt issuance benefits a third party, the debt obligation is payable solely from pledged receipts and is not an obligation of The Port, and the third party has ultimate control over and primary benefit from the asset resulting from the expenditure of bond proceeds.

Cooperative Public Infrastructure Financings - The proceeds of port authority revenue bonds may be used to finance public facilities or properties to be owned by the port authority. Often these projects are undertaken in cooperation with one or more overlapping political subdivisions and supported by tax increment financing service payments, special assessments, or both, assigned by the political subdivision to the port. The bonds would be secured by the assignment of that revenue and would be non-recourse to the general revenue and assets of the port. The Port has issued such bonds in the past and expects to continue to do so.

Project Incentives - Port authorities may act as the central point of contact for investigating and procuring local, state, and federal business retention and expansion incentives.

Grant Programs - Ohio port authorities may apply for local, state, and federal grant funds, which generally are used for public infrastructure improvements made in support of local economic development efforts.

Common Bond Fund Programs - Common bond funds are a tool that supplements the financing options available to small- and medium-sized companies within the community. These programs provide credit enhancements and long-term, fixed-rate loans that make it possible for companies to access capital markets that might otherwise be unavailable.

In April 2015, The Port became an eligible issuer of economic development revenue bonds for the Southwest Ohio Regional Bond Fund, created from the expansion of the Dayton-region Port Authority Bond Fund. The expanded bond fund serves growing companies in the Dayton and Cincinnati regions. The Port also issues bond fund debt repayable from tax increment financing and special assessments. See Note 6 and Note 11 for additional details regarding the bond fund activity.

Property Ownership - Ohio port authorities have broad powers to acquire, construct, and own real or personal property, or any combination of real and personal property, to further any authorized purpose. This includes the power to own and improve property if doing so helps to create or preserve jobs and economic or business development opportunities. This is especially helpful when a property has negative value, as in the case of a Brownfield site where barriers such as liens and environmental issues are impediments to redevelopment. Furthermore, port authorities may sell, lease (to or from others and with or without purchase options), and convey other interests in real or personal property, improved or unimproved, as well. The Port has owned and improved property as part of its Brownfield development and economic redevelopment financing activities.

Structured Lease Projects - Under this structure, the port authority owns the real estate assets and leases it to a private entity on a long-term basis. The port authority may also issue revenue bonds to finance the acquisition, construction, and leasing of a project. The lease structure has been used to convey a variety of incentives, such as sales tax exemption on building materials incorporated into buildings owned by a port authority, and accounting advantages to the lessee/user of the project. The Port has provided capital lease structures and lease financing.

Down Payment Assistance Programs - Ohio port authorities may provide grants, loans, guarantees, and other means to enhance the availability of adequate housing for individuals and families in Ohio. In November 2014, The Port established a market rate government-insured mortgage and down payment assistance homeownership program for qualified borrowers of single-family residential properties. In July 2015, the program expanded to include conventional mortgages.

Note 2 - Significant Accounting Policies (Continued)

Project Coordination - Ohio port authorities can facilitate and coordinate the various regulatory approvals needed from multiple agencies or jurisdictions. This is particularly helpful for assisting with complicated, large-scale projects. As a result, the development process is streamlined, and projects can move forward more quickly and efficiently.

Management Agreements

The Port has management agreements to operate other entities aligned with The Port's mission. These entities include:

- Hamilton County Land Reutilization Corporation (Hamilton County Landbank)
- Greater Cincinnati and Northern Kentucky Foreign Trade Zones
- Homesteading and Urban Redevelopment Corporation

Each entity has its own board of directors and no employees. Management fee revenue from the entities above is reflected in charges for services.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements consist of a single-purpose business-type activity, which is reported on the accrual basis of accounting, using the economic resources measurement focus.

The financial statements of The Port have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Port maintains budgetary control by not permitting total expenses and amounts charged to individual expense categories to exceed respective appropriations without amendment of appropriations by the board of directors. Unencumbered appropriations lapse at year end; but to the extent that unencumbered general operating monies remain at year end, an amount equal to 10 percent of that year's appropriation is appropriated for successive months' expenses until the next year's appropriation is approved by the board.

The Port follows the GASB guidance as applicable to proprietary funds. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

When an expense is incurred for the purpose for which both restricted and unrestricted net position are available, The Port's policy is to first apply restricted resources.

Assets, Liabilities, and Net Position

Bank Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Restricted Assets

The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets. Unspent bond proceeds are required to be set aside for construction. These amounts have also been classified as restricted assets.

Note 2 - Significant Accounting Policies (Continued)

Assets Held for Resale

Assets held for resale consist of land and real estate held for resale and are valued at the lower of cost or market.

Capital Assets

Capital assets are stated at historical cost and depreciated using the straight-line method over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the improvements. Property held for redevelopment that is environmentally contaminated, or perceived to be contaminated, is not depreciated until redevelopment is completed. Bond-financed assets are depreciated over the life of the bond, or a lesser useful life when appropriate. Capital assets in excess of $2,500 are capitalized.

The Port capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Capitalized interest for 2020 and 2019 was $3,487,088 and $1,102,003, respectively.

The following estimated useful lives are being used by The Port:

	Depreciable Life Years
Land improvements	30 to 45
Buildings and leasehold improvements	3 to 45
Equipment and furnishings	3 to 7

Notes Receivable

The Port provided housing loans of $839,605 and $771,200 in years 2020 and 2019, respectively, from the Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund (see Note 6). All loans were provided to entities managed by The Port, mature in the year 2025, and have an annual interest rate of 2.50 percent. Interest payments are due quarterly.

The Port provided commercial loans of $25,094 and $1,937,000 in years 2020 and 2019, respectively, from the Cincinnati Neighborhood Commercial Real Estate Loan Fund (see Note 6). All loans mature in the year 2026 and have an annual interest rate of 3.00 percent. Interest payments are due quarterly.

Compensated Absences (Vacation and Sick Leave)

It is The Port's policy to permit employees to accumulate earned but unused paid-time-off benefits (PTO). Employees begin earning PTO on their first day of service and are permitted to carry over a maximum of seven days from one service year to the next. Accumulated paid-time-off balances are accrued when incurred in the financial statements.

Long-term Debt

In the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund-type statement of net position. The Port records debt when The Port has legal title over the capital assets purchased, has ultimate control over the capital asset and its use, and the capital assets resulting from the expenditure of bond proceeds are for public use or support The Port's governmental purpose by fostering continued opportunity for economic or business development.

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Port reports deferred outflows related to pensions and OPEB (other post-employment benefits) (Note 9).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Port reports deferred inflows related to pensions and OPEB (Note 9).

Pension and Other Postemployment Benefit Costs

For the purposes of measuring the 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 Pension Plan (OPERS) 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. OPERS reports investments at fair value (see Note 9).

Net Position Flow Assumption

The Port will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is The Port’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Net Position

Net position of The Port is classified in three components:

- Net Position Investment in Capital Assets - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Restricted Net Position - Consists of cash and investments held by trusts to secure revenue bonds reduced by liabilities payable from the trusts and the remaining balance of purpose-restricted grants.
- Unrestricted Net Position - Equals the remaining assets less remaining liabilities that do not meet the definition of invested in capital assets or restricted net position.

Capital Grants and Contributions

Grants for the acquisition and construction of land and property are reported in the statement of revenue, expenses, and changes in net position under the classification of capital grants and contributions.

Note 2 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds are charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services, administrative expenses, and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Use of Estimates

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

Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Port is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for The Port's financial statements for the year ending December 31, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of the standard will be applied prospectively and will result in increased interest expense during periods of construction. The provisions of this statement are effective for The Port's financial statements for the December 31, 2021 fiscal year.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The provisions of this statement are effective for The Port's financial statements for the December 31, 2022 fiscal year.

Note 2 - Significant Accounting Policies (Continued)

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Port does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Port is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Port's financial statements for the year ending December 31, 2023.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 29, 2021, which is the date the financial statements were available to be issued.

Note 3 - Deposits and Investments

Deposits

Monies in the funds of The Port, except as otherwise described below with respect to investments controlled by the terms of a bond resolution or trust agreement or indenture, and to the extent in excess of current needs, may be invested in accordance with the Ohio Uniform Depository Act, Revised Code Sections 135.01-135.21 (UDA). At December 31, 2020 and 2019, the aggregate amount of monies in the general operating funds of The Port was $7,160,899 and $6,658,194, respectively, all of which constituted "active deposits," with three qualified banking institutions deposited in accordance with UDA. At December 31, 2020 and 2019, approximately $1,000,000 of The Port's deposits were covered by FDIC insurance. The remaining bank balances at December 31, 2020 and 2019 of approximately $6,160,900 and $5,658,200, respectively, were collateralized with securities by the pledging institution's trust department or agent, but not in The Port's name. At no time during the two-year period ended December 31, 2020 did The Port have any amounts for investment in the unrestricted general operating funds of The Port not constituting active deposits.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, The Port's deposits may not be returned to it. Operating (nontrusteed) investments of The Port are insured, registered in the name of the government, and/or collateralized with securities by the pledging institution's trust department or agent; therefore, there is no custodial credit risk exposure.

Investments

Investments represent trusteed funds securing revenue bonds. Funds held by a corporate trustee on behalf of The Port may be legally invested in accordance with the bond-authorizing resolution of The Port's board of directors or the trust indenture or agreement securing those revenue bonds.

Note 2 - Significant Accounting Policies (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Port held the following investments as of December 31, 2020 and 2019.

- U.S. Treasury securities with a market value of $219,987 and $5,895,158 having a maximum of 365 days remaining until maturity for the years ended December 31, 2020 and 2019, respectively.
- Federal Home Loan Bank securities with a market value of $690,262 having a maximum of 365 days remaining until maturity for the year ended December 31, 2020. No Federal Home Loan Bank securities were held as of year end 2019.
- Certificates of deposit with 9 different bank institutions for a combined market value of $2,302,033 with a maximum of 1 year and 269 days remaining until maturity for the year ended December 31, 2020. The same 9 certificates of deposit were also held during the prior year for a combined market value of $2,247,479 with a maximum of 2 years and 269 days remaining until maturity for the year ended December 31, 2019.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Port has no investment policy that would further limit its investment choices. As of year end, the S&P credit quality ratings of the money markets held are AAAm for 2020 and 2019.

Note 4 - Capital Assets

Capital asset activity of The Port's business-type activities was as follows:

	Balance January 1, 2020	Additions	Disposals	Balance December 31, 2020
Business-type Activities				
Capital assets not being depreciated:				
Land easements - Red Bank	$ 450,000	$ -	$ -	$ 450,000
Land - RBM 2A	5,785,192	-	-	5,785,192
Land - Fifth & Plum Parking Lot	11,920,221	-	-	11,920,221
Land - Convention Center Garages	4,857,323	-	-	4,857,323
Land - Gallery at Kenwood	4,999,052	-	-	4,999,052
Land - Convention Center Hotel	-	38,561,497	-	38,561,497
Land improvements - Conv Ctr Hotel	-	747,807	-	747,807
Land - Uptown Gateway Dev IA	-	1,000,000	-	1,000,000
Construction in progress - RBM 2B	21,152,358	4,463,157	-	25,615,515
Construction in progress - Gallery at Kenwd	-	9,842,979	-	9,842,979
Construction in progress - Uptown Gateway	-	22,234,245	-	22,234,245
Construction in progress - Conv Ctr Garage	-	504,103	-	504,103
Subtotal	49,164,146	77,353,788	-	126,517,934
Capital assets being depreciated:				
Land improvements - Cincinnati Mall	4,519,426	-	-	4,519,426
Land improvements - Springdale Pictoria	882,619	-	-	882,619
Land improvements - Red Bank	2,539,587	-	-	2,539,587
Buildings - Cincinnati Mall	10,084,875	-	-	10,084,875
Buildings - Springdale Pictoria	9,260,329	-	-	9,260,329
Buildings - Kenwood Collection	34,371,914	-	-	34,371,914
Buildings - RBM 2A	6,341,624	-	-	6,341,624
Buildings - Convention Center Garages	20,880,388	-	-	20,880,388
Parking equipment	115,016	-	-	115,016
Office equipment	23,541	-	(20,784)	2,757
Furniture and fixtures	85,518	3,141	-	88,659
Leasehold improvements - Garage	1,655,701	110,422	-	1,766,123
Leasehold improvements - Office	15,347	-	-	15,347
Subtotal	90,775,885	113,563	(20,784)	90,868,664
Accumulated depreciation:				
Land improvements - Cincinnati Mall	2,252,438	152,040	-	2,404,478
Land improvements - Springdale Pictoria	481,579	36,459	-	518,038
Land improvements - Red Bank	1,246,833	75,306	-	1,322,139
Buildings - Cincinnati Mall	4,942,392	342,832	-	5,285,224
Buildings - Springdale Pictoria	5,039,784	383,687	-	5,423,471
Buildings - Kenwood Collection	9,031,324	1,333,716	-	10,365,040
Buildings - RBM 2A	377,368	220,898	-	598,266
Buildings - Convention Center Garages	623,295	831,060	-	1,454,355
Parking equipment	16,717	38,343	-	55,060
Office equipment	22,852	394	(20,784)	2,462
Furniture and fixtures	50,651	12,221	-	62,872
Leasehold improvements - Garage	345,621	169,942	-	515,563
Leasehold improvements - Office	4,641	1,919	-	6,560
Subtotal	24,435,495	3,598,817	(20,784)	28,013,528
Net capital assets being depreciated	66,340,390	3,485,254	-	62,855,136
Net capital assets	$ 115,504,536	$ 73,868,534	$ -	$ 189,373,070

Note 4 - Capital Assets (Continued)

	Balance January 1, 2019	Additions	Disposals	Balance December 31, 2019
Business-type Activities				
Capital assets not being depreciated:				
Land easements - Red Bank	$ 450,000	$ -	$ -	$ 450,000
Land - RBM 2A	5,785,192	-	-	5,785,192
Land - Fifth & Plum Parking Lot	11,920,221	-	-	11,920,221
Land - Convention Center Garages	-	4,857,323	-	4,857,323
Land - Gallery at Kenwood	-	4,999,052	-	4,999,052
Construction in progress - RBM 2B	7,754,751	13,397,607	-	21,152,358
Subtotal	25,910,164	23,253,982	-	49,164,146
Capital assets being depreciated:				
Land improvements - Cincinnati Mall	4,519,426	-	-	4,519,426
Land improvements - Springdale Pictoria	882,619	-	-	882,619
Land improvements - Red Bank	2,539,587	-	-	2,539,587
Buildings - Cincinnati Mall	10,084,875	-	-	10,084,875
Buildings - Springdale Pictoria	9,260,329	-	-	9,260,329
Buildings - Kenwood Collection	34,371,914	-	-	34,371,914
Buildings - RBM 2A	6,341,624	-	-	6,341,624
Buildings - Convention Center Garages	-	20,880,388	-	20,880,388
Parking equipment	-	115,016	-	115,016
Office equipment	23,541	-	-	23,541
Furniture and fixtures	85,518	-	-	85,518
Leasehold improvements - Garage	1,392,442	263,259	-	1,655,701
Leasehold improvements - Office	15,347	-	-	15,347
Subtotal	69,517,222	21,258,663	-	90,775,885
Accumulated depreciation:				
Land improvements - Cincinnati Mall	2,100,398	152,040	-	2,252,438
Land improvements - Springdale Pictoria	445,120	36,459	-	481,579
Land improvements - Red Bank	1,171,527	75,306	-	1,246,833
Buildings - Cincinnati Mall	4,599,560	342,832	-	4,942,392
Buildings - Springdale Pictoria	4,656,097	383,687	-	5,039,784
Buildings - Kenwood Collection	7,697,609	1,333,715	-	9,031,324
Buildings - RBM 2A	156,470	220,898	-	377,368
Buildings - Convention Center Garages	-	623,295	-	623,295
Parking equipment	-	16,717	-	16,717
Office equipment	19,489	3,363	-	22,852
Furniture and fixtures	38,430	12,221	-	50,651
Leasehold improvements - Garage	214,930	130,691	-	345,621
Leasehold improvements - Office	2,722	1,919	-	4,641
Subtotal	21,102,352	3,333,143	-	24,435,495
Net capital assets being depreciated	48,414,870	17,925,520	-	66,340,390
Net capital assets	$ 74,325,034	$ 41,179,502	$ -	$ 115,504,536

It is The Port's practice to engage a third-party management company to manage the public-use facilities owned by The Port. The contracts generally require the management company to pay costs of operation, including but not limited to taxes, insurance, maintenance, and repairs.

Note 4 - Capital Assets (Continued)

Construction in Progress

In July 2018, construction on a new parking garage and related public infrastructure at the RBM 2B development began and continued through 2020 year end. In January 2020, construction began on a new parking garage and related public infrastructure at Gallery of Kenwood and Uptown Gateway and continued through 2020 year end. Additionally, during 2020 land improvements began at the Convention Center Hotel site and garage improvements began at the Convention Center Garages.

Construction Commitments

The Port commitments as of December 31, 2020 and 2019 are $13,895,923 and $25,979, respectively.

Note 5 - Fair Value Measurements

The Port categorizes its fair value measurements 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 assets and liabilities. Level 1 inputs are quoted prices in active markets for identical assets and liabilities; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances whereby inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Port’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Port has the following recurring fair value measurements as of December 31, 2020 and 2019:

- U.S. Treasury securities of $219,987 and $5,895,158, respectively, are valued using quoted market prices (Level 1 inputs).
- Federal Home Loan Bank securities of $690,262 and $0, respectively, are valued using quoted market prices (Level 1 inputs).
- Certificates of deposit of $2,302,033 and $2,247,479, respectively, are valued using quoted market prices (Level 1 inputs)
- Money market funds of $31,445,170 and $17,809,751, respectively, are valued using quoted market prices (Level 1 inputs).

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The Port held no investments using Level 3 inputs for fair value measurement, nor investments measured at the net asset value per share as of December 31, 2020 and 2019.

Note 6 - Long-term Debt

The bonds are special limited obligations of The Port payable only from the funds established with and revenue assigned to the bond trustee under the trust indenture and treated as nonoperating revenue of The Port. All bonds are issued as direct placement bonds. The bondholders have no recourse to any other revenue or assets of The Port, except for bondholders of the 2016 Patient Capital Fund, 2018 Fifth and Plum Project, and 2019 Convention Center Garages.

Costs of The Port, including legal costs, are generally considered to be administrative expenses under the bond documents and are eligible for payment or reimbursement from the trust if and when amounts are available in the trust for such purposes. The Port is also specifically indemnified by various parties including the private developers. This indemnification includes all costs of The Port, including legal costs.

Note 6 - Long-term Debt (Continued)

A detailed description of each bond issue as of December 31, 2020 follows:

Description	Amount
Business-type Activities	
Revenue bonds:	
2004 Cincinnati Mall Public Infrastructure (formerly known as Cincinnati Mills) Special Obligation Development Revenue Bonds, bearing interest at 6.30 percent and 6.40 percent, maturing in 2024 and 2034	$ 13,170,000
2006 Springdale Pictoria Public Parking/Infrastructure Special Obligation Development Revenue Bonds, bearing interest at 1.40 percent, maturing in 2031	5,675,000
2015 Southwest Ohio Regional Bond Fund - State Loan Revenue Bonds, bearing interest at 0.00 percent, maturing in 2055	2,500,000
2016 Kenwood Collection Redevelopment - Public Parking Project Special Obligation TIF Revenue Refunding Bonds, bearing interest at 4.50, 5.00, 6.00, 6.60, and 6.25 percent, maturing in 2039	17,900,000
2016 Patient Capital Fund - Economic Development Mortgage Revenue Bond Anticipation Notes, bearing interest at 0.15 percent, maturing in 2021	10,825,000
2016 RBM Development Phase 2A Special Obligation Development TIF Revenue Bonds, bearing interest at 4.00, 4.375, 4.75, 5.00, and 6.00 percent, maturing in 2033 and 2046	14,895,000
2017 Cincinnati Neighborhood Commercial Real Estate Loan Fund - Economic and Community Development Revenue Bonds, bearing interest at 0.00 percent through January 25, 2019 and 2.00 percent thereafter, maturing in 2026	5,000,000
2017 Fairfax Village Red Bank Infrastructure Project - Special Obligation TIF Refunding Revenue Bonds, bearing interest at 3.98 percent, maturing in 2037	2,968,088
2018 Fifth & Plum Project - Development Revenue Bonds, bearing interest at 4.95 percent through June 1, 2028 and 6.75 percent thereafter, maturing in 2043	12,590,000
2018 RBM Development Phase 2B Special Obligation Development TIF Revenue Bonds, bearing interest at 6.00 percent, maturing in 2050	22,805,000
2018 Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund - Housing and Community Development Revenue Bond and 2020 Additional Bond, bearing interest at 0.00 percent through March 31, 2019 and 2.00 and 2.22 percent thereafter, maturing in 2025	2,000,000
2019 Fountain Square South Garage - Parking Facility Refunding Revenue Bonds, bearing interest at 4.65 percent and 5.00 percent, maturing in 2043	10,970,000
2019 Convention Center Garages - Parking Facility Revenue Bonds, bearing interest ranging from 0.00 percent to 5.00 percent, maturing in 2043	26,435,000
2019 Gallery at Kenwood - Special Obligation TIF Revenue Bonds, bearing interest at 5.00 percent and 8.00 percent, maturing in 2051	26,405,000
2020 Uptown Gateway Development Phase IA - Special Obligation Dev TIF & Parking Revenue Bonds, bearing interest ranging from 3.70 to 7.50 percent, maturing in 2051	48,445,000
2020 Convention Center Hotel Acquisition and Demolition Project - Revenue Bonds, bearing interest at 3.00 percent, maturing in 2023	52,855,000
Total	$ 275,438,088

Note 6 - Long-term Debt (Continued)

Changes in Long-term Debt

The following is a summary of long-term debt transactions (excluding unamortized bond premiums and discounts in the amount of $1,614,788 and $1,648,622 of The Port for the years ended December 31, 2020 and 2019, respectively):

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities -					
Revenue bonds	$ 175,473,104	$ 102,300,000	$ (2,335,016)	$ 275,438,088	$ 13,739,016

	2019				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities -					
Revenue bonds	$ 119,968,304	$ 67,400,000	$ (11,895,200)	$ 175,473,104	$ 2,602,092

Debt Service Requirements to Maturity

The annual total principal and interest requirements to service all debt outstanding at December 31, 2020 are as follows:

	Business-type Activities		
Years Ending December 31	Principal	Interest	Total
2021	$ 13,739,016	$ 12,327,916	$ 26,066,932
2022	3,132,213	11,496,263	14,628,476
2023	57,690,682	10,621,049	68,311,731
2024	5,877,490	9,619,041	15,496,531
2025	8,186,842	9,355,967	17,542,809
2026-2030	32,891,745	43,111,279	76,003,024
2031-2035	39,336,964	35,689,222	75,026,186
2036-2040	38,973,136	25,537,479	64,510,615
2041-2045	36,345,000	15,616,965	51,961,965
2046-2050	29,775,000	6,914,789	36,689,789
2051-2055	9,490,000	350,917	9,840,917
Total	$ 275,438,088	$ 180,640,887	$ 456,078,975

Cincinnati Mall Public Infrastructure (formerly known as Cincinnati Mills)

In February 2004, The Port issued $18 million principal amount of Special Obligation Development Revenue Bonds for the purpose of financing, in cooperation with the cities of Forest Park, Ohio and Fairfield, Ohio, costs of the development of public infrastructure improvements to support the redevelopment of the suburban retail center currently known as Cincinnati Mall. The bonds consisted of $7,465,000 principal amount of term bonds maturing on February 15, 2024 and $10,535,000 principal amount of term bonds maturing on February 15, 2034. The assets acquired, improved, constructed, or otherwise developed by The Port with the proceeds of the bonds include a public parking garage and other parking facilities, two storm water detention ponds, and public roadways supporting the mall.

Note 6 - Long-term Debt (Continued)

Interest is payable semiannually at 6.30 and 6.40 percent for the 2024 and 2034 term bonds, respectively. Principal and interest payments for 2020 and 2019 were paid upon the due date. Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $1,440,000 and $1,506,000, respectively, compared to net debt service (principal and interest) of approximately $1,418,000 and $1,417,000, respectively.

The debt service requirements for this bond issue are as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ 595,000	$ 821,503	$ 1,416,503
2022	635,000	782,758	1,417,758
2023	680,000	741,335	1,421,335
2024	725,000	697,078	1,422,078
2025	775,000	649,440	1,424,440
2026-2030	4,710,000	2,408,000	7,118,000
2031-2034	5,050,000	673,919	5,723,919
Total	$ 13,170,000	$ 6,774,033	$ 19,944,033

Springdale Pictoria Public Parking/Infrastructure

In October 2006, The Port issued $10 million principal amount of Special Obligation Development Revenue Bonds for the purpose of financing, in cooperation with the City of Springdale, Ohio, costs of the acquisition and development of public parking facilities to support the development of the Pictoria Corporate Center. The bonds consist of term bonds maturing on February 1, 2031. The assets acquired, improved, constructed, or otherwise developed by The Port with the proceeds of the bonds include a 1,132-space public parking garage serving the general public and located at a mixed-use commercial development (including office, restaurant, cinema, and distribution facilities).

Interest is payable semiannually at variable interest rates currently reset annually and with conversion options permitting the interest rate to be reset weekly or fixed to maturity. Until the interest rate on the bonds is fixed to maturity, bondholders have certain rights to tender bonds for purchase, as provided by the trust indenture. RBC Capital Markets serves as the remarketing agent of the bonds. Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $805,000 and $780,000, respectively, compared to net debt service (principal and interest) of approximately $514,000 and $517,000, respectively.

Credit and liquidity support are provided for the bonds pursuant to a U.S. Bank N.A. Irrevocable Letter of Credit dated October 25, 2006, and as amended, extended, and reissued, and stated to expire on February 15, 2022, but extended one additional year annually thereafter if not terminated by the bank at least 270 days before February 15, 2022 or any subsequent expiration date. Obligations under the reimbursement agreement providing for that letter of credit are payable only from the trust estate established under the trust indenture. On February 15, 2015, the letter of credit fee increased from 3.0 to 3.5 percent, where it remained throughout 2020.

Note 6 - Long-term Debt (Continued)

On February 1, 2020, the interest rate was reset to 1.40 percent from 2.10 percent per year. Assuming a constant interest rate of 1.40 percent per year from February 1, 2020 to the maturity of the bonds, debt service as of December 31, 2020 is estimated as follows:

Years Ending December 31	Principal	Interest	Total
2021	$ 425,000	$ 76,475	$ 501,475
2022	445,000	70,385	515,385
2023	460,000	64,050	524,050
2024	475,000	57,505	532,505
2025	495,000	50,715	545,715
2026-2030	2,760,000	142,450	2,902,450
2031	615,000	4,305	619,305
Total	$ 5,675,000	$ 465,885	$ 6,140,885

Southwest Ohio Regional Bond Fund (Reserve)

In April 2015, The Port issued $2,500,000 principal amount State Loan Revenue Bonds (Series 2015) to establish its bond fund program. The Southwest Ohio Regional Bond Fund was created from the expansion of the Dayton-region Port Authority Bond Fund. The Port's participation in the bond fund was made available by a $3.5 million deposit into the common fund (reserve), of which $2.5 million was loaned by the State of Ohio and $1.0 million was granted by Hamilton County, Ohio. Combined with Dayton's $4.2 million in reserves and a $10.0 million letter of credit, the bond fund has approximately $17.7 million in total program reserves and capacity to issue approximately $80 million in bonds. The expanded bond fund serves growing companies in 14 counties by providing access to project capital at terms and rates not available through traditional lending channels.

The state loan revenue bonds consist of term bonds maturing on April 29, 2055 in a lump sum. Interest (if any) is payable semiannually and is based upon the net investment earnings from the $2.5 million held by the trustee. The net investment earnings were $74,719 and $36,792 for the years 2020 and 2019. All investment earnings for years 2020 and 2019 were forwarded to the State of Ohio by the trustee in either the year received, or soon after yearend. Interest payable to the State of Ohio as of December 31, 2020 and 2019 was $15,521 and $17,040, respectively, and included in accrued expenses payable from restricted assets.

Assuming an interest rate of 0.0 percent per year to the maturity of the bonds, debt service as of December 31, 2020 is estimated as a lump-sum principal payment of $2.5 million in the year 2055. Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $75,000 and $40,000, respectively, compared to net debt service (principal and interest) of approximately $75,000 and $40,000, respectively.

Kenwood Collection Redevelopment (Public Parking Project)

In May 2016, The Port issued Taxable Special Obligation TIF Revenue Refunding Bonds in principal amounts of $15,915,000 for Series 2016A and $2,750,000 for Series 2016B in order to provide funds to refund the 2008 Kenwood Development Bonds, fund required reserves, pay related issuance and transaction costs, and pay additional project costs. The Port worked with the new owner of the retail development and the Series B bonds to restructure aspects of the transaction.

The bonds being refunded were issued in January 2008. The Port issued $14,315,000 principal amount of Series 2008A Special Obligation Development Revenue Bonds and $6,115,000 of Series 2008B Taxable Special Obligation Development Revenue Bonds for the purpose of financing costs related to the acquisition, construction, installation, equipping, improvement, and development of public infrastructure improvements, in cooperation with Sycamore Township.

Note 6 - Long-term Debt (Continued)

The refinanced improvements include an approximately 2,500-space public parking garage and related infrastructure, in support of a mixed-use commercial development, generally known as Kenwood Collection, and other neighboring properties including the Kenwood Towne Centre Mall.

Litigation primarily relating to the construction of the Kenwood Development had prevented timely completion of the project facilities. The foreclosure sale of the Kenwood Development occurred in July 2012, which allowed The Port to resume construction of the public parking garage in 2013.

On February 1, 2011, the 2008 bonds were tendered to the trustee, in accordance with the trust indenture, at 100 percent of the principal amount plus accrued interest. The bonds were purchased from proceeds of draws on the letters of credit and were held as pledged bonds under the indenture until successfully remarketed in 2016.

Upon refunding the 2008B bonds, The Port recognized a $3,365,000 gain on the extinguishment of debt from the exchange of $6,115,000 Series 2008B bonds for $2,750,000 Series 2016B refunding bonds.

The table below summarizes the 2016 Taxable Special Obligation TIF Revenue Refunding Bonds issued:

Series	Amount	Matures January 1	Interest Rate	Bond Type
2016A	$ 375,000	2019	3.75%	Serial
2016A	800,000	2021	4.50	Term
2016A	1,355,000	2024	5.00	Term
2016A	2,810,000	2029	6.00	Term
2016A	10,575,000	2039	6.60	Term
2016B	2,750,000	2039	6.25*	Term
	$ 18,665,000			

*The 2016B refunding bonds have an interest rate of 6.25 percent through December 31, 2020, and 6.90 percent thereafter.

Interest is payable semiannually on the 2016A bonds, and the initial interest payment on the 2016B bonds is January 1, 2021 with semiannual payments thereafter. Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $1,628,000 and $1,431,000, respectively, compared to net debt service (principal and interest) of approximately $1,352,000 and $1,352,000, respectively.

Assuming interest rates as shown in the table above through maturity of the bonds, debt service is estimated as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ 410,000	$ 1,835,232	$ 2,245,232
2022	505,000	1,110,713	1,615,713
2023	530,000	1,083,365	1,613,365
2024	560,000	1,054,548	1,614,548
2025	590,000	1,021,613	1,611,613
2026-2030	3,580,000	4,492,103	8,072,103
2031-2035	4,960,000	3,115,665	8,075,665
2036-2039	6,765,000	1,069,033	7,834,033
Total	$ 17,900,000	$ 14,782,272	$ 32,682,272

Note 6 - Long-term Debt (Continued)

Patient Capital Fund

In June 2016, The Port issued $7,325,000 principal amount Economic Development Mortgage Revenue Bond Anticipation Notes to establish its Patient Capital Fund. In 2017, The Port issued an additional $3,500,000 principal amount bringing the total original issue to $10,825,000 as of December 31, 2017.

The proceeds raised from social impact investment will be used to fund the acquisition of underutilized urban industrial sites and to reposition them for advanced manufacturing. The maximum amount of Patient Capital Fund funds used cannot exceed the expected land sale proceeds. Thus, funding for these industrial projects will likely require a combination of various funding sources. The Port developed this program for community-minded private investors, providing them with a transformational way to invest for economic development and social impact.

During 2016, The Port utilized Patient Capital Fund funds in the amounts of $6,383,788 to acquire 56 acres at 2100 Section Rd. in Amberley Village (the former headquarters of Gibson Greetings Cards) and $841,320 to acquire 19 acres at 2250 Seymour Avenue in Bond Hill (the former Cincinnati Gardens arena). In subsequent years, The Port utilized Patient Capital Fund funds in the amounts of: $497,559 in year 2017 for redevelopment of the Amberley Site; $691,387 in year 2019 to acquire 25 acres at 2000 West Street in Reading, Ohio (a former Dow Chemical site); and $2,312,537 in year 2020 to acquire 42 acres on Reading Road in Evandale, Ohio (formerly Formica Corporation).

The notes bear interest at 0.15 percent per year, and interest is due upon the note maturity date of June 1, 2021. The Port's nontax revenue is pledged to support the interest payment if other funds held in trust are not available. To the extent debt service funds held by the trustee are not sufficient to pay principal due on the note maturity date, The Port will issue bonds to the Patient Capital Fund noteholders for the remaining unpaid principal amount. The bonds, if issued, will also bear interest at 0.15 percent per year with interest payable semiannually and will mature on June 1, 2026 (see note 13). The notes and bonds constitute special obligations of The Port, issued under and secured by the trust agreement and payable solely from the pledged revenue and secured mortgages authorized by the trust agreement. Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $527,000 and $62,000, respectively, with no net debt service (principal and interest) payments in 2020 or 2019

Assuming a constant interest rate of 0.15 percent per year to the maturity of the notes, debt service is estimated as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ 10,825,000	75,518	10,900,518
Total	$ 10,825,000	$ 75,518	$ 10,900,518

RBM Development Phase 2A Project

In July 2016, The Port issued $15,065,000 principal amount of Special Obligation Development TIF Revenue Bonds for the purpose of financing, in cooperation with the City of Cincinnati, costs of the acquisition and development of public parking facilities and related public infrastructure improvements supporting the development. The site consists of eight acres (Phase 2A) on the 31-acre campus headquarters of Medpace, a research-based drug and medical device company. The project is specifically located at the southeast intersection of Red Bank Expressway and Madison Road in the Madisonville neighborhood of the City of Cincinnati, Ohio. The mixed-use site includes a 239-room, six-story full-service boutique hotel and conference center, which sits atop the parking garage.

Note 6 - Long-term Debt (Continued)

The table below summarizes the Special Obligation Development TIF Revenue Bonds issued. Interest is payable semiannually:

Series	Amount	Matures January 1	Interest Rate	Bond Type	Bond Type
2016A	$ 1,115,000	2025	4.000%	Term	Taxable
2016A	1,080,000	2029	4.375	Term	Taxable
2016A	1,360,000	2033	4.750	Term	Taxable
2016B	8,765,000	2046	5.000	Term	Tax exempt
2016C	2,745,000	2046	6.000	Term	Tax exempt
	$ 15,065,000				

Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $1,002,000 and $818,000, respectively, compared to net debt service (principal and interest) of approximately $919,000 and $769,000, respectively. Assuming interest rates as shown in the table above through maturity of the bonds, debt service is estimated as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ 195,000	$ 752,200	$ 947,200
2022	205,000	743,900	948,900
2023	215,000	735,100	950,100
2024	255,000	725,800	980,800
2025	265,000	714,800	979,800
2026-2030	1,685,000	3,374,231	5,059,231
2031-2035	2,445,000	2,893,025	5,338,025
2036-2040	3,525,000	2,158,350	5,683,350
2041-2045	4,905,000	1,110,800	6,015,800
2046	1,200,000	62,400	1,262,400
Total	$ 14,895,000	$ 13,270,606	$ 28,165,606

Cincinnati Neighborhood Commercial Real Estate Loan Fund

In 2017, The Port issued two tranches of Economic and Community Development Revenue Bonds totaling $2,000,000 to establish its Commercial Real Estate Loan Fund (the "Loan Fund") that will focus on rebuilding commercial districts in targeted Cincinnati neighborhoods. The Port issued a third tranche in the amount of $500,000 in 2018, and a final tranche of $2,500,000 in 2019, bringing the total Loan Fund issue to $5,000,000 at December 31, 2019.

The Kresge Foundation, a private, national foundation based in Detroit, Michigan, provided initial capital to seed the Loan Fund up to $5,000,000. The Port administers the Loan Fund and develops the program.

The Loan Fund is part of a program aligned with The Port’s strategic initiative to comprehensively revitalize disinvested target neighborhoods through acquisition and rehab of blighted residential properties and development of commercial districts with place-based, neighborhood-serving retail, arts and culture, and microenterprise. Among the program goals are to help lower the barrier for local business formation by providing available space for target tenants; stabilizing neighborhoods through the support of entrepreneurship; and restoring vibrant retail and commerce with a focus on inclusivity and engagement of neighborhood-based enterprise.

The Port provided loans from the Commercial Real Estate Loan Fund totaling: $1,035,000 in 2017; $1,937,000 in 2019; and $25,094 in 2020 (see Note 2).

Note 6 - Long-term Debt (Continued)

The bonds bear interest at 0.00 percent per year through January 25, 2019 and 2.00 percent thereafter through the bond maturity date of December 31, 2026. Interest payments are quarterly in arrears, starting with the initial interest payment date of March 31, 2019. The bonds constitute special obligations of The Port, and the bond payments due are payable solely from pledged revenue, including the Loan Fund and liens against mortgaged properties . Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $72,000 and $85,000, respectively, compared to net debt service (principal and interest) of approximately $51,000 and $64,000, respectively.

Assuming an interest rate of 2.00 percent, debt service is estimated as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ -	$ 100,000	$ 100,000
2022	-	100,000	100,000
2023	500,000	100,000	600,000
2024	1,000,000	90,000	1,090,000
2025	1,000,000	70,000	1,070,000
2026	2,500,000	50,000	2,550,000
Total	$ 5,000,000	$ 510,000	$ 5,510,000

Fairfax Red Bank Public Infrastructure

In November 2017, The Port issued Special Obligation TIF Refunding Revenue Bonds in the principal amount of $7,035,000 to provide funds to refund the 2007 Fairfax Red Bank Bonds, fund required reserves, and pay related issuance and transaction costs.

The bonds being refunded were issued in May 2007. The Port issued $7,675,000 principal amount of Series 2007 Special Obligation Development Revenue Bonds for the purpose of financing costs of the acquisition, construction, installation, equipping, improvement, and development of public infrastructure improvements, in cooperation with the Village of Fairfax, Ohio.

The refinanced improvements include road and street improvements, public utility (water, sanitary sewer, and storm water control facilities), and public safety improvements, in support of a mixed-use commercial development generally known as Red Bank Village.

Interest on the Series 2017 bonds is payable semiannually at 3.98 percent through the bond maturity date of February 1, 2037. Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $428,000 and $382,000, respectively, compared to net debt service (principal and interest) of approximately $242,000 and $242,000, respectively.

Because of the nature and location of certain of the improvements financed, those improvements are owned by the Village of Fairfax, Ohio or other political subdivisions pursuant to cooperative agreements, dedication, or other arrangements (Red Bank Non-Port Infrastructure). The portion of the refunding revenue bonds issued to refinance Red Bank Non-Port Infrastructure ($3,787,644 principal amount, or 53.84 percent) and related revenue, expenses, assets, and liabilities is treated as a separate issue of conduit revenue bonds issued by The Port (Red Bank Conduit Bonds). The remaining improvements refinanced are owned by The Port (Red Bank Port Infrastructure) and, to the extent issued to refinance Red Bank Port Infrastructure ($3,247,356 principal amount, or 46.16 percent), those bonds (Red Bank Infrastructure Bonds), and related revenue, expenses, assets, and liabilities, are treated as a separate issue of infrastructure development refunding revenue bonds issued to refinance assets of The Port.

Note 6 - Long-term Debt (Continued)

The debt service requirements for The Port's portion of the Red Bank Infrastructure Bonds as of December 31, 2020 are as follows:

Years Ending December 31	Principal	Interest	Total
2021	$ 126,940	$ 116,890	$ 243,830
2022	131,556	111,792	243,348
2023	136,172	106,510	242,682
2024	140,788	101,044	241,832
2025	147,712	95,349	243,061
2026-2030	830,880	382,774	1,213,654
2031-2035	1,010,904	202,134	1,213,038
2036-2037	443,136	19,704	462,840
Total	$ 2,968,088	$ 1,136,197	$ 4,104,285

Fifth and Plum Project

In June 2018, The Port issued $12,590,000 principal amount Development Revenue Bonds (Series 2018) for the purpose of acquiring real and personal property comprising the project and paying bond issuance costs. The 1.7 acre property is a 250-space parking lot located south of the Duke Energy Convention Center in the southwest corner of Cincinnati's central business district. The Port will continue to operate the property as a surface parking lot in the short term, while exploring development options for the best long-term benefit to the region.

The term bonds have an initial interest rate of 4.95 percent. On June 2, 2028 the interest rate resets through maturity at a rate equal to the 10-year U.S. Treasury Securities rate on this date plus 2.12 percent, with a minimum calculated rate of 5.03 percent and a maximum calculated rate of 6.75 percent. The bonds have a maturity date of June 1, 2043 with semiannual payments of interest and principal on the bonds (principal payments commence June 1, 2024). Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $565,000 and $942,000, respectively, compared to net debt service (principal and interest) of approximately $623,000 and $623,000, respectively. Additionally, The Port's nontax revenue is pledged to support the principal and interest payment if other funds held in the trust are not available.

Assuming a constant interest rate of 4.95 percent per year through June 1, 2028 and 6.75 percent (the maximum rate on the reset date) thereafter to the maturity of the bonds, debt service is estimated as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ -	$ 623,205	$ 623,205
2022	-	623,205	623,205
2023	-	623,205	623,205
2024	225,000	620,483	845,483
2025	265,000	608,850	873,850
2026-2030	1,525,000	3,313,980	4,838,980
2031-2035	2,465,000	3,243,038	5,708,038
2036-2040	4,640,000	2,105,831	6,745,831
2041-2043	3,470,000	363,149	3,833,149
Total	$ 12,590,000	$ 12,124,946	$ 24,714,946

Note 6 - Long-term Debt (Continued)

RBM Development Phase 2B Project

In July 2018, The Port issued $22,805,000 principal amount of Special Obligation Development TIF Revenue Bonds (Series 2018) for the purpose of financing the costs of acquiring, constructing and equipping an approximately 905-space structured parking facility and related public improvements, located on the 31-acre campus headquarters of Medpace. This project expands the campus development started in 2016 (see RBM Development Phase 2A Project – Series 2016).

In addition to proceeds received from the issuance of the RBM Development Phase 2B bonds, The Port received a $4,893,328 developer contribution to fund the project.

The bonds bear interest at 6.00 percent annually through the bond maturity date of December 1, 2050. Interest payments are semiannual. Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $83,000 and $288,000, respectively, compared to net debt service (principal and interest) of approximately $1,368,000 and $1,368,000, respectively.

Assuming an interest rate of 6.00 percent through maturity of the bonds, debt service is estimated as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ 170,000	$ 1,368,300	$ 1,538,300
2022	180,000	1,358,100	1,538,100
2023	190,000	1,347,300	1,537,300
2024	235,000	1,335,900	1,570,900
2025	250,000	1,321,800	1,571,800
2026-2030	1,685,000	6,352,200	8,037,200
2031-2035	2,605,000	5,740,800	8,345,800
2036-2040	3,895,000	4,814,400	8,709,400
2041-2045	5,625,000	3,453,600	9,078,600
2046-2050	7,970,000	1,500,000	9,470,000
Total	$ 22,805,000	$ 28,592,400	$ 51,397,400

Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund

In August 2018, The Port issued an initial $1,000,000 Housing and Community Development Revenue Bond to establish its Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund (the "Program Fund") to rehab foreclosed, vacant residential properties into homes ready for sale in targeted Cincinnati neighborhoods. In May 2020, The Port issued an additional $1,000,000 Housing and Community Development Revenue Bond for the Program Fund.

The Greater Cincinnati Foundation provided the initial and additional capital to seed the Program Fund. The Port administers the Program Fund and develops the program.

The Program Fund is part of The Port's strategic initiative to comprehensively revitalize disinvested target neighborhoods through acquisition and rehabilitation of blighted residential properties. This strategy has increasingly focused on barriers to opportunity, including the growing housing affordability crisis in Hamilton County and concern over displacement of legacy residents in neighborhoods undergoing revitalization.

During 2020 and 2019, The Port provided project loans from the Program Fund totaling $839,605 and $771,200, respectively (see Note 2). Two non-profit organizations managed by The Port are eligible borrowers, namely the Hamilton County Land Reutilization Corporation and Homesteading & Urban Redevelopment Corporation.

Note 6 - Long-term Debt (Continued)

The initial bond bears interest at 0.00 percent per year through March 31, 2019 and 2.2213 percent thereafter through the bond maturity date of April 1, 2025. The additional bond bears interest at 2.00 percent through the bond maturity date of April 1, 2025. Interest payments are quarterly in arrears, commencing on July 1, 2019. The bonds constitute special obligations of The Port, and the bond payments due are payable solely from pledged revenue, including the Program Fund and liens against mortgaged properties. Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $23,000 and $25,000, respectively, compared to net debt service (principal and interest) of approximately $29,000 and $11,000, respectively.

Assuming interest rates of 2.2213 percent on the initial bond and 2.00 percent on the additional bond, debt service is estimated as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ -	$ 42,213	$ 42,213
2022	-	42,213	42,213
2023	-	42,213	42,213
2024	-	42,213	42,213
2025	2,000,000	21,106	2,021,106
Total	$ 2,000,000	$ 189,958	$ 2,189,958

Fountain Square South Garage - Parking Facility

In March 2019, The Port refinanced and consolidated debt for Fountain Square South Garage and Amberley Site bonds. The $11,325,000 principal debt issued consists of: $4,025,000 of bonds from the Southwest Ohio Regional Bond Fund issued by The Port at a fixed interest rate of 5.00 percent, and $7,300,000 from the Central Ohio Regional Bond Fund issued by the Columbus-Franklin County Finance Authority at a fixed interest rate of 4.65 percent. The cross collateralized bonds have a final maturity date in the year 2043. The refinance eliminated the interest rate swap on the 2015 Fountain Square South Garage bonds and removed The Port’s nontax revenue pledge assigned under the Amberley Site bonds.

The 2016 Amberley Site development bonds were issued to assist with financing the acquisition of 56 acres at 2100 Section Rd. in Amberley Village (the former headquarters of Gibson Greetings). The other source of funds to acquire the property was the Patient Capital Fund. The principal balance of these bonds on the refinance date was $1,980,000.

The 2015 Parking Facility Revenue Bonds were issued for the purpose of acquiring a leasehold interest in, improving, furnishing, and equipping The Port’s facilities, which includes Fountain Square South Garage (an underground parking garage located in downtown Cincinnati, Ohio), or financing other facilities approved by its board of directors. The principal balance of these bonds at refinancing was $8,064,100.

A long-term lease agreement for Fountain Square South Garage is with the City of Cincinnati, Ohio whereby The Port has agreed to operate, maintain, and rehabilitate the garage and use garage revenue to pay annual debt service on the bonds and other certain payments (see Note 8). Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $1,333,000 and $1,854,000, respectively, compared to net debt service (principal and interest) of approximately $741,000 and $637,000, respectively.

Note 6 - Long-term Debt (Continued)

The debt service requirements for the bonds are as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ 230,000	$ 521,029	$ 751,029
2022	235,000	510,054	745,054
2023	255,000	498,605	753,605
2024	260,000	486,316	746,316
2025	280,000	473,670	753,670
2026-2030	1,635,000	2,151,649	3,786,649
2031-2035	2,125,000	1,711,276	3,836,276
2036-2040	2,770,000	1,137,573	3,907,573
2041-2043	3,180,000	336,938	3,516,938
Total	$ 10,970,000	$ 7,827,110	$ 18,797,110

Convention Center Garages - Parking Facilities

In April 2019, The Port acquired two parking facilities located at 605 Plum and 609 Elm, directly north of the Duke Energy Convention Center in Cincinnati's central business district. The 605 Plum parking facility has approximately 280,000 square feet, with 5 levels, 890 parking spaces and 7,800 square feet of retail on the street level. The 609 Elm parking facility has approximately 240,000 square feet with 5 levels and 680 parking spaces.

The $27,170,000 principal debt issued for The Port's acquisition of the garages includes: $4,500,000 of bonds from the Southwest Ohio Regional Bond Fund issued by The Port at a fixed interest rate of 4.65 percent, $15,245,000 of bonds issued by the State of Ohio (ODOT) with fixed interest rates ranging between 2.00 and 5.00 percent, and a $7,425,000 loan from the Ohio Development Services Agency (ODSA) with an initial interest rate of 0.00 percent later increasing to 3.00 percent. All debt related to the garages is cross collateralized and matures in the year 2043. Interest and principal on the bonds are paid semiannually, however The Port funds debt service to the trustee monthly from parking operations.

A long-term ground lease agreement for the 605 Plum garage is with the City of Cincinnati, Ohio whereby The Port has agreed to pay a percentage of garage operating revenues to the City. This accrued ground lease liability is netted from parking revenue.

Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $1,416,000 and $1,865,000, respectively, compared to net debt service (principal and interest) of approximately $1,221,000 and $720,000, respectively. The Port's nontax revenue is pledged to support the principal and interest payment if other funds held in the trust are not available.

The debt service requirements for the bonds are as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ 762,076	$ 795,827	$ 1,557,903
2022	755,657	843,619	1,599,276
2023	759,510	885,034	1,644,544
2024	796,702	854,434	1,651,136
2025	819,130	828,825	1,647,955
2026-2030	4,645,865	3,626,200	8,272,065
2031-2035	9,046,060	2,602,069	11,648,129
2036-2040	4,945,000	1,272,101	6,217,101
2041-2043	3,905,000	293,947	4,198,947
Total	$ 26,435,000	$ 12,002,056	$ 38,437,056

Note 6 - Long-term Debt (Continued)

Gallery at Kenwood

In December 2019, The Port issued $26,405,000 principal amount of Special Obligation Development TIF Revenue Bonds for the purpose of financing the costs of acquiring, constructing and equipping an approximately 633-space public parking facility and related public improvements at The Gallery at Kenwood. The project is a mixed-use development on a 7-acre site located on Kenwood Road in Sycamore Township of Hamilton County, Ohio and includes: a six-story 130-room hotel, a five-story 115,000 square foot office building, two restaurants, and 248 luxury apartments.

In addition to proceeds received from the issuance of bonds, The Port received land valued at $4,999,052 (see Note 4).

The bonds bear interest at 5.00 percent and 8.00 percent annually through the bond maturity date of November 1, 2051. Interest payments are semiannual. Total pledged revenues on the bonds for the year ended December 31, 2020 and 2019 were approximately $53,000 and $0, respectively, compared to net debt service (principal and interest) of approximately $1,074,000 and $0, respectively.

The debt service requirements for the bonds are as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ -	$ 1,486,000	$ 1,486,000
2022	40,000	1,486,000	1,526,000
2023	230,000	1,482,800	1,712,800
2024	240,000	1,471,000	1,711,000
2025	295,000	1,458,700	1,753,700
2026-2030	1,980,000	7,029,650	9,009,650
2031-2035	2,865,000	6,394,150	9,259,150
2036-2040	4,115,000	5,491,850	9,606,850
2041-2045	5,795,000	4,142,100	9,937,100
2046-2050	8,125,000	2,246,250	10,371,250
2051	2,720,000	152,800	2,872,800
Total	$ 26,405,000	$ 32,841,300	$ 59,246,300

Uptown Gateway Development Phase IA

In January 2020, The Port issued $48,445,000 principal amount of Special Obligation Development TIF and Parking Revenue Bonds for the purpose of acquiring, constructing and equipping an approximately 1,328 space public parking garage and related public improvements, located at Uptown Innovation Corridor, a 6-acre site in the southeast corner of Reading Road and Martin Luther King Drive. The garage is part of a mixed-use development including office buildings, hospitality and retail.

The term Bonds have an annual fixed interest rate which resets on December 1, 2028 and 2040 as shown in the table below. The bond maturity date is December 1, 2051.

			12/1/2028 Int Rate Reset			12/1/2040 Int Rate Reset		
Series	Issue Amount	Initial Interest Rate	10 Year Tbill +	Min	Max	10 Year Tbill +	Min	Max
2020A-1	$ 5,475,000	4.24%	260 bps	4.24%	4.64%	280 bps	4.24%	5.19%
2020A-2	16,245,000	3.73%	210 bps	3.73%	4.18%	230 bps	3.73%	4.73%
2020A-3	5,770,000	4.08%	245 bps	4.08%	4.55%	265 bps	4.08%	5.10%
2020A-4	11,740,000	4.08%	245 bps	4.08%	4.55%	265 bps	4.08%	5.10%
2020B	4,925,000	5.15%	350 bps	5.15%	5.65%	375 bps	5.15%	6.35%
2020C	4,290,000	7.50%	N/A – fixed to maturity					
Total	$48,445,000							

Note 6 - Long-term Debt (Continued)

Total pledged revenues on the bonds for the year ended December 31, 2020 were approximately $69,000 compared to net debt service (principal and interest) of approximately $1,515,000. Assuming the initial and subsequent maximum interest rates as shown in the table above through maturity of the bonds, debt service is estimated as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ -	$ 2,127,874	$ 2,127,874
2022	-	2,127,874	2,127,874
2023	880,000	2,118,707	2,998,707
2024	965,000	2,082,720	3,047,720
2025	1,005,000	2,041,099	3,046,099
2026-2030	5,355,000	9,788,042	15,143,042
2031-2035	6,150,000	9,108,841	15,258,841
2036-2040	7,875,000	7,468,637	15,343,637
2041-2045	9,465,000	5,916,431	15,381,431
2046-2050	12,480,000	3,106,139	15,586,139
2051	4,270,000	198,117	4,468,117
Total	$ 48,445,000	$ 46,084,481	$ 94,529,481

Convention Center Hotel

In February 2020, The Port issued $52,855,000 principal amount of Revenue Bonds for the purpose of financing the acquisition and demolition of the 872-room former Millennium Hotel and certain other buildings located directly east of the Duke Energy Convention Center in Cincinnati’s central business district. Approximately $13.7 million of bond proceeds will fund demolition work, which began in 2020 and will continue through the year 2022. The Port and officials are exploring development options for the best long-term benefit to the region, including a new standalone hotel, expanding the Duke Energy Convention Center, or a combination thereof.

The term bonds have a fixed interest rate of 3.00 percent and a lump sum principal payment due on the bond maturity date of May 1, 2023. Interest on the bonds is paid semiannually beginning November 1, 2020. The bond payments due are payable solely from pledged revenues, including a portion of Hamilton County’s Transient Occupancy Tax. Total pledged revenues on the bonds for the year ended December 31, 2020 were approximately $1,161,000 compared to net debt service (principal and interest) of approximately $1,141,000.

The debt service requirements for the bonds are as follows as of December 31, 2020:

Years Ending December 31	Principal	Interest	Total
2021	$ -	$ 1,585,650	$ 1,585,650
2022	-	1,585,650	1,585,650
2023	52,855,000	792,825	53,647,825
Total	$ 52,855,000	$ 3,964,125	$ 56,819,125

Note 7 - Public Funding

For the years ended December 31, 2020 and 2019, public funding for The Port came from Hamilton County, Ohio totaling $660,000 and $700,000, respectively.

Note 8 - Leases

Operating Leases

As of December 31, 2020, noncancelable operating leases for office space and equipment expire in various years through 2025. In October 2014, The Port signed a 10-year and 10-month term sublease agreement for office space. Minimum annual lease payments began in April 2016 and range from approximately $100,000 to $115,000.

Future minimum lease payments are as follows:

Years Ending December 31	Amount
2021	$ 134,347
2022	135,374
2023	133,275
2024	131,802
2025	71,501
Thereafter	-
Total	$ 606,299

On January 8, 2015, the City of Cincinnati, Ohio leased a city-owned parking garage (Fountain Square Garage) to The Port for $100 for a 30-year term. The purpose of the lease is to modernize and improve the garage and provide funds to The Port for economic development within the city limits. In accordance with the agreement, The Port issued bonds to make improvements to the garage (see Note 6). The improvements are capitalized as leasehold improvements (see Note 4) and are amortized over the life of the lease.

In April 2019, The Port acquired the 605 Plum Street garage adjacent to the Convention Center in Cincinnati's central business district (see Note 6). The acquisition included the transfer of a ground lease with the City of Cincinnati, Ohio, the owner of title to the property. The ground lease is dated March 22, 1985 and has a term expiring on March 31, 2055. Basic rent, as defined by the lease, is $1 payable annually plus a percentage of garage operating revenues.

In February 2020, The Port acquired the former Millennium Hotel located at 150 W. Fifth Street, directly east of the Convention Center in Cincinnati's central business district (see Note 6). The acquisition included the transfer of a ground lease covering a portion of the demolition project site. The 99-year ground lease is dated November 20, 1975 and has a term expiring on November 20, 2074. Rent is paid quarterly and subject to an increase based upon a CPI (Consumer Price Index) calculation every five years. Nonoperating rents during the year of acquisition were based upon an annualized rate of $100,032 and will continue at this rate until the next CPI adjustment in the year 2022.

Note 9 - Net Pension and OPEB Liabilities

Net Pension and OPEB Liabilities

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

Note 9 - Net Pension and OPEB Liabilities (Continued)

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

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

GASB Statement No. 68 assumes the pension liability is solely the obligation of the employer, because (1) they benefit from employee services and (2) state statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also include costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the state legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

GASB Statement No. 75 assumes the OPEB liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description

The Port's employees participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension and OPEB plan administered by OPERS. OPERS provides retirement, disability and survivor benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

OPERS administers three separate pension plans: the *traditional pension plan*, a cost-sharing, multiple-employer defined benefit pension plan; the *member-directed plan*, a defined contribution plan; and the *combined plan*, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. The Port employees are members in either the traditional pension plan or the member-directed plan. The Port has no employee members in the combined plan. OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare trust, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a health reimbursement arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Note 9 - Net Pension and OPEB Liabilities (Continued)

In order to qualify for postemployment healthcare coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit 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. 75. 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 health care coverage is provided to the OPERS board in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. When funding is approved by OPERS' board of trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2020 and 2019, local employer units contributed at a rate of 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund postretirement healthcare benefits.

Each year, the OPERS board of trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment healthcare benefits. The portion of employer contributions allocated to health care for members in the traditional pension and combined plans was 0 percent in years 2020 and 2019, as recommended by the OPERS’ actuary. The OPERS board of trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the healthcare benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for member-directed plan participants was 4.0 percent for years 2020 and 2019.

No portion of the employer contributions in years 2020 and 2019 was made to fund other postemployment benefits (OPEB). There are no postemployment benefits provided by The Port other than those provided through OPERS.

Benefits Provided

All benefits of OPERS, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. The board, pursuant to Ohio Revised Code (ORC) Chapter 145, has elected to maintain funds to provide healthcare coverage to eligible traditional pension plan and combined plan retirees and survivors of members. Healthcare coverage does not vest and is not required under ORC Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the board. Additional information on OPERS healthcare coverage can be found in the OPERS 2019 ACFR (Annual Comprehensive Financial Report).

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013. Please see the plan statement in the OPERS 2019 ACFR for additional details.

Note 9 - Net Pension and OPEB Liabilities (Continued)

In the traditional pension plan, state and local members are calculated on the basis of age, final average salary (FAS), and service credit. State and local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for state and local members is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2 percent of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5 percent for years of service in-excess of 30 years. For Group C, the annual benefit applies a factor of 2.2 percent for the first 35 years and a factor of 2.5 percent for the years of service in-excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2019 ACFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost of living adjustment.

Contributions

Employers are required to make contributions to OPERS on the basis of a percentage of eligible salary and at a rate based upon the recommendations of the OPERS actuary, subject to the statutory limitations. Penalties and interest are assessed for late payments. The contribution rate for state and local employers in 2020 and 2019 was 14.0 percent. The 2020 and 2019 employee contribution rate for state and local members was 10.0 percent of earnable salary.

Individual accounts for each member of OPERS are maintained and funds contributed by members of the traditional pension plan are fully refundable at service termination or death. The refund value of contributions made by members of the combined plan and the member-directed plan are subject to changes (gains or losses) that occur as a result of the member's selected investment options.

Payable to the Pension and OPEB Plans

At December 31, 2020 and 2019, The Port reported a payable of $56,302 and $50,698, respectively, to OPERS for the outstanding amount of contributions to the plan required for the years ended December 31, 2020 and 2019, respectively.

Net Pension Liability, Deferrals, and Pension Expense

At December 31, 2020 and 2019, The Port reported a liability of $2,322,206 and $3,670,558, respectively, for its proportionate share of the net pension liability for OPERS. The net pension liability was measured as of December 31, 2019 and 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port's proportion of the net pension liability was based on The Port's share of contributions to the pension plan relative to the contributions of all participating entities. The Port's proportionate share of the OPERS net pension liability is 0.011787 and 0.013416 percent for 2019 and 2018, respectively.

For the year ended December 31, 2020 and 2019, The Port recognized pension expense of $504,600 and $1,143,261, respectively.

Note 9 - Net Pension and OPEB Liabilities (Continued)

At December 31, 2020 and 2019, The Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 25,314	$ 29,457	$ 16,038	$ 48,247
Changes in assumptions	125,667	-	321,044	-
Net difference between projected and actual earnings on pension plan investments	-	467,120	499,977	-
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	37,605	220,873	304,394	2,588
Employer contributions to the plan subsequent to the measurement date	398,426	-	382,503	-
Total	$ 587,012	$ 717,450	$ 1,523,956	$ 50,835

Contributions of $398,426 reported as deferred outflows of resources as of December 31, 2020 are related to pension resulting from The Port's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years Ending December 31	Amount
2021	$ (153,226)
2022	(224,299)
2023	22,286
2024	(182,414)
2025	2,659
Thereafter	6,130
Total	$ (528,864)

Net OPEB Liability, Deferrals, and OPEB Expense

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Port's proportion of the net OPEB liability was based on The Port's share of contributions to the retirement plan relative to the contributions of all participating entities. The Port's proportionate share of the OPERS net OPEB liability is 0.018862 and 0.019087 percent for 2019 and 2018, respectively. At December 31, 2020 and 2019, The Port reported a liability of $2,605,332 and $2,488,494, respectively, for its proportionate share of the net OPEB liability for OPERS.

For the year ended December 31, 2020 and 2019, The Port recognized OPEB expense of $352,210 and $296,868, respectively.

Note 9 - Net Pension and OPEB Liabilities (Continued)

At December 31, 2020 and 2019, The Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 70	$ 238,270	$ 843	$ 6,752
Changes in assumptions	412,396	-	80,232	-
Net difference between projected and actual earnings on OPEB plan investments	-	132,663	114,083	-
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	68,925	17,028	135,811	-
Employer contributions to the plan subsequent to the measurement date	-	-	-	-
Total	$ 481,391	$ 387,961	$ 330,969	$ 6,752

The Port had no OPEB contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31	Amount
2021	$ 123,622
2022	26,391
2023	106
2024	(56,689)
2025	-
Thereafter	-
Total	$ 93,430

Actuarial Assumptions

The total pension liability in the actuarial valuations was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Ohio Public Employees Retirement System (OPERS)
Valuation date	December 31, 2019 and 2018
Experience study	Five-year period ended December 31, 2015
Actuarial cost method	Individual entry age
Investment rate of return	7.20% for 2019 and 2018 - Net of pension plan investment expense
Wage inflation	3.25%
Projected salary increases	3.25-10.75% (includes wage inflation at 3.25%) Traditional Plan 3.25-8.25% (includes wage inflation at 3.25%) Combined/Member-Directed Plans
Cost of living adjustments	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% simple thereafter

Note 9 - Net Pension and OPEB Liabilities (Continued)

The total OPEB liability in the actuarial valuations was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Ohio Public Employees Retirement System (OPERS)	
Valuation date	December 31, 2018 rolled forward to the measurement date December 31, 2019	December 31, 2017 rolled forward to the measurement date December 31, 2018
Experience study	Five-year period ended December 31, 2015	Five-year period ended December 31, 2015
Actuarial cost method	Individual entry age	Individual entry age
Single discount rate	3.16% current measurement date	3.96% current measurement date
Investment rate of return	6.00% - Net of OPEB plan investment expense	6.00% - Net of OPEB plan investment expense
Municipal bond rate	2.75%	3.71%
Wage inflation	3.25%	3.25%
Projected salary increases	3.25-10.75% (includes wage inflation at 3.25%)	3.25-10.75% (includes wage inflation at 3.25%)
Health care cost trend rate	10.5% initial, 3.5% ultimate in 2030	10.0% initial, 3.25% ultimate in 2029

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP 2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the tables shown above.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for years 2019 and 2018. The projection of cash flows used to determine the pension discount rate assumed that contributions from plan members and those of the contributing employers are made at statutorily required rates.

A single discount rate of 3.16 and 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2019 and 2018, respectively. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and 6.00 percent and a municipal bond rate of 2.75 and 3.71 percent, for years 2019 and 2018, respectively. The projection of cash flows used to determine the single OPEB discount rate assumed that employer contributions will be made at rates equal to statutorily required rates.

Projected Cash Flows

Based on the pension plan assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 9 - Net Pension and OPEB Liabilities (Continued)

Based on the OPEB plan assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Investment Rate of Return

The allocation of investment assets within the defined benefit portfolio is approved by the board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plan. The following table displays the board-approved asset allocation policy for years 2019 and 2018 and the long-term expected real rates of return.

	2019		2018	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	25.00%	1.83%	23.00%	2.79%
Domestic equities	19.00	5.75	19.00	6.21
Real estate	10.00	5.20	10.00	4.90
Private equity	12.00	10.70	10.00	10.81
International equities	21.00	7.66	20.00	7.83
Other investments	13.00	4.98	18.00	5.50
Total	100.00%	5.61%	100.00%	5.95%

The allocation of investment assets within the health care portfolio is approved by the board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The system's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The following table displays the board-approved asset allocation policy for years 2019 and 2018 and the long-term expected real rates of return.

	2019		2018	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	36.00%	1.53%	34.00%	2.42%
Domestic equities	21.00	5.75	21.00	6.21
REITs	6.00	5.69	6.00	5.98
International equities	23.00	7.66	22.00	7.83
Other investments	14.00	4.90	17.00	5.57
Total	100.00%	4.55%	100.00%	5.16%

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

Note 9 - Net Pension and OPEB Liabilities (Continued)

During 2019, OPERS managed investments in three investment portfolios: the defined benefit portfolio, the health care portfolio and the defined contribution portfolio. The defined benefit portfolio includes the investment assets of the Traditional pension plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. Within the defined benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expense, for the defined benefit portfolio is a gain of 17.20 and loss of 2.94 percent for 2019 and 2018, respectively.

The health care portfolio includes the assets for health care expenses for the traditional pension plan, combined plan and member-directed plan eligible members. Within the health care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the health care portfolio is a gain of 19.70 and loss of 5.60 percent for 2019 and 2018, respectively.

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

The following presents the net pension liability of The Port, calculated using the discount rate of 7.20 percent for years 2020 and 2019, as well as what The Port's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (6.20%)	Current Discount Rate (7.20%)	1 Percent Increase (8.20%)
Net pension liability - 2020	$ 3,838,554	$ 2,322,206	$ 959,814

	1 Percent Decrease (6.20%)	Current Discount Rate (7.20%)	1 Percent Increase (8.20%)
Net pension liability - 2019	$ 5,426,441	$ 3,670,558	$ 2,210,302

Sensitivity of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rates

The following presents the net OPEB liability of The Port, calculated using the single discount rate of 3.16 and 3.96 percent for years 2020 and 2019, respectively, as well as what The Port's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (2.16%)	Current Single Discount Rate (3.16%)	1 Percent Increase (4.16%)
Net OPEB liability - 2020	$ 3,409,495	$ 2,605,332	$ 1,961,459

	1 Percent Decrease (2.96%)	Current Single Discount Rate (3.96%)	1 Percent Increase (4.96%)
Net OPEB liability - 2019	$ 3,183,712	$ 2,488,494	$ 1,935,613

Note 9 - Net Pension and OPEB Liabilities (Continued)

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rate, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1 percent point lower or 1 percentage point higher than the current rate.

	1 Percent Decrease	Current Health Care Cost Trend Rate Assumption	1 Percent Increase
Net OPEB liability - 2020	$ 2,528,451	$ 2,605,332	$ 2,681,233
Net OPEB liability - 2019	2,391,983	2,488,494	2,599,649

Additional Financial and Actuarial Information

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplemental information, and detailed information about OPERS' fiduciary net position. That report can be obtained by visiting the OPERS website at www.opers.org. Additional information supporting the preparation of the schedules of collective pension/OPEB amounts and employer allocations (including the disclosure of the net pension/OPEB liability/(asset), required supplemental information on the net pension/OPEB liability (asset), and the unmodified audit opinion on the combined financial statements) is located in the OPERS 2019 ACFR. This ACFR is available at www.opers.org or by contacting OPERS at: OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

Note 10 - Risk Management

The Port is exposed to various risks of loss related to torts-theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, natural disasters, and medical benefits provided to employees. These risks are covered by commercial insurance purchased from independent third parties.

The Port pays into the State of Ohio Bureau of Workers' Compensation System. Workers' compensation claims are submitted to the State of Ohio for authorization and payment to the injured employee. The Port has no further risk. The State of Ohio establishes employer payments, employee payments, and reserves.

In February 2020, a developer sued The Port for $5 million in fees tied to the redevelopment of the former Millennium Hotel in Cincinnati's central business district. Litigation is ongoing and the outcome and liability (if any) cannot be determined at the time of this report.

Settled claims have not exceeded The Port's commercial insurance coverage for any of the past three years.

Note 11 - Conduit Revenue Bond Obligations

The Port has outstanding aggregate conduit revenue bond obligations of approximately $903,163,000 and $925,163,000 at December 31, 2020 and 2019, respectively. The conduit revenue bonds issued are payable solely from the net revenue derived from the respective agreements and are not a general obligation of The Port. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in The Port's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source.

Note 11 - Conduit Revenue Bond Obligations (Continued)

In 2020, The Port issued conduit debt for Kenwood Gallery Lease, Fourth & Race Residential Tower, Springrose Meadows, 3CDC 1400 Vine St Parking Facility, Kao Property Acquisition Project, Madison & Stewart Apartments, College Hill Station, St Xavier High School, 3CDC Ziegler and Fountain Place Parking Facilities, Uptown Gateway Office Buildings I & II, FC Cincinnati Stadium Public Improvement TIF, Willows at Springdale, and Madison and Whetsel Phase III.

Additional conduit debt outstanding includes the following: the Cincinnati Zoo, Queen City Square, Fountain Square, 12th and Vine Parking, Oakley Station, UC Health Drake Center, Fifth and Race Development, Saint Ursula Villa, AHA Colonial Village, RBM Development Phase 2A, Downtown/OTR West Redevelopment, Keystone Hotel, Rumpke, The Collegiate, Fairfax Village Red Bank Public Infrastructure, Court and Walnut Development, Poste (formerly Firehouse Row), RBM Development Phase 2B, Woodlawn Meadows, Madison and Whetsel, Springdale Commerce Park, Fourth and Race Parking Garage, Provident Bank Building, Eighth and Main Apartments, FC Cincinnati MLS Stadium, Mariemont City School District, Summit Park - Blue Ash Airport Redevelopment, 3CDC Master Parking, The Artistry, Findlay Center, 1118 Sycamore, Madison & Whetsel Phase II, and Fields Ertel Project.

Note 12 - Assets Held for Resale

The Port's assets held for resale consist of approximately 172 acres as of December 31, 2020, compared to 129 acres at the prior year end. All properties owned by The Port are located in Hamilton County, Ohio. A summary of real estate held for redevelopment follows:

	2020	2019
2100 Section Road (Amberley Village)	$ 7,162,913	$ 7,162,913
MidPointe Crossing and Swift Park (Bond Hill)	940,000	2,984,625
TechSolve II (Roselawn)	162,724	162,724
Bond Hill and Roselawn Business Districts	4,283,977	4,068,011
2250 Seymour Avenue (Bond Hill)	1,392,798	1,534,998
Hudepohl (Queensgate)	705,000	3,462,945
2000 West Street (Reading)	767,330	756,780
10155 Reading Road (Evendale)	2,364,303	-
West End properties	544,692	544,692
Evanston properties	432,472	432,472
Price Hill properties	125,746	125,746
Total	$ 18,881,955	$ 21,235,906

Assets held for resale are recorded at the lower of cost or market value. Management estimates net realizable value based upon the list prices used by commercial real estate brokers less selling costs. In 2020, The Port recognized a cost-to-market adjustment in the amount of $5,031,669 to write down costs on the following properties: $2,844,845 for Hudephol upon being listed by a commercial real estate broker; and $2,044,624 and $142,200 for MidPointe Crossing and 2250 Seymour Avenue, respectively, upon signing a PSA (Purchase Sale Agreement) below their broker listed price. In 2019, The Port recognized a cost-to-market adjustment in the amount of $108,609 to write down costs on property located in the West End.

The Port funds its acquisition and redevelopment of real estate primarily from local and state redevelopment awards and the issuance of bonds and bond anticipation notes (see Note 6).

- The acquisition and redevelopment of MidPointe Crossing and TechSolve II was funded by the City of Cincinnati, Ohio in the amount of $6.2 million and $4.3 million, respectively.
- The Bond Hill and Roselawn Business Districts are being funded by a $3 million grant from the City of Cincinnati and The Port's real estate development fund, which was created by the issuance of Fountain Square South Garage parking revenue bonds in 2015, subsequently refinanced in 2019.

Note 12 – Assets Held for Resale (Continued)

- The acquisitions of 2100 Section Road and 2250 Seymour Avenue were funded by the issuance of revenue bonds and mortgage revenue bond anticipation notes (Patient Capital Fund). Redevelopment at 2100 Section Road completed in 2017. Project costs on 2100 Section Road were primarily funded by capital contributions from Hamilton County and JobsOhio. Redevelopment at 2250 Seymour Avenue completed in 2018. Project costs were primarily funded by the City of Cincinnati and JobsOhio.

- The Hudepohl redevelopment completed in late 2019. Project funding came from a $2.2 million grant from the City of Cincinnati and The Port's real estate development fund.

- The acquisition of 10155 Reading Road in Evendale (former Formica Corporation site) was funded by The Port's Patient Capital Fund (See Note 6).

Certain redevelopment agreements disburse funds to The Port in advance of the redevelopment services being performed. These agreements require The Port to return any unused redevelopment funds. As a result, The Port records the unused portion as a liability, unearned grant revenue, in the statement of net position.

Note 13 - Subsequent Events

In June 2021, The Port issued $9.5 million of Economic Development Mortgage Revenue Bonds for the refinance of certain Patient Capital Fund noteholder debt (see Note 6). The remaining $1.3 million of Patient Capital Fund debt due on June 1, 2021 was redeemed to noteholders. The bonds have a fixed interest rate of 0.15 percent and mature in the year 2026.

Required Supplemental Information

Required Supplemental Information
Schedule of The Port's Pension Contributions
OPERS Traditional Plan

Last Ten Fiscal Years

Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 273,617	$ 283,801	$ 265,822	$ 218,792	$ 130,688	$ 103,833	$ 105,605	$ 99,498	$ 49,896	$ 22,609
Contributions in relation to the contractually required contribution	273,617	283,801	265,822	218,792	130,688	103,833	105,605	99,498	49,896	22,609
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Port's Covered Payroll	$ 1,954,408	$ 2,027,149	$ 1,898,732	$ 1,683,015	$ 1,089,067	$ 865,273	$ 880,038	$ 765,372	$ 498,963	$ 226,090
Contributions as a Percentage of Covered Payroll	14.00 %	14.00 %	14.00 %	13.00 %	12.00 %	12.00 %	12.00 %	13.00 %	10.00 %	10.00 %

Required Supplemental Information
Schedule of The Port's OPEB Contributions
OPERS Health Care Plan

Last Four Fiscal Years

Years Ended December 31

	2020	2019	2018	2017
Contractually required contribution	$ -	$ -	$ -	$ 16,830
Contributions in relation to the contractually required contribution	-	-	-	16,830
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	**$ 1,954,408**	**$ 2,027,149**	**$ 1,898,732**	**$ 1,683,015**
Contributions as a Percentage of Covered Employee Payroll	**- %**	**- %**	**- %**	**1.00 %**

Note: OPEB data prior to 2017 is not available.

Required Supplemental Information
Schedule of The Port's Proportionate Share of Net Pension Liability
OPERS - Traditional Plan

Last Seven Plan Years

For the Plan Years Ended December 31

	2020	2019	2018	2017	2016
The Port's proportion of the net pension liability	0. 01179 %	0.01342 %	0.01274 %	0.00843 %	0.00695 %
The Port's proportionate share of the net pension liability	$ 2,322,206	$ 3,670,558	$ 1,993,142	$ 1,912,511	$ 1,203,569
The Port's Covered Payroll	$ 2,027,149	$ 1,898,732	$ 1,683,015	$ 1,089,067	$ 865,273
The Port's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	114.55 %	193.32 %	118.43 %	175.61 %	139.10 %
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.17 %	74.70 %	84.66 %	77.30 %	81.20 %

	2015	2014
The Port's proportion of the net pension liability	0.00718 %	0.00718 %
The Port's proportionate share of the net pension liability	$ 865,747	$ 846,193
The Port's Covered Payroll	$ 880,038	$ 765,372
The Port's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	98.38 %	110.56 %
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.50 %	86.40 %

Note: Pension data prior to 2014 is not available.

Required Supplemental Information
Schedule of The Port's Proportionate Share of the Net OPEB Liability
OPERS - Health Care Plan

Last Three Plan Years

For the Plan Year Ended December 31

	2020	2018	2018
The Port's proportion of the net OPEB liability	0.01886 %	0.01909 %	0.01722 %
The Port's proportionate share of the net OPEB liability (asset)	$ 2,605,332	$ 2,488,494	$ 1,870,194
The Port's Covered Employee Payroll	$ 2,027,149	$ 1,898,732	$ 1,683,015
The Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	128.52 %	131.06 %	111.12 %
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	47.80 %	46.33 %	54.14 %

Note: OPEB data prior to 2018 is not available.

Note A – Pension Liability and Contributions

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for the Plan years ended December 31, 2020 and 2019, respectively.

Changes in assumptions: During the plan year ended December 31, 2016, there were changes to several assumptions for OPERS. The long-term pension investment return assumption was reduced from 8.00% to 7.50%. The wage inflation dropped from 3.75% to 3.25%. The projected salary increase range changed from 4.25-10.05% to 3.25-10.75%. The mortality tables used changed from RP-2000 to RP-2014.

During the plan year ended December 31, 2018, the long-term investment return assumption for pension was modified from 7.50% to 7.20% based on changes in the market outlook.

The change in the actuarial information as of the measurement and valuation date of December 31, 2019 compared to December 31, 2018 included no change in the investment rate of return of 7.20 percent.

Calculation of employer allocations: OPERS Health care funding is discretionary and dependent on both the pension funding and future projections. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was 0% and 4% for Member-Directed Plan for 2019. The 2020 allocation is expected to be 0.0% for health care funding, and expected to continue at that rate thereafter.

Note B – OPEB Liability and Contributions

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for the Plan years ended December 31, 2020 and 2019, respectively.

Changes in assumptions: There were no changes in benefit terms from the amounts reported for the Plan year 2019. The change in the actuarial information as of the measurement and valuation date of December 31, 2019 compared to December 31, 2018 included: a decrease in the single discount rate from 3.96 percent to 3.16 percent, a decrease in the municipal bond rate from 3.71 percent to 2.75 percent, and an increase in the health care cost trend rate from 10.0 percent initial, 3.5 percent ultimate in 2029 to 10.5 percent initial, 3.5 percent ultimate in 2030.

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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 Board of Directors
Port of Greater Cincinnati Development Authority

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 Port of Greater Cincinnati Development Authority (The Port), which comprise the basic statement of net position as of December 31, 2020 and the related basic statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and related notes to the financial statements and have issued our report thereon dated June 29, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of The Port'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 Port'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*.

To Management and the Board of Directors
Port of Greater Cincinnati Development Authority

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Port'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 Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

June 29, 2021

OHIO AUDITOR OF STATE
KEITH FABER

PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 8/12/2021

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