TOLEDO-LUCAS COUNTY PORT AUTHORITY

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009

Mary Taylor, CPA
Auditor of State

Board of Directors
Toledo-Lucas County Port Authority
One Maritime Plaza, Suite 7
Toledo, Ohio 43604

We have reviewed the *Independent Auditors' Report* of Toledo-Lucas County Port Authority, prepared by Gilmore, Jasion & Mahler, LTD, for the audit period January 1, 2009 through December 31, 2009. 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. Toledo-Lucas County Port Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 22, 2010

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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GILMORE, JASION & MAHLER, LTD

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of the Toledo-Lucas County Port Authority (the "Port Authority") as of December 31, 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port Authority as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 24, 2010 on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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*, and should considered in assessing the results of our audit.

WWW.GJMLTD.COM
1715 Indian Wood Circle, Suite 100, Maumee, Ohio 43537-4055
Phone 419.794.2000 Fax 419.794.2090
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The management's discussion and analysis on pages 3 - 9 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Port Authority taken as a whole. The accompanying schedule of expenditures of federal awards on page 35 is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations;* the accompanying schedule of passenger facility charges collected and expended – cash basis on page 38 is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration; and the supplemental information on pages 33 - 34, which is presented for purposes of additional analysis, are not required parts of the financial statements. Such additional information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Gilmore, Jasion & Mahler, LTD

June 24, 2010

The discussion and analysis of the Toledo-Lucas County Port Authority's (the Authority) financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2009. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The following financial highlights for 2009 are as follows:

- Total Net Assets decreased $53,351 to $167,351,154 from the year ended December 31, 2008.
- Operating Revenue decreased $1.13 million from 2008 due primarily to a decrease in fees and airline rent at the airport. Operating Expenses decreased approximately $830,000 because of lower airport expenses especially in the areas of employee wages and outside services.
- An operating loss of $4,488,619 was reported, however this included approximately $7.4 million of depreciation and amortization expense.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Management's Discussion and Analysis
For the Year Ended December 31, 2009

FINANCIAL ANALYSIS OF THE AUTHORITY

The following tables provide a summary of the Authority's financial position and operations for 2009 and 2008, respectively.

Condensed Statements of Net Assets

	December 31, 2009	December 31, 2008	Change Amount	Change %
Assets:				
Current assets	15,586,805	15,170,592	416,213	2.7%
Capital Assets, Net	175,618,460	180,304,648	(4,686,188)	-2.6%
Other Noncurrent Assets	20,083,722	21,121,699	(1,037,977)	-4.9%
Total assets	211,288,987	216,596,939	(5,307,952)	-2.5%
Liabilities and Net Assets:				
Liabilities:				
Current liabilities	5,406,288	5,902,768	(496,480)	-8.4%
Long-term debt outstanding	38,531,545	43,289,666	(4,758,121)	-11.0%
Total liabilities	43,937,833	49,192,434	(5,254,601)	-10.7%
Net Assets:				
Invested in capital assets-net of related debt	135,282,891	134,260,356	1,022,535	0.8%
Restricted	15,905,416	16,821,206	(915,790)	-5.4%
Unrestricted	16,162,847	16,322,943	(160,096)	-1.0%
Total net assets	167,351,154	167,404,505	(53,351)	0.0%
Total Liabilities and Net Assets	211,288,987	216,596,939	(5,307,952)	-2.5%

- Current assets increased $416,213 which includes an increase in accounts receivable of approximately $1.1 due mainly to amounts owed by operators at the Seaport.

- Capital assets decreased approximately $4.7 million due mainly to the reclass of a debt issue to conduit and the related warehouse that was excluded in the 2009 financials, but included in the 2008 financial statements. The reclassified capital assets had a net book value of approximately $2.7 million.

- Total liabilities for 2009 decreased $5.2 million. This is due mainly to the reclass of the above debt to conduit debt. The reclassified debt had amounted to approximately $3.1 million.

The Port's assets exceeded liabilities by approximately $167.4 million at December 31, 2009, a slight decrease of about $53,000 from the net assets as of December 31, 2008. The largest portion of the Authority's net assets represents its investment in capital assets, less related debt outstanding used to acquire those assets. The Authority uses these capital assets to provide services to its tenants, passengers and customers of the Airport and Seaport. Therefore these assets are not available for future spending. The Authority uses operating and nonoperating revenue to repay the debt associated with these capital assets.

Changes in Net Assets - The following table shows the changes in revenues and expenses for the Authority between 2009 and 2008:

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	December 31, 2009	December 31, 2008	Change Amount	%
Operating revenues				
Airport related	$ 7,996,990	$ 8,966,032	$ (969,042)	-10.8%
Seaport, Financing, Admin and other	3,963,811	4,126,015	(162,204)	-3.9%
Total operating revenues	11,960,801	13,092,047	(1,131,246)	-8.6%
Operating expenses				
Airport related	10,767,503	11,665,707	(898,204)	-7.7%
Seaport, Financing, Admin and other	5,681,917	5,613,848	68,069	1.2%
Total operating expenses	16,449,420	17,279,555	(830,135)	-4.8%
Operating loss	(4,488,619)	(4,187,508)	(301,111)	7.2%
Nonoperating revenues (expenses)				
Proceeds of property tax levy	2,468,595	2,499,394	(30,799)	-1.2%
Intergovernmental Grants	642,593	1,905,100	(1,262,507)	-66.3%
Interest income from investments	917,492	1,177,978	(260,486)	-22.1%
Passenger facility charges	748,667	884,413	(135,746)	-15.3%
Other expense	(229,537)	(228,780)	(757)	0.3%
Interest expense	(2,681,847)	(2,852,922)	171,075	-6.0%
Total nonoperating revenues (expenses)	1,865,963	3,385,183	(1,519,220)	-44.9%
Loss before contributions	(2,622,656)	(802,325)	(1,820,331)	226.9%
Capital Contributions	2,569,305	3,702,897	(1,133,592)	-30.6%
Changes in Net Assets	(53,351)	2,900,572	(2,953,923)	-101.8%
Total net assets-beginning of year	167,404,505	164,503,933	2,900,572	1.8%
Total net assets-end of year	$ 167,351,154	$ 167,404,505	$ (53,351)	0.0%

- Although 2009 reported a net operating loss of approximately $4.5 million including $7.4 million of depreciation and amortization expense, non-operating revenues exceeded non-operating expenses by almost $1.9 million. Revenues included in this category are proceeds from the tax levy, interest revenue, intergovernmental grants and airport passenger facility charges.

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

- Operating revenues for 2009 decreased approximately $1 million due to a decrease in income at the Airport. This was accompanied by a corresponding decrease in operating expenses at the Airport of approximately $900,000.

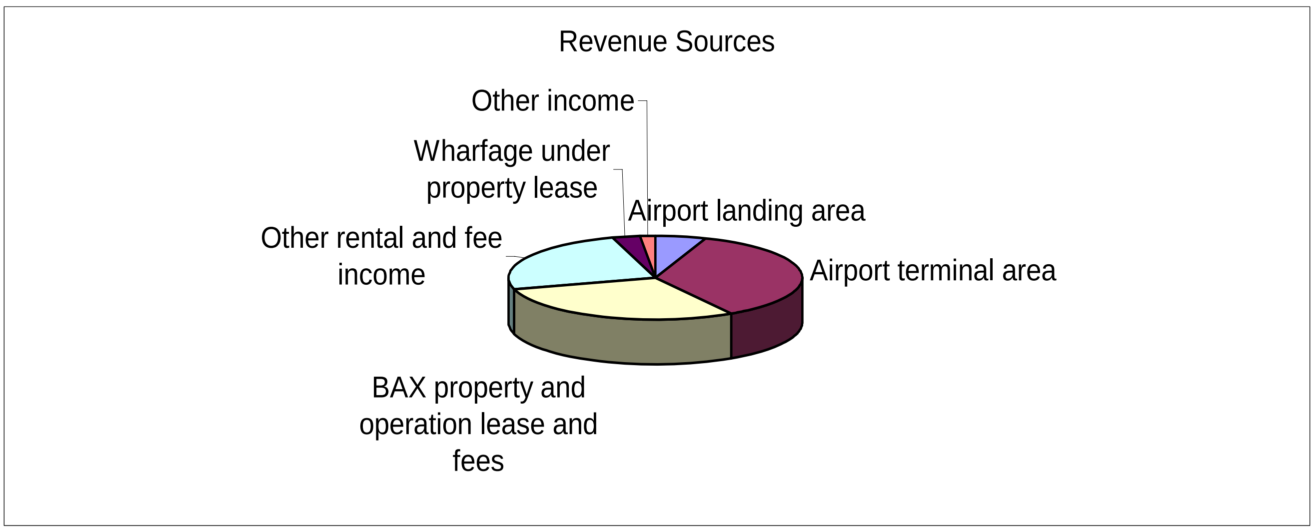
- Interest expenses accounted for 85% of nonoperating expenses for 2009 and decreased approximately 6% from 2008

- A decrease of approximately $1.3 million in intergovernmental grants used for area improvements and a decline in interest rates accounted for the decline in nonoperating revenue.

- Capital contributions decreased approximately $1.1 million due to a decrease in FAA grant awards used for airport projects.

Management's Discussion and Analysis
For the Year Ended December 31, 2009

Revenue Sources	2009	Percent of Total
Rental under property lease	5,559,173	46.48%
Airport landing area	350,035	2.93%
Airport terminal area	2,304,260	19.27%
BAX property and operation lease and fees	1,870,913	15.64%
Other rental and fee income	1,580,690	13.22%
Wharfage under property lease	190,225	1.59%
Other income	105,505	0.88%
Total Operating Revenue	$11,960,801	100.00%



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009 the Authority had $175,618,460, net of accumulated depreciation, invested in land, buildings, equipment and vehicles. This amount represents a net decrease of approximately $4.7 million, or 2.6 % as compared to 2008 due mainly to reclassing Midwest debt as conduit and eliminating the $2.9 million warehouse from capital assets. The following table shows fiscal year 2009 and 2008 balances:

Capital Assets at December 31,

	2009	2008	Change
Land	$ 62,603,769	$ 62,294,284	$ 309,485
Construction in progress	8,556,194	6,601,274	1,954,920
Improvements	136,483,377	137,899,483	(1,416,106)
Property and equipment	42,302,649	41,596,024	706,625
Buildings & leasehold improvements	83,252,466	82,527,042	725,424
Furniture and fixtures	465,098	462,098	3,000
Total Cost	$ 333,663,553	$ 331,380,205	$ 2,283,348
Accumulated Depreciation	(158,045,093)	(151,075,557)	(6,969,536)
Net Value	$ 175,618,460	$ 180,304,648	$ (4,686,188)

Debt

At December 31, 2009, the Authority had $41,553,940 in debt outstanding, $3,022,395 of which is due within one year. Outstanding debt in the amount of $36,773,940 pertains to Airport improvements and $4,780,000 is for Chevron property purchase utilized by Midwest Terminals of Toledo.

The following table summarizes the Authority's debt outstanding as of December 31, 2009 and 2008 and should be read in conjunction with Note 4 to the audited financial statements for more detailed information on debt.

Outstanding Debt at December 31,

	2009	2008
Revenue bonds payable	39,565,000	45,305,000
Long-term notes payable	1,681,075	408,528
Ohio Water Development Authority loan payable	307,865	445,909
	41,553,940	46,159,437

ECONOMIC FACTORS

The following statistics played a key role in the Authority's financial picture in 2009 compared to 2008:

- Cargo moving through the Port of Toledo was down 8 3/4% due mainly to a decrease in petroleum and general cargo. However, coal was up 13%.
- Passengers using Toledo Express were down 27%. Air cargo was down 32%.
- There was an almost 7% increase in the amount of Passengers using the AMTRAK station in Toledo, at Dr. Martin Luther King, Jr., Plaza owned by the Authority.
- One conduit bond issue totaling $3 million was issued in 2009. Seven conduit SBA 504 loans were closed totaling $4.47 million.

REQUESTS FOR INFORMATION

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

Toledo-Lucas County Port Authority
Statement of Net Assets
December 31, 2009

ASSETS

Current Assets:		
Cash and cash equivalents	$	5,468,676
Investments		6,992,067
Interest receivable		17,607
Accounts receivable - net of allowance for doubtful accounts of $200,000		2,755,153
Prepaid expenses and other assets		353,302
Total Current Assets		**15,586,805**
Noncurrent Assets:		
Nondepreciable capital assets		71,159,963
Depreciable capital assets, net of accumulated depreciation		104,458,497
Restricted:		
Investments		14,296,412
Amount due from lessees		891,004
Deferred bond issue costs		1,727,439
Loans receivable		168,867
Amount due from Northwest Bond Fund		3,000,000
Total Noncurrent Assets		**195,702,182**
Total Assets		**211,288,987**

(Continued)

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Net Assets, Continued
December 31, 2009

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	$	1,449,405
Accrued payroll		414,567
Deferred income		14,548
Accrued interest payable		330,685
Deposits		174,688
Notes payable-current		189,024
Revenue bonds payable-current		2,685,000
Ohio Water Development Authority loan payable-current		148,371
Total Current Liabilities		**5,406,288**
Noncurrent Liabilities:		
Long-term notes payable		1,492,051
Revenue bonds payable		36,880,000
Ohio Water Development Authority loan payable		159,494
Total Noncurrent Liabilities		**38,531,545**
Total Liabilities		**43,937,833**
Net Assets:		
Invested in capital assets, net of related debt		135,282,891
Restricted		15,905,416
Unrestricted		16,162,847
Total Net Assets	**$**	**167,351,154**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended December 31, 2009

Operating Revenues	
Rental under property lease	$ 5,559,173
Airport landing area	350,035
Airport terminal area	2,304,260
BAX operation lease and fees	1,870,913
Other rental and fee income	1,580,690
Wharfage under property lease	190,225
Other income	105,505
Total Operating Revenues	**11,960,801**
Operating Expenses	
Personnel services	4,751,139
Marketing	495,119
Contractual services	1,626,121
Utilities	810,961
Repairs and maintenance	656,821
Depreciation	7,179,212
Amortization	185,364
Rental	151,831
Bad debt	200,000
Loan receivable expense	155,133
Other	237,719
Total Operating Expenses	**16,449,420**
Operating Loss	**(4,488,619)**
Nonoperating Revenues (Expenses)	
Proceeds of property tax levy	2,468,595
Intergovernmental grants	642,593
Interest income from investments	917,492
Passenger facility charges	748,667
Other nonoperating expenses	(229,537)
Interest expense	(2,681,847)
Total Nonoperating Revenues (Expenses) - Net	**1,865,963**
Loss Before Contributions	**(2,622,656)**
Capital contributions	2,569,305
Changes in Net Assets	**(53,351)**
Net assets at beginning of year	167,404,505
Net Assets at End of Year	**$ 167,351,154**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows
For the Year Ended December 31, 2009

Cash flows from operating activities:	
Cash received from customers	10,796,078
Cash payments for goods and services	(5,037,252)
Cash payments to and on behalf of employees	(4,840,048)
Net cash provided by operating activities	**918,778**
Cash flows from noncapital financing activities:	
Intergovernmental grants	642,593
Proceeds of property tax levy	2,468,595
Net cash provided by noncapital financing activities	**3,111,188**
Cash flows from capital and related financing activities:	
Capital grants received	2,220,275
Passenger facility charges received	737,054
Acquisition and construction of capital assets	(5,234,708)
Interest paid on capital asset debt	(2,681,847)
Issuance of debt	1,743,068
Principal payments on long-term debt	(3,093,565)
Net cash used by capital and related financing activities	**(6,309,723)**
Cash flows from investing activities:	
Interest on investments	951,390
Borrower disbursements	(229,537)
Purchase of securities	(8,250,000)
Proceeds on securities	6,085,958
Net cash used in investing activities	**(1,442,189)**
Net decrease in cash and cash equivalents	**(3,721,946)**
Cash and cash equivalents at beginning of year	9,190,622
Cash and cash equivalents at end of year	**$5,468,676**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statement of Cash Flows, Continued
For the Year Ended December 31, 2008

Reconciliation of operating loss to net cash Provided by operating activities:	
Operating loss	(4,488,619)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation and amortization expense	7,364,576
Changes in assets and liabilities:	
Accounts receivable	(1,129,457)
Prepaid expenses and other assets	(3,930)
Accounts payable	(703,550)
Accrued payroll	(88,909)
Total adjustments	**5,407,397**
Net cash provided by operating activities	**918,778**

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Authority does not have financial accountability over any entities.

Basis of Accounting

The Authority operates as a self-supporting governmental enterprise and uses accounting policies applicable to governmental enterprise funds. All transactions are accounted for in a single enterprise fund. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in all material respects. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989 unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements, in which case GASB prevails. The Authority has elected not to apply Financial Accounting Standards (FASB) after November 30, 1989. Governmental Accounting Standards Board (GASB) pronouncements are applied after this date.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

Use of Estimates

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

Cash and Investments

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

In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the Authority reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit, repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Deferred Bond Issue Costs and Bond Discount

The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt.

Deferred Loss on Bond Refunding

The difference between the reacquisition price of the new debt and the carrying amount of the old debt is deferred and amortized over ten years.

Compensated Absences

Employees of the Authority are entitled to paid vacation days depending on job classification, length of service, and other factors. Accrued vacation, which is included with accrued payroll on the statement of net assets, increased $36,294 from $340,177 at December 31, 2008 to $376,471 at December 31, 2009.

Net Assets

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

Revenues and Expenses

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Levy

A .4 mill real estate tax renewal levy passed by Lucas County voters in 2008 provides financial support for the various activities of the Authority. The levy expires in 2014. The Authority elected to collect the full .4 mill in 2009.

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

Budgetary Process

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

NOTE 2 – CASH AND INVESTMENTS

Bank Deposits

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

At year end the carrying amount of the Authority's deposits was $3,721,659 and the bank balance was $4,288,405. The Authority also had $750 cash on hand. Federal depository insurance covered $2,482,579 of the bank balance and $1,805,826 was uninsured. Of the remaining uninsured bank balance, the Authority was exposed to custodial risk as follows:

Uninsured and collateralized with securities held by the pledging institution's trust department not in the Authority's name:	$1,805,826

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments

State law restricts the Authority's investments to the following:

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

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

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

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

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

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

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

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

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

The Authority's investments at December 31, 2009 were as follows:

			Investment Maturities (in Years)			
	Fair Value	Credit Rating	less than 1	1-3	3-5	more than 5
STAR Ohio	1,746,269	AAAm [1]	1,746,269	-	-	-
Money Market Fund	1,256,479	AAAm [1]	1,256,479	-	-	-
CDC Funding Corp Guaranteed Investment Contract	1,867,000	N/A	-	-	-	1,867,000
Transamerica Life Insurance Guaranteed Investment Contract	981,000	N/A	-	-	-	981,000
Toledo-Lucas County Port Authority Bond	9,810,930	BBB- [2]	-	-	-	9,810,930
US Treasury	381,001	N/A	381,001			
Federal Home Loan Bank	3,992,067	AAA [1]	1,000,000	2,992,067		-
Federal National Mortgage Association	1,750,000			1,750,000		
Federal Home Loan Mortgage Corp	1,250,000	AAA [1]	-	1,250,000		-
Total Investments	$23,034,746		4,383,749	5,992,067	-	12,658,930

[1] Standard & Poor's

[2] Fitch (in February 2010, S & P upgraded the rating to BBB and Fitch upgrade is under review)

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

Credit Risk – The Authority's investment policy limits investments to securities specifically authorized by Ohio Revised Code. No load money market funds must have the highest rating issued by national raters. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service.

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

Concentration of Credit Risk - Concentration of credit risk exists when investments are concentrated in one issue. The Authority's investment policy allows investments of 100% in U.S. Agency or Treasury Obligations, and limits repurchase agreements and investments in STAR Ohio to 25% of total investments (25% limitation was eliminated in January of 2009) and investments in Port Authority Bonds to $200,000, unless the Authority's Board of Directors, by resolution, modifies the limits. The Authority's investments in U.S. Agencies represent approximately 33%, U.S. Treasuries 2%, Money Market funds 6%, Toledo-Lucas County Port Authority Bond 46% and Guaranteed Investment Contracts 13%, respectively of the Authority's investment portfolio excluding STAR Ohio at year end.

Cash and investments per footnote	
Carrying amount of bank deposits	$ 3,721,659
Cash on hand	750
Investments	23,034,746
Total	26,757,155
Cash and investments per statement of net assets	
Cash and cash equivalents	$ 4,966,175
Investments	6,992,067
Restricted cash and cash equivalents	502,501
Restricted investments	14,296,412
Total	26,757,155

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following:

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Capital assets not being depreciated:				
Land	$ 62,294,284	$ 315,410	$ (5,925)	$ 62,603,769
Construction in Progress	6,601,274	2,084,287	(129,367)	8,556,194
Subtotal	68,895,558	2,399,697	(135,292)	71,159,963
Capital assets being depreciated:				
Improvements	137,899,483	1,487,894	(2,904,000)	136,483,377
Property and Equipment	41,596,024	771,101	(64,476)	42,302,649
Buildings and Leasehold Improvements	82,527,042	725,424	-	83,252,466
Furniture and Fixtures	462,098	3,000	-	465,098
Subtotal	262,484,647	2,987,419	(2,968,476)	262,503,590
Total Cost	$ 331,380,205	$ 5,387,116	$ (3,103,768)	$ 333,663,553

Accumulated Depreciation:

Class	December 31, 2008	Additions	Deletions	December 31, 2009
Capital assets being depreciated:				
Land Improvements	$ (83,593,354)	$ (3,832,921)	$ 145,200	$ (87,281,075)
Property and Equipment	(26,807,466)	(1,258,793)	64,476	(28,001,783)
Buildings and Leasehold Improvements	(40,385,686)	(2,064,645)	-	(42,450,331)
Furniture and Fixtures	(289,051)	(22,853)	-	(311,904)
Total Depreciation	$ (151,075,557)	$ (7,179,212)	$ 209,676	$ (158,045,093)
Net Value:	$ 180,304,648	$ (1,792,096)	$ (2,894,092)	$ 175,618,460
Depreciation Expense charged to operating expense		$7,179,212		

Depreciation has been determined using the straight-line method over the estimated useful lives of the property and equipment ranging between 5 and 40 years. During 2009, approximately $2.6 million of Federal, state and local grant funding was utilized to purchase capital assets.

NOTE 4 – DEBT

A summary of Long Term Debt Activity for the year ended December 31, 2009 follows:

		Series	Maturity Date	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
Revenue Bonds:								
Northwest Ohio Development:								
	Taxable:							
7.25%	Chevron	2008A	2028	$4,780,000	$0	$0	$4,780,000	$55,000
	Tax Exempt:							
	Other			3,245,000	-	(3,245,000)	-	0
6.38%	BAX	2004C	2032	9,810,000	-	-	9,810,000	-
Other:								
6.25-6.375%	BAX	2004-1	2013	22,730,000		(1,890,000)	20,840,000	2,010,000
5.55%	Airport Improvement Refunding	1998	2020	4,740,000	-	(605,000)	4,135,000	620,000
Total Revenue Bonds				45,305,000	-	(5,740,000)	39,565,000	2,685,000
Notes Payable:								
3.00%	Airport ODOT Note	2006	2011	408,528	-	(408,528)	-	189,024
3.00%	Airport ODOT Note	2009	2016	-	1,743,068	(51,993)	1,691,075	-
Total Notes Payable				408,528	1,743,068	(460,521)	1,691,075	189,024
Ohio Water Development Authority Loans (OWDA):								
7.50%	Water Pollution Control Plant		2011	445,909	-	(138,044)	307,865	148,371
Total				$ 46,159,437	$ 1,743,068	$ (6,338,565)	$ 41,563,940	$ 3,022,395

NOTE 4 - DEBT (Continued**)**

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

	2010	2011	2012	2013	2014
Notes Payable					
Airport ODOT Note	$ 189,024	$ 253,428	$ 261,088	$ 268,979	$ 277,109
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds					
Taxable-Port Authority	55,000	120,000	130,000	140,000	150,000
BAX	2,010,000	2,135,000	2,270,000	4,615,000	325,000
Tax Exempt-BAX	-	-	-	-	325,000
Airport Improvement Refunding Bonds	620,000	655,000	670,000	685,000	180,000
OWDA Loan Payable					
Water Pollution Control Plant	148,371	159,494	-		-
Total	$ 3,022,395	$ 3,322,922	$ 3,331,088	$ 5,708,979	$ 1,257,109

	2015-2019	2020-2024	2025-2029	2030-2034	Total
Notes Payable					
Airport ODOT Note	$ 431,447	$ -	$ -	$ -	$ 1,681,075
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds					
Taxable-Port Authority	960,000	1,395,000	1,830,000	-	4,780,000
BAX	1,975,000	2,290,000	2,400,000	2,820,000	20,840,000
Tax Exempt-BAX	1,975,000	2,290,000	2,400,000	2,820,000	9,810,000
Airport Improvement Refunding Bonds	1,070,000	255,000	-	-	4,135,000
OWDA Loan Payable					
Water Pollution Control Plant	-	-	-	-	307,865
Total	$ 6,411,447	$ 6,230,000	$ 6,630,000	$ 5,640,000	$ 41,553,940

NOTE 4 - DEBT (Continued)

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

	2010	2011	2012	2013	2014
Notes Payable					
Airport ODOT Note	$ 40,279	$ 42,875	$ 35,215	$ 27,324	$ 19,193
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds					
Taxable-Port Authority	346,550	340,387	331,506	321,900	311,569
BAX	1,283,825	1,156,325	1,020,856	875,231	620,288
Tax Exempt-BAX	625,388	625,388	625,388	625,388	625,388
Airport Improvement Refunding Bonds	210,375	175,312	138,875	101,613	77,825
OWDA Loan Payable					
Water Pollution Control Plant	23,032	11,908	-	-	
Total	$ 2,529,449	$ 2,352,195	$ 2,151,840	$ 1,951,456	$ 1,654,263

	2015-2019	2020-2024	2025-2029	2030-2034	Total
Notes Payable					
Airport ODOT Note	$ 13,008	$ -	$ -	$ -	177,894
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds					
Taxable-Port Authority	1,371,699	957,543	325,162	-	4,306,316
BAX	2,756,550	2,047,331	1,339,548	397,639	11,497,593
Tax Exempt-BAX	2,756,550	2,047,341	1,339,538	397,639	9,668,008
Airport Improvement Refunding Bonds	224,124	7,012	-	-	935,136
OWDA Loan Payable					
Water Pollution Control Plant	-	-	-	-	34,940
Total	$ 7,121,931	$ 5,059,227	$ 3,004,248	$ 795,278	$ 26,619,887

A. Port Authority-Chevron Property

The Authority issued $4,780,000 of taxable revenue bonds from the Northwest Ohio Bond Fund for the purchase of the former Chevron Property in 2008. A lease was signed with Midwest Terminals requiring the Port to provide up to $748,000 in capital improvements for the property. In return Midwest began making monthly lease payments for two year term totaling $747,673.

B. Airport Improvement Revenue Bonds and Note

In 1989, the Authority issued $30,870,000 of Airport Improvement Revenue Bonds. The proceeds of the bond issue, along with funds made available by Lucas County and grants from the City of Toledo and the State of Ohio, were used to finance the construction and equipping of an air cargo distribution facility currently leased to Burlington Air Express Inc. (now known as BAX Global Inc.). In conjunction with the issuance of the Airport Improvement Revenue Bonds, a trust agreement dated April 1, 1989 was executed by the Authority and the trustee. The tax-exempt bonds paid interest of 9.875% per annum and were scheduled to mature in installments which began in 1992 and continued through April 1, 2019.

NOTE 4 - DEBT (Continued)

B. Airport Improvement Revenue Bonds and Note (Continued)

In March 1994 the Authority issued $36,120,000 of Airport Refunding and Improvement Revenue Bonds, Series 1994-1, in part to refinance the 1989 issue of Airport Improvement Revenue Bonds and in part to finance an additional project and improvements at Toledo Express Airport, substantially all of which are used by and leased to BAX. The bonds, which are tax exempt, pay interest at various rates ranging between 7% and 7.5% and mature in installments which began in 1995 and continue through 2019. The bonds may be redeemed prior to maturity, at specified premiums, at the option of the Authority.

Under the amended Trust Agreement, $3,546,984 of the bond proceeds were deposited with the trustee in a reserve account to be applied to the last year's debt service payments.

The lease agreement between the Authority and BAX was amended in March 1994 to reflect the issuance of the new debt. As amended, the initial term of the lease expires October 31, 2013. Lease payments will be sufficient to satisfy the debt service requirements on the bonds during the initial lease term. Throughout the initial lease term, BAX has various options including extending the lease or purchasing the facility. In the event BAX terminates the lease at the end of the initial lease term, the Authority has agreed to pay the remaining bond financing payments from revenues other than those derived from property tax levies. The lessee is obligated under the terms of the lease to bear all costs incurred in the use, operation and maintenance of the leased premises.

In May 1998, the Authority defeased $6,815,000 of Airport Improvement Revenue Bonds and $2,965,000 of Tax-Exempt Development Revenue Bonds (Series 1990A) through the issuance of $8,770,000 of Airport Improvement Revenue Bonds and $2,500,000 of Taxable Development Revenue Bonds (Series 1998B issued through the Northwest Bond Fund). The net proceeds of these bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds are not included in the Authority’s outstanding debt since the Authority has in substance satisfied its obligations through the advance refunding.

In July 2004, the Authority refunded the Airport Improvement Revenue Bonds, which bonds were used to finance the construction and equipping of an air cargo distribution facility currently leased to Burlington Air Express Inc. (now know as BAX Global, Inc.) The Authority issued two series of refunding bonds totaling $28,480,000. The first series totaled $18,670,000 and will be payable from existing rent payments under the BAX Global lease and a supplemental annual payment of approximately $400,000 to be provided by the Authority, which commenced in 2008 and continues through 2013. The average interest rates were reduced from approximately 7.45% to approximately 6.25%-6.37%. The second series of bonds totaled $9,810,000 and were issued by the Northwest Ohio Bond Fund. These bonds will mature on November 15, 2032, and the interest rate is 6.38%. The Authority has pledged its net non-tax revenues as security for the second series of bonds beginning in 2014, which is the period subsequent to the expiration in 2013 of the existing BAX Global lease.

Pursuant to the BAX lease, the Authority is obligated to fund an estimated $7,500,000 of general improvements to the Toledo Express Airport if requested by BAX. The amount is expected to be financed from Authority revenue bonds and federal, state and local grants.

NOTE 4 - DEBT (continued)

C. Port Authority-Midwest

In 2007 the Authority issued $3,300,000 of tax exempt development revenue bonds from the Northwest Ohio Bond Fund for a new warehouse. The debt and the warehouse were included in the Authority's financial statements as of December 31, 2008. It has been determined there is no recourse to the Authority for this debt and therefore the outstanding bonds as of December 31, 2009 of $3,165,000 have been reclassed to conduit debt included in NOTE 8 and the warehouse, with a net book value of $2,758,000 has been removed from the Authority's financial statements.

D. Ohio Department of Transportation State Infrastructure Bank

The Authority incurred additional debt during 2009 in the form of a promissory note with the State of Ohio in the amount of $1,743,068 for the purpose of constructing a car rental facility at Toledo Express Airport. This loan is scheduled to be paid back by February of 2016 with an interest rate of 3% and requires semi-annual payments amounting to $148,151. A car rental fee has been assessed as a source to provide principal and interest payments. As of December 31, 2009, $1,681,075 is the remaining outstanding debt.

NOTE 5 - RETIREMENT PLAN

The following information was provided by the Public Employees Retirement System (PERS) of Ohio to assist the Authority in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of the Authority participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

NOTE 5 – RETIREMENT PLAN (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10%. The 2009 employer contribution rate for local government employer units was 14% of covered payroll. From January 1 to March 31, 7% was allocated to fund the pension and 7% to fund health care; from April 1 to December 31, 8.5% was allocated to fund the pension and 5.5% to fund health care. The contribution requirements of plan members and the Authority are established and may be amended by the Public Employees Retirement Board. The Authority's contributions to the Ohio PERS for the years ending December 31, 2009, 2008, and 2007 were $471,830, $517,635 and $527,030 respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of postemployment health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2009 employer contribution rate (identified above) that was used to fund health care for the year 2009 was 7% from January 1 through March 31 and 5.5% from April 1 through December 31.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2008. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2008 was 6.5%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from .50% to 3% for the next 6 years. In subsequent years (7 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 357,584 as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008 actuarial valuation was 356,388. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2008 is $10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $29.6 billion and $18.9 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which will allow additional funds to be allocated to the health care plan.

NOTE 6 - OPERATING LEASES

The Authority has entered into a number of noncancelable operating lease agreements with various companies to lease certain of its facilities for periods from five to forty years. In addition, the Authority has entered into noncancelable operating lease agreements whose proceeds are pledged for the debt service of certain bonds.

Property under lease at December 31, 2009 consists of the following:

	BAX Global Rentals and Debt Service	Dr. Martin Luther King Plaza	Seaport Leases	Total
Capitalized Interest	$ 1,869,601	$ -	$ -	$ 1,869,601
Facilities and Equipment	32,104,750	-	-	32,104,750
Land	-	-	10,584,857	10,584,857
Construction in Progress	-	-	234,487	234,487
Improvements	-	-	12,320,473	12,320,473
Property and Equipment	-	6,980	1,825,258	1,832,238
Building and Leasehold Improvements	-	8,247,249	9,831,141	18,078,390
Total Cost	33,974,351	8,254,229	34,796,216	77,024,796
Less: Accumulated Depreciation	(22,220,586)	(3,467,855)	(13,642,709)	(39,331,150)
	$11,753,765	$4,786,374	$21,153,507	$37,693,646

The minimum future rentals to be received under the lease agreements, excluding those which have been pledged solely for the debt service of related bonds, are as follows:

Years	BAX Global Rentals and Debt Service	Administration	Dr. Martin Luther King Plaza	Development/ Seaport Leases	Total
2010	$ 3,658,320	$ 71,500	$ 314,888	$ 1,122,782	$ 5,167,490
2011	3,651,153	71,500	310,404	1,122,782	$ 5,155,839
2012	3,648,160	71,500	310,404	1,174,582	$ 5,204,646
2013	3,660,143	29,790	310,404	875,915	$ 4,876,252
2014	-	-	310,404	875,915	$ 1,186,319
2015-2019	-	-	428,746	4,120,135	$ 4,548,881
2020-2024	-	-	-	3,810,275	$ 3,810,275
2025-2029	-	-	-	1,397,168	$ 1,397,168
Totals	$14,617,776	$244,290	$1,985,250	$14,499,554	$31,346,870

Under the BAX lease agreement, scheduled to expire in 2013, BAX was required to make monthly payments for the "basic" rent on the air cargo distribution facility in scheduled amounts calculated to be sufficient to meet the debt service requirements of the 1989 Airport Improvement Revenue Bonds. Rental income amounted to $3,004,016 in 2009.

NOTE 6 - OPERATING LEASES (Continued)

In addition to the basic rent, the agreement also provides for monthly landing fees and fixed payments for land rental and ramp fees. Fixed payments range from $657,764 to be received in 2010 to $538,968 scheduled for 2013. Landing fees which are calculated based on aircraft weight amounted to $1,212,863 in 2009. The Authority is entitled to increase landing fees annually commensurate with the increase in airport operating costs, with a maximum increase of 5% per year. BAX is also being charged fuel royalty fees based on gallons used. Total rentals and fees from BAX recognized in 2009 amounted to $1,965,282.

Additionally, the Authority has entered into a number of noncancelable operating leases with companies that provide services at the Airport. The most significant of these agreements are with the airlines and the parking lot operator.

The rent and landing fees received from the airlines totaled $737,586 in 2009. Under the agreement covering the operation of the parking lot, rentals are based on percentages of gross parking lot receipts. During 2009 parking lot rentals received totaled $394,540.

NOTE 7 - LEASE COMMITMENTS AND RENTAL EXPENSE

The Authority leases its office space under an operating lease that expires March 31, 2017. Certain expenses of operating and maintaining the leased facilities are paid by the Authority. The Authority also leases various vehicles and equipment under non-cancelable operating leases. Total rent expense for 2009 was $151,831.

Following is a schedule of the future minimum lease payments required under these non-cancelable operating leases at December 31, 2009:

Year Ending December 31,	Amount
2010	$ 130,024
2011	127,430
2012	125,809
2013	127,232
2014	127,706
2015-2019	287,339
Total	$ 925,540

NOTE 8 - CONDUIT DEBT

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

As of December 31, 2009, there were sixty series of Revenue Bonds outstanding. The original issue amounts for the series issued after July 1, 1995 was $627,284,900 of which $319,663,446 remained outstanding at December 31, 2009. The aggregate principal amount issued for the twelve series issued prior to July 1, 1995 could not be determined; however, their original issue amounts totaled $197,725,000.

NOTE 9 – AMOUNT DUE FROM LESSEES

On June 2, 2003, the United States transferred ownership of property occupied by Teledyne Technologies to the Authority for $10. A lease agreement between the Authority and Teledyne Technologies was entered into on August 23, 2001 and commenced on the date the property was transferred to the Authority (June 2, 2003). Lease payments are due in the amount of $65,000 per year with periodic increases based upon the consumer price index. The original lease term is five years with options to extend the lease for four additional periods of five years. On March 26, 2008 Teledyne exercised the first five year option period thereby extending the lease through May 30, 2013. Teledyne has the option to purchase the property for $450,000. The option price is considered a bargain purchase and, under the provision of Financial Accounting Board Standard No. 13, "Accounting for Leases", the lease is being accounted for as a direct financing lease. The present value of the bargain purchase option and the lease payments during the original lease term are recorded as amount due from lessee in the statement of net assets at December 31, 2009. All costs, expenses, and obligations relating to the property are to be paid by Teledyne.

The Authority entered into an agreement with Owens Corning to lease and provide capital improvements in the amount of $500,000 to the hanger previously occupied to Dana Corp. The lease is for ten years with two ten year options at an annual rate of $102,000 with an annual CPI adjustment. Owens Corning will pay additional payments, including interest, to the Authority over ten years to fully cover the cost of improvements

NOTE 10 – RISK MANAGEMENT

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

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

The Authority has a premium based PPO for employee health insurance coverage. The Port Authority pays a portion of the employees’ deductible. Premium expense for 2009 was $472,818. The Authority continues to provide a dental plan, which provides various benefits after a deductible. Maximum dental benefits are limited to $1,000 per year for preventive care and major dental services and $1,000 per lifetime for orthodontics.

NOTE 11 - CONTINGENCIES

A. Litigation

In the normal course of operations, the Authority may be subject to litigation, claims, and unasserted possible claims. As of December 31, 2009, the Authority was involved in several such matters. The outcome of such matters cannot presently be determined.

B. Grants

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

Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at December 31, 2009.

C. Guarantees

In 2009 the Authority entered into an inter creditor agreement with Xunlight Corp. which is the borrower on a $3 million debt issue from the Northwest Ohio Bond Fund. This debt is backed by a $2,000,000 letter of credit with Huntington Bank and a guarantee in the form of an inter creditor agreement with the Authority in the amount of $1,000,000 million in the event of a default on the debt.

NOTE 12 - SEGMENT INFORMATION

Significant financial data for the airport division, which meets the requirements for segment reporting under GASB 34, is as follows for the year ended December 31, 2009:

Statement of Net Assets		
Current Assets	$	2,265,548
Capital Assets		127,785,099
Other Assets		10,416,775
Total Assets		140,467,422
Current Liabilities		4,504,528
Noncurrent Liabilities		33,806,545
Total Liabilities		38,311,073
Invested in Capital Assets, Net of Related Debt		91,779,529
Restricted		15,163,328
Unrestricted		(4,786,508)
Total Net Assets	$	102,156,349
Statement of Revenues, Expenses, and Changes in Net Assets		
Operating Revenues	$	7,996,990
Depreciation and Amortization		6,059,539
Other Operating Expenses		4,707,964
Operating Loss		(2,770,513)
Nonoperating revenues (expenses):		
Investment Income		798,598
Interest Expense		(2,335,297)
Other Nonoperating Revenues (Expenses)		701,094
Transfers net		981,150
Capital Contributions		2,496,740
Change in Net Assets		(128,228)
Beginning Net Assets		102,284,577
Ending Net Assets	$	102,156,349
Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities		2,121,932
Noncapital Finance		1,163,114
Capital and Related Financing		(3,579,428)
Investing		662,893
Cash at Beginning of Year		1,166,458
Cash at End of Year	$	1,534,969

Toledo-Lucas County Port Authority
Schedule of Net Assets Information by Division
December 31, 2009

	Administration	Seaport	Airport	Development & Property	Total
ASSETS					
Current Assets:					
Cash	$ 3,881,074	$ -	$ 1,534,969	$ 52,633	$ 5,468,676
Investments	-	6,992,067	-	-	6,992,067
Interest receivable	-	17,607	-	-	17,607
Accounts receivable	120,252	752,107	1,398,579	484,215	2,755,153
Due (to) from other divisions	1,860,709	2,220,891	(901,849)	(3,179,751)	-
Prepaid expenses and other assets	33,549	39,518	233,849	46,386	353,302
Total Current Assets	5,895,584	10,022,190	2,265,548	(2,596,517)	15,586,805
Noncurrent Assets:					
Nondepreciable capital assets	435,000	17,819,345	42,705,717	10,199,901	71,159,963
Depreciable capital assets, Net of accumulated depreciation	12,562	10,334,162	85,079,382	9,032,391	104,458,497
Restricted:					
Investments	-	-	13,606,954	689,458	14,296,412
Amount due from OCF Loan	-	-	441,004		441,004
Amount due from lessee	-	-	-	450,000	450,000
Deferred bond issuance cost	-	-	1,727,439	-	1,727,439
Loans Receivable	168,867	-	-	-	168,867
Amount due from Northwest Bond Fund	-	3,000,000	-	-	3,000,000
Interdivisional receivables (payables)	-	7,106,003	(5,358,622)	(1,747,381)	-
Total Noncurrent Assets	616,429	38,259,510	138,201,874	18,624,369	195,702,182
Total Assets	**6,512,013**	**48,281,700**	**140,467,422**	**16,027,852**	**211,288,987**
LIABILITIES AND EQUITY					
Current Liabilities:					
Accounts payable	$ 165,319	$ 28,646	$ 1,042,601	$ 212,839	$ 1,449,405
Accrued payroll	239,061	17,335	149,299	8,872	414,567
Deferred income	-	-	14,548	-	14,548
Deposits	-	174,688	-	-	174,688
Accrued interest payable	-	-	330,685	-	330,685
Notes payable-current	-	-	189,024	-	189,024
Revenue bonds payable-current	-	-	2,630,000	55,000	2,685,000
Ohio Water Development Authority loan payable-current	-	-	148,371	-	148,371
Total Current Liabilities	404,380	220,669	4,504,528	276,711	5,406,288
Long-term notes payable	-	-	1,492,051	-	1,492,051
Revenue bonds payable	-	-	32,155,000	4,725,000	36,880,000
Ohio Water Development Authority loan payable	-	-	159,494	-	159,494
Total Noncurrent Liabilities	-	-	33,806,545	4,725,000	38,531,545
Total Liabilities	**404,380**	**220,669**	**38,311,073**	**5,001,711**	**43,937,833**
Net Assets:					
Invested in capital assets, net of related debt	447,562	28,153,507	91,779,529	14,902,293	135,282,891
Restricted	-	-	15,163,328	742,088	15,905,416
Unrestricted	5,660,071	19,907,524	(4,786,508)	(4,618,240)	16,162,847
Total Net Assets (Deficit)	**$ 6,107,633**	**$ 48,061,031**	**$ 102,156,349**	**$ 11,026,141**	**$ 167,351,154**

Toledo-Lucas County Port Authority
Schedule of Revenues, Expenses and Changes in Net Assets Information by Division
For the Period Ended December 31, 2009

	Administration	Seaport	Airport	Development & Property	Total
Operating Revenues					
Rental under property leases	$ -	$ 1,354,821	$ 3,004,016	$ 1,200,336	$ 5,559,173
Airport landing area	-	-	350,035	-	350,035
Airport terminal area	-	-	2,304,260	-	2,304,260
BAX Global	-	-	1,870,913	-	1,870,913
Other rental and fee income	-	-	362,782	1,217,908	1,580,690
Wharfage under property lease	-	190,225	-	-	190,225
Other income	55	200	104,984	266	105,505
Total Operating Revenues	**55**	**1,545,246**	**7,996,990**	**2,418,510**	**11,960,801**
Operating Expenses					
Personal services	1,367,661	330,826	2,431,888	620,764	4,751,139
Marketing	110,034	32,151	321,967	30,967	495,119
Contractual services	-	178,554	613,348	834,219	1,626,121
Utilities	15,804	10,551	641,772	142,834	810,961
Repairs and maintenance	-	8,126	599,258	49,437	656,821
Depreciation	12,006	853,611	5,874,175	439,420	7,179,212
Amortization	-	-	185,364	-	185,364
Rental expense	151,831	-	-	-	151,831
Loan receivable expense	155,133	-	-	-	155,133
Bad debt expense	-	200,000	-		200,000
Other operating expenses	56,694	47,232	99,731	34,062	237,719
Total operating expenses	**1,869,163**	**1,661,051**	**10,767,503**	**2,151,703**	**16,449,420**
Operating Income (Loss)	**(1,869,108)**	**(115,805)**	**(2,770,513)**	**266,807**	**(4,488,619)**
Nonoperating Revenues (Expenses)					
Proceeds of property tax levy	2,468,595	-	-	-	2,468,595
Intergovernmental grants	-	-	181,964	460,629	642,593
Interest income from investments	-	68,942	798,598	49,952	917,492
Passenger facility charges	-	-	748,667	-	748,667
Borrower disbursements	-	-	(229,537)	-	(229,537)
Interest expense	-	-	(2,335,297)	(346,550)	(2,681,847)
Total Nonoperating Revenues (Expenses)	**2,468,595**	**68,942**	**(835,605)**	**164,031**	**1,865,963**
Income (Loss) Before Contributions	**599,487**	**(46,863)**	**(3,606,118)**	**430,838**	**(2,622,656)**
Capital contributions	-	-	2,496,740	72,565	2,569,305
Interdivisional transfers in	-	-	1,394,470	-	1,394,470
Interdivisional transfers out	(981,150)	-	(413,320)	-	(1,394,470)
Change in Net Assets	**(381,663)**	**(46,863)**	**(128,228)**	**503,403**	**(53,351)**
Net assets at beginning of year	6,489,296	48,107,894	102,284,577	10,522,738	167,404,505
Net Assets at End of Year	**$ 6,107,633**	**$ 48,061,031**	**$ 102,156,349**	**$ 11,026,141**	**$ 167,351,154**

TOLEDO LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009

Federal Grantor/Pass - Through Grantor Program Titles	CFDA Number	Grant Expenditures
U.S. Department of Transportation		
Airport Improvement Program	20.106	1,779,907
Marine Passenger Terminal-Federal Highway Admin./ODOT	20.205	14,880
		1,794,787
U.S. Department of Housing and Urban Development		
HUD B03SP0H0615	14.246	128
HUD B03SP0H0616	14.246	43,985
		44,113
U.S Department of Energy		
Wind Turbine Grant	81.087	1,611
U.S. Department of Defense		
Teledyne Remediation - Office of Economic Adjustment	12.600	289,318
		$ 2,129,829

See Note to Schedule of Expenditures of Federal Awards

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2009

Note 1–Basis of presentation

The accompanying schedule of expenditures of federal awards includes all federal grant activity of the Toledo-Lucas County Port Authority, and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
FOR EACH QUARTER DURING THE YEAR ENDED DECEMBER 31, 2009

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Totals
PFC Fees Collected	$ 91,856	$ 94,623	$ 93,652	$ 75,630	$ 355,761
Interest Income	435	502	577	629	2,143
PFC Fees Expended - transferred*	-	-	-	-	-
Net Increase (Decrease) in Cash	92,291	95,125	94,229	76,259	357,904
Cash at Beginning of Period	670,290	762,581	857,706	951,935	670,290
Cash at End of Period	$ 762,581	$ 857,706	$ 951,935	$ 1,028,194	$ 1,028,194

* No fees were transferred from the PFC account.

See Notes to Schedule of Passenger Facility Charges

TOLEDO-LUCAS COUNTY PORT AUTHORITY
NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
YEAR ENDED DECEMBER 31, 2009

General

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

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

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

The Toledo-Lucas County Port Authority ("Port Authority"), for its operation at Toledo Express Airport, had been granted FAA approval to collect PFC fees for application #4 from December 1, 2003 to December 1, 2007, at the rates of $4.50 for each enplaned passenger. Starting in December 2007, the Airport began to collect PFC fees for application #5, at the same rates, which will continue through December 1, 2010. The PFC amounts collected are maintained in a separate Port Authority bank account.

Basis of Accounting

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

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

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

Compliance

We have audited the compliance of Toledo-Lucas County Port Authority ("Port Authority") with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2009. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of Port Authority's management. Our responsibility is to express an opinion on Port Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Port Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Port Authority's compliance with those requirements.

In our opinion, Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of Port Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered Port Authority's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Port Authority's internal control over compliance.

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Phone 419.794.2000 Fax 419.794.2090

A *deficiency in internal control over compliance* 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of the Board of Directors, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Gilmore, Jasion & Mahler, LTD

June 24, 2010

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

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

We have audited the financial statements of Toledo-Lucas County Port Authority ("Port Authority") as of and for the year ended December 31, 2009, and have issued our report thereon dated June 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Port Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Port Authority's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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1715 Indian Wood Circle, Suite 100, Maumee, Ohio 43537-4055
Phone 419.794.2000 Fax 419.794.2090
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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Port Authority's financial statements are free of 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*.

This report is intended solely for the information and use of the board of directors, management and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Gilmore, Jasion & Mahler, LTD

June 24, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Toledo-Lucas County Port Authority ("Port Authority") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that are applicable to each of its major federal programs for the year ended December 31, 2009. Port Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Port Authority's management. Our responsibility is to express an opinion on Port Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Port Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Port Authority's compliance with those requirements.

In our opinion, Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2009.

Internal Control over Compliance

The management of Port Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Port Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Port Authority's internal control over compliance.

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1715 Indian Wood Circle, Suite 100, Maumee, Ohio 43537-4055
Phone 419.794.2000 Fax 419.794.2090

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

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

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gilmore, Jasion & Mahler, LTD

June 24, 2010

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs

CFDA Number	Name of Federal Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs	$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF STATUS OF PRIOR YEAR (2008) AUDIT FINDINGS
For the Year Ended December 31, 2009

None.

Mary Taylor, CPA
Auditor of State

TOLEDO LUCAS COUNTY PORT AUTHORITY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 30, 2010

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us