DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY

SUMMIT COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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

September 20, 2022

Zac Morris
Rea & Associates, Inc.
212 N. Washington Street
Millersburg, Ohio 44654

Dear Mr. Morris:

A desk review of the audit report has been performed for the Development Finance Authority of Summit County, for the year ended December 31, 2021. Based on the desk review, this report is acceptable and requires no modifications.

We ask that you consider making the following suggested modification to your audit report in the future:

- Page 51 of the notes refers to the OPERS Comprehensive Annual Financial Report. Please inform your client with the implementation of GASB 98 the term “Comprehensive Annual Financial Report” is now to be referred to as the Annual Comprehensive Financial Report.

We will certify this audit report. As a reminder, the final invoice for this project must be submitted to the Auditor of State for approval no later than 90 days after the release of the report. If you have any questions or concerns, please contact me at (614) 466-3597.

Sincerely,

KEITH FABER
Auditor of State

Brad Blake
Brad Blake
Director of Quality Assurance

cc: Joey Jones, Chief Auditor
Jessica McRitchie, Director of Administration, Development Finance Authority of Summit County

Development Finance Authority of Summit County
Summit County, Ohio
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Independent Auditor's Report

Development Finance Authority of Summit County
Summit County, Ohio
47 N. Main Street, Suite 407
Akron, Ohio 44308

Report on the Financial Statements

We have audited the accompanying financial statements of the Development Finance Authority of Summit County, Summit County, Ohio, (the Authority) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Development Finance Authority of Summit County, Summit County, Ohio, as of December 31, 2021 and 2020, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards),* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 3, to the financial statements, the Authority restated beginning net position to account for an error in the prior period. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Audit Standards,* we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Pension and Other Post-Employment Benefit Schedules, as listed in the table of contents, to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
August 9, 2022

General

The Management of the Development Finance Authority of Summit County (the "Authority") provides the readers of the Authority's financial statements this brief narrative overview of the financial activities of the Authority for the fiscal years ended December 31, 2021 and 2020.

The Authority, an independent political subdivision of the State of Ohio, was established in 1999 for the purpose of providing community and economic development financing activities in Summit County, Ohio. Since then, the Authority has expanded its service capacity through Cooperative Agreements in several Ohio counties. The Authority engages in this activity by managing activities through issuance of various revenue bonds. In addition, the Authority is co-manager of an industrial park on property owned by the Akron-Canton Airport. The Authority also manages private non-profit community development organizations which are described below.

In 2011, the Authority created the Development Fund of the Western Reserve ("DFWR"), a Community Development Entity ("CDE") and a private, not-for profit 501(c)(3), to apply for certification through the U.S. Treasury Community Development Financial Institutions Fund ("CDFI") to become eligible for allocations of New Markets Tax Credits ("NMTC"). DFWR, a certified Community Development Entity ("CDE") of the U.S. Treasury, serves an 18-county area of northeast Ohio and is the only CDE exclusively focused on NMTC financing activity in northeast Ohio. The Authority assists with the management of DFWR through a service agreement.

Since 2012, DFWR has deployed $95 million of NMTC allocation into twenty-one projects in Northeast Ohio.

In 2017, the Authority, with assistance from Summit County, created and expanded the Akron-Summit County Energy Special Improvement District ("ESID"), to enable property owners to finance energy efficiency projects within the County. As of December 2021, twenty-one Summit County communities had joined the ESID.

In 2019, the Authority facilitated the creation of the Western Reserve Community Fund ("WRCF"), a private non-profit 501(C)(3) organization, intended to become a Community Development Financial Institution ("CDFI"). CDFI's expand economic opportunity in low-income communities by providing access to financial products and services for local residents and businesses. WRCF's target market is disadvantaged businesses and communities located in Summit County. During 2021, WRCF received CDFI certification and has made over 50 loans. The Authority assists with the management of WRCF through a service agreement.

From 2019 through 2021 the Authority has engaged in project management activities for two specific projects – 47 N. Main St. and the Civic Theatre renovation and new construction. The Authority facilitates the management and funding of these projects under the guidelines of a cooperative agreement.

Overview

The Authority engages in economic development finance activities that are conduit stand-alone and/or Jobs and Investment Fund ("Bond Fund") projects. During 2021, Standard & Poor's Global Rating ("S&P") confirmed the Authority's A- Bond Fund Rating. Past conduit projects include the Akron Civic Theater, Bridgestone Americas Tech Center, the Goodyear Tire and Rubber Headquarters, an Amazon distribution center and numerous other projects.

In 2021, tax-exempt conduit bond financing was provided to finance public infrastructure for the Brookside Greens project in Norton, Ohio.

Three projects totaling $13.060 million were financed through the Bond Fund during 2021. The projects are located in Jackson Township (Stark County), Akron, and Bath Township (Summit County).

It is noteworthy to consider the following regarding all of the Authority's finance projects:

All conduit transactions are non-recourse to the Authority and require lenders or bond holders to look only to the borrower's lease or debt service payments and any specific revenue sources and cash reserves to provide sufficient funds to meet lease payments and/or debt service payments.

Bond Fund transactions require the Authority to look only to the borrower lease or loan payments for debt service unless a default arises, in which case the reserve mechanisms in the Bond Fund will make the debt service payments to the extent sufficient funds are available. As of December 31, 2021, the Authority had issued $145.285 million to fund 42 projects with an outstanding principal balance of $79.755 million.

As of December 31, 2021, the Bond Fund contained $38,807,340 in reserves with an additional reserve of $3,681,375 for Property Assessed Clean Energy ("PACE") projects.

Condensed Statement of Net Position Information

The table below provides a summary of the Authority's financial position and operations for 2021 and 2020. Increases in restricted assets and other liabilities is primarily caused by projects issued in the current year offset by scheduled payment activity on outstanding issues.

Comparison of 2021 vs. 2020 Results:

	2021	RESTATED 2020	Change Amount	Change %
Assets:				
Current assets	$ 10,127,704	$ 7,352,676	$ 2,775,028	37.7%
Capital assets - net	-	1,150,000	(1,150,000)	-100.0%
Restricted assets	108,378,312	102,947,949	5,430,363	5.3%
Total assets	118,506,016	111,450,625	7,055,391	6.3%
Deferred Outflows of Resources	278,149	291,643	(13,494)	-4.6%
Total assets and deferred outflows of resources	118,784,165	111,742,268	7,041,897	6.3%
Liabilities and net position:				
Liabilities:				
Current liabilities	6,777,707	5,539,051	1,238,656	22.4%
Other liabilities	99,386,944	94,742,044	4,644,900	4.9%
Total liabilities	106,164,651	100,281,095	5,883,556	5.9%
Deferred Inflows of Resources	460,430	202,595	257,835	127.3%
Total liabilities and deferred inflows of resources	106,625,081	100,483,690	6,141,391	6.1%
Net position:				
Investment in capital assets	-	1,150,000	(1,150,000)	-100.0%
Restricted	8,656,182	7,510,427	1,145,755	15.3%
Unrestricted	3,502,902	2,598,151	904,751	34.8%
Total net position	$ 12,159,084	$ 11,258,578	$ 900,506	8.0%

The table below provides a summary of the Authority's financial position and operations for 2020 and 2019.

Comparison of 2020 vs. 2019 Results:

	RESTATED 2020	2019	Change Amount	Change %
Assets:				
Current assets	$ 7,352,676	$ 6,612,686	$ 739,990	11.2%
Capital assets - net	1,150,000	1,175,000	(25,000)	-2.1%
Restricted assets	102,947,949	96,663,325	6,284,624	6.5%
Total assets	111,450,625	104,451,011	6,999,614	6.7%
Deferred Outflows of Resources	291,643	281,820	9,823	3.5%
Total assets and deferred outflows of resources	111,742,268	104,732,831	7,009,437	6.7%
Liabilities and net position:				
Liabilities:				
Current liabilities	5,539,051	5,197,132	341,919	6.6%
Other liabilities	94,742,044	88,749,265	5,992,779	6.8%
Total liabilities	100,281,095	93,946,397	6,334,698	6.7%
Deferred Inflows of Resources	202,595	25,668	176,927	689.3%
Total liabilities and deferred inflows of resources	100,483,690	93,972,065	6,511,625	6.9%
Net position:				
Investment in capital assets	1,150,000	1,175,000	(25,000)	-2.1%
Restricted	7,510,427	7,309,159	201,268	2.8%
Unrestricted	2,598,151	2,276,607	321,544	14.1%
Total net position	$ 11,258,578	$ 10,760,766	$ 497,812	4.6%

The increase to restricted assets and other liabilities from 2019 to 2020 is primarily due to bond fund activity. The Authority funded four new projects in 2020.

The net pension liability (NPL) is one of the largest single liabilities reported by the Authority at December 31, 2021 and 2020 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” During 2018, the Authority adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.

2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Long Term Debt

Additional information on the outstanding debt can be found in Notes 6, 14, 15, 16 and 18. The following table summarizes outstanding debt.

	Balance at January 1, 2021	Additions	Reductions	Balance at December 31, 2021
Notes Payable	$ 6,933,738	$ 1,800,000	$ (74,609)	$ 8,659,129
Revenue Bonds	16,855,000	4,540,000	(5,440,000)	15,955,000
Bond Fund Transactions	74,645,000	13,060,000	(7,950,000)	79,755,000
	$ 98,433,738	$ 19,400,000	$ (13,464,609)	$ 104,369,129

	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020
Notes Payable	$ 5,986,335	$ 1,000,035	$ (52,632)	$ 6,933,738
Revenue Bonds	17,770,000	-	(915,000)	16,855,000
Bond Fund Transactions	68,330,000	13,720,000	(7,405,000)	74,645,000
	$ 92,086,335	$ 14,720,035	$ (8,372,632)	$ 98,433,738

Capital Assets

Additional information on the Authority's capital assets can be found in Note 11 to the Authority's financial statements. A summary of the activity in the Authority's capital assets during the years ended December 31, 2021 and December 31, 2020 is as follows:

	Balance at January 1, 2021	Additions	Deletions	Balance at December 31, 2021
Capital assets not being depreciated:				
Land	$ 500,000	$ -	$ (500,000)	$ -
Capital assets being depreciated:				
Buildings	1,000,000	-	(1,000,000)	-
Less accumulated depreciation:				
Buildings	(350,000)	(4,167)	354,167	-
Total capital assets being depreciated, net	650,000	(4,167)	(645,833)	-
Capital assets, net	$ 1,150,000	$ (4,167)	$ (1,145,833)	$ -

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020
Capital assets not being depreciated:				
Land	$ 500,000	$ -	$ -	$ 500,000
Capital assets being depreciated:				
Buildings	1,000,000	-	-	1,000,000
Less accumulated depreciation:				
Buildings	(325,000)	(25,000)	-	(350,000)
Total capital assets being depreciated, net	675,000	(25,000)	-	650,000
Capital assets, net	$ 1,175,000	$ (25,000)	$ -	$ 1,150,000

Statement of Revenues, Expenses, and Changes in Net Position Information

The Authority's net position increased by $900,506 in 2021 and increased by $497,812 in 2020, as restated. Key elements of these changes are summarized below. Operating revenues increased by 2.8% in 2021 primarily due to increases in loan processing fees and related party service agreements offset by a decrease in project management and administrative fees. Operating expenses decreased primarily due to decreases in salary and benefits offset by increases in other operating expenses, professional services, and office and occupancy expenses. The change in non-operating activity is primarily due to a decrease in interest income offset by forgiveness of note receivable.

	2021	RESTATED 2020	Change Amount	Change %
Operating revenues:				
Project management and administrative fees	$ 1,012,112	$ 1,179,064	$ (166,952)	-14.2%
CAK Business Park - lease administrative revenue	45,710	77,911	(32,201)	-41.3%
Loan processing fees	302,979	111,911	191,068	170.7%
Summit County economic development grant	75,000	75,000	-	0.0%
New Market Tax Credit financing revenue	197,500	195,000	2,500	1.3%
Management service agreement revenue	334,000	274,000	60,000	21.9%
Total operating revenues	1,967,301	1,912,886	54,415	2.8%
Operating expenses:				
Salaries and benefits	483,270	829,983	346,713	41.8%
Professional services	141,803	130,019	(11,784)	-9.1%
Office and occupancy	138,265	123,130	(15,135)	-12.3%
Depreciation expense	4,167	25,000	20,833	83.3%
Bank fees	116,983	93,618	(23,365)	-25.0%
Other operating expenses	340,067	174,229	(165,838)	-95.2%
Total operating expenses	1,224,555	1,375,979	151,424	11.0%
Operating income	742,746	536,907	205,839	38.3%
Non-operating revenues (expenses):				
Interest Income	26,151	142,944	(116,793)	-81.7%
Interest Income - related party	1,200	-	1,200	100.0%
Non-operating grant revenue	72,500	72,500	-	0.0%
Change in equity interests	(4,913)	(7,500)	2,587	-34.5%
Forgiveness of note receivable	(14,977)	-	(14,977)	-100.0%
Total non-operating revenue, net	79,961	207,944	(127,983)	-61.5%
Pass-through revenue (expenses)				
Project deposits - Civic Renovation	468,705	-	468,705	100.0%
Pass-through expenses - Civic Renovation	(468,705)	-	(468,705)	100.0%
Project deposits - Building G - CDBG	369,436	1,146,511	(777,075)	-67.8%
Pass-through expenses - Building G - CDBG	(291,637)	(1,393,550)	1,101,913	-79.1%
Total pass-through revenues (expenses)	77,799	(247,039)	324,838	-131.5%
Change in net position	900,506	497,812	402,694	80.9%
Net position - beginning of year	11,258,578	10,760,766	497,812	4.6%
Net position - end of year	$ 12,159,084	$ 11,258,578	$ 900,506	8.0%

The Authority's net position increased by $497,812 in 2020 and increased by $443,811 in 2019. Key elements of these changes are summarized below. Operating revenues decreased by 7.3% in 2020 primarily due to decreases in loan processing fees offset by an increase in project management and administrative fees. Operating expenses decreased primarily due to other operating expenses offset by increases in salaries and benefits, professional services, and office and occupancy expenses. The change in non-operating activity is primarily due to prior year grant expenses offset by a decrease in interest income.

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	RESTATED 2020	2019	Change Amount	Change %
Operating revenues:				
Project management and administrative fees	$ 1,179,064	$ 700,748	$ 478,316	68.3%
CAK Business Park - lease administrative revenue	77,911	81,993	(4,082)	-5.0%
Loan processing fees	111,911	915,580	(803,669)	-87.8%
Summit County economic development grant	75,000	75,000	-	0.0%
New Market Tax Credit financing revenue	195,000	290,000	(95,000)	-32.8%
Management service agreement revenue	274,000	-	274,000	100.0%
Total operating revenues	1,912,886	2,063,321	(150,435)	-7.3%
Operating expenses:				
Salaries and benefits	829,983	704,899	(125,084)	-17.7%
Professional services	130,019	102,399	(27,620)	-27.0%
Office and occupancy	123,130	85,787	(37,343)	-43.5%
Depreciation expense	25,000	25,000	-	0.0%
Bank fees	93,618	76,082	(17,536)	-23.0%
Other operating expenses	174,229	670,472	496,243	74.0%
Total operating expenses	1,375,979	1,664,639	288,660	17.3%
Operating income	536,907	398,682	138,225	34.7%
Non-operating revenues (expenses):				
Interest Income	142,944	261,727	(118,783)	-45.4%
Non-operating grant revenue	72,500	72,500	-	0.0%
Grant expenses	-	(250,000)	250,000	-100.0%
Change in equity interests	(7,500)	(41,598)	34,098	-82.0%
Other (expense) revenue, net	-	2,500	(2,500)	-100.0%
Total non-operating revenue, net	207,944	45,129	162,815	360.8%
Pass-through revenue (expenses)				
Project deposits - B&W	-	845,000	(845,000)	-100.0%
Pass-through expenses - B&W	-	(845,000)	845,000	-100.0%
Project deposits - Civic Building G	1,146,511	48,489	1,098,022	2264.5%
Pass-through expenses - Civic Building G	(1,393,550)	(48,489)	(1,345,061)	2774.0%
Total pass-through revenues (expenses)	(247,039)	-	(247,039)	0.0%
Change in net position	497,812	443,811	54,001	12.2%
Net position - beginning of year	10,760,766	10,316,955	443,811	4.3%
Net position - end of year	$ 11,258,578	$ 10,760,766	$ 497,812	4.6%

Factors Expected to Impact the Authority's Future Financial Position or Results of Operations

In 2021, revenue from operations and deal flow was healthy despite the pandemic and indicators point to an active project pipeline in 2022, including a project with the City of Akron and the State of Ohio for the purpose of repurposing and renovating the Oliver Ocasek State Office Building as well as Bond Fund projects in Columbus, and Toledo, Ohio.

During 2021, the Authority, Lockheed Corporation, LTA, Inc. and USEPA executed a 4th amendment to a Consent Agreement and Final Order ("CAFO") which governs the use of the Akron Airdock which is owned by the Authority and leased to Lockheed. The amended CAFO expanded operational uses of the Airdock and enabled Lockheed to sublease the building to LTA. It is expected during 2022 that the parties will agree on a 5th amendment which will provide for the Authority to sell the building to Lockheed for $1.5 million.

In 2021, Development Fund of the Western Reserve ("DFWR") was awarded a $50 million New Markets Tax Credit ("NMTC") allocation. DFWR anticipates the deployment of approximately $30 million NMTC during 2022. DFWR is managed by the Authority's staff through a service agreement. In 2020 and 2021, WRCF compensated the Authority in the amount of $454,000 and $431,500 respectively. The Authority expects compensation of $450,000 in 2022.

Also, during 2022, the Authority expects to see an expansion of program services provided by the Western Reserve Community Fund ("WRCF"), a certified Community Development Financial Institution ("CDFI"). WRCF is managed by the Authority's staff through a service agreement. WRCF's growing importance to the Authority and the community became readily apparent during 2021. WRCF grew its lending capability to encompass four key product areas. As the year ended, the Authority was hiring additional staff due to the increased loan volume. In 2020 and 2021, WRCF compensated the Authority in the amount of $15,000 and $100,000 respectively. The Authority expects compensation of $150,000 in 2022.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined but is expected to be nominal. The impact on the Authority's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

Contacting the Authority's Finance Department

The financial statements are designed to provide the public, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for funds it receives and generates. If you have any questions about these financial statements or need additional financial information, please contact Christopher Burnham, President, and/or Jessica McRitchie, Director of Administration.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	2021	RESTATED 2020
ASSETS		
CURRENT ASSETS		
Unrestricted assets		
Cash	$ 2,494,188	$ 2,310,104
Accounts receivable	24,271	12,286
Administrative fee receivable	65,001	76,918
Prepaid expenses	9,316	9,197
Total unrestricted assets, current	2,592,776	2,408,505
Restricted assets		
Assets held for sale	1,145,833	-
Accounts receivable - 47 N Main St Project	836,212	-
Note receivable - Akron Summit County ESID	2,883	25,226
Current portion of lease receivable	1,060,000	1,073,945
Current portion of bond fund receivable	4,490,000	3,845,000
Total restricted assets, current	7,534,928	4,944,171
TOTAL CURRENT ASSETS	10,127,704	7,352,676
NON-CURRENT ASSETS		
Restricted assets		
Cash - board restricted	1,976,313	1,606,463
Restricted cash - MCCAP Bond fund program reserve	1,000,187	1,000,035
Restricted cash - 47 N Main project	1,194,881	-
Investment - board restricted	359,301	309,267
Restricted investment - Bond fund program reserve	7,510,349	7,510,427
Restricted investment - State 166 loan program reserve	2,000,000	2,000,000
Restricted investment - Energy loan program reserve	3,753,113	3,752,874
Equity in P-Cure, Ltd.	23,918	28,158
Equity in Dentaray, Ltd.	3,190	2,843
Equity in Akron Fusion Ventures, LP	27,757	28,778
Note receivable - related party - Akron Summit County ESID	-	14,104
Note receivable - related party - WRCF	300,000	-
Net OPEB asset	69,303	-
Lease receivable - Akron Civic Theater	10,830,000	11,415,000
Lease receivable - Bridgestone	4,065,000	4,480,000
Bond fund transactions (see Note 6)	75,265,000	70,800,000
Total restricted assets, non-current	108,378,312	102,947,949

The accompanying notes are an integral part of these financial statements.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	2021	RESTATED 2020
Capital assets		
Land	$ -	$ 500,000
Buildings	-	1,000,000
Total	-	1,500,000
Less: Accumulated depreciation	-	(350,000)
Net book value of capital assets	-	1,150,000
TOTAL NON-CURRENT ASSETS	108,378,312	104,097,949
TOTAL ASSETS	118,506,016	111,450,625
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - Pension	177,684	173,819
Deferred outflows - OPEB	100,465	117,824
TOTAL DEFERRED OUTFLOWS OF RESOURCES	278,149	291,643
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 118,784,165	$ 111,742,268

The accompanying notes are an integral part of these financial statements.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	2021	RESTATED 2020
LIABILITIES		
CURRENT LIABILITIES		
Payable from unrestricted assets		
Deposits held	$ 382,672	$ 319,680
Accounts payable	292,443	101,967
Accrued expenses	27,040	23,039
Total payable from unrestricted assets, current	702,155	444,686
Payable from restricted assets		
Note payable - Summit County, current portion	75,000	75,000
Revenue bonds - Akron Civic Theater, current portion	585,000	540,000
Revenue bonds - Bridgestone, current portion	475,000	420,000
Revenue bonds - Bond Fund projects, current portion	4,490,000	3,845,000
47 North Main Street tenant liability	450,552	214,365
Total payable from restricted assets, current	6,075,552	5,094,365
TOTAL CURRENT LIABILITIES	6,777,707	5,539,051
NON-CURRENT LIABILITIES		
Unearned lease revenue	66,643	85,241
Payable from restricted assets		
Note payable - Summit County - Civic	30,829	105,829
Note payable - State of Ohio	2,000,000	2,000,000
Energy loan loss reserve escrow	3,753,113	3,752,874
MCCAP bond fund program reserve escrow	1,000,187	1,000,035
Note payable - Summit County - 47 N Main St Project	1,800,000	-
Net pension liability	576,172	648,907
Net OPEB liability	-	454,158
Revenue bonds - Akron Civic Theater	10,830,000	11,415,000
Revenue bonds - Bridgestone	4,065,000	4,480,000
Bond Fund transactions (see Note 6)	75,265,000	70,800,000
TOTAL NON-CURRENT LIABILITIES	99,386,944	94,742,044
TOTAL LIABILITIES	106,164,651	100,281,095
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - Pension	248,679	137,646
Deferred inflows - OPEB	211,751	64,949
TOTAL DEFERRED INFLOWS OF RESOURCES	460,430	202,595

The accompanying notes are an integral part of these financial statements.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	2021	RESTATED 2020
NET POSITION		
Investments in capital assets	$ -	$ 1,150,000
Restricted	8,656,182	7,510,427
Unrestricted	3,502,902	2,598,151
TOTAL NET POSITION	12,159,084	11,258,578
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 118,784,165	$ 111,742,268

The accompanying notes are an integral part of these financial statements.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended December 31, 2021 and 2020

	2021	RESTATED 2020
OPERATING REVENUES		
Project management and administrative fees	$ 1,012,112	$ 1,179,064
CAK Business Park - lease administrative revenue	45,710	77,911
Loan processing fees	302,979	111,911
Summit County economic development grant	75,000	75,000
New market tax credit financing revenue	197,500	195,000
Management service agreement revenue	334,000	274,000
TOTAL OPERATING REVENUES	1,967,301	1,912,886
OPERATING EXPENSES		
Salaries and benefits	483,270	829,983
Professional services	141,803	130,019
Office and occupancy	138,265	123,130
Depreciation expense	4,167	25,000
Bank fees	116,983	93,618
Project related expenses	340,067	174,229
TOTAL OPERATING EXPENSES	1,224,555	1,375,979
OPERATING INCOME	742,746	536,907
NON-OPERATING REVENUES (EXPENSES)		
Interest income	26,151	142,944
Interest income - related party	1,200	-
Non-operating grant revenue	72,500	72,500
Change in equity interests	(4,913)	(7,500)
Forgiveness of note receivable	(14,977)	-
Total non-operating revenues, net	79,961	207,944
Pass-through revenue (expenses)		
Project deposits - Civic Renovation	468,705	-
Pass-through expenses - Civic Renovation	(468,705)	-
Project deposits - Bowery Building G	369,436	1,146,511
Pass-through expenses - Bowery Building G	(291,637)	(1,393,550)
Total non-operating pass-through revenues (expenses)	77,799	(247,039)
TOTAL NON-OPERATING REVENUES (EXPENSES)	157,760	(39,095)

The accompanying notes are an integral part of these financial statements.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended December 31, 2021 and 2020

	2021	RESTATED 2020
CHANGE IN NET POSITION	$ 900,506	$ 497,812
NET POSITION - BEGINNING OF YEAR	11,258,578	10,760,766
NET POSITION - END OF YEAR	$ 12,159,084	$ 11,258,578

The accompanying notes are an integral part of these financial statements.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF CASH FLOWS
December 31, 2021 and 2020

	2021	RESTATED 2020
OPERATING ACTIVITIES		
Cash received from development projects	$ 1,100,415	$ 1,624,036
Cash received from operating grants	75,000	75,000
Cash payments to and on behalf of employees	(665,530)	(667,398)
Cash payments for other operating expenses	(310,574)	(334,586)
Net cash provided by operating activities	199,311	697,052
NON-CAPITAL FINANCING ACTIVITIES		
Borrowings on energy loan loss reserve escrow	239	22,368
Borrowings on MCCAP bond fund reserve escrow	152	1,000,035
Borrowings on 47 N Main project reserve escrow	1,800,038	-
Repayments on 47 N Main project reserve escrow	-	-
Payments on line of credit/note payable	(75,000)	(75,000)
Repayments on Akron Summit County ESID loan	36,447	670
Borrowings on WRCF loan	(300,000)	-
Repayments on lease receivable - A&K	98,968	104,448
Cash received from revenue bonds - Akron Civic	540,000	505,000
Cash received from revenue bonds - Bridgestone	360,000	410,000
Cash payments from revenue bonds - Akron Civic	(540,000)	(505,000)
Cash payments from revenue bonds - Bridgestone	(360,000)	(410,000)
Bond Fund:		
Cash received from borrowings on revenue bonds	13,060,000	13,720,000
Cash received from repayments on revenue bonds	7,950,000	7,405,000
Cash payments from borrowings on revenue bonds	(13,060,000)	(13,720,000)
Cash payments from repayments on revenue bonds	(7,950,000)	(7,405,000)
Net cash provided by non-capital financing activities	1,560,844	1,052,521
INVESTING ACTIVITIES		
Cash payments for net purchase of investments	(91,574)	(19,483)
Cash received from interest on investments	425	22,665
Cash received for non-operating activities	79,961	(247,039)
Net cash used in investing activities	(11,188)	(243,857)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,748,967	1,505,716
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,916,602	3,410,886
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,665,569	$ 4,916,602

The accompanying notes are an integral part of these financial statements.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF CASH FLOWS
December 31, 2021 and 2020

	2021	RESTATED 2020
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash - unrestricted	$ 2,494,188	$ 2,310,104
Cash - board restricted	1,976,313	1,606,463
Restricted cash - MCCAP bond fund program reserve	1,000,187	1,000,035
Restricted cash - 47 N Main project	1,194,881	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,665,569	$ 4,916,602
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	$ 742,746	$ 536,907
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	4,167	25,000
Changes in assets and liabilities		
Accounts receivable	(11,985)	(4,412)
Administrative fees receivable	11,917	(15,191)
Prepaid expenses	(119)	349
Accounts receivable - restricted - 47 N Main	(836,212)	-
Net OPEB asset	69,303	-
Deferred outflows of resources	13,494	(9,823)
Deposits held	62,992	(175,649)
Accounts payable	190,476	5,787
Accrued expenses	4,001	6,507
47 North Main Street tenant liability	236,187	180,274
Net pension / OPEB liability	(526,893)	(11,026)
Unearned revenue	(18,598)	(18,598)
Deferred inflows of resources	257,835	176,927
Net cash provided by operating activities	$ 199,311	$ 697,052
NON-CASH TRANSACTIONS		
Forgiveness of note receivable	$ 14,977	$ -
Loss on equity interests	4,914	7,499
Non-cash transactions	$ 19,891	$ 7,499

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Development Finance Authority of Summit County (the "Authority") was formed, pursuant to Ohio Revised Code 4582.21 to 4582.59, by the Summit County Council in 1993 to preserve key railroad lines from abandonment in an era of rail mergers and consolidations. In 1999, County Council recognized the expanding role of port authorities within the state and passed legislation enabling the Authority to use the economic development powers allowed under the Ohio Revised Code.

The Authority engages in community and economic development finance, creating employment opportunities, and providing financing and tax incentives to local businesses in order to provide a foundation to compete in the international marketplace. The Authority is directed by a seven-member Board appointed by the Summit County Executive, in accordance with the procedures provided by the Summit County Charter.

The Authority's activities are financed and operated as an enterprise fund such that the costs and expenses of providing services are recovered primarily through user charges. The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

Fund Accounting

The Authority maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Authority uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

Basis of Presentation

The Authority’s basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows. The Authority uses a single enterprise fund to maintain its financial records during the year.

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. For financial statement presentation purposes, the Authority utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned, and expenses are recognized when the liability is incurred.

The Authority’s activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the Authority’s operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Authority finances and meets the cash flows of its enterprise activity. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from closing fees and servicing fees. Operating expenses for the Authority include the cost of providing these services, including administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating revenues include pledged revenue to support repayment of bonds issued through the Jobs and Investment Bond Fund Program, assigned tax increment financing payments revenues related to other financing projects, energy grants, contribution revenues, loan financing revenues and interest earnings. Non-operating expenses include pass through tax increment financing payments related to other financing projects, interest payments on bonds, bond issuance costs, fiscal charges and developer expenses related to projects financed through the Jobs and Investment Bond Fund Program. Non-operating expenses also include changes in the fair value of the Authority’s investments.

Conduit Debt and Capital Leases

As part of its efforts to promote economic development within northeastern Ohio, the Authority has issued debt obligations and loaned the proceeds to industrial, commercial, governmental and nonprofit organizations, primarily located within Summit County and other northeast Ohio counties. The obligations are secured by the property financed and other security and are payable solely from the payments received by the trustee from the borrowers or other sources designated in the related agreements.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and requires an annual budget. This budget includes estimated receipts and appropriations. In addition, the Rules and Regulations of the Authority require the Board to adopt an appropriation resolution. The Authority maintains budgetary control by not permitting expenditures to exceed their respective appropriations without amendment of appropriations from the Board of Directors.

Cash and Investments

Summit County is the fiscal agent for the Authority's operations. Accordingly, the Summit County Fiscal Officer maintains a portion of the Authority's cash in a Custodial fund on the County's financial records. The Authority's Secretary of the Board is the fiscal agent for the Authority's development projects. The Authority maintains some of its cash with one local bank. This account is insured by the Federal Deposit Insurance Corporation up to the maximum allowed.

For the purposes of the statement of cash flows, all bank deposits, including investments in short-term certificates of deposit, the State Treasury Asset Reserve of Ohio ("STAR Ohio") and overnight investments of excess deposits in repurchase agreements are considered to be cash equivalents.

Restricted Cash - Board Restricted

The Authority's cash is designated by the Board of Directors and invested in short-term certificates of deposit. These investments are considered cash equivalents and could be deemed unrestricted per action of the Board of Directors through issuance of specific resolutions. These accounts include the Supplemental Bond Fund Account, 47 Operating Expense Account, Home Avenue Project Fund Account, Huntington Restricted Account (money market), 47 N. Main Capital Reserve Account and the County Grant Reserve Account.

Also included as restricted cash – board restricted are funds relating to the Project Activity Fund Account and the Land Bank Account, which are pass-through monies to the Authority used to service ongoing projects currently under contract.

Restricted Cash - Bond Fund Program Reserve

The Authority's investments are governed by the trust indenture and State of Ohio statutes, which allow the Authority to invest in certain obligations including State of Ohio obligations. The balance is invested in government obligations, commercial paper sweep and a certificate of deposit and is considered cash equivalents.

Restricted Cash – State 166 Loan Program Reserve

The Authority's investments are governed by the trust indenture and State of Ohio statutes, which allow the Authority to invest in certain obligations including State of Ohio obligations. The balance is invested in government obligations and a certificate of deposit and is considered cash equivalents.

Restricted Cash – Energy Loan Program Reserve

The Authority's investments are governed by the trust indenture and State of Ohio statutes, which allow the Authority to invest in certain obligations including State of Ohio obligations. The balance is invested in government obligations and a certificate of deposit and is considered cash equivalents.

Restricted Cash – MCCAP Bond Fund Program Reserve

The Authority’s cash is held by the Summit County Fiscal Officer as part of the Authority’s cash in a Custodial fund on the County's financial records.

Restricted Cash – 47 N Main Project

The Authority’s cash is held by the Summit County Fiscal Officer as part of the Authority’s cash in a Custodial fund on the County's financial records.

Fair Value of Financial Assets and Liabilities

Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates.

Capital Assets

All capital assets are capitalized at historical cost. policy. Consistent with its capital asset policy, the Authority maintains a capitalization threshold of $5,000 and capital assets are depreciated using the straight-line method over a range of 3 to 39 years depending on the specific asset class.

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused sick pay benefits. Beginning in January 2019, vacation earned during the calendar year must be used in the same year and will not be accrued in the next calendar year.

Pensions and Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statements of net position for pension/OPEB. The deferred outflows of resources related to pension/OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension/OPEB, which are explained in Notes 12 and 13.

Non-Operating Grant and Pass-Through Revenue and Expenses

Non-operating grant revenue and expenses are those that are not generated by the Authority’s primary mission and relate to the transfer of resources from one governmental entity to another. The Authority recognized non-operating grant revenue and expenses related to the Summit County grant in the amount of $72,500 for the years ended December 31, 2021 and 2020.

The Authority recognized non-operating pass through grant revenue and expenses related to the Civic Theatre’s Administrative Building and Ticket Office (Building G of the Bowery project) in Akron, Ohio in the amount of $369,436 in revenue and $291,637 in expenses for the year ended December 31, 2021 and $1,146,511 in revenue and $1,393,550 in expenses for the year ended December 31, 2020, respectively.

The Authority recognized non-operating pass through grant revenue and expenses related to the Civic Renovation project in Akron, Ohio in the amounts of $468,705 in revenue and $468,705 in expenses for the year ended December 31, 2020.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Reclassifications

Certain amounts have been reclassified in the 2020 financial statements to conform to the current year's presentation. Total net position and change in net position are unchanged due to these reclassifications. See Note 3 for restatement information.

Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through August 9, 2022, the date the financial statements were available to be issued.

NOTE 2 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended December 31, 2021, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations and GASB Statement No. 98, The Annual Comprehensive Financial Report.

GASB No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the definition of conduit debt obligations, establishes it is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and improves note disclosures.

GASB No. 98, *The Annual Comprehensive Financial Report*, addresses references in authoritative literature to the term comprehensive annual financial report. This statement replaces existing term but does not otherwise establish new accounting and financial reporting requirements.

For the year ended December 31, 2020, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.

GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, provides improved guidance on the information that is disclosed related to debt, including direct borrowings and direct placements. This statement requires additional disclosures related to debt including unused lines of credit; assets pledged for collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. Direct borrowings and placements of debt are also required to be reported separately from other debt.

The following statements, not yet implemented, were postponed with the implementation of GASB No. 95 and are effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter. The Authority is currently assessing the impact these standards will have on the financial statements.

Statement No. 87, Leases
Statement No. 92, Omnibus 2020
Statement No. 93, Replacement of Interbank Offered Rates

NOTE 3 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENT OF NET POSITION

Certain errors in the 2020 financial statements, resulting in an overstatement of the note receivable – related party – Akron County Summit ESID, were discovered during the current year. Accordingly, an adjustment of $670 was made as of December 31, 2020. A corresponding entry was made to increase previously reported project management and administrative fees by $670.

Certain errors in the 2020 financial statements, resulting in an understatement of the deposits held related to the project activity fund, were discovered during the current year. Accordingly, an adjustment of $52,961 was made as of December 31, 2020. A corresponding entry was made to increase previously reported project management and administrative fees for $193,398 offset by a decrease for various non-operating pass-through revenues and expenses totaling $247,039 net expense.

The effect of the restatements on results of operations and financial position as of and for the year ended December 31, 2020 are as follows:

	As Previously Reported	Restated	Difference
STATEMENT OF NET POSITION			
Note receivable - related party - Akron Summit County ESID	$ 14,774	$ 14,104	$ 670
Total restricted assets, non-current	102,948,619	102,947,949	670
Total assets	111,451,295	111,450,625	670
Total assets and deferred outflows of resources	111,742,938	111,742,268	670
Deposits held	266,719	319,680	(52,961)
Total current liabilities	5,486,080	5,539,051	(52,971)
Total liabilities	100,228,124	100,281,095	(52,971)
Net position, unrestricted	2,651,792	2,598,151	53,641
Total net position	11,312,219	11,258,578	53,641
Total liabilities, deferred inflows of resources and net position	111,742,938	111,742,268	670
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
Project management and administrative fees	$ 985,666	$ 1,179,064	$ (193,398)
Total operating revenues	1,719,488	1,912,886	(193,398)
Project deposits - Civic South Wall	80,000	-	80,000
Pass-through expenses - Civic South Wall	(80,000)	-	(80,000)
Project deposits - Bowery Building G	1,118,794	1,146,511	(27,717)
Pass-through expenses - Bowery Building G	(1,118,794)	(1,393,550)	274,756
Total non-operating pass-through revenues (expenses)	-	(247,039)	247,039
Total non-operating revenues (expenses)	-	(39,095)	39,095
Change in net position	551,453	497,812	53,641
Net position - end of year	11,312,219	11,258,578	53,641
STATEMENT OF CASH FLOWS			
Cash received from development projects	$ 1,377,677	$ 1,624,036	$ (246,359)
Net cash provided by operating activities	450,683	697,052	(246,369)
Repayments on Akron Summit County ESID loan	-	670	(670)
Net cash provided by non-capital financing activities	1,051,851	1,052,521	(670)
Cash received for non-operating activities	-	(247,039)	247,039
Net cash provided by (used in) investing activities	3,182	(243,857)	247,039
Operating income	343,509	536,907	(193,398)
Deposits held	(228,610)	(175,649)	(52,961)
Net cash provided by operating activities	450,683	697,052	(246,369)

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing as asset or liability. As a basis for considering such assumptions, the Authority uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 — Observable inputs such as quoted prices in active markets;
- Level 2 — Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 — Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value on a recurring basis as of are as follows:

	December 31, 2021	December 31, 2020
Investment - Huntington	$ 359,301	$ 309,267
Investment - Bond Fund Reserve	7,510,349	7,510,427
Investment - State 166 Loan Reserve	2,000,000	2,000,000
Investment - Energy Loan Loss Reserve	3,753,113	3,752,874
Equity in P-Cure, Ltd.	23,918	28,158
Equity in Dentaray, Ltd.	3,190	2,843
Equity in Akron Fusion Ventures, LP	27,757	28,778

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

- Investment and reserves are comprised of money markets, certificate of deposits, and U.S. treasuries: Valued based at the closing price reported on the active market on which the individual securities are traded.
- Equity investments: Value based using the net asset value of the underlying partnerships as a practical expedient of fair value. The assets of each underlying entity are valued at fair value using a market approach. In reaching its determination of fair value, many factors are considered, including, but not limited to, the financial statements and tax returns of the entities prepared by

independent accountants and the expected proceeds the Authority would receive through an ordinary sale of the investment using market participant data and assumptions.

NOTE 5 – DEPOSITS AND INVESTMENTS

Deposits

The Authority's depository requirements are governed by state statutes and require that deposits be placed in eligible banks or savings and loans located in Ohio. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value at least equal to the amount of deposits not insured by the Federal Deposit Insurance Corporation ("FDIC"). Collateral that may be pledged is limited to obligations of the following entities: the U.S. government and its agencies, the State of Ohio, and any legally constituted taxing subdivision within the State of Ohio.

Custodial Credit Risk

The Authority's carrying amount of cash on deposit with the County, which is included in the carrying amount balances disclosed above, was $6,665,569 and $4,916,602 as of December 31, 2021 and 2020, respectively. The Summit County Fiscal Officer is responsible for maintaining adequate depository collateral for all funds in the Summit County's pooled and deposit accounts and ensuring that all monies are invested in accordance with the Ohio Revised Code.

Investments

The Authority's investment policies are governed by state statutes which authorize the Authority to invest in obligations of the U.S. government, its agencies and instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; money market mutual funds; and repurchase transactions and commercial paper. Repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or any eligible dealer who is a member of the National Association of Securities Dealers. Repurchase transactions are not to exceed a period of 30 days and must be secured by the specific government securities upon which the repurchase agreements are based.

These securities must be obligations of, or guaranteed by, the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instrument, contract or obligation whose value or return is based upon, or linked to, another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policies limit its investment portfolio to maturities of five years or less, which is in accordance with Ohio law.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The Authority places no limit on the amount it may invest in any one issuer.

Credit Risk

The Authority's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

Equity Investments

In January 2008, the Authority purchased 0.75 of one membership unit in the Greater Akron Investment Partners, LLC ("GAIP") for $75,000. The net profits and losses of GAIP were allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. The Authority contributed an additional $75,000 into the equity interest annually through 2010 as part of a three-year commitment. This equity interest was dissolved December 31, 2015 and ownership interests were transferred on a pro-rata basis to Startvest (2006) LP (“Startvest 06”).

The Authority received 45 membership units in Startvest 06 which resulted in an 11.25% share. The net profits and losses of Startvest 06 were allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. This equity interest was dissolved December 31, 2018 and ownership interests were transferred on a pro-rata basis to P-Cure, Ltd. and Dentaray, Ltd.

The Authority received 10,560 ordinary membership units in P-Cure, Ltd., which resulted in an 0.091% share as of December 31, 2021 and 2020. The net profits and losses of P-Cure, Ltd. are allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. The unrealized loss values being utilized for 2021 are based on the prior year information as the current year financial statements and K-1 are not yet available due to unavailable foreign income reporting. The Authority recognized unrealized losses of $4,240 and $3,944 as of December 31, 2021 and 2020, respectively on this equity interest. The Authority's equity interest in P-Cure, Ltd. was $23,918 and $28,158 at December 31, 2021 and 2020, respectively.

The Authority received 338 ordinary membership units in Dentaray, Ltd. and 1,365 Preferred A shares in Dentaray, Ltd., which results in an 0.05% share. The net profits and losses of Dentaray, Ltd. are allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. The unrealized gain values being utilized for 2021 are based on the prior year information as the current year financial statements and K-1 are not yet available due to unavailable foreign income reporting. The Authority recognized an unrealized gain of $347 and unrealized loss of $773 as of December 31, 2021 and 2020, respectively, on this equity interest. The Authority's equity interest in P-Cure, Ltd. and Dentaray, Ltd. was $3,190 and $2,843 at December 31, 2021 and 2020, respectively.

In 2015, 2012 and 2011, Summit County directed the Authority to make an equity contribution of $25,333, $75,000 and $25,000 respectively, into Startvest 09, LP ("Startvest 09"), which results in a 2.6505% share as of December 31, 2021 and 2020. The unrealized loss values being utilized for 2021 are based on the Starvest 09 prior year information as the current year financial statements and K-1 are not yet available due to unavailable foreign income reporting. The Authority recognized no unrealized losses at December 31, 2021 and 2020 on this equity interest. The Authority's equity interest in Startvest 09 was $0 and $0 as of December 31, 2021 and 2020, respectively.

In 2013 and 2014, Summit County directed the Authority to make an equity contribution of $50,000 into Headsense Medical, LTD ("Headsense"), which results in a 0.6% share as of December 31, 2021 and 2020. The Authority was notified during 2019 that Headsense was in the process of dissolution and retained no value. The Authority recognized an unrealized gain of $12,189 as of December 31, 2020 on this equity interest. This equity interest was formally dissolved during 2020.

In 2015, Summit County directed the Authority to make an equity contribution of $50,000 into Akron Bioinvestments Fund II, LLC. This equity interest was credited by the investor as of January 1, 2016 and results in a 1.74% share. The Authority was notified during 2019 that Akron Bioinvestments was in the process of dissolution and that ownership interests were being transferred to Akron Fusion Investment Partners I, LP and Intellirod Spine, Inc. on a pro-rata basis. The Authority recognized unrealized gains of $1,691 as of December 31, 2020 on this equity interest. This equity interest was formally dissolved during 2020.

The Authority received 17.40 ordinary membership units in Akron Fusion Investment Partners I, LP., which results in an 1.74% share. During 2020, the investment name was changed to Akron Fusion Ventures, LP. In addition, membership units were allocated to class A and class B units in Akron Fusion Ventures, LP and Intellirod Spine, Inc. The Authority received 0.4168 Class A membership units and 0.1804 Class B membership units in Akron Fusion Ventures, LP which results in a 1.8% share for both membership classes. The net profits and losses of Akron Fusion Ventures, LP are allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. The unrealized loss values being utilized for 2021 are based on the prior year information as the current year financial statements and K-1 are not yet available. The Authority recognized unrealized losses of $1,021 as of December 31, 2021 and 2020 on this equity interest. The Authority’s equity interest in Akron Fusion Investment Partners I, LP was $27,757 and $28,778 as of December 31, 2021 and 2020, respectively.

In 2020, the Authority received 3,453 ordinary membership units in Intellirod Spine, Inc. This transaction was finalized during 2020 and the Authority received 3,453 ordinary membership units in Intellirod Spine, Inc., which results in an 1.804% share. The Authority's equity interest in Intellirod Spine, Inc. was $0 as of December 31, 2021 and 2020.

Fair Value

The amortized cost, gross unrealized holding gains, gross unrealized holding losses, and fair value of available-for-sale investment securities by major security type and class of security as of December 31, 2021 and 2020 are as follows:

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Investment - Huntington	$ 359,301	$ -	$ 359,301	$ -
Investment - Bond Fund Reserve	7,510,349	-	7,510,349	-
Investment - State 166 Loan Reserve	2,000,000	-	2,000,000	-
Investment - Energy Loan Loss Reserve	3,753,113	-	3,753,113	-
Equity in P-Cure, Ltd.	23,918	-	-	23,918
Equity in Dentaray, Ltd.	3,190	-	-	3,190
Equity in Akron Fusion Ventures, LP	27,757	-	-	27,757

	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Financial assets:				
Investment - Huntington	$ 309,267	$ -	$ 309,267	$ -
Investment - Bond Fund Reserve	7,510,427	-	7,510,427	-
Investment - State 166 Loan Reserve	2,000,000	-	2,000,000	-
Investment - Energy Loan Loss Reserve	3,752,874		3,752,874	
Equity in P-Cure, Ltd.	28,158	-	-	28,158
Equity in Dentaray, Ltd.	2,843	-	-	2,843
Equity in Akron Fusion Ventures, LP	28,778			28,778

Certain secured financing arrangements require the Authority to post cash collateral or maintain minimum cash balances in reserves. These amounts are reported in the balance sheets as restricted investments. At December 31, 2021, such restricted amounts were $7,510,349, $2,000,000, and $3,753,113. At December 31, 2020, such restricted amounts were $7,510,427, $2,000,000 and $3,752,874.

	Maturity Date	December 31, 2021	December 31, 2020
Bond Reserve Investment			
First American Government Obligated Funds	N/A	$ 777,636	$ 777,726
US Bank National Association Commercial Paper Sweep	N/A	249,381	249,369
Natixis Funding Corp	7/15/2027	6,483,332	6,483,332
		7,510,349	7,510,427
State 166 Reserve			
US Bank National Association Certificate of Deposit	N/A	2,000,000	2,000,000
Energy Loan Loss Reserve			
First American Government Obligated Funds	N/A	3,753,113	3,752,874

NOTE 6 – JOBS AND INVESTMENT BOND FUND PROGRAM

The Authority has established a Bond Fund Program to provide long-term, fixed interest rate financing for qualified industrial, commercial, and public projects. The primary objective of the Bond Fund Program is to further economic development efforts and investments in Summit County through the retention and creation of quality, private-sector jobs.

The State of Ohio Department of Development ("ODOD") awarded the Authority a grant of $2 million, received in April 2001, which was deposited into the Bond Fund Program Reserve account. The conditional grant from ODOD is for a 20-year term, with 100% of the interest earned on the fund remitted back to ODOD through December 2011. Beginning in 2012 and continuing through December 2021, 50% of the interest earned is required to be remitted back to ODOD. In February 2001, the Authority obtained a $3 million grant from Summit County for the Bond Fund Program, which was also deposited into the Bond Fund Program Reserve account.

Under the Program, debt service requirements on each bond issue are to be 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 provide cash or a letter of credit as additional security for the related bonds. Amounts in the Bond Fund Program Reserve may be used for debt service in the event the borrower is unable to make the required payments under the lease. Amounts held in the Authority's Bond Fund Program Reserve were $7,510,349 and $7,510,427 at December 31, 2021 and 2020, respectively, and are included in restricted assets in the accompanying statement of net position.

In January 2010, the Authority obtained a commitment from the Ohio Manufacturers' Association ("OMA"), the Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company (collectively the "Companies") for $2.4 million to be paid in three equal installments from January 2010 through July 2011. The Authority was required to deposit these funds into the Bond Fund Program Reserve account, and to the fullest extent reasonable under the Bond Fund Program, these funds should be used by OMA members which are also the Authority's customers.

In April 2017, the Authority obtained an investment of $2 million from Summit County for the Bond Fund Program, which was deposited to the Bond Fund Program Reserve account, with 100% of the interest earnings remitted to the County’s General Fund. In August 2017, the Ohio Development Services Agency (ODSA) provided a 166 Direct Loan of $2 million to the Authority to further increase the Bond Fund Reserves and the Authority’s lending capacity. Interest earnings on the additional $2 million of reserves are 100% remitted to ODSA and the loan has a single repayment at the end of the 40-year term.

In February and June 2018, the Authority obtained an investment of $2,242,953 and $1,364,214 respectively from ODOD to act as a reserve for any Bond Fund Property Assessed Clean Energy (“PACE”) projects that have a Level 2 energy audit as outlined by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (“ASHRAE”). Amounts held in the Authority’s Energy Loan Loss Reserve were $3,753,113 and $3,752,874 at December 31, 2021 and 2020, respectively, and are included in restricted assets in the accompanying statement of net position.

During 2020, the Authority increased its Bond Fund program reserve letter of credit held by Huntington Bank from $5 million to $7.5 million.

In October 2021, the Authority along with Cleveland Cuyahoga Port Authority, the Toledo Lucas County Port Authority, the Columbus-Franklin Finance Authority, the Port of Greater Cincinnati Development Authority, and the Dayton-Montgomery County Port Authority entered into a partnership with JobsOhio to support five regional investment-grade bond funds with an added reserve of $10 million each. The Authority will use its allocation to finance projects in other counties and increase its ability to collaborate with other regional Bond Fund port authorities.

The following Revenue Bonds were issued during 2021 and 2020 through the Bond Fund Program:

In 2021 there were three Bond Fund projects in the amount of $13.06 million, the Canal Place Property Assessed Clean Energy (PACE) in Akron, Crystal Clinic TIF in Fairlawn, and Greens at Belden, Phase 2 TIF, in Jackson Township.

During 2020, four projects were financed through the Bond Fund in the amount of $13.72 million, Yankee Trace in Centerville, Ohio, Grandview Yards in Grandview, Ohio, Greens at Belden in Jackson Township/Stark County, and Hall of Fame PACE project in Canton, Ohio.

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Changes in the Authority's Bond Fund program for the year ended December 31, 2021 were as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021	Due Within One Year
Cavalier project	$ 2,600,000	$ -	$ (405,000)	$ 2,195,000	$ 430,000
Plaza Schroer project	590,000	-	(20,000)	570,000	20,000
Shearer's Food project	1,840,000	-	(355,000)	1,485,000	380,000
City of Cleveland - Flats East project	4,200,000	-	(4,200,000)	-	-
University Edge project	4,365,000	-	(565,000)	3,800,000	595,000
IRG Rubber City project	5,390,000	-	(275,000)	5,115,000	290,000
Garfield Heights project	510,000	-	(215,000)	295,000	215,000
Village of Seville project	770,000	-	(130,000)	640,000	140,000
Summit County Workforce-1 project	1,870,000	-	(295,000)	1,575,000	300,000
Summit County Workforce-2 project	1,155,000	-	(50,000)	1,105,000	50,000
Summit County Workforce-3 project	65,000	-	(10,000)	55,000	10,000
Dublin Bridge Park project	4,525,000	-	(140,000)	4,385,000	145,000
Family & Community Services project	2,350,000	-	(105,000)	2,245,000	110,000
Hercules Motor Company project	2,320,000	-	(100,000)	2,220,000	105,000
Cascades (PACE) project	5,305,000	-	(195,000)	5,110,000	210,000
Spray Products project	4,880,000	-	(300,000)	4,580,000	315,000
Crystal Clinic (PACE) project	3,710,000	-	(210,000)	3,500,000	220,000
Maplecrest project	3,640,000	-	(60,000)	3,580,000	60,000
ARDL (PACE) project	2,390,000	-	(140,000)	2,250,000	140,000
Spring Hill TIF project	2,940,000	-	(60,000)	2,880,000	65,000
Founders Park project	5,510,000	-	(120,000)	5,390,000	145,000
Grandview project	4,100,000	-	-	4,100,000	100,000
Greens at Belden project	3,190,000	-	-	3,190,000	-
HOF Village Hotel project	2,670,000	-	-	2,670,000	50,000
Yankee Trace - Randall Park project	3,760,000	-	-	3,760,000	190,000
Crystal Clinic (TIF)	-	4,295,000	-	4,295,000	115,000
Greens at Belden II	-	2,590,000	-	2,590,000	-
Canal Place (PACE)	-	6,175,000	-	6,175,000	90,000
Total	$ 74,645,000	$ 13,060,000	$ (7,950,000)	$ 79,755,000	$ 4,490,000

Changes in the Authority's Bond Fund program for the year ended December 31, 2020 were as follows:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
Cavalier project	$ 2,975,000	$ -	$ (375,000)	$ 2,600,000	$ 405,000
Plaza Schroer project	610,000	-	(20,000)	590,000	20,000
Shearer's Food project	2,165,000	-	(325,000)	1,840,000	355,000
City of Cleveland - Flats East project	4,300,000	-	(100,000)	4,200,000	100,000
University Edge project	4,905,000	-	(540,000)	4,365,000	565,000
IRG Rubber City project	5,645,000	-	(255,000)	5,390,000	275,000
Garfield Heights project	715,000	-	(205,000)	510,000	210,000
Village of Seville project	895,000	-	(125,000)	770,000	130,000
Summit County Workforce-1 project	2,145,000	-	(275,000)	1,870,000	295,000
Summit County Workforce-2 project	1,205,000	-	(50,000)	1,155,000	50,000
Summit County Workforce-3 project	65,000	-	-	65,000	10,000
Dublin Bridge Park project	4,660,000	-	(135,000)	4,525,000	140,000
Family & Community Services project	2,450,000	-	(100,000)	2,350,000	105,000
Hercules Motor Company project	2,415,000	-	(95,000)	2,320,000	100,000
Yankee Trace project	4,000,000	-	(4,000,000)	-	-
Cascades (PACE) project	5,495,000	-	(190,000)	5,305,000	195,000
Spray Products project	5,165,000	-	(285,000)	4,880,000	300,000
Crystal Clinic (PACE) project	3,910,000	-	(200,000)	3,710,000	210,000
Maplecrest project	3,640,000	-	-	3,640,000	60,000
ARDL (PACE) project	2,520,000	-	(130,000)	2,390,000	140,000
Spring Hill TIF project	2,940,000	-	-	2,940,000	60,000
Founders Park project	5,510,000	-	-	5,510,000	120,000
Grandview project	-	4,100,000	-	4,100,000	-
Greens at Belden project	-	3,190,000	-	3,190,000	-
HOF Village Hotel project	-	2,670,000	-	2,670,000	-
Yankee Trace - Randall Park project	-	3,760,000	-	3,760,000	-
Total	$ 68,330,000	$ 13,720,000	$ (7,405,000)	$ 74,645,000	$ 3,845,000

Approximate annual principal and interest payments, required to be made by the Authority, for the next five years and thereafter are:

Year	Principal	Interest	Total
2022	$ 4,490,000	$ 3,216,228	$ 7,706,228
2023	5,110,000	3,011,680	8,121,680
2024	5,515,000	2,783,077	8,298,077
2025	5,725,000	2,532,139	8,257,139
2026	4,415,000	2,302,064	6,717,064
2027 - 2031	20,900,000	8,997,990	29,897,990
2032 - 2036	16,905,000	5,078,079	21,983,079
2037 - 2041	9,295,000	2,418,422	11,713,422
2042 - 2046	4,580,000	927,914	5,507,914
2047 - 2050	2,820,000	208,009	3,028,009
Total	$ 79,755,000	$ 31,475,602	$ 111,230,602

NOTE 7 – TAX-EXEMPT CONDUIT DEBT FINANCING PROJECTS

In accordance with Government Accounting Standards, the following revenue bond financing projects issued by the Authority are considered conduit debt and do not create a liability and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the following debt and the loan payments are paid directly to the respective trustee by the borrower. Total amount of conduit debt outstanding was $118,363,654 and $137,391,610 as of December 31, 2021 and 2020, respectively.

Brookside Greens

In August 2021, the Authority issued $3.22 million in tax-exempt unrated development revenue bonds to redevelop the Brookside Golf Course known as Brookside Greens into single-family residential homes and multifamily units. The project is located within the city of Norton. The outstanding balance was $3,220,000 as of December 31, 2021.

Summit County Series 2021B

In 2021, the Authority, at the request of the County, refinanced the Goodyear County bonds in the amount of $10,455,000 Summit County Series 2021B Tax-Exempt Bonds. The balance outstanding was $10,455,000 as of December 31, 2021.

Western Reserve Academy

In July 2020, the Authority assisted Western Reserve Academy in refinancing bonds from 2017 which were issued in part to finance a portion of Seymour Hall, a secondary education facility, on its campus in Hudson, Ohio. The Authority issued a tax-exempt revenue bond in the amount of $17.742 million, which was directly purchased by a bank. The outstanding balance was $17,742 million as of December 31, 2021 and 2020, respectively.

Akron Community Service Center and Urban League, Inc.

In March 2019, the Authority issued $2.75 million in Development Revenue Refunding Bonds, which were purchased by the County of Summit, to assist in the refinancing of the construction costs of a new community center in Akron, Ohio. The outstanding balance was $2,503,937 and $2,612,037 as of December 31, 2021 and 2020, respectively.

Tom Benson Hall of Fame Stadium and Youth Sports Fields Project

In June 2018, the Authority issued $10.03 million in non-rated, Tax-Exempt Development Revenue TIF bonds to assist in the financing of public infrastructure for the Tom Benson Hall of Fame Stadium and Youth Sports Fields project in Canton, Ohio. The outstanding balance was $9,451,000 and $9,654,000 as of December 31, 2021 and 2020, respectively.

Akron Fire Station #4 and Administrative Building Project

In July 2018, the Authority issued $9.585 million in Tax-Exempt Development Revenue Bonds to assist in the financing, acquisition, construction, and renovation of the Akron Fire Station #4 and Administrative Building project in Akron, Ohio. The outstanding balance was $8,570,000 and $8,920,000 as of December 31, 2021 and 2020, respectively.

Fairlawn GIG Project

In May 2016, the Authority issued $10.175 million of Lease Revenue Bonds to finance the costs of acquisition, construction, installation, and equipping of a municipal broadband utility to provide wireless and fiber optic high speed internet services to Fairlawn, Ohio as well as to the Akron, Fairlawn, Bath Joint Economic Development District (JEDD). The outstanding balance was $9,080,000 and $9,305,000 as of December 31, 2021 and 2020, respectively.

Village of Reminderville Project

In June 2015, the Authority issued $8.2 million of Development Lease Revenue Bonds. The bonds were used to finance the costs of the project which included construction of a new facility consisting of a 42,000 square foot Recreation Center in Reminderville, Ohio. The outstanding balance was $7,505,000 and $7,690,000 as of December 31, 2021 and 2020, respectively.

Summa Health System Obligated Group Project

In October 2014, the Authority issued up to $13.675 million of Refunding Revenue Bonds for the purpose of refunding the Series 2006 Bonds. The bond proceeds were used to finance the construction and equipping of a wellness facility to be leased by Summa Health Systems ("Summa"). Summa and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. In 2021, the Authority assisted Summa with refinancing the bonds. The outstanding balance was $10,545,000 and $11,195,000 as of December 31, 2021 and 2020, respectively.

<u>Summit County Combined General Health District Project</u>
In August 2013, the Authority issued $5 million of Facilities Revenue Bonds. The bonds were used to finance the costs of the project. The Authority has entered into a loan agreement with the Summit County Combined General Health District (the "Health District"), and under the loan agreement, the Health District has agreed to pay loan payments sufficient in time and amount to pay the principal and interest accruing, and any premium due on the bonds through August 1, 2033, the maturity date. The bonds were fully paid in March 2020.

<u>Canal Park Project</u>
In November 2012, the Authority issued $3.6 million of Development Revenue Bonds to finance the costs of the project. The principal and interest payments relating to the Bonds are secured by and payable from (i) Appropriation Payments to be made by the City of Akron under the Cooperative Agreement, (ii) certain Revenues received by the Authority and (iii) moneys on deposit under the Indenture. The City is not party to the Indenture but is a third-party beneficiary under the Indenture. Akron Baseball, LLC, the Construction Agent, constructed the Project on behalf of the Authority in accordance with the Cooperative Agreement dated as of November 2012. The bonds were refunded and reissued during 2020. The outstanding balance was $3,000,000 as of December 31, 2021 and 2020.

<u>Goodyear County Bond Project</u>
In March 2012, the Authority issued $15.815 million of Development Revenue Bonds. The bonds were used to finance the costs of the project. The principal and interest payments relating to the Bonds will be secured by and be payable solely from County Revenue Payments received by the Trustee. The County Revenue Payments consist of payments made from the Nontax Revenues of Summit County Ohio paid directly to the Trustee. The outstanding balance was $11,540,000 as of December 31, 2020. In 2021, the Authority, at the request of the County, refinanced these bonds in the amount of $10,455,000 Summit County Series 2021B Taxable Bonds (See Note 7).

<u>KB Compost Project</u>
In February 2012, the Authority issued $28 million of Exempt Facilities Revenue Bonds. The bonds were used to finance the costs of the project. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with the KB Compost Services, Inc. KB Compost Services, Inc. and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. In 2018, the Series 2012A and 2012B Bonds were reissued to benefit the borrower for a total value of

$12,636,541. The outstanding balance was $9,900,541 and $10,812,541 as of December 31, 2021 and 2020, respectively.

The University of Akron Student Housing Project

In May 2011, the Authority issued $33.8 million of Lease Revenue Bonds. The bonds were used to finance (i) the acquisition, construction, equipping and installation of a student housing facility containing approximately 531 beds for the benefit of students of The University of Akron (the "University"), together with site preparation, public infrastructure, and related facilities and improvements; (ii) capitalized interest on the Series 2011 Bonds for a specified period; and (iii) payment of other costs and expenses incident to the issuance of the Series 2011 Bonds. The real property on which the Project is located is leased to the Authority pursuant to a Ground Lease Agreement between the Authority and the University. The Authority will sublease the land and lease the project to the University pursuant to the Facilities Lease Agreement between the University and the Authority. Pursuant to the terms of the University Lease Agreement, the University makes lease payments to the Authority in such amounts sufficient to pay when due the principal and any interest on the Series 2011 Bonds. The bonds were refunded June 2016 with an outstanding principal of the reissued bond of $18.555 million as of December 31, 2016. On November 26, 2019, the Series 2011 Bonds were refunded and defeased with an escrow account held by US Bank for the first optional redemption date of January 1, 2021.

Western Reserve Academy

In May 2011, the Authority issued $19.6 million of Multi-Mode Variable Rate Refunding Revenue Bonds. The principal amount was issued for the purpose of making a loan to assist the Western Reserve Academy in refunding Revenue Bonds, Series 2002 originally issued by Summit County, Ohio for the purpose of the acquiring, constructing, and renovating property at the Borrower's private secondary education facility located in the City of Hudson. The bond is secured by assets of the project. The bonds were refunded in July 2017 with a reissuance of $19.822 million in Series 2017A Revenue Bonds. The 2017 Bonds were refinanced during 2020. The outstanding balance was $17,742,000 as of December 31, 2021 and 2020.

Austen BioInnovation Institute in Akron ("ABIA") Project/47 N Main County Non-Tax Revenue Bonds

In March 2011, the Authority issued $7.4 million of Tax-Exempt Private Activity Bonds. The bonds financed a portion of the renovation, construction and improvement of a building located at 47 North Main Street in the City of Akron, Ohio. These bonds were special obligations of the Authority payable solely from pledged revenues, being generally (a) loan payments made by or on behalf of ABIA under the Loan Agreement, (b) all of the moneys received or to be received by the Port Authority or the Trustee in respect of the loan under the Loan Agreement, (c) contribution payments that the county is required to make under the Cooperative Agreement if loan payments made by ABIA are insufficient to cover Bond Service Charges or there is a deficiency in the funds required to be on deposit in the Bond Reserve Fund, (d) amounts in the Special Funds, including the Bond Reserve Fund, and (e) income from investments in the foregoing. The bond was secured by assets of the project through a mortgage agreement. In November 2019, the bonds were refinance with the issuance of the $6.7 million County of Summit, 47 N. Main Revenue Bonds and an escrow established for the execution of the December 2020 optional redemption, which occurred. The mortgage was released as part of the purchase transaction more fully described in Note 22. The outstanding balance was $5,980,000 and $6,350,000 as of December 31, 2021 and 2020, respectively.

Kent State University Project

In September 2010, the Authority issued $13.745 million of Taxable Build American Revenue Bonds. The bonds were used to provide financing for the acquisition, construction, equipping, furnishing, and improvement of real and personal property comprising port authority facilities to be used as an auxiliary and educational facility for the benefit of Kent State University, including without limitation, construction of an approximately 44,000 square foot building and improvements thereto on an approximately 12 acre site that is a portion of the real property located in the City of Twinsburg, Summit County, Ohio. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Kent State University. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. The outstanding balance was $11,105,000 and $11,455,000 as of December 31, 2021 and 2020, respectively.

Callis Towers, LLC Project

In October 2007, the Authority issued $12 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds were used to make a mortgage loan insured by the Federal Housing Administration ("FHA") to Callis Towers, LLC, to finance a portion of the acquisition, renovation, rehabilitation, and equipping of a 277-unit, 15 story residential building located on 2.5 acres in Akron, Ohio. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with Callis Towers, LLC. Callis Towers, LLC and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. The bonds were redeemed in November 2021.

Collinson Apartments Project

In December 2006, the Authority issued $4 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds were used to finance the costs of acquiring, renovating, and equipping a rental facility in the City of Akron. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with New Hillwood I Associate, LLC. New Hillwood I Associate, LLC and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. The outstanding balance was $3,395,000 and $3,455,000 as of December 31, 2021 and 2020, respectively.

Lawrence School Project

In August 2005, the Authority issued $10.475 million of Summit County Port Authority Adjustable Rate Demand Revenue Bonds (Series 2005). The bond proceeds were used to finance the cost of acquisition of a 47-acre parcel located in Sagamore Hills, and the construction, equipping, and improvement of a private school building on that site, to be owned by Lawrence School. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with Lawrence School. Lawrence School and the Authority entered into a financing lease agreement pertaining to this project. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. The revenue bonds were refunded in 2015 with the reissuance of $7.7 million of refunding revenue bonds. In September 2019, the Series 2017 bonds were refunded and reissued with $6.649 million of Development Refunding Revenue Bonds. The outstanding balance was $5,911,176 and $6,241,732 as of December 31, 2021 and 2020, respectively.

NOTE 8 – TAXABLE CONDUIT DEBT FINANCING PROJECTS

In accordance with Government Accounting Standards, the following revenue bond financing projects issued by the Authority are considered conduit debt and do not create a liability and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the following debt and the loan payments are paid directly to the respective trustee by the borrower. Total amount of conduit debt outstanding was $23,800,000 and $19,430,000 as of December 31, 2021 and 2020, respectively.

<u>Franciscan University of Steubenville Project</u>
In December 2018, the Authority issued $19.75 million in Taxable Higher Education Facilities Revenue Refunding Bonds, Series 2018 A and Series 2018B, to assist in the refinancing of capital projects for the Franciscan University of Steubenville project in Steubenville, Ohio. The outstanding balance was $19,260,000 and $19,430,000 as of December 31, 2021 and 2020, respectively.

NOTE 9 – CONDUIT CAPITAL LEASE FINANCING PROJECTS

In accordance with Government Accounting Standards, the following capital lease financing projects issued by the Authority are considered conduit debt and do not create a liability and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the following debt and the loan payments are paid directly to the respective trustee by the borrower. Total amount of conduit debt outstanding was $44,186,510 and $62,892,582 as of December 31, 2021 and 2020, respectively.

<u>Ray Fogg Season Business Center Five</u>
In April 2021, the Authority issued $18.5 million in Taxable Development Revenue Bonds to finance a portion of the costs to assist Season Building Center 5, LLC with acquiring, constructing, renovating,

installing, furnishing, and developing a 247,000 square foot high bay, speculative industrial building on 16 acres in Stow by Ray Fogg Builders. The balance outstanding was $6,329,484 as of December 31, 2021.

City of Ashland, Vision Development
In February 2021, in cooperation with the City of Ashland, the Authority issued a $19.29 million Taxable Development Revenue Bond to help finance the project, which consists of the development of a multi-family apartment building consisting of 192 units in Ashland, Ohio. Vision Development Inc. is the project developer and District Three, LLC is the owner. The balance outstanding was $10,109,790 as of December 31, 2021.

McKinley Grand Hall of Fame Hotel
In 2020, the Authority issued bonds in the principal amount of $2.67 million through its Jobs & Investment Bond Fund (rated A- by S&P) for PACE financing, in addition to a $15.3 capital lease, which was done in conjunction with the Stark County Port Authority to renovate the existing 165 room McKinley Grand Hotel in Canton, Ohio, which is now a Doubletree by Hilton. The bonds were paid off during 2020.

Crystal Clinic Embassy, LLC.
In December 2019, the Authority issued $73.125 million in Taxable Development Lease Bonds and entered into a five-year term capital lease with CC Embassy, LLC relating to the construction of a new surgical specialty hospital in Fairlawn, Ohio. In addition, the Authority, along with the Columbus Franklin County Finance Authority issued up to $4.5 million in Taxable Development Revenue Bonds as part of the financing for a new Crystal Clinic Hospital facility which will include 60 inpatient beds, 12 operating rooms, urgent orthopedic care services, imaging, and other support services. The balance outstanding was $7,997,236 and $38,019,542 as of December 31, 2021 and 2020, respectively.

Akron Law Building
In August 2019, the Authority issued $18.5 million in Taxable Development Lease Bonds and entered into a triple net Capital Lease for a minimum five-year term with 159 Development LLC and Akron Development Property, LLC. relating to the redevelopment of the Law Building in downtown Akron into commercial and market-rate apartments. The Project also utilized Federal and State Historic Tax Credits. The balance outstanding was $0 and $5,123,040 as of December 31, 2021 and 2020, respectively.

The Ramco Project
In April 2015, the Authority issued $13.6 million of Taxable Development Revenue Bonds. The bonds were used to finance the costs of the project which includes construction of a new facility consisting of 165,000 square foot RAMCO facility in Hudson, Summit County, Ohio. This project was refinanced in 2020 and the bond paid off.

Concord Testa Hotel Associates, LLC Project
In November 2014, the Authority issued up to $14.4 million of Taxable Development Revenue Bonds. The bonds were used to finance the costs of the project which included constructing, improving, and equipping

a 146 room multi-story hotel located at 41 Furnace Street in Akron, Ohio. The Authority has leased the project facilities to Concord Testa Hotel Associates, LLC (the "Lessee") pursuant to the lease dated as of November 13, 2014 and ending on December 1, 2019. During the lease term, the Lessee is required to make rental payments sufficient to pay the principal and interest accruing, and any premium due on the bonds through the maturity date. The bonds were paid off during 2020.

St. Edwards

In 2018 the Authority issued $19,750,000 million in Taxable Development Lease Revenue Bonds to facilitate the construction of a privately-owned building to accommodate a nonprofit assisted living and nursing home tenant, St. Edwards. The Authority also issued $2.94 million from its Jobs & Investment Bond Fund to provide public infrastructure to the project. This bond had an interest only period with conversation date of August 10, 2021. The Authority also issued $621,115 in Taxable Subordinate TIF bonds for this project, which are to be paid only to the extent excess TIF payments are available from future Phase II and Phase Three improvements.

NOTE 10: CONDUIT CAPITAL LEASE/SALES TAX EXEMPTION

For certain transactions, the Authority issues sales tax exemptions without bond issuance. Therefore, there are no outstanding balances due to other financing sources. The Authority enters into a capital lease structure with the project owner that enables the benefit of the sales tax exemption without the Authority being part of the financing of the project.

CDSF, Inc.

In November 2021, the Authority entered into a capital lease with CDSF in Springfield Township, Ohio, to facilitate approximately $8.3 million in building improvements for a cold storage facility. The Lease will be a triple net lease.

Gardner Pie

In April 2021 the Authority approved a Capital Lease for up to $27 million of project costs to allow the Company to renovate its existing facility to add a second production line to significantly increase production. The Company also acquired 19 acres to build a 50,045 square foot addition to its existing plant which includes a new packaging department and additional freezer capacity.

Canal Place – PACE and Capital Lease

In February 2021, The Authority issued $6.175 million in Taxable Development Revenue Bonds through the Jobs & Investment Bond Fund (rated A- by S&P) for Property Accessed Clean Energy (“PACE”) financing, in addition to a non-recourse capital lease to assist with funding the project to finance energy conservation improvements including LED lighting, HVAC, and windows for the redevelopment of Buildings 10 & 17 at Canal Place. The project entails building approximately 160,000 square feet of market-rate residential apartments to the existing 190,000 square foot finished office space, which is being updated.

Former Goodyear Headquarters/IRG

In 2020, this $16 million project consisted of the renovation of 60,000 square feet on three floors of the former Goodyear Tire & Rubber Company headquarters building located in the East End neighborhood redevelopment. The project includes 22 market-rent residential units per floor, for a total of 66 units. This project is part of the ongoing redevelopment of the 1.4 million square foot former Goodyear Corporate Headquarters campus. The total estimated investment in the East End Project exceeds $100 million. The East End Project, a mixed-use development encompassing several hundred thousand square feet of retail, office, hospitality and residences, is being developed in multiple phases by Industrial Realty Group, LLC.

Akron- Romig Road Amazon Distribution Facility

In July 2019, the Authority entered into a Capital Lease for a maximum term of thirty years with Akron Romig Road LLC relating to the construction of a 600,000 square foot distribution facility at the former Rolling Acres Mall site in Akron, Ohio. The lease expires in fifty years with an option to terminate July 1, 2024.

East End Babcock & Wilcox Headquarters

In July 2019, the Authority entered into a capital lease financing of $16.3 million to assist with the renovation of the former Goodyear Tire & Rubber Company headquarters in the East End Neighborhood. The property will be used by Babcock & Wilcox who is relocating their corporate headquarters to Akron, Ohio. The Capital Lease is for a maximum term of twenty-five years with IRG RC Market Offices, II, LLC.

Bowery Development

In 2018 the Authority approved a Capital Lease with Bowery Development for up to $40 million to assist with the renovation of six buildings in downtown Akron (Buildings A,B,C,D,E,F).

NOTE 11 – CAPITAL ASSETS

During 2021, the Authority entered into a cooperative agreement and the capital assets were considered held for sale. See Note 22.

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance at January 1, 2021	Additions	Deletions	Balance at December 31, 2021
Capital assets not being depreciated:				
Land	$ 500,000	$ -	$ (500,000)	$ -
Capital assets being depreciated:				
Buildings	1,000,000	-	(1,000,000)	-
Less accumulated depreciation:				
Buildings	(350,000)	(4,167)	354,167	-
Total capital assets being depreciated, net	650,000	(4,167)	(645,833)	-
Capital assets, net	$ 1,150,000	$ (4,167)	$ (1,145,833)	$ -

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020
Capital assets not being depreciated:				
Land	$ 500,000	$ -	$ -	$ 500,000
Capital assets being depreciated:				
Buildings	1,000,000	-	-	1,000,000
Less accumulated depreciation:				
Buildings	(325,000)	(25,000)	-	(350,000)
Total capital assets being depreciated, net	675,000	(25,000)	-	650,000
Capital assets, net	$ 1,175,000	$ (25,000)	$ -	$ 1,150,000

NOTE 12 – DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability and Net OPEB Asset/Liability
Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the asset/liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB asset/liability. Resulting adjustments to the net pension/OPEB asset/liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Authority employees participate in the Ohio Public Employees Retirement System (OPERS) system. OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local	
	2021	2020
Statutory Maximum Contribution Rates		
Employer	14.0%	14.0%
Employee*	10.0%	10.0%
Actual Contribution Rates		
Employer:		
Pension	14.0%	14.0%
Post-employment Health Care Benefits****	0.0%	0.0%
Total Employer	14.0%	14.0%
Employee	10.0%	10.0%

* This rate is determined by OPERS' Board and has no maximum rate established per ORC.
**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The Authority's contractually required contribution for the Traditional Pension Plan was $77,275 and $67,405 for the years ended December 31, 2021 and 2020, respectively. Of these amounts, $2,923 and $2,435 is reported as an accrued expense for the years ended December 31, 2021 and 2020, respectively.

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

The net pension liability and net pension asset for the OPERS were measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension asset/liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	
	2021	2020
Proportion of the Net Pension Liability:		
Current Measurement Period	0.00328300%	0.00275300%
Prior Measurement Period	0.00389100%	0.00328300%
Change in Proportion	-0.00060800%	-0.00053000%
Proportionate Share of the Net Pension Liability	$ 576,172	$ 648,907
Pension Expense	$ 111,708	$ 145,453

At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	
	2021	2020
Deferred Outflows of Resources		
Changes of Assumptions	$ -	$ 34,659
Changes in Employers Proportionate Percentage / Difference Between Employer Contributions	100,409	71,755
Authority Contributions Subsequent to the Measurement Date	77,275	67,405
Total Deferred Outflows of Resources	$ 177,684	$ 173,819
Deferred Inflows of Resources		
Differences between Expected and Actual Experience	$ 24,101	$ 8,204
Changes of Assumptions		
Net Difference between Projected and Actual Earnings on Pension Plan Investments	224,578	129,442
Total Deferred Inflows of Resources	$ 248,679	$ 137,646

$77,275 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional
Year Ending December 31:	
2022	$ (20,663)
2023	(5,435)
2024	(91,544)
2025	(30,628)
Total	$ (148,270)

Actuarial Assumptions – OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current Measurement Period	7.20%
Prior Measurement Period	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021, then 2.15% simple.

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate

The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease	Current Discount Rate	1% Increase
Authority's Proportionate Share of the Net Pension Liability for 2021:			
Traditional Pension Plan	$ 1,099,052	$ 576,172	$ 141,399

	1% Decrease	Current Discount Rate	1% Increase
Authority's Proportionate Share of the Net Pension Liability for 2020			
Traditional Pension Plan	$ 1,070,258	$ 648,907	$ 270,125

NOTE 13 – DEFINED BENEFIT OPEB PLANS

Net Other Post-Employment Benefits (OPEB) Asset/Liability

See Note 12 for a description of the net OPEB asset/liability.

Plan Description – Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional Pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree’s years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The heath care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS’ Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan was 4% for the years ending December 31, 2021 and 2020.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority was not required to make any contractually required contributions to fund health care in 2021 or 2020.

<u>Net OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB</u>

The net OPEB asset/liability and total OPEB asset/liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB asset/liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	OPERS 2021	OPERS 2020
Proportion of the Net OPEB Liability:		
Prior Measurement Period	0.00328800%	0.00276200%
Current Measurement Period	0.00389000%	0.00328800%
Change in Proportion	0.00060200%	0.00052600%
Proportionate Share of the Net OPEB (Asset) Liability	$ (69,303)	$ 454,158
OPEB Expense	$ (359,300)	$ 78,030

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS 2021	OPERS 2020
Deferred outflows of resources		
Differences between expected and actual experience	$ -	$ 12
Changes of assumptions	34,068	71,889
Changes in employer's proportionate percentage/difference between employer contributions	66,397	45,923
Total deferred outflows of resources	$ 100,465	$ 117,824

	OPERS 2021	OPERS 2020
Deferred inflows of resources		
Differences between expected and actual experience	$ 62,545	$ 41,535
Net difference between projected and actual earnings on OPEB plan investments	36,913	23,124
Changes of assumptions	112,293	-
Changes in employer's proportionate percentage/difference between employer contributions	-	290
Total deferred inflows of resources	$ 211,751	$ 64,949

$0 was reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		OPERS
Year Ending December 31:		
	2022	$ (45,848)
	2023	(45,047)
	2024	(16,040)
	2025	(4,351)
Total		$ (111,286)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage inflation	3.25%
Projected salary increases, including inflation	3.25% to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior measurement date	3.16%
Investment rate of return	
Current measurement date	6.00%
Prior measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.5% initial, 3.5% ultimate in 2035
Prior measurement date	10% initial, 3.5% ultimate in 2030
Actuarial cost method	Individual entry age normal

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

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate

A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements, however, they are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

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

The following table presents the Authority's proportionate share of the net OPEB asset/liability calculated using the single discount rate of 6.00%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's Proportionate Share of the of the net OPEB asset for 2021	$ 17,233	$ 69,303	$ 112,110

	1% Decrease	Current Discount Rate	1% Increase
Authority's Proportionate Share of the of the net OPEB liability for 2020	$ 594,339	$ 454,158	$ 341,919

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

Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset/liability. The following table presents the net OPEB asset/liability calculated using the assumed trend rates, and the expected net OPEB asset/liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB asset for 2021	$ 70,993	$ 69,303	$ 67,414

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability for 2020	$ 440,756	$ 454,158	$ 467,389

NOTE 14 – AKRON CIVIC THEATER PROJECT

In September 2001, the Authority issued $14.6 million of Summit County Port Authority Revenue Bonds, comprised of $13.6 million of Current Interest Bonds and $1 million of Capital Appreciation Bonds. The proceeds from the revenue bonds were primarily used to fund the renovation of the Akron Civic Theater facility. These bonds are payable solely from the proceeds received by the Authority under its lease with the Akron Civic Theater.

In 2012, the Authority issued $15.295 million of Port Facilities Revenue Refunding Bonds, for the purpose of (1) refunding the Development Finance Authority's outstanding Revenue Bonds issued in 2001 to provide the funds to pay the costs of a project to be leased to The Community Hall Foundation, Inc., dba Akron Civic Theatre, and (2) paying issuance costs of the Series 2012 Bonds. The bonds refunded in the 2001 issue mature on December 1, 2033. The balance outstanding on the revenue bonds were $11,415,000 and $11,955,000 at December 31, 2021 and 2020, respectively.

The Akron Civic Theater and the Authority entered into a financing lease agreement pertaining to the Civic Theater facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. Lease payments will be derived from the County Bed Tax revenues, through agreement among Summit County, National Inventors Hall of Fame and the Authority. In addition, the City of Akron guarantees the bonds.

All expenses related to the revenue bonds were paid out of the bond proceeds. The operation and maintenance of the theater is the responsibility of the Akron Civic Theater. In 2002, there was a shortfall in fundraising revenue committed to the project by the Civic Theater which led to the notes payable and receivable explained in Note 15.

Approximate future annual receipts and payments for the refunding bonds are:

Year	Principal	Interest	Total
2022	$ 585,000	$ 443,850	$ 1,028,850
2023	625,000	427,763	1,052,763
2024	675,000	409,013	1,084,013
2025	730,000	382,013	1,112,013
2026	790,000	352,813	1,142,813
2027 - 2031	5,370,000	1,155,595	6,525,595
2032 - 2033	2,640,000	159,400	2,799,400
Total	$ 11,415,000	$ 3,330,447	$ 14,745,447

In 2019, construction began on a new box office and Administrative Building (Building G) as part of the Bowery Redevelopment Project, which will include adjacent executive suites, ticketing office, patron rest rooms, conference rooms, as well as an exterior patio and bar. An elevator will provide additional access to the City's Lock III Park was also part of the scope of work for Project. The Authority managed this project on behalf of the Civic Theatre as agreed upon in a cooperative agreement between the Akron Civic Theatre and the Authority. Funding was provided through the Summit County Land Bank, Community Development Block Grant ("CDBG") funds flowed through the City of Akron, and the Ohio Erie Canalway Association grant funds. Construction is expected to be finished in 2022.

In 2021, the Authority realized the completion of the Phase III Lobby Restoration of the Akron Civic Theatre . Work in this phase included restoration of the ceilings and walls of the interior of the Grand Lobby, Great Hall, and entrance to the Entry Arcade, as well as renovation of the murals located in the Grand Lobby, Great Hall and Entry Arcade, the brass front entrance doors, and the original ticket booth.

NOTE 15 – NOTES PAYABLE AND NOTES RECEIVABLE

Note Payable with Summit County

The Authority has an unsecured note payable with Summit County. The purpose of the note was for renovation costs for the Akron Civic Theater. The balance outstanding on the unsecured note payable was $105,829 and $180,829 at December 31, 2021 and 2020, respectively.

Approximate annual principal payments, required to be made by the Authority, under this debt for the next five years and thereafter are:

Year	Amount
2022	$ 75,000
2023	30,829
Total	$ 105,829

Note Payable with State of Ohio

During 2017, the Authority entered into an agreement with the Ohio Development Services Agency (now titled the Ohio Department of Development ("ODOD")) as part of the State 166 Loan Program. This agreement provided a $2 million loan to the Authority to increase loan loss reserves of the Jobs and Investment Bond Fund Program. The loan does not accrue interest. The only payments on this program are investment earnings from the principal amount held in the bond fund reserve. The loan is due in a balloon payment to ODOD in the year 2057. The outstanding balance is $2,000,000 and $2,000,000 for the years ended December 31, 2021 and 2020.

Energy Loan Loss Reserve Escrow

During 2018, the Authority entered into an additional loan loss reserve agreement with ODOD. The agreement provides additional loan loss reserves on eligible loans for energy projects. Total amounts awarded, approved and remitted by ODOD totaled $3,753,113 and $3,752,874 for the years ended December 31, 2021 and 2020, respectively. There is currently no repayment schedule for this loan. Upon termination, any amounts in the additional reserve that no longer are pledged to supplement eligible loans for energy projects shall be returned to the ODOD.

MCCAP Bond Fond Reserve Escrow

During 2020, the Authority, along with the Western Reserve Community Fund ("WRCF"), entered into an agreement with Summit County, the City of Akron, the Akron Urban League, and the Fedeli Group, LLC to assist with financing for small minority-owned, women-owned, veteran-owned, LGBTQ+-owned and disabled-owned businesses in the construction and tech assistance industries, with access to capital to finance project-related bonding, material and labor-costs. This agreement provided a $1 million loan for the Authority to create and maintain reserves to enable these contractors to obtain a surety bond for construction projects. The loan does not accrue interest. There is currently no repayment schedule for this loan. Upon termination, any amounts in the additional reserve that no longer are pledged to supplement eligible loans for projects shall be returned to Summit County. The outstanding balance is $1,000,000 for the years ended December 31, 2021 and 2020.

47 N Main Project

During 2021, the Authority entered into an agreement with Summit County, the City of Akron, and Akron Children's Hospital, to assist with financing for construction and improvements for the 47 N Main building to ready for the sale agreement. See Note 2. This agreement provided a $1.8 million loan for the Authority to create and maintain reserves for the construction project. $1.4 million of the loan will be repaid by the Authority as it draws upon the City Grant and any amount loaned above the $1.4 million used for the project will be forgiven by the County. The loan does not accrue interest. There is currently no repayment schedule for this loan. Upon termination, any amounts in the additional reserve that no longer are pledged to supplement eligible project costs shall be returned to Summit County. As of December 31, 2021, the construction was underway, with $1,194,880 of the funds remaining.

NOTE 16 – AIRDOCK REMEDIATION

In January 2007, the Authority entered into an agreement with the Director of Development of the State of Ohio for a Brownfield Revolving Fund Loan for the Airdock Project. The Authority also entered into a grant agreement with the Clean Ohio Council for Clean Ohio Revitalization Fund ("CORF") for the Airdock Project. The purpose of the loan and grant was to conduct interior remediation activities including cleaning dust and debris from the building interior structure, at the Airdock site located in Akron which is owned by the Authority and leased to Lockheed Martin Corporation. The amount of the loan and grant was $2 million and $3 million, respectively. This loan is a debt obligation of the Lockheed Martin Corporation and payments are made on a monthly basis under their agreement with ODSA. The Authority recognizes administration fees as a result of the agreement with Lockheed Martin.

NOTE 17 – LEASES

In March of 2011, the Authority agreed to lease approximately 36,000 square feet of the 47 North Main Street building (excluding non-rentable common area) to ABIA, beginning in December 2011 until November 2033 as part of the conduit debt issued for the ABIA Project, with a tenant option to purchase the building. The annual base rent during the term of the lease is $1 per year. The tenant agreed to pay its proportional share of the common area maintenance, utilities, and related expenses. The Authority received $0 for the years ending December 31, 2021 and 2020. See Note 22.

In December of 2012, the Authority leased the 1034 Home Avenue building to A&K Summit Holdings, LLC for a period of one year. The annual base rent during the initial lease term was $12,000 per year. Rental payments during the post-option exercise lease term are in monthly installments as follows: (a) $2,656 for month's one through nine and (b) $9,495 for months ten through ninety-six. The Authority recognized $113,944 of rental income from property leased under this agreement in both 2021 and 2020. As of December 31, 2021 and 2020, the balance on the lease receivable was $0 and $113,945, respectively. The future fixed rental payments the Authority received under the Lease Agreement total $113,944 in 2020. In December 2020, A&K and the Authority agreed to a sale of the property, which closed in January 2021.

In December 2017, the Authority entered into a lease agreement with the Bowery Development Group, LLC (lessee), which is undertaking to redevelop a part of Downtown Akron. The project is a mixed-use purpose project located on .7 acres neighboring the historic Akron Civic Theatre on South Main Street. The new development, will include office, retail, entertainment, apartments and a public arcade space. The Authority holds fee simple title to the project site. The Authority and the lessee have entered into a lease under which the Authority is leasing the project to the lessee for $1.00 per year, with all of the lease receivable collected in 2018. The lease is triple net, the Authority assisted the lessee, on a non-recourse basis, with financing sources for the project.

NOTE 18 – BRIDGESTONE PROJECT

On December 1, 2010, the Authority issued $7,450,000 of Federally Taxable Recovery Zone Economic Development Revenue Bonds and $100,000 of Federally Taxable Revenue Bonds as part of the Bridgestone Project. The proceeds of the bonds will be used to provide funds to pay a portion of the costs of constructing the new technical center which is being constructed as the international technical center and research and development headquarters for Bridgestone Americas Tire Operations, LLC ("BATO"). BATO will operate the technical center project, which will provide research and development and technical support for BATO's operations. The technical center project comprises the technical center buildings, a multi-level parking facility for approximately 475 vehicles, and an elevated pedestrian walkway connecting the tech center and the parking facility. The parking facility and a portion of the pedestrian walkway are the projects being financed with the 2010 bond proceeds.

Pursuant to the terms of the Cooperative Agreements, Summit County will make its County Revenue Payments to the Trustee from the County Nontax Revenues in amounts sufficient to pay Bond Service Charges on the Nontax Revenue Bonds when due.

The Authority, at the request of the County refinanced the project in 2021. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of $491,931. The issuance resulted in an economic gain of $458,213. The principal balance outstanding of the defeased debt was $4,480,000 at December 31, 2021.

Approximate future annual principal and interest payments for this obligation are:

Year	Principal	Interest	Total
2022	$ 475,000	$ 70,705	$ 545,705
2023	490,000	58,739	548,739
2024	490,000	51,659	541,659
2025	495,000	44,578	539,578
2026	510,000	37,426	547,426
2027 - 2030	2,080,000	75,719	2,155,719
Total	$ 4,540,000	$ 338,826	$ 4,878,826

NOTE 19 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. Commercial insurance has been obtained to cover damage or destruction to the Authority's property and for public liability, personal injury, and third-party property damage claims. Settled claims have not exceeded the Authority's commercial insurance coverage for any the past three years. No substantial changes in insurance coverage have occurred in any major risk category in 2021 and 2020; settlements have not exceeded coverage in the past three years.

Employee health care benefits are provided under a group insurance arrangement and the Authority is insured through the State of Ohio for workers' compensation benefits.

NOTE 20 – RELATED PARTY TRANSACTIONS

The Authority received a $75,000 grant from Summit County for the years ended December 31, 2021 and 2020, respectively. $75,000 of the grant funds were used for economic development and job creation purposes in both 2021 and 2020. Of this amount, the County specified that the grant funds be used for specific initiatives.

NOTE 21 – LETTER OF CREDIT

The Authority has a $7.5 million, unsecured letter of credit with a bank in order to support issuance of development bonds via the Authority's Bond Fund Program. The $7.5 million, unsecured letter of credit was renewed through October 31, 2023 with no significant changes in the terms. No amounts were outstanding on this letter of credit as of December 31, 2021 and 2020.

NOTE 22 – COMMITMENTS

Kelso - Brimfield TIF Project
In May 2010, the Authority authorized up to $1 million in Subordinate Tax-Exempt Revenue Bonds to reimburse Kelso Development LLC for costs incurred related to the acquisition of land and construction of improvements in connections with the Brimfield Plaza Development. Costs will be reimbursed after the original TIF bonds are paid off and only to the extent there are excess proceeds. Development at the site includes a medical office building and retail.

Summit County - 47 North Main Street Project
In 2011, the County sold the project site to the Authority at a price equivalent to the appraised value of the property, plus approximately $190,000, which is the amount of improvement indebtedness owed by the county on the property. The purchase was based on the Fiscal Officer's appraisal of $2,490,000. In 2011, the Authority, to assist the Austin BioInnovation Institute (ABIA), issued $7.5 million of Tax-Exempt Development Revenue Bonds to provide financing for the renovation, construction, and improvement of the building. These bonds which were special obligations of the Authority were retired/paid off in December 2019.

The Authority issued a 22 year note in the amount of $2.49 million upon purchase of the project site which is secured by a mortgage in the project site. The estimated annual principal payment for years 1 through 20 is $86,793. The estimated annual principal payment for years 21 and 22 is $377,070.

In April 2016, the County Executive proposed and the Authority, by Board resolution, approved a deferment of payments on the note for the period of March 15, 2017 to March 15, 2021, with the deferred payments being added to the final payment due in 2033 under the terms of the Loan and note. The County released the Authority of the note as part of the purchase transaction described below.

The Authority leased floors one, two, three, and a portion of the basement of the project site to ABIA, who entered into subleases with other non-profit health care providers. The Authority leased floors four, five, six, and the balance of the basement to the County for its Department of Job and Family Services ("DJFS") through March 2016. During this time, the Authority used approximately 2,040 square feet of floor four of the project site as its offices. During 2020, ABIA was dissolved and the Authority agreed to lease 20,850 sq. ft. to Akron Children’s Hospital and the Authority also moved into the former ABIA space on floor three. In 2021, the Authority entered into a Cooperative Agreement with the city of Akron, Summit County, and Akron Children’s Hospital agreeing to sell the property to Akron Children’s Hospital for the appraised $4.5 million value subject to the Authority, on behalf of community partners, remediating and disposing of certain deteriorated buildings on the project site. The Cooperative Agreement provided for the County to loan the

Authority up to $1.4 million to complete the demolition projects as well as make certain improvements to the 47 N. Main Building. Additionally, should project costs exceed $1.4 million the County agreed to provide up to $400,000 in grant funding and Akron Children's Hospital agreed, subject to a cap of$250,000 responsibility for any additional excess.

The Authority manages the property per the Cooperative Agreement. As of December 31, 2021, the Authority has recorded a liability in the amount of $450,552 and $214,365 for the years ended December 31, 2021 and 2020, respectively for estimated payments received which were greater than the total operating expenses allocated for the years then ended

8 and 80 Holdings TIF Project

The Project is located in the Village of Boston Heights and consists of certain public improvements constructed by 8 & 80 Holdings, LLC (the Developer) and dedicated to the Village in support of the acquisition, construction, and installation of an approximately 150,000 sq. ft. Costco general merchandise store; including 700 parking spaces and a fuel station, as well as the development of seven additional retail outlet parcels. The costs of the project are being advanced by the Developer under a separate construction loan. The Village of Boston Heights has agreed to pay a portion of the Service Payments to the Developer for the costs of the project. The Village and the Developer requested that the Authority issue a series of revenue bonds to secure the Village's obligation to pay the service payments to the developer when due.

NOTE 23 – CONTINGENCIES

The Authority, in the normal course of its activities, could be exposed to various claims and pending litigation. In the opinion of Authority management, the disposition of these other matters is not expected to have a material adverse effect on the financial position of the Authority.

NOTE 24 – DEVELOPMENT FUND OF THE WESTERN RESERVE, INC.

The Development Fund of the Western Reserve, Inc. ("DFWR"), an Ohio non-profit corporation (the "Corporation"), was formed on May 26, 2011 to serve or provide investment capital for Low-Income Communities ("LICs"), as defined in Section 45D(e) of the Internal Revenue Code and the Treasury Regulations there under, or low-income persons ("Low-Income Persons"). The Corporation is certified as a qualified Community Development Entity ("CDE") under the New Markets Tax Credit ("NMTC") Program. One hundred percent (100%) of the Corporation's activities are targeted to Low-Income Persons of LICs. The Corporation's service area is comprised of an eighteen-county area in Northeast Ohio. Pursuant to the Management Services Agreement ("Management Agreement") between the Corporation and the Authority, the Authority provides management, financial, operational compliance and administrative services as necessary to assist the Corporation in fulfilling its on-going, day-to-day responsibilities. In exchange for these services, the Corporation pays the Authority a fee in an amount equal to: (a) fifty percent (50%) of (i) closing fees and (ii) any ongoing administrative fees received by the Corporation from time to time under the NMTC Program for investments, loans and/or transactions consummated thereunder; and (b) all out-of-pocket expenses incurred by the Authority and its service personnel consisting of travel, outside consultants, conference calls, postage, courier costs and other miscellaneous expenses. For the years ended December 31, 2021 and 2020, the Corporation paid support services expenses for the NMTC of $197,500 and $195,000, respectively, to the Authority. The annual management fee paid for 2021 and 2020 was $234,000 and $259,000, respectively. In addition to the fees described above, in 2020 the Corporation paid a one-time fee of $25,000 for services associated with the preparation and submittal of the Corporation's NMTC 2020 application.

NOTE 25 – AKRON SUMMIT COUNTY ESID EXPANSION PROJECT

In August 2017, the Authority entered into a two-year, renewable Cooperative Agreement with the County of Summit and the Northeast Ohio Public Energy Council (NOPEC) for the expansion of the City of Akron's Energy Special Improvement District (ESID) throughout the rest of Summit County. This joint effort works to expand the ESID to enable private and public property owners to finance energy-related improvements in a number of ways; through special assessments, the NOPEC Revolving Loan Fund, the Authority's Jobs & Investment Bond Fund, or various private lenders. The Cooperative parties jointly assist ESID project applicants of both private and public projects with the ESID petition process. Twenty-one Summit County communities now belong to the ESID. The ESID Board of Directors includes member representatives from each municipality and township. While NOPEC RLF is available within Summit County for NOPEC member communities, the agreement was not renewed.

During 2017, the Authority loaned $30,000 to the ESID to facilitate the issuance of expansion project loans. The Authority is the designated ESID Program Administrator which includes disbursement of the ESID project loans and receipt of the special assessment payments, which are known as Energy Special Improvement District assessments, from the Summit County Fiscal Officer in the tax year following disbursement of each ESID project loan. During 2019, the Authority loaned an additional $10,000 to the ESID to further facilitate issuance of expansion project loans. For the years ended December 31, 2021 and 2020, as Program Administrator, the Authority disbursed $14,930 and $7,809 for six ESID expansion project loans each year. The ESID also received administrative fees from the assessment payments for all energy efficiency projects with Summit County, Ohio.

In 2020 and 2021, the Authority entered into a payment agreement with Summit County to assist with processing ESID project assessments.

The balance on the note receivable was $2,883 and $39,330 as of December 31, 2021 and 2020, respectively.

NOTE 26 – WESTERN RESERVE COMMUNITY FUND, INC.

Western Reserve Community Fund, Inc, ("WRCF") a nonprofit organization, was incorporated on March 7, 2019 to provide increased access to capital in low-income areas and to apply for certification as a Community Development Financial Institution (CDFI). WRCF's target market is disadvantaged businesses and communities located in Summit County.

Also, in March 2019, in a joint effort with Summit County, the Authority agreed to make a grant of $250,000, which the County matched, and entered into a grant agreement with WRCF to capitalize the newly created entity.

The Authority entered into a Management Services Agreement with WRCF on November 12, 2019 with quarterly payments beginning on March 15, 2020. WRCF receives management services, office space, and related utilities as part of the Management Services Agreement. The annual management fee paid for 2021 and 2020 was $100,000 and $15,000, respectively.

In 2021, the Authority made a 10-year interest only loan of $300,000 to WRCF with principal due in 2031.

NOTE 27 – SUBSEQUENT EVENTS

The Authority anticipates the following projects to close in 2022, which have been authorized by the Board:

<u>Ocasek PACE and Conduit Bond project, Akron, Ohio</u>
In March, the City of Akron purchased the 188,656 square foot Oliver Ocasek Building ("Building") from the State of Ohio ("State"), and sold the Building to the Authority, which will renovate the building and then master lease the facility to the City. Using its Bond Fund, the Authority issued over $7 million of Tax-Exempt PACE Bonds to fund a portion of the renovations, as well as Conduit Lease Revenue Bonds secured by City of Akron non-tax revenue.

Subsequently, the Building will be used by Akron for Municipal Court offices, the Clerk of Courts offices, the City Prosecutor's office, and the City's Department of Law, Civil Division. The City will sublease approximately 67,900 square feet to the State, for various State agencies.

<u>Bitwise – ProMedica redevelopment project in Toledo, Ohio</u>
The Authority issued $6.350 million of Bond Fund Program Revenue Bonds for the renovation and rehabilitation of a former U.S. Post Office Building in Toledo, Ohio. ProMedica Health System ("ProMedica") and Bitwise Industries ("Bitwise," together with ProMedica, the "Sponsors") have partnered to create a state-of-the-art innovation and technology training facility that provides disadvantaged residents technical training and paid technology apprenticeships and provide open workspace for entrepreneurs to

launch and expand their businesses. This project also received funding from the Toledo Lucas County Port Authority and used New Markets and Historic Tax Credits.

Rohr Road TIF in Columbus, Ohio
In July 2022, the Authority issued $4 million in Jobs & Investment Bond Fund revenue bonds to finance a portion of costs for this Project which consists of construction of a one million square foot warehouse facility on Rohr Road in Columbus, Ohio. The financed project includes public infrastructure improvements necessary to service the property. The Authority cooperated with the Columbus-Franklin County Finance Authority (the “Columbus Finance Authority”) and the Developer with financing a portion of project costs.

In June, the Authority assisted with financing a Fogg Development project in Stow and the Charles River Company project in Ashland, Ohio. Additionally, the Authority received financial assistance applications for two projects in Green and one in Sagamore Hills Township.

Cleveland Renaissance Hotel
It is anticipated that the Authority will issue up to $5 million in Taxable TIF Revenue Bonds to assist the Cleveland Cuyahoga Port Authority with a $53 million renovation of the Renaissance Hotel in downtown Cleveland.

Other noteworthy events:

Execution of a two-year renewal through October 2023 of the Huntington Bank unsecured Letter of Credit for the Authority’ Jobs and Investment Bond Fund with no significant changes in terms.

In February 2022, the Authority initially engaged DiPerna & Associates to model an energy efficiency Revolving Loan Fund which would be capitalized by sale proceeds from the pending Airdock sale.

The 47 N. Main Street demolition and construction project, which began in 2021, was completed in early August 2022 with the subsequent transfer of the property to Akron Children’s Hospital anticipated to occur by September 2022.

As of August 1, 2022, the Authority and other respondents executed an amended Consent Agreement and Final Order (CAFO) with USEPA to enable the sale of the Airdock to proceed. USEPA, which negotiated the amendments had not yet executed the agreement by August 1, 2022. The parties expect the property to transfer during August 2022.

NOTE 28 – COVID 19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. In addition, the impact on the Authority's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST EIGHT YEARS

	2021	2020	2019	2018	2017	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS) Traditional Plan:								
Authority's Proportion of the Net Pension Liability	0.003891%	0.003283%	0.002753%	0.002564%	0.002834%	0.002764%	0.002873%	0.002873%
Authority's Proportionate Share of the Net Pension Liability	$ 576,172	$ 648,907	$ 753,991	$ 402,242	$ 643,582	$ 478,796	$ 346,561	$ 338,734
Authority's Covered-Employee Payroll	$ 481,464	$ 379,364	$ 346,064	$ 370,357	$ 352,500	$ 350,625	$ 352,277	$ 331,592
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	119.67%	171.05%	217.88%	108.61%	182.58%	136.56%	98.38%	102.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined as of the Authority's measurement date, which is the prior year-end.

See accompanying notes to the required supplementary information.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST NINE YEARS

	2021	2020	2019	2018	2017	2017	2015	2014	2013
Ohio Public Employees' Retirement System (OPERS)									
Contractually Required Contribution	$ 77,275	$ 67,405	$ 53,111	$ 48,449	$ 48,146	$ 42,300	$ 42,075	$ 42,273	$ 43,107
Contributions in Relation to the Contractually Required Contribution	(77,275)	(67,405)	(53,111)	(48,449)	(48,146)	(42,300)	(42,075)	(42,273)	(43,107)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 551,964	$ 481,464	$ 379,364	$ 346,064	$ 370,357	$ 352,500	$ 350,625	$ 352,277	$ 331,592
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB ASSET/LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST FIVE YEARS

	2021	2020	2019	2018	2017
Ohio Public Employees' Retirement System (OPERS)					
Authority's Proportion of the Net OPEB Asset/Liability	0.0038900%	0.0032880%	0.0027620%	0.0025770%	0.0026700%
Authority's Proportionate Share of the Net OPEB Asset/Liability	$ (69,303)	$ 454,158	$ 360,100	$ 279,843	$ 269,723
Authority's Covered-Employee Payroll	$ 481,464	$ 379,364	$ 346,064	$ 370,357	$ 352,500
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	-14.39%	119.72%	104.06%	75.56%	76.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented for each fiscal year were determined as of the Authority's measurement date, which is the prior year-end.

See accompanying notes to the required supplementary information.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST NINE YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Ohio Public Employees' Retirement System (OPERS)									
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ 3,704	$ 7,050	$ 7,010	$ 7,007	$ 3,315
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	(3,704)	(7,050)	(7,010)	(7,007)	(3,315)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 551,964	$ 481,464	$ 379,364	$ 346,064	$ 370,357	$ 352,500	$ 350,625	$ 352,277	$ 331,592
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	1.99%	1.00%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information.

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms:
There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions:
There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.

For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.

There were no changes in assumptions for 2018.

For 2019 the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.

There were no changes in assumptions for 2020.

There were no changes in assumptions for 2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms:
There were no changes in benefit terms from the amounts reported for 2017-2020.

For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements, however, they are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions:
There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.

For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25%, ultimate in 2029.

For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10..%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Development Finance Authority of Summit County
Summit County, Ohio
47 N. Main Street, Suite 407
Akron, Ohio 44308

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Development Finance Authority of Summit County, Summit County, Ohio (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 9, 2022, wherein we noted management restated beginning net position to account for a prior period error.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
August 9, 2022