TOLEDO-LUCAS COUNTY PORT AUTHORITY

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

FOR THE YEAR ENDED DECEMBER 31, 2016

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Toledo-Lucas County Port Authority, Lucas County, prepared by Gilmore Jasion & Mahler, LTD, for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

November 16, 2017

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of Toledo-Lucas County Port Authority, which consists of the statement of net position as of December 31, 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

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

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

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

Opinion

In our opinion, 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, 2016, 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 management's discussion and analysis on pages 4 - 11 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Toledo-Lucas County Port Authority's financial statements. The accompanying schedule of expenditures of federal awards on page 49 is presented for purposes of additional analysis, as required by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)*;* the accompanying schedule of passenger facility charges collected and expended – cash basis on page 51 is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration; and the supplementary information on pages 45 – 48, which includes the schedule of net position information by division and the schedule of revenues, expenses, and changes in net position information by division, schedule of the authority's proportionate share of the net pension liability, and schedule of authority contributions are presented for purposes of additional analysis, and are not required parts of the financial statements.

The schedule of expenditures of federal awards, the schedule of passenger facility charges collected and expended – cash basis, and the supplementary information, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

GILMORE JASION MAHLER, LTD
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017 on our consideration of the Toledo-Lucas County Port Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Toledo-Lucas County Port Authority's internal control over financial reporting and compliance.

Gilmore Jasion Mahler, LTD

Maumee, Ohio
June 29, 2017

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, 2016. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The following financial highlights for 2016 are as follows:

- Total Net Position for the year ended December 31, 2016 decreased $6,643,023 to $215,875,680, which was primarily driven by depreciation expense of approximately $9 million. The majority of the capital assets that are being depreciated were purchased with grant funds.

- Total operating revenue decreased $287,433 in comparison to 2015, which was the best revenue performing year since 2009.

- Total operating expenses were up slightly by 3.3% attributed to several factors including contractual services and personnel costs.

FINANCIAL DRIVERS

The following statistics played a key role in the Authority's financial picture in 2016 compared to 2015:

- Cargo moving through the Port of Toledo increased 0.72%. Iron ore and dry bulk decreased during 2016, while coal, general cargo, grain and petroleum increased.

- Passengers using Toledo Express Airport were up 0.31%.

- The Authority's purchase of downtown facilities in recent years, contributed to a 9% increase in facilities revenue from 2015.

- Parking revenue from the Authority's three downtown parking garages increased 17%, which now also includes revenue from the airport parking as well as other related revenue.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are the Statement of Net Assets, 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 Assets presents the Authority's financial position and reports the resources owned by the Authority (assets), obligations owed by the Authority (liabilities) and the Authority's net assets (the difference between assets and liabilities). 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 and operations for 2016 and 2015, respectively.

Condensed Statements of Net Assets

	December 31, 2016	December 31, 2015	Change Amount	Change %
Assets:				
Current assets	$ 30,543,492	$ 25,877,606	$ 4,665,886	18.0%
Capital Assets, Net	224,579,278	225,394,059	(814,781)	(0.4)
Other Noncurrent Assets	16,549,992	14,660,669	1,889,323	12.9
Deferred Outflows	1,325,582	464,781	860,801	185.2
Total assets & deferred outflows	$ 272,998,344	$ 266,397,115	$ 6,601,229	2.5
Liabilities and Net Position:				
Liabilities:				
Current liabilities (includes long term debt due within one year)	$ 7,659,016	$ 8,329,072	$ (670,056)	(8.0)
Long-term debt outstanding	49,400,995	35,510,905	13,890,090	39.1
Deferred Inflows	62,653	38,435	24,218	63.0
Total liabilities & deferred inflows	57,122,664	43,878,412	13,244,252	30.2
Net Position:				
Net investment in Capital Assets	176,705,766	189,870,031	(13,164,265)	(6.9)
Restricted	13,527,593	9,883,152	3,644,441	36.9
Unrestricted	25,642,321	22,765,520	2,876,801	12.6
Total Net Position beginning of year	215,875,680	222,518,703	(6,643,023)	(3.0)
Total Liabilities and Net Position	$ 272,998,344	$ 266,397,115	$ 6,601,229	2.5%

Current Assets increased by 18.0%, primarily due to the 2016B bond issuance which increased restricted cash. Both deferred inflows and noncurrent liabilities increased during the year.

- Net Capital assets decreased approximately .4% due to the tear out of the previously built roadway at the Overland site, as well as current year depreciation expense.
- Liabilities increased 30.2% as a result of the new Dana facility at Overland Industrial Park debt, as well as other long term capital investments focused on economic development for the region.

Changes in Net Position - The following table shows the changes in revenues and expenses for the Authority between 2016 and 2015:

Condensed Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2016	December 31, 2015	Change Amount	%
Operating revenues				
Airport related	$ 3,650,216	$ 4,214,360	$ (564,144)	-13.4%
Seaport, Financing, Admin and other	9,063,851	8,787,140	276,711	3.1
Total operating revenues	12,714,067	13,001,500	(287,433)	(2.2)
Operating expenses				
Airport related	10,031,472	10,122,737	(91,265)	(0.9)
Seaport, Financing, Admin and other	9,448,235	8,730,110	718,125	8.2
Total operating expenses	19,479,707	18,852,847	626,860	3.3
Operating loss	(6,765,640)	(5,851,347)	(914,293)	15.6
Nonoperating revenues (expenses)				
Proceeds of property tax levy	2,348,941	2,470,854	(121,913)	(4.9)
Grants	2,532,760	16,406,025	(13,873,265)	(84.6)
Interest income from investments	380,886	112,874	268,012	237.4
Passenger facility charges	476,917	742,088	(265,171)	(35.7)
Other expense	(3,090,946)	(4,828,031)	1,737,085	(36.0)
Interest expense	(1,466,378)	(1,350,364)	(116,014)	8.6
Grant pass through	(1,059,563)	(335,776)	(723,787)	215.6
Total nonoperating revenues	122,617	13,217,670	(13,095,053)	(99.1)
Income (loss) before contributions	(6,643,023)	7,366,323	(14,009,346)	(190.2)
Changes in Net Position	(6,643,023)	7,366,323	(14,009,346)	(190.2)
Total Net Position-beginning of year	222,518,703	215,024,408	7,494,295	3.5
Restatement for initial consolidation of component unit	-	127,972	(127,972)	(100.0)
Total Net Position end of year	$ 215,875,680	$ 222,518,703	$ (6,643,023)	-3.0%

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

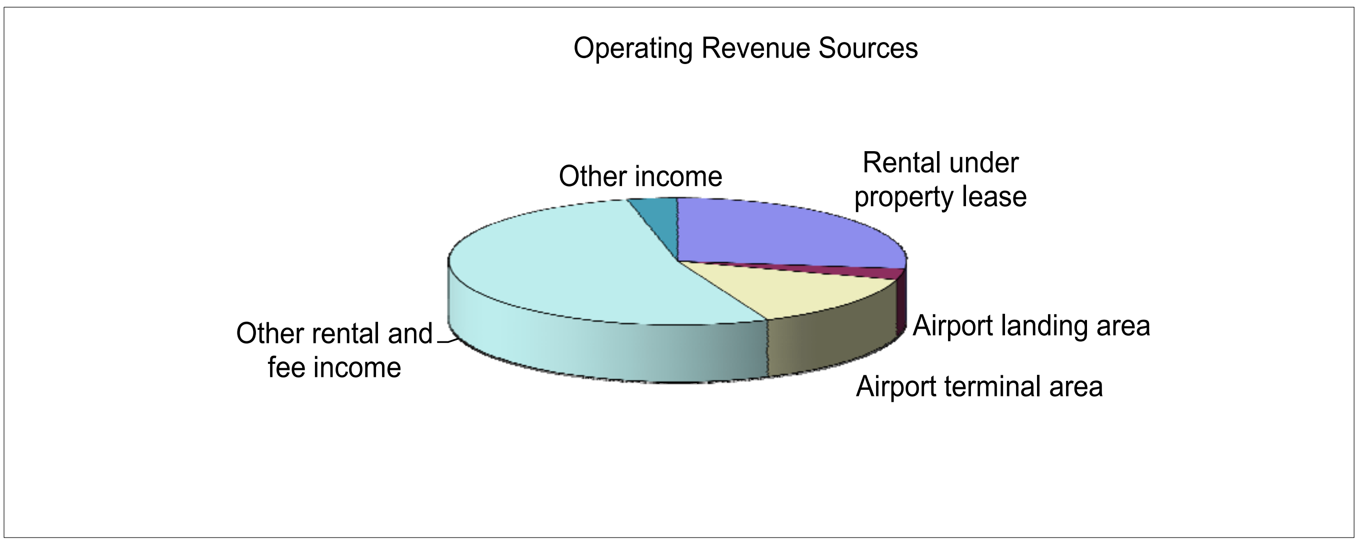
- Although 2016 reported a net operating loss of approximately $6.8 million including $9.0 million of depreciation expense, non-operating revenues exceeded nonoperating expenses by approximately $0.1 million due to grant revenue of approximately $2.5 million. Nonoperating expenses include: interest, debt refunding, and expenses attributed to the grants received. Other nonoperating revenues included tax levy proceeds, 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, operating grants and other income. Operating expenses include the cost of providing these services, including administrative expenses and depreciation on capital assets.

- Interest expense and the Authority's purchase of remaining ownership in the Dana facility at Overland Industrial Park (see Note 6 for additional detail) accounted for the majority of nonoperating expenses for 2016.

The following is a summary of the Authority's 2016 operating revenue sources:

Operating Revenue Sources	**2016**	**Percent of Total**
Rental under property lease	$ 3,415,593	26.86 %
Airport landing area	364,074	2.86
Airport terminal area	1,761,544	13.86
Other rental and fee income	6,724,376	52.89
Other income	448,480	3.53
Total Operating Revenue	$ 12,714,067	100.00 %



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the Authority reported $224,579,278 of capital assets net of accumulated depreciation which was invested in land, buildings, equipment and vehicles. This amount represents a net decrease of approximately $0.8 million, after depreciation expense of approximately $9.0 million.

The following table shows fiscal year 2016 and 2015 balances:

Capital Assets at December 31

	2016	2015	Change
Land	$ 68,632,935	$ 68,692,935	$ (60,000)
Construction in progress	7,577,623	2,819,335	4,758,288
Improvements	207,216,433	206,579,098	637,335
Property and equipment	41,069,398	41,974,417	(905,019)
Buildings & leasehold improvements	93,846,846	91,591,241	2,255,605
Furniture and fixtures	529,092	529,092	-
Total Cost	418,872,327	412,186,118	6,686,209
Accumulated Depreciation	(194,293,049)	(186,792,059)	(7,500,990)
Net Value	$ 224,579,278	$ 225,394,059	$ (814,781)

Debt

At December 31, 2016 the Authority had $47,873,512 in debt outstanding, $1,767,156 of which is due within one year. Outstanding debt in the amount of $8,248,514 pertains to Airport improvements and $39,624,998 for Seaport and Development improvements and projects.

The following table summarizes the Authority's debt outstanding as of December 31, 2016 and 2015. Note 6 of the audited financial statements provides more detailed debt information.

Outstanding Debt at December 31,

	2016	2015	Change
Revenue bonds payable	$ 32,275,000	$ 23,080,000	$ 9,195,000
Long-term notes payable	15,598,512	12,444,028	3,154,484
Long-term debt	47,873,512	35,524,028	12,349,484
Current portion	(1,767,156)	(2,200,884)	433,728
Long-term debt less current portion	$ 46,106,356	$ 33,323,144	$ 12,783,212

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, 2016

ASSETS

Current Assets:		
Cash and cash equivalents	$	14,352,047
Restricted cash		5,375,131
Investments		8,038,717
Interest receivable		5,674
Accounts receivable		1,885,709
Loans receivable		285,038
Lease receivable		421,880
Prepaid expenses and other assets		179,296
Total Current Assets		**30,543,492**
Noncurrent Assets:		
Nondepreciable capital assets		76,210,558
Depreciable capital assets, net of accumulated depreciation		148,368,720
Restricted investments		1,966,916
Loans receivable		9,982,146
Lease receivable		1,282,618
Deposits		318,312
Amt due from NW Ohio Bond Fund		3,000,000
Total Noncurrent Assets		**241,129,270**
Total Assets		**271,672,762**
Deferred Outflows:		
Deferred Outflows		1,325,582
Total Deferred Outflows		**1,325,582**
Total Assets and Deferred Outflows	**$**	**272,998,344**

(Continued)

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Net Position, Continued
December 31, 2016

LIABILITIES AND NET POSITION

Current Liabilities:		
Accounts payable and other	$	3,139,567
Accrued payroll		584,603
Deposits		54,300
Accrued interest		187,814
Revenue bonds payable - current		970,000
Note payable - current		382,156
Ohio SIB bond - current		415,000
Advances		1,925,576
Total Current Liabilities		**7,659,016**
Noncurrent Liabilities:		
Revenue bonds payable		23,445,000
Notes payable		15,216,356
Ohio SIB bond		7,445,000
Net pension liability		3,294,639
Total Noncurrent Liabilities		**49,400,995**
Total Liabilities		**57,060,011**
Deferred Inflows:		
Deferred inflows		62,653
Total Deferred Inflows		**62,653**
Total Liabilities and Deferred Inflows		**57,122,664**
Net Position:		
Invested in capital assets, net of related debt		176,705,766
Restricted		13,527,593
Unrestricted		25,642,321
Total Net Position		**215,875,680**
Total Liabilities and Net Position	**$**	**272,998,344**

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, 2016

Operating Revenues		
Rental under property leases	$	3,415,593
Airport landing area		364,074
Airport terminal area		1,761,544
Other rental and fee income		6,724,376
Other income		448,480
Total Operating Revenues		**12,714,067**
Operating Expenses		
Personnel		3,818,620
Marketing		317,290
Contractual services		4,164,962
Utilities		1,101,062
Repairs and maintenance		1,057,811
Depreciation		8,953,026
Other operating expenses		66,936
Total Operating Expenses		**19,479,707**
Operating Loss		**(6,765,640)**
Nonoperating Revenues (Expenses)		
Proceeds of property tax levy		2,348,941
Interest income from investments		380,886
Passenger facility charges		476,917
Grants		2,532,760
Non-operating revenue		596,105
Interest expense		(1,466,378)
Other nonoperating expenses		(3,672,245)
Loss on investments		(3,951)
Loss on disposal of assets		(10,855)
Grant pass through		(1,059,563)
Total Nonoperating Revenues (Expenses)		**122,617**
Total Change in Net Position		**(6,643,023)**
Net Position beginning of year		222,518,703
Net Position at End of Year	**$**	**215,875,680**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash flows from operating activities:		
Cash received from customers	$	12,600,497
Cash payments for goods and services		(8,808,258)
Cash payments to and on behalf of employees		(3,396,020)
Net cash provided by operating activities		**396,219**
Cash flows from noncapital financing activities:		
Intergovernmental grants		(3,076,140)
Proceeds of property tax levy		2,348,941
Net cash used in noncapital financing activities		**(727,199)**
Cash flows from capital and related financing activities:		
Capital grants received		4,095,582
Passenger and Customer facility charges received		475,989
Acquisition and construction of capital assets		(8,149,097)
Interest paid on capital asset debt		(1,466,378)
Principal payments on long-term debt		(2,337,591)
Issuance of debt		14,687,075
Grant pass through		(1,059,563)
Net cash provided by capital and related financing activities		**6,246,017**
Cash flows from investing activities:		
Interest on investments		376,935
Purchase of securities		(4,102,198)
Proceeds on securities		1,602,594
Net cash used in investing activities		**(2,122,669)**
Net increase in cash and cash equivalents		3,792,368
Cash and cash equivalents at beginning of year		15,934,810
Cash and cash equivalents at end of year	**$**	**19,727,178**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows, Continued
For the Year Ended December 31, 2016

Reconciliation of operating loss to net cash Provided by operating activities:		
Operating loss	**$**	**(6,765,640)**
Adjustments to reconcile operating loss to cash provided by operating activities:		
Depreciation expense		8,953,026
Changes in assets and liabilities:		
Increases to loans receivable		(1,850,396)
Increases to leases receivable		(399,211)
Accounts receivable		392,890
Prepaid expenses and other assets		31,585
Changes to net pension and deferred assets and liabilities		270,294
Accrued payroll		152,305
Accounts payable		(2,100,199)
Deposits		50,216
Advances		1,661,349
Total adjustments		**7,161,859**
Net cash provided by operating activities	**$**	**396,219**

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability 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 Downtown Toledo Development Corporation ("DTDC"), which is considered a component unit. In 2011, the Northwest Ohio Improvement Fund, LLC ("NOIF") was established for the purpose of providing 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. 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 port 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.

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. Effective January 1, 2012, the Authority has adopted the guidance found in GASB 62.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total 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. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, the Authority reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit, repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

For purposes of the statements of net position and of cash flows, the Authority considers all bank deposits and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) to be cash equivalents.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities 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 STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Pensions

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

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 $72,311 from $248,461 at December 31, 2015 to $320,772 at December 31, 2016.

Net Position

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Levy

A $.4 mill real estate tax renewal levy passed by Lucas County voters in 2012 provides financial support for the various activities of the Authority. The levy expires in 2019. The Authority elected to collect the full $.4 mill in 2016.

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

Budgetary Process

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

For year 2016, the Authority has implemented GASB Statement No. 72, *"Fair Value Measurement and Application"*, GASB Statement No. 73 *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68",* GASB Statement No. 76*, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, GASB Statement No. 77, "*Tax Abatement Disclosures"*, GASB Statement No. 78, *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"* and GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants"*.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Authority.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Authority.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Authority.

GASB Statement No. 77 defines tax abatement and requires disclosure of tax abatement information including a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the Authority.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 78 addresses a practice issue regarding the scope and applicability of Statement No. 68 and is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state of local governmental employers whose employees are provided with such pensions. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Authority.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Authority.

NOTE 3 – CASH AND INVESTMENTS

Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of Authority cash and deposits is provided by the Federal Deposit Insurance Corporation (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. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the Authority's deposits was $19,726,428 and the bank balance was $19,723,363. The Authority also had $750 cash on hand. Federal depository insurance covered $5,740,783 of the bank balance and $13,982,580 was uninsured. Of the remaining uninsured bank balance, the Authority was exposed to custodial risk as follows:

Uninsured and collateralized with securities held by the pledging institution's trust department not in the Authority's name:	$12,766,621

NOTE 3 – 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 3 – CASH AND INVESTMENTS (Continued)

The Authority's investments at December 31, 2016 were as follows:

			Investment Maturities (in Years)			
	Fair Value	**Credit Rating**	**Less than 1**	**1-3**	**3-5**	**More than 5**
Bank Tokyo Mitsubishi	$ 1,966,915	A-1[1]	$ 1,966,915	$ -	$ -	$ -
Federal Home Loan Banks	1,213,897	AA+[1]	215,195	929,428	69,274	
Federal Farm Credit Bank	1,179,119	AA+[1]	260,190	918,929		
United States Treasury Bill	1,076,152	AA+[1]	260,392	613,226	202,534	
Fannie Mae	770,527	AA+[1]	228,153	455,132	87,242	
Huntington Money Market Fund	728,808	BBB[1]	728,808			
Federal National Mortgage Association	530,589	AA+[1]		443,031	87,558	
Capital One Bank USA NA FDIC Insured CD	498,843		250,545	248,298		
Freddie Mac	278,521	AA+[1]	129,158	149,363		
Goldman Sachs Bank FDIC Insured CD	250,673			250,673		
BMO Harris Bank NA FDIC Insured CD	250,176		250,176			
Investors BK/Short Hills FDIC Insured CD	249,930			249,930		
Israel Disount BK of NY FDIC Insured CD	249,930			249,930		
Wells Fargo Bank NA FDIC Insured CD	249,930			249,930		
Connectone Bank FDIC Insured CD	249,898			249,898		
Ally Bank FDIC Insured CD	249,093			249,093		
Key Money Market Fund	12,632	A-2[1]	12,632			
Total Investments	$ 10,005,633		$ 4,302,164	$ 5,256,861	$ 446,608	$ -

[1] Standard & Poor's

The Authority's investments in federal agency securities, negotiable certificates of deposit, commercial paper and mutual funds are valued using quoted market prices (Level 1 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.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the Authority's investments in federal agency securities, the entire balance is uninsured, not registered in the name of the Authority, and are held by the counterparty.

NOTE 3 – CASH AND INVESTMENTS (Continued)

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 approximately 51%, Money Market funds 7% and other 42% of the Authority's investment portfolio excluding STAR Ohio at year end.

Cash and investments per footnote	
Carrying amount of bank deposits	$19,726,428
Cash on hand	750
Investments	10,005,633
Total	$ 29,732,811

Cash and investments per statement of net assets	
Cash and cash equivalents	$ 14,352,047
Restricted cash	5,375,131
Investments	8,038,717
Restricted investments	1,966,916
Total	$ 29,732,811

NOTE 4 – CAPITAL ASSETS

Capital assets consist of the following:

Historical Cost:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Capital assets not being depreciated:				
Land	$ 68,692,935	$ -	$ (60,000)	$ 68,632,935
Construction in Progress	2,819,335	4,966,564	(208,276)	7,577,623
Subtotal	71,512,270	4,966,564	(268,276)	76,210,558
Capital assets being depreciated:				
Land Improvements	206,579,098	1,045,467	(408,132)	207,216,433
Property and Equipment	41,974,417	340,825	(1,245,844)	41,069,398
Buildings and Leasehold Improvements	91,591,241	2,422,400	(166,795)	93,846,846
Furniture and Fixtures	529,092	-	-	529,092
Subtotal	340,673,848	3,808,692	(1,820,771)	342,661,769
Total Cost	$ 412,186,118	$ 8,775,256	$ (2,089,047)	$ 418,872,327

Accumulated Depreciation:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Capital assets being depreciated:				
Land Improvements	$ (117,110,680)	$ (4,535,999)	$ 41,555	$ (121,605,124)
Property and Equipment	(27,934,457)	(1,283,783)	1,243,686	(27,974,554)
Buildings and Leasehold Improvements	(41,257,225)	(3,127,858)	166,795	(44,218,288)
Furniture and Fixtures	(489,697)	(5,386)	-	(495,083)
Total Depreciation	$ (186,792,059)	$ (8,953,026)	$ 1,452,036	$ (194,293,049)
Net Value:	$ 225,394,059	$ (177,770)	$ (637,011)	$ 224,579,278
Depreciation Expense charged to operating expense		$ 8,953,026		

Depreciation has been determined using the straight-line method over the estimated useful lives of the property and equipment ranging between 5 and 40 years. During 2016, approximately $2.4 million of Federal, state and local grant funding was utilized to purchase and acquire Port Authority capital assets.

NOTE 5 – LOANS AND CAPITAL LEASE RECEIVABLE

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

	Balance December 31, 2015	Additions	Payments	Change in Discount	Bad Debt	Balance December 31, 2016	Due Within One Year
ESID Loan Receivable	$ 0	$1,740,087	$ (125,989)	$ 0	$ 0	$ 1,614,098	$ 127,252
NOIF Loan Receivable	7,760,000	0	0	0	0	7,760,000	0
Various Loans Receivable	658,602	344,235	(109,751)	0	0	893,086	157,786
Total Loans Receivable	**$ 8,418,602**	**$2,084,322**	**$ (235,740)**	**$ 0**	**$ 0**	**$ 10,267,184**	**$ 285,038**
Capital Lease Receivable	**$ 1,305,288**	**$ 683,481**	**$ (284,271)**	**$ 0**	**$ 0**	**$ 1,704,498**	**$ 421,880**

Loans Receivable
Loans receivable at the end of 2016 includes two loans in which the Northwest Ohio Improvement Fund, LLC ("NOIF") entered into in 2015 with ProMedica Downtown Campus Landlord, LLC for a total of $7,760,000. 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 financing. This structure was 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 2.58%. 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 matures on December 23, 2045. The Authority is not a guarantor of this debt.

The Authority also loaned funds in 2016 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 fund are related to the debt from the Ohio Development Services Agency ("ODSA") found in Note 6. As of December 31, 2016 the balance remaining on the note was $1,614,098.

In addition, the Authority has loaned amounts totaling $1,011,271 under various loan programs, at interest rates ranging from zero to 6%, with maturities ranging from 2018 through 2028. The total loan receivable amount of $893,086 shown in the table above is net of a discount of $118,186 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 2016 for these loans receivable are as follows:

December 31,	Discounted	Undiscounted
2017	$285,038	$285,038
2018	246,901	246,901
2019	230,417	230,417
2020	231,719	231,719
2021	187,024	187,024
Thereafter	9,086,085	9,204,271
Total	$10,267,184	$10,385,370

NOTE 5 – LOANS AND CAPITAL LEASE RECEIVABLE (Continued)

Capital Lease Receivable
On June 2, 2003, the United States transferred ownership of property occupied by Teledyne Technologies to the Authority for $10. A lease agreement between the Authority and Teledyne Technologies was entered into on August 23, 2001 and commenced on the date the property was transferred to the Authority (June 2, 2003). Lease payments are due in the amount of $65,000 per year with periodic increases based upon the consumer price index. The original lease term is five years with options to extend the lease for four additional periods of five years. On November 29, 2012 Teledyne exercised the second five year option period thereby extending the lease through May 31, 2018. Teledyne has the option to purchase the property for $450,000. The option price is considered a bargain purchase and, under the provision of GASB 62, the lease is being accounted for as a direct financing lease. The present value of the bargain purchase option and the lease payments during the original lease term are recorded as amount due from lessee in the statement of net position at December 31, 2016. All costs, expenses, and obligations relating to the property are to be paid by Teledyne.

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 occurs February 28, 2021. In addition, lease payments of $91,200 are due the next five years. 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 amount due from lessee in the statement of net position at December 31, 2016.

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 as a result 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 bargain purchase option and the lease payments during the remaining terms of the lease are recorded as amount due from lessee in the statement of net position at December 31, 2016.

On June 8, 2016, the Authority and Midwest entered into an agreement for the lease of a Waterless Pelican P Dual Tier-399 HP Street Sweeper in which the Authority owns. Midwest shall pay the Authority $7,724 a month beginning September 1, 2016 through August 31, 2019 at which time Midwest will have the option to purchase the sweeper for $100 provided that Midwest has met all the monthly payments. The present value of the bargain purchase option and the lease payments during the remaining terms of the lease are recorded as amount due from lessee in the statement of net position at December 31, 2016.

NOTE 6 – DEBT

A summary of Long Term Debt activity for the year ended December 31, 2016 follows:

	Series	Maturity Date	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Revenue Bonds:							
Northwest Ohio Development:							
Taxable:							
7.25% Chevron	2008A	2028	$ 4,020,000	$ -	$ (175,000)	$ 3,845,000	$ 190,000
4.90% Parking Garage Project	2011C	2026	4,225,000		(270,000)	3,955,000	285,000
4.61% Refunding Air Hub Project	2012A	2026	6,570,000		(390,000)	6,180,000	415,000
4.02% Dana Facility	2016B	2028		10,470,000	(35,000)	10,435,000	80,000
Tax Exempt:							
Other:							
2.38% State of Ohio Tax Exempt	2011-1	2031	8,265,000		(405,000)	7,860,000	415,000
Total Revenue Bonds			23,080,000	10,470,000	(1,275,000)	32,275,000	1,385,000
Notes Payable:							
3.00% Airport ODOT Note	2009	2016	171,390		(171,390)		
1.35% State Bank-Cargo Hub	2014	2016	500,000		(500,000)		
1.00% ODSA	2015	2028	1,282,871	875,667	(156,286)	2,002,252	157,853
2.25% JobsOhio	2016	2027		2,500,000		2,500,000	25,365
2.50% Lucas County Builds	2016	2028		750,000		750,000	7,609
4.83% ESID Note Airport	2014	2028	826,528	91,408	(77,756)	840,180	45,193
3.00% ESID Note Garages	2012	2026	600,415		(51,586)	548,829	46,809
3.42% ESID Note Maritime	2012	2026	910,348		(78,009)	832,339	69,720
1.39% ESID Note MLK	2011	2026	392,476		(27,564)	364,912	29,607
2.58% NOIF	2015	2045	7,760,000			7,760,000	
Total Notes Payable			12,444,028	4,217,075	(1,062,591)	15,598,512	382,156
Total			$ 35,524,028	$ 14,687,075	$ (2,337,591)	$ 47,873,512	$ 1,767,156

NOTE 6 - DEBT (Continued)

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

	2017	2018	2019	2020	2021
Notes Payable					
ODSA	$ 157,853	$ 159,436	$ 161,034	$ 162,648	$ 164,279
JobsOhio	25,365	103,059	105,666	108,338	111,077
Lucas County Builds	7,609	30,918	31,700	32,501	33,323
ESID Note Airport	45,193	47,247	50,329	53,410	55,464
ESID Note Garages	46,809	48,224	49,681	51,183	52,730
ESID Note Maritime	69,720	72,127	74,616	77,191	79,855
ESID Note MLK	29,607	30,021	30,441	30,866	31,298
NOIF					
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds					
Taxable Parking Garage Project	285,000	305,000	320,000	340,000	360,000
Taxable Airport Hub Project	415,000	435,000	455,000	480,000	505,000
Taxable Chevron	190,000	205,000	225,000	240,000	255,000
Taxable Dana Facility	80,000	365,000	380,000	395,000	415,000
State of Ohio Tax Exempt	415,000	425,000	440,000	450,000	465,000
Total	$ 1,767,156	$ 2,226,032	$ 2,323,467	$ 2,421,137	$ 2,528,026

	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	Total
Notes Payable						
ODSA	$ 846,431	$ 350,571	$ -	$ -	$ -	$ 2,002,252
JobsOhio	598,970	1,447,525				2,500,000
Lucas County Builds	179,691	434,258				750,000
ESID Note Airport	335,867	252,670				840,180
ESID Note Garages	300,202					548,829
ESID Note Maritime	458,830					832,339
ESID Note MLK	212,679					364,912
NOIF	1,045,779	1,465,849	1,664,326	1,889,680	1,694,366	7,760,000
Revenue Bonds Payable						
Northwest Ohio Development Revenue Bonds						
Taxable Parking Garage Project	2,345,000					3,955,000
Taxable Airport Hub Project	3,890,000					6,180,000
Taxable Chevron	1,625,000	1,105,000				3,845,000
Taxable Dana Facility	2,395,000	6,405,000				10,435,000
State of Ohio Tax Exempt	2,570,000	3,095,000				7,860,000
Total	$ 16,803,449	$ 14,555,873	$ 1,664,326	$ 1,889,680	$ 1,694,366	$ 47,873,512

NOTE 6 - DEBT (Continued)

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

	2017	2018	2019	2020	2021
Notes Payable					
ODSA	$ 14,722	$ 13,535	$ 12,336	$ 11,125	$ 9,902
JobsOhio	56,202	54,621	52,276	49,871	47,405
Lucas County Builds	4,672	18,207	17,425	16,623	15,802
ESID Note Airport	40,035	37,852	35,520	33,065	30,436
ESID Note Garages	16,116	14,702	13,244	11,742	10,196
ESID Note Maritime	27,891	25,485	22,996	20,421	17,756
ESID Note MLK	4,984	4,570	4,150	3,724	3,292
NOIF	197,709	197,709	197,709	197,709	197,709
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds					
Taxable Parking Garage Project	190,365	176,155	161,088	145,163	128,135
Taxable Airport Hub Project	280,173	260,811	240,527	219,231	196,847
Taxable Chevron	275,318	261,363	246,138	229,463	211,881
Taxable Dana Facility	418,515	412,109	397,328	381,814	365,703
State of Ohio Tax Exempt	274,709	264,265	252,165	238,468	223,628
Total	$ 1,801,411	$ 1,741,384	$ 1,652,902	$ 1,558,419	$ 1,458,692

	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	Total
Notes Payable						
ODSA	$ 30,735	$ 3,295	$ -	$ -	$ -	$ 95,650
JobsOhio	197,801	23,706				481,882
Lucas County Builds	65,934	19,851				158,514
ESID Note Airport	107,579	18,653				303,140
ESID Note Garages	24,355					90,355
ESID Note Maritime	42,498					157,047
ESID Note MLK	9,771					30,491
NOIF	939,488	768,598	570,118	344,767	93,190	3,704,706
Revenue Bonds Payable						
Northwest Ohio Development Revenue Bonds						
Taxable Parking Garage Project	350,228					1,151,134
Taxable Airport Hub Project	605,524					1,803,113
Taxable Chevron	743,306	98,056				2,065,525
Taxable Dana Facility	1,557,323	479,694				4,012,486
State of Ohio Tax Exempt	884,503	359,961				2,497,699
Total	$ 5,559,045	$ 1,771,814	$ 570,118	$ 344,767	$ 93,190	$ 16,551,742

NOTE 6 - DEBT (Continued)

A. Taxable Chevron

The Authority issued and is the borrower on $4,780,000 of taxable revenue bonds from the Northwest Ohio Bond Fund for the purchase of the former Chevron Property in 2008. A lease was signed with Midwest requiring lease payments equal to the amount of debt. As of December 31, 2016 $3,845,000 remains outstanding.

B. Taxable Airport 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, 2016, $6,180,000 remains outstanding.

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 and will bear an interest rate of 0% for the first year, 3% for years two through six, and 4% for years seven through twelve, and matures in 2027. In May of 2016, it was announced that Dana Corporation would lease the warehousing facility. The announcement of a tenant and the expansion of the facility to approximately 300,000 square feet lead 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 as of December 22, 2016. It should be noted that the additional debt of $6,250,000 has yet to be drawn as of December 31, 2016.

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, 2016, $10,435,000 in total remains outstanding.

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, 2016 was $750,000.

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.

NOTE 6 - DEBT (Continued)

D. Taxable Parking Garage Project

In October 2011, the Authority purchased parking facilities from the City of Toledo. This project was financed by issuing $4,940,000 of taxable development revenue bonds within the Northwest Ohio Bond Fund. 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 $11,815,000 as of December 31, 2016.

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

The Authority was the borrower of four Northwest Ohio Advanced Energy Improvement District (“ESID”) Notes for the purpose of capital improvements to the garage facilities, headquarters building, airport terminal and the Martin Luther King terminal. As of December 31, 2016, $2,586,260 remains outstanding.

G. 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, 2016, the loan with ODSA has a balance of $2,002,252. As of December 31, 2016, the loan receivable from the ESID has a balance of $1,614,098. The difference between the two represents the amount owed by the Authority for the energy project completed at Toledo Express Airport.

H. NOIF

During 2015, NOIF entered into two loans totaling $7,760,000, which relate to the receivables discussed previously in Note 5. NOIF serves as an intermediary between Finance Fund 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, 2016, there remains a $7,760,000 balance.

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. The Authority's net pension liability increased by $1,106,878 to $3,294,639, from 2015 to 2016. 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 each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each 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.

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 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 plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each 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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – The Authority's 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. The Authority employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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. 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 the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR 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	**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	**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
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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 percent 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 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2016 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0%	16.1%	16.1%
Post-employment Health Care Benefits	2.0%	2.0%	2.0%
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	13.0%

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $288,642 for 2016. Of this amount, $0 is reported as an intergovernmental payable.

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, 2015, 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 and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	$ 3,294,639
Proportion of the Net Pension Liability	0.0190208%
Change in Proportionate Share	0.0008818%
Pension Expense	$ 558,936

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

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual investment earnings	$ 964,163
Change in Authority's proportionate share	72,777
Authority contributions subsequent to measurement date	288,642
Total Deferred Outflows of Resources	$ 1,325,582
Deferred Inflows of Resources	
Differences between expected and actual experience	$ 62,653

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

The $288,642 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2017	$ 244,825
2018	259,592
2019	250,717
2020	219,153
Total	$ 974,287

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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple
	Post 1/7/2013 Retirees: 3 percent simple through 2018, then 2.80 percent simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

During 2015, OPERS managed investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. During 2016, OPERS consolidated the health care portfolios (see Note 8). The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

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 2015 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	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. 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 benefits 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 presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's proportionate share of the net pension liability	$5,249,162	$3,294,639	$1,646,058

NOTE 8 – POST-EMPLOYMENT BENEFITS

GASB Statement No. 45

Statement 45 of the Governmental Accounting Standards Board (GASB), Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pension, establishes standards for disclosure of information on post-employment benefits other than pension benefits by all State and Local government employers.

A. Plan Description

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, 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 the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

NOTE 8 – POST-EMPLOYMENT BENEFITS (Continued)

A. Plan Description (continued)

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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates 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 employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. 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 2016 was 4.0%.

C. Information from Authority's records

The total employer contribution rate, in Section B, is the statutorily required contribution rates for OPERS. The portion of employer contributions used to fund health care can be approximated by multiplying actual employer contributions for calendar year 2016 by 0.1428.

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 five to forty years.

Property under lease at December 31, 2016 consists of the following:

	Property and Development Division	Seaport Leases	Total
Land	$ 8,568,612	$ 6,938,961	$ 15,507,573
Improvements	7,325,240	18,258,044	25,583,284
Property and Equipment	32,815	13,636,320	13,669,135
Building and Leasehold Improvements	15,707,224	6,402,935	22,110,159
Total Cost	31,633,891	45,236,260	76,870,151
Less: Accumulated Depreciation	(7,343,935)	(13,340,353)	(20,684,288)
	$ 24,289,956	$ 31,895,907	$ 56,185,863

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

Years	Project & Development Leases	Seaport Leases	Total
2017	$ 1,512,599	$ 1,392,107	$ 2,904,706
2018	1,434,146	1,392,107	2,826,253
2019	1,228,113	1,392,107	2,620,220
2020	998,420	1,321,979	2,320,399
2021	885,126	1,376,654	2,261,780
2022-2026	4,181,918	6,379,671	10,561,589
2027-2031	1,396,415	3,876,193	5,272,608
2032-2036	473,330	3,876,190	4,349,520
Totals	$ 12,110,067	$ 21,007,008	$ 33,117,075

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

Under the agreement covering the car rental agencies, revenues are based on percentages of gross receipts. During 2016, the Authority received $509,741. In 2016, the Authority had two agreements for management of the parking lot. The first agreement with Republic Parking, which was in effect January 1, 2016 through November 17, 2016, provided them with a management fee of $98,550 per year with the remainder of all collected receipts remitted to the Authority. The second agreement with Downtown Toledo Development Corp., which was in effect November 18, 2016 through December 31, 2016 provided for operating expenses with the net revenue remitted to the Authority. The receipts for the parking lot totaled $583,223 for the year 2016.

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, 2016, there were thirty-two series of revenue bonds outstanding issued after July 1, 1995. The original issue amounts for the series was $220,381,570 of which $166,864,395 remained outstanding at December 31, 2016. The principal amount for the one remaining series issued prior to July 1, 1995 was $29,700,000, and the original issue amount was $29,700,000.

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.

The Authority has a self-insured plan for employee health insurance coverage. The Port pays a portion of the employees' costs of medical services. Related expense in 2016 was $313,099.

NOTE 12 – CONTINGENCIES

A. <u>Litigation</u>

In the normal course of operations, the Authority may be subject to litigation, claims, and unasserted possible claims. As of December 31, 2016, the Authority was involved in several such matters. The outcome of such matters cannot presently be determined.

B. <u>Grants</u>

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, 2016.

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 will operate, maintain and improve the on-street parking meters and provide 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 issued $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.

The operation of the Parking Facilities is 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. Management has determined that DTDC 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.

In 2016, revenues in the amount of $4,358,588 were generated and $3,826,390 of operating expenses (including debt service of $1,217,884) were incurred. The revenue and operational expenses are reported under the Development & Property Division in the Schedule of Revenues, Expenses and Changes in Net Assets Information by Division. The Parking Facility asset and related debt are reported under the same division in the Schedule on Net Assets Information by Division. To obtain Downtown Parking Authority financial information, please send correspondence to 215 North St. Clair St. Toledo, OH 43604.

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, 2016:

Statement of Net Assets	
Current Assets	$ (6,058,773)
Capital Assets	132,780,229
Other Assets	(4,030,319)
Total Assets	122,691,137
Deferred Outflow	494,309
Current Liabilities	1,416,148
Noncurrent Liabilities	8,146,440
Total Liabilities	9,562,588
Deferred Inflows	23,369
Invested in Capital Assets, Net of Related Debt	125,371,895
Restricted	4,981,673
Unrestricted	(16,754,079)
Total Net Position	$ 113,599,489
Statement of Revenues, Expenses, and Changes in Net Position	
Operating Revenues	$ 3,650,216
Depreciation	5,930,282
Other Operating Expenses	4,101,190
Operating Loss	(6,381,256)
Nonoperating revenues (expenses):	
Grants	985,296
Investment Income	26,223
Interest Expense	(344,178)
Other Nonoperating Revenues	1,092,653
Change in Net Position	(4,621,262)
Beginning Net Position	118,220,751
Ending Net Position	$ 113,599,489
Statement of Cash Flows	
Net Cash Provided (Used) by:	
Operating Activities	$ 1,622,510
Noncapital Finance	252,142
Capital and Related Financing	(1,411,427)
Investing	28,893
Cash at Beginning of Year	3,628,594
Cash at End of Year	$ 4,120,712

SUPPLEMENTARY INFORMATION

Toledo-Lucas County Port Authority
Schedule of Net Position Information by Division
December 31, 2016

	Administration	Seaport	Airport	Development & Property	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 6,125,639	$ -	$ 4,120,712	$ 4,105,696	$ 14,352,047
Restricted cash	-	-	-	5,375,131	5,375,131
Investments	5,153,118	2,156,791	-	728,808	8,038,717
Interest receivable	-	2,837	-	2,837	5,674
Accounts receivable	50,173	216,890	688,705	929,941	1,885,709
Due from (to) other funds	(737,497)	20,801,425	(11,021,872)	(9,042,056)	-
Loans receivable	48,697	-	66,689	169,652	285,038
Lease receivable	-	253,689	80,118	88,073	421,880
Prepaid expenses and other assets	94,494	4,121	6,875	73,806	179,296
Total Current Assets	10,734,624	23,435,753	(6,058,773)	2,431,888	30,543,492
Noncurrent Assets:					
Nondepreciable capital assets	-	13,938,962	41,830,577	20,441,019	76,210,558
Depreciable capital assets, net	139,281	25,087,850	90,949,652	32,191,937	148,368,720
Restricted investments	-	-	952,850	1,014,066	1,966,916
Loans receivable	586,893	-	17,772	9,377,481	9,982,146
Lease receivable	-	1,009,513	273,105	-	1,282,618
Deposits	-	-	84,576	233,736	318,312
Amt due from NW Ohio Bond Fund	-	3,000,000	-	-	3,000,000
Interdivisional receivables (payables)	-	7,106,003	(5,358,622)	(1,747,381)	-
Total Noncurrent Assets	726,174	50,142,328	128,749,910	61,510,858	241,129,270
Total Assets	11,460,798	73,578,081	122,691,137	63,942,746	271,672,762
Deferred Outflows:					
Deferred Outflows	485,302	62,215	494,309	283,756	1,325,582
Total Deferred Outflows	485,302	62,215	494,309	283,756	1,325,582
Total Assets and Deferred Outflows	**$ 11,946,100**	**$ 73,640,296**	**$ 123,185,446**	**$ 64,226,502**	**$ 272,998,344**
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable and other	$ 208,551	$ 220,437	$ 358,094	$ 2,352,485	$ 3,139,567
Accrued payroll	164,341	14,925	212,280	193,057	584,603
Deposits	-	-	800	53,500	54,300
Accrued interest	-	-	41,019	146,795	187,814
Revenue bonds payable - current	-	-	415,000	555,000	970,000
Note payable - current	-	-	75,794	306,362	382,156
Ohio SIB bond - current	-	-	-	415,000	415,000
Advances	-	-	313,161	1,612,415	1,925,576
Total Current Liabilities	372,892	235,362	1,416,148	5,634,614	7,659,016
Noncurrent Liabilities:					
Revenue bonds payable	-	-	5,765,000	17,680,000	23,445,000
Notes payable	-	-	1,152,540	14,063,816	15,216,356
Ohio SIB bond	-	-	-	7,445,000	7,445,000
Net pension liability	1,205,838	154,848	1,228,900	705,053	3,294,639
Total Noncurrent Liabilities	1,205,838	154,848	8,146,440	39,893,869	49,400,995
Total Liabilities	1,578,730	390,210	9,562,588	45,528,483	57,060,011
Deferred Inflows:					
Deferred inflows	22,931	2,945	23,369	13,408	62,653
Total Deferred Inflows	22,931	2,945	23,369	13,408	62,653
Total Liabilities and Deferred Inflows	**1,601,661**	**393,155**	**9,585,957**	**45,541,891**	**57,122,664**
Net Position:					
Invested in capital assets, net of related debt	139,281	39,026,812	125,371,895	12,167,778	176,705,766
Restricted	-	-	4,981,673	8,545,920	13,527,593
Unrestricted	10,205,158	34,220,329	(16,754,079)	(2,029,087)	25,642,321
Total Net Position	**10,344,439**	**73,247,141**	**113,599,489**	**18,684,611**	**215,875,680**

Toledo-Lucas County Port Authority
Schedule of Revenues, Expenses, and Changes in Net Position Information by Division
For the Year Ended December 31, 2016

	Administration	Seaport	Airport	Development & Property	Total
Operating Revenues					
Rental under property leases	$ -	$ 1,425,109	$ -	$ 1,990,484	$ 3,415,593
Airport landing area	-	-	364,074	-	364,074
Airport terminal area	-	-	1,761,544	-	1,761,544
Other rental and fee income	-	-	1,129,997	5,594,379	6,724,376
Other income	-	34,065	394,601	19,814	448,480
Total Operating Revenues	**-**	**1,459,174**	**3,650,216**	**7,604,677**	**12,714,067**
Operating Expenses					
Personnel	1,254,241	166,102	1,626,625	771,652	3,818,620
Marketing	114,971	20,012	151,678	30,629	317,290
Contractual services	(335,498)	285,294	742,053	3,473,113	4,164,962
Utilities	13,575	3,779	809,365	274,343	1,101,062
Repairs and maintenance	-	6,103	753,227	298,481	1,057,811
Depreciation	37,744	1,304,141	5,930,282	1,680,859	8,953,026
Other operating expenses	46,585	-	18,242	2,109	66,936
Total Operating Expenses	**1,131,618**	**1,785,431**	**10,031,472**	**6,531,186**	**19,479,707**
Operating Income (Loss)	**(1,131,618)**	**(326,257)**	**(6,381,256)**	**1,073,491**	**(6,765,640)**
Nonoperating Revenues (Expenses)					
Proceeds of property tax levy	2,348,941	-	-	-	2,348,941
Interest income from investments	-	101,494	26,223	253,169	380,886
Passenger facility charges	-	-	476,917	-	476,917
Grants	-	109,102	985,296	1,438,362	2,532,760
Non-operating revenue	-	-	312,142	283,963	596,105
Interest expense	-	-	(344,178)	(1,122,200)	(1,466,378)
Other nonoperating expenses	-	(90,000)	(60,000)	(3,522,245)	(3,672,245)
Gain (Loss) on investments	-	(7,261)	5,712	(2,402)	(3,951)
Gain (Loss) on disposal of assets	-	-	357,882	(368,737)	(10,855)
Grant pass through	-	-	-	(1,059,563)	(1,059,563)
Total Nonoperating Revenues (Expenses)	**2,348,941**	**113,335**	**1,759,994**	**(4,099,653)**	**122,617**
Total Change in Net Position	**1,217,323**	**(212,922)**	**(4,621,262)**	**(3,026,162)**	**(6,643,023)**
Net Position beginning of year	9,127,116	73,460,063	118,220,751	21,710,773	222,518,703
Net Position at End of Year	**$ 10,344,439**	**$ 73,247,141**	**$ 113,599,489**	**$ 18,684,611**	**$ 215,875,680**

Toledo-Lucas County Port Authority
Lucas County, Ohio
Other Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Pension Plan
Last Three Measurement Periods (1)

	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.0190208%	0.0181390%	0.0181390%
Authority's Proportionate Share of the Net Pension Liability	$ 3,294,639	$ 2,187,761	$ 2,138,347
Authority's Covered-Employee Payroll	$ 2,488,629	$ 2,213,343	$ 2,541,450
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	132.39%	98.84%	84.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2013 was not available. The Authority will continue to present information for years available until a full ten-year trend is compiled.

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

	2016	2015	2014	2013	2012
Contractually Required Contributions	$ 288,642	$ 298,635	$ 265,601	$ 330,389	$ 293,770
Contributions in Relation to the Contractually Contractually Required Contributions	(288,642)	(298,635)	(265,601)	(330,389)	(293,770)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority Covered-Employee Payroll	$ 2,405,350	$ 2,488,629	$ 2,213,343	$ 2,541,450	$ 2,937,700
Contributions as a Percentage of Covered- Employee Payroll	12.00%	12.00%	12.00%	13.00%	10.00%

	2011	2010	2009	2008	2007
Contractually Required Contributions	$ 305,003	$ 289,698	$ 278,043	$ 258,818	$ 317,740
Contributions in Relation to the Contractually Contractually Required Contributions	(305,003)	(289,698)	(278,043)	(258,818)	(317,740)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Authority Covered-Employee Payroll	$ 3,050,029	$ 3,247,736	$ 3,370,214	$ 3,697,393	$ 3,805,271
Contributions as a Percentage of Covered- Employee Payroll	10.00%	8.92%	8.25%	7.00%	8.35%

Note: Prior year amounts have been restated to reflect only employer contributions towards pension benefits instead of total employer contributions to OPERS, which had included employer contributions toward OPEB as well.

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TOLEDO LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor/Pass - Through Grantor Program Titles	CFDA Number	Grant Expenditures
U.S. Department of Transportation		
Airport Improvement Program	20.106	$ 923,091
U.S Department of Energy		
State Energy Program	81.041	1,740,087
U.S Department of Energy		
EECBG-DOE Revolving Loans	81.128	185,227
		$ 2,848,405

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Note 1–Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes all federal grant activity of the Authority, and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Authority has elected not to use the ten-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, 2016

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Totals
PFC Fees Collected	$ 84,427	$ 107,293	$ 106,168	$ 99,313	$ 397,201
Interest Income	1,183	1,222	1,274	1,313	4,992
PFC Fees Expended*					
Net Increase in Cash	85,610	108,515	107,442	100,626	402,193
Cash at Beginning of Period	3,134,184	3,219,794	3,328,309	3,435,751	3,134,184
Cash at End of Period	$ 3,219,794	$ 3,328,309	$ 3,435,751	$ 3,536,377	$ 3,536,377

*No fees were transferred from the PFC account.

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED - CASH BASIS
YEAR ENDED DECEMBER 31, 2016

General

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

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

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

The Toledo-Lucas County Port Authority ("the Authority"), for its operation at Toledo Express Airport, had been granted FAA approval to collect PFC fees for application #5 in December 2007 through December 31, 2011, at the rates of $4.50 for each enplaned passenger. Starting in December 2011, the Airport began to collect PFC fees for application #6, at the same rates, which will continue through December 1, 2018. The PFC amounts collected are maintained in a separate Authority bank account.

Basis of Accounting

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

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

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

Report on Compliance for Passenger Facility Charge Program

We have audited the compliance of Toledo-Lucas County Port Authority ("the Authority") with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2016.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance for Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program for the year ended December 31, 2016.

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

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

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

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

Gilmore Jasion Mahler, LTD

Maumee, Ohio
June 29, 2017

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Toledo-Lucas County Port Authority, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Toledo-Lucas County Port Authority's basic financial statements, and have issued our report thereon dated June 29, 2017.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Toledo-Lucas County Port Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Toledo-Lucas County Port Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Toledo-Lucas County Port Authority's internal control.

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

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Gilmore Jasion Mahler, LTD

Maumee, Ohio
June 29, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE (INCLUDES REPORTING ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS)

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

Report on Compliance for Each Major Federal Program
We have audited Toledo-Lucas County Port Authority's compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the Toledo-Lucas County Port Authority's major federal programs for the year ended December 31, 2016. The Toledo-Lucas County Port Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the Toledo-Lucas County Port Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Toledo-Lucas County Port Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program
In our opinion, the Toledo-Lucas County Port Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

GILMORE JASION MAHLER, LTD
INNOVATIVE IDEAS. TRUSTED ADVICE.

Report on Internal Control Over Compliance

Management of the Toledo-Lucas County Port Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Toledo-Lucas County Port Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Toledo-Lucas County Port 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.

Gilmore Jasion Mahler, LTD

Maumee, Ohio
June 29, 2017

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?	No

Identification of major programs

CFDA Number	Name of Federal Program
81.041	State Energy Program

Dollar threshold used 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
SCHEDULE OF STATUS OF PRIOR YEAR (2015) AUDIT FINDINGS
For the Year Ended December 31, 2016

None.

TOLEDO LUCAS COUNTY PORT AUTHORITY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 30, 2017