

ROBERT SPRAGUE

— OHIO TREASURER —

September 27, 2019

To: Municipal Securities Rulemaking Board
www.emma.msrb.org

RE: **Annual Information Filing for the SIB State Transportation Infrastructure Bond Fund Program**

In accordance with the continuing disclosure agreement made pursuant to SEC Rule 15c2-12(b), the State of Ohio herein provides annual financial information and operating data regarding the State Economic Development Revenue Bonds (State Bond Fund Program) as of June 30, 2019. This information is based in part on information received from the Ohio Department of Transportation. No representation is made as to the materiality or completeness of that information. Other information relating to Fiscal Year 2019 or to subsequent periods may exist that an investor would consider to be important when making an investment decision. No representation is made that this 2019 Annual Filing is indicative of financial or operating results of the State Bond Fund Program since June 30, 2019, or of future financial or operating results. **Please refer to Appendix I for a list of all the outstanding bonds and CUSIPs associated with this program.**

Any questions concerning this filing should be directed to the Office of Debt Management at (614) 466-7752.

Sincerely,



Robert Cole Sprague
State Treasurer of Ohio

**OHIO DEPARTMENT OF TRANSPORTATION
STATE TRANSPORTATION INFRASTRUCTURE
BOND FUND PROGRAM
STATEMENT OF ANNUAL INFORMATION**

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Information included in the Statement of Annual Information has been provided by the ODOT from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of ODOT or the State. No representation is made that past experience, as illustrated by the financial and other information will necessarily continue to be repeated in the future. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents.

INTRODUCTORY STATEMENT

The Treasurer of the State of Ohio (the “State”) has issued Bonds¹ within the State Transportation Infrastructure Bond Fund Program (the “State Program”) identified in Appendix I, pursuant to the Trust Indenture, dated as of September 1, 2006, between the State and The Huntington National Bank, as Trustee, as supplemented and amended (the “Indenture”). In connection with the issuance of the Bonds and pursuant to SEC Rule 15c2-12 (the “Rule”) and the Indenture, the State agreed to provide or cause to be provided financial information and operating data (the “Annual Information”), audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the “Continuing Disclosure Agreement”). The State has prepared and is providing this Statement of Annual Information in accordance with its Continuing Disclosure Agreement of the type included in the disclosure document relating to each series of the Bonds.

FINANCIAL STATEMENTS OF THE STATE

The audited financial statements for the State of Ohio for its fiscal year ending June 30, 2018 are publicly available on the Ohio Auditor of State website at <https://www.ohioauditor.gov>.

¹ Any terms not defined herein have the meaning provided in the General Bond Order.

SUMMARY STATUS OF THE STATE PROGRAM

As of June 30, 2019

Purpose of the Program

The State Program was created to promote the development of roadway, rail, aviation, water, intermodal, transit and other transportation facilities. The State intends to accomplish this goal by enabling borrowers to benefit from the State's access to the national capital markets through the issuance of Bond Fund Bonds. The Bond Fund Bonds provide long-term and fixed-rate financing to the Contracting Parties. As the issuer for the State Program, the Treasurer of the State of Ohio issues bonds on a project by project basis.

Current Rating

The State Program is currently rated "AA+" by Standard & Poor's.

Key Facts

- No Common Fund Bonds are in default.
- No Common Fund Bonds have ever been in default.
- No Program Reserves have ever been accessed to cure a Borrower default.
- Pledge of State Infrastructure Bank – GRF:
 - Encumbered cash of \$3,990,318;
 - Unencumbered cash of \$6,862,461; and
 - Scheduled GRF Loan Repayments of \$37,426,149.12 over years 2019 through 2044.
- Program Reserve of \$5,255,804.20.²
- Total Outstanding Bonds of \$71,340,000.00.
- Bondholders are paid semi-annually.

History of Bond Issues

Since 2006, the State Program has completed twelve bond issues totaling \$81,130,000.

Past Payment Issues

No Contracting Party has ever failed to make their scheduled monthly payments.

² Program Reserve investments were marked to market on 6/30/2019.

SUMMARY DESCRIPTION OF SECURITY & RESERVES FOR THE STATE PROGRAM

As of June 30, 2019

State Infrastructure Bank – General Revenue Fund

Amounts in the State Infrastructure Bank General Revenue Fund may be used to pay Bond Service Charges. However, amounts in the State Infrastructure Bank General Revenue Fund may be expended or encumbered for any purpose consistent with and permitted by the Act and may therefore not be available to pay Bond Service Charges on the Bond Fund Bonds.

Since inception, the State Infrastructure Bank GRF Loan Program has made 74 loans totaling \$98,239,513. As of June 30, 2019, 33 State GRF Direct Loans totaling \$32,220,781 of principal were outstanding. The State Infrastructure Bank GRF Loan Program Repayments are expected to be used to make future State GRF Direct Loans.

As of June 30, 2019, the State Infrastructure Bank – GRF assets include:

1. Cash balance of \$10,852,779, of which approximately \$3,990,318 is encumbered to identified borrowers; and,
2. Scheduled loan repayments of \$37,426,149.12 from 2019 through 2044. See Page 6 “Scheduled State GRF Direct Loan Repayments” herein.

State Program Reserve Fund

The Program Reserve Fund was initially funded in the amount of \$5,000,000 by the State with proceeds from the State of Ohio Taxable Transportation Project Revenue Bonds (State Transportation Infrastructure Bond Fund) Series 2006-1. As a condition to the issuance of any series of Bond Fund Bonds, the Program Reserve Fund balance must be equal to the Program Reserve Requirement. The Program Reserve Requirement is the greater of (a) \$5,000,000 or (b) five percent (5%) of the Outstanding Bonds.

State Covenant Relating to the Rating

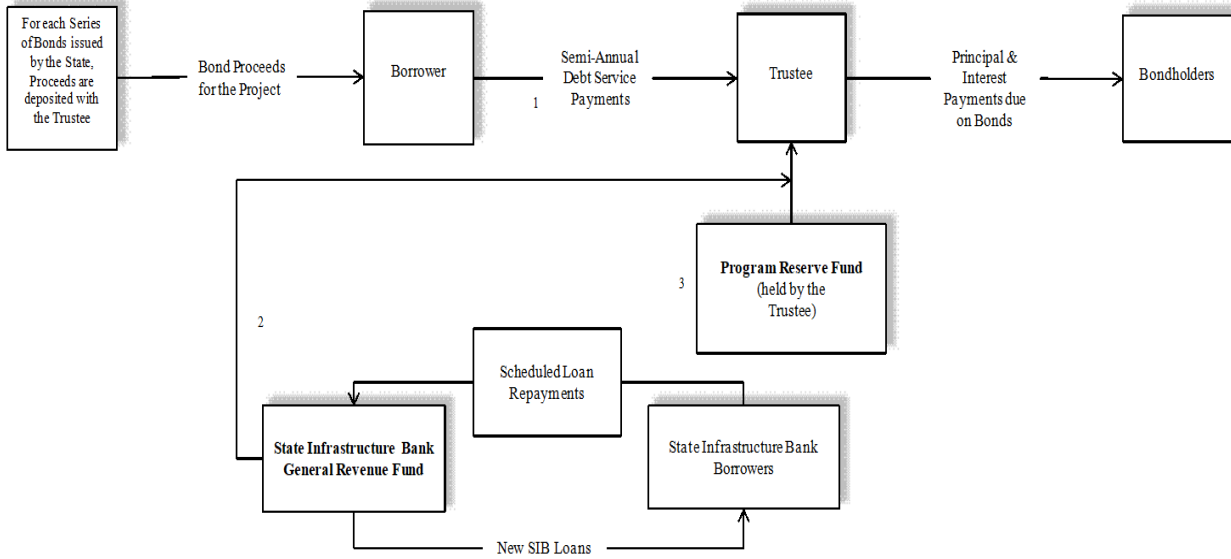
The State has covenanted that while a Rating Service maintains a rating on any series of Bond Fund Bonds, to maintain a ratio of “Total Annual Cash Flows” to “Total Annual Debt Service” of not less than 1.20:1.

Covenant Relating to Insufficiency of Pledged Revenues

In the event the Pledged Revenues are insufficient to make payment of any Bond Service Charges when due and payable, or to maintain the Program Reserve Requirement in the Program Reserve Fund, the Director will notify the Governor of the State (the “Governor”) of such insufficiency and will determine to what extent, if any, payment of Bond Service Charges may be made, or moneys may be restored to the Program Reserve Fund from lawfully available moneys previously appropriated to the Ohio Department of Transportation. If payment of Bond Service Charges are not made or the moneys are not immediately and fully restored to the Program Reserve Fund from such moneys, the Director of Transportation is required to promptly submit to the Governor and to the Director of Budget and Management of the State a written request for either or both of the following: (1) that the biennial budget submitted by the Governor to the General Assembly include an amount to be appropriated from lawfully available moneys to the Department of Transportation for the purpose of and sufficient for the payment in full of Bond Service Charges previously due and for the full replenishment of the Program Reserve fund; or (2) that the General Assembly be requested to increase appropriations from lawfully available moneys for the Department of Transportation in the current biennium sufficient for the purpose of and for the payment in full of Bond Service Charges previously due and to come due in the biennium and for the full replenishment of the Program Reserve Fund.

FLOW OF FUNDS

OHIO DEPARTMENT OF TRANSPORTATION State Infrastructure Bank Bond Fund Program



FLOW OF FUNDS

1. Borrower makes semi-annual debt service payments to the Trustee

IF A DEFAULT OCCURS

2. State Infrastructure Bank General Revenue Fund will be utilized.

3. Program Reserve Fund will be utilized.

Note: Collateral Proceeds Account, if any, will be used prior to all other funds.

SCHEDULED STATE GRF DIRECT LOAN PAYMENTS

The State GRF Direct Loan Repayments shown below are being generated from State GRF Direct Loans made under the State Infrastructure Bank GRF Loan Program. This repayment stream is pledged to the State Program.

The following table sets forth the scheduled State GRF Direct Loan Repayments expected to be deposited in the State Infrastructure Bank from all loans outstanding under the State Infrastructure Bank GRF Loan Program as of June 30, 2019. No assurance is given that all repayments will be received as scheduled.

Scheduled Repayments of the Existing SIB GRF Loan Portfolio⁽³⁾ As of June 30, 2019

| Calendar Year | Repayments |
|---------------|-------------------------|
| 2019 | \$ 1,609,272.50 |
| 2020 | 3,681,165.70 |
| 2021 | 3,546,289.91 |
| 2022 | 3,496,859.90 |
| 2023 | 3,110,596.51 |
| 2024 | 2,966,694.29 |
| 2025 | 2,483,321.99 |
| 2026 | 1,967,993.83 |
| 2027 | 1,716,276.98 |
| 2028 | 1,497,276.44 |
| 2029 | 1,497,276.44 |
| 2030 | 1,497,276.44 |
| 2031 | 1,497,276.44 |
| 2032 | 1,497,276.44 |
| 2033 | 1,497,276.44 |
| 2034 | 1,255,043.61 |
| 2035 | 637,366.94 |
| 2036 | 599,109.02 |
| 2037 | 353,981.97 |
| 2038 | 177,674.58 |
| 2039 | 140,140.46 |
| 2040 | 140,140.46 |
| 2041 | 140,140.46 |
| 2042 | 140,140.46 |
| 2043 | 140,140.46 |
| 2044 | 140,140.46 |
| Total: | \$ 37,426,149.12 |

⁽³⁾Represents principal and interest repayments from State GRF Direct Loans. See Appendix IV – “Ohio Department of Transportation Existing SIB GRF Loan Borrower Description as of June 30, 2019” for further information regarding expected future Program Receipts.

APPENDIX I

SUMMARY OF OUTSTANDING BONDS

As of June 30, 2019

| <u>Contracting Party</u> | <u>Series</u> | <u>Purpose</u> | <u>CUSIP</u> | <u>Level of Government</u> | <u>Original Principal</u> | <u>Outstanding Principal</u> | <u>% of Bonds Outstanding</u> | <u>% of Total Bond Fund</u> | <u>Primary Reserve</u> | <u>Final Maturity</u> | <u>Net Interest Cost</u> | <u>Maximum Annual Debt Service</u> |
|------------------------------------|---------------|---|---|----------------------------|---------------------------|------------------------------|-------------------------------|-----------------------------|------------------------|-----------------------|--------------------------|------------------------------------|
| Ohio Department of Transportation | 2006-1 | Fund Program Reserve | 67759TAA6 | State | \$ 5,250,000.00 | \$ 1,425,000.00 | 27.14% | 2.00% | \$ - | 5/15/2022 | 6.02% | \$ 527,876 |
| Toledo-Lucas County Port Authority | 2011-1 | Parking Facilities | 67759TBP2 67759TBQ0 67759TBR8 67759TBS6 67759TBT4 67759TBU1 67759TBV9 67759TBW7 67759TBX5 67759TBY3 67759TBZ0 67759TCA4 | Port Authority | \$ 9,430,000.00 | \$ 6,800,000.00 | 72.11% | 9.53% | \$ - | 11/15/2031 | 3.83% | \$ 696,648 |
| City of Dayton | 2014-1 | Parking Facilities | 67759TEE4 67759TEF1 67759TEG9 67759TEH7 67759TEJ3 67759TEK0 67759TEL8 67759TEM6 67759TEN4 67759TEP9 67759TEQ7 67759TER5 67759TES3 67759TET1 67759TEU8 67759TEV6 67759TEW4 67759TEX2 67759TEY0 | City | \$ 3,540,000.00 | \$ 3,090,000.00 | 87.29% | 4.33% | \$ - | 11/15/2036 | 3.43% | \$ 249,556 |
| City of Cincinnati | 2014-2 | Road Improvements Parking Facilities | 67759TDS4 67759TDT2 67759TDU9 67759TDV7 67759TDW5 67759TDX3 67759TDY1 67759TDZ8 | City | \$ 2,940,000.00 | \$ 2,740,000.00 | 93.20% | 3.84% | \$ - | 5/15/2039 | 3.65% | \$ 201,438 |

| <u>Contracting Party</u> | <u>Series</u> | <u>Purpose</u> | <u>CUSIP</u> | <u>Level of Government</u> | <u>Original Principal</u> | <u>Outstanding Principal</u> | <u>% of Bonds Outstanding</u> | <u>% of Total Bond Fund</u> | <u>Primary Reserve</u> | <u>Final Maturity</u> | <u>Net Interest Cost</u> | <u>Maximum Annual Debt Service</u> |
|--------------------------|---------------|-------------------|--|----------------------------|---------------------------|------------------------------|-------------------------------|-----------------------------|------------------------|-----------------------|--------------------------|------------------------------------|
| City of Lorain | 2014-3 | Road Improvements | 67759TCE6 67759TCV8 67759TCF3 67759TCW6 67759TCG1 67759TCX4 67759TCH9 67759TCY2 67759TCJ5 67759TCK2 67759TCL0 67759TCM8 67759TCN6 67759TCP1 67759TCQ9 67759TCZ9 67759TDA3 67759TDB1 | City | \$ 7,165,000.00 | \$ 5,790,000.00 | 80.81% | 8.12% | \$ - | 11/15/2034 | 3.27% | \$ 492,056 |
| City of Ashtabula | 2014-4 | Road Improvements | 67759TDD7 67759TDE5 67759TDF2 67759TDG0 67759TDH8 67759TDJ4 67759TDK1 67759TDL9 67759TDM7 67759TDN5 67759TDP0 67759TDQ8 | City | \$ 4,010,000.00 | \$ 3,365,000.00 | 83.92% | 4.72% | \$ - | 5/15/2030 | 2.97% | \$ 366,568 |
| City of Columbus | 2016-1 | Road Improvements | 67759TFA1 67759TFB9 67759TFC7 67759TFD5 67759TFE3 67759TFF0 67759TFG8 67759TFH6 67759TFJ2 67759TFK9 67759TFL7 67759TFM5 67759TFN3 67759TFP8 67759TFQ6 67759TFR4 | City | \$ 7,900,000.00 | \$ 7,430,000.00 | 94.05% | 10.41% | \$ - | 5/15/2036 | 2.98% | \$ 583,225 |

| <u>Contracting Party</u> | <u>Series</u> | <u>Purpose</u> | <u>CUSIP</u> | <u>Level of Government</u> | <u>Original Principal</u> | <u>Outstanding Principal</u> | <u>% of Bonds Outstanding</u> | <u>% of Total Bond Fund</u> | <u>Primary Reserve</u> | <u>Final Maturity</u> | <u>Net Interest Cost</u> | <u>Maximum Annual Debt Service</u> |
|--|---------------|--|---|-------------------------------------|---------------------------|------------------------------|-------------------------------|-----------------------------|------------------------|-----------------------|--------------------------|------------------------------------|
| Licking County TID | 2017-1 | Road Improvements | 67759TFS2 67759TFT0 67759TFU7 67759TFV5 67759TFW3 67759TFX1 67759TFY9 67759TFZ6 67759TGA0 67759TGB8 67759TGC6 67759TGD4 67759TGE2 | Transportation Improvement District | \$ 4,745,000.00 | \$ 4,550,000.00 | 95.89% | 6.38% | \$ - | 11/15/2041 | 3.57% | \$ 330,963 |
| Akron-Canton Regional Airport Authority | 2019-1 | Airport Gate Expansion | 67759TGF9 67759TGG7 67759TGH5 67759TJ1 67759TGK8 67759TGL6 67759TGM4 67759TGN2 67759TGP7 | Regional Airport Authority | \$ 15,680,000.00 | \$ 15,680,000.00 | 100.00% | 21.98% | \$ - | 5/15/2043 | 3.89% | \$ 1,114,250 |
| Port of Greater Cincinnati Development Authority | 2019-1 | Parking Facilities | 67759TGQ5 67759TGR3 67759TGS1 67759TGT9 67759TGU6 67759TGV4 67759TGW2 67759TGX0 67759TGY8 67759TGZ5 67759THA9 67759THB7 67759THC5 67759THD3 67759THE1 67759THF8 67759THG6 67759THH4 67759THJ0 67759THL5 67759THM3 67759THN1 67759THP6 | Port Authority | \$ 15,245,000.00 | \$ 15,245,000.00 | 100.00% | 21.37% | \$ - | 11/15/2043 | 3.26% | \$ 940,700 |
| Toledo-Lucas County Port Authority | 2019-2 | Seaport Foreign Trade Zone Improvement | 67759THQ4 67759THR2 67759THS0 67759THT8 67759THU5 67759THV3 67759THW1 | Port Authority | \$ 5,225,000.00 | \$ 5,225,000.00 | 100.00% | 7.32% | \$ - | 5/15/2039 | 3.49% | \$ 394,750 |
| Totals | | | | | \$ 81,130,000.00 | \$ 71,340,000.00 | 87.93% | 100.00% | | | | |

APPENDIX II

DEBT SERVICE REQUIREMENTS ON OUTSTANDING BONDS

The total of all Common Fund Bonds currently outstanding is \$71,340,000. The following table sets forth the debt service requirements for all outstanding Common Fund Bonds as of June 30, 2019.

| Date | Total Principal | Total Interest | Total Debt Service |
|--------------|------------------------|------------------------|---------------------------|
| 11/15/2019 | \$1,265,000.00 | \$1,352,530.64 | \$2,617,530.64 |
| 5/15/2020 | 1,390,000.00 | 1,333,658.64 | 2,723,658.64 |
| 11/15/2020 | 1,405,000.00 | 1,312,408.02 | 2,717,408.02 |
| 5/15/2021 | 1,630,000.00 | 1,291,218.89 | 2,921,218.89 |
| 11/15/2021 | 1,660,000.00 | 1,261,857.39 | 2,921,857.39 |
| 5/15/2022 | 1,685,000.00 | 1,232,044.89 | 2,917,044.89 |
| 11/15/2022 | 1,455,000.00 | 1,201,003.14 | 2,656,003.14 |
| 5/15/2023 | 1,480,000.00 | 1,177,243.14 | 2,657,243.14 |
| 11/15/2023 | 1,505,000.00 | 1,149,698.14 | 2,654,698.14 |
| 5/15/2024 | 1,550,000.00 | 1,121,648.14 | 2,671,648.14 |
| 11/15/2024 | 1,560,000.00 | 1,094,241.89 | 2,654,241.89 |
| 5/15/2025 | 1,585,000.00 | 1,066,595.02 | 2,651,595.02 |
| 11/15/2025 | 1,630,000.00 | 1,034,329.40 | 2,664,329.40 |
| 5/15/2026 | 1,655,000.00 | 1,001,126.27 | 2,656,126.27 |
| 11/15/2026 | 1,680,000.00 | 969,629.39 | 2,649,629.39 |
| 5/15/2027 | 1,725,000.00 | 937,598.14 | 2,662,598.14 |
| 11/15/2027 | 1,750,000.00 | 901,272.51 | 2,651,272.51 |
| 5/15/2028 | 1,800,000.00 | 864,346.89 | 2,664,346.89 |
| 11/15/2028 | 1,825,000.00 | 826,353.14 | 2,651,353.14 |
| 5/15/2029 | 1,870,000.00 | 787,809.38 | 2,657,809.38 |
| 11/15/2029 | 1,895,000.00 | 753,203.14 | 2,648,203.14 |
| 5/15/2030 | 1,955,000.00 | 718,112.51 | 2,673,112.51 |
| 11/15/2030 | 1,785,000.00 | 684,003.13 | 2,469,003.13 |
| 5/15/2031 | 1,830,000.00 | 652,809.38 | 2,482,809.38 |
| 11/15/2031 | 1,845,000.00 | 619,078.13 | 2,464,078.13 |
| 5/15/2032 | 1,545,000.00 | 585,087.51 | 2,130,087.51 |
| 11/15/2032 | 1,575,000.00 | 557,028.13 | 2,132,028.13 |
| 5/15/2033 | 1,595,000.00 | 528,387.50 | 2,123,387.50 |
| 11/15/2033 | 1,610,000.00 | 499,056.25 | 2,109,056.25 |
| 5/15/2034 | 1,645,000.00 | 469,578.13 | 2,114,578.13 |
| 11/15/2034 | 1,670,000.00 | 439,393.75 | 2,109,393.75 |
| 5/15/2035 | 1,455,000.00 | 408,762.50 | 1,863,762.50 |
| 11/15/2035 | 1,480,000.00 | 380,928.13 | 1,860,928.13 |
| 5/15/2036 | 1,510,000.00 | 352,609.38 | 1,862,609.38 |
| 11/15/2036 | 1,250,000.00 | 324,471.88 | 1,574,471.88 |
| 5/15/2037 | 1,165,000.00 | 300,106.25 | 1,465,106.25 |
| 11/15/2037 | 1,180,000.00 | 277,312.50 | 1,457,312.50 |
| 5/15/2038 | 1,210,000.00 | 254,234.38 | 1,464,234.38 |
| 11/15/2038 | 1,235,000.00 | 230,556.26 | 1,465,556.26 |
| 5/15/2039 | 1,255,000.00 | 206,359.38 | 1,461,359.38 |
| 11/15/2039 | 985,000.00 | 179,562.50 | 1,164,562.50 |
| 5/15/2040 | 1,010,000.00 | 159,081.25 | 1,169,081.25 |
| 11/15/2040 | 1,030,000.00 | 137,834.38 | 1,167,834.38 |
| 5/15/2041 | 1,055,000.00 | 116,125.00 | 1,171,125.00 |
| 11/15/2041 | 1,075,000.00 | 93,900.00 | 1,168,900.00 |
| 5/15/2042 | 955,000.00 | 71,212.50 | 1,026,212.50 |
| 11/15/2042 | 975,000.00 | 50,637.50 | 1,025,637.50 |
| 5/15/2043 | 995,000.00 | 29,600.00 | 1,024,600.00 |
| 11/15/2043 | 465,000.00 | 8,137.50 | 473,137.50 |
| Total | \$71,340,000.00 | \$32,003,781.91 | \$103,343,781.91 |

APPENDIX III

SUMMARY OF SECURITY AND DESCRIPTION OF PROJECT

| Contracting Party | Reserve | Description of Security and Lien Position | Physical Description of the Project |
|---|----------------|--|---|
| Ohio Department of Transportation | | Pledge of earnings received from the investments of the Program Reserve Bonds | |
| 2006-1 | \$0 | <p>Pledge of the SIB Loan repayments received from the State GRF Loan program</p> <p>The Program Reserve Bonds are being issued on parity basis and are to be secured equally and ratably with any other SIB State Bond Fund Bonds hereafter issued.</p> | Fund the required Program Reserve for the State Transportation Infrastructure Bond Fund Program |
| Toledo-Lucas County Port Authority | | Pledge of all Net Operating Income generated from the Parking Garage Revenues | Proceeds used by the Toledo-Lucas County Port Authority to acquire the Parking Facilities from the City of Toledo. The Parking Facilities include: |
| 2011-1 | \$0 | <p>Pledge of all Net Operating Income generated from the Meter and Violation Revenues</p> <p>Pari Passu First Mortgage</p> <p>Non-Tax Revenues of Port Authority</p> | <p>(1) Port Lawrence Parking Garage, which is a 661 space parking garage;</p> <p>(2) Superior Street Parking Garage, which is a 1,030 space parking garage;</p> <p>and (3) Vistula Street Parking Garage, which is a 970 space parking garage.</p> <p>In addition, the Port Authority will purchase approximately 900 metered parking spaces throughout the downtown Toledo area. The Port Authority has engaged Republic Parking System, which is a third party parking consultant, who has recommended various improvements, which should improve the operating efficiencies of the Parking Facilities.</p> |
| City of Dayton | | Pledge Non-Tax revenues | Acquisition, construction, equipment and installation of a 428-space public parking facility. |
| 2014-1 | | Special Assessments payments are not pledged | |

| Contracting Party | Reserve | Description of Security and Lien Position | Physical Description of the Project |
|---------------------------|----------------|--|--|
| City of Cincinnati | | Pledge of TIF service payments | Acquisition, construction, equipment and installation of street improvements, a 240-space public parking facility and other public infrastructure associated with the Keystone Parke Development. |
| 2014-2 | \$0 | Pledge of Non-Tax revenues of the City of Cincinnati | |
| City of Lorain | | Pledge of Street Repair Levy fund | Resurfacing and reconstructing roadways as well as adding curbs, sidewalks, and other related improvements to 28 streets that have been graded low by the City of Lorain's engineering department. |
| 2014-3 | \$0 | Other legally available funds will be used in the event of a payment shortfall | |
| City of Ashtabula | | | Construction, repair, and installation of street improvements on various roadways and alleyways within the City of Ashtabula limits. The project will encompass several streets throughout the entire City of Ashtabula. |
| 2014-4 | \$0 | Pledge of the City of Ashtabula's Permanent Improvement Fund | The project included milling of existing asphalt, repairs to the street base if required, sewer manhole and storm catch basin repairs where required and relaying of asphalt. These streets will also be striped as a part of the Project. Additional curbing and sidewalk apron work will be performed where required. |

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|---------------------------|----------------|--|--|
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| City of Columbus | | Pledge of unvoted general obligation and full faith and credit | Construction of an "S" curve on Hamilton Road. |
| 2016-1 | \$0 | Pledge of TIF Service Payments | Various improvements to State Route 161 including reconfiguring and improving the exit and entry ramps and relocation a portion of the road. |

| Contracting Party | Reserve | Description of Security and Lien Position | Physical Description of the Project |
|---|------------------|--|--|
| Licking County Transportation Improvement District | \$166,981 | Pledge of income tax revenues | Street improvements, including the acquisition, construction, equipping, and installation of road improvements, right-of-way purchases and issuance costs associated with the widening of State Route 310 from Interstate 70 to US 40. |
| 2017-1 | | Pledge of the TIF service payments | |
| | | Pledge of Non-Tax revenues from Licking County and Etna Township | |

| Contracting Party | Reserve | Description of Security and Lien Position | Physical Description of the Project |
|---|------------|---|---|
| Akron-Canton Reginal Airport Authority | \$0 | Pledge of Airport Revenues | Acquisition, construction, improvement, renovation, and equipping of nine boarding gates, passenger boarding bridges, a concrete aircraft parking apron and other airport facilities. |
| 2018-1 | | | |

| | | | |
|---|------------|--|--|
| Port of Greater Cincinnati Development Authority | \$0 | Pledge of Plum Street Garage Revenues | Acquisition, construction, improvement and installation of two parking facilities with 890 and 680 parking spaces, respectively. |
| 2019-1 | | Pledge of Elm Street Garage Revenues | |
| | | Pledge of Non-Tax Revenues from Port of Greater Cincinnati Development Authority | |

| | | | |
|---|------------|--|--|
| Toledo-Lucas County Port Authority | \$0 | Pledge of Non-Tax revenues of Toledo-Lucas County Port Authority | Construction, renovation, equipping and installation of improvements including replacement of waterlines, hydrants and service connections. Construction, installation and equipping of two buildings located in the Foreign Trade Zone. |
| 2019-2 | | | |

APPENDIX IV

**Ohio Department of Transportation
EXISTING SIB GRF LOAN BORROWER DESCRIPTION**

As of June 30, 2019

| <u>Loan</u> | <u>Borrower*</u> | <u>GO</u> | <u>Security or Repayment Sources</u> | <u>Outstanding</u> |
|-------------|--|---------------|--|----------------------|
| | | <u>Rating</u> | | <u>Principal</u> |
| 1 | City of Toledo | A2 | Pledge of General Revenues | \$ 2,285,422 |
| 2 | City of Newark | A1 | Motor vehicle gasoline taxes | \$ 45,306 |
| 3 | City of Lorain | Baa2 | Property taxes and income taxes of the City | \$ 46,778 |
| 4 | City of University Heights | N/R | General revenues and special assessments | \$ 40,287 |
| 5 | City of Lorain | Baa2 | City income and property taxes, Non-tax revenues | \$ 84,999 |
| 6 | City of East Liverpool | N/R | Motor vehicle gasoline taxes and motor vehicle license taxes | \$ 62,763 |
| 7 | City of Westlake | Aaa | All TIF revenues, motor vehicle gasoline taxes, registration taxes, permissive taxes | \$ 5,643,504 |
| 8 | City of Lorain | Baa2 | Income taxes and property taxes | \$ 217,691 |
| 9 | Twinsburg Township | N/R | General revenue fund | \$ 648,642 |
| 10 | Eric Ottawa Regional Airport, Ottawa County | Aa2 | All legally available non-tax revenues | \$ 1,193,029 |
| 11 | City of Dayton | Aa2 | City non-tax revenues | \$ 2,262,647 |
| 12 | City of Cincinnati | Aa2 | All TIF Revenues, non-tax revenues in the event of a shortfall | \$ 2,377,689 |
| 13 | City of Huber Heights | Aa3 | TIF fund revenues, non-tax revenues in the event of a shortfall | \$ 3,289,333 |
| 14 | Village of Ottawa | N/R | Income taxes | \$ 98,994 |
| 15 | City of Warrensville Heights | A1 | Hotel/Motel Tax receipts & Motor vehicle gasoline taxes | \$ 1,097,947 |
| 16 | Ellsworth Township | N/R | Motor vehicle gasoline taxes | \$ 112,563 |
| 17 | Village of Camden | N/R | Motor vehicle gasoline taxes, motor vehicle registration taxes, & local income tax | \$ 109,608 |
| 18 | Village of Hopedale | N/R | General obligation, Motor vehicle gasoline taxes & motor vehicle registration taxes | \$ 494,925 |
| 19 | City of Lorain | Baa2 | Motor vehicle registration taxes & Street Levy Fund | \$ 668,506 |
| 20 | City of Lorain | Baa2 | Motor vehicle registration taxes & Street Levy Fund | \$ 881,398 |
| 21 | Ottawa Village | N/R | Income Tax Fund | \$ 273,726 |
| 22 | Twinsburg Township | N/R | JEDD Revenue & General Revenue Fund | \$ 1,824,357 |
| 23 | City of Brookville, Montgomery County TID | A1 | Motor vehicle gasoline taxes, TIF revenues, & non-tax revenues in the event of a shortfall | \$ 1,976,000 |
| 24 | City of East Liverpool | N/R | Street Capital Improvement Fund, all legally available City revenues | \$ 300,000 |
| 25 | Highland County Airport Authority, Highland County | N/R | Hangar lease revenue and non-tax revenues, Highland County's legally available revenues | \$ 99,699 |
| 26 | Toledo-Lucas County Port Authority | A3 | Non-tax revenues of the Port Authority | \$ 1,281,594 |
| 27 | City of Munroe Falls | N/R | Road and Bridge Fund | \$ 161,504 |
| 28 | City of Lorain | Baa2 | Permissive License Tax and Street Levy Fund | \$ 1,154,483 |
| 29 | Hambden Township | N/R | Road & Bridge Fund Receipts and General Fund Revenues | \$ 417,637 |
| 30 | City of New Philadelphia | A2 | Hangar Rent Revenues | \$ 503,990 |
| 31 | City of Conneaut | A1 | Permit Fees, Street Department's portion of Income Tax, Gas License Tax, and General Fund Transfer | \$ 4,000 |
| 32 | City of Huber Heights | Aa3 | Special Assessments and Non-Tax Revenues | \$ 6,000 |
| 33 | City of Zanesville | A1 | | \$ 2,555,761 |
| | | | | <u>\$ 32,220,781</u> |

* City of Youngstown omitted- GRF was paid in full first, Title 23 outstanding and loan still active. The Toledo-Lucas County Port Authority loan (#170011) and the City of East Liverpool loan (#190002) are not included as first loan fund draw is anticipated after 6/30/19.

APPENDIX V
SIB GRF LOAN PORTFOLIO HISTORY
As of June 30, 2019

| Ohio Department of Transportation SIB GRF Portfolio History as of June 30, 2019 | | | | | | | |
|--|--------------------|----------------|----------------|----------------|----------------|---|------------------------------------|
| 8/22/2019 | Through 06/30/2019 | | | | | | |
| For the Period: | CY 2019 | CY 2018 | CY 2017 | CY 2016 | CY 2015 | CY 2014-1996 | Total since Inception (1996) |
| Principal Collected | \$943,013.01 | \$2,655,372.21 | \$4,515,797.55 | \$2,511,261.31 | \$5,759,998.66 | \$39,079,204.32 | \$55,464,647.06 |
| Interest Collected | \$297,012.60 | \$949,623.86 | \$947,241.02 | \$600,418.63 | \$747,112.42 | \$7,558,850.22 | \$11,100,258.75 |
| Total P & I Collected: | \$1,240,025.61 | \$3,604,996.07 | \$5,463,038.57 | \$3,111,679.94 | \$6,507,111.08 | \$46,638,054.54 | \$66,564,905.81 |
| New Loans Originated**: | | | | | | | |
| Number: | 1 | 4 | 5 | 3 | 5 | 56 | 74 |
| Principal Authorized: | \$606,300 | \$2,666,007 | \$6,206,698 | \$1,922,452 | \$3,822,271 | \$83,015,785 | \$98,239,513 |
| Average Loan Amount: | \$606,300 | \$666,502 | \$1,241,340 | \$640,817 | \$764,454 | \$8,302,099 | n/a |
| Principal Released - Will not be Drawn ¹ : | | | | | | | (\$8,064,384) |
| Matured Loans: | | | | | | | |
| Number: | 2 | 1 | 3 | 3 | 0 | 11 | 20 |
| Original Principal: | \$2,877,168 | \$2,025,000 | \$1,027,200 | \$2,864,000 | \$0 | \$16,836,482 | \$25,629,850 |
| Prepaid Loans: | | | | | | | |
| Number: | 0 | 0 | 1 | 0 | 2 | 16 | 19 |
| Original Principal: | \$0 | \$0 | \$3,108,000 | \$0 | \$4,112,000 | \$14,320,720 | \$21,540,720 |
| Loans Written Off: | | | | | | | |
| Number: | 0 | 0 | 0 | 0 | 0 | * | 2 |
| Principal: | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,903,555 | \$2,903,555 |
| Total Outstanding Loans: | | | | | | | |
| Number: | 33 | 34 | 31 | 30 | 30 | 27 | |
| Outstanding Principal: | \$32,220,781 | \$30,953,931 | \$30,452,980 | \$30,145,317 | \$30,226,086 | \$32,107,962 | |
| Principal Not Drawn Yet - Active Loans ² : | \$4,402,700 | | | | | | |
| Current Loans: | | | | | | | |
| Number: | 33 | 34 | 31 | 30 | 30 | 27 | |
| Outstanding Principal: | \$32,220,781 | \$30,953,931 | \$30,452,980 | \$30,145,317 | \$30,226,086 | \$32,107,962 | |
| Delinquent Loans (60-120 days) as of End of Calendar Year: | | | | | | | |
| Number: | 0 | 0 | 0 | 0 | 0 | 0 | |
| Outstanding Principal: | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Delinquent Loans (Over 120 days) as of End of Calendar Year: | | | | | | | |
| Number: | 0 | 0 | 0 | 0 | 0 | 0 | |
| Outstanding Principal: | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| ¹ Total Loan Principal on all loans that has been released (cancelled). Will not be drawn. | | | | | | | |
| ² Total Loan Principal obligated to outstanding loans that has not been drawn down as of June 30, 2019. | | | | | | | |
| ** City of Youngstown (#100001) omitted - GRF was paid in full first, Title 23 outstanding and loan still active. Toledo-Lucas County Port Authority loan (#170011) and City of East Liverpool loan (#190002) are omitted as funds have not yet been drawn. | | | | | | | |
| | | | | | | * Loan Defaults - 2 Eastlake Land Development Co. loans written off as uncollectable in 2005. SIB policy no longer permits loans to private entities. | |

APPENDIX VI
Audited Financial Statements of Significant Obligors
Available As of June 30, 2019

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Certified Public Accountants, A.C.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
Single Audit
For the Years Ended December 31, 2017 and 2016**

313 Second St.
Marietta, OH 45750
740.373.0056

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Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
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1310 Market St.,
Suite 300
Wheeling, WV 26003
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749 Wheeling Ave.,
Suite 300
Cambridge, OH 43725
740.435.3417

www.perrycpas.com



Dave Yost • Auditor of State

Board of Trustees
Akron-Canton Regional Airport Authority
5400 Lauby Road
North Canton, Ohio 44720

We have reviewed the *Independent Auditor's Report* of the Akron-Canton Regional Airport Authority, Summit County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 1, 2018

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**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

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Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

May 11, 2018

Board of Trustees
Akron-Canton Regional Airport Authority
5400 Lauby Road Box 23
North Canton, Ohio 44720

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Akron-Canton Regional Airport Authority** (the Airport), Stark and Summit Counties, Ohio, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Airport's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Airport's internal control.

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...*"bringing more to the table"*

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Auditor's Responsibility (Continued)

Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Akron-Canton Regional Airport Authority, Stark and Summit Counties, as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows, thereof for the years then ended in accordance with the 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 this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Airport's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule and the Schedule of Expenditures of Passenger Facility Charges provide additional information required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, and are not a required part of the basic financial statements.

The Federal Awards Receipts and Expenditures Schedule and the Schedule of Expenditures of Passenger Facility Charges are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements.

Supplementary and Other Information (Continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2018, on our consideration of the Airport's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Airport's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

The Airport

The Akron – Canton Airport, (the “Airport”) was dedicated in 1946 and commercial air service began in 1948, when the Airport served 43,042 passengers. Today the Airport is the second entry portal to Northeast Ohio for air travelers. In 2017 the Airport served over 1,250,000 passengers.

The Airport offers 28 daily flights to 13 non-stop destinations and has one stop service to virtually anywhere in the world. The Authority continually updates and improves its facilities to ensure our passengers’ have a great experience. During the year the Airport completed improvements to the Airport entrance road, parking facilities, taxiways.

Overview of Financial Statements

The financial statements are presented in accordance with the accounting principles generally accepted in the United States of America, including GASB Statement No. 34. The statements are:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

The statements are prepared on the accrual basis and presented all assets and liabilities of the Airport, both financial and capital, and short and long – term. They also present revenues and expenses of the Airport during the year, regardless of when cash was received or paid. Collectively, the statements provide information regarding the Airport’s financial condition as of December 31, 2017 and 2016 and the results of its operations and cash flows for the years then ended.

Financial Highlights

As of December 31, 2017, Operating Revenues increased 11.5% from 2016 primarily due to a substantial negotiated real estate transaction. Operating Expenses in total increased minimally 0.5% from the prior year due proactive fiscal discipline by all departments.

Statement of Net Position

The Statement of Net Position includes all assets and liabilities of the Airport using the accrual basis of accounting, which is similar to the accounting used by most private – sector institutions. Condensed information from the Airport’s statements of net position, including comparative data from 2016 and 2015 is as follows:

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

(Table 1)
Net Position

| | 2017 | 2016 | 2015 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|
| Assets | | | |
| Current Assets | \$ 1,507,285 | \$ 1,043,476 | \$ 1,012,886 |
| Restricted Assets | 13,078,995 | 12,964,699 | 16,866,013 |
| Noncurrent Assets | 169,717,821 | 174,685,991 | 173,727,130 |
| <i>Total Assets</i> | <u>184,304,101</u> | <u>188,694,166</u> | <u>191,606,029</u> |
| Deferred Outflows of Resources | | | |
| Pension | 1,767,788 | 1,406,891 | 457,581 |
| Liabilities | | | |
| Current Liabilities | 1,679,536 | 2,472,298 | 3,113,693 |
| Noncurrent Liabilities | 17,523,300 | 19,190,638 | 19,200,069 |
| <i>Total Liabilities</i> | <u>19,202,836</u> | <u>21,662,936</u> | <u>22,313,762</u> |
| Deferred Inflows of Resources | | | |
| Pension | 119,905 | 92,143 | 46,791 |
| Net Position | | | |
| Net Investment in Capital Assets | 156,059,909 | 158,089,555 | 155,237,011 |
| Restricted Net Position | 13,078,995 | 12,964,699 | 16,866,013 |
| Unrestricted Net Position | (2,389,756) | (2,708,276) | (2,399,967) |
| <i>Total Net Position</i> | <u>\$ 166,749,148</u> | <u>\$ 168,345,978</u> | <u>\$ 169,703,057</u> |

An analysis of significant changes in assets, liabilities and net assets for the year ended 2017 is as follows:

Assets

Total assets decreased \$4,390,065 from 2016 due to the following factor.

- Increased Accumulated Depreciation Expense associated with completed projects that were capitalized during the year.

Liabilities

Total liabilities decreased \$2,460,100 due to the following factor

- Retirement of Debt Service SIB Loan IV

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

An analysis of significant changes in assets, liabilities and net assets for the year ended 2016 is as follows:

Assets

Total assets decreased \$2,911,863 from 2015 due to the following factor.

- Increase usage of Airport Reserves to fund Projects in Progress

Liabilities

Total liabilities decreased \$650,826 due to the following factor:

- Retirement of Debt Service

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the Airport, as well as the non - operating revenues and expenses. Federal Grant and PFC income are considered non – operating revenues. Condensed information from the Airport's Statement of Revenues, Expenses, and Changes in Net Position, including comparative data from 2016 and 2015 is as follows:

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

(Table 2)
Change in Net Position

| | 2017 | 2016 | 2015 |
|---|----------------------|----------------------|----------------------|
| Operating Revenues | \$ 11,815,386 | \$ 10,590,015 | \$ 11,629,450 |
| Operating Expenses (Including Depreciation) | 18,738,155 | 18,677,499 | 18,562,084 |
| Operating Income (Loss) | (6,922,769) | (8,087,484) | (6,932,634) |
| Net Non-Operating Revenues (Expenses) | 5,325,939 | 6,730,405 | 8,406,881 |
| Change in Net Position | (1,596,830) | (1,357,079) | 1,474,247 |
| Net Position Beginning of the Year | 168,345,978 | 169,703,057 | 170,456,046 |
| Cumulative Effect of Change in Accounting Principle | - | - | (2,227,236) |
| Net Position End of Year | \$166,749,148 | \$168,345,978 | \$169,703,057 |

An analysis of significant changes in revenues and expenditures for the year ended 2017 is as follows:

Operating Revenues

The Airport had a decrease in annual passenger traffic of 9.5% compared to 2016 due to continued significant air service changes. As a result the Airport experienced declines in scheduled landing fee revenue, Airport concession revenues consisting of parking, rental car and terminal restaurant concession. The Airport was able to offset these revenue reductions during the year by receiving proceeds from a negotiated real estate transaction as well as receiving increases in iterant landing fee, ground and space lease revenues.

Operating Expenses

Operating expenses increase minimally 0.3% from 2016. The Airport had higher administrative, labor and contract service expenses compared to the prior year. However the Airport was able to reduce its material and supply expenses as well as utility expenses due to conscious effort by all departments to maintain financial discipline while adapting to new air service realities.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

Non-Operating Revenues

In 2017, the Airport received less federal funding compared to the previous year. The decrease was due to the reduction in the number of eligible ongoing and new construction that took place during the year. These federal funds are authorized by federal grants received by the Airport. Federal funds received during 2017 went towards projects for entrance road reconstruction, taxiway rehabilitation and the design of a future gate concourse replacement. Passenger Facility Charge (PFC) and Car Rental Facility Charge (CFC) funds decreased compared to 2016 due to the decrease in passenger levels.

An analysis of significant changes in revenues and expenditures for the year ended 2016 is as follows:

Operating Revenues

The Airport had a decrease in annual passenger traffic of 9.6% compared to 2015 due to substantial air service changes. As a result the Airport ended the year with an 8.9% reduction in operating revenues from 2015. Scheduled landing fees were down 17.8% as a result of these air service changes. Airport Concession Revenues consisting of parking, rental cars and terminal restaurant concessions were down 12.6% in total compared to 2015. Itinerant landing fees increased 12.3% compared with 2015. All other sources of revenue were comparable with the previous year.

Operating Expenses

Operating Expenses in total decreased 1.6% from 2015. The Airport reduced expenses for salaries, material and supplies, utilities, fuel and insurance during 2016. These reductions were mainly due to much lighter winter operations compared to previous years. Contract Service expenses increased 9% due to increases associated with the Airport's security contracts. Administrative expenses were nearly even compared with 2015.

Non-Operating Revenues

In 2016, the Airport received less federal funding compared to 2015. The decrease was due to the reduction in the number of eligible ongoing and new construction that took place during the year. These federal funds are authorized by federal grants received by the Airport. Federal funds received during 2016 went towards projects for parking and entrance road reconstruction, ticket wing reconstruction, taxiway rehabilitation, and towards the design of a future gate concourse replacement. Passenger Facility Charge (PFC) funds decreased compared to 2015 due to the decrease in passenger enplanement levels.

Budget Summary

The annual budget is the main document used to estimate revenues and expenses for the year and helps track the actual progress. The Airport is not required to follow the budgetary requirements of the Ohio Revised Code.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Management's Discussion and Analysis
For the Years Ended December 31, 2017 and 2016
(Unaudited)

Capital Asset and Long-Term Debt Activity

The Airport's long term debt was comprised of one loan agreement with the Ohio Department of Transportation (ODOT) and revenue bonds through Huntington National Bank at the beginning of the year. The ODOT loan was issued to assist with the financing of a New Parking Lot. A total of \$3,108,000 was issued to the Airport. This loan was retired during the year. The Airport Authority was issued \$18,000,000 in debt via Airport Revenue Bonds with Huntington National Bank. These bonds were issued to fund a terminal concourse rehabilitation, additional parking lots, and screening checkpoint expansion projects. As of December 31, 2017 the Authority had \$13,657,912 in Airport Revenue Bonds outstanding. See notes 7 and 10 in the Notes to the Financial Statements for further information related to debt and capital assets, respectively.

Contacting the Airport's Management

This financial report is designed to provide our users, investors and creditors with a general overview of the Airport's finances and to show the Airport Authority's accountability for the money it receives. If you have questions about this report or need additional financial information contact James Krum, Contracts and Finance Manager at the Akron Canton Regional Airport, 5400 Lauby Road NW, Box 9, North Canton, OH. 44720.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

**STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2017 AND 2016**

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| ASSETS: | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 490,068 | \$ 105,346 |
| Accounts Receivable | 967,956 | 879,549 |
| Prepaid Expenses | 49,261 | 58,581 |
| | 1,507,285 | 1,043,476 |
| Assets Restricted for Airport Improvement Projects: | | |
| Cash and Cash Equivalents | 12,821,849 | 12,435,538 |
| Federal Funds Receivable | - | 213,552 |
| Passenger Facility Charges Receivable | 257,146 | 315,609 |
| | 13,078,995 | 12,964,699 |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Airport Improvement Projects-In-Progress | 18,523,057 | 16,556,625 |
| Land and Land Improvements | 52,821,716 | 52,821,716 |
| Paving | 103,899,261 | 103,899,260 |
| Buildings | 89,988,237 | 88,013,832 |
| Vehicles and Equipment | 23,514,978 | 22,658,743 |
| Utility Systems | 658,361 | 632,407 |
| Less Accumulated Depreciation | (119,687,789) | (109,896,592) |
| | 169,717,821 | 174,685,991 |
| TOTAL ASSETS | \$ 184,304,101 | \$ 188,694,166 |
| DEFERRED OUTFLOW OF RESOURCES: | | |
| Total Deferred Outflows of Resources | \$ 1,767,788 | \$ 1,406,891 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 186,071,889 | \$ 190,101,057 |
| LIABILITIES AND EQUITY: | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 168,401 | \$ 690,979 |
| Projects Payable | - | 18,747 |
| Accrued Payroll Expenses | 687,627 | 610,228 |
| Accrued Real Estate Taxes | 63,215 | 52,614 |
| Debt Due Within One Year | 760,293 | 1,099,730 |
| | 1,679,536 | 2,472,298 |
| Long-Term Liabilities: | | |
| Long-term Notes and Bonds Payable | 12,897,619 | 15,496,706 |
| Net Pension Liability | 4,625,681 | 3,693,932 |
| | 17,523,300 | 19,190,638 |
| TOTAL LIABILITIES | \$ 19,202,836 | \$ 21,662,936 |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Total Deferred Inflows of Resources | \$ 119,905 | \$ 92,143 |
| Net Position: | | |
| Net Investment in Capital Assets | \$ 156,059,909 | \$ 158,089,555 |
| Restricted for Airport Improvement Projects | 13,078,995 | 12,964,699 |
| Unrestricted Net Position | (2,389,756) | (2,708,276) |
| | 166,749,148 | 168,345,978 |
| TOTAL NET POSITION | \$ 166,749,148 | \$ 168,345,978 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | \$ 186,071,889 | \$ 190,101,057 |

The notes to the financial statements are an integral part of this statement

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

| | 2017 | 2016 |
|------------------------------------|-----------------------|-----------------------|
| Operating Revenues: | | |
| Charges for Services | \$ 4,295,978 | \$ 4,375,225 |
| Rent | 1,064,788 | 989,830 |
| Parking | 4,581,555 | 4,611,904 |
| Other Operating Revenues | 1,873,065 | 613,056 |
| Total Operating Revenues | 11,815,386 | 10,590,015 |
| Operating Expenses: | | |
| Salaries | 2,680,101 | 2,624,420 |
| Contract Services | 1,524,063 | 1,460,745 |
| Materials and Supplies | 507,241 | 531,681 |
| Utilities | 808,094 | 876,950 |
| Fuel | 58,742 | 46,217 |
| Insurance | 78,533 | 76,866 |
| Administrative | 3,290,184 | 3,197,949 |
| Depreciation | 9,791,197 | 9,862,671 |
| Total Operating Expenses | 18,738,155 | 18,677,499 |
| Operating Income / (Loss) | (6,922,769) | (8,087,484) |
| Nonoperating Revenues: | | |
| Federal Funds | 2,023,953 | 3,067,090 |
| Car Rental Facility Charge Revenue | 730,671 | 736,676 |
| Passenger Facility Charge Revenue | 2,553,239 | 2,906,407 |
| Interest | 18,076 | 20,232 |
| Total Non-operating Revenues | 5,325,939 | 6,730,405 |
| Change in Net Position | (1,596,830) | (1,357,079) |
| Net Position - January 1 | 168,345,978 | 169,703,057 |
| Net Position - December 31 | \$ 166,749,148 | \$ 168,345,978 |

The notes to the financial statements are an integral part of this statement

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Cash Flows from Operating Activities: | | |
| Cash Received from Customers | \$ 11,726,978 | \$ 10,454,494 |
| Cash Payments to Suppliers for Goods and Services | (6,798,861) | (6,035,755) |
| Cash Payments to Employees for Services | (1,993,487) | (2,456,674) |
| | 2,934,630 | 1,962,065 |
| Net Cash Provided by (Used by) Operations | | |
| Cash Flows from Capital and Related Financing Activities: | | |
| Receipts from Passenger Facility Charge | 2,611,702 | 2,870,439 |
| Receipts from Car Rental Facility Charge | 730,671 | 736,676 |
| Grants | 2,237,505 | 2,853,538 |
| Acquisition of Construction of Capital Assets | (4,346,167) | (10,276,128) |
| Debt Principal Paid | (2,938,524) | (1,893,683) |
| Interest Paid | (476,860) | (545,403) |
| | (2,181,673) | (6,254,561) |
| Net Cash Provided by (Used by) Capital and Related Financing Activities | | |
| Cash Flows from Investing Activities: | | |
| Interest Received | 18,076 | 20,232 |
| | 18,076 | 20,232 |
| Net Cash Provided by (Used by) Investing Activities | | |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 771,033 | (4,272,264) |
| Cash and Cash Equivalents - January 1 | 12,540,884 | 16,813,148 |
| Cash and Cash Equivalents - December 31 | \$ 13,311,917 | \$ 12,540,884 |
| Cash Flows from Operating Activities: | | |
| Operating Income / (Loss) | \$ (6,922,769) | \$ (8,087,484) |
| Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities: | | |
| Depreciation | 9,791,197 | 9,862,671 |
| (Increase) Decrease in Accounts Receivable | (88,408) | (135,521) |
| (Increase) Decrease in Prepaid Assets | 9,322 | (16,500) |
| (Increase) Decrease in Deferred Outflows Related to Pension | (360,897) | (949,310) |
| Increase (Decrease) in Accounts Payable | (522,579) | 560,923 |
| Increase (Decrease) in Project Payable | (18,747) | (388,720) |
| Increase (Decrease) in Payroll related Liabilities | 77,399 | (867) |
| Increase (Decrease) in Real Estate Tax Accrual | 10,601 | (18,778) |
| Increase (Decrease) in Net Pension Liability | 931,749 | 1,090,299 |
| Increase (Decrease) in Deferred Inflows Related to Pension | 27,762 | 45,352 |
| | 9,857,399 | 10,049,549 |
| Total Adjustments | | |
| Net Cash Provided by (Used by) Operating Activities | \$ 2,934,630 | \$ 1,962,065 |

The notes to the financial statements are an integral part of this statement

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Akron-Canton Regional Airport (the Airport) was founded in 1946, as a governmental entity, for the purpose of operating an airport facility serving commercial carriers and industrial concerns. The Akron-Canton Regional Airport Authority was created by resolution of the County Commissioners of Stark and Summit Counties of Ohio in 1964. The Airport is governed by a Board of Trustees consisting of representatives from both Stark and Summit Counties.

The Airport's financial reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Reporting Entity*," as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*." The financial statements include all departments and operations for which the Airport is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefit to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organizations other than the Airport itself are included in the financial reporting entity.

B. BASIS OF ACCOUNTING

The Airport uses "fund accounting" to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Airport functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the Airport has one fund which is categorized as a proprietary fund. Proprietary funds are used to account for the Airport's ongoing activities which are similar to those found in the private sector. The following is the Airport's proprietary fund type:

Enterprise Fund - A fund used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The accounting and financial reporting treatment applied to the Authority's fund is determined by their measurement focus. The Airport's fund is an enterprise fund, which uses a flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. The Airport uses the accrual basis of accounting, which records revenue when earned and measurable and expenses when the liability is incurred. Revenues subject to accrual are charges for services.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

Property and Equipment – The Airport’s capitalization threshold is \$500. Substantially all of the Airport’s grounds and runways were contributed by the U.S. Government at the time the Airport was founded. These assets were recorded at their estimated fair value as of the date the contributions were made. Property and equipment acquired subsequent to the Airport’s inception is carried at cost.

Renewals and betterments are capitalized. The cost of maintenance and repairs are charged to expense accounts as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

| | |
|------------------------|------------|
| Paving | 2-30 years |
| Buildings | 3-30 years |
| Vehicles and equipment | 3-20 years |
| Utility systems | 3-20 years |

Compensated Absences – The Airport accounts for compensated absences in accordance with GASB Statement No.16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the Statement of Net Position date by those employees who currently are eligible to receive termination payments. To calculate the liability, those accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees’ rights to receive compensation are attributable to services already rendered and are not contingent on a specific event that is outside the control of the employer and employee.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Assets Restricted for Airport Improvement Projects – Cash and cash equivalents, and investments funded by federal grant monies, along with passenger facility charges receivable, are restricted for use in various Airport Improvement Projects. Such deposits, along with passenger facility charges receivable, are not available for use in the general operations of the Airport. When both restricted and unrestricted are available for use, it is the Airport’s policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents –The Airport considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

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.

Accounting and Reporting for Nonexchange Transactions – The Airport accounts for nonexchange transactions in accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Nonexchange transactions occur when the Airport receives (or gives) something of value without giving (or receiving) equal value in return. As such, and in conformity with GASB Statement No. 33, the Airport has recognized grant funds expended for capitalizable property and equipment as revenues and the related depreciation thereon, as expenses in the accompanying financial statements.

Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Airport, there were no deferred outflows of resources to report other than pension deferred outflows. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Airport, there were no deferred inflows of resources to report other than pension deferred inflows.

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from primary activities. For the Airport, these revenues are charges for services, rentals, leases and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Airport. Revenues and expenses which do not meet these definitions are reported as non-operating.

Net Position – Net position represents the difference between all other elements of the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources from federal and state grants restricted for specified purposes.

Use of Accounting Estimates – Management uses estimates and assumptions in preparing financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

2. CASH AND CASH EQUIVALENTS

The investment and deposit of Airport monies are governed by the provisions of the Ohio Revised Code. In accordance with these statutes, only financial institutions located in Ohio and domestic building and loan associations are eligible to hold public deposits. The statutes also permit the Airport to invest its monies in certificates of deposit, commercial paper, savings accounts, money market accounts, the State Treasurer's Asset Reserve investment pool (STAR Ohio) and obligations of the United States government or certain agencies thereof. The Airport may also enter into repurchase agreements with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding thirty days. The Airport is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a derivative). The Airport is also prohibited from investing in reverse repurchase agreements.

Deposits with Financial Institutions

At December 31, 2017 and 2016, the carrying amount of the Airport's deposits was \$13,311,801 and \$12,540,745, respectively, excluding petty cash deposits of \$116 and \$139. The bank balance was \$13,540,338 and \$12,955,782 at December 31, 2017 and 2016, respectively. Deposits with financial institutions were covered by federal depository insurance and/or were collateralized by a pool of securities maintained by the Airport's financial institutions but not in the Airport's name.

Custodial Credit Risk is the risk that, in the event of a bank failure, the Airport's deposits may not be returned. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution.

Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based.

These securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities, subject to a repurchase agreement, must exceed the value of the principal by 2% and be marked to market daily.

3. INSURANCE COVERAGES

As of December 31, 2017 and 2016, the Airport had general liability insurance coverage of \$50,000,000 for each occurrence and in the aggregate; director and officer liability coverage of \$1,000,000 per loss and in the aggregate; vehicle liability coverage with a combined single limit of \$1,000,000; public officials' coverage of \$5,000,000 per loss and in the aggregate and environmental impairment coverage of \$1,000,000 per loss and in the aggregate. The risks of loss exposed to the Airport include theft, fire, errors and omissions, and general liability. There has been no reduction in insurance coverage during the year ending December 31, 2017. Settlement costs did not exceeded coverage in the past three years.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

4. VACATION BENEFITS

Employees hired on or before January 1, 1996 earn two weeks of vacation annually during their first five years of service plus an additional week for every five years thereafter, up to a maximum of six weeks. Employees hired after January 1, 1996 can earn a maximum of five weeks of vacation. Vacation leave may, upon approval, be carried over for up to two years. As of December 31, 2017 and 2016, the accrual for vacation benefits totaled \$303,727 and \$307,968, respectively, and is included in the Accrued Payroll Expense in the accompanying Statement of Net Position.

5. DEFINED BENEFIT PENSION PLAN AND POST-EMPLOYMENT BENEFITS

Net Pension Liability

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

The net pension liability represents the Airport'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 Airport's obligation for this liability to annually required payments. The Airport cannot control benefit terms or the manner in which pensions are financed; however, the Airport 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*.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

5. DEFINED BENEFIT PENSION PLAN AND POST-EMPLOYMENT BENEFITS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Airport 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.

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 | Group B | Group C |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | 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 |

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.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

5. DEFINED BENEFIT PENSION PLAN AND POST-EMPLOYMENT BENEFITS (Continued)

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

| | 2017 State and Local | 2016 State and Local |
|--|-------------------------|-------------------------|
| 2017 Statutory Maximum Contribution Rates | | |
| Employer | 14.0 % | 14.0 % |
| Employee | 10.0 % | 10.0 % |
| 2017 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 13.0 % | 12.0 % |
| Post-employment Health Care Benefits | 1.0 | 2.0 |
| Total Employer | 14.0 % | 14.0 % |
| Employee | 10.0 % | 10.0 % |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Airport's contractually required contribution was \$338,937 for 2017.

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airport's proportion of the net pension liability was based on the Airport'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:

| | |
|--|-------------|
| Proportionate Share of the Net Pension Liability | \$4,625,681 |
| Proportion of the Net Pension Liability | 0.020370% |
| Pension Expense | \$937,551 |
| Change in Proportion from Prior Year | -0.000956% |

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

| | Deferred Outflows of Resource | Deferred Inflows of Resources |
|--|----------------------------------|----------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 688,891 | \$ - |
| Differences between expected and actual experience | 6,270 | 27,530 |
| Changes in assumptions | 733,690 | - |
| Changes in proportion and differences between Airport contributions and proportionate share of contributions | - | 92,375 |
| Airport's contributions subsequent to the measurement date | 338,937 | - |
| Total | \$ 1,767,788 | \$ 119,905 |

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

5. DEFINED BENEFIT PENSION PLAN AND POST-EMPLOYMENT BENEFITS (Continued)

\$338,937 reported as deferred outflows of resources related to pension resulting from Airport 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:

| Year Ending December 31: | |
|--------------------------|---------------------------|
| 2018 | \$529,497 |
| 2019 | 558,094 |
| 2020 | 241,546 |
| 2021 | <u>(20,191)</u> |
| Total | <u><u>\$1,308,946</u></u> |

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, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Wage Inflation | 3.25 percent |
| Future Salary Increases, including inflation | 3.25 to 10.75 percent including wage inflation |
| COLA or Ad Hoc COLA | 3 percent, simple |
| Investment Rate of Return | 7.5 percent |
| Actuarial Cost Method | Individual Entry Age |

Mortality – The tables used in evaluating age-and-service and survivor benefit allowances to be paid were updated as a result of the experience study and are now based on the RP-2014 Healthy Annuitant mortality tables. The Healthy Annuitant mortality tables were used, adjusted for mortality improvement back to observation period base of 2006, and then established the base year as 2015 for males and 2010 for females. The mortality rates used in evaluating disability allowances were updated as a result of the experience study and are now based upon the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation period base year of 2006, and then established the base year as 2015 for males and 2010 for females. Mortality rates for particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to previously noted tables.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

5. DEFINED BENEFIT PENSION PLAN AND POST-EMPLOYMENT BENEFITS (Continued)

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, 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 8.3% percent for 2016.

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 2016 and the long-term expected real rates of return:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long Term Expected Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|------------------------|------------------------------|--|
| Fixed Income | 23.00 % | 2.75 % |
| Domestic Equities | 20.70 | 6.34 |
| Real Estate | 10.00 | 4.75 |
| Private Equity | 10.00 | 8.97 |
| International Equities | 18.30 | 7.95 |
| Other investments | 18.00 | 4.92 |
| Total | <u>100.00 %</u> | <u>5.66 %</u> |

Discount Rate The discount rate used to measure the total pension liability was 7.5 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.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

5. DEFINED BENEFIT PENSION PLAN AND POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Airport's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Airport's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Airport's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|------------------------|-------------------------------------|------------------------|
| Airport's proportionate share of the net pension liability | \$7,066,760 | \$4,625,681 | \$2,591,471 |

Defined Contribution Plan

OPERS also offers a defined contribution plan, the Member-Directed Plan. The Member-Directed Plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

Combined Plan

OPERS also offers a combined plan. This is a cost-sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced benefit.

Employees electing the combined plan receive post-retirement health care benefits. OPERS provide retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

Post-Retirement Health Care Benefits

OPERS currently provide post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2017 and 2016, OPERS allocated 1.0 and 2.0%, respectively, of the employer contribution rate to fund the health care program for retirees as recommended by the OPERS actuary.

Funding Policy

ORC provides OPERS statutory to set employees and employer contributions. The required contribution rates (as a percentage of covered payroll) for plan members and the Airport are 10% and 14%, respectively.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

6. DEFERRED EMPLOYEE BENEFITS

Deferred employee benefits consist exclusively of accrued sick leave. Full-time employees accumulate ten hours of sick leave for each completed month in active pay status. Part-time employees accrue sick leave on a proportionate basis. Upon retirement, employees are paid for accrued sick leave, up to a maximum of 960 hours. Employees qualify for this payment upon retirement by having at least five years of service with the Airport and being eligible to receive OPERS retirement benefits.

7. LONG-TERM LIABILITIES

The changes in the Airport's long-term obligations during 2017 were as follows:

| Name | Principal Outstanding 12/31/16 | Additions | Deductions | Principal Outstanding 12/31/17 | Due in One Year |
|---------------|--------------------------------------|-------------|---------------------|--------------------------------------|--------------------|
| SIB IV | 2,215,020 | - | 2,215,020 | - | - |
| Airport Bonds | 14,381,416 | - | 723,504 | 13,657,912 | 760,293 |
| TOTALS | \$ 16,596,436 | \$ - | \$ 2,938,524 | \$ 13,657,912 | \$ 760,293 |

The changes in the Airport's long-term obligations during 2016 were as follows:

| Name | Principal Outstanding 12/31/15 | Additions | Deductions | Principal Outstanding 12/31/16 | Due in One Year |
|---------------|--------------------------------------|-------------|---------------------|--------------------------------------|---------------------|
| SIB III | \$ 840,000 | \$ - | \$ 840,000 | \$ - | \$ - |
| SIB IV | 2,580,208 | - | 365,188 | 2,215,020 | 376,226 |
| Airport Bonds | 15,069,911 | - | 688,495 | 14,381,416 | 723,504 |
| TOTALS | \$ 18,490,119 | \$ - | \$ 1,893,683 | \$ 16,596,436 | \$ 1,099,730 |

SIB III - In 2006, the Airport entered into a loan agreement with the Ohio Department of Transportation (ODOT) whereby ODOT agreed to loan the Airport a total of \$6,845,000 for the purpose of assisting in the financing of the Gate Expansion Project. The loan bears interest at a rate of 5.00% annually. The final principal payment was made during 2016.

SIB IV - In 2012, the Airport entered into a loan agreement with the Ohio Department of Transportation (ODOT) whereby ODOT agreed to loan the Airport a total of \$3,108,000 for the purpose of assisting in the financing of a parking lot project. The loan bears interest at a rate between 3% and payments are due semi-annually. This loan was paid in full during 2017.

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

7. LONG-TERM LIABILITIES (Continued)

Airport Bonds - During 2010, the Airport along with Huntington Bank reissued the 2007 Airport Revenue Bonds. The Bonds bear interest at a variable rate and mature on January 1, 2031. Payments are due monthly. Principal payments are due as follows. Interest payments are estimated based on the current rate.

| <u>Year Ending December 31,</u> | <u>Principal Payment</u> | <u>Interest Payment</u> |
|-------------------------------------|------------------------------|-----------------------------|
| 2018 | \$ 760,293 | \$ 479,132 |
| 2019 | 798,952 | 448,399 |
| 2020 | 839,577 | 416,530 |
| 2021 | 882,268 | 383,486 |
| 2022 | 927,129 | 494,798 |
| 2023-2027 | 5,392,592 | 1,116,529 |
| 2028-2031 | 4,057,101 | 136,146 |
| Total | <u><u>\$ 13,657,912</u></u> | <u><u>\$ 3,338,874</u></u> |

8. NONCANCELLABLE LEASES

The Airport leases space, hangars, counters, gates, etc. to various entities under noncancellable operating lease agreements. Future minimum rentals as of December 31, 2017 under such agreements are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|-----------------------------|
| 2018 | \$ 6,021,846 |
| 2019 | 5,382,416 |
| Thereafter | 18,920,328 |
| Total Payments | <u><u>\$ 30,324,590</u></u> |

9. AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS

Airport Improvement Projects-in-Progress consists of expenditures for capitalized improvements or additions to the Authority's facilities. The cost of completed projects is transferred to property and equipment accounts and depreciated over the estimated useful lives of the projects as of the date of completion. Airport Improvement Projects-in-Progress consist of the following at December 31, 2017:

| <u>Description of Project</u> | <u>Source of Funding</u> | | <u>Total Cost of Projects-In- Progress</u> |
|-------------------------------|----------------------------|-----------------------------|--|
| | <u>Federal Grants</u> | <u>State/Local</u> | |
| AIP #6115 | 4,558,241 | 577,561 | 5,135,802 |
| AIP #6216 | 3,843,389 | 1,454,380 | 5,297,769 |
| Various Projects | - | 8,089,486 | 8,089,486 |
| Total | <u><u>\$ 8,401,630</u></u> | <u><u>\$ 10,121,427</u></u> | <u><u>\$ 18,523,057</u></u> |

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

9. AIRPORT IMPROVEMENT PROJECTS-IN-PROGRESS (Continued)

Airport Improvement Projects-in-Progress consist of the following at December 31, 2016:

| Description of Project | Source of Funding | | Total Cost of Projects-In-Progress |
|------------------------|---------------------|----------------------|---------------------------------------|
| | Federal Grants | State/Local | |
| AIP #5812 | \$ 628,366 | \$ 132,947 | \$ 761,313 |
| AIP #6115 | 3,907,378 | 1,034,176 | 4,941,554 |
| AIP #6216 | 1,668,785 | 1,097,838 | 2,766,623 |
| Various Projects | - | 8,087,135 | 8,087,135 |
| Total | \$ 6,204,529 | \$ 10,352,096 | \$ 16,556,625 |

10. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017:

| | 12/31/2016 | 12/31/2017 | | Balance |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Balance | Additions | Deletions | |
| Capital assets non-depreciable: | | | | |
| Airport Improvement Projects in Progress | \$ 16,556,625 | \$ 4,202,495 | \$ (2,236,063) | \$ 18,523,057 |
| Land | 12,542,983 | - | - | 12,542,983 |
| Land Improvements | 40,278,733 | - | - | 40,278,733 |
| Total non-depreciable capital assets | 69,378,341 | 4,202,495 | (2,236,063) | 71,344,773 |
| Capital assets being depreciated: | | | | |
| Buildings | 88,013,832 | 1,974,405 | - | 89,988,237 |
| Paving | 103,899,260 | 1 | - | 103,899,261 |
| Vehicles and Equipment | 22,658,743 | 856,235 | - | 23,514,978 |
| Utility Systems | 632,407 | 25,954 | - | 658,361 |
| Total capital assets being depreciated | 215,204,242 | 2,856,595 | - | 218,060,837 |
| Less accumulated depreciation | | | | |
| Buildings | (45,323,006) | (4,280,138) | - | (49,603,144) |
| Paving | (46,290,005) | (4,607,774) | - | (50,897,779) |
| Vehicles and Equipment | (17,713,455) | (877,119) | - | (18,590,574) |
| Utility Systems | (570,126) | (26,166) | - | (596,292) |
| Total accumulated depreciation | (109,896,592) | (9,791,197) | - | (119,687,789) |
| Capital assets, net of depreciation | \$ 174,685,991 | \$ (2,732,107) | \$ (2,236,063) | \$ 169,717,821 |

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2017 and 2016*

10. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2016:

| | 12/31/2015 | 12/31/2016 | | |
|--|-----------------------|---------------------|----------------------|-----------------------|
| | Balance | Additions | Deletions | Balance |
| Capital assets non-depreciable: | | | | |
| Airport Improvement Projects in Progress | \$ 9,828,486 | \$ 10,715,184 | \$(3,987,045) | \$ 16,556,625 |
| Land | 12,542,983 | - | - | 12,542,983 |
| Land Improvements | 40,278,733 | - | - | 40,278,733 |
| Total non-depreciable capital assets | 62,650,202 | 10,715,184 | (3,987,045) | 69,378,341 |
| Capital assets being depreciated: | | | | |
| Buildings | 84,205,154 | 3,808,678 | - | 88,013,832 |
| Paving | 103,899,260 | - | - | 103,899,260 |
| Vehicles and Equipment | 22,396,872 | 284,716 | (22,845) | 22,658,743 |
| Utility Systems | 632,407 | - | - | 632,407 |
| Total capital assets being depreciated | 211,133,693 | 4,093,394 | (22,845) | 215,204,242 |
| Less accumulated depreciation | | | | |
| Buildings | (41,197,346) | (4,125,660) | - | (45,323,006) |
| Paving | (41,595,909) | (4,694,096) | - | (46,290,005) |
| Vehicles and Equipment | (16,715,145) | (1,021,155) | 22,845 | (17,713,455) |
| Utility Systems | (548,366) | (21,760) | - | (570,126) |
| Total accumulated depreciation | (100,056,766) | (9,862,671) | 22,845 | (109,896,592) |
| Capital assets, net of depreciation | <u>\$ 173,727,129</u> | <u>\$ 4,945,907</u> | <u>\$(3,987,045)</u> | <u>\$ 174,685,991</u> |

11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, particularly the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed, by the grantor cannot be determined at this time although the Airport expects such amounts, if any, to be immaterial.

Management believes there are no pending claims or lawsuits that would have a material, if any, effect on the financial condition of the Airport.

12. SUBSEQUENT EVENTS

Management has considered all subsequent events through May 11, 2018, the date the financial statements were available to be issued. No events have occurred that would require adjustment or disclosure in the financial statement.

AKRON-CANTON REGIONAL AIRPORT AUTHORITY
STARK AND SUMMIT COUNTIES
Required Supplementary Information on GASB 68 Pension Liabilities
For the Year Ended December 31, 2017

Schedule of the Airport's Proportionate Share of OPERS Net Pension Liability:

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|--------------|--------------|--------------|--------------|
| Airport's proportion of the net pension liability (asset) (percentage) - Traditional Plan | 0.020370% | 0.021326% | 0.021587% | 0.021587% |
| Airport's proportionate share of the net pension liability (asset) - Traditional Plan | \$ 4,625,681 | \$ 3,693,932 | \$ 2,603,633 | \$ 2,544,826 |
| Airport's covered-employee payroll | \$ 2,675,890 | \$ 2,669,464 | \$ 2,660,511 | \$ 2,774,597 |
| Airport's pension liability (asset) as a percentage of its covered-employee payroll | 172.87% | 138.38% | 97.86% | 91.72% |
| Plan fiduciary net position as a percentage of the total pension liability (Traditional Plan) | 77.25% | 81.08% | 86.45% | 86.36% |

information prior to 2013 is not available

Schedule of the Airport's Contributions to OPERS:

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 338,937 | \$ 321,107 | \$ 318,659 | \$ 317,590 |
| Contributions in relation to contractually required contribution | <u>(338,937)</u> | <u>(321,107)</u> | <u>(318,659)</u> | <u>(317,590)</u> |
| Contribution deficit (surplus) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Airport's covered-employee payroll | \$ 2,607,208 | \$ 2,675,890 | \$ 2,669,464 | \$ 2,660,511 |
| Contributions as a percentage of covered-employee payroll | 13.00% | 12.00% | 11.94% | 11.94% |

information prior to 2014 is not available

**AKRON-CANTON REGIONAL AIRPORT AUTHORITY
 STARK AND SUMMIT COUNTIES
 FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2017**

| Federal Grantor/ Program Title | Grant Number | Federal CFDA Number | Receipts | Expenditures |
|---|-----------------|---------------------------|---------------------|---------------------|
| U.S. DEPARTMENT OF TRANSPORTATION | | | | |
| <i>Direct Funding:</i> | | | | |
| Airport Improvement Program: | | | | |
| Airport Improvement Project No. 58 | 3-39-000-5812 | 20.106 | \$ 65,319 | \$ 9,449 |
| Airport Improvement Project No. 61 | 3-39-000-6115 | 20.106 | - | 194,247 |
| Airport Improvement Project No. 62 | 3-39-000-6215 | 20.106 | <u>1,958,634</u> | <u>2,531,146</u> |
| Total -- U.S. Department of Transportation | | | <u>2,023,953</u> | <u>2,734,842</u> |
| Total Federal Financial Assistance | | | <u>\$ 2,023,953</u> | <u>\$ 2,734,842</u> |

The accompanying notes to this schedule are an integral part of this schedule.

**Akron-Canton Regional Airport Authority
Stark and Summit Counties**

*Notes to the Federal Awards Receipts and Expenditures Schedule and
the Schedule of Expenditures of Passenger Facility Charges
For the Year Ended December 31, 2017*

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Receipts and Expenditures Schedule and the Schedule of Expenditures of Passenger Facility Charges include the federal award activity of Akron-Canton Regional Airport Authority (the Airport) under programs of the federal government for the year ended December 31, 2017. The information on the Federal Awards Receipts and Expenditures Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The information on the Schedule of Expenditures of Passenger Facility Charges is prepared in accordance with the requirements of the *Audit Requirements for Federal Awards*, and the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"). Because the Schedules present only a selected portion of the operations of the Airport, they are not intended to and do not present the financial position, changes in net position, or cash flows of the Airport.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Federal Awards Receipts and Expenditures Schedule has been prepared on the accrual basis of accounting. The Schedule of Expenditures of Passenger Facility Charges has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

The Airport has not elected to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

NOTE C – MATCHING REQUIREMENTS

Certain federal programs require that the Airport contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on these schedules.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

May 11, 2018

Akron-Canton Regional Airport Authority
5400 Lauby Road Box 23
North Canton, Ohio 44720

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Akron-Canton Regional Airport Authority** (the Airport), Stark and Summit Counties, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report dated May 11, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Airport's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Airport's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Airport's financial statements. 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.

Internal Control Over Financial Reporting (Continued)

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Airport's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Airport's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Airport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

May 11, 2018

Akron-Canton Regional Airport Authority
5400 Lauby Road Box 23
North Canton, Ohio 44720

To the Board of Trustees:

Report on Compliance for Each Major Federal Program and the Passenger Facility Charge Program

We have audited the **Akron-Canton Regional Airport Authority's** (the Airport), Stark and Summit Counties, Ohio, compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could directly and materially affect the Authority's major federal program and the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for the Authority's Passenger Facility Charge ("PFC") Program for the year ended December 31, 2017. The Summary of Audit Results section of the accompanying Schedule of Audit Findings identifies the Airport's major federal program.

Management's Responsibility

The Airport's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program and PFC program.

Auditor's Responsibility

Our responsibility is to opine on the Airport's compliance for the Airport's major federal program and the Passenger Facility Charge Program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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).

These standards, the Uniform Guidance and the Guide require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program or 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.

Auditor's Responsibility (continued)

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

Opinion on the Major Federal Program and the Passenger Facility Charge Program

In our opinion, the Airport complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program and the Passenger Facility Charge Program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Airport's internal control over compliance with the applicable requirements that could directly and materially affect the major federal program or the Passenger Facility Charge Program, to determine our auditing procedures appropriate for opining on the major federal program's and the Passenger Facility Charge Program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

Akron-Canton Regional Airport Authority
Stark and Summit Counties
Independent Auditor's Report on Compliance with Requirements Applicable to
the Major Federal Program and the Passenger Facility Charge Program and on
Internal Control Over Compliance Required by the Uniform Guidance
Page 3

This report only describes the scope of our internal control compliance tests and the results of this testing based on the Uniform Guidance and the Guide's requirements. Accordingly, this report is not suitable for any other purpose.



Marietta, Ohio
Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Akron-Canton Regional Airport Authority
Stark and Summit Counties
Schedule of Audit Findings
For the Year Ended December 31, 2017

1. SUMMARY OF AUDIT RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR Section 200.596(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Airport Improvement Program CFDA# 20.106 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR Section 200.520? | Yes |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

AKRON-CANTON REGIONAL AIRPORT AUTHORITY

SUMMIT 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
JUNE 14, 2018**

THE PORT

Making Real Estate Work

Port of Greater Cincinnati Development Authority

**Financial Report
with Supplemental Information
December 31, 2018**



OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Directors
Port of Greater Cincinnati Development Authority
3 East Fourth Street, Suite 300
Cincinnati, Ohio 45202

We have reviewed the *Independent Auditor's Report* of the Port of Greater Cincinnati Development Authority, Hamilton County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 29, 2019

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Independent Auditor's Report

To the Board of Directors
Port of Greater Cincinnati Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Port of Greater Cincinnati Development Authority ("The Port") as of and for the years ended December 31, 2018 and 2017 and the related notes to the financial statements, which collectively comprise The Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Port of Greater Cincinnati Development Authority as of December 31, 2018 and 2017 and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the basic financial statements, The Port adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in The Port restating net position for the recognition of The Port's other postemployment benefit-related activity incurred prior to January 1, 2018. Our opinion is not modified with respect to this matter.

To the Board of Directors
Port of Greater Cincinnati Development Authority

Other Matters

Required Supplemental Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2019 on our consideration of the Port of Greater Cincinnati Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port of Greater Cincinnati Development Authority's internal control over financial reporting and compliance.



June 11, 2019

Our discussion and analysis of Port of Greater Cincinnati Development Authority's (dba "The Port") financial performance provides an overview of the financial activities for the fiscal years ended December 31, 2018, 2017, and 2016. Please read it in conjunction with The Port's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2018:

- Operating revenue of \$8.1 million in 2018 was \$1.5 million or 22% higher than the prior year, as The Port continues to increase operating revenues through its growth in charges for services.
- Capital grants and contributions in 2018 totaled \$8.0 million and includes a \$4.9 million developer contribution on the RBM Development Phase 2B Project (Red Bank Medpace campus headquarters in Madisonville), \$2.0 million in capital grants from the City of Cincinnati towards projects in Bond Hill and Roselawn, and \$1.0 million from JobsOhio for the redevelopment of the former Cincinnati Gardens in Bond Hill.
- Capital assets increased \$18.6 million in 2018 due to the \$11.9 million acquisition of land at the Fifth and Plum Project adjacent to the Duke Energy Convention Center, \$9.2 million of garage construction and infrastructure improvements at the RBM Development site, offset by \$2.6 million of depreciation.
- Long-term liabilities increased \$38.8 million or 44% in 2018 primarily as a result of issuing revenue bonds of \$12.6 million for the Fifth and Plum Project, \$22.8 million for RBM Development Phase 2B, and \$1.0 million for the Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund, which will rehab foreclosed, vacant residential properties into homes ready for sale in targeted Cincinnati neighborhoods.
- The Port's net position increased to \$15.7 million by the end of 2018, an increase of \$3.0 million or 23 percent over the prior year. The increase is net of a \$1.7 million reduction to net position for the other postemployment benefit (OPEB) change in accounting principle (see Note 13).

Using this Annual Report

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

Condensed Financial Information

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

| | Business-type Activities | | | | Percent Change |
|--|--------------------------|----------------------|----------------------|---------------------|-------------------|
| | 2016 | 2017 | 2018 | Change | |
| Assets | | | | | |
| Other assets | \$ 50,414,626 | \$ 46,741,233 | \$ 70,006,057 | \$ 23,264,824 | 50% |
| Capital assets being depreciated - Net | 47,010,358 | 44,616,643 | 48,414,870 | 3,798,227 | 9% |
| Capital assets not being depreciated | <u>7,139,859</u> | <u>11,122,212</u> | <u>25,910,164</u> | <u>14,787,952</u> | 133% |
| Total assets | 104,564,843 | 102,480,088 | 144,331,091 | 41,851,003 | 41% |
| Deferred Outflows of Resources | | | | | |
| | <u>580,378</u> | <u>963,226</u> | <u>1,258,784</u> | <u>295,558</u> | 31% |
| Total assets and deferred outflows | 105,145,221 | 103,443,314 | 145,589,875 | 42,146,561 | 41% |
| Liabilities | | | | | |
| Current liabilities | 3,780,733 | 1,622,983 | 1,344,028 | (278,955) | -17% |
| Long-term liabilities: | | | | | |
| Due within one year | 3,184,348 | 3,496,184 | 4,411,824 | 915,640 | 26% |
| Due in more than one year | <u>80,644,706</u> | <u>85,450,418</u> | <u>123,337,223</u> | <u>37,886,805</u> | 44% |
| Total liabilities | <u>87,609,787</u> | <u>90,569,585</u> | <u>129,093,075</u> | <u>38,523,490</u> | 43% |
| Deferred Inflows of Resources | 43,623 | 115,895 | 761,875 | 645,980 | 557% |
| Net Position | | | | | |
| Net investment in capital assets | 6,318,938 | 3,606,442 | 5,568,793 | 1,962,351 | 54% |
| Restricted | 10,092,061 | 8,646,265 | 9,685,628 | 1,039,363 | 12% |
| Unrestricted | <u>1,080,812</u> | <u>505,127</u> | <u>480,504</u> | <u>(24,623)</u> | -5% |
| Total net position | <u>\$ 17,491,811</u> | <u>\$ 12,757,834</u> | <u>\$ 15,734,925</u> | <u>\$ 2,977,091</u> | 23% |

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

Management's Discussion and Analysis (Continued)

| | Business-type Activities | | | | Percent Change |
|--|--------------------------|-----------------------|---------------------|---------------------|-------------------|
| | 2016 | 2017 | 2018 | Change | |
| Operating Revenue | | | | | |
| Public funding | \$ 1,400,000 | \$ 1,400,000 | \$ 1,400,000 | \$ - | 0% |
| Charges for services | <u>4,957,526</u> | <u>5,221,555</u> | <u>6,673,464</u> | <u>1,451,909</u> | 28% |
| Total operating revenue | 6,357,526 | 6,621,555 | 8,073,464 | 1,451,909 | 22% |
| Operating Expenses | | | | | |
| Salaries and benefits | 2,370,636 | 3,467,434 | 4,123,709 | 656,275 | 19% |
| Professional services | 970,451 | 735,495 | 817,803 | 82,308 | 11% |
| Occupancy | 158,757 | 168,262 | 163,998 | (4,264) | -3% |
| Travel and business development | 77,995 | 99,479 | 118,315 | 18,836 | 19% |
| Equipment and supplies | 47,055 | 42,952 | 45,856 | 2,904 | 7% |
| Taxes | 162,360 | 188,431 | 387,160 | 198,729 | 105% |
| Other operating expenses | 155,520 | 202,466 | 224,224 | 21,758 | 11% |
| Depreciation | <u>2,421,301</u> | <u>2,441,842</u> | <u>2,563,102</u> | <u>121,260</u> | 5% |
| Total operating expenses | <u>6,364,075</u> | <u>7,346,361</u> | <u>8,444,167</u> | <u>1,097,806</u> | 15% |
| Operating Loss | (6,549) | (724,806) | (370,703) | 354,103 | -49% |
| Restricted bond revenues | 4,314,603 | 3,529,284 | 4,289,551 | 760,267 | 22% |
| Interest expense | (3,246,599) | (3,339,353) | (3,970,017) | (630,664) | 19% |
| Gain/(Loss) on sale of property | (134,974) | 53,641 | (37,000) | (90,641) | -169% |
| Impairment on asset | - | (8,038,144) | (1,593,070) | 6,445,074 | -80% |
| Investment income | 28,076 | 95,455 | 457,473 | 362,018 | 379% |
| Bond administrative expense | (2,563,768) | (1,226,656) | (2,061,598) | (834,942) | 68% |
| Gain on extinguishment of debt | 3,365,000 | - | - | - | 0% |
| Capital grants and contributions | <u>1,694,079</u> | <u>4,916,602</u> | <u>7,954,860</u> | <u>3,038,258</u> | 62% |
| Increase in Net Position | <u>3,449,868</u> | <u>(4,733,977)</u> | <u>4,669,496</u> | <u>9,403,473</u> | -199% |
| Adjustment for change in accounting principle | - | - | (1,692,405) | (1,692,405) | N/A |
| Change in Net Position | <u>\$ 3,449,868</u> | <u>\$ (4,733,977)</u> | <u>\$ 2,977,091</u> | <u>\$ 7,711,068</u> | -163% |

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

The net position of all business-type activities increased by \$3.0 million, or 23 percent, in 2018. In comparison, net position in 2017 decreased by \$4.7 million, or 27 percent. The decrease in net position during 2017 was led by an \$8.0 million cost-to-market adjustment, further detailed in Note 12.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations, decreased \$24,623, or 5 percent in 2018. In comparison, in 2017 unrestricted net position decreased by \$0.6 million, or 53 percent. The current level of unrestricted net position stands at \$0.5 million, or about 10 percent of annual operating expenditures, excluding depreciation.

Restricted net position increased by \$1.0 million, or 12 percent, in 2018, approximately equally between trust restricted equity versus grant restricted equity. The trust restricted equity increase resulted from a \$255,305 increase in the reserve funds for Communities First (The Port's mortgage down payment assistance program), and principal paydowns on Fountain Square South Garage and Amberley Site bonds (see Note 6). The grant restricted equity increase was mainly derived from the recognition of unearned grant revenue on The Port's redevelopment at 2250 Seymour Ave (former Cincinnati Gardens). In contrast, restricted net position decreased by \$1.4 million, or 14 percent, in 2017. The prior year decrease resulted from the Amberley Site write down financed by The Port's Bond Fund loan, which had a principal balance of \$2.2 million at the end of 2017. This decrease in equity was partially offset by a \$0.8 million increase in trusts restricted equity led by Communities First.

Net investment in capital assets increased \$2.0 million, or 54 percent, in 2018 primarily due to a \$4.9 million developer contribution towards the RBM Development Phase 2B Project (see Note 6), offset by depreciation of \$2.6 million. In contrast, in 2017 net investment in capital assets decreased \$2.7 million or 43 percent, mainly due to depreciation of \$2.4 million.

Operating Revenue

Public funding in the form of operating grants is provided in equal amounts of \$700,000 from the City of Cincinnati and Hamilton County to support The Port's economic development and inclusion activities. These grants are appropriated annually and have not increased since 2012.

Charges for services consist primarily of fees charged for: garage parking, utilization of The Port's finance tools, mortgage down payment assistance, management of other organizations, commercial real estate leases, and oversight of redevelopment projects. Service revenue increased \$1.5 million or 28 percent in 2018 compared to the prior year. The increase was led by a \$1.3 million increase in finance fee revenue. In comparison, service revenue increased \$0.3 million in 2017 due to a \$0.3 million increase in management fees.

Operating Expenses

Operating expenses increased \$1.1 million or 15 percent in 2018 compared to the prior year, primarily due to a \$0.7 million increase in salaries and benefits from additional staffing, and a \$0.2 million increase in property taxes and holding costs.

In 2017, operating expenses increased \$1.0 million over the prior year due to an increase in salaries and benefits resulting from additional staff.

For years 2017, 2016 and 2015, The Port had adequate operating revenue to cover its operating expenses before depreciation on capital assets.

Nonoperating Income (Expenses)

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

Restricted bond revenues increased \$0.8 million or 22 percent in 2018 due to a \$0.7 million increase in Kenwood Collection and \$0.1 million increase in Springdale Pictoria bond revenues. In comparison, restricted bond revenues decreased \$0.8 million or 18 percent in 2017 due to a \$0.6 million decline in Kenwood Collection and \$0.3 million decline in Cincinnati Mall bond revenues.

Bond administrative expenses increased \$0.8 million or 68 percent in 2018 due to issuance costs on new financings in 2018 (see Note 6). In 2017, bond administrative expenses decreased \$1.3 million or 52% due to less debt issuance costs from fewer new financings in 2017.

In 2018, The Port completed its redevelopment of the former Cincinnati Gardens at 2250 Seymour Avenue in Bond Hill and listed the property for sale by a commercial real estate broker. Based upon the listed selling prices and expected selling costs, management estimated the net realizable values and recorded a cost-to-market adjustment of \$1.3 million in 2018. This write-down represents the subsidy invested to make the properties marketable. Additionally, The Port recognized a \$0.2 million asset impairment in 2018 after discontinuing a redevelopment project planned at the US Army Reserve in Roselawn.

In comparison, in 2017 The Port completed its redevelopment of the Amberley Site at 2100 Section Road and had the property listed for sale by a commercial real estate broker, joining MidPointe Crossing and TechSolvell, which have been listed since 2014. Based upon the listed selling prices and expected selling costs, management estimated the net realizable values and recorded a cost-to-market adjustment of \$8.0 million in 2017.

Capital grants and contributions increased \$3.0 million or 62 percent in 2018 led by a \$4.9 million developer contribution for the RBM Development Project Phase 2B in Madisonville. Other grants received in 2018 came from public sources for redevelopment projects in Bond Hill and Roselawn, including \$2.0 million from the City of Cincinnati and \$1.0 million from JobsOhio. In 2017, capital grants and contributions increased \$3.2 million or 190 percent due to a \$1.9 million and \$1.8 million increase in capital grants provided by Hamilton County and JobsOhio, respectively, primarily for redevelopment of the Amberley Site at 2100 Section Road. Meanwhile, corporate and City of Cincinnati capital grants declined \$0.5 million in 2017 compared to the prior year.

Capital Asset and Debt Administration

At the end of 2018, The Port had \$74.3 million invested in a broad range of capital assets, including public parking garages and lots, public infrastructure, and utilities. During the year, The Port acquired land in the form of a 250-space surface parking lot at Fifth & Plum (directly south of the Duke Energy Convention Center) for \$11.9 million and recognized \$9.2 million of construction-in-progress on the two parking garages at the RBM Development in Madisonville, the campus headquarters of Medpace, a research-based drug and medical device company. The garage constructed in RBM Development Phase 2A was made available to the public in 2018, resulting in \$6.3 million being reclassified from construction-in-progress to depreciable capital assets. This activity was offset by additional depreciation on capital assets in the amount of \$2.6 million.

In comparison, in 2017 The Port recognized \$4.0 million of construction-in-progress related to the parking garage at the RBM Development Phase 2A Project, and \$2.4 million of additional depreciation on capital assets.

In support of economic development and other authorized projects within the City of Cincinnati and Hamilton County, The Port considers and, with board approval, issues bonds. In 2018, The Port issued \$421.3 million of bonds, which was the highest amount of bonds issued in a single year for The Port. In comparison, The Port issued \$161.8 million of bonds in 2017 and \$101.4 million of bonds in 2016. The following table summarizes The Port's issuance of bonds and conduit financings in the years 2018, 2017 and 2016.

Management’s Discussion and Analysis (Continued)

| Issue Date | Project Name | Bond Amount |
|------------|---|-----------------------|
| 06/2018 | Fifth and Plum Project | \$ 12,590,000 |
| 07/2018 | RBM Development Phase 2B - TIF | 22,805,000 |
| 08/2018 | Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund | 1,000,000 |
| 06/2018 | Mercer Commons Garage (refinance) * | 8,329,000 |
| 07/2018 | Poste (formerly Firehouse Row) * | 13,680,795 |
| 07/2018 | RBM Development Phase 2B - Lease * | 43,000,000 |
| 09/2018 | Woodlawn Meadows Project ** | 1,855,000 |
| 09/2018 | Madison and Whetsel ** | 2,795,000 |
| 09/2018 | Madison and Whetsel * | 1,412,602 |
| 10/2018 | Springdale Office Park ** | 6,605,000 |
| 10/2018 | Fourth and Race Parking Garage * | 29,240,000 |
| 12/2018 | Provident Bank Building * | 28,000,000 |
| 12/2018 | FC Cincinnati MLS Stadium * | 250,000,000 |
| | Total 2018 | <u>\$ 421,312,397</u> |
| 01-11/2017 | Cincinnati Neighborhood Commercial Real Estate Loan Fund (two tranches in 2017) | \$ 2,000,000 |
| 11/2017 | Fairfax Village Red Bank (refinance) | 3,247,356 |
| 01-09/2017 | Patient Capital Fund (3 new investors in 2017) | 3,500,000 |
| 04/2017 | Keystone Hotel * | 17,300,000 |
| 09/2017 | Rumpke * | 24,000,000 |
| 09/2017 | The Collegiate * | 85,592,546 |
| 11/2017 | Fairfax Village Red Bank (refinance) * | 3,787,644 |
| 12/2017 | Court & Walnut * | 17,230,000 |
| 12/2017 | Washington Park Garage * | 5,100,000 |
| | Total 2017 | <u>\$ 161,757,546</u> |
| 05/2016 | Kenwood Collection (refunding bonds) | \$ 18,665,000 |
| 06/2016 | Patient Capital Fund (bond anticipation notes) | 7,325,000 |
| 06/2016 | Amberley Site Redevelopment - 2100 Section Rd | 2,500,000 |
| 07/2016 | RBM Development - TIF | 15,065,000 |
| 07/2016 | RBM Development - Lease * | 50,260,000 |
| 12/2016 | Downtown/OTR West * | 7,550,000 |
| | Total 2016 | <u>\$ 101,365,000</u> |

* Conduit revenue bond obligations

** Conduit revenue bond obligations - Southwest Ohio Regional Bond Fund

Economic Factors and Next Year’s Budgets and Rates

The Port will continue to rely on operating support provided from its public partners - the City of Cincinnati and Hamilton County. The City and County are expected to make operating grants of \$700,000 each in 2019, which is unchanged from this year.

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

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

Capital funding from the City of Cincinnati for real estate development is subject to annual, discretionary appropriation by Cincinnati City Council. In 2016, the City appropriated to The Port capital grant funds of \$3 million for business district redevelopment in Bond Hill and Roselawn (of which approximately \$1.7 million remained available at the end of 2018), and \$2 million for redevelopment of the former Hudepohl Brewery site in Queensgate. These funds are planned for capital expenditure in 2019 and will include developer fee revenue to The Port.

Contacting the Management

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

Proprietary Funds
Statement of Net Position

December 31, 2018 and 2017

| | 2018 | 2017 |
|---|---------------|---------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents (Note 3) | \$ 6,027,391 | \$ 6,791,223 |
| Receivables - Net of allowance | 1,671,469 | 1,042,215 |
| Prepaid expenses and other assets | 297,395 | 379,375 |
| Total current assets | 7,996,255 | 8,212,813 |
| Noncurrent assets: | | |
| Restricted cash and investments | 41,815,468 | 21,593,260 |
| Notes receivable | 1,960,858 | 1,025,586 |
| Capital assets: (Note 4) | | |
| Assets not subject to depreciation | 25,910,164 | 11,122,212 |
| Assets subject to depreciation | 48,414,870 | 44,616,643 |
| Assets held for resale (Note 12) | 18,233,476 | 15,909,574 |
| Total noncurrent assets | 136,334,836 | 94,267,275 |
| Total assets | 144,331,091 | 102,480,088 |
| Deferred Outflows of Resources | | |
| Pension (Note 9) | 1,121,157 | 963,226 |
| OPEB (Note 9) | 137,627 | - |
| Total deferred outflows of resources | 1,258,784 | 963,226 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 949,230 | 891,488 |
| Accrued liabilities and other | 245,311 | 172,510 |
| Unearned grant revenue | 149,487 | 558,985 |
| Total current liabilities | 1,344,028 | 1,622,983 |
| Noncurrent liabilities: | | |
| Accrued interest payable from restricted assets | 1,735,958 | 1,321,931 |
| Accrued expenses payable from restricted assets | 806,766 | 827,401 |
| Net pension obligation (Note 9) | 1,993,142 | 1,912,511 |
| Net OPEB obligation (Note 9) | 1,870,194 | - |
| Current portion of long-term debt payable from restricted assets (Note 6) | 1,869,100 | 1,346,852 |
| Long-term payable from restricted assets (Note 6) | 30,253,489 | 11,636,056 |
| Long-term debt payable from future restricted bond revenue (Note 6) | 89,220,398 | 71,901,851 |
| Total noncurrent liabilities | 127,749,047 | 88,946,602 |
| Total liabilities | 129,093,075 | 90,569,585 |
| Deferred Inflows of Resources | | |
| Pension | 471,083 | 19,453 |
| OPEB | 139,317 | - |
| Interest rate swap agreement | 151,475 | 96,442 |
| Total deferred inflows of resources | 761,875 | 115,895 |
| Net Position | | |
| Net investment in capital assets | 5,568,793 | 3,606,442 |
| Restricted: | | |
| Grants | 7,002,927 | 6,495,281 |
| Trust assets | 2,682,701 | 2,150,984 |
| Unrestricted | 480,504 | 505,127 |
| Total net position | \$ 15,734,925 | \$ 12,757,834 |

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

Years Ended December 31, 2018 and 2017

| | 2018 | 2017 |
|---|---------------|---------------|
| Operating Revenue | | |
| Public funding (Note 7) | \$ 1,400,000 | \$ 1,400,000 |
| Charges for services | 6,673,464 | 5,221,555 |
| Total operating revenue | 8,073,464 | 6,621,555 |
| Operating Expenses | | |
| Salaries and benefits | 4,123,709 | 3,467,434 |
| Professional services | 817,803 | 735,495 |
| Occupancy | 163,998 | 168,262 |
| Travel and business development | 118,315 | 99,479 |
| Equipment and supplies | 45,856 | 42,952 |
| Other operating expenses | 224,224 | 202,466 |
| Taxes and holding costs | 387,160 | 188,431 |
| Depreciation | 2,563,102 | 2,441,842 |
| Total operating expenses | 8,444,167 | 7,346,361 |
| Operating Loss | (370,703) | (724,806) |
| Nonoperating Revenue (Expense) | | |
| Restricted bond revenue | 4,289,551 | 3,529,284 |
| Investment income | 457,473 | 95,455 |
| Interest expense | (3,970,017) | (3,339,353) |
| (Loss) gain on sale of property | (37,000) | 53,641 |
| Impairment on assets | (1,593,070) | (8,038,144) |
| Bond administrative expense | (2,061,598) | (1,226,656) |
| Grants | 5,164 | - |
| Grant expenditures | (5,164) | - |
| Total nonoperating (expense) revenue | (2,914,661) | (8,925,773) |
| Loss - Before capital grants and contributions | (3,285,364) | (9,650,579) |
| Capital Grants and Contributions | 7,954,860 | 4,916,602 |
| Increase (Decrease) in Net Position | 4,669,496 | (4,733,977) |
| Net Position - Beginning of year - as restated (Note 13) | 11,065,429 | 17,491,811 |
| Net Position - End of year | \$ 15,734,925 | \$ 12,757,834 |

Proprietary Funds
Statement of Cash Flows

Years Ended December 31, 2018 and 2017

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Cash Flows from Operating Activities | | |
| Receipts from public funding sources | \$ 1,400,000 | \$ 1,400,000 |
| Receipts from charges for services | 6,612,152 | 5,113,020 |
| Payments to suppliers | (1,417,409) | (1,681,182) |
| Payments to employees | (3,563,755) | (3,155,910) |
| | 3,030,988 | 1,675,928 |
| Cash Flows from Noncapital Financing Activities | | |
| Receipts from grants and subsidies | 7,086,552 | 3,585,201 |
| Proceeds from the issuance of debt | 1,500,000 | 5,500,000 |
| Principal paid on debt | (398,680) | (375,664) |
| Interest paid | (429,319) | (445,680) |
| Proceeds from the sale of assets held for sale | 1,000 | 279,000 |
| Purchase and development of assets held for sale | (4,073,408) | (5,352,022) |
| | 3,686,145 | 3,190,835 |
| Cash Flows from Capital and Related Financing Activities | | |
| Proceeds from the issuance of capital debt | 35,395,000 | 3,247,356 |
| Restricted bond revenue | 4,289,552 | 3,529,284 |
| Purchase and construction of capital assets | (21,160,230) | (3,491,272) |
| Principal paid on capital debt | (948,172) | (4,183,948) |
| Interest paid | (2,229,092) | (2,777,894) |
| Bond administrative expenses paid | (2,093,166) | (1,658,322) |
| | 13,253,892 | (5,334,796) |
| Cash Flows from Investing Activities | | |
| Interest received on investments | 460,900 | 99,723 |
| Loans provided | (973,549) | (1,035,000) |
| | (512,649) | (935,277) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 19,458,376 | (1,403,310) |
| Cash and Cash Equivalents - Beginning of year | 28,384,483 | 29,787,793 |
| Cash and Cash Equivalents - End of year | \$ 47,842,859 | \$ 28,384,483 |
| Classification of Cash and Cash Equivalents | | |
| Cash and investments | \$ 6,027,391 | \$ 6,791,223 |
| Restricted cash | 41,815,468 | 21,593,260 |
| | \$ 47,842,859 | \$ 28,384,483 |
| Total cash and cash equivalents | \$ 47,842,859 | \$ 28,384,483 |

Propriety Funds
Statement of Cash Flows (Continued)

Years Ended December 31, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| Reconciliation of Operating Loss to Net Cash from Operating Activities | | |
| Operating loss | \$ (370,703) | \$ (724,806) |
| Adjustments to reconcile operating loss to net cash from operating activities: | | |
| Depreciation | 2,563,102 | 2,441,842 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (101,932) | 139,057 |
| Prepaid and other assets | (339,307) | (446,136) |
| Accounts payable | 362,214 | (332,396) |
| Accrued and other liabilities | 917,614 | 598,367 |
| | <u>\$ 3,030,988</u> | <u>\$ 1,675,928</u> |
| Net cash and cash equivalents provided by operating activities | | |

December 31, 2018 and 2017

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

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

Reporting Entity

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

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

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

Port Authority Powers

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

Special Financing, Projects, and Programs

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

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

Note 2 - Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

December 31, 2018 and 2017

Note 2 - Significant Accounting Policies (Continued)

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

Management Agreements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

Assets, Liabilities, and Net Position

Bank Deposits and Investments

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

Restricted Assets

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

Note 2 - Significant Accounting Policies (Continued)

Assets Held for Resale

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

Capital Assets

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

The Port capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Capitalized interest for 2018 and 2017 was \$552,648 and \$307,083, respectively.

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

| | Depreciable Life Years |
|--------------------------------------|---------------------------|
| Land improvements | 30 to 45 |
| Buildings and leasehold improvements | 3 to 45 |
| Office equipment and furnishings | 3 to 7 |

Notes Receivable

In October 2018, The Port provided five housing loans from the Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund totaling \$973,549 (see Note 6). All five loans mature in the year 2025 and have an annual interest rate of 2.50 percent. Interest payments are due quarterly starting in 2019.

In December 2017, The Port provided two commercial loans from the Cincinnati Neighborhood Commercial Real Estate Loan Fund totaling \$1,035,000 (see Note 6). Both loans mature in the year 2024 and have an annual interest rate of 3.75 percent. Interest payments are due quarterly starting in 2018.

Compensated Absences (Vacation and Sick Leave)

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

Long-term Debt

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

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Port reports deferred inflows related to pensions and OPEB (Note 9) and an interest rate swap agreement (Note 6).

Pension and Other Postemployment Benefit Costs

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System Pension Plan (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value. OPERS reports investments at fair value (see Note 9).

For the year ended December 31, 2018, The Port has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. For purposes of measuring the net other postemployment benefit (OPEB) liability in, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of OPERS and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, OPERS recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended December 31, 2017, The Port adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*. OPERS provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45 (see Note 9).

Net Position Flow Assumption

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

Note 2 - Significant Accounting Policies (Continued)

Net Position

Net position of The Port is classified in three components:

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

Capital Grants and Contributions

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

Proprietary Funds Operating Classification

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

Use of Estimates

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

Upcoming Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Port is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for The Port's financial statements for the year ending December 31, 2021.

Note 2 - Significant Accounting Policies (Continued)

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

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies accounting for conduit debt. The standard clarifies and broadens the definition of what qualifies as a conduit debt obligation, eliminates the option for issuers to recognize conduit debt obligations, and enhances note disclosures. The requirements of the standard will be applied retrospectively. The Port is still determining what impact the new standard will have. The provisions of this statement are effective for The Port's financial statements for the December 31, 2021 fiscal year.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 11, 2019, which is the date the financial statements were available to be issued.

Note 3 - Deposits and Investments

Deposits

Monies in the funds of The Port, except as otherwise described below with respect to investments controlled by the terms of a bond resolution or trust agreement or indenture, and to the extent in excess of current needs, may be invested in accordance with the Ohio Uniform Depository Act, Revised Code Sections 135.01-135.21 (UDA). At December 31, 2018 and 2017, the aggregate amount of monies in the general operating funds of The Port was \$6,091,631 and \$6,844,522, respectively, all of which constituted "active deposits," with three qualified banking institutions deposited in accordance with UDA. At December 31, 2018 and 2017, approximately \$797,400 and \$750,000, respectively, of The Port's deposits were covered by FDIC insurance. The remaining bank balances at December 31, 2018 and 2017 of approximately \$5,294,200 and \$6,094,500, respectively, were collateralized with securities by the pledging institution's trust department or agent, but not in The Port's name. At no time during the two-year period ended December 31, 2018 did The Port have any amounts for investment in the unrestricted general operating funds of The Port not constituting active deposits.

Custodial Credit Risk of Bank Deposits

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

Investments

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

December 31, 2018 and 2017

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Port held U.S. Treasury securities with a market value of \$11,328,960 and \$219,716 having a maximum of 283 and 39 days remaining until maturity for the years ended December 31, 2018 and 2017, respectively.

Credit Risk

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

December 31, 2018 and 2017

Note 4 - Capital Assets

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

| | Balance January 1, 2018 | Additions | Disposals | Balance December 31, 2018 |
|---|-------------------------------|----------------------|-----------------------|---------------------------------|
| Business-type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land easements - Red Bank | \$ 450,000 | \$ - | \$ - | \$ 450,000 |
| Land - RBM 2A | 5,785,192 | - | - | 5,785,192 |
| Land - Fifth & Plum Parking Lot | - | 11,920,221 | - | 11,920,221 |
| Construction in progress - RBM 2A | 4,887,020 | 1,454,604 | (6,341,624) | - |
| Construction in progress - RBM 2B | - | 7,754,751 | - | 7,754,751 |
| Subtotal | 11,122,212 | 21,129,576 | (6,341,624) | 25,910,164 |
| Capital assets being depreciated: | | | | |
| Land improvements - Cincinnati Mall | 4,519,426 | - | - | 4,519,426 |
| Land improvements - Springdale Pictoria | 882,619 | - | - | 882,619 |
| Land improvements - Red Bank | 2,539,587 | - | - | 2,539,587 |
| Buildings - Cincinnati Mall | 10,084,875 | - | - | 10,084,875 |
| Buildings - Springdale Pictoria | 9,260,329 | - | - | 9,260,329 |
| Buildings - Kenwood Collection | 34,371,914 | - | - | 34,371,914 |
| Buildings - RBM 2A | - | 6,341,624 | - | 6,341,624 |
| Office equipment | 30,988 | - | (7,447) | 23,541 |
| Furniture and fixtures | 75,806 | 9,712 | - | 85,518 |
| Leasehold improvements - Garage | 1,382,450 | 9,992 | - | 1,392,442 |
| Leasehold improvements - Office | 15,347 | - | - | 15,347 |
| Subtotal | 63,163,341 | 6,361,328 | (7,447) | 69,517,222 |
| Accumulated depreciation: | | | | |
| Land improvements - Cincinnati Mall | 1,948,358 | 152,040 | - | 2,100,398 |
| Land improvements - Springdale Pictoria | 408,661 | 36,459 | - | 445,120 |
| Land improvements - Red Bank | 1,096,221 | 75,306 | - | 1,171,527 |
| Buildings - Cincinnati Mall | 4,256,728 | 342,832 | - | 4,599,560 |
| Buildings - Springdale Pictoria | 4,272,410 | 383,687 | - | 4,656,097 |
| Buildings - Kenwood Collection | 6,363,894 | 1,333,715 | - | 7,697,609 |
| Buildings - RBM 2A | - | 156,470 | - | 156,470 |
| Office equipment | 23,573 | 3,363 | (7,447) | 19,489 |
| Furniture and fixtures | 26,478 | 11,952 | - | 38,430 |
| Leasehold improvements - Garage | 149,571 | 65,359 | - | 214,930 |
| Leasehold improvements - Office | 804 | 1,918 | - | 2,722 |
| Subtotal | 18,546,698 | 2,563,101 | (7,447) | 21,102,352 |
| Net capital assets being depreciated | 44,616,643 | 3,798,227 | - | 48,414,870 |
| Net capital assets | <u>\$ 55,738,855</u> | <u>\$ 24,927,803</u> | <u>\$ (6,341,624)</u> | <u>\$ 74,325,034</u> |

December 31, 2018 and 2017

Note 4 - Capital Assets (Continued)**Business-type Activities (Continued)**

| | Balance January 1, 2017 | Additions | Disposals | Balance December 31, 2017 |
|---|-------------------------------|--------------|-----------|---------------------------------|
| Business-type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land easements - Red Bank | \$ 450,000 | \$ - | \$ - | \$ 450,000 |
| Land - RBM 2A | 5,785,192 | - | - | 5,785,192 |
| Construction in progress - RBM 2A | 904,667 | 3,982,353 | - | 4,887,020 |
| Subtotal | 7,139,859 | 3,982,353 | - | 11,122,212 |
| Capital assets being depreciated: | | | | |
| Land improvements - Cincinnati Mall | 4,519,426 | - | - | 4,519,426 |
| Land improvements - Springdale Pictoria | 882,619 | - | - | 882,619 |
| Land improvements - Red Bank | 2,539,587 | - | - | 2,539,587 |
| Buildings - Cincinnati Mall | 10,084,875 | - | - | 10,084,875 |
| Buildings - Springdale Pictoria | 9,260,329 | - | - | 9,260,329 |
| Buildings - Kenwood Collection | 34,371,914 | - | - | 34,371,914 |
| Office equipment | 82,856 | - | (51,868) | 30,988 |
| Furniture and fixtures | 53,976 | 21,830 | - | 75,806 |
| Leasehold improvements - Garage | 1,371,500 | 10,950 | - | 1,382,450 |
| Leasehold improvements - Office | - | 15,347 | - | 15,347 |
| Subtotal | 63,167,082 | 48,127 | (51,868) | 63,163,341 |
| Accumulated depreciation: | | | | |
| Land improvements - Cincinnati Mall | 1,796,318 | 152,040 | - | 1,948,358 |
| Land improvements - Springdale Pictoria | 372,202 | 36,459 | - | 408,661 |
| Land improvements - Red Bank | 983,641 | 112,580 | - | 1,096,221 |
| Buildings - Cincinnati Mall | 3,913,896 | 342,832 | - | 4,256,728 |
| Buildings - Springdale Pictoria | 3,888,723 | 383,687 | - | 4,272,410 |
| Buildings - Kenwood Collection | 5,030,179 | 1,333,715 | - | 6,363,894 |
| Office equipment | 70,842 | 4,599 | (51,868) | 23,573 |
| Furniture and fixtures | 17,319 | 9,159 | - | 26,478 |
| Leasehold improvements - Garage | 83,604 | 65,967 | - | 149,571 |
| Leasehold improvements - Office | - | 804 | - | 804 |
| Subtotal | 16,156,724 | 2,441,842 | (51,868) | 18,546,698 |
| Net capital assets being depreciated | 47,010,358 | (2,393,715) | - | 44,616,643 |
| Net capital assets | \$ 54,150,217 | \$ 1,588,638 | \$ - | \$ 55,738,855 |

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

Construction in Progress

Redevelopment and renovation of the public parking garage at the RBM 2A development began in August 2016 and was completed and open to the public in April 2018. In July 2018, construction on a parking garage and related public infrastructure at the RBM 2B development began and continued through year end.

Construction Commitments

The Port commitments as of December 31, 2018 and 2017 are \$585,723 and \$861,000, respectively.

December 31, 2018 and 2017

Note 5 - Fair Value Measurements

The Port categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and liabilities. Level 1 inputs are quoted prices in active markets for identical assets and liabilities; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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

The Port has the following recurring fair value measurements as of December 31, 2018 and 2017:

- U.S. Treasury securities of \$11,328,960 and \$219,716, respectively, are valued using quoted market prices (Level 1 inputs).
- Money market funds of \$28,105,555 and \$16,390,845, respectively, are valued using quoted market prices (Level 1 inputs).
- The interest rate swap at \$151,475 and \$96,442, respectively, is valued using a matrix pricing model (Level 2 inputs).

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

The fair value of The Port's interest rate swap was determined primarily based on Level 2 inputs. The Port estimates the fair value of this derivative using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals and daily mark reporting by the swap provider.

The Port held no investments using Level 3 inputs for fair value measurement, nor investments measured at the net asset value per share as of December 31, 2018 and 2017.

Note 6 - Long-term Debt

The bonds are special limited obligations of The Port payable only from the funds established with and revenue assigned to the bond trustee under the trust indenture and treated as nonoperating revenue of The Port. The bondholders have no recourse to any other revenue or assets of The Port, except for the Patient Capital Fund and Amberley Site Redevelopment bondholders.

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

December 31, 2018 and 2017

Note 6 - Long-term Debt (Continued)

A detailed description of each bond issue as of December 31, 2018 follows:

| Description | Amount |
|--|-----------------------|
| Business-type Activities | |
| Revenue bonds: | |
| 2004 Cincinnati Mall Public Infrastructure (formerly known as Cincinnati Mills) Special Obligation Development Revenue Bonds, bearing interest at 6.30 percent and 6.40 percent, maturing in 2024 and 2034 | \$ 14,255,000 |
| 2006 Springdale Pictoria Public Parking/Infrastructure Special Obligation Development Revenue Bonds, bearing interest at 1.80 percent, maturing in 2031 | 6,480,000 |
| 2015 Fountain Square South Garage Parking Facility Revenue Bonds, bearing interest at 5.46 percent, maturing in 2045 | 8,099,800 |
| 2015 Southwest Ohio Regional Bond Fund - State Loan Revenue Bonds, bearing interest at 0.00 percent, maturing in 2055 | 2,500,000 |
| 2016 Kenwood Collection Redevelopment - Public Parking Project Special Obligation TIF Revenue Refunding Bonds, bearing interest at 3.75, 4.50, 5.00, 6.00, 6.60, and 6.25 percent, maturing in 2039 | 18,665,000 |
| 2016 Patient Capital Fund - Economic Development Mortgage Revenue Bond Anticipation Notes, bearing interest at 0.15 percent, maturing in 2021 | 10,825,000 |
| 2016 Amberley Site Redevelopment Project, Taxable Development Revenue Bonds (Southwest Ohio Regional Bond Fund), bearing interest at 3.50 percent, maturing in 2026 | 1,980,000 |
| 2016 RBM Development Phase 2A Special Obligation Development TIF Revenue Bonds, bearing interest at 4.00, 4.375, 4.75, 5.00, and 6.00 percent, maturing in 2033 and 2046 | 15,065,000 |
| 2017 Cincinnati Neighborhood Commercial Real Estate Loan Fund - Economic and Community Development Revenue Bonds, bearing interest at 0.00 percent through January 25, 2019 and 2.00 percent thereafter, maturing in 2026 | 2,500,000 |
| 2017 Fairfax Village Red Bank Infrastructure Project - Special Obligation TIF Refunding Revenue Bonds, bearing interest at 3.98 percent, maturing in 2037 | 3,203,504 |
| 2018 Fifth & Plum Project - Development Revenue Bonds, bearing interest at 4.95 percent through June 1, 2028 and 6.75% thereafter, maturing in 2043 | 12,590,000 |
| 2018 RBM Development Phase 2B Special Obligation Development TIF Revenue Bonds, bearing interest at 6.00 percent, maturing in 2050 | 22,805,000 |
| 2018 Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund - Housing and Community Development Revenue Bond, bearing interest at 0.00 percent through March 31, 2019 and 2.22 percent thereafter, maturing in 2025 | 1,000,000 |
| Total | <u>\$ 119,968,304</u> |

December 31, 2018 and 2017

Note 6 - Long-term Debt (Continued)

Changes in Long-term Debt

The following is a summary of long-term debt transactions (excluding unamortized bond premiums in the amount of \$1,374,683 and \$464,603 of The Port for the years ended December 31, 2018 and 2017, respectively):

| | 2018 | | | | |
|-----------------------------------|-------------------|---------------|----------------|----------------|---------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
| Business-type Activities - | | | | | |
| Revenue bonds | \$ 84,420,156 | \$ 36,895,000 | \$ (1,346,852) | \$ 119,968,304 | \$ 1,869,100 |

| | 2017 | | | | |
|-----------------------------------|-------------------|--------------|----------------|----------------|---------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
| Business-type Activities - | | | | | |
| Revenue bonds | \$ 80,232,412 | \$ 8,747,356 | \$ (4,559,612) | \$ 84,420,156 | \$ 1,346,852 |

Debt Service Requirements to Maturity

The annual total principal and interest requirements to service all debt outstanding at December 31, 2018 are as follows:

| Years Ending December 31 | Business-type Activities | | |
|--------------------------|--------------------------|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2019 | \$ 1,869,100 | \$ 5,397,754 | \$ 7,266,854 |
| 2020 | 2,110,616 | 5,331,418 | 7,442,034 |
| 2021 | 13,239,540 | 6,203,337 | 19,442,877 |
| 2022 | 2,459,431 | 5,314,857 | 7,774,288 |
| 2023 | 2,570,025 | 5,199,353 | 7,769,378 |
| 2024-2028 | 21,446,480 | 23,221,419 | 44,667,899 |
| 2029-2033 | 18,922,432 | 19,399,758 | 38,322,190 |
| 2034-2038 | 18,352,424 | 13,783,906 | 32,136,330 |
| 2039-2043 | 17,725,000 | 8,027,072 | 25,752,072 |
| 2044-2048 | 15,258,256 | 3,000,370 | 18,258,626 |
| 2049-2053 | 3,515,000 | 319,800 | 3,834,800 |
| 2054-2055 | 2,500,000 | - | 2,500,000 |
| Total | \$ 119,968,304 | \$ 95,199,044 | \$ 215,167,348 |

Cincinnati Mall Public Infrastructure (formerly known as Cincinnati Mills)

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

Interest is payable semiannually at 6.30 and 6.40 percent for the 2024 and 2034 term bonds, respectively. Principal and interest payments for 2018 and 2017 were paid upon the due date.

Note 6 - Long-term Debt (Continued)

The debt service requirements for this bond issue are as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|---------------|--------------|---------------|
| 2019 | \$ 525,000 | \$ 892,063 | \$ 1,417,063 |
| 2020 | 560,000 | 857,885 | 1,417,885 |
| 2021 | 595,000 | 821,503 | 1,416,503 |
| 2022 | 635,000 | 782,758 | 1,417,758 |
| 2023 | 680,000 | 741,335 | 1,421,335 |
| 2024-2028 | 4,145,000 | 2,973,878 | 7,118,878 |
| 2029-2033 | 5,715,000 | 1,409,760 | 7,124,760 |
| 2034 | 1,400,000 | 44,798 | 1,444,798 |
| Total | \$ 14,255,000 | \$ 8,523,980 | \$ 22,778,980 |

Springdale Pictoria Public Parking/Infrastructure

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

Interest is payable semiannually at variable interest rates currently reset annually and with conversion options permitting the interest rate to be reset weekly or fixed to maturity. Until the interest rate on the bonds is fixed to maturity, bondholders have certain rights to tender bonds for purchase, as provided by the trust indenture. At issuance and as of December 31, 2018, RBC Capital Markets (formerly Seasongood & Mayer, LLC) is the remarketing agent for the bonds.

Credit and liquidity support are provided for the bonds pursuant to a U.S. Bank N.A. Irrevocable Letter of Credit dated October 25, 2006, and as amended, extended, and reissued, and stated to expire on February 15, 2020, but extended one additional year annually thereafter if not terminated by the bank at least 270 days before February 15, 2020 or any subsequent expiration date. Obligations under the reimbursement agreement providing for that letter of credit are payable only from the trust estate established under the trust indenture. On February 15, 2015, the letter of credit fee increased from 3.0 to 3.5 percent, where it remained throughout 2018.

On February 1, 2018, the interest rate was reset to 1.80 percent from 1.35 percent per year. Assuming a constant interest rate of 1.80 percent per year from February 1, 2018 to the maturity of the bonds, debt service as of December 31, 2018 is estimated as follows:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|--------------|------------|--------------|
| 2019 | \$ 395,000 | \$ 113,085 | \$ 508,085 |
| 2020 | 410,000 | 105,840 | 515,840 |
| 2021 | 425,000 | 98,325 | 523,325 |
| 2022 | 445,000 | 90,495 | 535,495 |
| 2023 | 460,000 | 82,350 | 542,350 |
| 2024-2028 | 2,565,000 | 278,955 | 2,843,955 |
| 2029-2031 | 1,780,000 | 48,870 | 1,828,870 |
| Total | \$ 6,480,000 | \$ 817,920 | \$ 7,297,920 |

Note 6 - Long-term Debt (Continued)

Fountain Square South Garage Parking Facility

In January 2015, The Port issued \$8,800,000 principal amount Parking Facility Revenue Bonds (Series 2014) for the purpose of acquiring a leasehold interest in, improving, furnishing, or equipping The Port’s facilities, which includes Fountain Square South Garage (an underground parking garage located in downtown Cincinnati, Ohio), or financing other facilities approved by its board of directors.

The long-term lease agreement for Fountain Square South Garage is with the City of Cincinnati, Ohio whereby The Port has agreed to operate, maintain, and rehabilitate the garage and use garage revenue to pay annual debt service on the bonds and other certain payments.

The bonds consist of term bonds maturing on January 15, 2045. Bond interest is variable based upon the one-month USD-LIBOR, plus 3.00 percent and payable monthly. An interest rate swap converts the variable LIBOR debt to a fixed rate equal to 2.0925 percent through the swap maturity date of January 15, 2024. At December 31, 2018 and 2017, the interest rate was 5.4551 and 4.4770 percent, excluding the swap, respectively. Net of the swap, the interest rate was 5.0925 percent for both periods. The market value of the swap is reflected on the statement of net position in deferred inflows of resources, with an offset to receivables. See Note 14 for subsequent events related to this debt.

Assuming a constant interest rate of 5.0925 percent per year to the maturity of the bonds, debt service is estimated as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|---------------------|---------------------|----------------------|
| 2019 | \$ 218,700 | \$ 413,050 | \$ 631,750 |
| 2020 | 230,600 | 402,588 | 633,188 |
| 2021 | 242,600 | 389,288 | 631,888 |
| 2022 | 97,875 | 379,856 | 477,731 |
| 2023 | 88,853 | 375,337 | 464,190 |
| 2024-2028 | 2,267,916 | 1,290,086 | 3,558,002 |
| 2029-2033 | - | 1,279,441 | 1,279,441 |
| 2034-2038 | - | 1,279,441 | 1,279,441 |
| 2039-2043 | - | 1,279,441 | 1,279,441 |
| 2044-2045 | 4,953,256 | 278,170 | 5,231,426 |
| Total | \$ 8,099,800 | \$ 7,366,698 | \$ 15,466,498 |

Southwest Ohio Regional Bond Fund (Reserve)

In April 2015, The Port issued \$2,500,000 principal amount State Loan Revenue Bonds (Series 2015) to establish its bond fund program. The Southwest Ohio Regional Bond Fund was created from the expansion of the Dayton-region Port Authority Bond Fund. The Port’s participation in the bond fund was made available by a \$3.5 million deposit into the common fund (reserve), of which \$2.5 million was loaned by the State of Ohio and \$1.0 million was granted by Hamilton County, Ohio. Combined with Dayton’s existing \$10.8 million in reserves, the new fund has approximately \$14.3 million in reserves and capacity to issue approximately \$80 million in bonds. The expanded bond fund serves growing companies in 14 counties by providing access to project capital at terms and rates not available through traditional lending channels.

The state loan revenue bonds consist of term bonds maturing on April 29, 2055 in a lump sum. Interest (if any) is payable semiannually and is based upon the net investment earnings from the \$2.5 million held by the trustee. The net investment earnings were \$39,607 and \$16,657 for the years 2018 and 2017. All investment earnings for years 2018 and 2017 were forwarded to the State of Ohio by the trustee in either the year received, or soon after yearend. Interest payable to the State of Ohio as of December 31, 2018 and 2017 was \$4,205 and \$12,264, respectively, and included in accrued expenses payable from restricted assets.

Note 6 - Long-term Debt (Continued)

Assuming an interest rate of 0.0 percent per year to the maturity of the bonds, debt service as of December 31, 2018 is estimated as a lump-sum principal payment of \$2.5 million in the year 2055.

Kenwood Collection Redevelopment (Public Parking Project)

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

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

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

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

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

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

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

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

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

Interest is payable semiannually on the 2016A bonds, and the initial interest payment on the 2016B bonds is January 1, 2021 with semiannual payments thereafter.

Note 6 - Long-term Debt (Continued)

Assuming interest rates as shown in the table above through maturity of the bonds, debt service is estimated as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|----------------------|----------------------|----------------------|
| 2019 | \$ 375,000 | \$ 977,331 | \$ 1,352,331 |
| 2020 | 390,000 | 961,525 | 1,351,525 |
| 2021 | 410,000 | 1,835,232 | 2,245,232 |
| 2022 | 505,000 | 1,110,713 | 1,615,713 |
| 2023 | 530,000 | 1,083,365 | 1,613,365 |
| 2024-2028 | 3,165,000 | 4,905,978 | 8,070,978 |
| 2029-2033 | 4,340,000 | 3,731,318 | 8,071,318 |
| 2034-2038 | 6,060,000 | 2,019,848 | 8,079,848 |
| 2039 | 2,890,000 | 95,818 | 2,985,818 |
| Total | \$ 18,665,000 | \$ 16,721,128 | \$ 35,386,128 |

Patient Capital Fund

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

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

During 2016, The Port utilized Patient Capital Fund funds in the amounts of \$6,383,788 to acquire 56 acres at 2100 Section Rd. in Amberley Village (the former headquarters of Gibson Greetings Cards) and \$841,320 to acquire 19 acres at 2250 Seymour Ave. in Bond Hill (the former Cincinnati Gardens arena). Both sites are being redeveloped to attract advanced manufacturing. In 2017, The Port utilized Patient Capital Fund funds in the amount of \$497,559 for redevelopment of the Amberley Site.

The notes bear interest at 0.15 percent per year, and interest is due upon the note maturity date of June 1, 2021. The Port's nontax revenue is pledged to support the interest payment if other funds held in trust are not available. To the extent debt service funds held by the trustee are not sufficient to pay principal due on the note maturity date, The Port will issue bonds to the Patient Capital Fund noteholders for the remaining unpaid principal amount. The bonds, if issued, will also bear interest at 0.15 percent per year with interest payable semiannually and will mature on June 1, 2026. The notes and bonds constitute special obligations of The Port, issued under and secured by the trust agreement and payable solely from the pledged revenue and secured mortgages authorized by the trust agreement.

Assuming a constant interest rate of 0.15 percent per year to the maturity of the notes, debt service is estimated as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|----------------------|------------------|----------------------|
| 2019 | \$ - | \$ - | \$ - |
| 2020 | - | - | - |
| 2021 | 10,825,000 | 75,518 | 10,900,518 |
| Total | \$ 10,825,000 | \$ 75,518 | \$ 10,900,518 |

Note 6 - Long-term Debt (Continued)

Amberley Site Redevelopment Project (Southwest Ohio Regional Bond Fund)

In June 2016, The Port issued \$2,500,000 principal amount Taxable Development Revenue Bonds Series 2016B from the Southwest Ohio Regional Bond Fund to assist with financing the acquisition of 56 acres at 2100 Section Rd. in Amberley Village (the former headquarters of Gibson Greetings). The other source of funds to acquire the property was the Patient Capital Fund.

The term bonds have an interest rate of 3.50 percent, with a maturity date of May 15, 2026. Interest and principal on the bonds are paid semiannually; however, The Port is required to submit monthly payments to the trustee, which are funded by The Port's unrestricted cash. The Port's nontax revenue is pledged to support the principal and interest payment if other funds held in trust are not available. See Note 14 for subsequent events related to this debt.

Assuming a constant interest rate of 3.50 percent per year to the maturity of the bonds, debt service is estimated as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 230,000 | \$ 67,288 | \$ 297,288 |
| 2020 | 240,000 | 59,150 | 299,150 |
| 2021 | 250,000 | 50,663 | 300,663 |
| 2022 | 260,000 | 41,825 | 301,825 |
| 2023 | 270,000 | 32,638 | 302,638 |
| 2024-2026 | 730,000 | 38,761 | 768,761 |
| Total | \$ 1,980,000 | \$ 290,325 | \$ 2,270,325 |

RBM Development Phase 2A Project

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

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

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

Note 6 - Long-term Debt (Continued)

Assuming interest rates as shown in the table above through maturity of the bonds, debt service is estimated as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|----------------------|----------------------|----------------------|
| 2019 | \$ 10,000 | \$ 759,400 | \$ 769,400 |
| 2020 | 160,000 | 759,000 | 919,000 |
| 2021 | 195,000 | 752,200 | 947,200 |
| 2022 | 205,000 | 743,900 | 948,900 |
| 2023 | 215,000 | 735,100 | 950,100 |
| 2024-2028 | 1,450,000 | 3,510,625 | 4,960,625 |
| 2029-2033 | 2,120,000 | 3,112,531 | 5,232,531 |
| 2034-2038 | 3,045,000 | 2,486,400 | 5,531,400 |
| 2039-2043 | 4,310,000 | 1,572,250 | 5,882,250 |
| 2044-2046 | 3,355,000 | 357,600 | 3,712,600 |
| Total | \$ 15,065,000 | \$ 14,789,006 | \$ 29,854,006 |

Cincinnati Neighborhood Commercial Real Estate Loan Fund

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

The Kresge Foundation, a private, national foundation based in Detroit, Michigan, is providing initial capital to seed the Loan Fund up to \$5,000,000. A final tranche of \$2,500,000 is expected in the year 2019. The Port administers the Loan Fund and develops the program.

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

During 2017, The Port provided loans from the Commercial Real Estate Loan Fund totaling \$1,035,000 (see Note 2).

The bonds bear interest at 0.00 percent per year through January 25, 2019 and 2.00 percent thereafter through the bond maturity date of December 31, 2026. Interest payments are quarterly in arrears, starting with the initial interest payment date of March 31, 2019. The bonds constitute special obligations of The Port, and the bond payments due are payable solely from pledged revenue, including the Loan Fund and any other recourse assets.

Note 6 - Long-term Debt (Continued)

Assuming interest rates of 0.00 percent through January 25, 2019 and 2.00 percent thereafter, debt service is estimated as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|--------------|------------|--------------|
| 2019 | \$ - | \$ 46,575 | \$ 46,575 |
| 2020 | - | 50,000 | 50,000 |
| 2021 | - | 50,000 | 50,000 |
| 2022 | - | 50,000 | 50,000 |
| 2023 | - | 50,000 | 50,000 |
| 2024-2026 | 2,500,000 | 150,000 | 2,650,000 |
| Total | \$ 2,500,000 | \$ 396,575 | \$ 2,896,575 |

Fairfax Red Bank Public Infrastructure

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

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

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

Interest on the Series 2017 bonds is payable semiannually at 3.98 percent through the bond maturity date of February 1, 2037.

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

December 31, 2018 and 2017

Note 6 - Long-term Debt (Continued)

The debt service requirements for The Port's portion of the Red Bank Infrastructure Bonds as of December 31, 2018 are as follows:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|---------------------|---------------------|---------------------|
| 2019 | \$ 115,400 | \$ 126,351 | \$ 241,751 |
| 2020 | 120,016 | 121,712 | 241,728 |
| 2021 | 126,940 | 116,890 | 243,830 |
| 2022 | 131,556 | 111,792 | 243,348 |
| 2023 | 136,172 | 106,510 | 242,682 |
| 2024-2028 | 768,564 | 445,835 | 1,214,399 |
| 2029-2033 | 932,432 | 278,607 | 1,211,039 |
| 2034-2037 | 872,424 | 76,563 | 948,987 |
| Total | \$ 3,203,504 | \$ 1,384,260 | \$ 4,587,764 |

Fifth and Plum Project

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

The term bonds have an initial interest rate of 4.95 percent. On June 2, 2028 the interest rate resets through maturity at a rate equal to the 10-year U.S. Treasury Securities rate on this date plus 2.12 percent, with a minimum calculated rate of 5.03 percent and a maximum calculated rate of 6.75 percent. The bonds have a maturity date of June 1, 2043 with semiannual payments of interest and principal on the bonds (principal payments commence June 1, 2024).

Assuming a constant interest rate of 4.95 percent per year through June 1, 2028 and 6.75 percent (the maximum rate on the reset date) thereafter to the maturity of the bonds, debt service is estimated as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|----------------------|----------------------|----------------------|
| 2019 | \$ - | \$ 623,205 | \$ 623,205 |
| 2020 | - | 623,205 | 623,205 |
| 2021 | - | 623,205 | 623,205 |
| 2022 | - | 623,205 | 623,205 |
| 2023 | - | 623,205 | 623,205 |
| 2024-2028 | 1,455,000 | 3,066,581 | 4,521,581 |
| 2029-2033 | 1,825,000 | 3,520,631 | 5,345,631 |
| 2034-2038 | 3,660,000 | 2,647,856 | 6,307,856 |
| 2039-2043 | 5,650,000 | 1,020,263 | 6,670,263 |
| Total | \$ 12,590,000 | \$ 13,371,356 | \$ 25,961,356 |

RBM Development Phase 2B Project

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

Note 6 - Long-term Debt (Continued)

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

The bonds bear interest at 6.00 percent annually through the bond maturity date of December 1, 2050. Interest payments are semiannual.

Assuming an interest rate of 6.00 percent through maturity of the bonds, debt service is estimated as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|----------------------|----------------------|----------------------|
| 2019 | \$ - | \$ 1,368,300 | \$ 1,368,300 |
| 2020 | - | 1,368,300 | 1,368,300 |
| 2021 | 170,000 | 1,368,300 | 1,538,300 |
| 2022 | 180,000 | 1,358,100 | 1,538,100 |
| 2023 | 190,000 | 1,347,300 | 1,537,300 |
| 2024-2028 | 1,400,000 | 6,527,400 | 7,927,400 |
| 2029-2033 | 2,210,000 | 6,018,600 | 8,228,600 |
| 2034-2038 | 3,315,000 | 5,229,000 | 8,544,000 |
| 2039-2043 | 4,875,000 | 4,059,300 | 8,934,300 |
| 2044-2048 | 6,950,000 | 2,364,600 | 9,314,600 |
| 2049-2050 | 3,515,000 | 319,800 | 3,834,800 |
| Total | \$ 22,805,000 | \$ 31,329,000 | \$ 54,134,000 |

Greater Cincinnati Neighborhoods Housing Revitalization Loan Fund

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

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

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

During 2018, The Port provided five project loans from the Program Fund totaling \$973,549 (see Note 2). Two non-profit organizations managed by The Port are eligible borrowers, namely the Hamilton County Land Reutilization Corporation and Homesteading & Urban Redevelopment Corporation.

The bonds bear interest at 0.00 percent per year through March 31, 2019 and 2.2213 percent thereafter through the bond maturity date of April 1, 2025. Interest payments are quarterly in arrears, commencing on July 1, 2019. The bonds constitute special obligations of The Port, and the bond payments due are payable solely from pledged revenue, including the Program Fund and any other recourse assets.

Note 6 - Long-term Debt (Continued)

Assuming interest rates of 0.00 percent through March 31, 2019 and 2.2213 percent thereafter, debt service is estimated as follows as of December 31, 2018:

| Years Ending December 31 | Principal | Interest | Total |
|-----------------------------|--------------|------------|--------------|
| 2019 | \$ - | \$ 11,106 | \$ 11,106 |
| 2020 | - | 22,213 | 22,213 |
| 2021 | - | 22,213 | 22,213 |
| 2022 | - | 22,213 | 22,213 |
| 2023 | - | 22,213 | 22,213 |
| 2024-2025 | 1,000,000 | 33,320 | 1,033,320 |
| Total | \$ 1,000,000 | \$ 133,278 | \$ 1,133,278 |

Note 7 - Public Funding

For the years ended December 31, 2018 and 2017, public funding for The Port came from the following sources:

| | 2018 | 2017 |
|--------------------------|--------------|--------------|
| Hamilton County, Ohio | \$ 700,000 | \$ 700,000 |
| City of Cincinnati, Ohio | 700,000 | 700,000 |
| Total | \$ 1,400,000 | \$ 1,400,000 |

Note 8 - Leases

Operating Leases

As of December 31, 2018, noncancelable operating leases for office space and equipment expire in various years through 2025. In October 2014, The Port signed a 10-year and 10-month term sublease agreement for office space. Minimum annual lease payments began in April 2016 and range from approximately \$100,000 to \$115,000.

Future minimum lease payments are as follows:

| Years Ending December 31 | Amount |
|-----------------------------|------------|
| 2019 | \$ 131,018 |
| 2020 | 128,223 |
| 2021 | 118,785 |
| 2022 | 110,100 |
| 2023 | 111,752 |
| Thereafter | 180,336 |
| Total | \$ 780,214 |

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

Note 9 - Net Pension and OPEB Liabilities

Net Pension and OPEB Liabilities

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

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

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

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

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

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

Plan Description

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

Note 9 - Net Pension and OPEB Liabilities (Continued)

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

In order to qualify for postemployment healthcare coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB), as described in GASB Statement No. 75. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend health care coverage is provided to the OPERS board in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. When funding is approved by OPERS' board of trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2018 and 2017, local employer units contributed at a rate of 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund postretirement healthcare benefits.

Each year, the OPERS board of trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment healthcare benefits. The portion of employer contributions allocated to health care for members in the traditional pension and combined plans was 0 and 1 percent in years 2018 and 2017, respectively, as recommended by the OPERS' actuary. The OPERS board of trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the healthcare benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for member-directed plan participants was 4.0 percent for years 2018 and 2017.

The portion of the employer contributions that was made to fund other postemployment benefits (OPEB) for 2018 and 2017 was approximately \$0 and \$16,830, respectively. There are no postemployment benefits provided by The Port other than those provided through OPERS.

Benefits Provided

All benefits of OPERS, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. The board, pursuant to Ohio Revised Code Chapter 145, has elected to maintain funds to provide healthcare coverage to eligible traditional pension plan and combined plan retirees and survivors of members. Healthcare coverage does not vest and is not required under R.C. Chapter 145. As a result, coverage may be reduced or eliminated at the discretion of the board. Additional information on OPERS healthcare coverage can be found in the OPERS 2017 CAFR.

December 31, 2018 and 2017

Note 9 - Net Pension and OPEB Liabilities (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013. Please see the plan statement in the OPERS 2017 CAFR for additional details.

In the traditional pension plan, state and local members are calculated on the basis of age, final average salary (FAS), and service credit. State and local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for state and local members is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2 percent of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5 percent for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2 percent for the first 35 years and a factor of 2.5 percent for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2017 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost of living adjustment.

Contributions

Employers are required to make contributions to OPERS on the basis of a percentage of eligible salary and at a rate based upon the recommendations of the OPERS actuary, subject to the statutory limitations. Penalties and interest are assessed for late payments. The contribution rate for state and local employers in 2018 and 2017 was 14.0 percent. The 2018 and 2017 employee contribution rate for state and local members was 10.0 percent of earnable salary.

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

Payable to the Pension and OPEB Plans

At December 31, 2018 and 2017, The Port reported a payable of \$55,029 and \$47,744, respectively, to OPERS for the outstanding amount of contributions to the plan required for the years ended December 31, 2018 and 2017.

Net Pension Liability, Deferrals, and Pension Expense

At December 31, 2018 and 2017, The Port reported a liability of \$1,993,142 and \$1,912,511, respectively, for its proportionate share of the net pension liability for OPERS. The net pension liability was measured as of December 31, 2017 and 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port's proportion of the net pension liability was based on The Port's share of contributions to the pension plan relative to the contributions of all participating entities. The Port's proportionate share of the OPERS net pension liability is 0.012736 and 0.008425 percent for 2017 and 2016, respectively.

For the year ended December 31, 2018 and 2017, The Port recognized pension expense of \$709,825 and \$466,966, respectively.

December 31, 2018 and 2017

Note 9 - Net Pension and OPEB Liabilities (Continued)

At December 31, 2018 and 2017, The Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2018 | | 2017 | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 11,409 | \$ 39,373 | \$ 9,477 | \$ 9,432 |
| Changes in assumptions | 239,341 | - | 304,199 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 430,293 | 230,562 | - |
| Changes in proportionate share and differences between employer contributions and proportionate share of contributions | 517,610 | 1,417 | 125,164 | 10,021 |
| Employer contributions to the plan subsequent to the measurement date | 352,797 | - | 293,824 | - |
| Total | \$ 1,121,157 | \$ 471,083 | \$ 963,226 | \$ 19,453 |

Contributions of \$352,797 reported as deferred outflows of resources as of December 31, 2018 are related to pension resulting from The Port's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Years Ending December 31 | Amount |
|--------------------------|-------------------|
| 2019 | \$ 469,682 |
| 2020 | 185,418 |
| 2021 | (187,906) |
| 2022 | (175,251) |
| 2023 | 1,422 |
| Thereafter | 3,912 |
| Total | \$ 297,277 |

Net OPEB Liability, Deferrals, and OPEB Expense

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Port's proportion of the net OPEB liability was based on The Port's share of contributions to the retirement plan relative to the contributions of all participating entities. The Port's proportionate share of the OPERS net OPEB liability is 0.01722 percent for 2017. At December 31, 2018, The Port reported a liability of \$1,870,194 for its proportionate share of the net OPEB liability for OPERS.

For the year ended December 31, 2018, The Port recognized OPEB expense of \$179,479.

December 31, 2018 and 2017

Note 9 - Net Pension and OPEB Liabilities (Continued)

At December 31, 2018, The Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2018 | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 1,457 | \$ - |
| Changes in assumptions | 136,170 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 139,317 |
| Total | <u>\$ 137,627</u> | <u>\$ 139,317</u> |

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

| Years Ending December 31 | Amount |
|-----------------------------|-------------------|
| 2019 | \$ 30,971 |
| 2020 | 30,971 |
| 2021 | (28,802) |
| 2022 | (34,830) |
| 2023 | - |
| Thereafter | - |
| Total | <u>\$ (1,690)</u> |

Actuarial Assumptions

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

| Ohio Public Employees Retirement System (OPERS) | |
|---|---|
| Valuation date | December 31, 2017 and 2016 |
| Experience study | Five-year period ended December 31, 2015 |
| Actuarial cost method | Individual entry age |
| Investment rate of return | 7.50% - Net of pension plan investment expense |
| Wage inflation | 3.25% |
| Projected salary increases | 3.25-10.75% (includes wage inflation at 3.25%) Traditional Plan 3.25-8.25% (includes wage inflation at 3.25%) Combined/Member-Directed Plans |
| Cost of living adjustments | 3.00% Simple through 2018, then 2.15% simple thereafter |

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

| Ohio Public Employees Retirement System (OPERS) | |
|---|---|
| Valuation date | December 31, 2016 rolled forward to the measurement date December 31, 2017 |
| Experience study | Five year period ended December 31, 2015 |
| Actuarial cost method | Individual entry age |
| Single discount rate | 3.85% current measurement date, 4.23% prior measurement date |
| Investment rate of return | 6.50%-Net of OPEB plan investment expense |
| Municipal bond rate | 3.31% |

December 31, 2018 and 2017

Note 9 - Net Pension and OPEB Liabilities (Continued)

Ohio Public Employees Retirement System (OPERS)

| | |
|-----------------------------|--|
| Wage inflation | 3.25% |
| Projected salary increases | 3.25-10.75% (includes wage inflation at 3.25%) |
| Health care cost trend rate | 7.50% initial, 3.25% ultimate in 2028 |

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the pension discount rate assumed that contributions from plan members and those of the contributing employers are made at statutorily required rates.

A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine the single OPEB discount rate assumed that employer contributions will be made at rates equal to statutorily required rates.

Projected Cash Flows

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

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

December 31, 2018 and 2017

Note 9 - Net Pension and OPEB Liabilities (Continued)

Investment Rate of Return

The allocation of investment assets within the defined benefit portfolio is approved by the board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plan. The following table displays the board-approved asset allocation policy for years 2017 and 2016 and the long-term expected real rates of return.

| Asset Class | 2017 | | 2016 | |
|------------------------|-------------------|--|-------------------|--|
| | Target Allocation | Long-term Expected Real Rate of Return | Target Allocation | Long-term Expected Real Rate of Return |
| Fixed income | 23.00 % | 2.20 % | 23.00 % | 2.75 % |
| Domestic equities | 19.00 | 6.37 | 20.70 | 6.34 |
| Real estate | 10.00 | 5.26 | 10.00 | 4.75 |
| Private equity | 10.00 | 8.97 | 10.00 | 8.97 |
| International equities | 20.00 | 7.88 | 18.30 | 7.95 |
| Other investments | 18.00 | 5.26 | 18.00 | 4.92 |
| Total | 100.00 % | 5.66 % | 100.00 % | 5.66 % |

The allocation of investment assets within the health care portfolio is approved by the board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The system's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The following table displays the board-approved asset allocation policy for years 2017 and the long-term expected real rates of return.

| Asset Class | 2017 | |
|------------------------|-------------------|--|
| | Target Allocation | Long-term Expected Real Rate of Return |
| Fixed income | 34.00 % | 1.88 % |
| Domestic equities | 21.00 | 6.37 |
| REITs | 6.00 | 5.91 |
| International equities | 22.00 | 7.88 |
| Other investments | 17.00 | 5.39 |
| Total | 100.00 % | 4.98 % |

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

During 2017, OPERS managed investments in three investment portfolios: the defined benefit portfolio, the health care portfolio and the defined contribution portfolio. The defined benefit portfolio includes the investment assets of the Traditional pension plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. Within the defined benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expense, for the defined benefit portfolio is 16.82 and 8.30 percent for 2017 and 2016, respectively.

December 31, 2018 and 2017

Note 9 - Net Pension and OPEB Liabilities (Continued)

The health care portfolio includes the assets for health care expenses for the traditional pension plan, combined plan and member-directed plan eligible members. Within the health care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the health care portfolio is 15.2 percent for 2017.

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

The following presents the net pension liability of The Port, calculated using the discount rate of 7.5 percent, as well as what The Port’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

| | 1 Percent Decrease (6.5%) | Current Discount Rate (7.5%) | 1 Percent Increase (8.5%) |
|------------------------------|------------------------------|---------------------------------|------------------------------|
| Net pension liability - 2018 | \$ 3,545,107 | \$ 1,993,142 | \$ 698,904 |
| Net pension liability - 2017 | 2,924,394 | 1,912,511 | 1,070,236 |

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

The following presents the net OPEB liability of The Port, calculated using the single discount rate of 3.85 percent, as well as what The Port’s net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.85 percent) or 1 percentage point higher (4.85 percent) than the current rate:

| | 1 Percent Decrease (2.85%) | Single Discount Rate (3.85%) | 1 Percent Increase (4.85%) |
|---------------------------|----------------------------------|---------------------------------|-------------------------------|
| Net OPEB liability - 2018 | \$ 2,484,633 | \$ 1,870,194 | \$ 1,373,118 |

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

| | 1 Percent Decrease | Current Health Care Cost Trend Rate Assumption | 1 Percent Increase |
|---------------------------|-----------------------|--|-----------------------|
| Net OPEB liability - 2018 | \$ 1,789,377 | \$ 1,870,194 | \$ 1,953,675 |

Additional Financial and Actuarial Information

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplemental information, and detailed information about OPERS’ fiduciary net position. That report can be obtained by visiting the OPERS website at www.opers.org. Additional information supporting the preparation of the schedules of collective pension/OPEB amounts and employer allocations (including the disclosure of the net pension/OPEB liability/(asset), required supplemental information on the net pension/OPEB liability (asset), and the unmodified audit opinion on the combined financial statements) is located in the OPERS 2017 CAFR. This CAFR is available at www.opers.org or by contacting OPERS at: OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

December 31, 2018 and 2017

Note 10 - Risk Management

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

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

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

Note 11 - Conduit Revenue Bond Obligations

The Port has outstanding aggregate conduit revenue bond obligations of approximately \$742,201,000 and \$602,801,000 at December 31, 2018 and 2017, respectively. The conduit revenue bonds issued are payable solely from the net revenue derived from the respective agreements and are not a general obligation of The Port. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in The Port's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source.

In 2018, The Port issued conduit debt for Mercer Commons Garage, Poste (formerly Firehouse Row), RBM Development Phase 2B, Woodlawn Meadows, Madison and Whetsel, Springdale Commerce Park, Fourth and Race Parking Garage, Provident Bank Building, Eighth and Main Apartments, and FC Cincinnati MLS Stadium. Additional conduit debt outstanding includes the following: the Cincinnati Zoo, Queen City Square, Fountain Square, 12th and Vine Parking, Oakley Station, UC Health Drake Center, Fifth and Race Development, Saint Ursula Villa, AHA Colonial Village, RBM Development Phase 2A, Downtown/OTR West Redevelopment, Keystone Hotel, Rumpke, The Collegiate, Fairfax Village Red Bank Public Infrastructure, Court and Walnut Development, and Washington Park Garage.

Note 12 - Assets Held for Resale

The Port's assets held for resale consist of 112 acres as of December 31, 2018, compared to 105 acres at the prior year end. All properties owned by The Port are located in Hamilton County, Ohio. A summary of real estate held for redevelopment follows:

| | 2018 | 2017 |
|---|----------------------|----------------------|
| 2100 Section Road (Amberley Village) | \$ 7,107,200 | \$ 7,107,200 |
| MidPointe Crossing and Swift Park (Bond Hill) | 2,953,685 | 2,953,685 |
| TechSolve II (Roselawn) | 961,432 | 961,432 |
| Bond Hill and Roselawn Business Districts | 3,669,704 | 2,382,068 |
| 2250 Seymour Ave (Bond Hill) | 2,179,582 | 1,602,157 |
| Hudepohl & Queensgate | 994,103 | 903,032 |
| Evanston Business District | 367,770 | - |
| Total | <u>\$ 18,233,476</u> | <u>\$ 15,909,574</u> |

Note 12 - Assets Held for Resale (Continued)

Assets held for resale are recorded at the lower of cost or market value. Management estimates net realizable value based upon the list prices used by commercial real estate brokers less selling costs. In 2018, The Port recognized a cost-to-market adjustment in the amount of \$1,280,659 to write down costs on 2250 Seymour Avenue (the former Cincinnati Gardens) in Bond Hill. In 2017, The Port recognized a cost-to-market adjustment in the amount of \$8,038,144 to write down costs on 2100 Section Road, MidPointe Crossing and TechSolve II.

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

- The acquisition and redevelopment of MidPointe Crossing and TechSolve II was funded by the City of Cincinnati, Ohio in the amount of \$6.2 million and \$4.3 million, respectively.
- The Bond Hill and Roselawn Business Districts are being funded by a \$3 million grant from the City of Cincinnati and The Port’s real estate development fund, which was created by the issuance of Fountain Square South Garage parking revenue bonds in January 2015.
- The acquisitions of 2100 Section Road and 2250 Seymour Avenue were funded by the issuance of revenue bonds and mortgage revenue bond anticipation notes (Patient Capital Fund). Redevelopment at 2100 Section Road began in late 2016 and continued through 2017. Project costs on 2100 Section Road were primarily funded by capital contributions from Hamilton County and JobsOhio. Redevelopment at 2250 Seymour Avenue began in late 2017 and continued through 2018. Project costs were primarily funded by the City of Cincinnati and JobsOhio.

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

Note 13 - Change in Accounting Principle and Restatement of Net Position

For the year ended December 31, 2018, The Port implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. GASB Statement No. 75 established standards for measuring and recognizing other postemployment benefits (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

The impact of this change on net position as reported on December 31, 2017 is as follows:

| | |
|--|----------------------|
| Net Position, December 31, 2017, as previously stated | \$ 12,757,834 |
| Net OPEB Liability | (1,739,491) |
| Deferred Outflow - Payments subsequent to the measurement date | <u>47,086</u> |
| Net Position, December 31, 2017, as restated | <u>\$ 11,065,429</u> |

Note 14 - Subsequent Events

In March 2019, The Port refinanced and consolidated debt for Fountain Square South Garage and Amberley Site bonds. The new debt consists of \$4.0 million of bonds from the Southwest Ohio Regional Bond Fund at a fixed interest rate of 5.00 percent and \$7.3 million of bonds from the Columbus-Franklin County Finance Authority at a fixed interest rate of 4.65 percent, both with a maturity date in the year 2043. This refinancing eliminated the interest rate swap on the 2015 Fountain Square South Garage bonds and removed The Port’s nontax revenue pledge assigned under the Amberley Site bonds.

December 31, 2018 and 2017

Note 14 - Subsequent Events (Continued)

In April 2019, The Port acquired two parking garages for \$25.5 million located at 605 Plum and 609 Elm, directly north of the Duke Energy Convention Center in Cincinnati's central business district. The source of funds for the acquisition includes: \$4.5 million of bonds from the Southwest Ohio Regional Bond Fund at a fixed interest rate of 4.65 percent, \$15.2 million of bonds from the State of Ohio (ODOT) with fixed interest rates ranging between 2.00 and 5.00 percent, and a \$7.4 million loan from the Ohio Development Services Agency with an initial interest rate of 0.00 percent later increasing to 3.00 percent. All debt related to this acquisition matures in the year 2043.

Required Supplemental Information

The Port

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

**Last Ten Fiscal Years
Years Ended December 31**

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually required contribution | \$ 265,822 | \$ 218,792 | \$ 130,688 | \$ 103,833 | \$ 105,605 | \$ 99,498 | \$ 49,896 | \$ 22,609 | \$ 11,849 | \$ 9,063 |
| Contributions in relation to the contractually required contribution | 265,822 | 218,792 | 130,688 | 103,833 | 105,605 | 99,498 | 49,896 | 22,609 | 11,849 | 9,063 |
| Contribution Deficiency | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| The Port's Covered Payroll | \$ 1,898,732 | \$ 1,683,015 | \$ 1,089,067 | \$ 865,273 | \$ 880,038 | \$ 765,372 | \$ 498,963 | \$ 226,090 | \$ 135,414 | \$ 113,284 |
| Contributions as a Percentage of Covered Payroll | 14.00 % | 13.00 % | 12.00 % | 12.00 % | 12.00 % | 13.00 % | 10.00 % | 10.00 % | 8.75 % | 8.00 % |

The Port

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

| | Last Two Fiscal Years | |
|--|--------------------------------|---------------------|
| | Years Ended December 31 | |
| | <u>2018</u> | <u>2017</u> |
| Contractually required contribution | \$ - | \$ 16,830 |
| Contributions in relation to the contractually required contribution | - | 16,830 |
| Contribution Deficiency | \$ - | \$ - |
| Covered Employee Payroll | \$ 1,898,732 | \$ 1,683,015 |
| Contributions as a Percentage of Covered Employee Payroll | - % | 1.00 % |

Note: OPEB data prior to 2017 is not available.

The Port

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

| | Last Five Plan Years | | | | |
|---|--------------------------------------|---------------------|-------------------|-------------------|-------------------|
| | For the Plan Years Ended December 31 | | | | |
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| The Port's proportion of the net pension liability | 0.01274 % | 0.00843 % | 0.00695 % | 0.00718 % | 0.00718 % |
| The Port's proportionate share of the net pension liability | \$ 1,993,142 | \$ 1,912,511 | \$ 1,203,569 | \$ 865,747 | \$ 846,193 |
| The Port's Covered Payroll | \$ 1,683,015 | \$ 1,089,067 | \$ 865,273 | \$ 880,038 | \$ 765,372 |
| The Port's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 118.43 % | 175.61 % | 139.10 % | 98.38 % | 110.56 % |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 84.66 % | 77.30 % | 81.20 % | 86.50 % | 86.40 % |

Note: Pension data prior to 2014 is not available.

The Port

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

| | Last Plan Year |
|---|--|
| | For the Plan Year Ended December 31 |
| | <u>2018</u> |
| The Port's proportion of the net OPEB liability | 0.01722 % |
| The Port's proportionate share of the net OPEB liability (asset) | \$ 1,870,194 |
| The Port's Covered Employee Payroll | \$ 1,683,015 |
| The Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll | 111.12 % |
| Plan Fiduciary Net Position as a Percentage of Total OPEB Liability | 54.14 % |

Note: OPEB data prior to 2018 is not available.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Port of Greater Cincinnati Development Authority ("The Port"), which comprise the basic statement of net position as of December 31, 2018 and the related basic statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and related notes to the financial statements and have issued our report thereon dated June 11, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Plante & Moran, PLLC

June 11, 2019

OHIO AUDITOR OF STATE KEITH FABER



PORT OF GREATER CINCINNATI DEVELOPMENT AUTHORITY

HAMILTON 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
SEPTEMBER 10, 2019**

APPENDIX VII
Ohio Department of Transportation
ODOT-STATE INFRASTRUCTURE BANK ANNUAL
FINANCIAL REPORT Available As of June 30, 2019

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STATE INFRASTRUCTURE BANK ANNUAL FINANCIAL REPORT



Fiscal Year 2018
(October 2017 - September 2018)

John R. Kasich, Ohio Governor
Jerry Wray, ODOT Director



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State Infrastructure Bank Annual Financial Report

The Ohio Department of Transportation is pleased to present the Federal Fiscal Year (FFY) 2018 State Infrastructure Bank (SIB) Annual Financial Report.

This report contains a financial statement of the SIB and summaries for loans that were approved by the loan committee during the federal fiscal year (October 2017-September 2018).

The FFY 2018 portfolio of the SIB includes eighteen loans totaling \$47.4m and one bond issuance for \$15.7m. Since the inception of the program, the Ohio SIB has issued 227 loans and ten bonds totaling \$714.9m.

The Ohio SIB has been audited for State Fiscal Year 2017 by the State of Ohio Auditor's office and complies with the Single Audit Act.

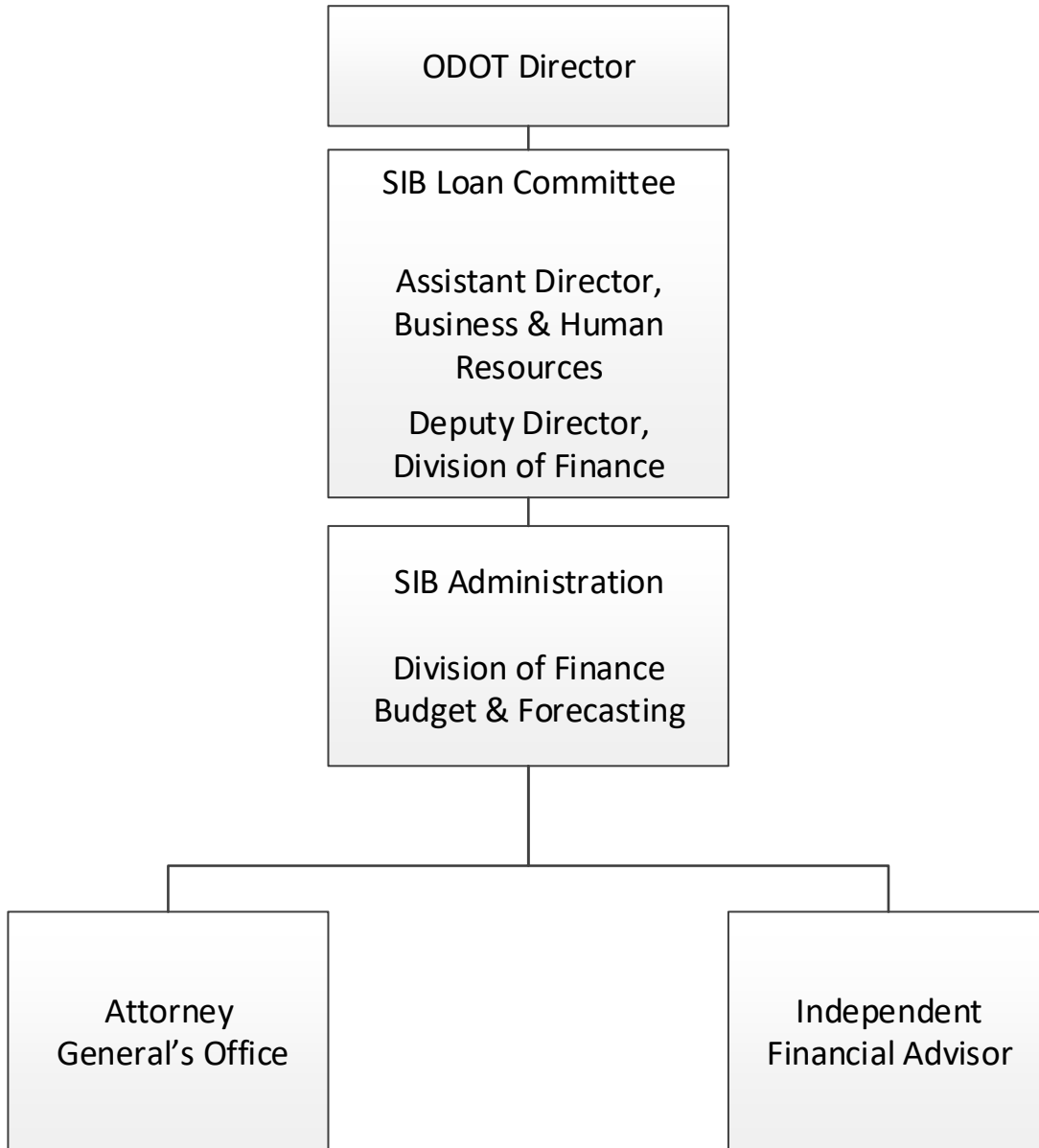
To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the Ohio State Infrastructure Bank.

Cover Photos: City of Newark-Mt Vernon Rd Improvements
City of Cincinnati- Keystone Park
Montgomery County TID- City of Brookville Market St. Extension

Ohio Department of Transportation

State Infrastructure Bank

Organizational Chart



Financial Section

OHIO DEPARTMENT OF TRANSPORTATION
STATE INFRASTRUCTURE BANK
FUNDS 2120 AND 2130
COMBINED STATEMENT OF REVENUES AND EXPENDITURES IN FUND BALANCES
FOR FEDERAL YEAR ENDING SEPTEMBER 30, 2018

| | | |
|---|----------------------------------|---------------|
| <u>Beginning Cash Balance</u> | | \$104,651,406 |
| <u>Revenues</u> | | |
| Investment Earnings | | 1,322,964 |
| Principal Loan Repayment (FHWA) | | 6,474,531 |
| Interest Payment on Loan (FHWA) | | 277,702 |
| Principal Loan Repayment (GRF) | | 4,308,816 |
| Interest Payment on Loan (GRF) | | 929,164 |
| Principal Loan Repayment (2nd Generation) | | 9,563,273 |
| Interest Payment on Loan (2nd Generation) | | 2,304,344 |
| Principal Loan Repayment (State Motor Fuel) | | 2,310,348 |
| Interest Payment on Loan (State Motor Fuel) | | 176,308 |
| Transfer In - Fund 7002 to SIB Fund 2120 | | 0 |
| Administrative Fees | | 33,844 |
| <u>Expenditures</u> | Total Revenues | \$27,701,293 |
| | Administrative | 0 |
| | Federal Highway Funds | 3,909,479 |
| | General Revenue Funds | 3,162,250 |
| | Motor Fuel Tax Funds | 4,004,940 |
| | Second Generation/Title 23 Funds | 11,394,461 |
| <u>Ending Cash Balance</u> | Total Expenditures | \$22,471,130 |
| <u>Ending Cash Balance</u> | | \$109,881,569 |

STATE INFRASTRUCTURE BANK
BALANCE SHEET FOR FUNDS 2120 AND 2130
FOR FEDERAL YEAR ENDING SEPTEMBER 30, 2018

Assets and Other Debits:

| | | |
|---|----------------------|----------------|
| <u>Assets:</u> | | |
| Uncommitted Cash | | \$ 22,409,365 |
| Cash Reserve - Current Year Debt Service - Title 23 & GRF | | \$ - |
| Cash Reserve for Approved Loans Already Encumbered | | \$ 57,539,163 |
| Cash Reserve for Approved Loans Not Yet Encumbered | | \$ 29,933,041 |
| Total Cash on Hand: | | \$109,881,569 |
| <u>Receivables:</u> | | |
| Loans Already Disbursed | | |
| Principal Due | | \$ 125,035,911 |
| Interest Due | | \$ 27,102,755 |
| Administrative Fees | | \$ 11,555 |
| Total: | | \$152,150,222 |
| <u>Equity:</u> | <u>Total Assets:</u> | \$262,031,791 |
| <u>Original Seed Money:</u> | | |
| Federal | | \$ 87,000,000 |
| GRF | | \$ 40,000,000 |
| Motor Fuel Tax | | \$ 15,000,000 |
| Total: | | \$142,000,000 |
| Investment Earnings | | \$ 58,235,410 |
| Interest from Loans | | \$ 61,796,381 |
| <u>Total Equity:</u> | | \$262,031,791 |

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Grade Crossing Elimination

The grade crossing elimination project is located at the intersection of Calumet Avenue, Bellefontaine Avenue, and Elm Street in the City of Lima. A roadway underpass will be constructed along with a roundabout at Elm Street and State Route 117/State Route 309 intersection.

Borrower: City of Lima
Total Project Cost: \$2,279,200
Construction/Procurement Date: April 2018
Project Completion Date: October 2019
PID Identification: 80441
STIP Identification: 2018AM02ID0035FDCO
SIB Identification: 180004

LOAN CHARACTERISTICS

Date of Loan: April 26, 2018
Amount of Loan: \$2,279,200
Interest Rate: 3%
Term: 4 years
Purpose of Loan: Construction
Primary Repayment Source: City Permissive Tax Revenue
Secondary Repayment Source: MPO Allocations
SIB Funding Source: Title 23

TOTAL FUNDING SOURCES

No additional funding sources.

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Vrooman Road Bridge Replacement

The replacement of the existing Vrooman Road bridge over the Grand River with a new high-level bridge approximately 1,000 feet upstream of the existing structure.

Borrowers: Lake County
NOACA
Total Project Cost: \$41,429,811
Construction/Procurement Date: September 21, 2017
Project Completion Date: October 31, 2020
PID Identification: 105029
STIP Identification: N/A
SIB Identification: 180005

LOAN CHARACTERISTICS

Date of Loan: May 10, 2018
Amount of Loan: \$14,809,910
Interest Rate: 3%
Term: 6 years
Purpose of Loan: Construction
Primary Repayment Source: Motor Vehicle Fuel Tax Revenues
SIB Funding Source: Title 23

TOTAL FUNDING SOURCES

NOACA (SIB Loan) \$14,809,910
NOACA \$15,800,000
Local Participation \$5,200,000
District 12 Preservation Funds \$2,100,000
Other ODOT Funds \$3,500,000

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Heights Allotment Road Reconstruction

The project consists of road reconstruction of portions of Oxford Street, Cambridge Street, and Eton Street, from Harvard Road to the west terminus.

Borrower: Twinsburg Township
Total Project Cost: \$2,419,944
Construction/Procurement Date: January 2018
Project Completion Date: December 2019
PID Identification: 108004
STIP Identification: N/A
SIB Identification: 180006

LOAN CHARACTERISTICS

Date of Loan: April 26, 2018
Amount of Loan: \$1,582,019
Interest Rate: 3%
Term: 15 years
Purpose of Loan: Construction
Primary Repayment Source: General Revenue funds
SIB Funding Source: Federal
Motor Fuel Tax

TOTAL FUNDING SOURCES

Twinsburg Township \$1,582,019
OSGIC/OPWC Grants \$837,925

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Royalton Road (SR 82) Widening

The project includes the reconstruction and widening of Royalton Road (SR 82) from the WCL (W. 130th) to York Road.

Borrower: NOACA
Cuyahoga County

Total Project Cost: \$13,536,000

Construction/Procurement Date: April 2018

Project Completion Date: August 31, 2021

PID Identification: 80961

STIP Identification: 2018AM041D0167FDCO

SIB Identification: 180007

LOAN CHARACTERISTICS

Date of Loan: June 16, 2018

Amount of Loan: \$10,358,800

Interest Rate: 3%

Term: 10 years

Purpose of Loan: Construction

Primary Repayment Source: MPO Allocation
Registration Fees

SIB Funding Source: Title 23
Motor Fuel Tax

TOTAL FUNDING SOURCES

| | |
|-------------------------------------|--------------|
| NOACA | \$10,358,800 |
| Local Participation | \$2,705,200 |
| ODOT District 12 Urban Paving Funds | \$472,000 |

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Ohio Street & Manning Bridges and Bike Trail

The project includes improvements to the Ohio Street and Manning Street Bridges, as well as construction of a bike path along the south side of Ohio Street.

Borrower: City of Newark
Total Project Cost: \$4,573,192
Construction/Procurement Date: May 2018
Project Completion Date: July 2019
PID Identification: 82354
STIP Identification: 2018stip1D0266FDCO
SIB Identification: 180008

LOAN CHARACTERISTICS

Date of Loan: March 22, 2018
Amount of Loan: \$2,717,728
Interest Rate: 3%
Term: 10 years
Purpose of Loan: Construction
Primary Repayment Source: Capital Improvement Fund Revenues
SIB Funding Source: Title 23

TOTAL FUNDING SOURCES

City of Newark \$2,717,728
Federal STP Funds \$1,630,741
ODOT Transportation Alternative Funding \$224,723

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Chestnut Street Storm Water Project

The project includes sidewalk and roadway repair, along with replacement of storm water piping on Chestnut Street.

Borrower: City of Conneaut
Total Project Cost: \$453,145
Construction/Procurement Date: May 2018
Project Completion Date: September 2018
PID Identification: 109154
STIP Identification: N/A
SIB Identification: 180009

LOAN CHARACTERISTICS

Date of Loan: Closing Pending
Amount of Loan: \$100,000
Interest Rate: 3%
Term: 10 years
Purpose of Loan: Construction
Primary Repayment Source: Permit fees, Municipal Income Tax, Gas License Tax, General Fund Transfer Receipts
SIB Funding Source: Motor Fuel tax

TOTAL FUNDING SOURCES

City of Conneaut \$100,000
Local Cash \$79,000
OPWC \$204,145
CDBG \$70,000

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Terminal Building and Utility Infrastructure Project

The Project will include the demolition and removal of the existing outdated terminal building, construction of the new airport terminal building, and the rehabilitation of the terminal building's water & sanitary sewer which consists of installing 2,300 feet of sewer pipe and 2,400 feet of water line.

Borrowers: Auglaize County Airport Authority
Total Project Cost: \$3,192,728
Construction/Procurement Date: July 2018
Project Completion Date: May 2019
PID Identification: 108681
STIP Identification: N/A
SIB Identification: 180010

LOAN CHARACTERISTICS

Date of Loan: Closing Pending
Amount of Loan: \$1,206,143
Interest Rate: 3%
Term: 10 years
Purpose of Loan: Construction
Primary Repayment Source: Donations, Fuel Sales, FAA Entitlement, Sales Receipts – Airport Authority
Farm Lease Receipts – Auglaize County
SIB Funding Source: General Revenue Fund

TOTAL FUNDING SOURCES

| | |
|-----------------------------------|-------------|
| Auglaize County Airport Authority | \$1,206,143 |
| FAA Entitlement Funds | \$599,463 |
| State Funds | \$29,973 |
| Local Funds | \$29,973 |
| County Funds and Donations | \$1,327,176 |

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Paving Program

The project includes rehabilitation, repairing or resurfacing of various city roads, including Silver Valley Boulevard.

Borrower: City of Munroe Falls
Total Project Cost: \$1,100,000
Construction/Procurement Date: July 2018
Project Completion Date: December 2019
PID Identification: 108625
STIP Identification: N/A
SIB Identification: 180011

LOAN CHARACTERISTICS

Date of Loan: July 20, 2018
Amount of Loan: \$1,100,000
Interest Rate: 3%
Term: 9 years
Purpose of Loan: Construction – Roadway Rehabilitation
Primary Repayment Source: Road and Bridge Fund Receipts
SIB Funding Source: Motor Fuel Tax
General Revenue Fund

TOTAL FUNDING SOURCES

No additional funding sources.

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Condor project

This project is for the construction, relocation, and widening of a portion of SR-29 to allow for better connectivity and allow the construction of a roundabout that will accept access to the Condor project site in the Village of West Jefferson, Ohio.

Borrower: Village of West Jefferson
Total Project Cost: \$6,686,000
Construction/Procurement Date: July 2018
Project Completion Date: December 2018
PID Identification: 108403
STIP Identification: N/A
SIB Identification: 180012

LOAN CHARACTERISTICS

Date of Loan: Closing Pending
Amount of Loan: \$1,000,006
Loan Interest Rate: 3%
Term: 20 years
Purpose of Loan: Construction
Primary Repayment Source: Income Taxes
SIB Funding Source: Title 23

TOTAL FUNDING SOURCES

Village of West Jefferson \$1,006,000
JobsOhio \$1,500,000
ODOT Jobs & Commerce \$500,000
Private Funds \$3,680,000

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Road Reconstruction

The project is for reconstruction of various roads including Brentwood lane (TR 807) and Stratford Ridge Lane (TR 808) in Chardon Township.

Borrowers: Chardon Township
Total Project Cost: \$422,000
Construction/Procurement Date: June 2018
Project Completion Date: September 2018
PID Identification: 108870
STIP Identification: N/A
SIB Identification: 180013

LOAN CHARACTERISTICS

Date of Loan: October 4, 2018
Amount of Loan: \$222,000
Interest Rate: 3%
Term: 10 years
Purpose of Loan: Construction
Primary Repayment Source: Road and Bridge Fund Receipts
SIB Funding Source: Motor Fuel Tax

TOTAL FUNDING SOURCES

Chardon Township \$222,000
Local Road Funds \$200,000

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Local Roadway Rehabilitation

The project will consist of the replacement and rehabilitation of roadways that have reached an accelerated state of deterioration within the City of Lorain.

Borrowers: City of Lorain
Total Project Cost: \$2,872,688
Construction/Procurement Date: TBD
Project Completion Date: TBD
PID Identification: 108678
STIP Identification: N/A
SIB Identification: 180014

LOAN CHARACTERISTICS

Date of Loan: July 27, 2018
Amount of Loan: \$1,824,688
Interest Rate: 3%
Term: 7 years
Purpose of Loan: Construction
Primary Repayment Source: Permissive License Tax, Street Levy Fund
SIB Funding Source: Motor Fuel Tax
General Revenue Fund

TOTAL FUNDING SOURCES

City of Lorain \$1,822,688
OPWC \$1,050,000

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Bypass 48 Resurfacing

The project includes the resurfacing of all lanes of Bypass 48 between East Main Street (SR 123) and Columbus Avenue (US 42).

Borrowers: City of Lebanon
Total Project Cost: \$1,969,898
Construction/Procurement Date: July 2018
Project Completion Date: November 2018
PID Identification: 97451
STIP Identification: SLI32
SIB Identification: 180015

LOAN CHARACTERISTICS

Date of Loan: June 16, 2018
Amount of Loan: \$302,000
Interest Rate: 3%
Term: 4 years
Purpose of Loan: Construction
Primary Repayment Source: Motor Fuel Taxes
Permissive Taxes
SIB Funding Source: Title 23

TOTAL FUNDING SOURCES

City of Lebanon \$302,000
Local Funds \$577,102
OPWC \$98,590
State ODOT Funding (District 8) \$922,206

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Cutts Road Reconstruction Project

The project consists of reconstruction, realignment, cement stabilization, and resurfacing of Cutts Road in Hambden Township.

Borrowers: Hambden Township
Total Project Cost: \$804,000
Construction/Procurement Date: June 2018
Project Completion Date: September 2018
PID Identification: 108800
STIP Identification: N/A
SIB Identification: 180016

LOAN CHARACTERISTICS

Date of Loan: October 4, 2018
Amount of Loan: \$454,000
Interest Rate: 3%
Term: 2 years
Purpose of Loan: Construction
Primary Repayment Source: Township Road & Bridge Fund
SIB Funding Source: General Revenue Fund

TOTAL FUNDING SOURCES

Hambden Township \$454,000
OPWC Grant \$150,000
Hambden Township Equity \$200,000

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Lyons Road Pedestrian Access Project

The project is to construct a new sidewalk, curbs, gutters, and storm sewer along the south side of Lyons Road between Byers Road and SR741 in Miami Township.

Borrowers: Montgomery County Transportation Improvement District
Total Project Cost: \$1,938,564
Construction/Procurement Date: September 2018
Project Completion Date: November 2018
PID Identification: 100316
STIP Identification: 2018AM03ID0114FDCO
SIB Identification: 180017

LOAN CHARACTERISTICS

Date of Loan: Closing Pending
Amount of Loan: \$584,180
Interest Rate: 3%
Term: 10 years
Purpose of Loan: Construction
Primary Repayment Source: Dayton Mall TIF Receipts, Miami Crossing JEDD Receipts
SIB Funding Source: Title 23

TOTAL FUNDING SOURCES

Montgomery County TID \$584,180
MVRPC CMAQ Funds \$1,059,390
Miami Township (Phase 1) \$274,994
ODOT District 7 (Bridge Paving) \$20,000

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: 12 Bay Nested T Hangar

The project is to construct a 12-Bay Nested T Hangar. The hangar will have 42 foot bi-fold doors and accommodate up to 12 single engine airplanes.

Borrowers: City of New Philadelphia
Total Project Cost: \$504,000
Construction/Procurement Date: October 2018
Project Completion Date: May 2019
PID Identification: 109157
STIP Identification: N/A
SIB Identification: 180018

LOAN CHARACTERISTICS

Date of Loan: Closing Pending
Amount of Loan: \$504,000
Interest Rate: 3%
Term: 20 years
Purpose of Loan: Airport Hangar
Primary Repayment Source: Hangar Rent Revenues
SIB Funding Source: General Revenue Fund

TOTAL FUNDING SOURCES

No additional funding sources.

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: US 20 Resurfacing

The project consists of resurfacing of US 20, including minor bridge work over Conneaut Creek and B&LE Railroad within the city of Conneaut.

Borrowers: City of Conneaut
Total Project Cost: \$187,416
Construction/Procurement Date: N/A
Project Completion Date: N/A
PID Identification: 94077
STIP Identification: SLI32
SIB Identification: 190001

LOAN CHARACTERISTICS

Date of Loan: Closing Pending
Amount of Loan: \$187,416
Interest Rate: 3%
Term: 10 years
Purpose of Loan: Construction
Primary Repayment Source: City Permit Fees and Municipal Income Tax
SIB Funding Source: Title 23

TOTAL FUNDING SOURCES

No additional funding sources.

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Elizabeth Street Bridge

The project is for the replacement of the Elizabeth Street Bridge over Norfolk Southern rail line located in the City of East Liverpool.

| | |
|--------------------------------|------------------------|
| Borrowers: | City of East Liverpool |
| Total Project Cost: | \$2,864,230 |
| Construction/Procurement Date: | December 2019 |
| Project Completion Date: | December 2020 |
| PID Identification: | 105042 |
| STIP Identification: | SLI16, 21 |
| SIB Identification: | 190002 |

LOAN CHARACTERISTICS

| | |
|---------------------------|--|
| Date of Loan: | Closing Pending |
| Amount of Loan: | \$200,000 |
| Interest Rate: | 3% |
| Term: | 2 years |
| Purpose of Loan: | Construction |
| Primary Repayment Source: | Civil Penalties Revenue and ORDC Grant |
| SIB Funding Source: | General Revenue Fund |

TOTAL FUNDING SOURCES

| | |
|-----------------------------|-------------|
| City of East Liverpool | \$200,000 |
| ORDC | \$360,230 |
| City Equity (closing costs) | \$4,000 |
| ODOT Local Bridge Program | \$2,300,000 |

LOAN AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: I-475 and Dorr Street Interchange

The project is for the widening of Dorr Street to two lanes in each direction, plus a two-way center turn lane between McCord Road and Holland Sylvania Road, and the widening of I-475 to three lanes in each direction between Airport Highway and Central Avenue, located within Springfield Township.

Borrowers: Lucas County Transportation Improvement District
Total Project Cost: \$26,530,000
Construction/Procurement Date: December 2019
Project Completion Date: November 2021
PID Identification: 99737
STIP Identification: N/A
SIB Identification: 190003

LOAN CHARACTERISTICS

Date of Loan: Closing Pending
Amount of Loan: \$8,000,000
Interest Rate: 3%
Term: 20 years
Purpose of Loan: Construction
Primary Repayment Source: Lucas County Motor Vehicle License Tax and Ohio Motor Fuel Tax
SIB Funding Source: Title 23

TOTAL FUNDING SOURCES

Lucas County TID \$8,000,000
TRAC Funding \$13,007,500
OPWC Grant \$2,000,000
LCTID \$3,512,500
Borrower Equity (closing costs) \$10,000

BOND AGREEMENT SUMMARY

PROJECT CHARACTERISTICS

Name of Project: Gate Expansion Project

The bond fund proceeds are to replace boarding gates; add new space; renovating existing space; and add passenger boarding bridges, new restrooms, a business lounge, retail space, and children’s play area.

Borrower: Akron-Canton Airport
 Total Project Cost: \$38,576,121
 Construction/Procurement Date: August 2018
 Project Completion Date: February 2021
 PID Identification: N/A
 STIP Identification: N/A
 SIB Identification: Series 2018-1; BD1801

BOND CHARACTERISTICS

Date of Bond: August 29, 2018
 Amount of Bond: \$15,680,000
 Bond Interest Rate: 4.12%
 Term: 25 years
 Purpose of Bond: Construction
 Primary Repayment Source: Airport Revenues
 SIB Funding Source: GRF Bond Program

TOTAL FUNDING SOURCES

| | |
|-------------------------|--------------|
| SIB Bond | \$16,825,000 |
| Bank Financing | \$5,867,322 |
| AIP Funds (existing) | \$1,743,536 |
| AIP Funds (anticipated) | \$12,000,000 |
| PFC Funds (Paygo) | \$1,410,041 |
| Other Funds | \$730,222 |

Active Project List

| Borrower | Project | Loan/Bond | | Disbursements | Funds Available | Interest Rate | Term | Loan Number |
|--|--|-----------------|-----------------|-----------------|-----------------|---------------|------|-------------|
| | | Amount | Amount | | | | | |
| ALLIANCE, CITY OF | MLK VIADUCT PROJECT | \$169,839.36 | \$169,839.36 | \$169,839.36 | \$0.00 | 3.00% | 10 | 100005 |
| ASHTABULA, CITY OF | LOCAL ROAD PAVING PROJECTS | \$942,000.00 | \$942,000.00 | \$942,000.00 | \$0.00 | 3.00% | 15 | 140021 |
| ASHTABULA, CITY OF | US 20 REHABILITATION | \$302,000.00 | \$249,206.32 | \$52,793.68 | \$52,793.68 | 3.00% | 10 | 160008 |
| BELOMAR INTERSTATE PLANNING COMMISSION | I-70/SR40/SR331 INTERCHANGE MOD | \$2,708,000.00 | \$1,385,987.25 | \$1,322,012.75 | \$1,322,012.75 | 3.00% | 10 | 150009 |
| BRUNSWICK, CITY OF | BRUNSWICK-NORTH CARPENTER ROAD | \$2,000.00 | \$2,000.00 | \$0.00 | \$0.00 | 3.00% | 10 | 170808 |
| CAMDEN, CITY OF | STREET & ALLEY RESURFACING | \$302,000.00 | \$302,000.00 | \$0.00 | \$0.00 | 3.00% | 7 | 160003 |
| CANTON, CITY OF | DOWNTOWN REDEVELOPMENT | \$1,200,000.00 | \$1,200,000.00 | \$0.00 | \$0.00 | 3.25% | 20 | S89807 |
| CANTON, CITY OF | 12TH ST. N CORRIDOR SAFETY | \$2,308,000.00 | \$2,303,603.02 | \$4,396.98 | \$4,396.98 | 3.00% | 10 | 140016 |
| CAREY, CITY OF | TWO ACCESS ROADS, ARROWHEAD & CSP | \$329,250.00 | \$293,281.11 | \$35,968.89 | \$35,968.89 | 3.00% | 5 | 170013 |
| CINCINNATI, CITY OF | KEYSTONE PARK | \$2,500,000.00 | \$2,500,000.00 | \$0.00 | \$0.00 | 3.00% | 29 | 140013 |
| CINCINNATI, CITY OF | MLK INTERCHANGE | \$25,000,000.00 | \$11,853,925.75 | \$13,146,074.25 | \$13,146,074.25 | 3.00% | 25 | 140009 |
| CLEVELAND HEIGHTS, CITY OF | TAYLOR ROAD REHAB | \$7,266,000.00 | \$426,354.85 | \$6,839,645.15 | \$6,839,645.15 | 3.00% | 10 | 110002 |
| CLEVELAND, CITY OF | W. 150TH AND HARVARD | \$1,600.00 | \$1,600.00 | \$0.00 | \$0.00 | 3.00% | 10 | 160810 |
| CLEVELAND, CITY OF | TOWER CITY BRIDGES PROJECT | \$2,000.00 | \$2,000.00 | \$0.00 | \$0.00 | 3.00% | 10 | 170809 |
| COLUMBUS, CITY OF | MAIN STREET BRIDGE REPLACEMENT | \$15,001,134.00 | \$10,758,372.66 | \$4,242,761.34 | \$4,242,761.34 | 3.00% | 10 | 060012 |
| CONCORD TOWNSHIP | CAPITAL PARKWAY EXTENSION | \$5,390,450.00 | \$2,605,476.82 | \$2,784,973.18 | \$2,784,973.18 | 3.00% | 20 | 140007 |
| COSHOCTON, CITY OF | CHESTNUT STREET REPAVING | \$202,000.00 | \$202,000.00 | \$0.00 | \$0.00 | 3.00% | 12 | 130010 |
| CUYAHOGA COUNTY | BAGLEY/PLEASANT VALLEY RDS | \$8,026,000.00 | \$6,925,956.18 | \$1,100,043.82 | \$1,100,043.82 | 3.00% | 6 | 140018 |
| CUYAHOGA COUNTY | CROCKER STEARNS ROAD WIDENING | \$8,005,000.00 | \$5,126,202.27 | \$2,878,797.73 | \$2,878,797.73 | 3.00% | 10 | 060001 |
| DAYTON, CITY OF | WATER STREET PARKING GARAGE | \$2,500,000.00 | \$2,500,000.00 | \$0.00 | \$0.00 | 3.00% | 22 | 140012 |
| DOVER, CITY OF | TUSCARAWAS AVENUE BRIDGE | \$1,868,675.00 | \$996,657.24 | \$872,017.76 | \$872,017.76 | 3.00% | 10 | 070001 |
| DUBLIN, CITY OF | US33/1270 INTERCHANGE DUBLIN PORTION | \$10,010,000.00 | \$7,288,162.06 | \$2,721,837.94 | \$2,721,837.94 | 3.00% | 20 | 150803 |
| DUBLIN, CITY OF | US33/I-270 INTERCHANGE MORPC PORTION | \$25,000,000.00 | \$19,494,001.25 | \$5,505,998.75 | \$5,505,998.75 | 3.00% | 20 | 150A03 |
| EAST LIVERPOOL, CITY OF | GARFIELD ST/ST. CLAIR RETAI | \$302,000.00 | \$195,638.23 | \$106,361.77 | \$106,361.77 | 3.00% | 10 | 170012 |
| EAST LIVERPOOL, CITY OF | RIVER ROAD | \$1,256,000.00 | \$1,116,032.50 | \$139,967.50 | \$139,967.50 | 3.00% | 15 | 150007 |
| ELLSWORTH TOWNSHIP | 2015 REPAVING PROGRAM | \$157,327.00 | \$157,327.00 | \$0.00 | \$0.00 | 3.00% | 7 | 160002 |
| ERIE-OTTAWA REGIONAL AIRPORT | 4 AIRPORT HANGER PROJECTS | \$1,297,750.00 | \$1,297,750.00 | \$0.00 | \$0.00 | 3.00% | 20 | 140002 |
| FRANKLIN COUNTY | WEST BROAD STREET RECONSTRU | \$1,032,170.00 | \$773,515.63 | \$258,654.37 | \$258,654.37 | 3.00% | 10 | 130007 |
| GENEVA ON THE LAKE | LOCAL ROAD REPAVING | \$107,000.00 | \$90,467.05 | \$16,532.95 | \$16,532.95 | 3.00% | 7 | 150011 |
| GERMAN TOWNSHIP | EBY ROAD REPAVING PROJECT | \$102,000.00 | \$93,386.55 | \$8,613.45 | \$8,613.45 | 3.00% | 5 | 170007 |
| GREAT LAKES SCIENCE CENTER | GREAT LAKES INTERMODAL FAC | \$7,825,000.00 | \$7,616,977.01 | \$208,022.99 | \$208,022.99 | 3.00% | 20 | S89703 |
| HIGHLAND COUNTY | HANGAR ACQUISITION HIGHLAND CITY AIRPORT | \$127,000.00 | \$103,698.51 | \$23,301.49 | \$23,301.49 | 3.00% | 20 | 180001 |
| HOLMES COUNTY | COUNTY ROAD REPAVING | \$2,508,000.00 | \$2,411,940.46 | \$96,059.54 | \$96,059.54 | 3.00% | 5 | 170006 |
| HOPEDALE VILLAGE | LOCAL ROAD (6) REPAVING PROGRAM | \$529,000.00 | \$529,000.00 | \$0.00 | \$0.00 | 3.00% | 20 | 160005 |
| HUBER HEIGHTS, CITY OF | I70/SR202 INTERCHANGE | \$2,059,000.00 | \$2,059,000.00 | \$0.00 | \$0.00 | 3.00% | 27 | S80410 |
| HUBER HEIGHTS, CITY OF | MUSIC CENTER PARKING | \$4,008,000.00 | \$3,691,660.90 | \$316,339.10 | \$316,339.10 | 3.00% | 20 | 140017 |
| HUBER HEIGHTS, CITY OF | SR 201/I70 INTERCHANGE | \$1,504,000.00 | \$807,775.29 | \$696,224.71 | \$696,224.71 | 3.00% | 25 | S80510 |
| JACKSON COUNTY | 2 BRIDGE REPLACEMENTS | \$944,000.00 | \$907,057.92 | \$36,942.08 | \$36,942.08 | 3.00% | 5 | 160004 |
| LAKE TOWNSHIP | SR619 PHASE 1 | \$2,006,000.00 | \$2,006,000.00 | \$0.00 | \$0.00 | 3.00% | 10 | 130002 |
| LAWRENCE ECONOMIC DEVELOPMENT CORPORATION | CONSTRUCTION OF A CRANE FOUNDATION | \$2,088,000.00 | \$2,088,000.00 | \$0.00 | \$0.00 | 3.00% | 10 | 120002 |
| LEBANON, CITY OF | BYPASS 48 RESURFACING | \$302,000.00 | \$2,000.00 | \$300,000.00 | \$300,000.00 | 3.00% | 4 | 180015 |
| LICKING TOWNSHIP | 3 TOWNSHIP RD. REPAVING | \$202,000.00 | \$202,000.00 | \$0.00 | \$0.00 | 3.00% | 10 | 160014 |
| LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION | GRADE CROSSING ELIMINATION-LIMA | \$2,279,200.00 | \$8,000.00 | \$2,271,200.00 | \$2,271,200.00 | 3.00% | 4 | 180004 |
| LORAIN, CITY OF | REDFERN ROAD BRIDGE | \$202,000.00 | \$202,000.00 | \$0.00 | \$0.00 | 3.00% | 10 | 130011 |
| LORAIN, CITY OF | SR 57 AND 7 LOCAL ROADS | \$1,633,000.00 | \$1,620,230.70 | \$12,769.30 | \$12,769.30 | 3.00% | 10 | 160012 |
| LORAIN, CITY OF | NORTH RIDGE ROAD | \$102,000.00 | \$72,635.97 | \$29,364.03 | \$29,364.03 | 3.00% | 10 | 090002 |

Active Project List

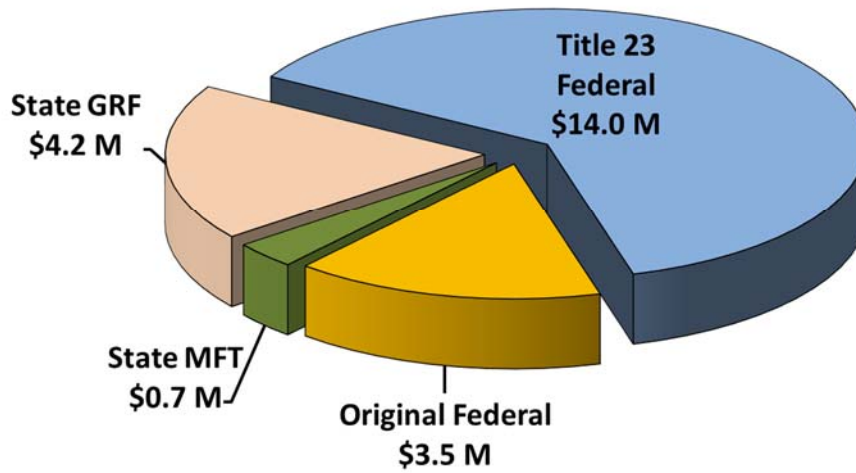
Ohio Department of Transportation State Infrastructure Bank Active Project List ending September 30, 2018

| Borrower | Project | Loan/Bond Amount | Disbursements | Funds Available | Interest Rate | Term | Loan Number |
|---|--|------------------|-----------------|-----------------|---------------|------|-------------|
| LORAIN, CITY OF | 12 LOCAL ROAD REHAB | \$448,489.00 | \$412,952.91 | \$35,536.09 | 3.00% | 10 | 130004 |
| LORAIN, CITY OF | WEST 38TH, WEST 39TH, OBERLIN AVE | \$409,572.00 | \$304,555.73 | \$105,016.27 | 3.00% | 10 | 110003 |
| LORAIN, CITY OF | SR58 AND VARIOUS LOCAL ROADS | \$1,285,000.00 | \$1,166,785.95 | \$118,214.05 | 3.00% | 10 | 090007 |
| LORAIN, CITY OF | 12 LOCAL ROADWAY REHABILITATION | \$1,547,329.00 | \$1,415,848.40 | \$131,480.60 | 3.00% | 10 | 170010 |
| LORAIN, CITY OF | SR611 RESURFACING | \$848,963.00 | \$564,713.55 | \$284,249.45 | 3.00% | 10 | 130006 |
| LORAIN, CITY OF | WASHINGTON & REID AVE REHAB | \$1,630,076.00 | \$1,301,541.67 | \$328,534.33 | 3.00% | 10 | 130005 |
| LORAIN, CITY OF | LOCAL ROADWAY REHABILITATION 2015 | \$1,336,739.00 | \$934,356.62 | \$402,382.38 | 3.00% | 7 | 160006 |
| LORAIN, CITY OF | 5 ROAD REHAB/REPAIR IN CITY | \$2,458,000.00 | \$1,928,397.01 | \$529,602.99 | 3.00% | 15 | 130009 |
| LORAIN, CITY OF | LOCAL ROAD REHAB | \$1,822,688.00 | \$6,000.00 | \$1,816,688.00 | 3.00% | 7 | 180014 |
| MACEDONIA, CITY OF | IR271 RAMP RELOCATION | \$502,000.00 | \$502,000.00 | \$0.00 | 3.00% | 10 | 140010 |
| MARIETTA, CITY OF | RIVER TRAIL PATH PROJECT | \$254,800.00 | | | 3.00% | 10 | 160011 |
| MARTINSFERRY, CITY OF | 8TH ST. SLIP REPAIR | \$392,000.00 | \$2,000.00 | \$390,000.00 | 3.00% | 20 | 170005 |
| MAYFIELD VILLAGE | WIDEN SOM CENTER (SR91) | \$4,883,268.00 | \$3,445,274.65 | \$1,437,993.35 | 3.25% | 20 | SB9907 |
| MCCOMB VILLAGE | OLIVER STREET RECONSTRUCTION | \$642,000.00 | \$540,230.05 | \$101,769.95 | 3.00% | 15 | 140003 |
| MENTOR ON THE LAKE | SR 283 NOACA PORTION | \$1,842,140.00 | \$1,842,140.00 | \$0.00 | 3.00% | 5 | 070A10 |
| MENTOR ON THE LAKE | SR 283 CITY PORTION | \$1,209,042.56 | \$1,209,042.56 | \$0.00 | 3.00% | 20 | 070B10 |
| MONTGOMERY CNTY TRANSPORTATION IMPROVEMENT | DOG LEG RD. IMPROVE | \$13,369,518.00 | \$13,369,517.61 | \$0.39 | 3.00% | 12 | 140001 |
| MONTGOMERY CNTY TRANSPORTATION IMPROVEMENT | MARKET ST. EXTENSION | \$1,976,000.00 | \$1,950,050.93 | \$25,949.07 | 3.00% | 20 | 170002 |
| MONTGOMERY CNTY TRANSPORTATION IMPROVEMENT | AUSTIN RD. ENHANCEMENTS | \$704,000.00 | \$662,965.77 | \$41,034.23 | 3.00% | 10 | 170003 |
| MONTGOMERY COUNTY | YANKEE STREET | \$1,135,218.00 | \$1,038,736.88 | \$96,481.12 | 3.00% | 10 | 140004 |
| MONTGOMERY COUNTY | AUSTIN PIKE | \$2,508,000.00 | \$1,295,180.06 | \$1,212,819.94 | 3.00% | 10 | 110007 |
| MUSKINGUM COUNTY | PHILO-DUNCAN BRIDGE | \$1,092,598.00 | \$239,274.81 | \$853,323.19 | 3.00% | 20 | 180002 |
| MUSKINGUM COUNTY TRNSPORTATION IMPROVEMENT | BYERS RD. RELOCATION | \$2,510,990.00 | \$2,510,990.00 | \$0.00 | 3.00% | 10 | 110005 |
| MUSKINGUM COUNTY TRNSPORTATION IMPROVEMENT | NORTHPOINTE DRIVE | \$11,060,000.00 | \$11,060,000.00 | \$0.00 | 3.25% | 20 | SB9908 |
| NEW PHILADELPHIA, CITY OF | SR 39/WEST HIGH AVE | \$350,000.00 | \$350,000.00 | \$0.00 | 3.00% | 10 | 140014 |
| NEWARK, CITY OF | WATERWORKS SR 13 RECONSTRUCTION | \$3,010,000.00 | \$2,129,147.30 | \$880,852.70 | 3.00% | 10 | 080003 |
| NEWARK, CITY OF | MOUNT VERNON ROAD IMPROVEMENTS | \$6,630,000.00 | \$5,386,544.47 | \$1,243,455.53 | 3.00% | 20 | 150013 |
| NEWARK, CITY OF | OHIO & MANNING BRIDGES | \$2,717,728.00 | \$240,386.81 | \$2,477,341.19 | 3.00% | 10 | 180008 |
| NORTH RIDGEVILLE, CITY OF | LEAR NAGLE ROAD-NORTH RIDGEVILLE PORTION | \$2,000.00 | \$2,000.00 | \$0.00 | 3.00% | 10 | 160807 |
| NORTHEAST OHIO AREAWIDE COORDINATING AGENCY | LEAR NAGLE ROAD-NOACA PORTION | \$5,304,000.00 | \$5,168,456.05 | \$135,543.95 | 3.00% | 10 | 160A07 |
| NORTHEAST OHIO AREAWIDE COORDINATING AGENCY | W.150TH & HARVARD | \$4,006,400.00 | \$3,629,661.84 | \$376,738.16 | 3.00% | 10 | 160A10 |
| NORTHEAST OHIO AREAWIDE COORDINATING AGENCY | NOACA-CLEVELAND-TOWER CITY BRIDGE PROJEC | \$8,298,000.00 | \$707,212.66 | \$7,590,787.34 | 3.00% | 10 | 170A09 |
| NORTHEAST OHIO AREAWIDE COORDINATING AGENCY | NOACA/BRUNSWICK-NORTH CARPENTER ROAD | \$9,710,000.00 | \$8,000.00 | \$9,702,000.00 | 3.00% | 10 | 170A08 |
| NORTHEAST OHIO AREAWIDE COORDINATING AGENCY | NOACA/CUYAHOGA-ROYALTON ROAD WIDENING | \$10,358,800.00 | \$10,000.00 | \$10,348,800.00 | 3.00% | 10 | 180007 |
| NORTHEAST OHIO AREAWIDE COORDINATING AGENCY | NOACA/LAKE-YROOMAN RD**AMENDMENT* | \$14,809,910.00 | \$462,356.64 | \$14,347,553.36 | 3.00% | 6 | 180005 |
| OTTAWA VILLAGE | WILLIAMSTOWN RD PROFILING | \$211,000.00 | \$138,903.54 | \$72,096.46 | 3.00% | 10 | 140020 |
| OTTAWA VILLAGE | PUTNAM PKWY EXTENSION | \$272,725.00 | \$191,964.49 | \$80,760.51 | 3.00% | 10 | 140019 |
| OTTAWA VILLAGE | VILLA DRIVE RECONSTRUCT | \$614,700.00 | \$289,891.97 | \$324,808.03 | 3.00% | 10 | 160013 |
| PATAKALA, CITY OF | SUMMIT ROAD SOUTH REHAB | \$317,000.00 | \$247,771.32 | \$69,228.68 | 3.00% | 10 | 110001 |
| PERRY TOWNSHIP | LOCAL STREET REPAVING (6) | \$302,000.00 | \$232,667.65 | \$69,332.35 | 3.00% | 7 | 150008 |
| SOUTHWEST LICKING COMM WATER & SEWER DISTRICT | I70&SR 310 INTERCHANGE | \$314,722.00 | \$256,678.07 | \$58,043.93 | 3.00% | 10 | 160009 |
| STUEBENVILLE, CITY OF | SR43 WIDENING | \$2,282,292.00 | \$2,257,851.16 | \$24,440.84 | 3.25% | 25 | SB9809 |
| TOLEDO LUCAS CO PORT AUTHORITY | AIRPORT IMPROVEMENTS | \$1,761,000.00 | \$6,000.00 | \$1,755,000.00 | 3.00% | 20 | 180003 |
| TOLEDO, CITY OF | TOLEDO/TWACOG MLK MEMORIAL BRIDGE | \$4,547,300.00 | \$4,505,000.00 | \$42,300.00 | 3.00% | 10 | SB0416 |
| TOLEDO, CITY OF | MARINA DISTRICT; RIVERSIDE DRIVE | \$5,010,000.00 | \$4,044,735.86 | \$965,264.14 | 3.00% | 15 | 080002 |
| TUSCARAWAS VILLAGE | MAIN ST. SIDEWALK REP | \$110,446.00 | \$94,438.91 | \$16,007.09 | 3.00% | 10 | 170004 |

Ohio Department of Transportation
 State Infrastructure Bank
 Active Project List ending September 30, 2018

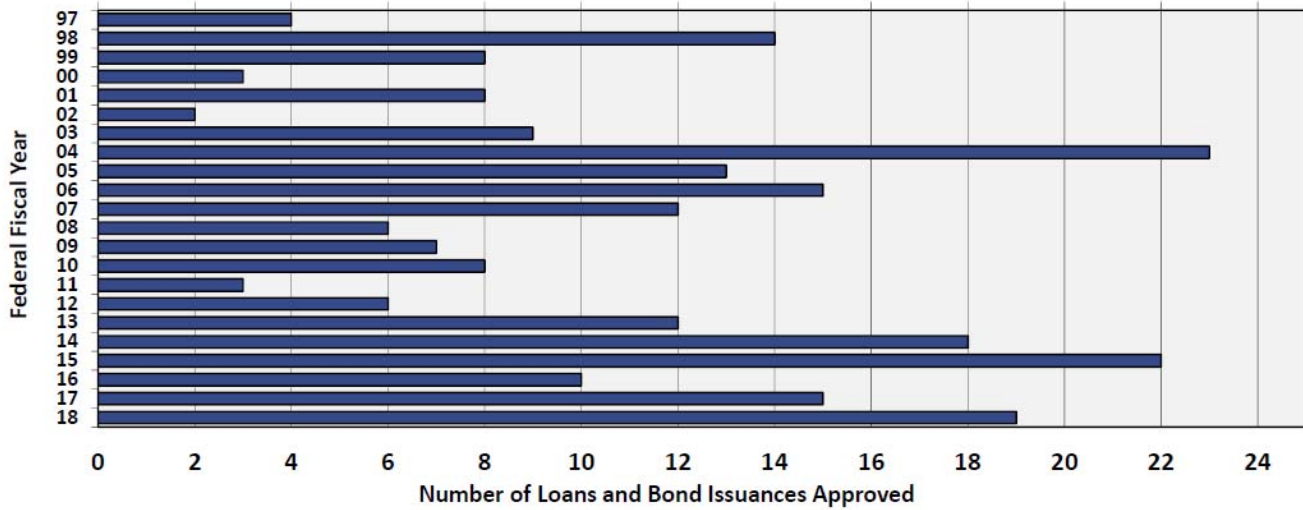
| Borrower | Project | Loan/Bond | | Loan/Bond | | Interest Rate | Term | Loan Number |
|-------------------------------|---------------------------------|-------------------------|-------------------------|-------------------------|---------------|---------------|--------|-------------|
| | | Amount | Disbursements | Funds Available | Interest Rate | | | |
| TWINSBURG TOWNSHIP | HEIGHTS RD RECONSTRUCTION | \$2,932,478.00 | \$1,947,378.67 | \$985,099.33 | 3.00% | 10 | 130008 | |
| TWINSBURG TOWNSHIP | MARWELL ESTATES ROAD REC | \$2,040,698.00 | \$1,047,694.54 | \$993,003.46 | 3.00% | 10 | 170001 | |
| TWINSBURG TOWNSHIP | HEIGHTS ALLOTMENT RD RECON | \$1,582,019.00 | \$317,089.81 | \$1,264,929.19 | 3.00% | 15 | 180006 | |
| UNIVERSITY HEIGHTS, CITY OF | UNIVERSITY PARKWAY | \$682,000.00 | \$577,844.93 | \$104,155.07 | 3.00% | 10 | 090009 | |
| VANDALIA, CITY OF | SOUTH DIXIE PHASE 3 WIDENING | \$1,776,000.00 | \$1,652,214.99 | \$123,785.01 | 3.00% | 10 | 140015 | |
| WARRENSVILLE HEIGHTS, CITY OF | 3 LOCAL ROADS REHAB | \$2,797,205.00 | \$2,797,205.00 | \$0.00 | 3.00% | 10 | 150014 | |
| WEST FARMINGTON VILLAGE | 2 BRIDGES/WATERLINE RELO | \$12,600.00 | \$11,958.41 | \$641.59 | 3.00% | 10 | 150010 | |
| WESTLAKE, CITY OF | SR254/CROCKER ROAD IMPROVEMENTS | \$8,510,000.00 | \$8,510,000.00 | \$0.00 | 3.00% | 20 | 130003 | |
| YOUNGSTOWN, CITY OF | BRIER HILL INDUSTRIAL PARK | \$2,626,090.00 | \$1,801,341.82 | \$824,748.18 | 3.00% | 10 | 100001 | |
| ZANESVILLE, CITY OF | STATE STREET BRIDGE | \$109,580.00 | \$75,728.73 | \$33,851.27 | 3.00% | 10 | 120001 | |
| ZANESVILLE, CITY OF | SR146/60 CONNECTOR | \$5,010,000.00 | \$4,641,113.28 | \$368,886.72 | 3.00% | 27 | SB0423 | |
| | | <u>\$316,495,518.92</u> | <u>\$207,022,513.94</u> | <u>\$109,218,204.98</u> | | | | |

SIB Balances Available
as of September 30, 2018
Total Available to Lend: \$22.4 M



Note: Total available to lend is calculated net of annual debt service totaling \$1,082,857.

State Infrastructure Bank Loans and Bonds

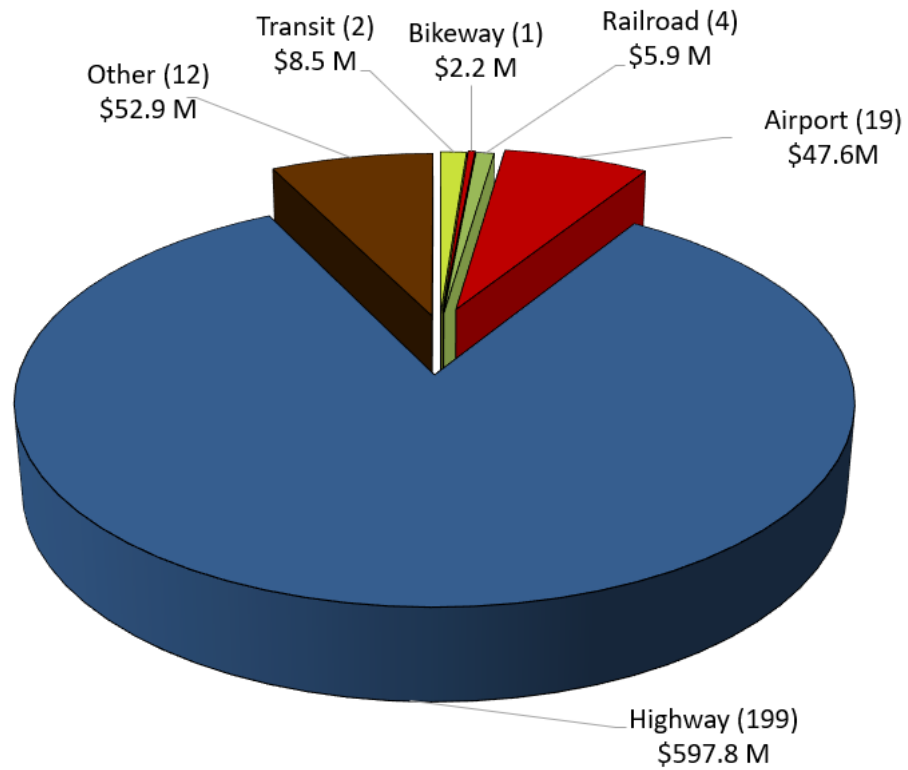


| State Fiscal Year | 1997-2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Total * |
|------------------------------------|-----------|--------|--------|-------|-------|--------|--------|--------|--------|--------|--------|---------|
| # of Loans | 116 | 6 | 8 | 3 | 5 | 12 | 17 | 19 | 9 | 14 | 18 | 227 |
| \$ of Approved Loans (in millions) | \$358.54 | \$8.6 | \$18.6 | \$5.5 | \$7.8 | \$33.6 | \$56.9 | \$65.1 | \$10.1 | \$28.9 | \$47.4 | \$641.0 |
| # of Bonds | 1 | 1 | | | 1 | | 1 | 3 | 1 | 1 | 1 | 10 |
| \$ of Approved Bonds (in millions) | \$6.8 | \$11.7 | | | \$9.4 | | \$7.2 | \$10.5 | \$7.9 | \$4.7 | \$15.7 | \$73.9 |

| | | | |
|------------------|------------|---------------------------|----------------|
| Number of Loans: | 227 | Amount of Approved Loans: | \$641.0 |
| Number of Bonds: | 10 | Amount of Approved Bonds: | \$73.9 |
| Total: | 237 | Total: | \$714.9 |

* Annual amounts may not equal to total due to rounding. Excludes loans that were approved, but cancelled prior to closing on the loan.

Modes of SIB Loans and Bonds
approved as of September 30, 2018
Total \$714.9 m



HIGHLIGHTED STATE INFRASTRUCTURE BANK (SIB) PROJECTS

SIB projects include those found below and are depicted on the next page.

City of Newark - Mount Vernon Road Improvements

This project included a bridge replacement over SR-16 including the reconstruction and widening of SR-13 at Mount Vernon Road from St. Clair Street to Locust Street. Water and sewer improvements were completed as well as sanitary lines on Hudson from St. Clair Street to Locust Street. Intersection improvements and reconstruction and widening of Mount Vernon Road for the conversion to two-way traffic.

Total Project Costs: \$10,401,409

SIB Loan Amount: \$6,630,000

Lake Township - State Route 619, Phase I

This project is located in Stark County and consists of improvements to SR-619 including the addition of turn lanes to reduce congestion and increase safety for existing and future traffic conditions. It will also replace and improve curbs, gutters, storm sewers, signage and the widening of the existing two-lane pavement. The existing intersections will be enhanced with new signage or roundabout.

Total Project Costs: \$6,625,000

SIB Bond Amount: \$2,006,000

Village of Carey - Combined Roadway Improvement Project

With a SIB loan the Village was able to complete an addition and improvement of roadways within the Village of Carey; this includes the widening of CH-96 (along Continental Structural Plastics or "CSP") and CH-98 (along Arrowhead Commerce Park or "Arrowhead"). An increased turning radius was created on the access road into Arrowhead, pavement improvements to the roadbed, and improvements to the berm of local roadways.

Total Project Costs: \$483,250

SIB Loan Amount: \$329,250

City of Cincinnati - Keystone Parke Project, Phase III

This SIB loan and bond was used to construct roadway improvements and public parking facility consisting of a 240 space garage and other public infrastructure in the Parke located at the intersection of I-71 and Dana Avenue. These improvements were necessary in order to move forward with the construction of a new 60,000 square foot acute care rehabilitation hospital.

Total Project Costs: \$5,440,000

SIB Loan Amount: 2,500,000

SIB Bond Amount: 2,940,000

Montgomery County TID - City of Brookville, Market Street Extension Project

MCTID and the City obtained a SIB loan for roadway improvements and utility extensions. The project consists of the design, engineering, right-of-way acquisition, and construction to extend Market Street to support the construction of a new fire station. Also included was the reconstruction of approximately 400 feet of the Market/Salem Street intersection and extensions of water and sewer in right-of-way to the fire station.

Total Project Costs: \$2,453,000

SIB Loan Amount: \$1,976,000

STATE INFRASTRUCTURE BANK PROJECTS

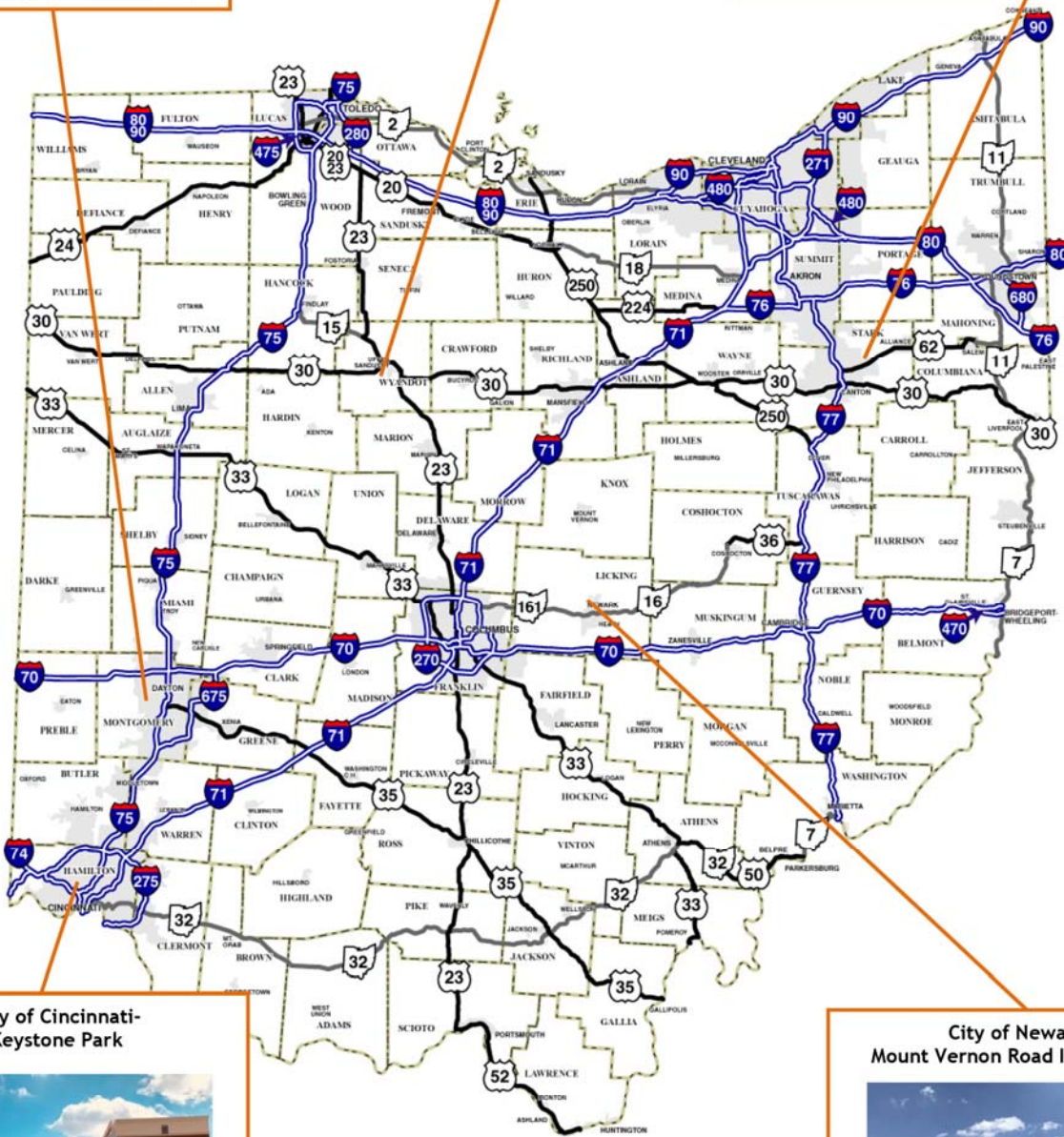
Montgomery County TID-
City of Brookville
Market Street Extension



Village of Carey-
Roadway Improvements



Lake Township-
State Route 619, Phase I



City of Cincinnati-
Keystone Park



City of Newark -
Mount Vernon Road Improvements



APPROVED, ACTIVE AND PAID OFF LOANS AND BONDS
as of September 30, 2018

| ODOT District | District Location | Loans | Bonds | Authorized Amount | % of Funds loaned/bonded | Approved * Loans | Active Loans | Paid off Loans | Approved * Bonds | Active Bonds | Paid-off Bonds |
|---------------|-------------------|-------|-------|-------------------|--------------------------|------------------|--------------|----------------|------------------|--------------|----------------|
| 1 | Lima | 10 | | \$7,997,339 | 1.12% | | 6 | 4 | | | |
| 2 | Bowling Green | 15 | 1 | \$45,750,050 | 6.40% | 1 | 6 | 8 | | 1 | |
| 3 | Ashland | 21 | 1 | \$32,237,133 | 4.51% | | 13 | 8 | | 1 | |
| 4 | Akron/Canton | 41 | 3 | \$98,760,939 | 13.81% | 2 | 15 | 24 | 1 | 1 | 1 |
| 5 | Jacksontown | 18 | 1 | \$55,802,156 | 7.81% | | 11 | 7 | | 1 | |
| 6 | Columbus | 11 | 1 | \$88,023,286 | 12.31% | 1 | 3 | 7 | | 1 | |
| 7 | Dayton | 26 | 1 | \$59,536,179 | 8.33% | 2 | 11 | 13 | | 1 | |
| 8 | Cincinnati | 15 | 2 | \$110,636,245 | 15.48% | | 5 | 10 | | 2 | |
| 9 | Chillicothe | 8 | | \$10,353,770 | 1.45% | | 3 | 5 | | | |
| 10 | Marietta | 7 | | \$7,135,870 | 1.00% | | 1 | 6 | | | |
| 11 | New Philadelphia | 23 | | \$21,345,072 | 2.99% | 2 | 11 | 10 | | | |
| 12 | Cleveland | 32 | | \$177,351,542 | 24.81% | 4 | 17 | 11 | | | |
| | | 227 | 10 | \$714,929,580 | 100.00% | 12 | 102 | 113 | 1 | 8 | 1 |

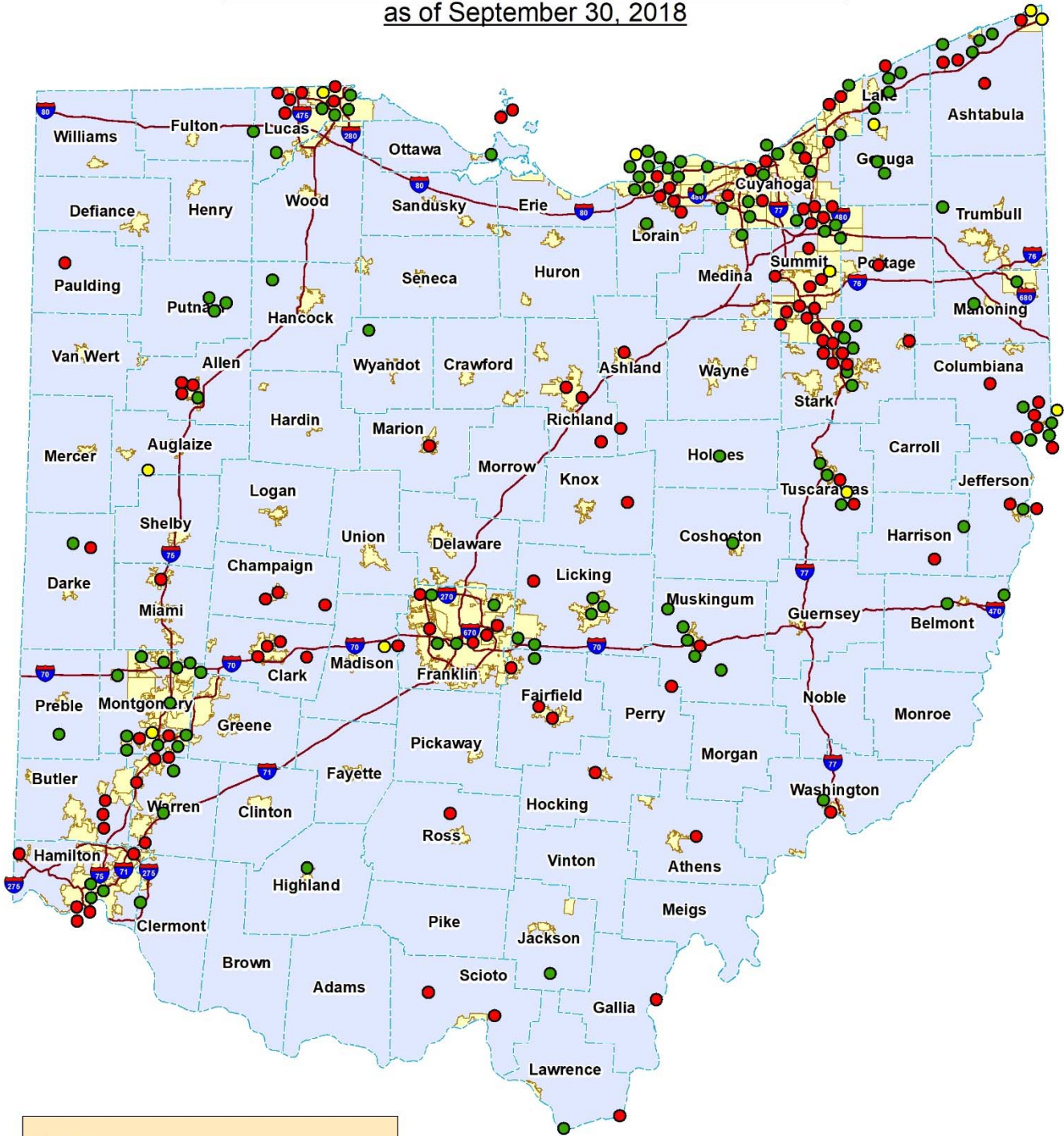
Average loan amount is \$2,823,743
Average bond amount is \$7,394,000

*Approved loans or bonds means the SIB loan committee has approved but closing documents have not been executed.



SIB LOAN/BOND LOCATIONS

as of September 30, 2018



Color

- Paid Off
- Active - Loan Finalized
- Approved - Loan Not Yet Finalized

SIB ANNUAL STATEMENT DISTRIBUTION LIST

Federal Highway Administration Washington office (3)
Federal Highway Administration Ohio office (2)
State of Ohio, Attorney General's office
State of Ohio, Office of Budget and Management
State of Ohio, Department of Transportation (20)
State of Ohio, Treasurer's office
Huntington National Bank
The Bank of New York Mellon Trust Company
Michael DiPerna, DiPerna Economic Development Advisors (2)