DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
SUMMIT COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2016

Dave Yost · Auditor of State

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
SUMMIT COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

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, 2016 and December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

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, 2016 and December 31, 2015, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

June 30, 2017

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 year ended December 31, 2016 and 2015.

The Authority is an independent political subdivision of the State of Ohio. The Authority 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 with several neighboring 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, whereby ground rental income is derived as tenants locate at the park.

In 2011, the Authority applied for certification through the U.S. Treasury Community Development Financial Institutions Fund ("CDFI") to become eligible for an allocation of New Markets Tax Credits ("NMTC"). Subsequent to this application, the Authority submitted an application request to CDFI to receive an allocation of NMTC. The Authority created a new Community Development Entity ("CDE"); the Development Fund of the Western Reserve ("DFWR") a private, not-for- profit 501(c)(3). DFWR serves an 18 county area of northeast Ohio and is the only CDE exclusively focused on providing NMTC in northeast Ohio.

In December 2011, the CDFI notified the Authority that the DFWR had been certified and in March 2012, CDFI awarded a $20 million NMTC allocation. During 2012 and 2013, the DFWR used all $20 million of the credits to fund three projects; the KSU Hotel and Conference Center in Kent, Ohio, the Lorain County Health & Dentistry ("LCH&D") project in Lorain, Ohio and the East End Hilton Garden Inn project located in the East End Redevelopment area of Akron. The East End Redevelopment encompasses the former headquarter property of Goodyear Tire and Rubber Co. In 2014, DFWR submitted a new application to CDFI, seeking $45 million NMTC allocation to assist with financing several projects throughout the DFWR service area.

In June 2015, the CDFI notified the Authority that the DFWR had been awarded a $45 million NMTC allocation. During 2015, the DFWR used $10.5 million of the credits to fund two projects; the Mercy Health's St. Elizabeth Hospital in Youngstown, Ohio, and the Jetro / Restaurant Depot in Akron, Ohio.

In 2016, DFWR deployed $27.75 million of the credits to fund five projects: the YMCA of Youngstown, Ohio, the Lincoln Electric Welding Technology Center of Euclid, Ohio, the Gateway Center at Oberlin College, of Oberlin, Ohio, the Ronald McDonald House of Akron, Ohio, and GreatWave Broadband Services of Conneaut, Ohio.

Overview

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority engages in economic development finance activities that are conduit stand-alone and/or Jobs and Investment Fund ("Bond Fund") projects. The Bond Fund is rated BBB+ by Standard and Poor's. Conduit projects have included the Akron Civic Theater, Bridgestone Americas Tech Center, the Goodyear Tire and Rubber Headquarters and numerous other projects.

In 2016, conduit financing was provided to assist with financing the Fairlawn GIG project in Fairlawn, Ohio.

Bond Fund projects are projects issued through the Authority's Jobs and Investment Fund. There are now five rated Port Authority Bond Funds in Ohio. During 2016, the Authority issued $8.895 million in new issuances to fund four projects and $5.67 million to refund three issues from 2004 and 2005.

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

1. All conduit transactions require the lender to look only to the borrower's lease or debt service payments and any certain specific revenue sources and cash reserves to provide funds sufficient to meet lease payments and/or debt service payments.

2. All 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, 2016, the Authority had issued $82.2 million to fund 23 projects with an outstanding principal balance of $46.2 million.

During 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which significantly revises accounting for pension costs and liabilities and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB No. 68 pension accounts, the net pension liability equals the Authority's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employee's past service.

2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded of 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 and the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 the required pension 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 is satisfied, this liability is separately identified within the long-term liability section of the net position.

In accordance with GASB Statement No. 68, the Authority's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB Statement No. 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. The implementation also had the effect of restating net position at December 31, 2014, from $10,249,748 to $9,953,287.

Condensed Statement of Net Position Information

The table below provides a summary of the Authority's financial position and operations for 2016 and 2015.

Comparision of 2016 vs. 2015 Results:

			Change	
	2016	2015	Amount	%
Assets:				
Current assets	$ 1,291,081	$ 1,075,557	$ 215,524	20.0%
Capital assets - net	1,250,000	1,275,000	(25,000)	-2.0%
Restricted assets	75,392,103	70,050,616	5,341,487	7.6%
Total assets	77,933,184	72,401,173	5,532,011	7.6%
Deferred Outflows of Resources	183,036	60,566	122,470	202.2%
Total assets and deferred outflows of resources	78,116,220	72,461,739	5,654,481	7.8%
Liabilities and net position:				
Liabilities:				
Current liabilities	3,653,402	3,191,681	(461,721)	-14.5%
Other liabilities	64,286,759	59,138,122	(5,148,637)	-8.7%
Total liabilities	67,940,161	62,329,803	(5,610,358)	-9.0%
Deferred Inflows of Resources	17,938	6,088	(11,850)	-194.6%
Total liabilities and deferred inflows of resources	67,958,099	62,335,891	(5,622,208)	-9.0%
Net position:				
Net investment in capital assets	1,250,000	1,275,000	(25,000)	-2.0%
Restricted	6,683,093	6,594,470	88,623	1.3%
Unrestricted	2,225,028	2,256,378	(31,350)	-1.4%
Total net position	$ 10,158,121	$ 10,125,848	$ 32,273	0.3%

The table below provides a summary of the Authority's financial position and operations for 2015 and 2014. The net position at December 31, 2014 has been restated as described in Note 2.

Comparision of 2015 vs. 2014 Results:

	2015	2014	Change Amount	Change %
Assets:				
Current assets	$ 1,075,557	$ 1,002,954	$ 72,603	7.2%
Capital assets - net	1,275,000	1,300,000	(25,000)	-1.9%
Restricted assets	70,050,616	73,176,127	(3,125,511)	-4.3%
Total assets	72,401,173	75,479,081	(3,077,908)	-4.1%
Deferred Outflows of Resources	60,566	-	60,566	100.0%
Total assets and deferred outflows of resources	72,461,739	75,479,081	(3,017,342)	-4.0%
Liabilities and net position:				
Liabilities:				
Current liabilities	3,191,681	3,036,674	(155,007)	-5.1%
Other liabilities	59,138,122	62,192,659	3,054,537	4.9%
Total liabilities	62,329,803	65,229,333	2,899,530	4.4%
Deferred Inflows of Resources	6,088	-	(6,088)	100.0%
Total liabilities and deferred inflows of resources	62,335,891	65,229,333	2,893,442	4.4%
Net position:				
Net investment in capital assets	1,275,000	1,300,000	(25,000)	-1.9%
Restricted	6,594,470	6,512,018	82,452	1.3%
Unrestricted	2,256,378	2,437,730	(181,352)	-7.4%
Total net position	$ 10,125,848	$ 10,249,748	$ (123,900)	-1.2%

Capital Assets: Additional information on the Authority's capital assets can be found in Note 6 to the Authority's financial statements. A summary of the activity in the Authority's capital assets during the years ended December 31, 2016 and December 31, 2015 is as follows:

	Balance at January 1, 2016	Additions	Deletions	Balance at December 31, 2016
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	(225,000)	(25,000)	-	(250,000)
Total capital assets being depreciated, ne	775,000	(25,000)	-	750,000
Capital assets, net	$ 1,275,000	$ (25,000)	$ -	$ 1,250,000

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
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	(200,000)	(25,000)	-	(225,000)
Total capital assets being depreciated, ne	800,000	(25,000)	-	775,000
Capital assets, net	$ 1,300,000	$ (25,000)	$ -	$ 1,275,000

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

The Authority's net position increased by $32,273 in 2016 and increased by $172,561 in 2015. Key elements of these changes are summarized below. DFA closed more projects than usual during 2016, consistent with the increased economic development activity in our region. This increase in project activity directly contributed to an increase in operating expenses during 2016.

			Change	
	2016	2015	Amount	%
Operating revenues:				
Project management and administrative fees	$ 426,995	$ 392,889	$ 34,106	8.7%
CAK Business Park - lease administrative revenue	71,251	97,883	(26,632)	-27.2%
Loan processing fees	188,450	240,625	(52,175)	-21.7%
Summit County economic development grant	75,000	75,000	-	0.0%
Property lease and rentals	103,755	17,500	86,255	492.9%
New market tax credit financing revenue	570,156	240,972	329,184	136.6%
Total operating revenues	1,435,607	1,064,869	370,738	34.8%
Operating expenses:				
Salaries and benefits	546,503	469,549	(76,954)	-16.4%
Professional services	121,444	143,758	22,314	15.5%
Depreciation expense	25,000	25,000	-	0.0%
Bank Fees	59,437	97,708	38,271	39.2%
Other operating expenses	367,366	192,968	(174,398)	-90.4%
Total operating expenses	1,119,750	928,983	(190,767)	-20.5%
Operating revenue	315,857	135,886	179,971	132.4%
Non-operating revenues (expenses):				
Interest Income	19,324	5,803	13,521	233.0%
Non-operating grant revenue	72,500	72,500	-	0.0%
Change in equity interest	(76,609)	(56,786)	(19,823)	34.9%
Forgiveness of note receivable	(300,000)	-	(300,000)	100.0%
Other	1,201	15,158	(13,957)	-92.1%
Total non-operating (loss) income	(283,584)	36,675	(320,259)	-873.2%
Change in net position	32,273	172,561	(140,288)	-81.3%
Net position - beginning of year	10,125,848	9,953,287	172,561	1.7%
Net position - end of year	$ 10,158,121	$ 10,125,848	$ 32,273	0.3%

The Authority's net position increased by $172,561 in 2015 and increased by $21,068 in 2014. Key elements of these changes are summarized below. DFA closed more projects than usual during 2015, consistent with the increased economic development activity in our region. This increase in project activity directly contributed to an increase in operating expenses during 2015. The net position at December 31, 2014 has been restated as described in Note 2.

			Change	
	2015	2014	Amount	%
Operating revenues:				
Project management and administrative fees	$ 392,889	$ 340,578	$ 52,311	15.4%
CAK Business Park - lease administrative revenue	97,883	77,484	20,399	26.3%
Loan processing fees	240,625	275,213	(34,588)	-12.6%
Summit County economic development grant	75,000	75,000	-	0.0%
Property lease and rentals	17,500	-	17,500	100.0%
New market tax credit financing revenue	240,972	52,738	188,234	356.9%
Total operating revenues	1,064,869	821,013	243,856	29.7%
Operating expenses:				
Salaries and benefits	469,549	494,001	24,452	4.9%
Professional services	143,758	91,442	(52,316)	-57.2%
Depreciation expense	25,000	25,000	-	0.0%
Bank Fees	97,708	78,677	(19,031)	-24.2%
Other operating expenses	192,968	145,280	(47,688)	-32.8%
Total operating expenses	928,983	834,400	(94,583)	-11.3%
Operating revenue (loss)	135,886	(13,387)	149,273	-1115.1%
Non-operating revenues (expenses):				
Interest Income	5,803	2,911	2,892	99.3%
Non-operating grant revenue	72,500	72,500	-	0.0%
Change in equity interest	(56,786)	(40,956)	(15,830)	38.7%
Other	15,158	-	15,158	0.0%
Total non-operating income	36,675	34,455	2,220	6.4%
Change in net position	172,561	21,068	151,493	719.1%
Net position - beginning of year, as restated	9,953,287	10,228,680	(275,393)	-2.7%
Net position - end of year	$ 10,125,848	$ 10,249,748	$ (123,900)	-1.2%

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

In 2016, revenue from operations and deal flow was healthy and many indicators point to a continued active project pipeline in 2017.

The Authority anticipates the following projects for 2017:

1. Entering into a cooperative agreement with Stark Port Authority to issue approximately $5.5 million in tax-exempt bonds to finance public infrastructure related to an expansion of the Pro Football Hall of Fame in Canton, Ohio.
2. Issuing up to $6.5 million in taxable bonds to assist with financing the redevelopment of the Law Building in downtown Akron, Ohio.
3. Entering into conduit lease financing to assist with the redevelopment of the East End, former Goodyear Headquarters Building in Akron, Ohio.
4. Issuing approximately $4 million in tax-exempt financing secured by a special assessment to finance the costs of road, water, sewer, and other utility improvements for the Residence at Yankee Trace in Centerville, Ohio. The Authority will enter into a cooperative agreement with Dayton, Ohio Port Authority.
5. Receiving an additional $2 million in Program Reserves from Summit County for its Jobs and Investment Bond Fund enabling an increase in lending capacity.

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 Laurie Ann Stoddard, Assistant Fiscal Officer to the Board.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF NET POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Unrestricted assets		
Cash	$ 1,240,873	$ 1,018,228
Accounts receivable	19,629	22,350
Administrative fee receivable	12,785	16,308
Prepaid expenses	17,794	18,671
TOTAL UNRESTRICTED CURRENT ASSETS	1,291,081	1,075,557
NON-CURRENT ASSETS		
Restricted assets		
Cash - Board restricted	1,169,936	996,519
Restricted cash - Bond Fund Program Reserve	6,683,093	6,594,470
Equity in Greater Akron Investment Partners	-	102,222
Equity in Startvest 2009, LP	-	7,863
Equity in Headsense Medical, LTD	35,756	62,043
Equity in Startvest 2006, LP	60,737	-
Equity in Akron BioInvestment Fund II, LLC	49,026	-
Asset held for resale - Lockheed Martin	30,000	30,000
Note receivable - Akron Civic Theater	358,329	658,329
Lease receivable - Akron Civic Theater	13,765,000	14,135,000
Lease receivable - A&K Summit	560,226	674,170
Lease receivable - Bridgestone	6,465,000	6,835,000
	29,177,103	30,095,616
Bond fund transactions		
Note receivable - Garfield Heights project	-	1,525,000
Note receivable - Village of Seville project	-	1,335,000
Note receivable - Summit County Workforce Policy project	-	3,350,000
Note receivable - Portage County Brimfield project	295,000	700,000
Note receivable - Exal Corporation project	-	200,000
Note receivable - Superior Roll Forming project	2,110,000	2,255,000
Note receivable - Cavalier project	3,970,000	4,260,000
Note receivable - Plaza Schroer project	770,000	785,000
Note receivable - Digestive Disease project	4,575,000	4,840,000
Note receivable - Shearer's Foods project	2,995,000	3,230,000
Note receivable - City of Cleveland - Flats East project	4,540,000	4,610,000
Note receivable - University Edge project	6,380,000	6,625,000
Note receivable - IRG Rubber City project	6,240,000	6,240,000
Note receivable - Garfield Heights project	1,290,000	-
Note receivable - Village of Seville project	1,265,000	-
Note receivable - Summit County Workforce project I	2,925,000	-

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

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF NET POSITION
December 31, 2016 and 2015

	2016	2015
Note receivable - Summit County Workforce project II	1,335,000	-
Note receivable - Summit County Workforce project III	65,000	-
Note receivable - Dublin Bridge Park project	4,790,000	-
Note receivable - Family and Community Services project	2,670,000	-
Total bond fund transactions	46,215,000	39,955,000
NON-CURRENT ASSETS		
Restricted assets		
Capital assets		
Land	$ 500,000	$ 500,000
Buildings	1,000,000	1,000,000
Total	1,500,000	1,500,000
Less: Accumulated Depreciation	(250,000)	(225,000)
Net book value of capital assets	1,250,000	1,275,000
TOTAL NON-CURRENT ASSETS	76,642,103	71,325,616
DEFERRED OUTFLOWS OF RESOURCES		
Pension - OPERS	183,036	60,566
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 78,116,220	$ 72,461,739

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

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF NET POSITION
December 31, 2016 and 2015

	2016	2015
LIABILITIES		
CURRENT LIABILITIES		
Payable from unrestricted assets		
Deposits held	$ 139,213	$ 116,882
Accounts payable	72,875	55,774
Accrued expenses	13,292	5,927
Payable from restricted assets		
Note payable - Summit County, current position	75,000	75,000
Revenue bonds - Akron Civic Theater, current portion	400,000	370,000
Revenue bonds - Bridgestone, current portion	375,000	370,000
Revenue bonds - Bond Fund projects, current portion	2,427,500	2,065,000
47 North Main Street tenant liability	150,522	133,098
TOTAL CURRENT LIABILITIES	3,653,402	3,191,681
NON-CURRENT LIABILITIES		
Unearned lease revenue	159,634	190,732
Payable from restricted assets		
Note payable - Summit County	405,829	480,829
Net pension liability	478,796	346,561
Revenue bonds - Akron Civic Theater	13,365,000	13,765,000
Revenue bonds - Bridgestone	6,090,000	6,465,000
Bond Fund transactions (see Note 4)	43,787,500	37,890,000
TOTAL NON-CURRENT LIABILITIES	64,286,759	59,138,122
TOTAL LIABILITIES	67,940,161	62,329,803
DEFERRED INFLOWS OF RESOURCES		
Pension - OPERS	17,938	6,088
NET POSITION		
Net investment in capital assets	1,250,000	1,275,000
Restricted	6,683,093	6,594,470
Unrestricted	2,225,028	2,256,378
TOTAL NET POSITION	10,158,121	10,125,848
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 78,116,220	$ 72,461,739

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
December 31, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Project management and administrative fees	$ 426,995	$ 392,889
CAK Business Park - lease administrative revenue	71,251	97,883
Loan processing fees	188,450	240,625
Summit County economic development grant	75,000	75,000
Property lease and rentals	103,755	17,500
New market tax credit financing revenue	570,156	240,972
Total operating revenues	1,435,607	1,064,869
OPERATING EXPENSES		
Salaries and benefits	546,503	469,549
Professional services	121,444	143,758
Depreciation expense	25,000	25,000
Bank fees	59,437	97,708
Other operating expenses	367,366	192,968
Total operating expenses	1,119,750	928,983
OPERATING GAIN	315,857	135,886
NON-OPERATING REVENUES (EXPENSES)		
Interest income	19,324	5,803
Non-operating grant revenue	72,500	72,500
Change in equity interest	(76,609)	(56,786)
Forgiveness of note receivable	(300,000)	-
Other	1,201	15,158
Total non-operating (loss) income	(283,584)	36,675
CHANGE IN NET POSITION	32,273	172,561
NET POSITION - BEGINNING OF YEAR, AS RESTATED	10,125,848	9,953,287
NET POSITION - END OF YEAR	$ 10,158,121	$ 10,125,848

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

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF CASH FLOWS
December 31, 2016 and 2015

	2016	2015
OPERATING ACTIVITIES		
Receipts for development projects	$ 1,281,863	$ 917,131
Received from grants	75,000	75,000
Payments for goods and services	(400,279)	(501,241)
Payments to and on behalf of employees	(553,868)	(443,158)
Net cash provided by operating activities	402,716	47,732
NON-CAPITAL FINANCING ACTIVITIES		
Lease payments received	-	15,000
Payment of delinquent property taxes	-	(5,146)
Grant money received	-	22,500
47 North Main reserve account funding	-	100
Supplemental bond fund reserve account funding	35,000	-
County grant reserve account funding	7,500	-
Restricted account funding	25,000	-
Payments on line of credit/note payable	(75,000)	(75,000)
Net cash used in non-capital financing activities	(7,500)	(42,546)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Finance fees from the redemption of revenue bonds	139,469	149,619
Net cash provided by capital and related financing activities	139,469	149,619
EQUITY ACTIVITIES		
Equity in Headsense Medical, Ltd.	-	(50,000)
Equity in Akron BioInvestment Fund II, LLC	(50,000)	-
Net cash used in non-capital equity activities	(50,000)	(50,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	484,685	104,805
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	8,609,217	8,504,412
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 9,093,902	$ 8,609,217
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash - unrestricted	$ 1,240,873	$ 1,018,228
Cash - board restricted	1,169,936	996,519
Restricted cash - Bond Fund Program Reserve	6,683,093	6,594,470
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 9,093,902	$ 8,609,217

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

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
STATEMENTS OF CASH FLOWS
December 31, 2016 and 2015

	2016	2015
RECONCILIATION OF OPERATING LOSS TO NET CASH OPERATING ACTIVITIES		
OPERATING GAIN	$ 315,857	$ 135,886
Adjustments of reconcile operating income to net cash from operating activities		
Depreciation	25,000	25,000
Changes in assets and liabilities		
Accounts receivable	2,721	(6,504)
Administrative fees receivables	3,523	(8,258)
Prepaid expenses	877	(2,923)
Deferred outflows of resources	(122,470)	(18,293)
Deposits held	22,331	8,763
Accounts payable	17,101	20,925
47 North Main Street tenant liability	17,424	(23,144)
Accrued payroll and payroll taxes	7,365	(26,391)
Accrued delinquent property taxes	-	(5,146)
Net pension liability	132,235	7,827
Deferred revenue	(31,098)	(66,098)
Deferred inflows of resources	11,850	6,088
Net cash provided by operating activites	$ 402,716	$ 47,732

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. 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 operating grants 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.

<u>Conduit Debt</u>
As part of its efforts to promote economic development within northeastern Ohio, over the past several years, 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 are payable solely from the payments received by the trustee from the borrowers or other sources designated in the related agreements.

<u>Budgetary Process</u>
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.

<u>Cash and Investments</u>
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 an Agency 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, FirstMerit Restricted Account, 47 Capital Reserve Account and the County Grant Reserve Account.

Also included as restricted cash – board restricted are funds relating to the Project Activity Account, the Land Bank Account, and the Civic Theatre Phase II 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 a high yield checking account and is considered cash equivalents.

Capital Assets

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

Asset Held for Resale

Assets held for resale represents various pieces of equipment received by the Authority and leased to Lockheed Martin Corporation. Under the terms of the amended lease agreement, Lockheed Martin Corporation agreed to pay $60,000 for this equipment at the end of the lease term which expired in October 2014. During 2014, Lockheed Martin Corporation made the final required lease payment of $15,000. In November 2015, the Lockheed Martin Corporation exercised the option to renew the lease for one year. Under the terms of the agreement, Lockheed Martin Corporation agreed to pay $15,000 for this equipment, which expired in October 2016. In August 2016, Lockheed Martin notified the Authority of its intent to exercise the option to purchase the equipment for $30,000. The sale was finalized in January 2017.

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued and reported as a liability when earned by the Authority's employees.

Pensions

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

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. The deferred outflows of resources related to pension are explained in Note 7.

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. Deferred inflows of resources related to pension are reported on the statements of net position for pension. The deferred inflows of resources related to pension are explained in Note 7.

Non-Operating Grant 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, 2016 and 2015. The Authority recognized non-operating grant revenue and expenses related to the Austen BioInnovation Institute in Akron ("ABIA") grant in the amount of $102,000 for the year ended December 31, 2016.

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.

Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 30, 2017, the date the financial statements were available to be issued.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPAL, PRIOR PERIOD ADJUSTMENT AND RESTATEMENT OF NET POSTION

During 2015, the Authority implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

The objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by the Authority.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The provision of this Statement should be applied simultaneously with the provisions of Statement No. 68, and have been implemented by the Authority.

A net position restatement at December 31, 2015 is required in order to implement GASB Statements No. 68 and 71 as follows:

Restated Net Position, December 31, 2014	$ 10,249,748
Adjustments:	
Net Pension Asset	-
Net Pension Liability	(338,734)
Deferred Outflow - Payments Subsequent to Measurement Date	42,273
Restated Net Position, January 1, 2015	$ 9,953,287

For 2016, the Authority has implemented GASB Statement No. 72, *Fair Value Measurement and Application*. The objective of GASB No. 72, *Fair Value Measurement and Application,* is to address accounting and financial reporting issues related to fair value measurements of certain investments and related disclosures. There were no changes to the Authority's financial statements as a result of implementing this standard.

NOTE 3 – 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

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority has no deposit policy for custodial risk beyond the requirements of state statute. At December 31, 2016 and 2015, the carrying amounts and bank balances of the Authority's deposits were $9,093,902 and $8,609,217, respectively. Of the bank balance, $8,843,902 and $8,359,217 was exposed to custodial risk at December 31, 2016 and 2015, respectively, and $250,000 was covered by the FDIC at December 31, 2016 and 2015. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of the money had been followed, noncompliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC. The Authority's carrying amount of cash on deposit with the County, which is included in the carrying amount balances disclosed above, was $2,086,458 and $1,760,021 as of December 31, 2016 and 2015, 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.

Custodial Credit Risk
For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the Authority's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Authority.

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 are 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. The Authority recognized unrealized losses of $2,349 and $1,066 during 2016 and 2015, respectively on this equity interest. This equity interest was dissolved December 31, 2015, but had been reported as an estimate as the information was not available due the winding down and unavailable foreign income reporting. The Authority's equity interest in GAIP was $0 and $102,222 at December 31, 2016 and 2015, respectively.

When GAIP dissolved, 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 results in an 11.25% share as of December 31, 2016. The net profits and losses of Startvest 06 are allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. The Authority recognized unrealized losses of $39,136 during 2016 on this equity interest. The Authority's equity interest in Startvest 06 was $60,737 at December 31, 2016.

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 2.65% share as of December 31, 2016 and a 2.258% share as of December 31, 2015. The unrealized loss values being utilized for 2016 are based on the Starvest 09 current year financial statements as the current year K-1 is not yet available due to unavailable foreign income reporting. The Authority recognized unrealized losses of $7,863 and $35,023 during 2016 and 2015, respectively on this equity interest. Certain errors were discovered during 2015 resulting in an overstatement of equity interest in this equity interest. The Authority's equity interest in Startvest 09 was $0 and $7,863 at December 31, 2016 and 2015, 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 0.295390% and 1.1825% share as of December 31, 2016 and 2015. The most recently available estimates are based on the 2016 pro-forma K-1 and are being utilized for 2016 unrealized loss values as the finalized K-1 information is not yet available due to unavailable foreign income reporting. The Authority recognized unrealized losses of $26,287 and $20,697 during 2016 and 2015, respectively on this equity interest. The Authority's equity interest in Headsense was $35,756 and $62,043 at December 31, 2016 and 2015, respectively.

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 as of December 31, 2016. The Authority recognized unrealized losses of $974 during 2016 on this equity interest. The Authority's equity interest in Akron Bio-Innovation was $49,026 at December 31, 2016.

NOTE 4 – 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 $6,683,093 and $6,594,470 at December 31, 2016 and 2015, 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.

The following Revenue Bonds were issued during 2016 through the Bond Fund Program:

In July 2016, the Authority issued $4,790,000 in Tax Exempt Bonds to assist in funding the construction of a public parking garage as part of the Bridge Park Development located in Dublin, Ohio.

In August 2016, the Authority issued $1,290,000 in Tax Exempt Bonds to refund and refinance an original issue 2004 bond of $2,750,000 for the project in Garfield Heights. The interest rate on the 2004 bond was 5.25% and the new interest rate is 2.38% creating significant savings for Garfield Heights. The proceeds of the original issue were used for the development of public infrastructure.

In August 2016, the Authority issued Tax Exempt Bonds in the amount of $1,315,000 to refund and refinance a 2005 original issue bond of $2,030,000 for the Village of Seville. The interest rate on the 2005 bond was 5.09% and the new interest rate is 2.60% creating significant savings for the Village of Seville. The original issue proceeds were used for the construction of a new Village Hall.

In August 2016, the Authority issued $3,065,000 in Tax Exempt Bonds to refund and refinance an original issue 2005 bond of $4,725,000 for Summit County Workforce. The interest rate on the 2005 bond was 4.87% and the new interest rate is 2.65% creating significant savings for Summit County Workforce. The proceeds of the original issue were used for the construction of the Summit County Workforce Job Center in Akron.

In August 2016, $1,365,000 in new tax-exempt bonds and $70,000 in taxable bonds were issued by the Authority for Summit County Workforce (now Conexus) to make accessibility upgrades and improvements to their building and install a new roof.

In November 2016, the Authority issued $2,670,000 in Tax Exempt Bonds to finance a building expansion to house both Portage Family and Community Services and Axess Pointe Community Health Center in Kent, Ohio.

There were no Revenue Bonds issued during 2015 through the Bond Fund Program.
Changes in the Authority's Bond Fund program for the year ended December 31, 2016 were as follows:

	Balance January 1, 2016	Increase	Decrease	Balance December 31, 2016	Due Within One Year
Garfield Heights project	$ 1,525,000	$ -	$ (1,525,000)	$ -	-
Village of Seville project	1,335,000	-	(1,335,000)	-	-
Summit County Workforce Policy project	3,350,000	-	(3,350,000)	-	-
Portage County Brimfield project	700,000	-	(405,000)	295,000	135,000
Exal Corporation project	200,000	-	(200,000)	-	-
Superior Roll Forming project	2,255,000	-	(145,000)	2,110,000	155,000
Cavalier project	4,260,000	-	(290,000)	3,970,000	305,000
Plaza Schroer project	785,000	-	(15,000)	770,000	15,000
Digest Disease project	4,840,000	-	(265,000)	4,575,000	280,000
Shearer's Food project	3,230,000	-	(235,000)	2,995,000	255,000
City of Cleveland - Flats East project	4,610,000	-	(70,000)	4,540,000	70,000
University Edge project	6,625,000	-	(245,000)	6,380,000	465,000
IRG Rubber City project	6,240,000	-	-	6,240,000	115,000
Garfield Heights project	-	1,290,000	-	1,290,000	190,000
Village of Seville project	-	1,315,000	(50,000)	1,265,000	120,000
Summit County Workforce-1 project	-	3,065,000	(140,000)	2,925,000	245,000
Summit County Workforce-2 project	-	1,365,000	(30,000)	1,335,000	40,000
Summit County Workforce-3 project	-	70,000	(5,000)	65,000	-
Dublin Bridge Park project	-	4,790,000	-	4,790,000	-
Family & Community Svcs. project	-	2,670,000	-	2,670,000	37,500
Total	$ 39,955,000	$ 14,565,000	$ (8,305,000)	$46,215,000	$ 2,427,500

Changes in the Authority's Bond Fund program for the year ended December 31, 2015 were as follows:

	Balance January 1, 2015	Increase	Decrease	Balance December 31, 2015	Due Within One Year
Garfield Heights project	$ 1,670,000	$ -	$ (145,000)	$ 1,525,000	$ 155,000
Village of Seville project	1,425,000	-	(90,000)	1,335,000	90,000
Summit County Workforce Policy project	3,565,000	-	(215,000)	3,350,000	225,000
Portage County Brimfield project	1,180,000	-	(480,000)	700,000	130,000
Exal Corporation project	585,000	-	(385,000)	200,000	200,000
Superior Roll Forming project	2,390,000	-	(135,000)	2,255,000	145,000
Cavalier project	4,535,000	-	(275,000)	4,260,000	290,000
Plaza Schroer project	900,000	-	(115,000)	785,000	15,000
Digest Disease project	5,085,000	-	(245,000)	4,840,000	265,000
Shearer's Food project	3,445,000	-	(215,000)	3,230,000	235,000
City of Cleveland - Flats East project	4,670,000	-	(60,000)	4,610,000	70,000
University Edge project	6,645,000	-	(20,000)	6,625,000	245,000
IRG Rubber City project	6,240,000	-	-	6,240,000	-
Total	$ 42,335,000	$ -	$ (2,380,000)	$39,955,000	$ 2,065,000

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
2017	$ 2,427,500	$ 2,451,477	$ 4,878,977
2018	2,750,833	2,324,277	5,075,111
2019	2,905,000	2,180,964	5,085,964
2020	3,025,000	2,005,891	5,030,891
2021	3,235,833	1,844,774	5,080,607
2022 - 2026	16,671,667	6,497,014	23,168,681
2027 - 2031	5,567,500	3,276,484	8,843,984
2032 - 2036	5,171,667	2,054,608	7,226,274
2037 - 2041	4,460,000	628,549	5,088,549
Total	$46,215,000	$23,264,038	$69,479,038

NOTE 5 – CONDUIT DEBT

In accordance with Government Accounting Standards, the following revenue bonds 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 borrower. Total amount of conduit debt outstanding was $311,296,941 and $321,613,234 as of December 31, 2016 and 2015, 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).

Arhaus Project

In January 2015, the Authority issued $37.4 million of Taxable Development Revenue Bonds. The bonds were used to finance the costs of the project which included construction of a new facility consisting of 743,000 square foot Arhaus Corporate Headquarters and Distribution Center in the Village of Boston Heights. The bond issuance amount was enhanced on August 17, 2015 by Board Resolution 2015-24 to total $37.4 million.

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 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.

Star of the West Milling Company of Ohio Project

In July 2014, the Authority issued up to $10 million of Taxable Development Revenue Bonds. The bonds were used to finance the costs of the project which included construction of a new facility consisting of a 30,000 square foot mill, a 15,000 square foot combination warehouse and office building and related storage silos, in Willard, Ohio. The Authority has leased the project facilities to Star of the West Milling Company of Ohio (the "Lessee") pursuant to the lease dated as of August 1, 2014 and ending on August 1, 2024. 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.

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. The operation and maintenance of the buildings is the responsibility of Summa.

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.

Summit County Combined General Health District Project

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.

Canal Park Project

In November 2012, the Authority issued $3.6 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 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.

Goodyear County Bond Project

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.

KB Compost Project

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.

Goodyear Parking Deck Project

In October 2011, the Authority issued up to $44.3 million of Taxable Construction Development Revenue Bonds. On June 25, 2014, the final bond was issued in the amount of $44,165,851. The bonds were used to finance the costs of the project. The principal and interest payments relating to the Bonds are secured by and payable from (i) revenues and (ii) the payment of bond service charges on the bond are secured by the Issuer's assignment of its rights under the lease and the sublessor's assignment of its rights under the sublease. Each payment of lease balance made pursuant to the lease shall be deemed to be a payment of the outstanding principal amount of the bond.

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, sidewalks, landscaping, miscellaneous capital expenditures, 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 will make lease payments to the Authority in such amounts as will be sufficient to pay when due the principal of, premium, if any, and 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. A January 1, 2021 redemption of $17.275 million at a price equal to 100 percent of stated principal is anticipated.

Western Reserve Academy Project

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 of the Multi-Mode Variable Rate Revenue Bonds, Series 2002 originally issued by the County of Summit, Ohio for the purpose of the acquisition, construction, renovation, installation, furnishing or equipping of real and/or personal property comprising facilities owned by the Borrower in conjunction with the Borrower's private secondary education facility located in the City of Hudson, Summit County, Ohio. The bond is secured by assets of the project.

The Goodyear Tire and Rubber Company Headquarters Project

In April 2011, the Authority issued up to $120 million of Taxable Development Revenue Bonds. On June 25, 2014, the final bond was issued in the amount of $105,564,405. The bonds were used to finance the costs of the construction of a new, approximately 639,000 square foot headquarters facility that will house both the Global and North America Headquarters of Goodyear. The principal and interest payments relating to the Bonds will be secured by and be payable from rent payments due under the sublease payable by Goodyear as well as first mortgage on the project and all other assets funded from bond proceeds. The financing is structured as a capital lease between the Authority and Purchaser to provide sales tax savings on the construction materials associated with the construction of the Project.

Austen BioInnovation Institute in Akron ("ABIA") Project
In March 2011, the Authority issued $7.4 million of Tax-Exempt Private Activity Bonds. The bonds were used to provide financing for the renovation, construction and improvement of a building located at 47 North Main Street in the City of Akron, Ohio. These bonds are 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 is secured by assets of the project with a mortgage agreement in place.

Kent State University Project
In September 2010, the Authority issued $13.745 million of Taxable Development 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.

Bridgestone Americas Tire Operations, LLC Project
In March of 2010, the Authority issued up to $70 million of Taxable Development Revenue Bonds. The bonds were used to finance the costs of the construction and improvement of the Tech Center, the Parking Facility, and the Pedestrian Connector. These bonds were special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Bridgestone Americas Tire Operations, LLC ("BATO"). 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 Tech Center was leased by the Authority to SMBC Leasing and Finance, Inc. ("SMBC") and subleased by SMBC to BATO. Under that sublease, BATO agreed to make rental payments to SMBC in an amount sufficient to pay debt service when due on the bonds. Rental payments were pledged to the trustee for the bonds as the revenue source to secure the payment of debt service on the bonds. The bonds were revenue obligations of the Authority, payable solely from the Tech Center Revenues. Neither the Authority nor the County was obligated to pay debt service on the bonds from any source other than the Tech Center

Bond Revenues. The bond was secured by assets of the project. On March 30 2015, Bridgestone paid approximately $50.2 million to exercise its optional redemption of the outstanding bonds and accrued interest and purchase the Bridgestone Akron Technical Center.

Akron YMCA Project
In November 2009, the Authority issued $12.1 million of Variable Rate Civic Facility Improvement and Revenue Bonds. The bonds were used to pay back existing bonds outstanding in the amount of $6.1 million and the remaining bonds will be used to finance costs of acquiring, constructing, furnishing, improving, and equipping facilities for the YMCA. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with the YMCA. 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.

Snap-on Business Solutions Project
In October 2008, the Authority issued $16 million of Taxable Development Revenue Bonds. The bond proceeds were used to finance the costs of the Snap-on Business Solutions, Inc. project. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Snap-on, Inc. 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.

American Original Building Products, LLC Project
In January 2007, the Authority issued $5.4 million of Summit County Port Authority Variable Rate Industrial Development Revenue Bonds. The bond proceeds were used to finance the acquisition and installation of machinery and equipment at Ferriot, Inc.'s Akron, Ohio facility. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Ferriot, Inc. 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.

Barberton YMCA Project
In June 2007, the Authority issued $4.1 million of Summit County Port Authority Facility Revenue Bonds. The bond proceeds were used to facilitate the financing of "port authority facilities" and enhancing economic development of such facilities. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with The Young Men's Christian Association. The Young Men's Christian Association and the Authority entered into a loan agreement pertaining to this facility. 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 an irrevocable letter of credit.

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.

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.

Summa Wellness Institute Project

In October 2006, the Authority issued $15.405 million of Summit County Port Authority Revenue Bonds. The bond proceeds were used to finance the construction and equipping of a wellness facility to be leased by Summa Health Systems ("Summa"). These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its lease with 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. The operation and maintenance of the buildings is the responsibility of Summa. The bond is secured by an irrevocable letter of credit. The revenue bonds were refunded in 2014 with the issuance of $13.675 million of Refunding Revenue Bonds.

KB Compost Services, Inc. Project

In March 2006, the Authority issued $5 million of Summit County Port Authority Variable Rate Exempt Facility Revenue Bonds. The bond proceeds were used to finance the costs of acquiring and installing certain machinery and equipment at the Akron Compost Facility owned by 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 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.

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, Ohio, 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.

Eastland Woods, LLC Project

In August 2004, the Authority issued $7.5 million of Summit County Port Authority Revenue Bonds. The bond proceeds were used to finance the acquisition, construction, rehabilitation, and equipping of an approximately 100-unit residential rental project to be owned by Eastland Woods, LLC. ("Eastland Woods"). These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with Eastland Woods. Eastland Woods 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. The bond is secured by assets of the project. All of the bonds were redeemed in the fourth quarter of 2015.

Meadow Lane, LLC Project

In August 2003, the Authority issued $5.5 million of Summit County Port Authority Revenue Bonds. The bond proceeds were used to finance the construction and equipping of a manufacturing and distribution facility to be leased by Meadow Lane, LLC ("Meadow Lane"). These bonds are special obligations of the Authority payable solely from the proceeds received by the trustee under its lease with Meadow Lane. Meadow Lane 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. The operation and maintenance of the buildings is the responsibility of Meadow Lane. The bond is secured by an irrevocable letter of credit.

NOTE 6 – CAPITAL ASSETS

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

	Balance at January 1, 2016	Additions	Deletions	Balance at December 31, 2016
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	(225,000)	(25,000)	-	(250,000)
Total capital assets being depreciated, net	775,000	(25,000)	-	750,000
Capital assets, net	$ 1,275,000	$ (25,000)	$ -	$ 1,250,000

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance at January 1, 2015	Additions	Deletions	Balance at December 31, 2015
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	(200,000)	(25,000)	-	(225,000)
Total capital assets being depreciated, net	800,000	(25,000)	-	775,000
Capital assets, net	$ 1,300,000	$ (25,000)	$ -	$ 1,275,000

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)
Plan Description – OPERS is a cost-sharing, multiple-employer public employee retirement system that provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by writing to OPERS, 277 E Town St., Columbus, OH 43215-4642, by calling (800)222-7377, or by visiting the OPERS Website at www.opers.org.

OPERS administers three retirement plans, as described below:

The Traditional Pension Plan (TP) – a defined benefit plan;

The Member-Directed Plan (MD) – a defined benefit contribution plan in which the member invest both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings;

The Combined Plan (CO) – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Pension Benefits – All benefits of the System, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. The Board, pursuant to ORC Chapter 145, has elected to maintain fund to provide health care coverage to eligible Traditional Pension and Combined Plan retirees and survivors of members. Health care coverage does not vest and is not required under ORC Chapter 145. As a result, coverage may be reduced or eliminated at the direction of the Board.

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – 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. 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 on 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 member's contributions, vested employer contributions and investment gains or losses resulting from the member's investment selections.

Disability Benefits – OPERS administers two disability plans for participants in the Traditional Pension and Combined Plans. Members participating in the Member-Directed Plan are not eligible for disability benefits.

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits.

Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit. Members retiring under the Combined Plan receive a 3% cost-of-living adjustment on the defined benefit portion of their benefit. A death benefit of $500-$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

Contributions – The OPERS funding policy provides for periodic employee and employer contributions to all three plans (TP, CO and MD) at rates established by the Board, subject to limits set in statute. The rates established for member and employer contribution rates were approved based upon the recommendations of the System's external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code.

Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2016 and 2015. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determined the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

Plan members were required to contribute 10 percent of their annual covered salary. The Authority was required to contribute 14 percent, a portion of which is set aside for funding post-retirement health care coverage. The Authority's contractually required contributions to OPERS for December 31, 2016 and 2015 were $42,300 and $42,075 for the Traditional and the Combined Plan. Total contractually required contributions, including contributions for post-retirement health care, were $49,350 and $49,087 for the years ended December 31, 2016 and 2015 and the amounts were contributed during the respective years.

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

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The Authority's proportion of the net pension liability was based on the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Asset	$ 0
Proportionate Share of the Net Pension Liability	$ 478,796
Proportion of the Net Pension Liability	0.00276421%
Pension Expense	$ 63,915

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

	OPERS
Deferred Outflows of Resources:	
Net difference between projected and actual earnings on pension plan investments	$ 140,736
Authority contributions subsequent to the measurement date	42,300
Total Deferred Outflows of Resources	$ 183,036
Deferred Inflows of Resources:	
Differences between expected and actual experience	$ 9,251
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportionate share	8,687
Total Deferred Inflows of Resources	$ 17,938

$42,300 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016.

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

Year Ending December 31:	OPERS
2017	$ 26,772
2018	29,024
2019	35,155
2020	31,847
2021	-
Thereafter	-
	$ 122,798

Actuarial Assumptions – OPERS

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., future employment, mortality, cost trends). Actuarially determined amounts are subject to continual review and potential modifications, 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

Actuarial Information	Traditional Pension Plan	Combined Pension Plan
Wage Inflation	3.75 percent	3.75 percent
Future Salary Increases, including inflation	4.25 percent to 10.05 percent, including wage inflation	4.25 percent to 8.05 percent, including wage inflation
COLA or Ad Hoc COLA	3.00 percent, simple	3.00 percent
Investment Rate of Return	8.00 percent	8.00 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11.00 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality rates, set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's proportionate share of the net pension liability	$ 762,839	$ 478,796	$ 239,215

Changes Between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Authority's net pension liability is expected to be significant.

NOTE 8 – POST-RETIREMENT BENEFITS

Pension Benefits

The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions. Under the Member Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member employer contributions. For 2015 and 2014, member and employer contribution rates were consistent across all three plans. For the year ended December 31, 2016, the members of all three plans were required to contribute 10% of their annual earnable salary to fund pension obligations. The Authority contributed 14% of earnable salary.

The Authority's required contributions for pension obligations to the Traditional and Combined Plans (excluding the amount relating to post-retirement benefits) for the years ended December 31, 2016, 2015, and 2014 were $49,350, $49,087, and $49,067, respectively, equal to the required contributions for each year. The full amount has been contributed for all three years.

Post-Employment Benefits

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan; the Member-

Directed Plan (MD) - a defined contribution plan; and the Combined Plan (CO) - 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 plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Member of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, the Authority contributed at a rate of 14% of earnable salary. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of earnable salary for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. Effective January 1, 2016, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Authority's contributions for health care for the years ended December 31, 2016, 2015, and 2014 were $7,050, $7,010, and $7,007, respectively, equal to the required contributions for each year. The full amount has been contributed for all three years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

NOTE 9 – 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 revenues 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 $15,295,000 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 $13,765,000 and $14,135,000 at December 31, 2016 and 2015, 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 10.

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

Year	Principal	Interest	Total
2017	$ 400,000	$ 498,881	$ 898,881
2018	435,000	490,881	925,881
2019	470,000	480,006	950,006
2020	505,000	470,019	975,019
2021	540,000	458,025	998,025
2022 - 2026	3,405,000	2,015,451	5,420,451
2027 - 2031	5,370,000	1,155,594	6,525,594
2032 - 2033	2,640,000	159,400	2,799,400
Total	$ 13,765,000	$ 5,728,257	$ 19,493,257

NOTE 10 – NOTES PAYABLE AND NOTES RECEIVABLE

The Authority has an unsecured notes 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 $480,829 and $555,829 at December 31, 2016 and 2015, 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
2017	$ 75,000
2018	75,000
2019	75,000
2020	75,000
2021	75,000
2022	105,829
Total	$ 480,829

Note Receivable with Akron Civic Theater

In connection with entering the note payable with Summit County, the Authority entered into a note receivable agreement with the Akron Civic Theater. The note receivable is unsecured and non-interest bearing. The note receivable is structured such that the Akron Civic Theater pays the Authority for all amounts due under the note payable/line of credit based on the schedule noted below, and the Authority then repays Summit County. The agreement states that if certain terms of the agreement are met and there is no default on the loan, that the outstanding balance of $480,829 at the end of the term will be discharged by the Authority.

During 2016, the Board of Directors of the Authority approved the forgiveness of $300,000 of principal, interest and other fees owed by the Akron Civic Theater and amended the loan agreement effective January 1, 2017.

Approximate amended annual payments to be received by the Authority under this agreement for the next five years and thereafter are:

Year	Amount
2017	$ 10,000
2018	10,000
2019	10,000
2020	10,000
2021	10,000
2022 - 2033	308,329
Total	$ 358,329

NOTE 11 – 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 an agreement with the Clean Ohio Council for Clean Ohio Revitalization Fund ("CORF") grant 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, Ohio 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 and is payable solely from the revenues received by the Authority under its agreement with Lockheed Martin Corporation.

NOTE 12 – 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. At any time during the lease, the tenant has the option to purchase the building. The annual base rent during the term of the lease is $1 per year. The tenant has also agreed to pay its proportional share of the common area maintenance, utilities, and related expenses. The Authority received $394,884 and $252,239 from ABIA under this Agreement for the years ended December 31, 2016 and 2015, respectively.

In March of 2011, the Authority agreed to lease approximately 25,000 square feet of the 47 North Main Street building (excluding non-rentable common area) to Summit County – DJFS, beginning in March 2011 for a period of five years. This lease was not renewed. The annual base rent during the term of the lease is $86,793 per year. The tenant has also agreed to pay its proportional share of the common area maintenance, utilities, and related expenses. The Authority received $47,718 and $194,507 from DJFS under this agreement for the years ended December 31, 2016 and 2015, respectively.

Effective November 1, 2012, the Authority and Lockheed Martin Corporation entered into an amended equipment lease agreement which states that Lockheed Martin Corporation has agreed to purchase existing project equipment and the Authority has agreed to acquire and lease to Lockheed Martin Corporation additional project equipment. In consideration of Lockheed Martin Corporation entering into this amendment, the Authority agrees that Lockheed Martin Corporation may draw on, and the Authority shall approve disbursement from, any funds held in the Project Fund and available to purchase project equipment under the equipment lease agreement to pay: (1) the existing project equipment purchase price which was appraised at $87,000, and (2) upon exercise by Lockheed Martin Corporation of the option to purchase the additional project equipment, the additional project equipment purchase price of $30,000. A $30,000 lease receivable and the related unearned lease revenue were originally recorded in the Statement of Net Position. During 2014, the Authority recognized $15,000 of rental income from equipment leased under this agreement. A new lease agreement was signed in November 2015 with Lockheed Martin Corporation. Under the terms of this new agreement, Lockheed Martin Corporation agreed to pay $15,000 to lease this equipment through October 2016. This lease was not renewed as Lockheed Martin notified The Authority of their intent to exercise the option to purchase the equipment for $30,000. The sale was finalized in January 2017.

In December of 2012, the Authority agreed to lease the 1034 Home Avenue building to A&K Summit Holdings, LLC, beginning in December 2012 for a period of one year. The annual base rent during the initial lease term is $12,000 per year. Rental payments during the post-option exercise lease term shall be 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 2016 and 2015. As of December 31, 2016 and 2015, the balance on the lease receivable was $560,226 and $674,170, respectively. The future fixed rental payments the Authority is scheduled to receive under the Lease Agreement total $113,944 in 2017.

NOTE 13 – 1034 HOME AVENUE

On July, 20, 2010, the Authority entered into a delinquent tax agreement with Summit County, in order to pay the outstanding property taxes owed on the property received. The amount was paid in full as of June 2015.

NOTE 14 – 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 balance outstanding on the revenue bonds was $6,465,000 and $6,835,000 at December 31, 2016 and 2015, respectively.

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

Year	Principal	Interest	Total
2017	375,000	397,791	$ 772,791
2018	385,000	381,441	766,441
2019	395,000	361,883	756,883
2020	410,000	341,422	751,422
2021	420,000	319,774	739,774
2022 - 2026	2,315,000	1,211,672	3,526,672
2027 - 2030	2,165,000	390,264	2,555,264
Total	$ 6,465,000	$ 3,404,247	$ 9,869,247

NOTE 15 – 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 2016; there were no insurance settlements in 2016 and 2015.

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 16 – RELATED PARTY TRANSACTIONS

The Authority uses certain Summit County employees without reimbursement. In addition, the Authority received a $177,000 grant from Summit County. $75,000 of the grant funds were to be used for economic development and job creation in both 2016 and 2015. Of this amount, the County specified that the grant funds be used for specific initiatives as directed by the County. $102,000 of the grant funds were to be applied to debt service payments on certain State of Ohio R&D Loan payment due during 2016 in relation to 47 N Main St. Akron, Ohio and ABIA. See Note 1, Non-Operating Grant Revenue and Expenses.

NOTE 17 – LETTER OF CREDIT

The Authority has a $5 million, unsecured letter of credit with a bank in order to support issuance of development bonds via the Authority's Bond Fund Program. No amounts were outstanding on this letter of credit as of December 31, 2016 and 2015.

NOTE 18 – 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. New development at the site includes a medical office building and retail.

Summit County - 47 North Main Street Project

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 March 2011, the Authority issued $8.5 million of Tax-Exempt Development Revenue Bonds. The bonds were used to provide financing for the renovation, construction, and improvement of a building located at 47 North Main Street in the City of Akron, Ohio. These bonds are 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 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 is secured by assets of the project.

The Authority issued a 22 year note in the amount of $2,490,000 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 under the terms of the Loan and note.

The Authority leases floors one, two, three, and a portion of the basement of the project site to Austen BioInnovation Institute in Akron ("ABIA"). 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. The Authority uses approximately 2,040 square feet of floor four of the project site as its offices. As of December 31, 2016, the Authority has recorded a liability in the amount of $17,424 and $42,065 for the years ended December 31, 2016 and 2015, respectively for estimated payments received which were greater than the total operating expenses allocated for the years then ended.

Macedonia TIF Project

In August 2007, the Authority authorized $2.5 million in subordinate tax-exempt revenue bonds to reimburse the developer for costs incurred related to the construction of public improvements in connection with an Independent Living/Assisted Living Facility and an Active Adult Community in Macedonia Ohio. Costs will be reimbursed after the original TIF bonds are paid off and only to the extent there are excess proceeds. New development at the site includes installing a road, sidewalks and handicap ramps, street lighting, water lines, storm and sanitary sewer lines, fire hydrants, and landscaping. Construction was completed during 2010 and the City accepted the improvements in May, 2010. Outstanding balance on the bonds at December 31, 2016 is $2,275,000.

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, and 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 19 – 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 20 – RELATED ORGANIZATION

Development Fund of the Western Reserve, Inc.

The Development Fund of the Western Reserve, Inc., 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 thereunder, or low-income persons ("Low-Income Persons"). The Corporation's members are the Authority, the Controlling Member, and Summit Workforce Solutions. The Corporation was certified as a qualified community development entity under the New Markets Tax Credit ("NMTC") Program. At least sixty percent (60%) 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 agreed to provide 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, 2016 and 2015, the Corporation paid support services expenses of $570,156 and $240,972, respectively, to the Authority. Financial information can be obtained from the Development Fund of the Western Reserve, Inc. Treasurer at 47 North Main Street, No. 407, Akron, Ohio 44308.

NOTE 21 – SUBSEQUENT EVENTS

The Authority anticipates the following projects to close in 2017:

1. Entering into a cooperative agreement with the Stark Port Authority to issue approximately $5.5 million in tax-exempt bonds to finance public infrastructure related to the expansion of the Pro Football Hall of Fame in Canton, Ohio.

2. Issuing up to $6.5 million in taxable bonds to assist with financing the redevelopment of the Law Building in downtown Akron, Ohio.
3. Entering into conduit lease financing to assist with the redevelopment of the East End, former Goodyear Headquarters Building in Akron, Ohio.
4. Issuing approximately $4 million in tax-exempt financing secured by a special assessment to finance the costs of road, water, sewer, and other utility improvements for the Residence at Yankee Trace in Centerville, Ohio.
5. Receiving an additional $2 million in Program Reserves from Summit County for its Jobs and Investment Bond Fund enabling an increase in lending capacity.

Additional Noted Events:

In May of 2017, the Authority anticipates a new tenant in the 47 N. Main Street property. Akron General Medical / Cleveland Clinic will lease approximately 3,300 square feet for the remainder of 2017 with an annual renewable option.

Also, in May of 2017, excess TIF revenues will enable the redemption of the Portage County / Brimfield Project bond and based on borrower decision, an early redemption will be executed for the Digestive Disease Project bond.

In May of 2017, the Authority was notified of a probable bond refinancing with additional new funding included for the Western Reserve Academy Project.

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
LAST THREE YEARS (1)

	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS)			
Authority's Proportion of the Net Pension Liability	0.0027642%	0.0028734%	0.0028734%
Authority's Proportionate Share of the Net Pension Liability	$ 478,796	$ 346,561	$ 338,734
Authority's Covered-Employee Payroll	$ 350,625	$ 352,277	$ 331,592
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	136.56%	98.38%	102.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

Amounts presented as of the Authority's measurement date which is December 31, 2016 and 2015.

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR YEARS (1)

	2016	2015	2014	2013
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ 42,300	$ 42,075	$ 42,273	$ 43,107
Contributions in Relation to the Contractually Required Contribution	(42,300)	(42,075)	(42,273)	(43,107)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Authority's covered-employee payroll	$ 352,500	$ 350,625	$ 352,277	$ 331,592
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Development Finance Authority of Summit County, Summit County, (the Authority) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2017.

Internal Control Over Financial Reporting

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

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

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

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001
www.ohioauditor.gov

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

June 30, 2017

Dave Yost • Auditor of State

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 6, 2017