CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

TOLEDO-LUCAS COUNTY PORT AUTHORITY

LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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

We have reviewed the *Independent Auditor's Report* of the Toledo-Lucas County Port Authority, Lucas County, prepared by Clark, Schaefer, Hackett & Co., 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 Toledo-Lucas County Port Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 30, 2021

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Toledo-Lucas County Port Authority (the "Authority"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of ParkSmart, Inc., which represents 1.4 percent, 1.6 percent, and 10.4 percent, respectively, of the assets, net position, and revenues of the Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for ParkSmart, Inc., is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Toledo-Lucas County Port Authority as of December 31, 2020, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of net position information by division and schedule of revenues, expenses, and changes in net position information by division information presents additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 18, 2021

The discussion and analysis of the Toledo-Lucas County Port Authority's ("Authority's") financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2020. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The financial highlights for 2020 are as follows:

- Total Net Position for the year ended December 31, 2020 increased $7,222,135 to $227,646,464. This increase was primarily the result of revenues derived from *rental under property leases*, *other rental and fee income*, and *grant revenues*.

- In comparison to 2019, total operating revenue decreased $2,523,597. This decrease can be attributed to 2019 being the best revenue performing year since 2004, and the onset of the COVID-19 pandemic in 2020.

- Total operating expenses were down $2,430,920, attributed to efforts to decrease expenses to mitigate the COVID-19 impact on revenues. Significant decreases were realized in *personnel costs, contractual services*, and *repairs and maintenance*.

FINANCIAL DRIVERS

The following statistics played a key role in the Authority's financial picture in 2020 compared to 2019:

- *Rental under property leases* was approximately $9.3 million in 2020 accounting for 49.6% of total operating revenues.

- Impacted by COVID-19, passengers using Toledo Express Airport decreased 48.0% in 2020 compared to 2019, decreasing terminal area related revenues which were significantly offset by lower operating expenses.

- *Grant revenue* was approximately $9.5 million in 2020 which was an increase of approximately 22.7% compared to 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

The following table provides a summary of the Authority's financial position as of December 31, 2020 and 2019, respectively.

Condensed Statements of Net Position

	December 31, 2020	Restated December 31, 2019	Change Amount	Change %
Assets				
Current assets	$ 44,453,574	$ 36,667,470	$ 7,786,104	21.2%
Capital assets, net	234,705,457	234,220,583	484,874	0.2
Other noncurrent assets	29,072,450	29,620,564	(548,114)	(1.9)
Deferred outflows-pension	535,812	1,590,891	(1,055,079)	(66.3)
Deferred outflows-OPEB	451,133	225,899	225,234	99.7
Total assets & deferred outflows	$ 309,218,426	$ 302,325,407	$ 6,893,019	2.3
Liabilities, Deferred Inflows and Net Position				
Liabilities				
Current liabilities (includes long term debt due within one year)	$ 11,630,921	$ 6,837,195	$ 4,793,726	70.1
Noncurrent liabilities	66,673,550	72,910,758	(6,237,208)	(8.6)
Deferred inflows-property tax	2,073,226	2,075,580	(2,354)	(0.1)
Deferred inflows-pension	814,499	70,790	743,709	1,050.6
Deferred inflows-OPEB	379,766	6,755	373,011	5,522.0
Total liabilities & deferred inflows	81,571,962	81,901,078	(329,116)	(0.4)
Net Position				
Net investment in capital assets	171,928,517	168,443,558	3,484,959	2.1
Restricted	5,692,610	6,935,313	(1,242,703)	(17.9)
Unrestricted	50,025,337	45,045,458	4,979,879	11.1
Total Net Position	227,646,464	220,424,329	7,222,135	3.3
Total liabilities, deferred inflows, and net position	$ 309,218,426	$ 302,325,407	$ 6,893,019	2.3%

- Total Assets and Deferred Outflows of Resources increased slightly by 2.3% compared to 2019.
- Current Assets increased by 21.2%, mainly due to an increase in cash and cash equivalents in 2020.
- Total Liabilities and Deferred Inflows of Resources decreased slightly by 0.4% compared to 2019.
- Current Liabilities increased by 70.1%, mainly attributable to a liability related to the Authority's management of two State of Ohio Department of Natural Resources (ODNR) projects, the *Cullen Park Wetland and Nutrient Reduction Project*, and the *Grassy Island Wetland Restoration Project.*
- Noncurrent Liabilities decreased by 8.6%, primarily due to the reduction in the *Development Loan Fund* balance.
- Restricted Net Position decreased by 17.9%, primarily driven also by the reduction in the *Development Loan Fund* balance.

The following table shows the changes in revenues and expenses for the Authority between 2020 and 2019, respectively.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2020	Restated December 31, 2019	Change Amount	%
Operating revenues				
Airport related	$ 3,743,572	$ 4,559,827	$ (816,255)	(17.9%)
Seaport, Financing, Admin and other	14,983,821	16,691,163	(1,707,342)	(10.2)
Total operating revenues	18,727,393	21,250,990	(2,523,597)	(11.9)
Operating expenses				
Airport related	10,340,856	11,858,845	(1,517,989)	(12.8)
Seaport, Financing, Admin and other	11,687,757	12,600,688	(912,931)	(7.2)
Total operating expenses	22,028,613	24,459,533	(2,430,920)	(9.9)
Operating loss	(3,301,220)	(3,208,543)	(92,677)	2.9
Nonoperating revenues (expenses)				
Proceeds of property tax levy	2,424,847	2,311,677	113,170	4.9
Interest income from investments	1,097,461	1,297,070	(199,609)	(15.4)
Passenger facility charges	364,367	640,080	(275,713)	(43.1)
Grants	9,537,653	7,772,765	1,764,888	22.7
Other revenue	603,378	1,066,894	(463,516)	(43.4)
Other expense	(1,262,905)	(480,349)	(782,556)	162.9
Interest expense	(2,241,446)	(2,234,681)	(6,765)	0.3
Grant pass through	-	(569)	569	(100.0)
Total nonoperating revenues (expenses)	10,523,355	10,372,887	150,468	1.5
Changes in Net Position	7,222,135	7,164,344	57,791	0.8
Net Position beginning of year	220,424,329	213,359,985	7,064,344	3.3
Restatement of Net Position at January 1, 2019 for component unit	-	(100,000)	100,000	
Net Position end of year	$ 227,646,464	$ 220,424,329	$ 7,222,135	3.3%

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

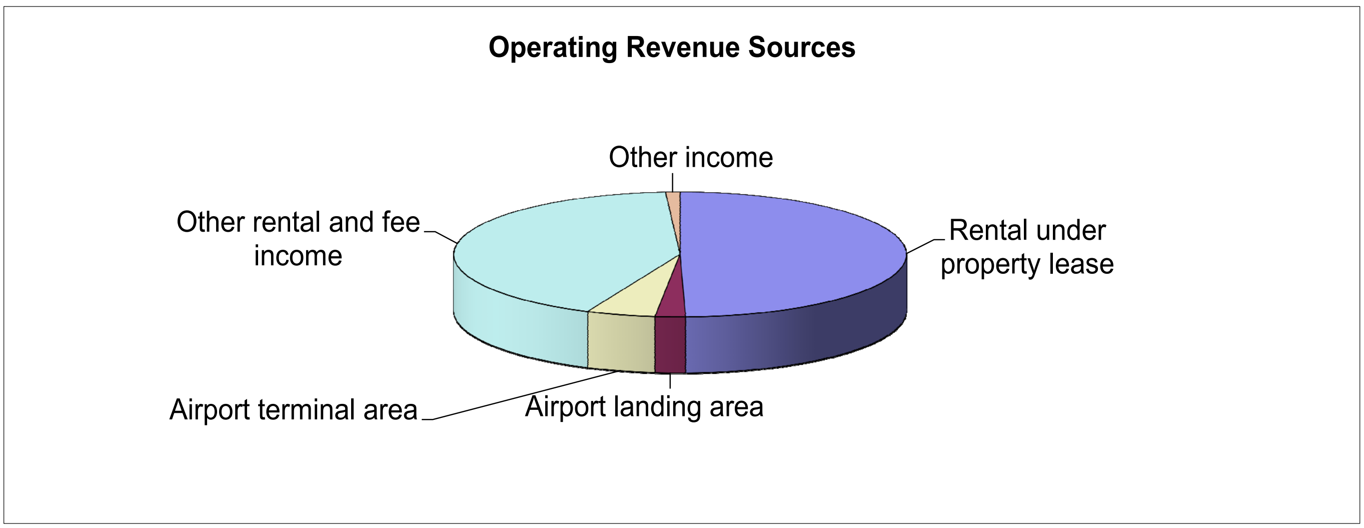
- Although 2020 reported a net operating loss of approximately $3.3 million, including $9.8 million of depreciation expense, non-operating revenues exceeded non-operating expenses by approximately $10.5 million due to grant revenue of approximately $9.5 million and property tax revenue of approximately $2.4 million. Nonoperating expenses include interest expense and expenses attributed to grants received. Other non-operating revenues included interest earned, and airport passenger facility charges.

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

- Interest expense on outstanding bonds and notes payable, community grants, and grant pass through expense accounted for the majority of nonoperating expenses for 2020.

The following is a summary of the Authority's 2020 operating revenue sources:

Operating Revenue Sources	**2020**	**Percent of Total**
Rental under property lease	$ 9,290,802	49.61 %
Airport landing area	403,599	2.16
Airport terminal area	919,637	4.91
Other rental and fee income	7,920,231	42.29
Other income	193,124	1.03
Total Operating Revenue	$ 18,727,393	100.00 %



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the Authority reported $234,705,457 of capital assets net of accumulated depreciation which was invested in land, buildings, equipment and vehicles. This amount represents a net increase of approximately $0.5 million after depreciation expense of approximately $9.8 million. Note 3 to the financial statements provides more detailed capital asset information.

The following table shows fiscal year 2020 and 2019 balances:

Capital Assets at December 31,

	2020	2019	Change
Land	$ 68,763,427	$ 68,763,427	$ -
Construction in progress	10,242,473	7,498,255	2,744,218
Improvements	224,445,416	217,658,839	6,786,577
Property and equipment	26,834,974	26,744,879	90,095
Buildings & leasehold improvements	118,733,930	118,055,867	678,063
Furniture and fixtures	523,546	523,546	-
Total Cost	449,543,766	439,244,813	10,298,953
Accumulated depreciation	(214,838,309)	(205,024,230)	(9,814,079)
Net Capital Assets	$ 234,705,457	$ 234,220,583	$ 484,874

Debt

At December 31, 2020 the Authority had $62,776,940 in debt outstanding, $3,306,087 of which is due within one year. Outstanding debt in the amount of $8,874,980 pertains to Airport improvements and $53,901,960 to Seaport and Development improvements and projects.

The following table summarizes the Authority's debt outstanding as of December 31, 2020 and 2019. Note 5 of the audited financial statements provides more detailed debt information.

Outstanding Debt at December 31,

	2020	2019	Change
Revenue bonds payable	$ 30,704,303	$ 32,822,944	$ (2,118,641)
Notes payable	32,072,637	32,954,081	(881,444)
Total debt	62,776,940	65,777,025	(3,000,085)
Current portion	(3,306,087)	(3,167,755)	(138,332)
Long-term debt less current portion	$ 59,470,853	$ 62,609,270	$ (3,138,417)

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

2021 operating revenues are projected to be approximately $14.8 million. Additionally, excess revenues over expenses are projected to be approximately $2.2 million.

The United States and the State of Ohio declared state of emergencies in March 2020 due to the COVID-19 pandemic. It is anticipated that COVID-19 will continue to have a financial impact on the Authority in 2021, although with a diminished impact. Predicting the extent of such impact is difficult. However, the Authority is anticipating meeting the projected estimates for 2021. This is in part due to the diversity of the Authority's revenue stream and the Authority's ability to control and reduce discretionary spending. Additionally, it is anticipated that some revenue streams adversely impacted by COVID-19 will continue to be supplemented by revenue generated by development financing fees.

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

Additionally, in 2020, the Authority was awarded approximately $40 million in grant funding. These funds, along with additional grant funds, are expected to be received and expended over the next several years. The Authority will continue to pursue additional grant funding as it becomes available.

REQUESTS FOR INFORMATION

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

Toledo-Lucas County Port Authority
Statement of Net Position
December 31, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets:		
Cash and cash equivalents	$	20,698,820
Restricted cash		3,663,078
Investments		10,288,816
Bond proceeds held by trustee		683,733
Interest receivable		17,991
Property tax receivable		2,378,830
Customer and other accounts receivable		1,415,891
Grants receivable		1,445,293
Loans receivable		3,132,827
Lease receivable		389,185
Prepaid expenses and other assets		339,110
Total Current Assets		**44,453,574**
Noncurrent Assets:		
Nondepreciable capital assets		79,005,900
Depreciable capital assets, net of accumulated depreciation		155,699,557
Restricted investments		2,029,532
Loans receivable		19,476,268
Lease receivable		4,248,337
Deposits		318,313
Amount due from NW Ohio Bond Fund		3,000,000
Total Noncurrent Assets		**263,777,907**
Total Assets		**308,231,481**
Deferred Outflows of Resources:		
Deferred outflows-pension		535,812
Deferred outflows-OPEB		451,133
Total Deferred Outflows of Resources		**986,945**
Total Assets and Deferred Outflows of Resources	**$**	**309,218,426**

(Continued)

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Net Position, Continued
December 31, 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Current Liabilities:		
Accounts payable and other	$	2,131,760
Accrued payroll		608,937
Deposits		191,436
Accrued interest		237,855
NWOBF revenue bonds payable - current		1,535,000
Note payable - current		1,096,087
Ohio SIB bond - current		675,000
Advances		5,154,846
Total Current Liabilities		**11,630,921**
Noncurrent Liabilities:		
Development loan fund		774,675
NWOBF revenue bonds payable		17,765,000
Notes payable		30,976,550
Ohio SIB bond		10,729,303
Net pension liability		3,760,634
Net OPEB liability		2,667,388
Total Noncurrent Liabilities		**66,673,550**
Total Liabilities		**78,304,471**
Deferred Inflows of Resources:		
Deferred inflows-property tax		2,073,226
Deferred inflows-pension		814,499
Deferred inflows-OPEB		379,766
Total Deferred Inflows of Resources		**3,267,491**
Total Liabilities and Deferred Inflows of Resources		**81,571,962**
Net Position:		
Net investment in capital assets		171,928,517
Restricted		5,692,610
Unrestricted		50,025,337
Total Net Position		**227,646,464**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$**	**309,218,426**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2020

Operating Revenues		
Rental under property leases	$	9,290,802
Airport landing area		403,599
Airport terminal area		919,637
Other rental and fee income		7,920,231
Other income		193,124
Total Operating Revenues		**18,727,393**
Operating Expenses		
Personnel		4,235,114
Marketing		206,015
Contractual services		4,177,327
Utilities		1,298,049
Repairs and maintenance		2,190,354
Depreciation		9,849,008
Other operating expenses		72,746
Total Operating Expenses		**22,028,613**
Operating Loss		**(3,301,220)**
Nonoperating Revenues (Expenses)		
Revenue from property tax levy		2,424,847
Interest income from investments		1,097,461
Passenger and customer facility charges		364,367
Grants		9,537,653
Non-operating revenue		443,734
Interest expense		(2,241,446)
Other nonoperating expenses		(1,262,905)
Gain on investments		153,844
Loss on disposal of assets		5,800
Total Nonoperating Revenues (Expenses)		**10,523,355**
Total Change in Net Position	**$**	**7,222,135**
Net Position beginning of year - as previously reported	$	222,599,909
Restatement of Net Position at January 1, 2020		
See note 13		(100,000)
See note 15		(2,075,580)
Net Position beginning of year - as restated		220,424,329
Net Position at end of year	**$**	**227,646,464**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:		
Cash received from customers	$	19,359,961
Cash payments for goods and services		(7,485,022)
Cash payments to and on behalf of employees		(3,607,712)
Net cash provided by operating activities		**8,267,227**
Cash flows from noncapital financing activities:		
Intergovernmental grants		443,734
Grant disbursements		(1,262,905)
Proceeds of property tax levy		2,378,831
Net cash provided by noncapital financing activities		**1,559,660**
Cash flows from capital and related financing activities:		
Capital grants received		9,029,098
Passenger and Customer facility charges received		373,937
Acquisition and construction of capital assets		(10,328,082)
Interest paid on capital asset debt		(2,257,271)
Principal payments on long-term debt		(3,000,085)
Issuance of debt, net of bond proceeds held by trustee		154,086
Net cash used in capital and related financing activities		**(6,028,317)**
Cash flows from investing activities:		
Interest on investments		1,267,593
Purchase of securities		(3,972,532)
Proceeds on securities		3,521,497
Net cash provided by investing activities		**816,558**
Net increase in cash and cash equivalents		4,615,128
Cash and cash equivalents at beginning of year		19,746,770
Cash and cash equivalents at end of year	**$**	**24,361,898**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows, Continued
For the Year Ended December 31, 2020

Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	**$**	**(3,301,220)**
Adjustments to reconcile operating loss to cash provided by operating activities:		
Depreciation expense		9,849,008
Changes in assets, liabilities and deferrals:		
Accounts receivable		571,488
Loans receivable		(2,707,964)
Leases receivable		434,166
Prepaid expenses and other assets		(97,242)
Accounts payable and other		359,469
Accrued payroll		(2,496)
Deposits		(2,782)
Advances		4,317,026
Development loan fund		(1,782,124)
Net pension and OPEB liabilities and related deferrals		629,898
Total adjustments		**11,568,447**
Net cash provided by operating activities	**$**	**8,267,227**

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

Measurement Focus

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

Use of Estimates

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

Cash and Investments

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

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

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2020, which approximates fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (continued)

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Capital Assets

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

Pensions and Other Postemployment Benefits (OPEB)

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. For the Authority, deferred outflows of resources are reported for components associated with the net pension and net OPEB liabilities explained in Notes 7 and 8.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the Authority, deferred inflows of resources are reported for components associated with the net pension and net OPEB liabilities explained in Notes 7 and 8, and property taxes.

Compensated Absences

Employees of the Authority are entitled to paid vacation days depending on job classification, length of service, and other factors. Accrued vacation, which is included with accrued payroll on the statement of net position, increased $1,031 from $351,962 at December 31, 2019 to $352,993 at December 31, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

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

Revenues and Expenses

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

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

Property Tax Levy

Property tax receivable is recognized when the Authority has an enforceable legal claim to the resources, whereas revenue is recognized in the period for which the taxes are levied.

A $.4 mill real estate tax renewal levy passed by Lucas County voters in 2018 provides financial support for the various activities of the Authority. The levy expires in 2025. The Authority elected to collect the full $.4 mill in 2020. The 2019 levy (collected in 2020) was based upon assessed valuations of approximately $8.1 billion.

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

Budgetary Process

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principles

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued in June 2019. GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Authority.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Authority.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in June 2019. Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 revised certain debt disclosures in Note 5 to the financial statements.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61,* was issued in August 2018. GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Authority.

GASB Statement No. 92, Omnibus 2020, was issued in January 2020 and addresses several topics. The requirements in paragraphs 4, 5, 11 and 13 became effective immediately, while the remaining paragraphs are effective at later dates. Paragraphs 4 and 5 address the effective dates of Statement No. 87 and related guidance for interim financial reporting. These paragraphs had no effect on the Authority's financial statements. Paragraph 11 addresses accounting for certain expenses when applying paragraph 37 of Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, related to public entity risk pools. This paragraph had no effect on the Authority's financial statements. Paragraph 13 replaced the terms derivative or derivatives with derivative instrument or derivative instruments. This paragraph had no effect on the Authority's financial statements.

NOTE 2 – CASH AND INVESTMENTS

Bank Deposits

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

At year end the carrying amount of the Authority's deposits was $24,361,150 and the bank balance was $24,592,935. The Authority also had $748 cash on hand. The Federal Deposit Insurance Corporation (FDIC) covered $14,295,315 of the bank balance. Of the $10,297,620 which was not FDIC insured, $9,576,658 was collateralized with securities held by the pledging institution's trust department not in the Authority's name.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

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

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

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

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

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

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

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

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

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments (continued)

The Authority's investments at December 31, 2020 were as follows:

			Investment Maturities (in Years)		
	Fair Value	**Credit Rating**	**Less than 1**	**1-3**	**3-5**
United States Treasury Bill	$ 374,324	AA+[1]	$ 246,460	$ 127,864	$ -
Federal National Mortgage Association	348,766	AA+[1]	246,771	101,995	
Federal Home Loan Mortgage Corporation	339,000	AA+[1]	145,818	193,182	
Federal Home Loan Banks	183,223	AA+[1]	115,413	67,810	
Bank NY Mellon Money Market Funds	79,374	A-1[1]	79,374		
Key Money Market Fund	536,263	A-2[1]	536,263		
Signature Bank Money Market	783,829	NR	783,829		
State Bank Money Market Fund	230,857	NR	230,857		
Huntington Money Market Fund	693,560	Aa3[2]	693,560		
Waterford Bank Money Market	1,008,580	NR	1,008,580		
MUFG BK LTD NY BRH Commercial Paper	1,950,158	NR	1,950,158		
BMO Harris Bk Natl Assn CD	193,222	NR	111,568	81,654	
Goldman Sachs Bk USA NY CD	526,597	NR		526,597	
Live Oak Banking Company CD	260,840	NR		260,840	
Medallion Bk Salt Lake City CD	158,375	NR		158,375	
Merrick Bank CD	155,096	NR		155,096	
Morgan Stanley Bank NA CD	664,655	NR		664,655	
Sallie Mae FDIC Insured CD	414,848	NR		160,183	254,665
UBS Bank USA CD	270,703	NR		270,703	
Axos Bank CD	104,638	NR		104,638	
BMW Bank North America CD	258,258	NR		258,258	
Citi Bank NA CD	251,023	NR		251,023	
Congressional BK Potomac MD CD	150,285	NR		150,285	
New York Cmnty Bk West CD	249,560	NR		249,560	
State BK India NY CD	512,814	NR			512,814
Wells Fargo BK FDIC Insured CD	84,122	NR		84,122	
Wells Fargo Natl BK CD	103,669	NR		103,669	
JP Morgan Chase BK CD	179,608	NR			179,608
FNB Oxford BK CD	250,063	NR			250,063
Fidelity Co-Op BK CD	250,190	NR			250,190
Texas Exchange BK CD	250,220	NR			250,220
First OKLA BK CD	250,118	NR			250,118
Premier Bank CD	251,510	NR	251,510		
	$ 12,318,348		$ 6,400,161	$ 3,970,509	$ 1,947,678

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

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

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

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

Concentration of Credit Risk - Concentration of credit risk exists when investments are concentrated in one issue. The Authority’s investment policy allows for various types of investments with various safeguard limits and cannot be changed unless the Authority’s Board of Directors, by resolution, modifies the limits. The Authority’s investments in U.S. Agencies represent 10.1%, Money Market funds 27.1% and other 62.8% of the Authority’s investment portfolio excluding STAR Ohio at year end. Ohio Revised Code 135.14(B)(7) limits commercial paper and bankers’ acceptances to under 25% of the total portfolio. Commercial paper cannot exceed 10% of the issuer’s outstanding commercial paper.

Cash and investments per footnote	
Carrying amount of bank deposits	$ 24,361,150
Cash on hand	748
Investments	12,318,348
Total	$ 36,680,246
Cash and investments per statement of net position	
Cash and cash equivalents	$ 20,698,820
Restricted cash	3,663,078
Investments	10,288,816
Restricted investments	2,029,532
Total	$ 36,680,246

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following:

Historical Cost: **Class**	**December 31, 2019**	**Additions**	**Deletions**	**December 31, 2020**
Capital assets not being depreciated:				
Land	$ 68,763,427	$ -	$ -	$ 68,763,427
Construction in Progress	7,498,255	3,265,072	(520,854)	10,242,473
Subtotal	76,261,682	3,265,072	(520,854)	79,005,900
Capital assets being depreciated:				
Improvements	217,658,839	6,786,577	-	224,445,416
Property and Equipment	26,744,879	123,756	(33,661)	26,834,974
Buildings and Leasehold Improvements	118,055,867	699,803	(21,740)	118,733,930
Furniture and Fixtures	523,546	-	-	523,546
Subtotal	362,983,131	7,610,136	(55,401)	370,537,866
Total Cost	$ 439,244,813	$ 10,875,208	$ (576,255)	$ 449,543,766

Accumulated Depreciation: **Class**	**December 31, 2019**	**Additions**	**Deletions**	**December 31, 2020**
Capital assets being depreciated:				
Land Improvements	$ (135,180,805)	$ (4,878,799)	$ -	$ (140,059,604)
Property and Equipment	(14,843,632)	(885,799)	33,661	(15,695,770)
Buildings and Leasehold Improvements	(54,495,810)	(4,081,312)	1,268	(58,575,854)
Furniture and Fixtures	(503,983)	(3,098)	-	(507,081)
Total Depreciation	$ (205,024,230)	$ (9,849,008)	$ 34,929	$ (214,838,309)
Net Value:	$ 234,220,583	$ 1,026,200	$ (541,326)	$ 234,705,457

Depreciation has been determined using the straight-line method over the estimated useful lives of the property and equipment ranging between 5 and 40 years. Total Depreciation Expense charged to Operating Expense in 2020 was $9,849,008. During 2020, approximately $7.7 million of Federal, state and local grant funding was utilized to purchase and acquire Port Authority capital assets.

NOTE 4 – LOANS AND CAPITAL LEASE RECEIVABLE

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

	Balance December 31, 2019	Additions	Payments	Change in Discount	Bad Debt	Balance December 31, 2020	Due Within One Year
ESID Loan Receivable	$ 1,228,502	$1,080,862	$ (131,117)	$ -	$ -	$ 2,178,247	$ 1,213,294
NOIF Loan Receivable	16,490,000	-	-	-	-	16,490,000	-
Various Loans Receivable	2,182,629	1,855,270	(97,051)	-	-	3,940,848	1,919,533
Total Loans Receivable	**$ 19,901,131**	**$2,936,132**	**$ (228,168)**	**$ -**	**$ -**	**$ 22,609,095**	**$ 3,132,827**
Capital Lease Receivable	**$ 5,071,688**	**$ -**	**$ (434,166)**	**$ -**	**$ -**	**$ 4,637,522**	**$ 389,185**

Loans Receivable

In 2016, the Authority loaned funds to the Northwest Ohio Advanced Energy Improvement District ("ESID"). This loan totaled $1,740,087 and has an interest rate of 1% requiring semiannual payments of $71,538 with a maturity in 2028. These funds are related to the debt from the Ohio Development Services Agency ("ODSA") found in Note 5. As of December 31, 2020, the balance remaining on the note was $1,097,385.

In addition, the Authority loaned funds to the ESID which totaled $1,080,862 to provide funding of projects which will be included in the future issuance of Energy Bond 8. The loan has an interest rate of 2% and will mature in 2021 when Energy Bond 8 is issued. As of December 31, 2020, the balance of the note was $1,080,862.

Loans receivable at the end of 2020 includes six loans in which the Northwest Ohio Improvement Fund, LLC ("NOIF") entered into: two in 2015 with ProMedica Downtown Campus Landlord, LLC for a total of $7,760,000 and four in 2017 with Overland Industrial Parkway Two, LLC for a total of $8,730,000. These loans are directly related to the conduit debt that was incurred by NOIF; at the time NOIF served as an intermediary in the ProMedica project and the Overland Industrial Parkway project financing. These structures were created to facilitate the use of new market tax credits. The exposure for the notes is minimal due to the pass-through structure of the agreements in place. The loans are interest only for the first seven years, and then bear interest rates of 2.55% on the 2015 loans and 3.67% on the 2017 loans. On the 2015 loans, from 2023 through 2045, quarterly payments of principal and interest are required in an amount to fully amortize the loan over the remaining term, which mature on December 23, 2045. On the 2017 loans, from 2024 through 2047, monthly payments of principal and interest are required in an amount to fully amortize the loans over the remaining term, which mature on June 29, 2047. The Authority is not a guarantor of this debt.

In addition, the Authority has loaned amounts totaling $4,297,270 under various loan programs, at interest rates ranging from zero to 4.5%, with maturities ranging from 2021 through 2037. The total loan receivable amount of $3,940,848 shown in the table above is net of a discount of $17,765 for financial statement presentation in the Statement of Net Position. The discount represents the net present value calculation performed on the loans that are not charged interest. Future principal payments in years after 2020 for these loans receivable are as follows:

NOTE 4 – LOANS AND CAPITAL LEASE RECEIVABLE (Continued)

Loans Receivable (continued)

December 31,	Discounted	Undiscounted
2021	$ 3,132,827	$ 3,150,592
2022	213,677	213,677
2023	518,098	518,098
2024	767,949	767,949
2025	1,084,269	1,084,269
Thereafter	16,892,275	16,892,275
Total	$ 22,609,095	$ 22,626,860

Capital Lease Receivable

On May 6, 2005, the Authority and Nagle Holdings, Ltd. entered into an agreement for the lease of approximately 14.374 acres of vacant land near Toledo Executive Airport, on which Nagle Holdings constructed a facility in conjunction with its trucking business. On March 22, 2016, a first amendment to the lease agreement was signed in which the Authority allows Nagle Holdings to purchase the leased premises for $100 upon expiration of the lease, which occurred February 28, 2021. In addition, lease payments of $15,243.73 are due in 2021. The option price is considered a bargain purchase and, under the provision of GASB 62, the amended lease is being accounted for as a direct financing lease. The present value of the bargain purchase option and the lease payments during the remaining terms of the lease are recorded as the amount due from lessee in the statement of net position at December 31, 2020.

On May 13, 2008, the Authority and Midwest Terminals of Toledo, Inc. ("Midwest") entered into an agreement for the lease of approximately 181 acres of land commonly known as "Ironville" for the development and management of logistics, maritime related businesses, and or other commercial or industrial uses. On August 1, 2014, a first amendment to the lease agreement was signed because of ongoing development at Ironville, in which the Authority would provide $1.3 million in funding for additional capital improvements at the site. Commenced January 1, 2015 and ending December 31, 2022, Midwest shall pay the Authority $15,772 a month, which amounts to $189,264 annually as additional rent for these improvements. The present value of the lease payments during the remaining terms of the lease is recorded as amount due from lessee in the statement of net position at December 31, 2020.

On October 26, 2016, the Authority and Dana Limited entered into an agreement for the lease of a 102,060-square foot building and parking areas located on real property commonly known as 3220 Jeep Parkway. On October 10, 2017, a first amendment to the lease agreement was signed to reflect the addition of expanded premises, in which the Authority would provide $4.5 million in funding for tenant improvements at the site. Commencing June 1, 2017 and ending May 1, 2037, Dana Limited shall pay the Authority monthly payments consisting of principal and interest per the amortization schedule attached as exhibit E to the first amendment. The lease payments during the remaining terms of the lease are recorded as the amount due from lessee in the statement of net position at December 31, 2020.

NOTE 4 – LOANS AND CAPITAL LEASE RECEIVABLE (Continued)

Capital Lease Receivable (continued)

On September 8, 2017, the Authority and Mitsubishi Chemical Performance Polymers, Inc. entered into an agreement for the construction of a rail spur on property owned by Mitsubishi, which was partially funded by the Port. The Port funded amount totaled $375,000. The Authority leases the premises and rail spur to Mitsubishi for $4,000 per month. The agreement will expire on December 31, 2026; wherein Mitsubishi has the option to acquire the Authority's entire interest in the project at a purchase price of $100. Further, at any time during the project lease term beginning 5 years after the commencement date, Mitsubishi may terminate the project lease by paying the sum of all rent payments due through December 31, 2026 and the purchase price of $100. The lease payments during the remaining terms of the lease are recorded as the amount due from lessee in the statement of net position at December 31, 2020.

NOTE 5 – DEBT

A summary of Long-Term Debt activity for the year ended December 31, 2020 is as follows:

		Series	Maturity Date	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Revenue Bonds								
Northwest Ohio Bond Fund								
7.25%	Chevron	2008A	2028	$3,225,000	$ -	($240,000)	$2,985,000	$255,000
4.90%	Parking Garage Project	2011C	2026	3,045,000	-	(340,000)	2,705,000	360,000
4.61%	Refunding Air Hub Project	2012A	2026	4,875,000	-	(480,000)	4,395,000	505,000
4.02%	Dana Facility	2016B	2028	9,610,000	-	(395,000)	9,215,000	415,000
Other								
3.38%	State of Ohio Tax Exempt - Garages	2011-1	2031	6,580,000	-	(450,000)	6,130,000	465,000
3.50%	State of Ohio Tax Exempt - Seaport	2019-2	2039	5,225,000	-	(200,000)	5,025,000	210,000
Total Revenue Bonds				32,560,000	-	(2,105,000)	30,455,000	2,210,000
Unamortized Premium		2019-2	2039	262,944	-	(13,641)	249,303	-
				32,822,944	-	(2,118,641)	30,704,303	2,210,000
Notes Payable								
1.00%	ODSA	2015	2028	1,523,929	-	(162,648)	1,361,281	164,279
2.25%	JobsOhio	2016	2027	7,949,212	-	(179,061)	7,770,151	364,900
2.50%	Lucas County Builds	2016	2028	677,095	-	(32,569)	644,526	33,393
3.00%	Airport Hangar Acquisition	N/A	2037	1,796,518	-	(71,372)	1,725,146	79,124
2.55%	NOIF-2015	2015	2045	7,760,000	-	-	7,760,000	-
3.67%	NOIF-2017	2017	2047	8,730,000	-	-	8,730,000	-
4.83%	ESID Note Airport	2014	2028	697,411	-	(53,410)	644,001	55,464
3.00%	ESID Note Garages	2012	2026	404,115	-	(51,183)	352,932	52,730
3.42%	ESID Note One Maritime	2012	2026	615,876	-	(77,191)	538,685	79,855
1.39%	ESID Note MLK	2011	2026	274,844	-	(30,866)	243,978	31,298
5.00%	ESID Note Two Maritime	2017A	2031	485,000	-	(30,000)	455,000	30,000
4.80%	ESID Note TEA Terminal Roof	2017A	2027	1,520,000	-	(155,000)	1,365,000	165,000
3.88%	ESID Note TEA Ramp Lighting	2017A	2025	55,663	-	(7,297)	48,366	7,646
5.00%	ESID Note TEA Maintenance	N/A	2022	17,842	-	(5,653)	12,189	5,942
4.20%	ESID Note TAA Hangar	2017D	2032	446,576	-	(25,194)	421,382	26,456
Total Notes Payable				32,954,081	-	(881,444)	32,072,637	1,096,087
Total				$ 65,777,025	$ -	$ (3,000,085)	$ 62,776,940	$ 3,306,087

NOTE 5 - DEBT (Continued)

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

	2021	2022	2023	2024	2025
Revenue Bonds Payable					
Northwest Ohio Bond Fund					
Taxable Chevron	$ 255,000	$ 275,000	$ 300,000	$ 325,000	$ 350,000
Taxable Parking Garage Project	360,000	380,000	405,000	430,000	455,000
Taxable Refunding Air Hub Project	505,000	530,000	560,000	585,000	620,000
Taxable Dana Facility	415,000	435,000	460,000	475,000	505,000
Other					
State of Ohio Tax Exempt - Garages	465,000	480,000	495,000	515,000	530,000
State of Ohio Tax Exempt - Seaport	210,000	210,000	220,000	220,000	230,000
Notes Payable					
ODSA	164,279	165,926	167,589	169,269	170,966
JobsOhio	364,900	374,128	383,589	393,290	403,235
Lucas County Builds	33,393	34,237	35,103	35,991	36,901
Airport Hangar Acquisition	79,124	81,516	83,980	86,518	89,133
NOIF-2015	-	-	251,571	258,042	264,679
NOIF-2017	-	-	-	259,271	533,011
ESID Note Airport	55,464	59,573	62,654	67,790	70,871
ESID Note Garages	52,730	54,324	55,966	57,657	132,255
ESID Note One Maritime	79,855	82,611	85,462	88,412	202,345
ESID Note MLK	31,298	31,736	32,180	32,630	33,087
ESID Note Two Maritime	30,000	30,000	30,000	40,000	40,000
ESID Note TEA Terminal Roof	165,000	175,000	185,000	195,000	205,000
ESID Note TEA Ramp Lighting	7,646	8,012	8,395	8,797	15,516
ESID Note TEA Maintenance	5,942	6,247	-	-	-
ESID Note TAA Hangar	26,456	27,782	29,174	30,636	32,172
Total	$ 3,306,087	$ 3,441,092	$ 3,850,663	$ 4,273,303	$ 4,919,171

	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050	Total
Revenue Bonds Payable						
Northwest Ohio Bond Fund						
Taxable Chevron	$ 1,480,000	$ -	$ -	$ -	$ -	$ 2,985,000
Taxable Parking Garage Project	675,000	-	-	-	-	2,705,000
Taxable Refunding Air Hub Project	1,595,000	-	-	-	-	4,395,000
Taxable Dana Facility	6,925,000	-	-	-	-	9,215,000
Other						
State of Ohio Tax Exempt - Garages	2,975,000	670,000	-	-	-	6,130,000
State of Ohio Tax Exempt - Seaport	1,225,000	1,465,000	1,245,000	-	-	5,025,000
Notes Payable						
ODSA	523,252	-	-	-	-	1,361,281
JobsOhio	5,851,009	-	-	-	-	7,770,151
Lucas County Builds	468,901	-	-	-	-	644,526
Airport Hangar Acquisition	487,740	566,043	251,092	-	-	1,725,146
NOIF-2015	1,429,091	1,622,590	1,842,292	2,091,735	-	7,760,000
NOIF-2017	2,978,684	1,961,919	1,236,882	1,316,053	444,180	8,730,000
ESID Note Airport	327,649	-	-	-	-	644,001
ESID Note Garages	-	-	-	-	-	352,932
ESID Note One Maritime	-	-	-	-	-	538,685
ESID Note MLK	83,047	-	-	-	-	243,978
ESID Note Two Maritime	230,000	55,000	-	-	-	455,000
ESID Note TEA Terminal Roof	440,000	-	-	-	-	1,365,000
ESID Note TEA Ramp Lighting	-	-	-	-	-	48,366
ESID Note TEA Maintenance	-	-	-	-	-	12,189
ESID Note TAA Hangar	186,719	88,443	-	-	-	421,382
Total	$ 27,881,092	$ 6,428,995	$ 4,575,266	$ 3,407,788	$ 444,180	$ 62,527,637

NOTE 5 - DEBT (Continued)

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

	2021	2022	2023	2024	2025
Revenue Bonds Payable					
Northwest Ohio Bond Fund					
Taxable Chevron	$ 211,881	$ 193,031	$ 172,731	$ 150,438	$ 126,513
Taxable Parking Garage Project	128,135	110,373	91,385	71,295	49,858
Taxable Refunding Air Hub Project	196,847	173,336	148,557	122,396	95,081
Taxable Dana Facility	365,703	348,802	331,072	312,321	292,856
Other					
State of Ohio Tax Exempt - Garages	223,628	209,468	194,568	178,260	160,716
State of Ohio Tax Exempt - Seaport	183,275	178,944	174,163	169,144	163,859
Notes Payable					
ODSA	9,902	8,667	7,420	6,160	4,887
JobsOhio	171,082	162,777	154,262	145,532	136,581
Lucas County Builds	15,732	14,888	14,022	13,134	12,224
Airport Hangar Acquisition	51,165	48,774	46,310	43,772	41,157
NOIF-2015	197,709	197,709	195,319	188,848	182,210
NOIF-2017	320,339	320,339	320,339	318,364	301,920
ESID Note Airport	30,436	27,707	24,805	21,729	18,405
ESID Note Garages	10,195	8,602	6,960	5,268	3,526
ESID Note One Maritime	17,756	15,000	12,149	9,200	6,149
ESID Note MLK	3,292	2,855	2,411	1,960	1,504
ESID Note Two Maritime	22,375	20,875	19,375	17,750	15,750
ESID Note TEA Terminal Roof	63,600	55,560	47,040	38,040	28,560
ESID Note TEA Ramp Lighting	1,803	1,503	1,189	859	514
ESID Note TEA Maintenance	542	237	-	-	-
ESID Note TAA Hangar	17,424	16,299	15,117	13,877	12,574
Total	$ 2,242,821	$ 2,115,746	$ 1,979,194	$ 1,828,347	$ 1,654,844

	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050	Total
Revenue Bonds Payable						
Northwest Ohio Bond Fund						
Taxable Chevron	$ 198,649	$ -	$ -	$ -	$ -	$ 1,053,243
Taxable Parking Garage Project	27,316	-	-	-	-	478,362
Taxable Refunding Air Hub Project	66,153	-	-	-	-	802,370
Taxable Dana Facility	751,966	-	-	-	-	2,402,720
Other						
State of Ohio Tax Exempt - Garages	480,724	20,727	-	-	-	1,468,091
State of Ohio Tax Exempt - Seaport	728,556	492,125	127,500	-	-	2,217,566
Notes Payable						
ODSA	6,896	-	-	-	-	43,932
JobsOhio	412,393	-	-	-	-	1,182,627
Lucas County Builds	30,238	-	-	-	-	100,238
Airport Hangar Acquisition	163,707	85,406	9,486	-	-	489,777
NOIF-2015	805,358	611,855	392,155	142,707	-	2,913,870
NOIF-2017	1,195,973	696,190	432,343	207,917	13,014	4,126,738
ESID Note Airport	33,585	-	-	-	-	156,667
ESID Note Garages	-	-	-	-	-	34,551
ESID Note One Maritime	-	-	-	-	-	60,254
ESID Note MLK	1,041	-	-	-	-	13,063
ESID Note Two Maritime	46,875	2,125	-	-	-	145,125
ESID Note TEA Terminal Roof	26,760	-	-	-	-	259,560
ESID Note TEA Ramp Lighting	-	-	-	-	-	5,868
ESID Note TEA Maintenance	-	-	-	-	-	779
ESID Note TAA Hangar	40,928	4,701	-	-	-	120,920
Total	$ 5,017,118	$ 1,913,129	$ 961,484	$ 350,624	$ 13,014	$ 18,076,321

NOTE 5 - DEBT (Continued)

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

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

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

A. Taxable Chevron

The Authority issued and is the borrower on $4,780,000 of taxable revenue bonds from the Northwest Ohio Bond Fund (NWOBF) for the purchase of the former Chevron Property in 2008. A lease was signed with Midwest requiring lease payments equal to the amount of debt. As of December 31, 2020, $2,985,000 remains outstanding.

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

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

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

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

NOTE 5 - DEBT (Continued)

A. Taxable Chevron (continued)

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

B. Taxable Refunding Air Hub Project

The Authority issued bonds to refinance debt in 2012 for the air cargo hub facility. The series 2012A taxable bonds were issued by the Northwest Ohio Bond Fund in the amount of $9,470,000. As of December 31, 2020, $4,395,000 remains outstanding. The facility was leased to Tronair, Inc. ("Tronair"). 2020 revenues from Tronair fully covered the annual debt payments. Revenues in subsequent years are also expected to fully cover the annual debt payments.

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

C. Port Authority Overland Property

JobsOhio
During construction of the 100,000 square-foot warehousing facility on Overland Parkway that began in 2014, the Authority was in negotiations with JobsOhio. A loan in the amount of $2,500,000 was received in 2016 bearing an interest rate of 0% for the first year, 3% for years two through six, and 4% for years seven through twelve, maturing in 2027. In May of 2016, it was announced that Dana Corporation (Dana) would lease the warehousing facility. The announcement of a tenant and the expansion of the facility to approximately 300,000 square-feet led to the further restructuring of the repayment terms of the currently outstanding $2,500,000 loan. As a result of the expansion, the Authority's JobsOhio financing obligation was increased to a total of up to $8,750,000, which was drawn during 2017. As of December 31, 2020, $7,770,151 remains outstanding.

NOTE 5 - DEBT (Continued)

C. Port Authority Overland Property (continued)

JobsOhio (continued)

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

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

NOTE 5 - DEBT (Continued)

C. Port Authority Overland Property (continued)

JobsOhio (continued)

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

Taxable Dana Facility
As a result of the expansion of the Dana facility to approximately 300,000 square-feet, the Authority issued and is borrower on $10,470,000 of taxable revenue bonds from the Northwest Ohio Bond Fund. The issuance is comprised of two series. The series 2016B-1 of $2,275,000 is the absorption of the original financing of the initial 100,000 square-foot facility. The series 2016B-2 representing $8,195,000 is the financing of the building expansion of approximately 200,000 square-feet. As of December 31, 2020, $9,215,000 in total remains outstanding.

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

NOTE 5 - DEBT (Continued)

C. Port Authority Overland Property (continued)

Lucas County Builds
As part of the overall financing for the Dana facility on Overland Parkway, a loan was secured and funded in the amount of $750,000 from the Lucas County Builds Fund in October of 2016. The term of the loan will expire on December 31, 2028 and the balance of the loan on December 31, 2020 was $644,526.

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

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

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

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

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

NOTE 5 - DEBT (Continued)

D. Taxable Parking Garage Project

In October 2011, the Authority purchased parking facilities from the City of Toledo. This project was financed by issuing $4,940,000 of taxable development revenue bonds within the Northwest Ohio Bond Fund (NWOBF). In addition, tax exempt bonds were issued from the SIB GRF Bond Fund Program in the amount of $9,430,000. The total remaining balance for both bonds was $8,835,000 as of December 31, 2020.

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

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

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

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

The Authority was the borrower of nine Northwest Ohio Advanced Energy Improvement District ("ESID") Notes for capital improvements to the garage facilities, One Maritime Plaza and Two Maritime Plaza office buildings, airport terminal, airport maintenance building, TAA Hangar, airport ramp and the Martin Luther King, Junior Terminal. As of December 31, 2020, $4,081,533 remains outstanding.

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

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

NOTE 5 - DEBT (Continued)

F. ODSA

During 2015, the Authority borrowed funds from ODSA. These funds relate to the series 2013A bond issuance. This series was issued to the ESID, which is an entity the Authority created to assist with financing related to the BetterBuildings Northwest Ohio Energy Program. As funds for energy efficiency projects were expended, disbursement requests were submitted to ODSA for a 50% reimbursement to the Authority. All of the funds received from ODSA were provided to the ESID by the end of 2016. The loan from ODSA will be a liability to the Authority, as the loan with ODSA is with the Authority and not the ESID; however, the risk is minimal due to the agreements in place with the ESID. Following the 2016 disbursements to the ESID, the Authority shows a loan receivable from the ESID. As of December 31, 2020, the loan from ODSA has a balance of $1,361,281. As of December 31, 2020, the loan receivable due from the ESID has a balance of $1,097,385. The difference between the two represents the amount owed by the Authority for the energy project completed at Toledo Express Airport.

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

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

NOTE 5 - DEBT (Continued)

F. ODSA (continued)

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

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

G. NOIF

During 2015, NOIF entered into two loans totaling $7,760,000, which relate to the receivables discussed previously in Note 4. NOIF serves as an intermediary between Finance Fund (through NMTC Leveraged XXV, LLC) and ProMedica Downtown Landlord, LLC (“ProMedica”). Loan payments to NOIF are made by ProMedica quarterly, and ten days following those payments, a payment is due from NOIF to Finance Fund in an amount less than that which was received. The risk to NOIF is minimal due to the pass-through structure of the arrangement. The Authority is not a guarantor of this debt. As of December 31, 2020, there remains a $7,760,000 balance.

During 2017, NOIF entered into four loans totaling $8,730,000, which relate to the receivables discussed previously in Note 4. NOIF serves as an intermediary between Finance Fund (through NMTC Leveraged XXXI, LLC) and Overland Industrial Parkway Two, LLC (“Overland”). Loan payments to NOIF are made by Overland monthly, as are payments due from NOIF to Finance Fund in an amount less than that which was received. The risk to NOIF is minimal due to the pass-through structure of the arrangement. The Authority is not a guarantor of this debt. As of December 31, 2020, there remains a $8,730,000 balance.

NOTE 5 - DEBT (Continued)

G. NOIF (continued)

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

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

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

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

NOTE 5 - DEBT (Continued)

H. Airport Hangar Acquisition

During 2018, the Authority purchased an office building and several hangars at Toledo Executive Airport. A loan was secured in the amount of $1,761,000 from the Ohio Department of Transportation State Infrastructure Bank to finance this acquisition, to provide funds for installation of a self-service fuel farm, and for renovation of hangars. As of December 31, 2020, there remains a balance of $1,725,146 balance.

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

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

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

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

NOTE 5 - DEBT (Continued)

H. Airport Hangar Acquisition (continued)

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

I. Tax Exempt Seaport Project

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

The bond was sold at a premium of $277,810 which is being amortized over the life of the bond using the straight-line method. Bonds payable are reported net of the applicable bond premium. As of December 31, 2020, $4,814,076 has been drawn, and $683,733 is recorded as bond proceeds held by trustee. Current year amortization of $13,640 was recorded as reduction of interest expense. The outstanding bond payable balance net of unamortized premium is $5,274,303 at December 31, 2020.

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

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

NOTE 5 - DEBT (Continued)

I. Tax Exempt Seaport Project (continued)

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

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

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

NOTE 6 - DEVELOPMENT LOAN FUND

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

Under the terms of the Cooperative Agreement, the Authority will utilize the revenues from the Township to administer loans for the aforementioned projects. As of December 31, 2020, a net loan receivable of $222,479 and net restricted cash of $552,196 are included in the assets on the Statement of Net Position and the corresponding development loan fund liability due to the Township of $774,675 is included in the liability section. No interest is charged to the Authority for this liability. The Cooperative Agreement does not specify a maturity date for the liability; however, if project financing has been issued through the Authority or the Township, no party involved may be removed from the Cooperative Agreement.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers.

All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plan to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., Authority employees) may elect the Member-Directed Plan and the Combined Plan, the majority of employee members are in OPERS' Traditional Plan; therefore, the following disclosures focus on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS' *Comprehensive Annual Financial Report* referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Funding Policy - The ORC provides statutory authority for member and employer contributions. For 2020, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $333,340 for 2020.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The net pension liability for OPERS was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

Proportionate Share of Net Pension Liability	$ 3,760,634
Proportion of Net Pension Liability	0.019026%
Change in Proportion	-0.000162%
Pension Expense	$ 637,607

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 47,548
Net difference between projected and actual earnings on pension plan investments	-	750,163
Change in assumptions	200,863	-
Change in proportionate share and differences in employer contributions	1,609	16,788
Contributions subsequent to the measurement date	333,340	-
Total	$ 535,812	$ 814,499

The $333,340 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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:

Year Ending December 31:	
2021	$ (96,959)
2022	(248,268)
2023	31,064
2024	(297,864)
Total	$ (612,027)

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	December 31, 2019 Valuation
Wage inflation	3.25%
Future salary increases, Including inflation	3.25% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3%; Post 1/7/2013 retirees: 1.4% simple through 2020, then 2.15% simple
Investment rate of return	7.20%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Health Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

During 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 contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2% for 2019.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00%	1.83%
Domestic Equities	19.00%	5.75%
Real Estate	10.00%	5.20%
Private Equity	12.00%	10.70%
International Equities	21.00%	7.66%
Other Investments	13.00%	4.98%
Total	100.00%	5.61%

Discount Rate

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	1% Decrease (6.20%)	Discount Rate of 7.20%	1% Increase (8.20%)
Authority's proportionate share of the net pension liability	$6,202,714	$3,760,634	$1,565,519

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

Net OPEB Liability

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

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

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

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

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

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

Plan Description—Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined plans. This trust is also used to fund health care for Member-Directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other post employment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' *Comprehensive Annual Financial Report* referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of Traditional Pension and Combined plans' employer contributions allocated to health care was zero in 2020 and is expected to remain at that level. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0%. The Authority's contractually required contribution to OPERS was $6,051 for 2020.

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

The total OPEB liability for OPERS was determined by an actuarial valuation as of December 31, 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 Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement system relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

	OPERS
Proportionate Share of Net OPEB Liability	$ 2,667,388
Proportion of Net OPEB Liability	0.019311%
Change in Proportion	0.000216%
OPEB Expense	$ 331,681

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 72	$ 243,945
Net difference between projected and actual earnings on OPEB plan investments	-	135,821
Change in assumptions	422,218	-
Change in proportionate share and differences in employer contributions	22,792	-
Contributions subsequent to measurement date	6,051	-
Total	$ 451,133	$ 379,766

$6,051 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS
2021	$ 84,395
2022	38,851
2023	108
2024	(58,038)
Total	$ 65,316

Actuarial Assumptions—OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019.

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

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

Wage inflation	3.25%
Projected salary increases	3.25% to 10.75%, including wage inflation
Singe discount rate:	
Current measurement period	3.16%
Prior measurement period	3.96%
Investment rate of return:	6.00%
Municipal bond rate	
Current measurement period	2.75%
Prior measurement period	3.71%
Health care cost trend rate:	
Current measurement period	10.5% initial, 3.50% ultimate in 2030
Prior measurement period	10.0% initial, 3.25% ultimate in 2029
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above tables.

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7% for 2019.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00%	1.53%
Domestic Equities	21.00%	5.75%
REITs	6.00%	5.69%
International Equities	23.00%	7.66%
Other Investments	14.00%	4.90%
Total	100.00%	4.55%

***Discount Rate*.**

A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 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.

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

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

The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Authority's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (2.16%) or 1.0% point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate of 3.16%	1% Increase (4.16%)
Authority's proportionate share of the net OPEB liability	$3,490,603	$2,667,388	$2,008,120

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate.

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$2,588,600	$2,667,388	$2,745,017

Changes Subsequent to the Measurement Date.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current measurement period, but are expected to decrease the associated OPEB liability.

NOTE 9 - OPERATING LEASES

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

Property under lease at December 31, 2020 consists of the following:

	Property and Development Division	Seaport Leases	Total
Land	$ 8,588,931	$ 6,938,961	$ 15,527,892
Improvements	9,093,191	19,509,357	28,602,548
Property and Equipment	188,273	13,724,306	13,912,579
Building and Leasehold Improvements	31,002,547	10,274,322	41,276,869
Total Cost	48,872,942	50,446,946	99,319,888
Less: Accumulated Depreciation	(11,833,537)	(18,159,019)	(29,992,556)
	$ 37,039,405	$ 32,287,927	$ 69,327,332

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

Years	Development and Property Leases	Seaport Leases	Total
2021	$ 7,130,304	$ 1,627,057	$ 8,757,361
2022	6,890,113	1,627,057	8,517,170
2023	6,762,784	1,580,932	8,343,716
2024	6,701,477	1,565,557	8,267,034
2025	6,532,557	1,461,371	7,993,928
2026-2030	17,808,003	4,477,471	22,285,474
2031-2035	1,127,767	4,346,162	5,473,929
2036-2040	432,480	4,346,162	4,778,642
2041-2045	432,480	4,073,072	4,505,552
2046-2050	432,480	1,788,427	2,220,907
2051-2055	432,480	-	432,480
2056-2060	432,480	-	432,480
2061-2065	432,480	-	432,480
2066-2070	432,480	-	432,480
2071-2075	432,480	-	432,480
2076-2080	432,480	-	432,480
2081-2085	432,480	-	432,480
2086-2090	432,480	-	432,480
2091-2095	129,744	-	129,744
Totals	$ 57,840,029	$ 26,893,268	$ 84,733,297

NOTE 9 - OPERATING LEASES (Continued)

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

Under the agreement covering the car rental agencies, revenues are based on percentages of gross receipts. Receipts under the agreement totaled $279,532 for the year 2020. In 2020, the Authority had an agreement for management of the airport parking lot with ParkSmart, Inc. that provided for operating expenses with the net revenue remitted to the Authority. The receipts for the parking lot totaled, $444,673 for the year 2020.

NOTE 10 - CONDUIT DEBT

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

As of December 31, 2020, there were forty-five series of revenue bonds outstanding issued after July 1, 1995. The original issue amounts for the series was $336,923,757 of which $261,863,799 remained outstanding at December 31, 2020. There was one revenue bond outstanding issued prior to July 1, 1995. The original issue amount was $29,700,000 and the entire amount remained outstanding at December 31, 2020.

NOTE 11 – RISK MANAGEMENT

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

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

NOTE 12 – CONTINGENCIES

A. Litigation

In the normal course of operations, the Authority may be subject to litigation, claims, and unasserted possible claims. As of December 31, 2020, the Authority was involved in several such matters. The outcome of such matters cannot presently be determined.

B. Grants

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

Any disallowed claims resulting from such audits would become a liability of the Port Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial positions of the Port Authority at December 31, 2020.

C. COVID-19

The United States and the State of Ohio declared state of emergencies in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures continue to affect the Authority in 2021, although with a diminished impact. The Authority's investment portfolio and the investments of the pension and other employee benefit plan in which the Authority participates have incurred fluctuation in fair value, consistent with the general broad volatility in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 13 - TOLEDO PARKING GARAGE PROJECT

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

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

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

NOTE 13 - TOLEDO PARKING GARAGE PROJECT (Continued)

In 2020, revenues in the amount of $3,418,085 were generated and $3,411,506 of expenses (including debt service of $1,215,606) were incurred. The revenue and expenses are reported under the Development and Property Division in the Schedule of Revenues, Expenses and Changes in Net Position Information by Division. The Parking Facility asset and related debt are reported under the same division in the Schedule of Net Position Information by Division. To obtain ParkSmart financial information, please send correspondence to 215 North St. Clair St. Toledo, OH 43604.

In 2020, ParkSmart determined that a correction was necessary related to previously omitted accrued liability. This correction resulted in an understatement of accrued liabilities and an overstatement of net assets in the amount of $100,000.

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

	ParkSmart, Inc.
Balance Sheet	
Current Assets	$ 15,503,006
Capital Assets	1,820,801
Other Assets	500
Current Liabilities	(344,137)
Non-Current Liabilities	-
Net Position	$ 16,980,170
Revenue, Expenses and Changes in Equity	
Total Revenue	$ 3,418,085
Depreciation Expense	(292,952)
Other Expenses	(1,219,451)
Excess of Revenue Over Expenses	1,905,682
Beginning Net Position, as Restated	15,074,488
Ending Net Position	$ 16,980,170
Statement of Cash Flows	
Operating Activities	$ (349,792)
Noncapital Financing Activities	-
Capital and Related Financing Activities	-
Investing Activities	(359,186)
Cash at Beginning of Year	3,031,416
Cash at End of Year	$ 2,322,438

NOTE 14 - SEGMENT INFORMATION

Significant financial data for the airport division, which meets the requirements for segment reporting under GASB 34, is as follows for the year ended December 31, 2020:

Statement of Net Position

Current Assets	$	(14,237,232)
Capital Assets, net		124,015,975
Other Assets		(4,311,122)
Total Assets		105,467,621
Deferred Outflows of Resources		401,773
Total Assets and Deferred Outflows of Resources		105,869,394
Current Liabilities		3,140,918
Noncurrent Liabilities		10,614,708
Total Liabilities		13,755,626
Deferred Inflows of Resources		486,066
Total Liabilities and Deferred Inflows of Resources		14,241,692
Net Investment in Capital Assets		115,140,994
Restricted		2,486,692
Unrestricted		(25,999,984)
Total Net Position	$	91,627,702

Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	$	3,743,572
Depreciation		(5,623,154)
Other Operating Expenses		(4,717,702)
Operating Loss		(6,597,284)
Nonoperating Revenues (Expenses):		
Grants		4,994,617
Interest Income from Investments		63,971
Interest Expense		(389,752)
Other Nonoperating Revenues		(93,344)
Change in Net Position		(2,021,792)
Net Position Beginning of Year		93,649,494
Net Position at End of Year	$	91,627,702

Statement of Cash Flows

Net Cash Provided (Used) by:		
Operating Activities	$	125,385
Noncapital Financing Activities		(501,920)
Capital and Related Financing Activities		694,267
Investing Activities		97,702
Cash at Beginning of Year		1,278,384
Cash at End of Year	$	1,693,818

NOTE 15- RESTATEMENT OF PRIOR PERIOD

The Authority has restated the financial statements for the year ended December 31, 2019 to correct a misapplication of GASB 33. The effect of this restatement increased Deferred inflows-property tax and decreased the Net Position by $2,075,580 for the year ended December 31, 2019.

A second restatement related to a component unit of the Authority. See Note 13.

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

	Authority's Proportion of the Net Pension Liability	Authority's Proportionate Share of the Net Pension Liability	Authority's Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.018139%	$ 2,138,347	$ 2,541,450	84.14%	86.36%
2015	0.018139%	2,187,761	2,213,343	98.84%	86.45%
2016	0.019021%	3,294,638	2,488,629	132.39%	81.08%
2017	0.018519%	4,205,326	2,405,350	174.83%	77.25%
2018	0.019196%	3,011,514	2,528,592	119.10%	84.66%
2019	0.019188%	5,255,154	2,639,343	199.11%	74.70%
2020	0.019026%	3,760,634	2,730,000	137.75%	82.17%

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

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

Notes to Schedule:

Change in assumptions. In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

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

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2011	$ 305,003	$ (305,003)	$ -	$ 3,050,029	10.00%
2012	293,770	(293,770)	-	2,937,700	10.00%
2013	330,389	(330,389)	-	2,541,450	13.00%
2014	265,601	(265,601)	-	2,213,343	12.00%
2015	298,635	(298,635)	-	2,488,629	12.00%
2016	288,642	(288,642)	-	2,405,350	12.00%
2017	328,717	(328,717)	-	2,528,592	13.00%
2018	369,508	(369,508)	-	2,639,343	14.00%
2019	382,200	(382,200)	-	2,730,000	14.00%
2020	333,340	(333,340)	-	2,381,000	14.00%

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

	Authority's Proportion of the Net OPEB Liability	Authority's Proportionate Share of the Net OPEB Liability	Authority's Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.018297%	$ 1,848,084	$ 2,405,350	76.83%	54.05%
2018	0.018929%	2,055,575	2,528,592	81.29%	54.14%
2019	0.019095%	2,489,534	2,639,343	94.32%	46.33%
2020	0.019311%	2,667,388	2,730,000	97.71%	47.80%

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

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

Notes to Schedule:

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

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

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

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

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2011	$ 122,001	$ (122,001)	$ -	$ 3,050,029	4.00%
2012	117,508	(117,508)	-	2,937,700	4.00%
2013	25,415	(25,415)	-	2,541,450	1.00%
2014	44,267	(44,267)	-	2,213,343	2.00%
2015	49,773	(49,773)	-	2,488,629	2.00%
2016	48,107	(48,107)	-	2,405,350	2.00%
2017	26,571	(26,571)	-	2,528,592	1.05%
2018*	4,454	(4,454)	-	2,639,343	0.17%
2019*	6,804	(6,804)	-	2,730,000	0.25%
2020	6,051	(6,051)	-	2,381,000	0.25%

**2018 and 2019 amounts were updated based on revised information.*

Toledo-Lucas County Port Authority
Schedule of Net Position Information by Division
December 31, 2020

	Administration	Seaport	Airport	Development & Property	Total
ASSETS AND DEFERRED OUTFLOWS					
Current Assets:					
Cash and cash equivalents	$ 19,116,634	$ -	$ 170,049	$ 1,412,137	$ 20,698,820
Restricted cash	-	-	1,523,769	2,139,309	3,663,078
Investments	5,067,108	3,519,568	-	1,702,140	10,288,816
Bond Proceeds Held by Trustee	-	683,733	-	-	683,733
Interest receivable	-	6,875	4,241	6,875	17,991
Property tax receivable	2,378,830	-	-	-	2,378,830
Customer and other accounts receivable	-	159,582	530,822	725,487	1,415,891
Grants receivable	-	-	1,272,261	173,032	1,445,293
Due from (to) other funds	(5,457,687)	11,458,902	(17,796,487)	11,795,272	-
Loans receivable	85,558	1,805,270	-	1,241,999	3,132,827
Lease receivable	-	178,321	15,244	195,620	389,185
Prepaid expenses and other assets	121,793	3,616	42,869	170,832	339,110
Total Current Assets	21,312,236	17,815,867	(14,237,232)	19,562,703	44,453,574
Noncurrent Assets:					
Nondepreciable capital assets	-	21,082,055	41,617,542	16,306,303	79,005,900
Depreciable capital assets, net	83,528	29,913,938	82,398,433	43,303,658	155,699,557
Restricted investments	-	-	962,923	1,066,609	2,029,532
Loans receivable	813,510	-	-	18,662,758	19,476,268
Lease receivable	-	185,402	-	4,062,935	4,248,337
Deposits	-	-	84,577	233,736	318,313
Amount due from NW Ohio Bond Fund	-	3,000,000	-	-	3,000,000
Interdivisional receivables (payables)	-	7,106,004	(5,358,622)	(1,747,382)	-
Total Noncurrent Assets	897,038	61,287,399	119,704,853	81,888,617	263,777,907
Total Assets	22,209,274	79,103,266	105,467,621	101,451,320	308,231,481
Deferred Outflows of Resources:					
Deferred outflows-pension	204,004	22,605	218,160	91,043	535,812
Deferred outflows-OPEB	171,879	18,949	183,613	76,692	451,133
Total Deferred Outflows of Resources	375,883	41,554	401,773	167,735	986,945
Total Assets and Deferred Outflows of Resources	**$ 22,585,157**	**$ 79,144,820**	**$ 105,869,394**	**$ 101,619,055**	**$ 309,218,426**
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
Current Liabilities:					
Accounts payable and other	36,600	387,676	1,148,984	558,500	2,131,760
Accrued payroll	162,962	13,533	195,010	237,432	608,937
Deposits	-	12,500	63,309	115,627	191,436
Accrued interest	-	28,911	66,834	142,110	237,855
Revenue bonds payable - current	-	-	505,000	1,030,000	1,535,000
Note payable - current	-	-	371,478	724,609	1,096,087
Ohio SIB bond - current	-	210,000	-	465,000	675,000
Advances	-	-	790,303	4,364,543	5,154,846
Total Current Liabilities	199,562	652,620	3,140,918	7,637,821	11,630,921
Noncurrent Liabilities:					
Development Loan Fund	-	-	-	774,675	774,675
Revenue bonds payable	-	-	3,890,000	13,875,000	17,765,000
Notes payable	-	-	4,108,503	26,868,047	30,976,550
Ohio SIB bond	-	5,064,303	-	5,665,000	10,729,303
Net pension liability	1,432,801	157,947	1,530,578	639,308	3,760,634
Net OPEB liability	1,016,275	112,030	1,085,627	453,456	2,667,388
Total Noncurrent Liabilities	2,449,076	5,334,280	10,614,708	48,275,486	66,673,550
Total Liabilities	2,648,638	5,986,900	13,755,626	55,913,307	78,304,471
Deferred Inflows of Resources:					
Deferred inflows-property tax	2,073,226	-	-	-	2,073,226
Deferred inflows-pension	310,324	34,209	331,501	138,465	814,499
Deferred inflows-OPEB	144,691	15,950	154,565	64,560	379,766
Total Deferred Inflows of Resources	2,528,241	50,159	486,066	203,025	3,267,491
Total Liabilities and Deferred Inflows of Resources	**5,176,879**	**6,037,059**	**14,241,692**	**56,116,332**	**81,571,962**
Net Position:					
Net investment in capital assets	83,528	45,721,690	115,140,994	10,982,305	171,928,517
Restricted	-	-	2,486,692	3,205,918	5,692,610
Unrestricted	17,324,750	27,386,071	(25,999,984)	31,314,500	50,025,337
Total Net Position	17,408,278	73,107,761	91,627,702	45,502,723	227,646,464
Total Liabilities and Deferred Inflows of Resources	**$ 22,585,157**	**$ 79,144,820**	**$ 105,869,394**	**$ 101,619,055**	**$ 309,218,426**

Toledo-Lucas County Port Authority
Schedule of Revenues, Expenses, and Changes in Net Position Information by Division
For the Year Ended December 31, 2020

	Administration	Seaport	Airport	Development & Property	Total
Operating Revenues					
Rental under property leases	$ -	$ 1,846,134	$ -	$ 7,444,668	$ 9,290,802
Airport landing area	-	-	403,599	-	403,599
Airport terminal area	-	-	919,637	-	919,637
Other rental and fee income	-	-	2,320,083	5,600,148	7,920,231
Other income	-	3,885	100,253	88,986	193,124
Total Operating Revenues	**-**	**1,850,019**	**3,743,572**	**13,133,802**	**18,727,393**
Operating Expenses					
Personnel	-	229,877	2,358,302	1,646,935	4,235,114
Marketing	-	17,784	153,122	35,109	206,015
Contractual services	-	141,048	504,192	3,532,087	4,177,327
Utilities	-	7,695	494,654	795,700	1,298,049
Repairs and maintenance	-	47,530	1,172,177	970,647	2,190,354
Depreciation	29,947	1,770,263	5,623,154	2,425,644	9,849,008
Other operating expenses	-	6,886	35,255	30,605	72,746
Total Operating Expenses	**29,947**	**2,221,083**	**10,340,856**	**9,436,727**	**22,028,613**
Operating Income (Loss)	**(29,947)**	**(371,064)**	**(6,597,284)**	**3,697,075**	**(3,301,220)**
Nonoperating Revenues (Expenses)					
Revenue from property tax levy	2,424,847	-	-	-	2,424,847
Interest income from investments	-	107,518	63,971	925,972	1,097,461
Passenger and customer facility charges	-	-	364,367	-	364,367
Grants	-	-	4,994,617	4,543,036	9,537,653
Non-operating revenue	-	-	186,880	256,854	443,734
Interest expense	-	(172,534)	(389,752)	(1,679,160)	(2,241,446)
Other nonoperating expenses	-	(319,886)	(688,800)	(254,219)	(1,262,905)
Gain (Loss) on investments	-	52,749	40,934	60,161	153,844
Gain (Loss) on disposal of assets	2,525	-	3,275	-	5,800
Total Nonoperating Revenues (Expenses)	**2,427,372**	**(332,153)**	**4,575,492**	**3,852,644**	**10,523,355**
Total Change in Net Position	**$ 2,397,425**	**$ (703,217)**	**$ (2,021,792)**	**$ 7,549,719**	**$ 7,222,135**
Net Position beginning of year - as previously reported	$ 17,086,433	$ 73,810,978	$ 93,649,494	$ 38,053,004	$ 222,599,909
Restatement of Net Position at January 1, 2020					
See note 13	-	-	-	(100,000)	(100,000)
See note 15	(2,075,580)	-	-	-	(2,075,580)
Net Position beginning of year - as restated	15,010,853	73,810,978	93,649,494	37,953,004	220,424,329
Net Position at end of year	**$ 17,408,278**	**$ 73,107,761**	**$ 91,627,702**	**$ 45,502,723**	**$ 227,646,464**

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

FEDERAL GRANTOR *Direct/Pass Through Grantor* **Program Title**	Pass Through Entity Number	Federal CFDA Number	Federal Expenditures	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through the State of Ohio, Dept. of Transportation				
Federal Highway Administration	104422	20.205	$ 1,009,195	
Highway Planning and Construction Cluster				
LUC Front-Millard Street				
Total Federal Highway Administration				$ 1,009,195
Direct Program				
Airport Improvement Program		20.106	3,327,471	
COVID-19 - Airport Improvement Program		20.106	848,707	
Total Airport Improvement Program				4,176,178
Total U.S. DEPARTMENT OF TRANSPORTATION				5,185,373
U.S DEPARTMENT OF ENERGY				
Direct Program				
DOE Environmental Mgmt.-Energy Efficiency and Conservation Block Grant Program		81.128	55,244	
Total U.S DEPARTMENT OF ENERGY				55,244
Total Expenditures of Federal Awards				$ 5,240,617

See accompanying notes to the SEFA.

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

Note 1–Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2–Summary of Significant Accounting Policies

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

Note 3–Indirect Cost Rate

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

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
For Each Quarter During The Year Ended December 31, 2020

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Totals
PFC Fees Collected	$ 150,217	$ 16,034	$ 33,984	$ 70,483	$ 270,718
Interest Income	354	284	183	204	1,025
PFC Fees Expended	-	(186,081)	-	-	(186,081)
Net Increase (Decrease) in Cash	150,571	(169,763)	34,167	70,687	85,662
Cash at Beginning of Period	298,786	449,357	279,594	313,761	298,786
Cash at End of Period	$ 449,357	$ 279,594	$ 313,761	$ 384,448	$ 384,448

See accompanying notes to the Passenger Facility Charges.

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
Year Ended December 31, 2020

General

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

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

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

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

Basis of Accounting

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

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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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 AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Toledo-Lucas County Port Authority (the "Authority") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 18, 2021. Our report includes references to other auditors who audited the financial statements of ParkSmart, Inc., as described in our report on the Authority's financial statements. This report does not include the results of the other auditor's testing on internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of ParkSmart, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 18, 2021

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for the Major Federal Program

We have audited the Toledo-Lucas County Port Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2020. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 18, 2021

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES IN ACCORDANCE WITH 14 CFR PART 158

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for the Passenger Facility Charge Program

We have audited the Toledo-Lucas County Port Authority's (the "Authority") compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), for its passenger facility charge program for the year ended December 31, 2020.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions applicable to the passenger facility charge program.

Auditors' Responsibility

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

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

Opinion on the Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 18, 2021

Toledo-Lucas County Port Authority
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

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

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

TOLEDO | LUCAS COUNTY
PORT AUTHORITY

June 18, 2021

SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(c)
December 31, 2020

Finding Number	Status	Explanation
2019-001	Corrected	None of the Authority's transactions were certified by a fiscal officer at the time the commitment was incurred.
2019-002	Corrected	There was a misstatement due to the financial statements omitting taxes receivable and related proceeds of property tax levy revenues.

Sincerely,

Thomas Winston
President and CEO

OHIO AUDITOR OF STATE
KEITH FABER

TOLEDO LUCAS COUNTY PORT AUTHORITY

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 7/13/2021

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