TOLEDO-LUCAS COUNTY PORT AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Auditor of State
Betty Montgomery

Board of Directors
Toledo-Lucas County Port Authority
One Maritime Plaza
Toledo, Ohio 43604-1866

We have reviewed the *Independent Auditor's Report* of the Toledo-Lucas County Port Authority, Lucas County, prepared by Weber O'Brien Ltd., for the audit period January 1, 2004 through December 31, 2004. 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.

Finding Repaid Under Audit:

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants and second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced. Additionally, the Bulletin states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

On March 29, 2004, President, James H. Hartung paid for alcohol beverages in the amount of $114.22 while attending a dinner meeting.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable forthe amount of such expenditure. Seward v. National Surety Co., 120 Ohio St. 47 (1929); 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex rel. Village of Linndale v. Masten, 18 Ohio St.3d 228 (1985).

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Board of Directors
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One Maritime Plaza
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James H. Hartung, President reimbursed the Toledo-Lucas County Port Authority for $114.22 on July 21, 2005.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 3, 2005

TOLEDO-LUCAS COUNTY PORT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Toledo-Lucas County Port Authority
One Maritime Plaza
Toledo, Ohio 43604-1866

We have audited the accompanying statements of net assets of the Toledo-Lucas County Port Authority ("Authority") as of December 31, 2004 and 2003, and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. 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 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide 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 Authority as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

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The Board of Directors
Toledo-Lucas County Port Authority
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In accordance with *Government Auditing Standards*, we have also issued a report dated July 14, 2005, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 - 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 audits were conducted for the purpose of forming an opinion on the financial statements of the Authority taken as a whole. The accompanying schedule of expenditures of federal awards on page 44 is presented for purposes of additional analysis as required by 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 pages 45 and 46 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 38 - 43, which is presented for purposes of additional analysis, is not a required part of the financial statements. Such additional information, which is the responsibility of the Authority's management, 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.

Weber. O'Brien Ltd.

July 14, 2005

The discussion and analysis of the Toledo-Lucas County Port Authority's financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2004. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The key financial highlights for 2004 are as follows:

- Total Net Assets increased to $134,263,000 or 2.5%.
- Operating Revenue increased approximately $2.6 million due to increased leases from the Authority's Economic Development Financing and Seaport dredging.
- Operating Expenses increased approximately $3.8 million due to an increase in depreciation related to additional leases in the Authority's Economic Development Division; also expenses for land cleanup that were financed by a Clean Ohio Grant.

The key financial highlights for 2003 are as follows:

- Total Net Assets remained constant at approximately $130,977,000.
- Owens Corning negotiated with the Port Authority to modify its lease agreement, effective in 2003. Due to the change, the transaction is now being treated as conduit debt. As a result, the Authority has removed from the financial statements all capital assets, debt, and certain other accounts resulting from this transaction. This change has resulted in significant changes to many accounts in the Economic Development Division, including capital assets, debt, revenues and depreciation.
- Total outstanding debt, consisting largely of financing provided for others, was reduced to approximately $217 million at December 31, 2003 from approximately $285 million as of December 31, 2002. This change is due primarily to the Owens Corning lease conversion, which resulted in the debt ($62 million) being removed from the Authority's books and accounted for as conduit debt. The remainder of the decrease is due to scheduled debt repayments netted with new issues of debt of approximately $7.4 million.
- Passenger facility fees increased approximately 4% from 2002.

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 Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets, the Statements 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 Statements 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 Statements 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 Statements of Cash Flows provide information about the Authority's cash receipts and disbursements during the year. It summarized net changes in cash resulting from operating, investing and financing activities. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

The statement of net assets provides the prospective of the Authority as a whole.

The following tables provide a summary of the Authority's financial positions and operations for 2004 and 2003, respectively. The Authority implemented Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* in 2003.

Condensed Statements of Net Assets
December 31,

			Change	
	2004	2003	Amount	%
Assets				
Current assets - Unrestricted	$13,747,211	$11,812,370	$1,934,841	16.4%
Current assets - Restricted	4,839,446	3,936,560	902,886	22.9%
Capital assets, Net	273,730,788	277,202,281	(3,471,493)	-1.3%
Other Noncurrent Assets - Unrestricted	6,477,476	5,897,486	579,990	9.8%
Other Noncurrent Assets - Restricted	65,065,606	56,865,763	8,199,843	14.4%
Total assets	363,860,527	355,714,460	8,146,067	2.3%
Liabilities				
Current liabilities - Unrestricted	4,264,355	4,739,821	(475,466)	-10.0%
Current liabilities - Restricted	10,322,180	10,272,057	50,123	0.5%
Long-term debt outstanding - Unrestricted	10,207,446	10,859,636	(652,190)	-6.0%
Long-term debt outstanding - Restricted	202,566,266	196,433,414	6,132,852	3.1%
Other liabilities - Restricted	2,236,481	2,432,247	(195,766)	-8.0%
Total liabilities	229,596,728	224,737,175	4,859,553	2.2%
Net Assets				
Invested in capital assets,				
net of related debt	104,234,644	98,426,665	5,807,979	5.9%
Restricted	12,928,311	17,872,619	(4,944,308)	-27.7%
Unrestricted	17,100,844	14,678,001	2,422,843	16.5%
Total net assets	$134,263,799	$130,977,285	$3,286,514	2.5%

During 2004, net assets increased by $3,286,514. The majority of this increase was due to the following:

- Restricted investments increased $4,034,929. Northwest Bond Fund invested the bond proceeds from the BAX refunding.
- Loans receivable increased $5,187,265. The Northwest Ohio Bond Fund issued two loans booked as receivables.
- Capital assets decreased $3,471,493. The Cargotech facility was sold and the bonds retired.
- Deferred loss on refunding increased $431,442 due to the BAX refunding that required a premium to be paid.
- Notes payable decreased $995,825. An airport loan was pre-paid.

During 2003, net assets increased by $225,271. The majority of this increase was due to the following:

- Restricted investments decreased $27,719,213
- Loans receivable decreased $4,036,665
- Capital assets decreased $43,842,391
- Deferred bond issuance costs decreased $3,737,607
- Long-term notes payables decreased $9,123,824
- Revenue bonds decreased $58,516,370
- Accrued loss from lease modification decreased $9,626,214

The above 2003 changes are due primarily to the Owens Corning lease renegotiation discussed elsewhere in the Management Discussion and Analysis. In addition, the restricted investments decreased mainly due to the Dana project, as the Authority had issued bonds in 2002 before the project was complete. The excess funds were invested until needed for construction of the building. The building was nearly complete at December 31, 2003 and so all the bond proceeds and related investments have been used. Loans receivable decreased due to payments received and long-term notes payables decreased due to scheduled principal payments on the debt.

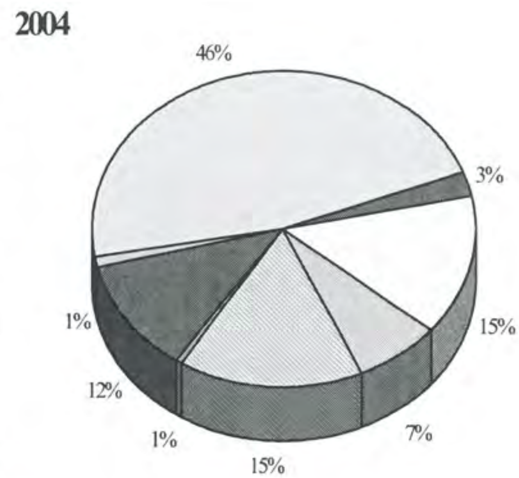
The Authority's assets exceeded liabilities by approximately $134 million at December 31, 2004, an increase over net assets of approximately $131 million as of December 31, 2003. The largest portion of the Authority's net assets represents its investment in capital assets, less related debt outstanding 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's operating revenue is used 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 2004 and 2003:

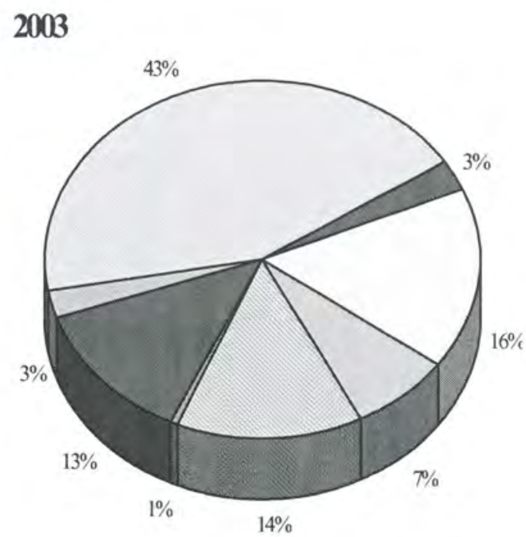
Condensed Statements of Revenues, Expenses and Changes in Net Assets
Years Ended December 31,

	2004	2003	Change Amount	Change %
Operating revenues:				
Airport related	$ 7,376,659	$ 7,644,214	$ (267,555)	-3.5%
Economic development	17,177,823	15,125,586	2,052,237	13.6%
Seaport and other	3,800,346	2,958,081	842,265	28.5%
Total operating revenues	28,354,828	25,727,881	2,626,947	10.2%
Operating expenses				
Economic development	12,199,767	10,165,072	2,034,695	20.0%
Airport related	10,992,587	9,384,249	1,608,338	17.1%
Seaport and other	6,991,002	6,795,869	195,133	2.9%
Total operating expenses	30,183,356	26,345,190	3,838,166	14.6%
Operating income (loss)	(1,828,528)	(617,309)	(1,211,219)	196.2%
Nonoperating income (expense):				
Proceeds of property tax levy	2,434,427	2,417,980	16,447	0.7%
Intergovernmental grants	1,583,724	435,000	1,148,724	264.1%
Interest income from investments	603,554	871,771	(268,217)	-30.8%
Passenger facility charges	1,471,591	1,411,672	59,919	4.2%
Interest expense	(10,005,013)	(8,373,721)	(1,631,292)	19.5%
Other	(945,728)	(839,071)	(106,657)	12.7%
Net nonoperating expenses	(4,857,445)	(4,076,369)	(781,076)	19.2%
Loss before capital grants	(6,685,973)	(4,693,678)	(1,992,295)	42.4%
Capital grants	9,972,487	4,918,949	5,053,538	102.7%
Change in net assets	3,286,514	225,271	3,061,243	1358.9%
Total net assets-beginning of year	130,977,285	130,752,014	225,271	0.2%
Total net assets-end of year	$ 134,263,799	$ 130,977,285	$ 3,286,514	2.5%

Revenue Sources	2004	Percent of Total
Income from leases and other property agreements	$ 13,285,878	46.86%
Airport landing area	740,418	2.61%
Airport terminal area	4,113,162	14.51%
Burlington	2,038,022	7.19%
Other rental and fee income	4,386,212	15.47%
Wharfage under property lease	193,483	0.68%
Interest income on loans receivable	3,265,109	11.51%
Other income	332,544	1.17%
Total Revenue	$28,354,828	100.00%



Revenue Sources	2003	Percent of Total
Income from leases and other property agreements	$ 11,231,272	43.65%
Airport landing area	697,791	2.71%
Airport terminal area	4,207,819	16.36%
Burlington	1,922,856	7.47%
Other rental and fee income	3,628,521	14.10%
Wharfage under property lease	138,967	0.54%
Interest income on loans receivable	3,243,072	12.61%
Other income	657,583	2.56%
Total Revenue	$25,727,881	100.00%



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

For the year ended December 31, 2004:

- Operating revenues for 2004 increased about 10% from 2003 mainly in the Economic Development Division due to increases in operating leases and dredging income at the Seaport.

- The increase in operating expenses occurred primarily for depreciation in the Economic Development Division and the expenditure of a Clean Ohio Grant for land clean up along the Maumee River.

- Operating expense at the airport increased approximately $1.6 million for major maintenance projects.

- Net nonoperating expenses increased approximately $800,000.

  - Interest expense increased by approximately $1.6 million due to Bond interest expense related to the Dana Technology Project that was completed in 2004.

  - Intergovernmental grant income increased by approximately $1.1 million due to an increase in the Clean Ohio Grant.

- Capital grants increased approximately $5.1 million in 2004. The Authority received higher FAA grants in 2004.

For the year ended December 31, 2003:

- Operating revenues for 2003 declined about 33% from 2002 mainly in the Economic Development Division due primarily to the renegotiation of the Owens Corning lease. In the prior year, the transaction had been recorded by the Port Authority as an operating lease. This change reduced revenues to the Port Authority by $13,197,000. These revenues were then used to pay bondholders.

- The reduction in operating expenses occurred primarily in the economic development division in the amount of $3,350,000 or 24.5%. This change is almost entirely due to the removal of the Owens Corning property from the Authority's books, resulting in lower depreciation. Prior year depreciation on the Owens Corning property was approximately $3,860,000.

- Net nonoperating expenses decreased approximately $15,207,000. This decrease is due to the following:

  - Interest expense decreased by approximately $6,241,000 due to the removal of the Owens Corning debt, which is now accounted for as conduit debt.

  - A loss due to lease modification in the amount of approximately $9,626,000 was recorded in the prior year financial statements for the Owens Corning lease renegotiation.

- Capital grants decreased approximately $5,062,000 in 2003. The Authority received lower FAA grants in 2003.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004 the Authority had $273,730,789 net of accumulated depreciation invested in land, buildings, equipment and vehicles. This amount represents a net decrease of approximately $3.5 million, or 1.25% as compared to 2003. The following table shows fiscal year 2004 and 2003 historical cost balances:

Capital Assets at December 31,

	2004	2003	CHANGE
Land	$ 53,914,915	$ 53,697,860	$ 217,055
Construction in progress	4,560,965	32,720,754	(28,159,789)
Improvements	136,135,292	129,420,496	6,714,796
Property and equipment	40,177,318	39,561,707	615,611
Buildings & leasehold improvements	200,263,904	170,940,044	29,323,860
	$ 435,052,394	$ 426,340,861	$ 8,711,533

Major additions in 2004, at cost included (in thousands):

The Dana Technology Project (total project $33 million)	$ 3,940
Airport Apron Reconstruction	5,000
Airport Perimieter Fencing	1,000
Airport Building Improvements	671
	$ 10,611

Debt

At December 31, 2004, the Authority had $222,691,144 in debt outstanding, $9,917,432 of which is due within one year. This represents an increase of $5,870,528 from 2003. During 2004, the Authority issued new debt in the amount of $49,384,316. Of this amount $38,290,000 pertained to the refunding of the 1994 Airport Improvement (BAX) Bonds.

The following table summarizes the Authority's debt outstanding as of December 31, 2004 and 2003 and should be read in conjunction with Note 5 to the audited financial statements for more detailed information on debt.

Outstanding Debt at December 31,

	2004	2003
Revenue Bonds Payable	$187,401,351	$180,088,758
Long-term Notes Payable	17,421,334	18,417,159
Ohio Enterprise Bonds Payable	16,960,000	17,310,000
Ohio Water Development Authority Loan Payable	908,460	1,004,699
Total	$222,691,145	$216,820,616

The operating lease financing activities, as well as the Northwest Ohio Bond Fund, result in debt being reflected on the financial statements of the Port Authority issued in the name of the Authority for private companies.

ECONOMIC FACTORS

The following statistics played a key role in the Authority's financial picture in 2004:

- Passengers using Toledo Express were up 2.3%.
- Cargo moving through the Port of Toledo was down about 4% due mainly to a decrease in coal and to a lesser extent iron ore and dry bulk. However, grain and liquid bulk finished strong and ended the season at a higher volume than 2003.
- There was no significant change in the amount of Passengers using the AMTRAK station in Toledo, at Dr. Martin Luther King, Jr., Plaza owned by the Port Authority.
- Numerous development financing projects were completed for 2004. Nine bond issues totaling a record $180,926,000. Six SBA 504 loans were closed for $1,317,000 and one Ohio 166 Regional Loan was closed for $254,570. Ten additional loans were either approved or authorized.

The Port Authority made significant achievements during 2004, which bode well for 2005 and beyond. These include:

- Made significant progress to the improvements at Toledo Express Airport including reconstruction of the Air Carrier Apron and a major renovation of the Airport Terminal.
- The dredging season ended with the Port Authority achieving record revenues from dredge disposal and achieved success in the development of a new beneficial re-use material for construction soils.

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 R. Berger, Director of Finance and Technology for the Toledo Lucas County Port Authority, One Maritime Plaza, Toledo, Ohio 43604.

Toledo-Lucas County Port Authority
Statements of Net Assets

	December 31, 2004	December 31, 2003
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and cash equivalents	$ 2,964,105	$ 2,031,877
Investments	7,935,657	7,094,979
Interest receivable	46,585	81,486
Accounts receivable	2,333,531	2,178,213
Prepaid expenses and other assets	467,333	425,815
Total Unrestricted Assets	**13,747,211**	**11,812,370**
Restricted Assets:		
Cash and cash equivalents	301,295	324,196
Interest receivable	205,152	139,861
Loans receivable	4,332,999	3,472,503
Total Restricted Assets	**4,839,446**	**3,936,560**
Total Current Assets	**18,586,657**	**15,748,930**
Noncurrent Assets:		
Unrestricted Assets:		
Nondepreciable capital assets	58,475,880	86,418,614
Depreciable capital assets, net of accumulated depreciation	215,254,908	190,783,667
Amount due from lessee	450,000	654,734
Deferred bond issuance cost	5,468,476	5,242,752
Total Unrestricted Assets	**279,649,264**	**283,099,767**
Restricted Assets:		
Investments	27,830,570	23,795,641
Loans receivable	36,587,615	32,260,846
Deferred bond issuance cost	137,196	171,493
Deferred loss on refunding	1,069,225	637,783
Total Restricted Assets	**65,624,606**	**56,865,763**
Total Noncurrent Assets	**345,273,870**	**339,965,530**
Total Assets	**363,860,527**	**355,714,460**

(Continued)

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statements of Net Assets, Continued

	December 31, 2004	December 31, 2003
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts payable	$ 2,419,099	$ 2,419,700
Accrued payroll	699,810	612,155
Deferred income	22,070	-
Notes payable-current	449,936	1,076,726
Revenue bonds payable-current	570,000	535,000
Ohio Water Development Authority loan payable-current	103,440	96,240
Total Payable from Unrestricted Assets	**4,264,355**	**4,739,821**
Payable from Restricted Assets:		
Accounts payable	18,819	1,149,790
Accrued interest payable	794,751	642,853
Deferred income	714,554	659,814
Notes payable-current	447,299	389,418
Revenue bonds payable-current	7,881,757	7,080,182
Ohio Enterprise bond payable-current	465,000	350,000
Total Payable from Restricted Assets	**10,322,180**	**10,272,057**
Total Current Liabilities	**14,586,535**	**15,011,878**
Noncurrent Liabilities:		
Payable from Unrestricted Assets:		
Long-term notes payable	1,472,426	1,451,177
Revenue bonds payable	7,930,000	8,500,000
Ohio Water Development Authority loan payable	805,020	908,459
Total Payable from Unrestricted Assets	**10,207,446**	**10,859,636**
Payable from Restricted Assets:		
Long-term notes payable	15,051,673	15,499,838
Revenue bonds payable	171,019,593	163,973,576
Ohio Enterprise bond payable	16,495,000	16,960,000
Borrower deposit reserves	2,236,481	2,432,247
Total Payable from Restricted Assets	**204,802,747**	**198,865,661**
Total Noncurrent Liabilities	**215,010,193**	**209,725,297**
Total Liabilities	**229,596,728**	**224,737,175**
Net Assets:		
Invested in capital assets, net of related debt	104,234,644	98,426,665
Restricted	12,928,311	17,872,619
Unrestricted	17,100,844	14,678,001
Total Net Assets	**$ 134,263,799**	**$ 130,977,285**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statements of Revenues, Expenses and Changes in Net Assets

	For the Year Ended December 31, 2004	2003
Operating revenues		
Income from leases and other property agreements	$ 13,285,878	$ 11,231,272
Airport landing area	740,418	697,791
Airport terminal area	4,113,162	4,207,819
BAX Global, Inc.	2,038,022	1,922,856
Other rental and fee income	4,386,212	3,628,521
Wharfage under property lease	193,483	138,967
Interest income on loans receivable	3,265,109	3,243,072
Other income	332,544	657,583
Total operating revenues	**28,354,828**	**25,727,881**
Operating expenses		
Personal services	4,640,144	4,699,034
Marketing	817,285	904,711
Contractual services	4,232,001	2,821,192
Utilities	673,042	657,158
Repairs and maintenance	2,485,907	938,023
Depreciation	12,476,404	11,443,717
Amortization	576,260	534,613
Rental expense	121,409	121,692
Interest expense	3,205,549	3,235,465
Other operating expenses	483,587	464,156
Provision for loan loss reserve	471,768	525,429
Total operating expenses	**30,183,356**	**26,345,190**
Operating loss	**(1,828,528)**	**(617,309)**
Nonoperating revenues (expenses)		
Proceeds of property tax levy	2,434,427	2,417,980
Intergovernmental Grants	1,583,724	435,000
Interest income from investments	603,554	871,771
Passenger facility charges	1,471,591	1,411,672
Loss on disposal of capital assets	(599,792)	(473,239)
Interest expense	(10,005,013)	(8,373,721)
Other expense	(27,171)	-
Borrower disbursements	(318,765)	(365,832)
Total nonoperating revenues (expenses)	**(4,857,445)**	**(4,076,369)**
Loss before contributions	**(6,685,973)**	**(4,693,678)**
Capital Contributions	9,972,487	4,918,949
Changes in Net Assets	**3,286,514**	**225,271**
Net Assets at Beginning of Year	130,977,285	130,752,014
Net Assets at End of Year	**$ 134,263,799**	**$ 130,977,285**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statements of Cash Flows

	For the Year Ended December 31, 2004	2003
Cash flows from operating activities:		
Cash received from customers	$31,240,995	$34,075,682
Cash payments for goods and services	(18,256,565)	(5,913,952)
Cash payments to and on behalf of employees	(4,552,489)	(4,660,738)
Net cash provided by operating activities	**$8,431,941**	**23,500,992**
Cash flows from noncapital financing activities:		
Principal payments on noncapital Northwest Ohio Development Revenue Bonds	(3,780,000)	(8,465,000)
Issuance of noncapital Northwest Ohio Development Revenue Bonds	18,930,000	-
Interest paid on noncapital debt	(3,077,981)	(3,894,409)
Proceeds of property tax levy	2,434,427	2,417,980
Net cash used by noncapital financing activities	**14,506,446**	**(9,941,429)**
Cash flows from capital and related financing activities:		
Capital grants received	11,556,211	4,903,949
Passenger facility charges received	1,471,591	1,411,672
Acquisition and construction of capital assets	(14,691,891)	(39,844,578)
Proceeds from disposal of capital assets	5,361,080	179,761
Interest paid on capital asset debt	(10,311,368)	(8,508,979)
Principal payments on capital asset debt	(39,733,788)	(5,132,541)
Issuance of capital asset debt	30,454,316	7,420,071
Payment of bond issuance / refunding costs	(1,366,687)	-
Net cash used by capital and related financing activities	**(17,260,536)**	**(39,570,645)**
Cash flows from investing activities:		
Interest on investments	573,164	979,314
Borrower disbursements	(514,531)	(365,832)
Purchase of securities	(19,610,244)	(9,704,457)
Proceeds from sale of securities	14,783,087	35,841,832
Net cash provided (used) by investing activities	**(4,768,524)**	**26,750,857**
Net Increase in Cash and Cash Equivalents	**909,327**	**739,775**
Cash and Cash Equivalents at Beginning of Year	$2,356,073	1,616,298
Cash and Cash Equivalents at End of Year	**$3,265,400**	**$2,356,073**
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and Cash Equivalents - Unrestricted	2,964,105	$2,031,877
Cash and Cash Equivalents - Restricted	301,295	324,196
Total	**$3,265,400**	**$2,356,073**

See accompanying notes to the financial statements.

Toledo-Lucas County Port Authority
Statements of Cash Flows, continued

	For the Year Ended December 31,	
	2004	**2003**
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	($1,828,528)	($617,309)
Adjustments to reconcile operating loss to cash provided by operating activities:		
Depreciation and amortization expense	13,052,664	11,978,330
Noncapital financing interest	3,077,981	3,894,409
Provision for loan loss reserve	471,768	525,429
Changes in assets and liabilities:		
Loans receivable	(5,187,265)	8,449,996
Accounts receivable and due from lessee	49,416	195,054
Prepaid expenses and other assets	(41,518)	(168,274)
Accounts payable	(1,131,572)	(284,446)
Accrued payroll	87,655	38,296
Deferred income	77,106	155,471
Borrower deposit reserves	(195,766)	(665,964)
Total adjustments	**10,260,469**	**24,118,301**
Net cash provided by operating activities	**$8,431,941**	**$23,500,992**

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 Economic Development Division and the Surface Transportation 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 expires in the year 2023. The Economic Development Division was formed during 1985 to assist the general economic development of the City of Toledo, Lucas County, and the surrounding area. To further that goal, in 1993, the Division formed a working association with the Toledo Area Chamber of Commerce, which is known as the Regional Growth Partnership, Inc. The following summary of significant accounting policies of the Authority is presented to assist the reader in evaluating the financial statements.

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 FASB Standards and Interpretations issued 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 statutes of the State of Ohio and policies of the board of directors. Restricted cash and investments represent balances maintained in the Northwest Ohio Bond Fund, Economic Development Division, Airport Improvement Revenue funds, Passenger facility proceeds and proceeds from the sale of property purchased with federal monies, which are governed by the respective trust agreements and Federal regulations. The agreements restrict activity to certain highly rated investments such as U. S. Government securities, certificates of deposit and money market funds. 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 statement of cash flows, the Authority considers all bank deposits including investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and overnight investment of excess deposits in repurchase agreements 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, 2004.

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. The Authority capitalized $850,200 and $2,449,000 of net interest expense in 2004 and 2003, respectively.

Deferred Bond Issue Costs and Bond Discount

Bond issue costs and bond discounts are being amortized over the life of the bonds using the straight-line method, which approximates the interest method.

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 at December 31, 2004 and 2003 was $550,100 and $499,700, respectively, and is included with accrued payroll on the statement of net assets.

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 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 replacement levy passed by Lucas County voters in 1999 provides financial support for the various activities of the Authority. This levy expired in 2004. The levy was renewed in November 2004 for the same millage through 2009. The Authority elected to collect the full .4 mill in 2004 and 2003.

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.

Reclassifications

Certain reclassifications have been made to the 2003 financial statements in order to conform to the 2004 presentations.

NOTE 2 - REGIONAL GROWTH PARTNERSHIP

Effective May 1, 1996 the Authority and the Chamber of Commerce relinquished their interests in the Toledo Regional Growth Partnership, which simultaneously filed as a non-profit corporation in the State of Ohio. The Authority entered into a contract with the entity, which is now known as the Regional Growth Partnership, Inc., to perform certain economic development services for the Authority through the end of 2004. The contract provides for a fee of $1,350,000 per year, which is a significant portion of the partnership revenue. For 2005, the Authority contracted with the entity for a fee of $675,000 for services through June 30, 2005. Either party may terminate the agreement as of the end of a calendar year by notifying the other party in writing on or before September 1 of that year. The Authority does not have the authority to appoint or approve a majority of the Board of Trustees of the Partnership. The audited financial statements of the Partnership are available at the Regional Growth Partnership, Inc., 300 Madison Avenue, Suite 300, Toledo, Ohio 43604.

NOTE 3 - CASH, INVESTMENTS AND REPURCHASE AGREEMENTS

Bank Deposits

At December 31, 2004, the carrying amount of the Authority's deposits was $11,120,230 and the bank balance was $12,166,261. Of the bank balance, $100,000 was covered by federal depository insurance and $1,839,191 was uninsured but collateralized by securities held in the Authority's name and $10,227,070 was uninsured but collateralized by securities held in the pledging bank's trust department.

At December 31, 2003, the carrying amount of the Authority's deposits was $13,355,897 and the bank balance was $13,920,420. Of the bank balance, $100,000 was covered by federal depository insurance and $1,239,163 was uninsured but collateralized by securities held in the Authority's name and $12,581,258 was uninsured but collateralized by securities held in the pledging bank's trust department..

NOTE 3 - CASH, INVESTMENTS AND REPURCHASE AGREEMENTS (Continued)

Investments

The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at December 31, 2004. Category 1 includes investments that are insured or registered, or securities held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which securities are held by a trust department in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a trust department or agent but not in the Authority's name.

	2004			2003
	Category 2	Category 3	Fair Value	Fair Value
Categorized Investments				
U.S. Treasury/Agency Securities	$12,040,511	-	$12,040,511	$14,762,378
Repurchase Agreements	-	2,351,957	2,351,957	1,561,407
Commercial Bonds	12,517,646	-	12,517,646	-
Guaranteed Investment Contracts	981,000	-	981,000	3,546,984
Total Categorized Investments	25,539,157	2,351,957	27,891,114	19,870,769
Noncategorized Investments				
STAR Ohio	N/A	N/A	20,283	20,027
Total Noncategorized Investments	-	-	20,283	20,027
Total Investments	$25,539,157	$2,351,957	$27,911,397	$19,890,796

Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the statement of net assets and the classifications per the GASB Statement No. 3 disclosure is as follows:

	Cash and Cash Equivalents	Investments
Per Financial Statements	$3,265,400	$35,766,227
Restricted Money Market Funds	10,227,070	(10,227,070)
Investments:		
Repurchase Agreement	(2,351,957)	2,351,957
STAR Ohio	(20,283)	20,283
Per GASB Statement No. 3	$11,120,230	$27,911,397

NOTE 4 – CAPITAL ASSETS

Capital assets, substantially all of which are leased to third parties, consist of the following:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Capital assets not being depreciated:				
Land	$53,697,860	$1,299,052	($1,081,997)	$53,914,915
Construction in Progress				
US 20/Salisbury Interch and misc	4,496,036	64,929	-	4,560,965
Dana	28,224,718	-	(28,224,718)	-
Subtotal	86,418,614	1,363,981	(29,306,715)	58,475,880
Capital assets being depreciated:				
Improvements	129,420,496	6,714,796	-	136,135,292
Property and Equipment	39,561,707	686,958	(71,347)	40,177,318
Buildings and Leasehold Improvements	27,044,127	1,391,857	(333,194)	28,102,790
Furniture and Fixtures	465,940	1,558	-	467,498
Brush Wellman Inc. Facility	20,129,383	-	-	20,129,383
Dana	-	32,164,704	-	32,164,704
BAX Hub	37,974,351	-	-	37,974,351
HCR	24,048,664	-	-	24,048,664
Superior Street Garage	5,489,625	-	-	5,489,625
Hercules Tire & Rubber Co.	15,149,720	358,432	-	15,508,152
FlightSafety International Facility	16,281,162	-	-	16,281,162
Kuss Corp	7,928,847	-	-	7,928,847
TWI / Total Foods	3,238,505	-	-	3,238,505
Cargotec	4,508,397	-	(4,508,397)	-
Toledo Hospital	8,681,323	248,900	-	8,930,223
Subtotal	339,922,247	41,567,205	(4,912,938)	376,576,514
Total Cost	$426,340,861	$42,931,186	($34,219,653)	$435,052,394

NOTE 4 –CAPITAL ASSETS (Continued)

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Capital assets being depreciated:				
Land Improvements	(70,553,166)	(3,912,223)	-	(74,465,389)
Property and Equipment	(21,764,105)	(1,124,600)	71,346	(22,817,359)
Buildings and Leasehold Improvements	(14,537,546)	(921,672)	-	(15,459,218)
Furniture and Fixtures	(239,912)	(10,565)	-	(250,477)
Brush Wellman Inc. Facility	(3,939,540)	(660,810)	-	(4,600,350)
Dana	-	(578,525)	-	(578,525)
BAX Hub	(19,845,268)	(695,886)	-	(20,541,154)
HCR	(3,923,154)	(924,552)	-	(4,847,706)
Superior Street Garage	(606,758)	(182,988)	-	(789,746)
Hercules Tire & Rubber Co.	(2,249,960)	(607,901)	-	(2,857,861)
FlightSafety International Facility	(10,242,503)	(2,125,936)	-	(12,368,439)
Kuss Corp	(639,824)	(255,930)	-	(895,754)
TWI / Total Foods	(222,425)	(116,017)	-	(338,442)
Cargotec	(222,031)	-	222,031	-
Toledo Hospital	(152,388)	(358,797)	-	(511,185)
Total Depreciation	($149,138,580)	($12,476,402)	$293,377	($161,321,605)
Net Value:	$277,202,281	$30,454,784	($33,926,276)	$273,730,789
Depreciation Expense charged to operating expense		$12,476,404		

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 2004 and 2003, approximately $8,000,000 and $4,600,000 respectively, of federal, state and local grant funding was utilized to purchase capital assets.

NOTE 5 – LONG TERM DEBT

A summary of long-term debt activity for the year ended December 31, 2004 follows:

		Series	Maturity Date	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004	Due Within One Year
Revenue Bonds:								
Northwest Ohio Development:								
	Taxable:							
10.42%	Dunbar	1989B	2010	$1,185,000	-	($135,000)	$1,050,000	$150,000
10.28%	Poggemeyer	1990B	2011	885,000	-	(75,000)	810,000	85,000
10.44%	Advantage	1990E	2011	1,255,000	-	(110,000)	1,145,000	120,000
10.06%	Owens Corning	1995A	2015	4,305,000	-	(155,000)	4,150,000	175,000
7.24%	Brent	1995B	2010	1,120,000	-	(305,000)	815,000	325,000
7.22%	Port Authority	1998B	2008	1,465,000	-	(255,000)	1,210,000	270,000
7.30%	City of Toledo	1998C	2018	2,375,000	-	(80,000)	2,295,000	85,000
7.00%	Crown Battery	1998D	2018	4,240,000	-	(315,000)	3,925,000	340,000
7.63%	Hercules Tire & Rubber Co.	1998E	2018	4,405,000	-	(165,000)	4,240,000	175,000
8.54%	Kuss Corporation	2000B	2010	6,070,000	-	-	6,070,000	-
8.00%	Hammill	2001B	2016	1,380,000	-	(70,000)	1,310,000	70,000
8.15%	Cargotec, Inc.	2001F	2021	4,910,000	-	(4,910,000)	-	-
6.65%	Hercules Tire & Rubber Co.	2002A	2009	2,545,000	-	(395,000)	2,150,000	425,000
6.18%	Dana	2002B	2014	7,000,000	-	(70,000)	6,930,000	150,000
6.55%	Impact	2002D	2017	4,610,000	-	(210,000)	4,400,000	225,000
5.86%	Luigino's	2004A	2019	-	6,000,000	-	6,000,000	245,000
	Tax Exempt:							
5.1-5.4%	Superior Street Parking	1999A	2019	7,385,000	-	(210,000)	7,175,000	275,000
5.65-6.12%	Alex Products	1999B	2004/2009	2,835,000	-	(635,000)	2,200,000	385,000
6.60%	Precision Steel	2000C	2015	1,440,000	-	(100,000)	1,340,000	120,000
6.90%	Toledo World Industries	2000D	2020	1,290,000	-	(40,000)	1,250,000	40,000
6.10%	Total Foods Inc.	2000E	2010	1,890,000	-	(195,000)	1,695,000	205,000
6.00%	Alex Products	2000F	2007	1,735,000	-	(395,000)	1,340,000	420,000
4.00-6.00%	Accutech Films	2001A	2011	3,100,000	-	(335,000)	2,765,000	355,000
4.00-6.00%	Total Foods Inc.	2001C	2011	1,955,000	-	(215,000)	1,740,000	225,000
4.20-6.00%	Solutions Mfg	2001D	2011	1,225,000	-	(115,000)	1,110,000	140,000
4.00-5.75%	RTH Processing	2001E	2008	1,160,000	-	(235,000)	925,000	245,000
2.60-5.35%	Oracle	2002C	2012	3,240,000	-	(295,000)	2,945,000	310,000
5.4-6.25%	Woodsage	2004B	2024	-	3,120,000	-	3,120,000	85,000
6.38%	BAX	2004C	2032	-	9,810,000	-	9,810,000	-
Other:								
7.00-7.5%	Airport Improvement	1994	2019	28,820,000	-	(28,820,000)	-	-
6.25-6.375%	Airport Improvement(BAX)-Refunding	2004	2032	-	28,480,000	(320,000)	28,160,000	1,140,000
8.17%	Brush Wellman	1996	2011	9,135,000	-	(925,000)	8,210,000	1,000,000
8.01%	Brush Wellman	1997	2011	1,515,000	-	(165,000)	1,350,000	180,000
variable	FlightSafety International, Inc.	1998	2018	15,800,000	-	-	15,800,000	-
5.55%	Airport Improvement Refunding	1998	2020	7,570,000	-	(280,000)	7,290,000	300,000
7.10%	HCR	1999	2008	15,755,000	-	-	15,755,000	-
variable	Burlington Ramp	2002	2013	4,000,000	-	-	4,000,000	-
10.50%	Dana Corporation	2002	2014	13,810,000	-	-	13,810,000	-
3.35%	Toledo Hospital	2002	2008	8,678,758	612,774	(180,182)	9,111,350	186,757
Total Revenue Bonds				180,088,758	48,022,774	(40,710,182)	187,401,350	8,451,757

NOTE 5 - LONG-TERM DEBT (Continued)

	Series	Maturity Date	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004	Due Within One Year
Notes Payable:							
4.00% MLKJ Plaza ODOD	1996	2006	129,972	-	(44,203)	85,769	46,004
2.24-4.25% Brush Wellman ODOD Note	1997	2011	3,594,256	-	(245,442)	3,348,814	256,089
5.00% Airport Improvement Note	1990	2007	1,303,433	-	(1,303,433)	-	-
1.00-4.00% HCR	1999	2008	7,000,000	-	-	7,000,000	-
3.00% Highway Enterprise Program Loan	2000	2004	80,000	-	(80,000)	-	-
2.25-5.25% Kuss Corporation ODOD	2000	2010	2,295,000	-	(100,000)	2,195,000	100,000
4.00% Seaport ODOD	2002	2007	192,019	-	(59,705)	132,314	62,138
2.00% Dana Corporation ODOD	2002	2014	3,000,000	-	(44,842)	2,955,158	91,210
3.00% Airport ODOT Note	2003	2007	822,479	1,361,542	(479,742)	1,704,279	341,794
Total Notes Payable			18,417,159	1,361,542	(2,357,367)	17,421,334	897,235
Ohio Enterprise Bonds:							
7.25% Hercules Tire & Rubber Co.	1998	2018	7,310,000	-	(280,000)	7,030,000	305,000
6.08% Dana Corporation	2002	2014	10,000,000	-	(70,000)	9,930,000	160,000
Total Ohio Enterprise Bonds Payable			17,310,000		(350,000)	16,960,000	465,000
Ohio Water Development Authority Loans (OWDA):							
7.50% Water Pollution Control Plant		2011	1,004,699	-	(96,239)	908,460	103,440
Total			$216,820,616	$49,384,316	($43,513,788)	$222,691,144	$9,917,432

NOTE 5 - LONG-TERM DEBT (Continued)

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

	2005	2006	2007	2008	2009
Notes Payable					
MLKJ Plaza Note	$46,004	$39,765	$0	$0	$0
Brush Wellman ODOD Note	256,089	267,177	278,755	290,836	303,440
HCR	-	-	-	7,000,000	-
Kuss Corporation	100,000	110,000	110,000	120,000	135,000
Seaport ODOD Note	62,138	64,670	5,506	-	-
Dana Corporation ODOD	91,210	93,284	95,405	97,573	99,792
Airport ODOT Note	341,794	901,545	460,940	-	-
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds	5,645,000	5,835,000	6,225,000	6,015,000	5,345,000
Airport Improvement Refunding (BAX) Bonds	1,140,000	1,220,000	1,295,000	1,775,000	1,890,000
Airport Improvement Refunding Bonds	300,000	315,000	330,000	350,000	365,000
Brush Wellman Revenue Bond	1,000,000	1,090,000	1,180,000	1,290,000	1,400,000
Brush Wellman Revenue Bond	180,000	180,000	180,000	210,000	240,000
FlightSafety Revenue Bond	-	-	-	-	-
HCR	-	-	-	15,755,000	-
Burlington Ramp	-	-	-	-	-
Dana Corporation	-	-	-	-	-
Toledo Hospital	186,757	193,570	200,635	8,530,388	-
Ohio Enterprise Bonds					
Hercules Tire & Rubber Co.	305,000	325,000	350,000	375,000	405,000
Dana Corporation	160,000	160,000	175,000	180,000	200,000
OWDA Loan Payable					
Water Pollution Control Plant	103,440	111,178	119,496	128,436	124,044
Total	$9,917,432	$10,906,189	$11,005,737	$42,117,233	$10,507,276

	2010-2014	2015-2019	2020-2024	2025-2029	2030-2032	Total
Notes Payable						
MLKJ Plaza	$0	$0	$0	$0	$0	$85,769
Brush Wellman ODOD Note	1,952,517	-	-	-	-	3,348,814
HCR	-	-	-	-	-	7,000,000
Kuss Corporation ODOD	1,620,000	-	-	-	-	2,195,000
Seaport ODOD Note	-	-	-	-	-	132,314
Dana Corporation ODOD	2,477,894	-	-	-	-	2,955,158
Airport ODOT Note	-	-	-	-	-	1,704,279
Revenue Bonds Payable						
Northwest Ohio Development Revenue Bonds	29,745,000	16,250,000	3,635,000	2,400,000	2,820,000	83,915,000
Airport Improvement Refunding (BAX) Bonds	11,355,000	1,975,000	2,290,000	2,400,000	2,820,000	28,160,000
Airport Improvement Refunding Bonds	2,160,000	2,815,000	655,000			7,290,000
Brush Wellman Revenue Bond	2,250,000	-	-	-	-	8,210,000
Brush Wellman Revenue Bond	360,000	-	-	-	-	1,350,000
FlightSafety Revenue Bond	-	15,800,000	-	-	-	15,800,000
HCR	-	-	-	-	-	15,755,000
Burlington Ramp	4,000,000	-	-	-	-	4,000,000
Dana Corporation	13,810,000	-	-	-	-	13,810,000
Toledo Hospital	-	-	-	-	-	9,111,350
Ohio Enterprise Bonds						
Hercules Tire & Rubber Co.	2,510,000	2,760,000	-	-	-	7,030,000
Dana Corporation	9,055,000	-	-	-	-	9,930,000
OWDA Loan Payable						
Water Pollution Control Plant	321,866	-	-	-	-	908,460
Total	$81,617,277	$39,600,000	$6,580,000	$4,800,000	$5,640,000	$222,691,144

NOTE 5 - LONG-TERM DEBT (Continued)

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

	2005	2006	2007	2008	2009
Notes Payable					
MLKJ Plaza Note	$2,593	$733	$0	$0	$0
Brush Wellman ODOD Note	129,289	118,844	107,946	96,576	84,713
Manor Care Corporation Note	297,500	297,500	297,500	297,500	-
Kuss Corporation	73,353	104,453	101,566	95,550	89,195
Seaport ODOD Note	4,162	1,630	18	-	-
Dana Corporation ODOD	58,270	56,427	54,541	52,614	50,642
Airport ODOT Note	10,254	27,046	13,828	-	-
Revenue Bonds Payable					
Northwest Ohio Development Revenue Bonds	5,597,942	5,222,620	4,830,398	4,416,010	4,023,061
Airport Improvement Revenue Bonds	1,754,762	1,682,262	1,604,762	1,516,481	1,403,825
Airport Improvement Refunding Bonds	392,700	375,787	358,050	339,350	319,687
Brush Wellman Revenue Bond	640,391	555,423	462,898	362,442	253,099
Brush Wellman Revenue Bond	101,527	87,109	72,691	57,772	39,249
FlightSafety Revenue Bond	-	-	-	-	-
HCR	1,113,878	1,113,878	1,113,878	1,113,878	-
Burlington Ramp	-	-	-	-	-
Dana Corporation	1,450,050	1,450,050	1,450,050	1,450,050	1,450,050
Toledo Hospital	331,961	325,621	319,048	78,707	-
Ohio Enterprise Bonds					
Hercules Tire & Rubber Co.	501,519	478,864	452,553	426,298	400,562
Dana Corporation	600,096	590,368	580,412	569,544	558,144
OWDA Loan Payable					
Water Pollution Control Plant	67,964	60,226	51,907	50,350	33,359
Total	$13,128,211	$12,548,841	$11,872,046	$10,923,122	$8,705,586

	2010-2014	2014-2019	2020-2024	2025-2029	2030-2034	Total
Notes Payable						
MLKJ Plaza	$0	$0	$0	$0	$0	$3,326
Brush Wellman ODOD Note	103,696	-	-	-	-	641,064
HCR	-	-	-	-	-	1,190,000
Kuss Corporation ODOD	118,147	-	-	-	-	582,264
Seaport ODOD Note	-	-	-	-	-	5,810
Dana Corporation ODOD	202,265	-	-	-	-	474,759
Airport ODOT Note	-	-	-	-	-	51,128
Revenue Bonds Payable						
Northwest Ohio Development Revenue Bonds	13,409,845	5,325,774	2,241,745	1,339,547	397,640	46,804,582
Airport Improvement Revenue Bonds	4,956,525	2,756,550	2,047,330	1,339,545	397,639	19,459,681
Airport Improvement Refunding Bonds	1,354,899	583,676	18,012	-	-	3,742,161
Brush Wellman Revenue Bond	153,528	-	-	-	-	2,427,781
Brush Wellman Revenue Bond	22,825	-	-	-	-	381,173
FlightSafety Revenue Bond	-	-	-	-	-	-
HCR	-	-	-	-	-	4,455,512
Burlington Ramp	-	-	-	-	-	-
Dana Corporation	6,525,225	-	-	-	-	13,775,475
Toledo Hospital	-	-	-	-	-	1,055,337
Ohio Enterprise Bonds						
Hercules Tire & Rubber Co.	1,506,005	444,152	-	-	-	4,209,953
Dana Corporation	2,347,868	-	-	-	-	5,246,432
OWDA Loan Payable						
Water Pollution Control Plant	34,940	-	-	-	-	298,746
Total	$30,735,768	$9,110,152	$4,307,087	$2,679,092	$795,279	$104,805,184

NOTE 5 - LONG-TERM DEBT (Continued)

A. **Northwest Ohio Development Revenue Bonds**

The Northwest Ohio Development Revenue Bonds are issued pursuant to authorization of the Ohio Revised Code and under a Trust Agreement dated August 15, 1988 between the Authority and the trustee. The program is designed to advance economic development of the Toledo-Lucas County and surrounding area by providing long-term fixed interest rate financing. Each bond issue must be authorized by a separate action of the board of directors.

Debt service requirements on each bond issue are secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to deposit into the Primary Reserve an amount with the trustee as additional security for the related bonds. Such amounts may be used in the event the borrower is unable to make the required payments under the lease or loan agreement or may be applied to the final year's debt service payments. The trustee holds these funds during the term the bonds are outstanding, with investment income earned on the reserve amounts returned to the borrowers annually. Investment income earned is included in nonoperating interest income while the remittances to the borrowers are included in nonoperating expenses as "borrower disbursements" in the Statement of Revenues and Expenses and Changes in Net Assets.

Upon the issuance of the first series of bonds (Series 1988A), the Authority deposited \$3,000,000 in the Program Reserve Account with the trustee. The State of Ohio awarded the Authority a grant of \$1,500,000, received in 1991 and 1992 and \$2,000,000, received in 1999, which was also deposited in the Program Reserve Account. In addition, the Authority has obtained a non-recourse bank letter of credit in the amount of \$6,500,000 from a bank to provide additional security for bond investors.

The bond issues are not general obligations of and are not secured by the full faith and credit or taxing power of the Authority.

In December 1994, the Authority defeased \$3,355,000 of Taxable Development Revenue Bonds (Series 1988A) and sold the related facility to the sub lessee. Funds 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 defeased bonds. The defeased bonds, which have an outstanding balance of \$2,345,000 at December 31, 2004, are not included in the Authority's outstanding debt.

In May 1996 and July 1996, the Authority defeased \$1,115,000 and \$1,860,000, respectively, of Tax Exempt Development Revenue Bonds (Series 1989E and 1990D). Funds 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

NOTE 5 - LONG-TERM DEBT (Continued)

A. Northwest Ohio Development Revenue Bonds (Continued)

defeased bonds. The defeased bonds, which have outstanding balances of $130,000 and $675,000, respectively, at December 31, 2004 are not included in the Authority's outstanding debt.

At December 31, 2004, future minimum principal and interest payments to be received under the loan agreements securing the remaining bond issues are as follows:

Years	Receivable
2005	$11,242,942
2006	11,057,620
2007	11,055,398
2008	10,431,010
2009	9,368,061
Thereafter	77,564,551
Totals	$130,719,582

The loan agreements are secured by each project's property and/or equipment. In addition, there are personal guarantees from principals of the borrowing companies and/or letters of credit. At December 31, 2004 and 2003, a loan loss reserve of $1,950,000 has been provided for potentially uncollectible loan amounts.

The Series 1998B bonds were issued for the benefit of the Authority to finance capital improvement costs at the Airport. The bonds are secured by a pledge of specific net revenues of the Authority, not including any tax revenues.

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.

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.

NOTE 5 - LONG TERM DEBT (Continued)

B. Airport Improvement Revenue Bonds and Note (Continued)

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 April 1990 the Authority issued a $5,000,000 Airport Improvement Revenue Note to the Director of Development of the State of Ohio to finance a portion of capital improvement costs at the Airport. The note pays interest at 5.0% per annum and is to be repaid in 60 quarterly installment payments which commenced on April 1, 1992, and run through January 1, 2007.

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, which have an outstanding balance of $4,925,000 and $2,545,000 at December 31, 2004 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, commencing in 2008 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 6.0%. 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. The refunding was undertaken to reduce total debt service payments over the next 28 years by $1,953,886 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $1,074,300.

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 5 - LONG TERM DEBT (Continued)

C. Brush Wellman Inc. Project

In 1996, the board authorized the Authority's participation in a $110 million expansion of Brush Wellman's manufacturing facilities in Elmore, Ohio. The construction of the expansion was financed through the Authority's issuance of $15.28 million of revenue bonds which mature through 2011 and a $5 million loan (revenue note) to the Authority by the State of Ohio Department of Development all but $750,000 of which mature through 2011. The $750,000 balance matures through 2016. The balance of the project, consisting primarily of equipment purchases, was financed by Brush Wellman. The Authority issued $13.1 million of the bonds in 1996 and an additional $2.175 million in 1997. The State of Ohio revenue note proceeds were received in 1997.

Brush Wellman has granted the Authority a 30-year lease through 2026 with an option to extend for an additional 30 years for the land upon which the facility was built. The Authority owns the facility and leases it to Brush Wellman under an agreement that runs through 2011 with options through 2026. Brush Wellman has the option to purchase the facility for $100 plus the remaining outstanding debt or fair market value, whichever is greater.

Lease payments to be received from Brush Wellman are generally equal to the debt service requirements plus fees to the Authority and trustee. Brush Wellman is responsible for taxes, insurance and maintenance expenses.

D. Dr. Martin Luther King, Jr. Plaza Project

In 1996, the Authority completed the renovation of the Dr. Martin Luther King, Jr. Plaza passenger railroad facility. The Authority purchased the facility in 1995 from Conrail with the intention of renovating and leasing the building. Approximately $6,100,000 of the $7,300,000 cost of the project was funded by federal, state and local grants with the balance funded by the Authority, including a $400,000 loan from the State. Rental income received in 2004 and 2003 was $471,000 and $466,000, respectively.

E. Dana Technology Center

During 2002, the Authority completed a multi-faceted financing project for Spicer Driveshaft, Inc., a subsidiary of Dana Corporation that included a new building and equipment for a Technology Center. The project was financed with the issuance of $13.81 million in revenue bonds by the Authority with a 100% balloon and an interest rate of 10.5%; a $10 million bond to the Authority under the Ohio Enterprise Bond Program with an $8 million balloon with a 6.1% interest rate; a $7 million bond issued to the Authority under the Northwest Ohio Bond Fund Program with a $5 million balloon and an interest rate of 6.18%; a $3 million Ohio 166 loan to the Authority with a $2 million balloon and an interest rate of 2%; a $1 million Ohio 629 Grant to Lucas County for roadway improvements; and a $300,000 Ohio 412 grant to the Authority. The Authority began leasing the building and equipment to the Dana Corporation upon its completion in 2004.

NOTE 6 - RETIREMENT PLAN

The following information was provided by the Public Employees Retirement System of Ohio (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. 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) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2004 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% 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, 2004, 2003 and 2002 were $476,456, $470,098 and $458,905, respectively, which were equal to the required contributions for each year.

NOTE 6 – RETIREMENT PLAN (Continued)

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit 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 post retirement 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 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4.0% of covered payroll which amounted to $140,651.

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, 2003. An entry age normal 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. The investment assumption rate for 2003 was 8.0%. 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 1% to 6% for the next 8 years. In subsequent years (9 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 was 369,885. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2003 is $10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $26.9 billion and $16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures Ohio PERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

NOTE 7 - 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. 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:

	Operating Leases			
Years	Burlington Rentals and Debt Service	Dr. Martin Luther King Plaza	Seaport Leases	Total
2005	$ 4,080,720	$ 417,700	$ 836,017	$ 5,334,437
2006	4,019,997	298,725	804,382	5,123,104
2007	4,046,966	156,636	804,382	5,007,984
2008	4,403,366	156,636	804,382	5,364,384
2009	4,402,913	156,636	804,382	5,363,931
Thereafter	17,629,928	1,005,081	10,796,783	29,431,792
Totals	$ 38,583,890	$ 2,191,414	$ 14,850,328	$ 55,625,632

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 described in Note 5. As described in Note 5, the debt was refinanced in March 1994 and the basic rent was recalculated in an amendment to the lease agreement. Such rental income amounted to $3,002,838 in 2004 and $3,005,904 in 2003. Future scheduled payments range between $3,343,413 in 2005 and $3,901,197 in 2013.

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 $737,269 to be received in 2005 to $538,968 scheduled for 2013. Landing fees which are calculated based on aircraft weight amounted to $1,016,299 and $897,113 in 2004 and 2003, respectively. 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 (other than basic rent) from BAX recognized in 2004 and 2003 amounted to $2,127,342 and $2,003,983, respectively.

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 $1,666,045 and $1,632,547 in 2004 and 2003, respectively. Under the agreement covering the operation of the parking lot, rentals are based on percentages of gross parking lot receipts. During 2004 and 2003 rentals received totaled $1,578,117 and $1,568,865, respectively.

NOTE 8 - CONDUIT DEBT

From time to time the Authority has issued Industrial Revenue Bonds to provide financial assistance to private-sector 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 ownership of the acquired facilities transfers to the private-sector 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, 2004, there were sixteen series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the ten series issued after July 1, 1995 was $269,745,000 of which $211,570,988, remained outstanding at December 31, 2004. The aggregate principal amount payable for the six series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled $91,550,000.

NOTE 9 – AMOUNT DUE FROM LESSEE

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. After the commencement of the fifth year of the initial term, Teledyne has the option to purchase the property for $450,000. Based on the estimated fair value of the property at the option date, 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, 2003. All costs, expenses, and obligations relating to the property is to be paid by Teledyne.

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 HMO for employee health insurance coverage. The Port Authority pays a portion of the employees' deductible. Premium expense for 2004 and 2003 was $368,000 and $364,000, respectively. The Authority continues to provide a self-insured 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

In the normal course of operations, the Authority may be subject to litigation, claims, and unasserted possible claims. As of December 31, 2004, the Authority was involved in some matters of this type. Additionally, the Authority and three of its employees and other third parties are defendants in a wrongful death action filed in March 2005 involving an Airport maintenance employee who died when an aircraft bridge tire on which he was working in the maintenance shop exploded. The outcome of the above matters cannot presently be determined.

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 years ended December 31, 2004 and 2003:

	2004 Airport	2003 Airport
Statement of Net Assets		
Current Assets	$ 7,153,557	$ 3,476,908
Capital Assets	112,443,360	108,388,502
Other Assets	1,835,183	809,276
Total Assets	121,432,100	112,674,686
Interfund Payables	5,358,622	1,220,230
Other Current Liabilities	3,379,973	3,896,409
Noncurrent Liabilities	10,097,505	10,641,553
Total Liabilities	18,836,100	15,758,192
Invested in Capital Assets, Net of Related Debt	101,330,621	96,222,891
Restricted	2,136,478	2,168,897
Unrestricted	(871,099)	(1,475,294)
Total Net Assets	$ 102,596,000	$ 96,916,494
Statement of Revenues, Expenses, and Change in Net Assets		
Operating Revenues	$ 7,376,659	$ 7,644,214
Depreciation and Amortization	4,285,050	3,917,696
Other Operating Expenses	6,707,537	5,466,553
Operating Loss	(3,615,928)	(1,740,035)
Nonoperating revenues (expenses):		
Investment Income	134,074	31,178
Interest Expense	(632,638)	(697,287)
Other Nonoperating Revenues (Expenses)	1,069,271	938,433
Capital Contributions	8,724,727	4,151,597
Change in Net Assets	5,679,506	2,683,886
Beginning Net Assets	96,916,494	94,232,608
Ending Net Assets	$ 102,596,000	$ 96,916,494
Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	1,894,662	$2,170,363
Capital and Related Financing	(491,773)	(2,107,341)
Investing	85,614	59,407
Cash at Beginning of Year	256,102	133,673
Cash at End of Year	$ 1,744,605	$ 256,102

Toledo-Lucas County Port Authority
Schedule of Net Assets Information by Division
December 31, 2004

	Administration	Seaport	Airport	Economic Development	Surface	Total
ASSETS						
Current Assets:						
Unrestricted Assets:						
Cash	$ 1,327,653	$ 193,142	$ 1,443,310	$ -	$ -	$ 2,964,105
Investments	-	7,935,657	-	-	-	7,935,657
Interest receivable	-	46,585	-	-	-	46,585
Accounts receivable	68,566	218,159	1,978,554	-	68,252	2,333,531
Due (to) from Other Divisions	(1,182,763)	(120,309)	3,116,360	20,778	(1,834,066)	-
Prepaid expenses and other assets	36,625	79,247	314,038	-	37,423	467,333
Total Unrestricted Assets	250,081	8,352,481	6,852,262	20,778	(1,728,391)	13,747,211
Restricted Assets:						
Cash	-	-	301,295	-	-	301,295
Interest receivable	-	-	-	205,152	-	205,152
Loans receivable	-	-	-	4,332,999	-	4,332,999
Total Restricted Assets	-	-	301,295	4,538,151	-	4,839,446
Total Current Assets	250,081	8,352,481	7,153,557	4,558,929	(1,728,391)	18,586,657
Noncurrent Assets:						
Unrestricted Assets:						
Nondepreciable Capital Assets	435,000	11,417,594	39,988,444	2,120,191	4,514,651	58,475,880
Depreciable Capital Assets, Net of Accumulated Depreciation	56,374	13,395,369	72,454,916	123,962,872	5,385,377	215,254,908
Amount due from lessee	-	-	-	450,000	-	450,000
Deferred bond issuance cost	-	-	-	5,468,476	-	5,468,476
Interdivisional receivables (payables)	-	10,106,003	(5,358,622)	(4,747,381)	-	-
Total Unrestricted Assets	491,374	34,918,966	107,084,738	127,254,158	9,900,028	279,649,264
Restricted Assets:						
Investments			1,187,762	26,642,808		27,830,570
Loans receivable	-	-	-	36,587,615	-	36,587,615
Deferred bond issuance cost	-	-	137,196	-	-	137,196
Deferred loss on refunding	-	-	510,225	559,000	-	1,069,225
Total Restricted Assets	-	-	1,835,183	63,789,423	-	65,624,606
Total Noncurrent Assets	491,374	34,918,966	108,919,921	191,043,581	9,900,028	345,273,870
Total Assets	**741,455**	**43,271,447**	**116,073,478**	**195,602,510**	**8,171,637**	**363,860,527**
LIABILITIES AND EQUITY						
Current Liabilities:						
Payable from Unrestricted Assets:						
Accounts payable	$ 134,311	$ 215,562	$ 2,052,049	$ -	$ 17,177	$ 2,419,099
Accrued payroll	344,338	40,502	290,620	-	24,350	699,810
Deferred income	-	-	22,070	-	-	22,070
Notes payable-current	-	62,138	341,794	-	46,004	449,936
Revenue bonds payable-current	-	-	570,000	-	-	570,000
Ohio Water Development Authority loan payable-current	-	-	103,440	-	-	103,440
Total Payable from Unrestricted Assets	478,649	318,202	3,379,973	-	87,531	4,264,355
Payable from Restricted Assets:						
Accounts payable	-	-	-	18,819	-	18,819
Accrued interest payable	-	-	-	794,751	-	794,751
Deferred income	-	-	-	714,554	-	714,554
Notes payable-current	-	-	-	447,299	-	447,299
Revenue bonds payable-current	-	-	-	7,881,757	-	7,881,757
Ohio Enterprise bond payable-current	-	-	-	465,000	-	465,000
Total Payable from Restricted Assets	-	-	-	10,322,180	-	10,322,180
Total Current Liabilities	478,649	318,202	3,379,973	10,322,180	87,531	14,586,535
Noncurrent Liabilities:						
Payable from Unrestricted Assets:						
Long-term notes payable	-	70,176	1,362,485	-	39,765	1,472,426
Revenue bonds payable	-	-	7,930,000	-	-	7,930,000
Ohio Water Development Authority loan payable	-	-	805,020	-	-	805,020
Total Payable from Unrestricted Assets	-	70,176	10,097,505	-	39,765	10,207,446
Payable from Restricted Assets:						
Long-term notes payable	-	-	-	15,051,673	-	15,051,673
Revenue bonds payable	-	-	-	171,019,593	-	171,019,593
Ohio Enterprise bond payable	-	-	-	16,495,000	-	16,495,000
Borrower deposit reserves	-	-	-	2,236,481	-	2,236,481
Total Payable from Restricted Assets	-	-	-	204,802,747	-	204,802,747
Total Noncurrent Liabilities	-	70,176	10,097,505	204,802,747	39,765	215,010,193
Total Liabilities	**478,649**	**388,378**	**13,477,478**	**215,124,927**	**127,296**	**229,596,728**
Net Assets:						
Invested in Capital Assets, Net of Related Debt	491,374	24,680,649	101,330,621	(32,082,259)	9,814,259	104,234,644
Restricted	-	-	2,136,478	10,791,833	-	12,928,311
Unrestricted	(228,568)	18,202,420	(871,099)	1,768,009	(1,769,918)	17,100,844
Total Net Assets (Deficit)	**$ 262,806**	**$ 42,883,069**	**$ 102,596,000**	**$ (19,522,417)**	**$ 8,044,341**	**$ 134,263,799**

Toledo-Lucas County Port Authority
Schedule of Revenues, Expenses and Changes in Net Assets Information by Division
For the Year Ended December 31, 2004

	Administration	Seaport	Airport	Economic Development	Surface	Total
Operating revenues						
Income from leases and other property agreements	$ -	$ -	$ -	$ 13,285,878	$ -	$ 13,285,878
Airport landing area	-	-	740,418	-	-	740,418
Airport terminal area	-	-	4,113,162	-	-	4,113,162
Burlington	-	-	2,038,022	-	-	2,038,022
Other rental and fee income	1,088,887	1,977,881	401,937	446,126	471,381	4,386,212
Wharfage under property lease	-	193,483	-	-	-	193,483
Interest income on loans receivable	-	-	-	3,265,109	-	3,265,109
Other income	35,685	32,654	83,120	180,710	375	332,544
Total operating revenues	**1,124,572**	**2,204,018**	**7,376,659**	**17,177,823**	**471,756**	**28,354,828**
Operating expenses						
Personal services	1,642,815	276,277	2,571,225	-	149,827	4,640,144
Marketing	155,716	60,519	598,566	-	2,484	817,285
Contractual services	1,304,147	426,262	800,615	1,583,724	117,253	4,232,001
Utilities	19,817	37,964	572,162	-	43,099	673,042
Repairs and maintenance	-	322,542	2,129,144	-	34,221	2,485,907
Depreciation	21,840	1,569,513	4,123,195	6,507,342	254,514	12,476,404
Amortization	-	-	161,855	414,405	-	576,260
Rental expense	121,409	-	-	-	-	121,409
Interest expense	-	-	-	3,205,549	-	3,205,549
Other operating expenses	175,234	61,300	35,825	201,665	9,563	483,587
Provision for loan loss reserve	-	184,686	-	287,082	-	471,768
Total operating expenses	**3,440,978**	**2,939,063**	**10,992,587**	**12,199,767**	**610,961**	**30,183,356**
Operating income (loss)	**(2,316,406)**	**(735,045)**	**(3,615,928)**	**4,978,056**	**(139,205)**	**(1,828,528)**
Nonoperating revenues (expenses)						
Proceeds of property tax levy	2,434,427	-	-	-	-	2,434,427
Intergovernmental grants	-	-	-	1,583,724	-	1,583,724
Interest income from investments	47,500	(29,402)	134,074	451,382	-	603,554
Passenger facility charges	-	-	1,471,591	-	-	1,471,591
Loss on Sale of Land	-	-	(402,320)	-	(197,472)	(599,792)
Interest expense	-	(8,802)	(632,638)	(9,359,178)	(4,395)	(10,005,013)
Other expense	-	-	-	(27,171)	-	(27,171)
Borrower disbursements	-	-	-	(318,765)	-	(318,765)
Total nonoperating revenues (expenses)	**2,481,927**	**(38,204)**	**570,707**	**(7,670,008)**	**(201,867)**	**(4,857,445)**
Income (Loss) before Contributions and Transfers	**165,521**	**(773,249)**	**(3,045,221)**	**(2,691,952)**	**(341,072)**	**(6,685,973)**
Capital Contributions	-	1,247,760	8,724,727	-	-	9,972,487
Interdivisional transfers in	75,000	148,507	1,676,953	820,000	48,598	2,769,058
Interdivisional transfers out	-	(148,507)	(1,676,953)	(895,000)	(48,598)	(2,769,058)
Change in Net Assets	**240,521**	**474,511**	**5,679,506**	**(2,766,952)**	**(341,072)**	**3,286,514**
Net Assets (Deficit) at Beginning of Year	22,285	42,408,558	96,916,494	(16,755,465)	8,385,413	130,977,285
Net Assets (Deficit) at End of Year	**$ 262,806**	**$ 42,883,069**	**$ 102,596,000**	**$ (19,522,417)**	**$ 8,044,341**	**$ 134,263,799**

Toledo-Lucas County Port Authority
Seaport Division
Schedule of Net Assets Information
December 31, 2004

ASSETS	General	Presque Isle	Total
Current Assets:			
Unrestricted Assets:			
Cash	$ 193,142	$ -	$ 193,142
Investments	7,935,657	-	7,935,657
Interest receivable	46,585	-	46,585
Accounts receivable	218,159	-	218,159
Due (to) from Other Divisions	(120,309)	-	(120,309)
Prepaid expenses and other assets	79,247	-	79,247
Total Current Assets	8,352,481	-	8,352,481
Noncurrent Assets:			
Unrestricted Assets:			
Nondepreciable Capital Assets	4,417,594	7,000,000	11,417,594
Depreciable Capital Assets, Net of Accumulated Depreciation	12,169,598	1,225,771	13,395,369
Interdivisional receivables (payables)	10,106,003	-	10,106,003
Total Noncurrent Assets	26,693,195	8,225,771	34,918,966
Total Assets	**35,045,676**	**8,225,771**	**43,271,447**
LIABILITIES AND EQUITY			
Current Liabilities:			
Payable from Unrestricted Assets:			
Accounts payable	$ 215,562	$ -	$ 215,562
Accrued payroll	40,502	-	40,502
Notes payable-current	62,138	-	62,138
Total Current Liabilities	318,202	-	318,202
Noncurrent Liabilities:			
Payable from Unrestricted Assets:			
Long-term notes payable	70,176	-	70,176
Total Noncurrent Liabilities	70,176	-	70,176
Total Liabilities	**388,378**	**-**	**388,378**
Net Assets:			
Invested in Capital Assets, Net of Related Debt	16,454,878	8,225,771	24,680,649
Unrestricted	18,202,420	-	18,202,420
Total Net Assets	**$ 34,657,298**	**$ 8,225,771**	**$ 42,883,069**

Toledo-Lucas County Port Authority
Seaport Division
Schedule of Revenues, Expenses and Changes in Net Assets Information
For the Year Ended December 31, 2004

	General	Presque Isle	Total
Operating revenues			
Other rental and fee income	$ 1,977,881	$ -	$ 1,977,881
Wharfage under property lease	193,483	-	193,483
Other income	32,654	-	32,654
Total operating revenues	**2,204,018**	**-**	**2,204,018**
Operating expenses			
Personal services	276,277	-	276,277
Marketing	60,519	-	60,519
Contractual services	426,262	-	426,262
Utilities	37,964	-	37,964
Repairs and maintenance	322,542	-	322,542
Depreciation	409,008	1,160,505	1,569,513
Other operating expenses	61,300	-	61,300
Provision for loan loss reserve	184,686	-	184,686
Total operating expenses	**1,778,558**	**1,160,505**	**2,939,063**
Operating income (loss)	**425,460**	**(1,160,505)**	**(735,045)**
Nonoperating revenues			
Interest income from investments	(29,402)	-	(29,402)
Interest expense	(8,802)	-	(8,802)
Total nonoperating revenues (expenses)	**(38,204)**	**-**	**(38,204)**
Income (Loss) before Contributions and Transfers	**387,256**	**(1,160,505)**	**(773,249)**
Capital Contributions	1,247,760	-	1,247,760
Interdivisional transfers in	148,507	-	148,507
Interdivisional transfers out	(148,507)	-	(148,507)
Change in Net Assets	**1,635,016**	**(1,160,505)**	**474,511**
Net Assets at Beginning of Year	33,022,282	9,386,276	42,408,558
Net Assets at End of Year	**$ 34,657,298**	**$ 8,225,771**	**$ 42,883,069**

Toledo-Lucas County Port Authority
Economic Development Division
Schedule of Net Assets Information
December 31, 2004

ASSETS	General	Financing Activities	Northwest Ohio Bond Fund	Total
Current Assets:				
Unrestricted Assets:				
Due from Other Divisions	$ 20,778	$ -	$ -	$ 20,778
Total Unrestricted Assets	20,778	-	-	20,778
Restricted Assets:				
Interest receivable	-	35,955	169,197	205,152
Loans receivable	-	-	4,332,999	4,332,999
Total Restricted Assets	-	35,955	4,502,196	4,538,151
Total Current Assets	20,778	35,955	4,502,196	4,558,929
Noncurrent Assets:				
Unrestricted Assets:				
Nondepreciable Capital Assets	-	2,120,191	-	2,120,191
Depreciable Capital Assets, Net of Accumulated Depreciation	598,418	123,364,454	-	123,962,872
Amount due from lessee	-	450,000	-	450,000
Deferred bond issuance cost	-	5,468,476	-	5,468,476
Interdivisional receivables (payables)	(1,747,381)	-	(3,000,000)	(4,747,381)
Total Unrestricted Assets	(1,148,963)	131,403,121	(3,000,000)	127,254,158
Restricted Assets:				
Investments	-	6,598,762	20,044,046	26,642,808
Loans receivable	-	-	36,587,615	36,587,615
Deferred loss on refunding	-	559,000	-	559,000
Total Restricted Assets	-	7,157,762	56,631,661	63,789,423
Total Noncurrent Assets	(1,148,963)	138,560,883	53,631,661	191,043,581
Total Assets	**(1,128,185)**	**138,596,838**	**58,133,857**	**195,602,510**
LIABILITIES AND EQUITY				
Payable from Restricted Assets:				
Accounts payable	$ 18,819	$ -	$ -	$ 18,819
Accrued interest payable	-	330,685	464,066	794,751
Deferred income	-	619,131	95,423	714,554
Notes payable-current	-	447,299	-	447,299
Revenue bonds payable-current	-	3,776,757	4,105,000	7,881,757
Ohio Enterprise bond payable-current	-	465,000	-	465,000
Total Payable from Restricted Assets	18,819	5,638,872	4,664,489	10,322,180
Total Current Liabilities	18,819	5,638,872	4,664,489	10,322,180
Payable from Restricted Assets:				
Long-term notes payable	-	15,051,673	-	15,051,673
Revenue bonds payable	-	121,929,593	49,090,000	171,019,593
Ohio Enterprise bond payable	-	16,495,000	-	16,495,000
Borrower deposit reserves	-	-	2,236,481	2,236,481
Total Payable from Restricted Assets	-	153,476,266	51,326,481	204,802,747
Total Noncurrent Liabilities	-	153,476,266	51,326,481	204,802,747
Total Liabilities	**18,819**	**159,115,138**	**55,990,970**	**215,124,927**
Net Assets:				
Invested in Capital Assets, Net of Related Debt	598,418	(32,680,677)	-	(32,082,259)
Restricted	-	5,648,946	5,142,887	10,791,833
Unrestricted	(1,745,422)	6,513,431	(3,000,000)	1,768,009
Total Net Assets (Deficit)	**$ (1,147,004)**	**$ (20,518,300)**	**$ 2,142,887**	**$ (19,522,417)**

Toledo-Lucas County Port Authority
Economic Development Division
Schedule of Revenues, Expenses and Changes in Net Assets Information
For the Year Ended December 31, 2004

	General	Financing Activities	Northwest Ohio Bond Fund	Total
Operating revenues				
Income from leases and other property agreements	$ -	$ 13,285,878	$ -	$ 13,285,878
Other rental and fee income	-	-	446,126	446,126
Interest income on loans receivable	-	-	3,265,109	3,265,109
Other Income	-	180,710	-	180,710
Total operating revenues	**-**	**13,466,588**	**3,711,235**	**17,177,823**
Operating expenses				
Contractual Services	1,583,724	-	-	1,583,724
Depreciation	-	6,507,342	-	6,507,342
Amortization	-	414,405	-	414,405
Interest expense	-	-	3,205,549	3,205,549
Other operating expenses	-	201,665	-	201,665
Provision for loan loss reserve	-	287,082	-	287,082
Total operating expenses	**1,583,724**	**7,410,494**	**3,205,549**	**12,199,767**
Operating income (loss)	**(1,583,724)**	**6,056,094**	**505,686**	**4,978,056**
Nonoperating revenues (expenses)				
Intergovernmental grant	1,583,724	-	-	1,583,724
Interest income from investments	-	267,127	184,255	451,382
Interest expense	-	(9,359,178)	-	(9,359,178)
Other Expense	-	(27,171)	-	(27,171)
Borrower disbursements	-	(239,750)	(79,015)	(318,765)
Total nonoperating revenues (expenses)	**1,583,724**	**(9,358,972)**	**105,240**	**(7,670,008)**
Income (Loss) before Contributions and Transfers	-	**(3,302,878)**	**610,926**	**(2,691,952)**
Interdivisional transfers in	-	820,000	-	820,000
Interdivisional transfers out	-	(820,000)	(75,000)	(895,000)
Change in Net Assets	**-**	**(3,302,878)**	**535,926**	**(2,766,952)**
Net Assets (Deficit) at Beginning of Year	(1,147,004)	(17,215,422)	1,606,961	(16,755,465)
Net Assets (Deficit) at End of Year	**$ (1,147,004)**	**$ (20,518,300)**	**$ 2,142,887**	**$ (19,522,417)**

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CASH BASIS)
For the Year Ended December 31, 2004

Federal Grantor/Pass - Through Grantor Program Titles	Project Number	CFDA Number	Grant Expenditures
U.S. Department of Transportation			
Airport Improvement Program		20.106	$8,082,988
U.S. Department of Homeland Security			
Port Security Grant Program		97.056	247,760
U.S. Environmental Protection Agency			
Brownfield Pilots Cooperative Agreements		66.811	83,724
Total			$8,414,472

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED - CASH BASIS
FOR EACH QUARTER DURING THE YEAR ENDED DECEMBER 31, 2004

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Totals
PFC Fees Collected	$ 296,288	$ 375,625	$ 302,213	$ 294,101	$ 1,268,227
Interest Income Net of Bank Fees	247	1,355	3,072	5,636	10,310
PFC Fees Expended	-0-	-0-	-0-	-0-	-0-
Net Increase (Decrease) in Cash	296,535	376,980	305,285	299,737	1,278,537
Cash at Beginning of Period	103,906	400,441	777,421	1,082,706	103,906
Cash at End of Period	$ 400,441	$ 777,421	$ 1,082,706	$ 1,382,443	$ 1,382,443

"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, 2004

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 ("PFC's") 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 PFC's from appropriate enplaning passengers and remit the fee to the assessing airport. The Regulation contains provisions regarding which air carriers are required to collect PFC's and provides for limitation on PFC's 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 #3 through December 1, 2003, at the rates of $4.50 for each enplaned passenger, which was effective on July 1, 2001. Starting in December 2003, the Airport began to collect PFC fees for application #4, at the same rates, through August 1, 2006.

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.

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INDEPENDENT AUDITORS' 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

To the Board of Directors
Toledo-Lucas County Port Authority
One Maritime Plaza
Toledo, Ohio 43604-1866

We have audited the statements of net assets of the Toledo-Lucas County Port Authority ("Authority") as of December 31, 2004, and the related statements of revenues, expenses and changes in net assets and of cash flows for the years then ended, and have issued our report thereon dated July 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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

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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 Authority's 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.

Weber · O'Brien Ltd.
July 14, 2005

Certified Public Accountants • Strategic Business Advisors
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
Toledo-Lucas County Port Authority
One Martime Plaza
Toledo, Ohio 43604-1866

Compliance

We have audited the compliance of Toledo-Lucas County 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, 2004. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of Toledo-Lucas County Port Authority's management. Our responsibility is to express an opinion on Toledo-Lucas County Port Authority's compliance based on our audit.

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

In our opinion, the Toledo-Lucas County 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, 2004.

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Internal Control Over Compliance

The management of the Toledo-Lucas County 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 Toledo-Lucas County 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 in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations caused by error or fraud that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Toledo-Lucas County Port Authority's Board of Directors and management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Weber. O'Brien Ltd.

July 14, 2005

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

The Board of Directors
Toledo-Lucas County Port Authority
One Maritime Plaza
Toledo, Ohio 43604-1866

Compliance

We have audited the compliance of Toledo-Lucas County Port Authority ("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, 2004. The 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 the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

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Internal Control Over Compliance

The management of the 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 the 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of and use of the Authority's 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.

Weber · O'Brien Ltd.
July 14, 2005

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Reportable condition(s) identified not considered to be material weaknesses?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	____ yes	X no
Reportable conditions(s) identified not considered to be material weaknesses?	____ yes	X none reported
Type of auditors' report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	____ yes	X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
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?	X yes	____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

TOLEDO-LUCAS COUNTY PORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2004

NONE

Auditor of State
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TOLEDO-LUCAS COUNTY PORT AUTHORITY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 10, 2005