

DEVELOPMENT FINANCE
AUTHORITY OF SUMMIT
COUNTY
SUMMIT COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Development Finance Authority of Summit County
1 Cascade Plaza, Suite 1700
Akron, Ohio 44308

We have reviewed the *Independent Auditor's Report* of the Development Finance Authority of Summit County, Summit County, prepared by Rea & Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

September 13, 2024

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

Development Finance Authority of Summit County
Summit County, Ohio
1 Cascade Plaza, Suite 1700
Akron, Ohio 44308

Report on the Financial Statements

We have audited the accompanying financial statements of the Development Finance Authority of Summit County, Summit County, Ohio, (the Authority) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Development Finance Authority of Summit County, Summit County, Ohio, as of December 31, 2023 and 2022, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
July 29, 2024

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Development Finance Authority of Summit County, Ohio

Management's Discussion and Analysis

For the Years Ended December 31, 2023 and 2022

General

The Management of the Development Finance Authority of Summit County (the "Authority") provides the readers of the Authority's financial statements this brief narrative overview of the financial activities of the Authority for the fiscal years ended December 31, 2023 and 2022.

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

In 2011, the Authority created the Development Fund of the Western Reserve (DFWR), a private, not-for profit 501(c)(3), to apply for certification through the U.S. Treasury Community Development Financial Institutions Fund (CDFI) to become eligible for allocations of New Markets Tax Credits (NMTC). DFWR, a certified Community Development Entity (CDE) of the U.S. Treasury, serves a 34-county area of northeast Ohio and is the only CDE exclusively focused on NMTC financing activity in northeast Ohio. The Authority assists with the management of DFWR through a service agreement.

Since 2012, DFWR has deployed \$145 million of NMTC allocation into twenty-nine projects in Northeast Ohio.

In 2017, the Authority, with assistance from Summit County, created and expanded the Akron-Summit County Energy Special Improvement District (ESID), to enable commercial property owners to finance energy efficiency projects within the County. The Authority manages the ESID, as of December 2023, twenty-two Summit County communities had joined the ESID.

In 2019, the Authority facilitated the creation of the Western Reserve Community Fund (WRCF), a private non-profit 501(3) organization, intended to become a Community Development Financial Institution (CDFI). CDFI's expand economic opportunity in low-income communities by providing access to financial products and services for local residents and businesses. WRCF's target market is disadvantaged businesses and communities located in Summit County. During 2021, WRCF received CDFI certification and to date, has made nearly 200 loans. The Authority assists with the management of WRCF through a service agreement.

From 2019 through 2022, the Authority engaged in project management activities for two specific projects – 47 N. Main St. and the Civic Theatre renovation and new construction. The Authority facilitated the management and funding of these projects under the guidelines of cooperative agreements.

Development Finance Authority of Summit County, Ohio

Management's Discussion and Analysis (continued)

For the Years Ended December 31, 2023 and 2022

In August of 2023, the Authority established UAkronPark, Inc., (UAkronPark) a 501(c)4 organization for the purpose of entering into a long-term concession and lease agreement for the parking assets owned by the University of Akron. The Authority issued tax-exempt revenue bonds on the behalf of UAkronPark in the amount of \$86,265,000 in order to monetize future parking revenue for the University, and UAkronPark agreed to lease, operate, maintain, and improve the University's parking system through contracts with an Asset Manager and Operations and Maintenance provider. Management has determined that UAkronPark is a component unit of the Authority and included its financial position and results of operations in the Authority's financial statements as a blended component unit. To obtain UAkronPark financial information, please send correspondence to 185 E. Mill Street Akron, Ohio 44325-6204.

Additionally, in August of 2023, the Authority acquired the property located at 1 Cascade Plaza, a 23-story office building sitting on land owned by the City of Akron. The Authority acquired this building due to a default by the previous owner in the payment of real estate taxes and assessments for bonds issued by the Authority in 2018. Since that acquisition, the Authority has stabilized the property. In November of 2023, the Authority moved their operations to the 17th floor.

In December of 2023, the property ownership was transferred to the Summit County Land Bank (the "Land Bank") and the Authority entered into a triple-net master lease agreement with the Land Bank, where the Authority continues to assume responsibility of the property and its management. It is worthy of note to state that this property acquisition did not result in a default on the bonds issued by the Authority.

Overview

The Authority engages in economic development finance activities that are conduit stand-alone and/or Jobs and Investment Fund ("Bond Fund") projects. During 2023, Standard & Poor's Global Rating (S&P) gave the Authority an A- Bond Fund Rating with a "positive outlook".

In 2023, Bond Fund projects totaling \$7.76 million were closed for projects in the cities of Canton and Cleveland.

In 2023, the Authority made its first loan issued through its Energy Efficiency Revolving Loan Fund in the amount of \$373,434 in the City Akron. These loans are for PACE projects between \$250,000 and \$1,000,000. When more loans through this fund are made, they will eventually be rolled up into the Bond Fund.

In 2023, tax-exempt conduit bond financing was provided for the University of Akron Parking project. These were issued under UAkronPark and are thus included in the Authority's financial statements.

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

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

Development Finance Authority of Summit County, Ohio

Management's Discussion and Analysis (continued)

For the Years Ended December 31, 2023 and 2022

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, 2023, the Authority had issued \$174.51 million to fund 48 projects with an outstanding principal balance of \$98.42 million.

As of December 31, 2023, the Bond Fund contained \$41,895,874 in reserves with an additional reserve of \$3,681,375 for Property Assessed Clean Energy (PACE) projects. In 2023, one of the Authority's bond fund projects used PACE.

Condensed Statement of Net Position Information

The table below provides a summary of the Authority's financial position and operations for 2023 and 2022.

Comparison of 2023 vs. 2022:

	<u>2023</u>	<u>2022</u>	<u>Change</u>	
			<u>Amount</u>	<u>%</u>
Assets:				
Current assets	\$ 13,261,828	\$ 9,014,685	\$ 4,247,143	47.1%
Other assets	<u>202,184,956</u>	<u>123,457,708</u>	<u>78,727,248</u>	<u>64.4%</u>
Total assets	215,446,784	132,472,393	82,974,391	63.3%
Deferred outflows of resources	<u>853,994</u>	<u>324,781</u>	<u>529,213</u>	<u>162.9%</u>
Total assets and deferred outflows of resources	216,300,778	132,797,174	83,743,699	63.1%
Liabilities and net position:				
Liabilities:				
Current liabilities	9,613,090	7,435,713	2,177,377	29.3%
Other liabilities	<u>194,581,489</u>	<u>110,691,110</u>	<u>83,890,379</u>	<u>75.8%</u>
Total liabilities	204,194,579	118,126,823	86,067,756	72.9%
Deferred inflows of resources	<u>11,823</u>	<u>650,722</u>	<u>(638,899)</u>	<u>(98.2%)</u>
Total liabilities and deferred inflows of resources	<u>204,206,402</u>	<u>118,777,545</u>	<u>85,428,857</u>	<u>71.9%</u>
Net position:				
Restricted	7,626,310	9,953,512	(2,327,202)	(23.4%)
Unrestricted	<u>4,468,066</u>	<u>4,066,117</u>	<u>401,949</u>	<u>9.98%</u>
Total net position	\$ <u>12,094,376</u>	\$ <u>14,019,629</u>	\$ <u>(1,925,253)</u>	<u>(13.9%)</u>

The increase to assets and other liabilities from 2022 to 2023 is primarily due UAkron Park. The Authority funded two new projects in 2023.

Development Finance Authority of Summit County, Ohio

Management's Discussion and Analysis (continued)

For the Years Ended December 31, 2023 and 2022

The table below provides a summary of the Authority's financial position and operations for 2022 and 2021.

Comparison of 2022 vs. 2021:

	2022	2021	Change	
			Amount	%
Assets:				
Current assets	\$ 9,014,685	\$ 10,127,704	\$ (1,113,019)	(11.0%)
Other assets	<u>123,457,708</u>	<u>108,378,312</u>	<u>15,079,396</u>	<u>13.9%</u>
Total assets	132,472,393	118,506,016	13,966,377	11.8%
Deferred outflows of resources	<u>324,781</u>	<u>278,149</u>	<u>46,632</u>	<u>16.8%</u>
Total assets and deferred outflows of resources	132,797,174	118,784,165	14,013,009	11.8%
Liabilities and net position:				
Liabilities:				
Current liabilities	7,435,713	6,777,707	658,006	9.7%
Other liabilities	<u>110,691,110</u>	<u>99,386,944</u>	<u>11,304,166</u>	<u>11.4%</u>
Total liabilities	118,126,823	106,164,651	11,962,172	11.3%
Deferred inflows of resources	<u>650,722</u>	<u>460,430</u>	<u>190,292</u>	<u>41.3%</u>
Total liabilities and deferred inflows of resources	<u>118,777,545</u>	<u>106,625,081</u>	<u>12,152,464</u>	<u>11.4%</u>
Net position:				
Restricted	9,953,512	8,656,182	1,297,330	15.0%
Unrestricted	<u>4,066,117</u>	<u>3,502,902</u>	<u>563,215</u>	<u>16.1%</u>
Total net position	\$ <u>14,019,629</u>	\$ <u>12,159,084</u>	\$ <u>1,860,545</u>	<u>15.3%</u>

The increase to restricted assets and other liabilities from 2021 to 2022 is primarily due to bond fund activity. The Authority funded four new projects in 2022.

Development Finance Authority of Summit County, Ohio

Management's Discussion and Analysis (continued)

For the Years Ended December 31, 2023 and 2022

The net pension liability (NPL) is a significant liability reported by the Authority at December 31, 2023 and 2022 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. During 2018, the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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

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

Development Finance Authority of Summit County, Ohio

Management’s Discussion and Analysis (continued)

For the Years Ended December 31, 2023 and 2022

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

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

Long Term Debt

Additional information on the outstanding debt can be found in Notes 5, 13, 14, 17 and 26. The following table summarizes outstanding debt.

	Balance at January 1, 2023	Additions	Reductions	Balance at December 31 2023
Notes Payable	\$ 5,823,061	\$ 173,404	\$ (33,511)	\$ 5,962,954
Revenue Bonds	14,895,000	-	(1,115,000)	13,780,000
Bonds payable	-	81,445,397	9,698	81,455,095
Bond Fund Transactions	<u>95,625,000</u>	<u>7,760,000</u>	<u>(4,965,000)</u>	<u>98,420,000</u>
	<u>\$ 116,343,061</u>	<u>\$ 89,378,801</u>	<u>\$ (6,103,813)</u>	<u>\$ 199,618,049</u>
	Balance at January 1, 2022	Additions	Reductions	Balance at December 31 2022
Notes Payable	\$ 8,659,129	\$ 36,449	\$ (2,872,517)	\$ 5,823,061
Revenue Bonds	15,955,000	-	(1,060,000)	14,895,000
Bond Fund Transactions	<u>79,755,000</u>	<u>21,465,000</u>	<u>(5,595,000)</u>	<u>95,625,000</u>
	<u>\$ 104,369,129</u>	<u>\$ 21,501,449</u>	<u>\$ (9,527,517)</u>	<u>\$ 116,343,061</u>

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

The Authority's net position decreased by \$1,925,253 in 2023. Operating revenues increased by 154% in 2023 primarily due to increases in rental income and UAkron Park revenues. Operating expenses increased primarily due to an increase in Cascade building expenses and UAkron Park expenses. The change in non-operating activity is primarily due to UAkron Park’s contribution to the University of Akron.

Development Finance Authority of Summit County, Ohio

Management's Discussion and Analysis (continued)

For the Years Ended December 31, 2023 and 2022

	2023	2022	Change	
			Amount	%
Operating revenues:				
Project management and administrative fees	\$ 715,974	\$ 711,091	\$ 4,883	0.7%
CAK Business Park administrative revenue	63,323	37,495	25,828	68.9%
Loan processing fees	339,380	967,784	(628,404)	(64.9%)
Summit County economic development grant	202,500	197,500	5,000	2.5%
New Market Tax Credit financing revenue	105,000	200,000	(95,000)	(47.5%)
Management service agreement revenue	780,000	400,000	380,000	95.0%
Rental income	864,541	-	864,541	-
UAkron Park revenues	<u>3,289,278</u>	<u>-</u>	<u>3,289,278</u>	<u>-</u>
Total operating revenues	<u>6,359,996</u>	<u>2,513,870</u>	<u>3,846,126</u>	<u>154.5%</u>
Operating expenses:				
Salaries and benefits	1,620,367	985,136	635,231	64.5%
Professional services	150,944	140,518	10,426	7.4%
Office and occupancy	176,821	131,929	44,892	34.0%
Cascade building expenses	2,115,016	-	2,115,016	-
Bank fees	117,083	117,113	(30)	(0.0%)
Other expenses	392,061	82,525	309,536	375.1%
Bad debt expense	570,000	-	570,000	-
UAkron Park expenses	<u>2,055,485</u>	<u>-</u>	<u>2,055,485</u>	<u>-</u>
Total operating expenses	<u>7,197,777</u>	<u>1,457,221</u>	<u>5,740,556</u>	<u>397.9%</u>
Operating (loss) income	(837,781)	1,056,649	(1,894,430)	(181.1%)
Non-operating (expenses) revenues:				
Gain on sale of asset held for sale	-	354,167	(354,167)	(100.0%)
Interest income	381,823	409,527	(27,704)	(6.8%)
Interest income - related party	1,125	4,500	(3,375)	(75.0%)
Non-operating grant revenue	30,829	54,765	(23,936)	(43.7%)
Other non-operating income	914	-	914	-
Change in equity interests	12,764	(1,702)	14,466	849.9%
UAkron Park non-operating expenses	<u>(1,416,258)</u>	<u>-</u>	<u>(1,416,258)</u>	<u>-</u>
Total non-operating (expenses) revenue, net	(988,803)	821,257	(1,810,060)	(220.4%)
Pass-through revenue (expenses):				
Project deposits - Civic Renovation	(10,515)	-	(10,515)	-
Project deposits - Bldg. G - CDBG	90,150	37,743	52,407	138.9%
Pass-through expenses - Bldg. G - CDBG	<u>(178,304)</u>	<u>(55,104)</u>	<u>(123,200)</u>	<u>(223.6%)</u>
Total pass-through expenses	<u>(98,669)</u>	<u>(17,361)</u>	<u>(81,308)</u>	<u>(468.3%)</u>
Change in net position	(1,925,253)	1,860,545	(3,785,798)	(205.5%)
Net position - beginning of year	<u>14,019,629</u>	<u>12,159,084</u>	<u>1,860,545</u>	<u>15.3%</u>
Net position - end of year	<u>\$ 12,094,376</u>	<u>\$ 14,019,629</u>	<u>\$ (1,925,253)</u>	<u>(13.9%)</u>

Development Finance Authority of Summit County, Ohio

Management's Discussion and Analysis (continued)

For the Years Ended December 31, 2023 and 2022

	2022	2021	Change	
			Amount	%
Operating revenues:				
Project management and administrative fees	\$ 711,091	\$ 880,412	\$ (169,321)	(19.2%)
CAK Business Park administrative revenue	37,495	45,710	(8,215)	(18.0%)
Loan processing fees	967,784	434,679	533,105	122.6%
Summit County economic development grant	197,500	75,000	122,500	163.3%
New Market Tax Credit financing revenue	200,000	197,500	2,500	1.3%
Management service agreement revenue	<u>400,000</u>	<u>334,000</u>	<u>66,000</u>	<u>19.8%</u>
Total operating revenues	2,513,870	1,967,301	546,569	27.8%
Operating expenses:				
Salaries and benefits	985,136	483,270	501,866	103.8%
Professional services	140,518	141,803	(1,285)	(0.9%)
Office and occupancy	131,929	138,265	(6,336)	(4.6%)
Depreciation expense	-	4,167	(4,167)	(100%)
Bank fees	117,113	116,983	130	0.1%
Project related expenses	<u>82,525</u>	<u>340,067</u>	<u>(257,542)</u>	<u>(75.7%)</u>
Total operating expenses	<u>1,457,221</u>	<u>1,224,555</u>	<u>232,666</u>	<u>19.0%</u>
Operating income	1,056,649	742,746	313,903	42.3%
Non-operating revenues (expenses):				
Gain on sale of asset held for sale	354,167	-	354,167	-
Interest income	409,527	26,151	383,376	1,466.0%
Interest income - related party	4,500	1,200	3,300	275.0%
Non-operating grant revenue	54,765	72,500	(17,735)	(24.5%)
Change in equity interests	(1,702)	(4,913)	3,211	(65.4%)
Forgiveness of note receivable	<u>-</u>	<u>(14,977)</u>	<u>14,977</u>	<u>(100.0%)</u>
Total non-operating revenue, net	821,257	79,961	741,296	927.1%
Pass-through revenue (expenses):				
Project deposits - Civic Renovation	-	468,705	(468,705)	(100.0%)
Pass-through expenses - Civic Renovation	-	(468,705)	468,705	(100.0%)
Project deposits - Bldg. G - CDBG	37,743	369,436	(331,693)	(89.8%)
Pass-through expenses - Bldg. G - CDBG	<u>(55,104)</u>	<u>(291,637)</u>	<u>236,533</u>	<u>(81.1%)</u>
Total pass-through revenues (expenses)	<u>(17,361)</u>	<u>77,799</u>	<u>(95,160)</u>	<u>(122.3%)</u>
Change in net position	1,860,545	900,506	960,039	106.6%
Net position - beginning of year	<u>12,159,084</u>	<u>11,258,578</u>	<u>900,506</u>	<u>8.0%</u>
Net position - end of year	<u>\$ 14,019,629</u>	<u>\$ 12,159,084</u>	<u>\$ 1,860,545</u>	<u>15.3%</u>

Development Finance Authority of Summit County, Ohio

Management's Discussion and Analysis (continued)

For the Years Ended December 31, 2023 and 2022

The Authority's net position increased by \$1,860,545 in 2022. Operating revenues increased by 28% in 2022 primarily due to increases in loan processing fees. Operating expenses increased primarily due to an increase in salary and benefits offset by a decreases in project related expenses. The change in non-operating activity is primarily due to a gain on the sale of assets held for sale.

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

In 2023, revenue from operations and deal flow was healthy despite continued rate increases from the Federal Reserve Bank, a slowed supply chain, and increased inflation. Indicators point to an active project pipeline in 2024.

During 2023, the Authority, took possession of a commercial office building located at 1 Cascade Plazas in Akron, Ohio and then transferred title to the Summit County Land Bank. However, the Authority is the master tenant of the building and has continued to assume all obligations of the property and its management.

In 2021, Development Fund of the Western Reserve (DFWR) was awarded a \$50 million New Markets Tax Credit (NMTC) allocation. DFWR deployed approximately \$25 million NMTC during 2022. DFWR is managed by the Authority's staff through a service agreement. In 2023 and 2022, DFWR compensated the Authority in the amount of \$485,000 and \$450,000 respectively. The Authority expects compensation of \$570,000 in 2024.

During 2023, the Authority experienced significant expansion of program services provided by the Western Reserve Community Fund (WRCF), a certified Community Development Financial Institution (CDFI). WRCF is managed by the Authority's staff through a service agreement. WRCF's importance to the Authority and the community continued to be apparent during 2023, as their growth becomes ever more noticeable. WRCF's lending capability encompasses four key product areas. As the 2023 year ended, the Authority was hiring additional staff due to the increased loan volume. In 2023 and 2022, WRCF compensated the Authority in the amount of \$400,000 and \$150,000 respectively. The Authority expects compensation of \$450,000 in 2024.

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 Chad Mayle, CFO.

Development Finance Authority of Summit County
Statements of Net Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Unrestricted assets		
Cash	\$ 5,844,114	\$ 2,796,683
Accounts receivable, net of allowance of \$44,343 and \$0	535,967	50,419
Administrative fee receivable	73,222	70,804
Interest receivable	90,647	-
Related party receivable	107,559	-
Prepaid expenses	95,319	16,779
Total unrestricted assets, current	6,746,828	2,934,685
Restricted assets		
Current portion of operating receivable	1,165,000	1,115,000
Current portion of bond fund receivable	5,350,000	4,965,000
Total restricted assets, current	6,515,000	6,080,000
Total current assets	13,261,828	9,014,685
Non-current assets		
Net OPEB asset	-	148,120
Loan receivable - Energy Efficiency Revolving Loan Fund	373,434	-
Deposits	148,025	-
Right to use assets, net of amortization	55,202,860	-
Restricted assets		
Cash - board restricted	519,981	1,392,486
Restricted cash - Energy Efficiency RLF	-	2,118,090
Restricted cash - MCCAP Bond fund program reserve	-	1,002,682
Restricted cash - 47 N Main project	477	476
Restricted cash - UAkron Park	25,131,989	-
Investment - board restricted	1,929,236	700,529
Restricted investment - Bond fund program reserve	7,515,045	7,512,600
Restricted investment - State 166 loan program reserve	2,000,028	2,000,012
Restricted investment - Energy loan program reserve	3,962,954	3,789,550
Equity in P-Cure, Ltd.	23,918	23,918
Equity in Dentaray, Ltd.	-	3,190
Equity in Akron Fusion Ventures, LP	42,009	26,055
Note receivable - related party - WRCF	-	300,000
Operating receivable - Akron Civic Theater	9,530,000	10,205,000
Operating receivable - Bridgestone	3,085,000	3,575,000
Cascade receivable	4,330,000	-
Bond fund transactions (see Note 5)	88,390,000	90,660,000
Total restricted assets, non-current	146,460,637	123,309,588
Total non-current assets	202,184,956	123,457,708
Total assets	215,446,784	132,472,393

The accompanying notes are an integral part of these financial statements

Development Finance Authority of Summit County
Statements of Net Position (continued)
December 31, 2023 and 2022

	2023	2022
Deferred outflows of resources		
Deferred outflows - pension	748,176	291,919
Deferred outflows - OPEB	105,818	32,862
Total deferred outflows of resources	853,994	324,781
Total assets and deferred outflows of resources	\$ 216,300,778	\$ 132,797,174
Liabilities		
Current liabilities		
Payable from unrestricted assets		
Deposits held	\$ 65,244	\$ 243,399
Accounts payable	1,070,142	28,592
Related party payable	1,125,075	-
Accrued expenses	592,629	52,893
Total payable from unrestricted assets, current	2,853,090	324,884
Payable from restricted assets		
Note payable - Summit County, current portion	-	30,829
Revenue bonds - Akron Civic Theater, current portion	675,000	625,000
Revenue bonds - Bridgestone, current portion	490,000	490,000
Revenue bonds - Bond fund projects, current portion	5,580,000	4,965,000
Grants payable	15,000	1,000,000
Total payable from restricted assets, current	6,760,000	7,110,829
Total current liabilities	9,613,090	7,435,713
Non-current liabilities		
Unearned revenue	76,457	48,045
Net pension liability	1,597,821	410,833
Net OPEB liability	34,162	-
Payable from restricted assets		
Note payable - State of Ohio	2,000,000	2,000,000
Energy loan loss reserve escrow	3,962,954	3,789,550
MCCAP bond fund program reserve escrow	-	2,682
Bonds payable	81,455,095	-
Revenue bonds - Akron Civic Theater	9,530,000	10,205,000
Revenue bonds - Bridgestone	3,085,000	3,575,000
Bond fund transactions (see Note 5)	92,840,000	90,660,000
Total restricted liabilities, non-current	192,873,049	110,232,232
Total non-current liabilities	194,581,489	110,691,110
Total liabilities	204,194,579	118,126,823

The accompanying notes are an integral part of these financial statements

Development Finance Authority of Summit County
Statements of Net Position (continued)
December 31, 2023 and 2022

	2023	2022
Deferred inflows of resources		
Deferred inflows - pension	-	497,683
Deferred inflows - OPEB	11,823	153,039
Total deferred inflows of resources	11,823	650,722
Net position		
Restricted	7,626,310	9,953,512
Unrestricted	4,468,066	4,066,117
Total net position	12,094,376	14,019,629
Total liabilities, deferred inflows of resources, and net position	\$ 216,300,778	\$ 132,797,174

The accompanying notes are an integral part of these financial statements

Development Finance Authority of Summit County
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues		
Project management and administrative fees	\$ 715,974	\$ 711,091
CAK Business Park - administrative revenue	63,323	37,495
Loan processing fees	339,380	967,784
Summit County economic development grants	202,500	197,500
New market tax credit financing revenue	105,000	200,000
Management service agreement revenue	780,000	400,000
Rental income	864,541	-
UAkron Park revenues	3,289,278	-
Total operating revenues	<u>6,359,996</u>	<u>2,513,870</u>
Operating expenses		
Salaries and benefits	1,620,367	985,136
Professional services	150,944	140,518
Office and occupancy	176,821	131,929
Cascade building expenses	2,115,016	-
Bank fees	117,083	117,113
Other expenses	392,061	82,525
Bad debt expense	570,000	-
UAkron Park expenses	2,055,485	-
Total operating expenses	<u>7,197,777</u>	<u>1,457,221</u>
Operating (loss) income	(837,781)	1,056,649
Non-operating (expenses) revenues		
Gain on sale of asset held for sale	-	354,167
Interest income	381,823	409,527
Interest income - related party	1,125	4,500
Non-operating grant revenue	30,829	54,765
Other non-operating income	914	-
Change in equity interests	12,764	(1,702)
UAkron Park non-operating expenses, net	(1,416,258)	-
Total non-operating (expenses) revenues, net	<u>(988,803)</u>	<u>821,257</u>
Pass-through (expenses) revenues		
Project deposits - Civic Renovations	(10,515)	-
Project deposits - Bowery Building G	90,150	37,743
Pass-through expenses - Bowery Building G	(178,304)	(55,104)
Total non-operating pass-through (expenses) revenues	<u>(98,669)</u>	<u>(17,361)</u>
Total non-operating (expenses) revenues	<u>(1,087,472)</u>	<u>803,896</u>
Change in net position	(1,925,253)	1,860,545
Net position - beginning of year	<u>14,019,629</u>	<u>12,159,084</u>
Net position - end of year	<u>\$ 12,094,376</u>	<u>\$ 14,019,629</u>

The accompanying notes are an integral part of these financial statements

Development Finance Authority of Summit County
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating activities		
Cash received from development projects	\$ 5,590,383	\$ 4,132,269
Cash received from operating grants	202,500	197,500
Cash payments to and on behalf of employees	(1,371,815)	(1,059,779)
Cash payments for other operating expenses	(2,438,860)	(2,328,136)
Net cash provided by operating activities	1,982,208	941,854
Capital financing activities		
Proceeds from sale of asset held for resale	-	1,500,000
Deposit for property and equipment	(134,638)	-
Cash payment for right to use assets	(55,334,609)	-
Proceeds from issuance of tax exempted bond	86,265,000	-
Cost of issuance of tax exempt bond	(4,819,603)	-
Net cash provided by financing activities	25,976,150	1,500,000
Non-capital financing activities		
Borrowings on energy loan loss reserve escrow	173,404	36,437
(Repayment) borrowings on MCCAP bond fund reserve escrow	(2,682)	2,495
Loans provided for energy efficiency projects	(373,434)	-
Repayment of note payable - Summit County - 47 N Main St	-	(1,800,000)
Payments on line of credit / note payable	(30,829)	(75,000)
Repayments received on Akron Summit County ESID loan	-	2,883
Proceeds on WRCF loan	300,000	-
Repayments of WRCF grant	(1,000,000)	-
Cash received from revenue bonds - Akron Civic	625,000	585,000
Cash received from revenue bonds - Bridgestone	490,000	475,000
Cash payments from revenue bonds - Akron Civic	(625,000)	(585,000)
Cash payments from revenue bonds - Bridgestone	(490,000)	(475,000)
Cash payments for pass-through activity, net	(98,669)	(17,361)
Proceeds from other non-operating grants	31,743	54,765
Cash contribution to Akron University	(1,508,838)	-
Bond fund:		
Cash received from borrowings on revenue bonds	7,760,000	21,465,000
Cash received from repayments on revenue bonds	4,745,000	5,595,000
Cash payments from borrowings on revenue bonds	(7,760,000)	(21,465,000)
Cash payments from repayments on revenue bonds	(4,965,000)	(5,595,000)
Net cash used by non-capital financing activities	(2,729,305)	(1,795,781)
Investing activities		
Cash payments for net purchase of investments	(1,404,572)	(379,928)
Cash received from interest on investments	384,880	414,027
Cash payments for non-operating activities	(23,217)	(35,324)
Net cash used in investing activities	(1,042,909)	(1,225)
Net increase in cash and cash equivalents	24,186,144	644,848
Cash and cash equivalents - beginning of year	7,310,417	6,665,569
Cash and cash equivalents - end of year	\$ 31,496,561	\$ 7,310,417

The accompanying notes are an integral part of these financial statements

Development Finance Authority of Summit County
Statements of Cash Flows (continued)
For the Years Ended December 31, 2023 and 2022

	2023	2022
Reconciliation of cash and cash equivalents to the statement of net position		
Cash - unrestricted	\$ 5,844,114	\$ 2,796,683
Cash - board restricted	519,981	1,392,486
Restricted cash Energy Efficiency RLF	-	2,118,090
Restricted cash - MCCAP bond fund program reserve	-	1,002,682
Restricted cash - 47 N Main project	477	476
Restricted cash - UAkron Park	25,131,989	-
Cash and cash equivalents - end of year	\$ 31,496,561	\$ 7,310,417
Reconciliation of operating (loss) income to net cash provided by operating activities		
Operating (loss) income	\$ (837,781)	\$ 1,056,649
Adjustments to reconcile operating (loss) income to net cash provided by operating activities		
Amortization, included in UAkron Park operating expense	141,447	-
Bond fund transactions - Cascade write off	570,000	-
Change in assets and liabilities		
Accounts receivable	(523,290)	4,034
Administrative fees receivable	(2,418)	(5,803)
Related party receivable	(107,559)	-
Prepaid expenses	(78,540)	(7,463)
Accounts receivable - restricted - 47 N Main St Project	-	836,212
Net OPEB asset	148,120	(78,817)
Deposits	(13,387)	-
Deferred outflows of resources	(529,213)	(46,632)
Deposits held	(129,710)	(121,912)
Accounts payable	1,054,065	(276,070)
Grants payable	15,000	-
Related party payable	1,125,075	-
Accrued expenses	539,736	25,853
47 North Main Street tenant liability	-	(450,552)
Net pension / OPEB liability	1,221,150	(165,339)
Unearned revenue	28,412	(18,598)
Deferred inflows of resources	(638,899)	190,292
Net cash provided by operating activities	\$ 1,982,208	\$ 941,854
Non-cash transactions		
Reclassification of escrow reserve to grants payable	\$ -	\$ 1,000,000
(Gain) loss on equity interest	(12,764)	1,702
Non-cash transactions	\$ (12,764)	\$ 1,001,702

The accompanying notes are an integral part of these financial statements

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements

For the Years Ended December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies

Reporting Entity

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

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability are the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity.

The Authority created UAkron Park in 2023 to serve as the Lessee/Concessionaire under a concession agreement with the University of Akron. Pursuant to the concession agreement, UAkron Park agreed to lease, operate, maintain, and improve the University of Akron's parking system. UAkron Park is considered a blended component unit. Additional information related UAkron Park can be found in Note 26. UAkron Park prepares its financial statements in accordance with the not-for-profit entity related provisions of the standards set by the Financial Accounting Standards Board (FASB) which established the FASB Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

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.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (continued)

Fund Accounting

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

Basis of Presentation

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

Basis of Accounting/Measurement Focus

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

The Authority's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the Authority's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Authority finances and meets the cash flows of its enterprise activity. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from closing fees and servicing fees. Operating expenses for the Authority include the cost of providing these services, including administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating 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, 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.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (continued)

Conduit Debt

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

Budgetary Process

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

Cash and Investments

Summit County was the fiscal agent for the Authority's operations until November 2023. Accordingly, the Summit County Fiscal Officer maintained a portion of the Authority's cash in a Custodial fund on the County's financial records. The Authority's Secretary of the Board was the fiscal agent for the Authority's development projects. Summit County Council approved the amendment of authorizing legislation for the Authority in November 2023, thus no longer requiring the Authority to have the county as its fiscal agent any longer. At this time, the Authority's fiscal agent for all activity is the Secretary of the Board and funds are maintained by Authority staff.

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, 47 N. Main Capital Reserve Account, RLF Account, Cascade security deposits, and the County Grant Reserve Account.

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

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (continued)

Restricted Cash – Energy Efficiency Revolving Loan Fund

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

Restricted Cash – MCCAP Bond Fund Program Reserve

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

Restricted Cash – 47 N Main Project

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

Restricted Cash – UAkron Park

The Authority is required to keep separate bank accounts for bond issuance costs, capital spending, debt service, and other purposes related to UAkron Park bonds.

Fair Value of Financial Assets and Liabilities

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

Capital Assets / Right to Use Assets

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

Right to use assets subject to amortization relate to the Authority's component unit, UAkron Park, and include the University of Akron's parking system, which is being amortized over 35 years, the term of the concession agreement, using a straight-line depreciation method.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (continued)

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused sick pay benefits. Beginning in January 2019, vacation earned during the calendar year must be used in the same year and will not be accrued in the next calendar year. Beginning in January 2023, the Authority's vacation policy permits one week, or 40 hours of vacation earned during the calendar year to be carried forward and used in the following year. Any accrued or carried over vacation is deemed payable to the employees up to the maximum balances stated in the policy.

Pensions and Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Authority, deferred outflows of resources are reported on the statements of net position for pension/OPEB. The deferred outflows of resources related to pension/OPEB are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Authority, deferred inflows of resources include pension/OPEB, which are explained in Notes 11 and 12.

Debt Issuance Costs and Bond Discounts

Debt issuance costs and bond discounts are offset against the debt and charged to interest expense over the life of the debt using the effective interest method.

Non-Operating Grant and Pass-Through Revenue and Expenses

Non-operating grant revenue and expenses are those that are not generated by the Authority's primary mission and relate to the transfer of resources from one governmental entity to another. The Authority recognized non-operating grant revenue and expenses related to the Summit County grant in the amount of \$30,829 and \$54,765 for the years ended December 31, 2023 and 2022, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies (continued)

Non-Operating Grant and Pass-Through Revenue and Expenses (continued)

The Authority recognized non-operating pass through grant revenue and expenses related to the Civic Theatre's Administrative Building and Ticket Office (Building G of the Bowery project) in Akron, Ohio in the amount of \$90,150 in revenue and \$188,819 in expenses for the year ended December 31, 2023 and \$37,743 in revenue and \$55,104 in expenses for the year ended December 31, 2022.

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.

Note 2: Change in Accounting Principles

Newly Adopted Accounting Pronouncements

For the year ended December 31, 2023, the Authority implemented the following Governmental Accounting Standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. This statement clarifies the accounting and financial reporting surrounding public-private and public-public partnerships and availability payment arrangements. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. These changes were incorporated into the Authority's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The implementation of this GASB pronouncement did not result in any changes to the Authority's financial statements.

GASB Statement No. 99, *Omnibus 2022*, was issued in April 2022. This statement addresses a variety of topics with objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The effective date of this standard to reporting periods beginning after June 15, 2022. The implementation of this GASB pronouncement did not result in any changes to the Authority's financial statements.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 2: Change in Accounting Principles (continued)

Newly Adopted Accounting Pronouncements (continued)

GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 AND NO. 84, and a Supersession of GASB Statement No. 32*, was issued in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of this GASB pronouncement did not result in any changes to the Authority's financial statements.

Newly Issued Accounting Pronouncements, Not Yet Adopted

GASB Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*, was issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The effective date of this standard to reporting periods beginning after June 15, 2023. The Authority has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

GASB Statement No. 101, *Compensated Absences*, was issued in June 2022. The primary objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The Authority has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 3: Fair Value Measurements

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

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

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

	<u>12/31/23</u>	<u>12/31/22</u>
Investment - Huntington	\$ 1,474,200	\$ 399,716
Investment - US Bank - Bond Fund Program	455,036	300,813
Investment - Bond Fund Reserve	7,515,045	7,512,600
Investment - State 166 Loan Reserve	2,000,028	2,000,012
Investment - Energy Loan Loss Reserve	3,962,954	3,789,550
Equity in P-Cure, Ltd.	23,918	23,918
Equity in Dentaray, Ltd.	-	3,190
Equity in Akron Fusion Ventures, LP	42,009	26,055

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

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

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 3: Fair Value Measurements (continued)

Fair Value

The amortized cost, gross unrealized holding gains, gross unrealized holding losses, and fair value of available-for-sale investment securities by major security type and class of security as of December 31, 2023 and 2022 are as follows:

December 31, 2023:

	<u>Total</u>		<u>Level 1</u>		<u>Level 2</u>		<u>Level 3</u>
Financial assets:							
Investment - Huntington	\$ 1,474,200	\$	-	\$	1,474,200	\$	-
Investment - US Bank - Bond Fund Program	455,036		-		455,036		-
Investment - Bond Fund Reserve	7,515,045		-		7,515,045		-
Investment - State 166 Loan Reserve	2,000,028		-		2,000,028		-
Investment - Energy Loan Loss Reserve	3,962,954		-		3,962,954		-
Equity in P-Cure, Ltd.	23,918		-		-		23,918
Equity in Akron Fusion Ventures, LP	42,009		-		-		42,009

December 31, 2022:

Financial assets:							
Investment - Huntington	\$ 399,716	\$	-	\$	399,716	\$	-
Investment - US Bank - Bond Fund Program	300,813		-		300,813		-
Investment - Bond Fund Reserve	7,512,600		-		7,512,600		-
Investment - State 166 Loan Reserve	2,000,012		-		2,000,012		-
Investment - Energy Loan Loss Reserve	3,789,550		-		3,789,550		-
Equity in P-Cure, Ltd.	23,918		-		-		23,918
Equity in Dentaray, Ltd.	3,190		-		-		3,190
Equity in Akron Fusion Ventures, LP	26,055		-		-		26,055

Certain secured financing arrangements require the Authority to post cash collateral or maintain minimum cash balances in reserves. These amounts are reported in the balance sheets as restricted investments. At December 31, 2023, such restricted amounts were \$7,515,045, \$2,000,028, and \$3,962,954. At December 31, 2022, such restricted amounts were \$7,512,600, \$2,000,012, and \$3,789,550.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 3: Fair Value Measurements (continued)

<u>Fair Value (continued)</u>			
<u>Bond Reserve Investment</u>	<u>Maturity Date</u>	<u>12/31/23</u>	<u>12/31/22</u>
First American Government Obligated Funds	N/A	\$ 1,031,713	\$ 779,874
US Bank National Association Commercial Paper Sweep	N/A	-	249,394
Natixis Funding Corp	7/15/2027	<u>6,483,332</u>	<u>6,483,332</u>
		<u>\$ 7,515,045</u>	<u>\$ 7,512,600</u>
<u>State 166 Reserve</u>			
First American Government Obligated Funds	N/A	\$ 28	\$ 12
US Bank National Association Certificate of Deposit		<u>2,000,000</u>	<u>2,000,000</u>
		<u>\$ 2,000,028</u>	<u>\$ 2,000,012</u>
<u>Energy Loan Loss Reserve</u>			
First American Government Obligated Funds	N/A	\$ 3,962,954	\$ 3,789,550
<u>US Bank Fund Program</u>			
First American Government Obligated Funds	N/A	\$ 455,036	\$ 300,813
<u>Investment - Huntington</u>			
Money Market	N/A	\$ 1,474,200	\$ 399,716

Note 4: 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.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 4: Deposits and Investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it.

Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Authority and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Ohio Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

At December 31, 2023, the carrying amount of the Authority's deposits was \$4,318,958 and the bank balance was \$4,331,931. At year-end, none of the Authority's total bank balance was exposed to custodial credit risk as those deposits were insured and collateralized. At year-end, the Authority had \$96,291 of cash on deposit with the County and \$27,081,312 of cash on hand with UAkron Park. The Authority's carrying amount of cash on deposit with the County was \$7,310,417 as of December 31, 2022.

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.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 4: Deposits and Investments (continued)

Investments (continued)

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Credit Risk

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

Equity Investments

The Authority's equity interest in P-Cure, Ltd. was \$23,918 and \$23,918 at December 31, 2023 and 2022, respectively. No contributions were made in 2023 and 2022. P-Cure, Ltd. has not prepared publicly available financial statements as of December 31, 2023 or 2022.

The Authority's equity interest in Dentaray, Ltd. was \$-0- and \$3,190 at December 31, 2023 and 2022, respectively. No contributions were made in 2023 and 2022. During 2023, the investment was deemed to have no value and the investment was written off. Dentaray, Ltd. has not prepared publicly available financial statements as of December 31, 2023 or 2022.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 4: Deposits and Investments (continued)

Equity Investments (continued)

The Authority's equity interest in Akron Fusion Investment Partners I, LP (Akron Fusion) was \$42,009 and \$26,055 as of December 31, 2023 and 2022, respectively. The net profits and losses of Akron Fusion Ventures, LP are allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. The unrealized gain being utilized for 2023 is based on the June 2023 investment statement provided by Akron Fusion. The unrealized loss being utilized for 2022 is based on the 2021 information, as the 2022 financial statements and K-1 were not yet available. The Authority recognized unrealized gain of \$15,954 and unrealized loss of \$1,702 as of December 31, 2023 and 2022, respectively on this equity interest.

In 2020, the Authority received 3,453 ordinary membership units in Intellirod Spine, Inc, which results in an 1.804% share. The Authority's equity interest in Intellirod Spine, Inc. was \$-0- as of December 31, 2023 and 2022.

In 2015, 2012 and 2011, Summit County directed the Authority to make an equity contribution of \$25,333, \$75,000 and \$25,000 respectively, into Startvest 09, LP ("Startvest 09"), which results in a 2.6505% share as of December 31, 2023 and 2022. The Authority's equity interest in Startvest 09 was \$-0- as of December 31, 2023 and 2022.

Note 5: 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 ODO. After December 2021, interest is no longer required to be remitted back to ODO. 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.

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.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 5: Jobs and Investment Bond Fund Program (continued)

Under the Program, debt service requirements on each bond issue are to be secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to provide cash or a letter of credit as additional security for the related bonds. Amounts in the Bond Fund Program Reserve may be used for debt service in the event the borrower is unable to make the required payments under the lease. Amounts held in the Authority's Bond Fund Program Reserve were \$7,515,045 and \$7,512,600 at December 31, 2023 and 2022 respectively, and are included in restricted assets in the accompanying statement of net position.

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

In February and June 2018, the Authority obtained an investment of \$2,242,953 and \$1,364,214 respectively from ODOD to act as a reserve for any Bond Fund Property Assessed Clean Energy (PACE) projects that have a Level 2 energy audit as outlined by the American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE). Amounts held in the Authority's Energy Loan Loss Reserve were \$3,962,954 and \$3,789,550 at December 31, 2023 and 2022, respectively, and are included in restricted assets in the accompanying statement of net position.

The Authority Bond Fund program reserve letter of credit held by Huntington Bank was \$7.5 million at December 31, 2023 and 2022.

In 2023, Bond Fund projects totaling \$7.76 million were closed for projects in the cities of Canton and Cleveland.

In 2022, Bond Fund projects totaling \$21.47 million were closed, including for the Ocasek Municipal Court, a PACE project in Akron, and projects in the cities of Columbus and Toledo.

In 2022, the Authority launched its Energy Efficiency Revolving Loan Fund. The purpose of this fund is to provide PACE financing between \$250,000 and \$1,000,000 for commercial property owners seeking to make energy improvements. The goal with this fund is to approve loans that eventually can be rolled together into a bond fund issuance. In 2023, the Authority made its first loan through this fund in the amount of \$373,434 to a project located in the City of Akron.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 5: Jobs and Investment Bond Fund Program (continued)

Changes in the Authority's Bond Fund program for the year ended December 31, 2023 were as follows:

	Balance January 1 <u>2023</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31 <u>2023</u>	Due Within <u>One Year</u>
Cavalier project	\$ 1,765,000	\$ -	\$ (460,000)	\$ 1,305,000	\$ 495,000
Plaza Schroer project	550,000	-	(25,000)	525,000	25,000
University Edge project	3,205,000	-	(625,000)	2,580,000	655,000
IRG Rubber City project	4,825,000	-	(305,000)	4,520,000	325,000
Garfield Heights project	80,000	-	(80,000)	-	-
Village of Seville project	500,000	-	(150,000)	350,000	155,000
Summit County Workforce-1 project	1,275,000	-	(315,000)	960,000	320,000
Summit County Workforce-2 project	1,055,000	-	(50,000)	1,005,000	60,000
Summit County Workforce-3 project	45,000	-	(10,000)	35,000	10,000
Dublin Bridge Park project	4,240,000	-	(145,000)	4,095,000	150,000
Family & Community Services project	2,135,000	-	(115,000)	2,020,000	120,000
Hercules Motor Company project	2,115,000	-	(110,000)	2,005,000	120,000
Cascades (PACE) project	4,900,000	-	(220,000)	4,680,000	230,000
Spray Products project	4,265,000	-	(335,000)	3,930,000	355,000
Crystal Clinic (PACE) project	3,280,000	-	(230,000)	3,050,000	240,000
Maplecrest project	3,520,000	-	(70,000)	3,450,000	70,000
ARDL (PACE) project	2,110,000	-	(150,000)	1,960,000	155,000
Spring Hill TIF project	2,815,000	-	(70,000)	2,745,000	70,000
Founders Park project	5,245,000	-	(165,000)	5,080,000	180,000
Grandview project	4,000,000	-	(115,000)	3,885,000	120,000
Greens at Belden project	3,190,000	-	(125,000)	3,065,000	250,000
HOF Village Hotel project	2,620,000	-	(100,000)	2,520,000	110,000
Yankee Trace - Randall Park project	3,570,000	-	(200,000)	3,370,000	205,000
Crystal Clinic (TIF)	4,180,000	-	(240,000)	3,940,000	245,000
Greens at Belden II	2,590,000	-	(100,000)	2,490,000	210,000
Canal Place (PACE)	6,085,000	-	(185,000)	5,900,000	190,000
Toledo Innovation Center	6,350,000	-	(135,000)	6,215,000	205,000
Osasek Building (PACE)	7,300,000	-	(95,000)	7,205,000	190,000
CDSF, LLC (PACE)	3,815,000	-	(40,000)	3,775,000	80,000
Rohr Road (TIF)	4,000,000	-	-	4,000,000	-
HOFV McKinley	-	2,760,000	-	2,760,000	40,000
Renaissance Hotel	-	5,000,000	-	5,000,000	-
Total	\$ <u>95,625,000</u>	\$ <u>7,760,000</u>	\$ <u>(4,965,000)</u>	\$ <u>98,420,000</u>	\$ <u>5,580,000</u>

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 5: Jobs and Investment Bond Fund Program (continued)

Changes in the Authority's Bond Fund program for the year ended December 31, 2022 were as follows:

	Balance January 1 2022	Increase	Decrease	Balance December 31 2022	Due Within One Year
Cavalier project	\$ 2,195,000	\$ -	\$ (430,000)	\$ 1,765,000	\$ 460,000
Plaza Schroer project	570,000	-	(20,000)	550,000	25,000
Shearer's Food project	1,485,000	-	(1,485,000)	-	-
University Edge project	3,800,000	-	(595,000)	3,205,000	625,000
IRG Rubber City project	5,115,000	-	(290,000)	4,825,000	305,000
Garfield Heights project	295,000	-	(215,000)	80,000	80,000
Village of Seville project	640,000	-	(140,000)	500,000	150,000
Summit County Workforce-1 project	1,575,000	-	(300,000)	1,275,000	315,000
Summit County Workforce-2 project	1,105,000	-	(50,000)	1,055,000	50,000
Summit County Workforce-3 project	55,000	-	(10,000)	45,000	10,000
Dublin Bridge Park project	4,385,000	-	(145,000)	4,240,000	145,000
Family & Community Services project	2,245,000	-	(110,000)	2,135,000	115,000
Hercules Motor Company project	2,220,000	-	(105,000)	2,115,000	110,000
Cascades (PACE) project	5,110,000	-	(210,000)	4,900,000	220,000
Spray Products project	4,580,000	-	(315,000)	4,265,000	335,000
Crystal Clinic (PACE) project	3,500,000	-	(220,000)	3,280,000	230,000
Maplecrest project	3,580,000	-	(60,000)	3,520,000	70,000
ARDL (PACE) project	2,250,000	-	(140,000)	2,110,000	150,000
Spring Hill TIF project	2,880,000	-	(65,000)	2,815,000	70,000
Founders Park project	5,390,000	-	(145,000)	5,245,000	165,000
Grandview project	4,100,000	-	(100,000)	4,000,000	115,000
Greens at Belden project	3,190,000	-	-	3,190,000	125,000
HOF Village Hotel project	2,670,000	-	(50,000)	2,620,000	100,000
Yankee Trace - Randall Park project	3,760,000	-	(190,000)	3,570,000	200,000
Crystal Clinic (TIF)	4,295,000	-	(115,000)	4,180,000	240,000
Greens at Belden II	2,590,000	-	-	2,590,000	100,000
Canal Place (PACE)	6,175,000	-	(90,000)	6,085,000	185,000
Toledo Innovation Center	-	6,350,000	-	6,350,000	135,000
Osasek Building (PACE)	-	7,300,000	-	7,300,000	95,000
CDSF, LLC (PACE)	-	3,815,000	-	3,815,000	40,000
Rohr Road (TIF)	-	4,000,000	-	4,000,000	-
Total	\$ 79,755,000	\$ 21,465,000	\$ (5,595,000)	\$ 95,625,000	\$ 4,965,000

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 5: Jobs and Investment Bond Fund Program (continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,580,000	\$ 4,118,840	\$ 9,698,840
2025	6,180,000	3,878,259	10,058,259
2026	5,200,000	3,623,642	8,823,642
2027	5,590,000	3,413,338	9,003,338
2028	4,670,000	3,191,371	7,861,371
2029-2033	25,760,000	12,940,207	38,700,207
2034-2038	18,965,000	8,077,229	27,042,229
2039-2043	15,110,000	4,189,331	19,299,331
2044-2048	9,770,000	1,546,267	11,316,267
2049-2052	<u>1,595,000</u>	<u>118,583</u>	<u>1,713,583</u>
Total	\$ <u>98,420,000</u>	\$ <u>45,097,067</u>	\$ <u>143,517,067</u>

During 2023, the Cascades (PACE) project defaulted and the Authority determined that a write off of \$570,000 was needed for the bond fund receivable. As the result of Cascade bond default, in 2023 the related bond fund receivable was reclassified to it's own line in the amount of \$4,330,000.

Note 6: Tax-Exempt Conduit Debt Financing Projects

In accordance with Governmental Accounting Standards, the following revenue bond financing projects issued by the Authority are considered conduit debt and do not create a liability and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the following debt and the loan payments are paid directly to the respective trustee by the borrower. Total amount of conduit debt outstanding was \$117,987,497 and \$133,370,521 as of December 31, 2023 and 2022, respectively.

Brookside Greens

In August 2021, the Authority issued \$3.22 million in tax-exempt unrated development revenue bonds to redevelop the Brookside Golf Course known as Brookside Greens into single-family residential homes and multifamily units. The project is located within the city of Norton. The outstanding balance was \$3,220,000 as of December 31, 2023 and 2022.

Summit County Series 2021B

In 2021, the Authority, at the request of the County, refinanced the Goodyear County bonds in the amount of \$10,455,000 Summit County Series 2021B Tax-Exempt Bonds. The balance outstanding was \$9,240,000 and \$10,305,000 as of December 31, 2023 and 2022, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 6: Tax-Exempt Conduit Debt Financing Projects (continued)

Western Reserve Academy

In July 2020, the Authority assisted Western Reserve Academy in refinancing bonds from 2017, which were issued in part to finance a portion of Seymour Hall, a secondary education facility, on its campus in Hudson, Ohio. The Authority issued a tax-exempt revenue bond in the amount of \$17.742 million, which was directly purchased by a bank. The balance outstanding was \$17,009,000 and \$17,742,000 as of December 31, 2023 and 2022, respectively.

Akron Community Service Center and Urban League, Inc.

In March 2019, the Authority issued \$2.75 million in Development Revenue Refunding Bonds, which were purchased by the County of Summit, to assist in the refinancing of the construction costs of a new community center in Akron, Ohio. The outstanding balance was \$2,279,026 and \$2,392,958 as of December 31, 2023 and 2022, respectively.

Tom Benson Hall of Fame Stadium and Youth Sports Fields Project

In June 2018, the Authority issued \$10.03 million in non-rated, Tax-Exempt Development Revenue TIF bonds to assist in the financing of public infrastructure for the Tom Benson Hall of Fame Stadium and Youth Sports Fields project in Canton, Ohio. The outstanding balance was \$-0- and \$9,237,000 as of December 31, 2023 and 2022, respectively. In February 2023, the TIF bonds were refunded and paid off in the aggregate principal amount of \$9,237,000.

Akron Fire Station #4 and Administrative Building Project

In July 2018, the Authority issued \$9.585 million in Tax-Exempt Development Revenue Bonds to assist in the financing, acquisition, construction, and renovation of the Akron Fire Station #4 and Administrative Building project in Akron, Ohio. The outstanding balance was \$7,825,000 and \$8,205,000 as of December 31, 2023 and 2022, respectively.

Fairlawn GIG Project

In May 2016, the Authority issued \$10.175 million of Lease Revenue Bonds to finance the costs of acquisition, construction, installation, and equipping of a municipal broadband utility to provide wireless and fiber optic high speed internet services to Fairlawn, Ohio as well as to the Akron, Fairlawn, Bath Joint Economic Development District (JEDD). The outstanding balance was \$8,610,000 and \$8,850,000 as of December 31, 2023 and 2022, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 6: Tax-Exempt Conduit Debt Financing Projects (continued)

Village of Reminderville Project

In June 2015, the Authority issued \$8.2 million of Development Lease Revenue Bonds. The bonds were used to finance the costs of the project which included construction of a new facility consisting of a 42,000 square foot Recreation Center in Reminderville, Ohio. The outstanding balance was \$7,120,000 and \$7,315,000 as of December 31, 2023 and 2022, respectively.

Summa Health System Obligated Group Project

In October 2014, the Authority issued up to \$13.675 million of Refunding Revenue Bonds for the purpose of refunding the Series 2006 Bonds. The bond proceeds were used to finance the construction and equipping of a wellness facility to be leased by Summa Health Systems (Summa). Summa and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. In 2021, the Authority assisted Summa with refinancing the bonds. The outstanding balance was \$9,650,000 and \$10,190,000 as of December 31, 2023 and 2022, respectively.

Canal Park Project

In November 2012, the Authority issued \$3.6 million of Development Revenue Bonds to finance the costs of the project. The principal and interest payments relating to the Bonds are secured by and payable from (i) Appropriation Payments to be made by the City of Akron under the Cooperative Agreement, (ii) certain Revenues received by the Authority and (iii) moneys on deposit under the Indenture. The City is not party to the Indenture but is a third-party beneficiary under the Indenture. Akron Baseball, LLC, the Construction Agent, constructed the Project on behalf of the Authority in accordance with the Cooperative Agreement dated as of November 2012. The bonds were refunded and reissued during 2020. The outstanding balance was \$2,870,000 and \$2,975,000 as of December 31, 2023 and 2022, respectively.

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. In 2018, the Series 2012A and 2012B Bonds were reissued to benefit the borrower for a total value of \$12,636,541. The outstanding balance was \$8,076,541 and \$8,988,541 as of December 31, 2023 and 2022, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 6: Tax-Exempt Conduit Debt Financing Projects (continued)

Kent State University Project

In September 2010, the Authority issued \$13.745 million of Taxable Build American Revenue Bonds. The bonds were used to provide financing for the acquisition, construction, equipping, furnishing, and improvement of real and personal property comprising port authority facilities to be used as an auxiliary and educational facility for the benefit of Kent State University, including without limitation, construction of an approximately 44,000 square foot building and improvements thereto on an approximately 12 acre site that is a portion of the real property located in the City of Twinsburg, Summit County, Ohio. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Kent State University. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. The outstanding balance was \$10,005,000 and \$10,360,000 as of December 31, 2023 and 2022, respectively.

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

In March 2011, the Authority issued \$7.4 million of Tax-Exempt Private Activity Bonds. The bonds financed a portion of the renovation, construction and improvement of a building located at 47 North Main Street in the City of Akron, Ohio. These bonds were special obligations of the Authority payable solely from pledged revenues, being generally (a) loan payments made by or on behalf of ABIA under the Loan Agreement, (b) all of the moneys received or to be received by the Port Authority or the Trustee in respect of the loan under the Loan Agreement, (c) contribution payments that the county is required to make under the Cooperative Agreement if loan payments made by ABIA are insufficient to cover Bond Service Charges or there is a deficiency in the funds required to be on deposit in the Bond Reserve Fund, (d) amounts in the Special Funds, including the Bond Reserve Fund, and (e) income from investments in the foregoing. The bond was secured by assets of the project through a mortgage agreement. In November 2019, the bonds were refinanced with the issuance of the \$6.7 million County of Summit, 47 N. Main Revenue Bonds and an escrow established for the execution of the December 2020 optional redemption, which occurred. The mortgage was released as part of the purchase transaction more fully described in Note 22. The outstanding balance was \$5,205,000 and \$5,600,000 as of December 31, 2023 and 2022, respectively.

Collinson Apartments Project

In December 2006, the Authority issued \$4 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds were used to finance the costs of acquiring, renovating, and equipping a rental facility in the City of Akron. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with New Hillwood I Associate, LLC. New Hillwood I Associate, LLC and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. The outstanding balance was \$3,265,000 and \$3,335,000 as of December 31, 2023 and 2022, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 6: Tax-Exempt Conduit Debt Financing Projects (continued)

Lawrence School Project

In August 2005, the Authority issued \$10.475 million of Summit County Port Authority Adjustable Rate Demand Revenue Bonds (Series 2005). The bond proceeds were used to finance the cost of acquisition of a 47-acre parcel located in Sagamore Hills, and the construction, equipping, and improvement of a private school building on that site, to be owned by Lawrence School. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with Lawrence School. Lawrence School and the Authority entered into a financing lease agreement pertaining to this project. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. The revenue bonds were refunded in 2015 with the reissuance of \$7.7 million of refunding revenue bonds. In September 2019, the Series 2017 bonds were refunded and reissued with \$6.649 million of Development Refunding Revenue Bonds. The outstanding balance was \$5,217,930 and \$5,570,022 as of December 31, 2023 and 2022, respectively.

Ocasek Summit County Series 2022 (City of Akron – Ocasek Office Building Project)

In February 2022, the Authority, at the request of the City, issued \$15,020,000 million in Non-Taxable Lease Revenue Bonds, Summit County Series 2022. The proceeds of the Bonds will be used to finance a portion of the costs to acquire, renovate, construct, equip, and otherwise develop “port authority facilities” as provided in the Act (as defined herein) on the property located at 161 South High Street, Akron, Ohio (the “Project Site”) and consisting of the existing Oliver Ocasek Building in the City of Akron, Ohio (the “City” or the “Lessee”) for use as office facilities for the City and the State of Ohio and for use as the new Akron Municipal Court administrative facilities and to pay costs of issuance of the Bonds. The outstanding balance was \$14,820,000 and \$15,020,000 as of December 31, 2023 and 2022, respectively.

Summit County Series 2021A - previously Bridgestone

In 2021, the Authority, at the request of the County, refinanced the Bridgestone bonds in the amount of \$4,540,000 Summit County Series 2021A tax-exempt. The outstanding balance was \$3,575,000 and \$4,065,000 as of December 31, 2023 and 2022, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 7: Taxable Conduit Debt Financing Projects

In accordance with Government Accounting Standards, the following revenue bond financing projects issued by the Authority are considered conduit debt and do not create a liability and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the following debt and the loan payments are paid directly to the respective trustee by the borrower. Total amount of conduit debt outstanding was \$18,885,000 and \$19,080,000 as of December 31, 2023 and 2022, respectively.

Franciscan University of Steubenville Project

In December 2018, the Authority issued \$19.75 million in Taxable Higher Education Facilities Revenue Refunding Bonds, Series 2018A and Series 2018B, to assist in the refinancing of capital projects for the Franciscan University of Steubenville project in Steubenville, Ohio. The outstanding balance was \$18,885,000 and \$19,080,000 as of December 31, 2023 and 2022, respectively.

Turkeyfoot Green- Series 2022

In November 2022, the Authority issued \$2.0 million in Taxable Development Revenue Bonds, Series 2022, to assist the developer with the construction of certain public improvements located on 24.71 acres at 1541 E. Turkeyfoot Lake Road, Green Ohio, the project site. The bonds were purchased by the developer and the proceeds were immediately used as equity in the project. The outstanding balance was \$-0- as of December 31, 2023 and 2022.

Note 8: Conduit Capital Operating Agreements Financing Projects

In accordance with Government Accounting Standards, the following capital financing projects issued by the Authority are considered conduit debt and do not create a liability and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the following debt and the loan payments are paid directly to the respective trustee by the borrower. Total amount of conduit debt outstanding was \$76,161,081 and \$99,474,648 as of December 31, 2023 and 2022, respectively.

Ray Fogg Season Business Center Five

In April 2021, the Authority issued \$17.4 million in Taxable Development Revenue Bonds to finance a portion of the costs to assist Season Building Center 5, LLC with acquiring, constructing, renovating, installing, furnishing, and developing a 247,000 square foot high bay, speculative industrial building on 16 acres in Stow by Ray Fogg Builders. The balance outstanding was \$2,228,628 and \$3,421,406 as of December 31, 2023 and 2022, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 8: Conduit Capital Operating Agreements Financing Projects (continued)

St. Edwards

In 2018 the Authority issued \$19.750 million in Taxable Development Lease Revenue Bonds to facilitate the construction of a privately-owned building to accommodate a nonprofit assisted living and nursing home tenant, St. Edwards. The Authority also issued \$2.94 million from its Jobs & Investment Bond Fund to provide public infrastructure to the project. This bond had an interest only period with conversion date of August 10, 2021. The Authority also issued \$621,115 in Taxable Subordinate TIF bonds for this project, which are to be paid only to the extent excess TIF payments are available from future Phase II and Phase III improvements. The balance outstanding was \$18,644,721 and \$19,106,588 as of December 31, 2023 and 2022, respectively.

White Pond Reserve

In 2023, the Authority issued \$34.0 million in Taxable Development Revenue Bonds to finance public improvements related to Phase I of the White Pond Reserve Development, which is being developed by Triton Property Ventures LLC and White Pond Reserve LLC. It will include 50 ranch-style for-rent residential housing units, 95 for-rent residential townhomes, and approximately 67,000 square feet of storage facilities and related public infrastructure. The balance outstanding was \$34,000,000 as of December 31, 2023.

Riverwood Development

In January 2022, the Authority issued \$28,146,077 in Taxable Development Lease Revenue Bonds for project costs related to the development of 130 ranch style apartments and 30 townhouse apartments located on 75 acres with approximately 40 acres of green space with walking trails and located at 1870 Akron Peninsula Road, Akron Ohio George Road, Ashland Ohio. The balance outstanding was \$620,366 and \$16,172,561 as of December 31, 2023 and 2022, respectively.

Wyoga Lake Development

In January 2022, the Authority issued \$24,679,649 in Taxable Development Lease Revenue Bonds for project costs related to the development of 163 apartments and 51,000 square foot commercial space located at the corner of Wyoga Lake Road and East Steels Corner Road. The project is located on 37.94 acres, of which approximately 31.21 acres will be utilized for residential, and 6.05 acres will be allotted for commercial use. The balance outstanding was \$-0- and \$12,444,653 as of December 31, 2023 and 2022, respectively.

Ray Fogg Season Business Center Six

In June 2022, the Authority issued \$22,500,000 in Taxable Development Revenue Bonds for project costs to construct a 254,474 square foot high bay, industrial property located in Stow, Ohio. The balance outstanding was \$9,255,096 and \$12,329,440 as of December 31, 2023 and 2022, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 8: Conduit Capital Operating Agreements Financing Projects (continued)

Turkeyfoot Green

In November 2022, the Authority issued \$36,000,000 in Taxable Development Lease Revenue Bonds for project costs and development of a 250-unit multi-family apartment building, a clubhouse and fitness center, and 500 space parking garage located on 24.71 acres at 1541 E. Turkeyfoot Lake Road, Green Ohio. The balance outstanding was \$11,412,270 and \$36,000,000 as of December 31, 2023 and 2022, respectively.

Note 9: Conduit Operating Agreements / Sales Tax Exemption

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

CDSF, Inc.

In November 2021, the Authority entered into an agreement with CDSF in Springfield Township, Ohio, to facilitate approximately \$8.3 million in building improvements for a cold storage facility, part of which were financed by the Authority's Bond Fund. Agreement expires in 2026.

Gardner Pie

In April 2021, the Authority approved an agreement for up to \$27 million of project costs to allow the Company to renovate its existing facility to add a second production line to significantly increase production. The Company also acquired 19 acres to build a 50,045 square foot addition to its existing plant which includes a new packaging department and additional freezer capacity. Agreement expires in 2026.

Canal Place – PACE

In February 2021, The Authority issued \$6.175 million in Taxable Development Revenue Bonds through the Jobs & Investment Bond Fund (rated A- by S&P) for Property Accessed Clean Energy ("PACE") financing, in addition to a non-recourse capital lease to assist with funding the project to finance energy conservation improvements including LED lighting, HVAC, and windows for the redevelopment of Buildings 10 & 17 at Canal Place. The project entails building approximately 160,000 square feet of market-rate residential apartments to the existing 190,000 square foot finished office space, which is being updated. Agreement expires in 2071. See Note 5 for additional information.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 9: Conduit Operating Agreements / Sales Tax Exemption (continued)

Former Goodyear Headquarters/IRG Market Residences I

In 2020, this \$16 million project consisted of the renovation of 60,000 square feet on three floors of the former Goodyear Tire & Rubber Company headquarters building located in the East End neighborhood redevelopment. The project includes 22 market-rent residential units per floor, for a total of 66 units. This project is part of the ongoing redevelopment of the 1.4 million square foot former Goodyear Corporate Headquarters campus. The total estimated investment in the East End Project exceeds \$100 million. The East End Project, a mixed-use development encompassing several hundred thousand square feet of retail, office, hospitality and residences, is being developed in multiple phases by Industrial Realty Group, LLC. Agreement expires in 2045.

Akron- Romig Road Amazon Distribution Facility

In July 2019, the Authority entered into an agreement for a maximum term of thirty years with Akron Romig Road LLC relating to the construction of a 600,000 square foot distribution facility at the former Rolling Acres Mall site in Akron, Ohio. The agreement expired in 2023.

East End Babcock & Wilcox Headquarters

In July 2019, the Authority entered into a financing agreement of \$16.3 million to assist with the renovation of the former Goodyear Tire & Rubber Company headquarters in the East End Neighborhood. The property will be used by Babcock & Wilcox who is relocating their corporate headquarters to Akron, Ohio. The agreement is for a maximum term of twenty-five years with IRG RC Market Offices, II, LLC. Agreement expires in 2044.

Bowery Development

In 2018 the Authority approved an agreement with Bowery Development for up to \$40 million to assist with the renovation of six buildings in downtown Akron. Agreement expires in 2068.

Charles River Laboratories

In June 2022, the Authority approved an agreement, for project costs related to a 200,000 square foot expansion project consisting of a two-story vivarium with expanded laboratories and support areas located at 1407 George Road, Ashland Ohio. Agreement expires in 2027.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 10: Right To Use Assets

The Authority, via UAkronPark, entered into a concession agreement with the University. UAkronPark has the right to use assets (the University's parking system) with the conditions of performance to lease, operate, maintain and improve the University's parking system. The right to use assets had an original cost of \$55,334,609. UAkronPark is amortizing the right to use assets over the 35 year term of the concession agreement. Capital improvements to the right to use assets will be added to the right to use assets and amortized over the remaining period of the 35 years from the day that the addition is placed in service. The amortization expense for the year ended December 31, 2023 was \$131,749, which is included in UAkron Park expenses on the Statements of Revenues, Expenses, and Changes in Net Position.

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Balance at</u> <u>12/31/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/23</u>
Capital assets being amortized:				
Right to use asset	\$ -	\$ 55,334,609	\$ -	\$ 55,334,609
Less accumulated amortized:				
Right to use asset	<u>-</u>	<u>(131,749)</u>	<u>-</u>	<u>(131,749)</u>
Right to use asset, net	\$ <u>-</u>	\$ <u>55,202,860</u>	\$ <u>-</u>	\$ <u>55,202,860</u>

Note 11: Defined Benefit Pension Plans

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

Net Pension Liability and Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents the Authority's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 11: Defined Benefit Pension Plans (continued)

Net Pension Liability and Net OPEB Liability (Asset) (continued)

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

GASB 68 and 75 assumes the liability (asset) 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). The retirement systems may allocate a portion of the employer contributions to provide for OPEB benefits including primarily health care. In most cases, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium.

State statute requires the retirement systems to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Funded benefits are presented as an other net pension/OPEB asset. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued expense on the accrual basis of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Authority employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: the traditional pension plan, defined benefit plan; the combined plan, a hybrid defined benefit/defined contribution plan; and the member-directed plan, a defined contribution plan. Effective January 1, 2022 the combined plan is no longer available for member selection. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 11: Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earning over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

The traditional plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and FAS. Pension benefits are funded by both member and employer contributions and investment earnings on those contributions. The following table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the traditional plan (see OPERS ACFR referenced above for additional information):

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

When a benefit recipient retiring under the traditional pension plan has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided on the member's base benefit. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 11: Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

Additionally, 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.

At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit account (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance (net of taxes withheld), or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll for members in the state and local classifications.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2023 for the traditional plan. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution for the traditional plan was \$133,505 and \$101,512 for the years ended December 31, 2023 and 2022, respectively. Of these amounts, \$6,145 and \$4,748 is reported as an accrued expense for the years ended December 31, 2023 and 2022, respectively.

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

The net pension liabilities for OPERS as of December 31, 2023 and 2022, were measured as of December 31, 2022 and 2021, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

Subsequent payments made during the current fiscal year are accounted for as deferred outflows. The following table reflects the proportionate share of pension expense for the current and prior years for all plans and thus the Authority, in total. The related deferred outflows and deferred inflows of resources associated with the net pension liability are presented below.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 11: Defined Benefit Pension Plans (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

	<u>OPERS - Traditional</u>	
	<u>2023</u>	<u>2022</u>
Proportion of the net pension liability:		
Current measurement period	0.00540900%	0.00472200%
Prior measurement period	<u>0.00472200%</u>	<u>0.00389100%</u>
Change in proportionate share	<u>0.00068700%</u>	<u>0.00083100%</u>
Proportionate share of the net pension liability	\$ 1,597,821	\$ 410,833
Pension expense	\$ 366,553	\$ 70,942

At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS - Traditional</u>	
	<u>2023</u>	<u>2022</u>
Deferred outflows of resources		
Differences between expected and actual experience	\$ 53,074	\$ 20,944
Net difference between projected and actual earnings on pension plan investments	455,431	-
Changes of assumptions	16,879	51,375
Changes in employers proportionate percentage / difference between employer contributions	89,287	118,088
Authority contributions subsequent to the measurement date	<u>133,505</u>	<u>101,512</u>
Total deferred outflows of resources	\$ <u>748,176</u>	\$ <u>291,919</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ -	\$ 9,011
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>488,672</u>
Total deferred inflows of resources	\$ <u>-</u>	\$ <u>497,683</u>

The \$133,505 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, 2024.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 11: Defined Benefit Pension Plans (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

		OPERS <u>Traditional</u>
Year Ending December 31:		
2024	\$	130,795
2025		126,720
2026		134,055
2027		<u>223,101</u>
	\$	<u>614,671</u>

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The active member population is assumed to remain constant. For purposes of financing the unfunded actuarial accrued liabilities, total payroll is assumed to grow at the wage inflation rate indicated below.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 11: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

Key methods and assumptions used in valuation of total pension liability/asset – 2022

	OPERS <u>Traditional Plan</u>
Valuation date	December 31, 2022
Experience study	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age
Actuarial assumptions:	
Investment rate of return	6.90%
Wage inflation	2.75%
Projected salary increases, including 2.75% wage inflation	2.75 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 retirees	3.00% Simple
Post-Jan 7, 2013 retirees	3.00% Simple through 2023 then 2.05% Simple

Key methods and assumptions used in valuation of total pension liability/asset – 2021

	OPERS <u>Traditional Plan</u>
Valuation date	December 31, 2021
Experience study	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age
Actuarial assumptions:	
Investment rate of return	6.90%
Wage inflation	2.75%
Projected salary increases, including 2.75% wage inflation	2.75 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 retirees	3.00% Simple
Post-Jan 7, 2013 retirees	3.00% Simple through 2022 then 2.05% Simple

OPERS conducts an experience study every five years in accordance with Ohio Revised Code Section 145.22. The study for the five-year period ended December 31, 2020 and methods and assumptions were approved and adopted by the OPERS Board of Trustees.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 11: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. The money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for changing amounts actually invested for the Defined Benefit portfolio was a loss of 12.1% and a gain of 15.3% for 2022 and 2021, respectively.

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

<u>Asset Class</u>	2022	2022	2021	2021
	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	22.0%	2.62%	24.0%	1.03%
Domestic equities	22.0%	4.60%	21.0%	3.78%
Real estate	13.0%	3.27%	11.0%	3.66%
Private equity	15.0%	7.53%	12.0%	7.43%
International equities	21.0%	5.51%	23.0%	4.88%
Risky parity	2.0%	4.37%	5.0%	2.92%
Other investments	<u>5.0%</u>	3.27%	<u>4.0%</u>	2.85%
Total	<u>100.0%</u>		<u>100.0%</u>	

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 11: Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS (continued)

Discount Rate The discount rate used to measure the total pension liability for measurement years 2022 and 2021 was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Authority’s proportionate share of net pension liability (asset) at December 31, 2023:

	<u>1% Decrease (5.9%)</u>	<u>Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
Authority’s proportionate share of the net pension liability (asset) – traditional	\$ 2,393,483	\$ 1,597,821	\$ 935,973

Authority’s proportionate share of net pension liability at December 31, 2022:

	<u>1% Decrease (5.9%)</u>	<u>Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
Authority’s proportionate share of the net pension liability – traditional	\$ 1,083,180	\$ 410,833	\$ (148,649)

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 12: Defined Benefit OPEB Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – OPERS administers three separate pension plans: the traditional pension plan, a defined benefit plan; the combined plan, a hybrid defined benefit/defined contribution plan; and the member-directed plan, a defined contribution plan. Effective January 1, 2022 the combined plan is no longer available for member selection. Authority employees are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. 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 OPEB as described in GASB Statement No. 75. See OPERS' ACFR referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of the employer's contribution allocated to health care was 0% for 2023 and 2022 for the traditional plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 12: Defined Benefit OPEB Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority was not required to make any contractually required contributions to fund health care in 2023 or 2022.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) for OPERS as of December 31, 2023 and 2022, were measured as of December 31, 2022 and 2021, respectively. The total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31 of the year prior and rolled forward to the measurement date by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority’s proportion of the net pension liability (asset) was based on the Authority’s share of contributions to the plan relative to the contributions of all participating entities.

Subsequent payments made during the current fiscal year are accounted for as deferred outflows. The following table reflects the proportionate share of pension expense for the current and prior years for all plans and thus the Authority, in total. The related deferred outflows and deferred inflows of resources associated with the net pension liability (asset) are presented below.

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

	<u>OPERS - Traditional</u>	
	<u>2023</u>	<u>2022</u>
Proportion of the net OPEB liability/asset:		
Prior measurement period	0.00472900%	0.00389000%
Current measurement period	<u>0.00541800%</u>	<u>0.00472900%</u>
Change in proportionate share of net OPEB liability/asset	<u>0.00068900%</u>	<u>0.00083900%</u>
Proportionate share of the net OPEB asset	\$ -	\$ 148,120
Proportionate share of the net OPEB liability	\$ 34,162	\$ -
Reduction of OPEB expense	\$ (31,890)	\$ (69,926)

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 12: Defined Benefit OPEB Plans (continued)

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

	<u>OPERS</u>	
	<u>2023</u>	<u>2022</u>
Deferred outflows of resources		
Changes of assumptions	\$ 33,367	\$ -
Net difference between projected and actual earnings on OPEB plan investments	67,846	-
Changes in employer's proportionate percentage / difference between employer contributions	<u>4,605</u>	<u>32,862</u>
Total deferred outflows of resources	<u>\$ 105,818</u>	<u>\$ 32,862</u>
Deferred inflows of resources		
Differences between expected and actual experience	\$ 8,522	\$ 22,469
Changes of assumptions	2,745	59,957
Net difference between projected and actual earnings on OPEB plan investments	-	70,613
Changes in employer's proportionate percentage / difference between employer contributions	<u>556</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 11,823</u>	<u>\$ 153,039</u>

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

	<u>OPERS</u>	
Year Ending December 31:		
2024	\$	15,459
2025		24,602
2026		21,158
2027		<u>32,776</u>
	\$	<u>93,995</u>

Actuarial Assumptions – OPERS

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

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 12: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – OPERS (continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB asset was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Key methods and assumptions used in valuation of total OPEB asset - 2022

	<u>Assumptions</u>
Valuation date	December 31, 2021
Rolled-forward measurement date	December 31, 2022
Experience study	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age normal
Projected salary increases, including 2.75% wage inflation	2.75% to 10.75%
Investment rate of return	6.00%
Municipal bond rate	4.05%
Single discount rate of return	5.22%
Health care cost trend	Initial 5.50% to 3.50% ultimate in 2036

Key methods and assumptions used in valuation of total OPEB asset - 2021

	<u>Assumptions</u>
Valuation date	December 31, 2020
Rolled-forward measurement date	December 31, 2021
Experience study	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age normal
Projected salary increases, including 2.75% wage inflation	2.75% to 10.75%
Investment rate of return	6.00%
Municipal bond rate	1.84%
Single discount rate of return	6.00%
Health care cost trend	Initial 5.50% to 3.50% ultimate in 2034

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 12: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – OPERS (continued)

Since the 2021 measurement period, pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality Tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional pension plan, Combined plan and Member-Directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022 and gain of 14.30% for 2021, respectively.

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

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 12: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – OPERS (continued)

The table below displays the Board-approved asset allocation policy and the long-term expected real rates of return:

<u>Asset Class</u>	2022	2022	2021	2021
	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	34.0%	2.56%	34.0%	0.91%
Domestic equities	26.0%	4.60%	25.0%	3.78%
Real estate	7.0%	4.70%	7.0%	3.71%
International equities	25.0%	5.51%	25.0%	4.88%
Risk parity	2.0%	4.37%	2.0%	2.92%
Other investments	<u>6.0%</u>	1.84%	<u>7.0%</u>	1.93%
Total	<u>100.0%</u>		<u>100.0%</u>	

Discount rate A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05% for the measurement date of December 31, 2022. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, the duration of the projection period through which projected health care payments are fully funded.

A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84% for the measurement date of December 31, 2021.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 12: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – OPERS (continued)

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the Authority’s proportionate share of the net OPEB liability (asset) calculated using the single discount rate, as well as what the Authority’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

Authority’s proportionate share of net OPEB liability at December 31, 2023:

	<u>1% Decrease (4.22%)</u>	<u>Discount Rate (5.22%)</u>	<u>1% Increase (6.22%)</u>
Authority’s proportionate share of the net OPEB liability (asset)	\$ 116,270	\$ 34,162	\$ (33,592)

Authority’s proportionate share of net OPEB asset at December 31, 2022:

	<u>1% Decrease (5.00%)</u>	<u>Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Authority’s proportionate share of the net OPEB (asset)	\$ (87,108)	\$ (148,120)	\$ (198,760)

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 12: Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – OPERS (continued)

As of December 31, 2023

	<u>1% Decrease</u>	Health Care Cost Current <u>Discount Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	\$ 32,020	\$ 34,162	\$ 36,572

As of December 31, 2022

	<u>1% Decrease</u>	Health Care Cost Current <u>Discount Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB (asset)	\$ (149,720)	\$ (148,120)	\$ (146,221)

Assumption Changes Since the Prior Measurement Date Municipal bond rate increased from 1.84% to 4.05%. The health care cost trend rate changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

Note 13: Akron Civic Theatre Project

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

In 2012, the Authority issued \$15.295 million of Port Facilities Revenue Refunding Bonds, for the purpose of (1) refunding the Development Finance Authority's outstanding Revenue Bonds issued in 2001 to provide the funds to pay the costs of a project to be leased to The Community Hall Foundation, Inc., dba Akron Civic Theatre, and (2) paying issuance costs of the Series 2012 Bonds. The bonds refunded in the 2001 issue mature on December 1, 2033. The balance outstanding on the revenue bonds were \$10,205,000 and \$10,830,000 at December 31, 2023 and 2022, respectively.

The Akron Civic Theatre and the Authority entered into an agreement pertaining to the Civic Theatre facility. The agreement is non-cancelable until the underlying revenue bonds are paid in full. 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.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 13: Akron Civic Theatre Project (continued)

All expenses related to the revenue bonds were paid out of the bond proceeds. The operation and maintenance of the theatre is the responsibility of the Akron Civic Theatre. In 2002, there was a shortfall in fundraising revenue committed to the project by the Civic Theatre which led to the notes payable and receivable explained in Note 14.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 675,000	\$ 409,013	\$ 1,084,013
2025	730,000	382,013	1,112,013
2026	790,000	352,813	1,142,813
2027	930,000	313,313	1,243,313
2028	1,005,000	266,812	1,271,812
2029-2033	<u>6,075,000</u>	<u>734,869</u>	<u>6,809,869</u>
Total	\$ <u>10,205,000</u>	\$ <u>2,458,833</u>	\$ <u>12,663,833</u>

In 2019, the Authority's constructed a new box office and an Administrative Building for the Akron Civic Theatre as part of the Bowery Redevelopment Project. An elevator was also installed to provide additional access to the City's Lock III Park. The Authority and Civic Theatre also built an adjacent deck and patio. The Authority managed this project as agreed upon in a cooperative agreement between the Akron Civic Theatre and the Authority. Funding was provided through the Summit County Land Bank, Community Development Block Grant (CDBG) funds through the City of Akron, and the Ohio Erie Canalway Association grant funds. Construction was completed in 2023. The property is now owned by the Civic Theatre.

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

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 14: Notes Payable and Notes Receivable

Note Payable with Summit County

The Authority has an unsecured note payable with Summit County. The purpose of the note was for renovation costs for the Akron Civic Theatre. The balance outstanding on the unsecured note payable was \$-0- and \$30,829 at December 31, 2023 and 2022, respectively.

Note Payable with State of Ohio

During 2017, the Authority entered into an agreement with the Ohio Development Services Agency (now titled the Ohio Department of Development (ODOD)) as part of the State 166 Loan Program. This agreement provided a \$2 million loan to the Authority to increase loan loss reserves of the Jobs and Investment Bond Fund Program. The loan does not accrue interest. The only payments on this program are investment earnings from the principal amount held in the bond fund reserve. The loan is due in a balloon payment to ODOD in the year 2057. The outstanding balance is \$2,000,000 for both years ended December 31, 2023 and 2022, respectively.

Energy Loan Loss Reserve Escrow

During 2018, the Authority entered into an additional loan loss reserve agreement with ODOD. The agreement provides additional loan loss reserves on eligible loans for energy projects. Total amounts awarded, approved and remitted by ODOD totaled \$3,962,954 and \$3,789,550 for the years ended December 31, 2023 and 2022, respectively. There is currently no repayment schedule for this loan. Upon termination, any amounts in the additional reserve that no longer are pledged to supplement eligible loans for energy projects shall be returned to the ODOD.

MCCAP Bond Fond Reserve Escrow

During 2020, the Authority, along with the Western Reserve Community Fund (WRCF), entered into an agreement with Summit County, the City of Akron, the Akron Urban League, and the Fedeli Group, LLC to assist with financing for small minority-owned, women-owned, veteran-owned, LGBTQ+-owned and disabled-owned businesses in the construction and tech assistance industries, with access to capital to finance project-related bonding, material and labor-costs. This agreement provided a \$1 million grant for the Authority to create and maintain reserves to enable these contractors to obtain a surety bond for construction projects. During 2022, it was determined and agreed upon by the county to terminate the grant and transfer \$1,000,000 to WRCF. The outstanding balance is \$-0- and \$2,682 for the years ended December 31, 2023 and 2022, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 14: Notes Payable and Notes Receivable (continued)

47 N Main Project

During 2021, the Authority entered into an agreement with Summit County, the City of Akron, and Akron Children's Hospital, to assist with financing construction and improvements for the 47 N Main building to ready for sale. See Note 22. This agreement provided a \$1.8 million loan for the Authority to create and maintain reserves for the construction project. \$1.4 million of the loan was repaid by the Authority from a City Grant and the County agreed any amount loaned above the \$1.4 million used for the project would be forgiven by the County. The loan did not accrue interest. The project was completed in August 2022 and the property was sold in September of 2022.

Note 15: Airdock Remediation

In January 2007, the Authority entered into an agreement with the Director of Development of the State of Ohio for a Brownfield Revolving Fund Loan for the Airdock Project. The Authority also entered into a grant agreement with the Clean Ohio Council for Clean Ohio Revitalization Fund (CORF) for the Airdock Project. The purpose of the loan and grant was to conduct interior remediation activities including cleaning dust and debris from the building interior structure, at the Airdock site located in Akron which was owned by the Authority and leased to Lockheed Martin Corporation. This property was sold in 2022. The amount of the loan and grant was \$2 million and \$3 million, respectively. This loan is a debt obligation of the Lockheed Martin Corporation and payments are made on a monthly basis under their agreement with ODSA. The Authority recognized administration fees as a result of the agreement with Lockheed Martin.

Note 16: Operating Agreements

In December 2017, the Authority entered into an agreement with the Bowery Development Group, LLC (lessee), which is redeveloping a part of Downtown Akron. The project is a mixed-use purpose project located on 0.7 acres neighboring the historic Akron Civic Theatre on South Main Street. The new development, includes office, retail, entertainment, apartments and a public arcade space. The Authority holds fee simple title to the project site. The Authority and the lessee have entered into a lease under which the Authority is leasing the project to the lessee for \$1.00 per year, with all of the lease receivable collected in 2018. The lease is triple net, the Authority assisted the lessee, on a non-recourse basis, with financing sources for the project. The Authority receives an annual \$10,000 administrative fee related to this project.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 17: 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 makes its County Revenue Payments to the Trustee from the County Nontax Revenues in amounts sufficient to pay Bond Service Charges on the Nontax Revenue Bonds when due.

The Authority, at the request of the County refinanced the project in 2021. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$491,931. The issuance resulted in an economic gain of \$458,213. The principal balance outstanding of the defeased debt was \$3,575,000 and \$4,065,000 at December 31, 2023 and 2022, respectively.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 490,000	\$ 51,659	\$ 541,659
2025	495,000	44,578	539,578
2026	510,000	37,426	547,426
2027	510,000	30,056	540,056
2028	515,000	22,687	537,687
2029-2030	<u>1,055,000</u>	<u>22,976</u>	<u>1,077,976</u>
Total	\$ <u>3,575,000</u>	\$ <u>209,382</u>	\$ <u>3,784,382</u>

Note 18: 1 Cascade Plaza

In August 2023, the Authority acquired the real property located at 1 Cascade Plaza, in Akron, Ohio. This consists of a 23-story office building situated on land owned by the City of Akron. The Authority acquired the Property from its prior owner, Cascade Plaza Associates, LLC due to a default by Cascade as a result of Cascade's failure to pay real estate taxes and assessments, and in particular delinquent special assessments levied against the Property to repay the \$5,675,000 Jobs & Investment Fund Taxable Development Revenue Bonds, Series 2018A (City of Akron – Cascade Plaza Project) issued by the Authority in 2018 to finance Property Assessed Clean Energy improvements at the Property. The Authority has assumed all obligations for the property including assignment of leases, property management, and operating expenses.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 18: 1 Cascade Plaza (continued)

In December 2023, The Authority transferred the Property to the Land Bank via a deed in lieu of foreclosure upon the delinquent real property tax liabilities outstanding against the Property. The Authority then entered into a triple net master lease agreement with the Land Bank, thus continuing its commitment to assume all responsibilities for the property as discussed above. These obligations include the PACE Bond Fund assessment payments. The Authority has made timely payments on this property through 2023 and will continue.

The Authority has engaged with RCA Cascade, LLC to provide for the management and operation of the property including leasing, utilities, financial books and records, security, maintenance, and staffing for a term through June of 2024 with extensions available. The Authority continues to have oversight of all financial and management aspects.

Note 19: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. Commercial insurance has been obtained to cover damage or destruction to the Authority's property and for public liability, personal injury, and third-party property damage claims. Settled claims have not exceeded the Authority's commercial insurance coverage for any the past three years. No substantial changes in insurance coverage have occurred in any major risk category in 2023 and 2022.

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

Note 20: Related Party Transactions

The Authority received a \$75,000 grant from Summit County for the years ended December 31, 2023 and 2022, respectively. \$75,000 of the grant funds were used for economic development and job creation purposes in both 2023 and 2022 as agreed upon by the county.

In 2023 and 2022, the Authority received an additional \$125,000 grant from Summit County for the year ended December 31, 2023 and 2022. The \$125,000 of the grant funds were used for capitalization of the Energy Efficiency Revolving Loan Fund.

The Authority is a related party of Diogenes Asset Management and the University of Akron, through various agreements under UAkron Park. Diogenes is the asset manager under the asset management agreement and collects an asset management fee from UAkron Park in the amount of \$250,000 annually adjusted for inflation. \$103,167 was expensed during the year ended December 31, 2023. The University serves as the Lessor/Concessioner under a concession agreement with UAkronPark. \$1,125,075 was due to the University at December 31, 2023.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 20: Related Party Transactions (continued)

Related party receivables as of December 31, 2023 totaled \$107,559. Related party payables as of December 31, 2023 totaled \$1,125,075.

Note 21: Letter of Credit

The Authority has a \$7.5 million, unsecured letter of credit with a bank in order to support issuance of development bonds via the Authority's Bond Fund Program. The \$7.5 million, unsecured letter of credit was renewed through October 31, 2024 with no significant changes in the terms. No amounts were outstanding on this letter of credit as of December 31, 2023 and 2022.

The Authority has a \$1.5 million, secured letter of credit with Summit County in order to support 1 Cascade Plaza related expenses. The letter of credit is secured by 1 Cascade Plaza property. The outstanding principal balance of the letter of credit shall accrue interest at the rate of 0% through December 31, 2024, and thereafter, if extended, shall accrue interest at the rate of 4%. The letter of credit shall mature, and all principal and interest shall be paid in full by the Authority to Summit County no later than December 31, 2024, provided that the Authority and Summit County may agree to extend said maturity date to December 31, 2025. Furthermore, in the event of a sale or other transfer of 1 Cascade Plaza, the County Credit Line shall immediately be due and payable by the Authority. No amounts were outstanding on this letter of credit as of December 31, 2023 and 2022.

Note 22: Commitments

Kelso - Brimfield TIF Project

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

Summit County - 47 North Main Street Project

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

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 22: Commitments (continued)

Summit County - 47 North Main Street Project (continued)

The Authority issued a 22 year note in the amount of \$2.49 million upon purchase of the project site which was secured by a county 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 and the Authority, by Board resolution, approved a deferment of payments on the note for the period of March 15, 2017 to March 15, 2021, with the deferred payments being added to the final payment due in 2033 under the terms of the Loan and note. In 2022, the County released the Authority of the note as part of the purchase transaction described below.

The Authority leased floors one, two, three, and a portion of the basement to ABIA, who entered into subleases with other non-profit health care providers. The Authority leased floors four, five, six, and the balance of the basement to the County for its Department of Job and Family Services (DJFS) through March 2016. During this time, the Authority used approximately 2,040 square feet of floor four of the project site as its offices. During 2020, ABIA was dissolved and the Authority agreed to lease 20,850 sq. ft. to Akron Children's Hospital and the Authority moved into the former ABIA space. In 2021, the Authority entered into a Cooperative Agreement with the city of Akron, Summit County, and Akron Children's Hospital agreeing to sell the property to Akron Children's Hospital for the appraised \$4.5 million value subject to the Authority, on behalf of community partners, disposing of certain deteriorated buildings on the project site. The Cooperative Agreement provided for the County to loan the Authority up to \$1.4 million to complete the demolition projects as well as make certain improvements to the 47 N. Main Building. The city agreed to provide a grant up to \$1.4 million to pay project costs. Additionally, the County agreed to provide up to \$400,000 in grant funding. The project was completed in August 2022 and the property sold during September of 2022.

8 and 80 Holdings TIF Project

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

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 22: Commitments (continued)

Springhill TIF 2.0 Project

In January 2023, the Authority issued non-rated tax-exempt developer purchased tax increment financing (TIF) bonds totaling \$7,000,000 for the Spring Hill Southwood Drive project. The developer will use the proceeds to finance the extension of Southwood Drive and public improvements, including utilities, sidewalks and landscaping in the City of Green. The public Improvements will support future private development including a proposed multi-family project, clubhouse and 9.7 acres of open space. Located on approximately 33.5 acres, the public improvements are expected to facilitate additional future development.

Note 23: Contingencies

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

Note 24: Development Fund of The Western Reserve, Inc.

The Development Fund of the Western Reserve, Inc. (DFWR), an Ohio non-profit corporation (the "Corporation"), was formed on May 26, 2011 to serve or provide investment capital for Low-Income Communities (LICs), as defined in Section 45D(e) of the Internal Revenue Code and the Treasury Regulations there under, or low-income persons ("Low-Income Persons"). The Corporation is certified as a qualified Community Development Entity (CDE) under the New Markets Tax Credit (NMTC) Program. One hundred percent (100%) of the Corporation's activities are targeted to Low-Income Persons of LICs. The Corporation's service area is comprised of an eighteen-county area in Northeast Ohio. Pursuant to the Management Services Agreement (the "Management Agreement") between the Corporation and the Authority, the Authority provides management, financial, operational compliance and administrative services as necessary to assist the Corporation in fulfilling its on going, day-to-day responsibilities. In exchange for these services, the Corporation pays the Authority a fee in an amount equal to: (a) fifty percent (50%) of (i) closing fees and (ii) any ongoing administrative fees received by the Corporation from time to time under the NMTC Program for investments, loans and/or transactions consummated thereunder; and (b) all out-of-pocket expenses incurred by the Authority and its service personnel consisting of travel, outside consultants, conference calls, postage, courier costs and other miscellaneous expenses. For the years ended December 31, 2023 and 2022, the Corporation paid support services expenses for the NMTC of \$105,000 and \$200,000, respectively, to the Authority. The annual management fee paid for 2023 and 2022 was \$380,000 and \$250,000, respectively.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 25: Western Reserve Community Fund, Inc.

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

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

The Authority entered into a Management Services Agreement with WRCF on November 12, 2019 with quarterly payments beginning on March 15, 2020. The management service agreement is updated annually, during 2023, the fourth amendment was approved. WRCF receives management services, office space, and related utilities as part of the Management Services Agreement. The annual management fee paid for 2023 and 2022 was \$400,000 and \$150,000, respectively.

In 2021, the Authority made a 10-year interest only loan of \$300,000 to WRCF with principal due in 2031. The loan was paid in full on April 25, 2023.

Note 26: UAkron Park

The Authority established UAkronPark, Inc. (UAkronPark) effective August 1, 2023. This entity is wholly owned by the Authority. UAkronPark has filed Form 8976, notice of intent to operate under Section 501(c)(4) of the Internal Revenue Code. The Internal Revenue Service acknowledged receipt of the filing on August 25, 2023. UAkronPark was formed for the purpose of entering into a long-term concession and lease agreement for the parking assets (the Parking System) owned by the University of Akron (University) on the University campuses.

UAkronPark serves as the Lessee/Concessionaire under a concession agreement with the University. Pursuant to the concession agreement, UAkronPark agreed to lease, operate, maintain and improve the University's parking system for a term of 35 years with an upfront payment of approximately \$55.3 million and a further \$12 million to be spent on capital improvements over the next five years with a commitment to fund ongoing capital expenditures over the life of the concession agreement.

UAkronPark has only three employees of its own. UAkronPark entered into two contracts, first, an Asset Management Agreement with Diogenes Asset Management UT LLC (Diogenes) to perform obligations of the concessionaire under the concession agreement and to oversee the operator. The Asset management Agreement has a 35 year term. The second contract is an Operating & Maintenance Agreement entered with SP Plus Corporation who is responsible for day-to-day operations for services including parking facilities management and technology, security, enforcement of parking rules and other similar services.

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 26: UAkron Park (continued)

The Authority issued a 2023 series of tax-exempt revenue bonds on the behalf of UAkronPark, in the aggregate principal amount of \$86,265,000 with a fixed rate of 5.5%. The bond discount was \$1,177,176 and cost of issuance was \$3,642,427. The amortization expense for the year ended December 31, 2023 was \$9,698. There are no principal payments required on the bonds for the next ten years. The first principal payment on the bonds is due December 1, 2034, with interest payable June 1 and December 1, with payments beginning June 1, 2024, at a fixed interest of 5.5%.

The changes in the Authority's bond obligation during the year consist of the following:

	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/23</u>
Parking System Revenue Bonds				
Series 2023 – 5.5%	\$ -	\$ 86,265,000	\$ -	\$ 86,265,000
Discount	-	(1,177,176)	-	(1,177,176)
Cost of issuance	-	(3,642,427)	9,698	(3,632,729)
Total bonds payable, net	\$ -	\$ 81,445,397	\$ 9,698	\$ 81,455,095

The annual requirements to amortize bonds outstanding as of December 31, 2023 are as follows:

<u>Year ending</u> <u>December 31,</u>	<u>General Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ -	\$ 1,748,589
2025	-	3,597,808
2026	-	3,949,054
2027	-	4,328,390
2028	-	4,990,968
2029-2033	-	24,954,840
2034-2038	2,415,000	24,803,868
2039-2043	8,935,000	23,483,318
2044-2048	17,845,000	20,009,406
2049-2053	24,505,000	14,153,876
2054-2058	<u>32,565,000</u>	<u>6,089,400</u>
Total	\$ <u>86,265,000</u>	\$ <u>132,109,517</u>

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 26: UAkron Park (continued)

During 2023, the Authority reported \$431,325 in revenues related to closing fee on the bonds and UAkron Park recorded these items as debt issuance costs. This activity was eliminated on the financial statements, as UAkron Park is a blended component unit of the Authority.

The following information is being disclosed for UAkron Park and does not contain the elimination noted above. To obtain UAkron Park financial information, please send correspondence to 185 E. Mill Street Akron, Ohio 44325-6204.

	<u>2023</u>
Statement of Net Position:	
Current assets	\$ 2,302,204
Noncurrent assets	80,334,849
Other assets	134,638
Current liabilities	(1,930,386)
Long-term liabilities	<u>(81,023,770)</u>
Net positions	<u>\$ (182,465)</u>
Statement of Revenue, Expenses and Changes in Net Position:	
Operating revenues	\$ 3,289,278
Operating expenses	(2,055,485)
Non-operating expense, net	<u>(1,416,258)</u>
Change in net position	(182,465)
Beginning net position	-
Ending net position	<u>\$ (182,465)</u>
Statement of Cash Flows:	
Operating activities	\$ 1,526,789
Investing activities	(55,469,247)
Financing activities	<u>81,023,770</u>
Net change in cash	27,081,312
Cash at beginning of year	-
Cash at end of year	<u>\$ 27,081,312</u>

Development Finance Authority of Summit County, Ohio

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2023 and 2022

Note 27: Subsequent Events

The Authority anticipates the following projects to close in 2024, which have been authorized by the Board:

Sagamore Hills

In January 2024, the Authority approve an agreement for project costs related to 140 senior living ranch style rental apartments located at approximately 863 West Aurora Road in the township of Sagamore Hills. Agreements expires in 2033.

Brookside Norton 2.0

In April 2024, the Authority issued \$2.659 million unrated non-recourse Tax-Exempt Development Revenue Bonds and \$1.65 million unrated non-recourse Subordinate Tax-Exempt Development Revenue Bonds to fund public infrastructure to support the development of approximately 186 single-family homes in the City of Norton.

Other noteworthy events:

UAkronPark entered into a guaranteed investment certificate agreement as of January 10, 2024.

In April 2024, the Authority received an extension to October 31, 2025 for the Huntington Bank unsecured Letter of Credit for the Authority' Jobs and Investment Bond Fund with no significant changes in terms.

In July 2024, the Authority used non-parity energy loan loss reserves from its Jobs and Investment Bond Fund (see Note 5 and 14) along with \$327,575 from its own restricted cash (Supplemental Bond Fund Account – see Note 1) to fully redeem \$4,614,665 of outstanding PACE bonds for the One Cascade 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 Ten Years

Traditional Plan:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Authority's proportion of the net pension liability	0.005409%	0.004722%	0.003891%	0.003283%	0.002753%
Authority's proportionate share of the net pension liability	\$ 1,597,821	\$ 410,833	\$ 576,172	\$ 648,907	\$ 753,991
Authority's covered payroll	\$ 725,086	\$ 551,964	\$ 481,464	\$ 379,364	\$ 346,064
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	220.36%	74.43%	119.67%	171.05%	217.88%
Plan fiduciary net position as a percentage of the total pension liability	75.74%	92.62%	86.88%	82.17%	74.70%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability	0.002564%	0.002834%	0.002764%	0.002873%	0.002873%
Authority's proportionate share of the net pension liability	\$ 402,242	\$ 643,582	\$ 478,796	\$ 346,561	\$ 338,734
Authority's covered payroll	\$ 370,357	\$ 352,500	\$ 350,625	\$ 352,277	\$ 331,592
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	108.61%	182.58%	136.56%	98.38%	102.15%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

Development Finance Authority of Summit County
Required Supplementary Information
Schedule of the Authority's Pension Contributions
Ohio Public Employees Retirement System
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 133,505	\$ 101,512	\$ 77,275	\$ 67,405	\$ 53,111
Contributions in relation to the contractually required contribution	<u>(133,505)</u>	<u>(101,512)</u>	<u>(77,275)</u>	<u>(67,405)</u>	<u>(53,111)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 953,607	\$ 725,086	\$ 551,964	\$ 481,464	\$ 379,364
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 48,449	\$ 48,146	\$ 42,300	\$ 42,075	\$ 42,273
Contributions in relation to the contractually required contribution	<u>(48,449)</u>	<u>(48,146)</u>	<u>(42,300)</u>	<u>(42,075)</u>	<u>(42,273)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 346,064	\$ 370,354	\$ 352,500	\$ 350,625	\$ 352,275
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%	12.00%

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

Development Finance Authority of Summit County
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability/Asset
Ohio Public Employees Retirement System
Last Seven Years

	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>	<u>2020 (1)</u>
Authority's proportion of the net OPEB liability/asset	0.005418%	0.004729%	0.003890%	0.003288%
Authority's proportionate share of the net OPEB liability (asset)	\$ 34,162	\$ (148,120)	\$ (69,303)	\$ 454,158
Authority's covered payroll	\$ 725,086	\$ 551,964	\$ 481,464	\$ 379,364
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	4.71%	-26.84%	-14.39%	119.72%
Plan fiduciary net position as a percentage of the total OPEB liability	94.79%	128.23%	115.57%	47.80%

	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
Authority's proportion of the net OPEB liability/asset	0.002762%	0.002577%	0.002670%
Authority's proportionate share of the net OPEB liability (asset)	\$ 360,100	\$ 279,843	\$ 269,723
Authority's covered payroll	\$ 346,064	\$ 370,357	\$ 352,500
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	104.06%	75.56%	76.52%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the Authority's measurement date, which is the prior year-end.

Development Finance Authority of Summit County
Required Supplementary Information
Schedule of the Authority's OPEB Contributions
Ohio Public Employees Retirement System
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 953,607	\$ 725,086	\$ 551,964	\$ 481,464	\$ 379,364
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ -	\$ 3,704	\$ 7,050	\$ 7,010	\$ 7,007
Contributions in relation to the contractually required contribution	<u>-</u>	<u>(3,704)</u>	<u>(7,050)</u>	<u>(7,010)</u>	<u>(7,007)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 346,064	\$ 370,354	\$ 352,500	\$ 350,625	\$ 352,275
Contributions as a percentage of covered payroll	0.00%	1.00%	2.00%	2.00%	1.99%

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

Development Finance Authority of Summit County, Ohio

Notes to the Required Supplementary Information

For the Years Ended December 31, 2023 and 2022

Note 1: Net Pension Liability

Changes in Assumptions – OPERS

Amounts reported in the required supplementary information for OPERS Traditional Plan incorporate changes in assumptions used by OPERS in calculating the pension liability. These assumptions are presented below for the periods indicated:

Key Methods and Assumptions in Valuing Total Pension Liability – 2023

	OPERS <u>Traditional Plan</u>
Experience study	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age
Actuarial assumptions:	
Investment rate of return	6.90%
Wage inflation	2.75%
Projected salary increases, including 2.75% wage inflation	2.75 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 retirees	3.00% Simple
Post-Jan 7, 2013 retirees	3.00% Simple through 2023 then 2.05% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2022

	OPERS <u>Traditional plan</u>
Experience Study	5-year period ended December 31, 2020
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	6.90%
Wage Inflation	2.75%
Projected Salary Increases, including 2.75% inflation	2.75 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2022 then 2.05% Simple

Development Finance Authority of Summit County, Ohio

Notes to the Required Supplementary Information (continued)

For the Years Ended December 31, 2023 and 2022

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability – 2021

	OPERS <u>Traditional plan</u>
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3.00% Simple
Post-Jan 7, 2013 Retirees	0.50% Simple through 2021 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2020

	OPERS <u>Traditional plan</u>
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3.00% Simple
Post-Jan 7, 2013 Retirees	1.40% Simple through 2020 then 2.15% Simple

Development Finance Authority of Summit County, Ohio

Notes to the Required Supplementary Information (continued)

For the Years Ended December 31, 2023 and 2022

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability – 2019

	OPERS <u>Traditional plan</u>
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.20%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability – 2017-2018

	OPERS <u>Traditional plan</u>
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Wage Inflation	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.15% Simple

Development Finance Authority of Summit County, Ohio

Notes to the Required Supplementary Information (continued)

For the Years Ended December 31, 2023 and 2022

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability – 2016 and prior

	OPERS <u>Traditional plan</u>
Experience Study	5-year period ended December 31, 2010
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Wage Inflation	3.75%
Projected Salary Increases, including 3.75% inflation	4.25 to 10.05%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2018 then 2.80% Simple

Mortality rates – Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on 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 Table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Development Finance Authority of Summit County, Ohio

Notes to the Required Supplementary Information (continued)

For the Years Ended December 31, 2023 and 2022

Note 2: Net OPEB Liability

Changes in Assumptions – OPERS

For fiscal year 2023, the municipal bond rate increased from 1.84% to 4.05%. The single discount rate decreased from 6.00% to 5.22%. The health care cost trend rate changed from 5.5% initial, 3.5% ultimate in 2034 to 5.5% initial, 3.5% ultimate in 2036.

For fiscal year 2022, the municipal bond rate decreased from 2.00% to 1.84% and wage inflation decreased from 3.25% to 2.75%. The single discount rate remained 6.00%. The health care cost trend rate decreased from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

For fiscal year 2021, the municipal bond rate decreased from 2.75% to 2.00% and the single discount rate increased from 3.16% to 6.00%. The health care cost trend rate decreased from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035.

For fiscal year 2020, the municipal bond rate decreased from 3.71% to 2.75% and the single discount rate decreased from 3.96% to 3.16%. The health care cost trend rate also increased from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030.

For fiscal year 2019, the OPERS Board voted to lower the investment return assumption for its health care investment portfolio from 6.50% to 6.00%. Municipal bond rate increased from 3.31% to 3.71% and the single discount rate increased from 3.85% to 3.96%. The health care cost trend rate also increased from 7.50% initial, 3.25% unlimited in 2028 to 10.00% initial, 3.25% ultimate in 2029.

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

Development Finance Authority of Summit County
Summit County, Ohio
1 Cascade Plaza, Suite 1700
Akron, Ohio 44308

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Development Finance Authority of Summit County, Summit County, Ohio (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an

Development Finance Authority of Summit County
Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
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objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
July 29, 2024

OHIO AUDITOR OF STATE KEITH FABER



DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/26/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov