OHIO WATER DEVELOPMENT AUTHORITY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2015

Dave Yost • Auditor of State

OHIO WATER DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

Ohio Water Development Authority
480 S. High Street
Columbus, Ohio 43215

To the Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Ohio Water Development Authority, (the Authority), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Ohio Water

Development Authority, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, during the year ended December 31, 2015, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

March 31, 2016

OHIO WATER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

December 31, 2015

As management of the Ohio Water Development Authority (the Authority), a related organization of the State of Ohio, we offer readers of the Authority's financial statements this unaudited narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's audited financial statements, which begin on page 8 of this report.

Financial Highlights

- The Authority's cash, cash equivalents and investments decreased by $221,350,886 or 15.40%.
- The Authority's loan receivables increased by $253,508,387 or 4.81%.
- The Authority's loan principal forgiveness and grant expense decreased by $20,613,589 or 63.62%.
- The Authority's interest on bonds and notes expense decreased by $8,617,363 or 7.70%.
- The Authority's operating income increased by $24,964,005 or 684.64%.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: 1) combining financial statements and 2) notes to financial statements.

Combining financial statements. The Authority follows proprietary fund accounting, which means these statements are presented in a manner similar to a private-sector business. The *combining financial statements* are designed to provide readers with a broad overview of the Authority's finances by fund and in total. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements offer short and long-term financial information about its activities.

The *combining statement of net position* presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including information about the nature and amounts of investments in resources (assets and deferred outflows of resources), the obligations (liabilities and deferred inflows of resources) of the Authority and the Authority's net position as of December 31, 2015. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *combining statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The *combining statement of cash flows* provides information about the Authority's cash receipts and cash payments during the reporting period. This statement summarizes the net changes in cash resulting from operating, investing and noncapital financing activities.

Each of the combining financial statements highlight programs of the Authority that are principally supported by loan and investment income, programs that are intended to recover all or a significant portion of their costs through program fees or investment earnings on contributed capital (*business-type activities*). The combining financial statements can be found on pages 8-13 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the combining financial statements. The notes to financial statements can be found on pages 14-55 of this report.

Financial Analysis of the Authority's Financial Position and Results of Operations

The tables below provide a summary of the Authority's financial position and operations for 2015 and 2014, respectively, as restated in 2014 for prior period adjustments (see Notes to Financial Statements #4) and January 1, 2015 restatement due to GASB 68 & 71 implementation.

The following table summarizes changes in net position of the Authority between December 31, 2015 and December 31, 2014, as restated:

Condensed Statement of Net Position, as restated
(all amounts expressed in thousands of dollars)

	2015	2014	Dollar Change	Total Percent Change
Current assets	$38,762	$39,763	($1,001)	(2.52%)
Noncurrent restricted assets	6,531,797	6,513,483	18,314	0.28%
Noncurrent unrestricted assets	602,175	170,955	431,220	252.24%
Capital assets	1,321	1,353	(32)	(2.37%)
Total assets	7,174,055	6,725,554	448,501	6.67%
Loss on refunding	71,008	78,222	(7,214)	(9.22%)
Advance of loan interest	66,413	67,059	(646)	(0.96%)
Pension	204	141	63	44.68%
Total deferred outflows of resources	137,625	145,422	(7,797)	(5.36%)
Total assets and deferred outflows of resources	$7,311,680	$6,870,976	$440,704	6.41%
Current liabilities	$642,068	$333,222	$308,846	92.68%
Noncurrent revenue bonds and notes payable	2,642,603	2,652,432	(9,829)	(0.37%)
Other noncurrent liabilities	1,376	1,324	52	3.93%
Total liabilities	3,286,047	2,986,978	299,069	10.01%
Deferred Inflows of Resources-Pension	20	-	20	100.00%
Net Position:				
Net investment in capital assets	1,321	1,353	(32)	(2.37%)
Restricted	3,818,514	3,683,356	135,158	3.67%
Unrestricted	205,778	199,289	6,489	3.26%
Total net position	4,025,613	3,883,998	141,615	3.65%
Total liabilities, deferred inflows of resources and net position	$7,311,680	$6,870,976	$440,704	6.41%

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $4,025,612,947 as of December 31, 2015, $3,818,513,890 of which is restricted for debt and grant covenants.

By far, the largest portion of the Authority's net position is reflected in its loan receivables, cash, cash equivalents and investments less any related debt still outstanding used to fund these loans to local government agencies.

The following table summarizes the changes in revenues and expenses for the Authority between 2015 and 2014, as restated:

Condensed Statement of Revenues,
Expenses and Changes in Net Position, as restated

(all amounts expressed in thousands of dollars)

	2015	2014	Dollar Change	Total Percent Change
Operating revenues:				
Loan income	$156,531	$155,744	$787	0.51%
Investment income	6,500	7,098	(598)	(8.42%)
Administrative fees from projects	4,948	2,410	2,538	105.31%
Total operating revenues	167,979	165,252	2,727	1.65%
Operating expenses:				
Payroll and benefits	1,866	2,005	(139)	(6.93%)
Interest on bonds and notes	103,282	111,899	(8,617)	(7.70%)
Bond and note issuance expense	4,230	4,037	193	4.78%
Loan principal forgiveness and grant expense	11,786	32,400	(20,614)	(63.62%)
State revolving fund administration	6,867	7,744	(877)	(11.32%)
Professional services	2,727	2,902	(175)	(6.03%)
Loan interest rate buy-down	8,170	54	8,116	15,029.63%
Other	441	564	(123)	(21.81%)
Total operating expenses	139,369	161,605	(22,236)	(13.76%)
Operating income	28,610	3,647	24,963	684.48%
Nonoperating other revenues	427	14	413	2,950.00%
Contribution from U.S. EPA	102,273	104,374	(2,101)	(2.01%)
Federal subsidy income	10,305	10,278	27	0.26%
Change in net position	$141,615	$118,313	$23,302	19.70%

The two primary sources of operating revenue for the Authority are loan income and investment income, while the significant operating expense is interest on bonds and notes. For the year ending December 31, 2015, the Authority had operating income of $28,610,304 compared to an operating income of 3,646,299 in 2014. This increase in operating income was primarily attributed to a $2,727,277 increase in operating revenues, an $8,617,363 decrease in interest on bonds and notes and a $20,613,589 decrease in loan principal forgiveness and grant expense.

During fiscal year 2015, the Authority's net position increased by $141,614,969 or 3.65%. The majority of this increase was due to the following:

- $28,610,304 in operating income as noted earlier.
- $102,273,310 in Contributions from US EPA to be used to make loans to local governments.
- $10,304,736 in Build America Bonds (BABs) subsidies (federal subsidy income) used to offset interest expense on bonds.

Financial Analysis of Net Position by Fund, as restated
(all amounts expressed in thousands of dollars)

	2015	2014	Dollar Change	Total Percent Change
Operating	$ 2,676	$ 2,371	$ 305	12.86%
Other Projects	201,115	181,297	19,818	10.93%
In Lieu Fee	711	-	711	100.00%
Rural Utility Services	-	13,806	(13,806)	(100.00%)
Community Assistance	131,419	133,306	(1,887)	(1.42%)
Fresh Water	651,578	633,314	18,264	2.88%
Water Pollution Control Loan	2,516,471	2,422,750	93,721	3.87%
Drinking Water Assistance	521,643	497,155	24,488	4.93%
Total Fund Balance	$ 4,025,613	$3,883,998	$ 141,615	3.65%

During fiscal year 2015, Net Position by Fund experienced the following significant changes:

- Operating Fund Net Position increased $305,015 or 12.86%. This increase was caused by administrative fees from projects exceeding operating expenses during 2015.
- Other Projects Fund Net Position increased $19,818,570 or 10.93%. This increase was caused by transfers into the Other Projects Fund from other funds in 2015.
- In Lieu Fee Fund had financial activity for the first time in 2015.
- Rural Utility Services Fund was closed in 2015 and all assets of the fund were transferred to the Fresh Water Fund.

Debt Administration

As of December 31, 2015, the Authority had revenue bonds and notes principal outstanding of $3,047,760,451. The Authority's debt represents bonds and notes secured solely by loan repayments of pledged loans. The table below summarizes the amount of debt outstanding for 2015 and 2014.

Outstanding Debt at December 31, 2015 and December 31, 2014
(net of premiums)

(all amounts expressed in thousands of dollars)

		2015	2014
Revenue Bonds	$	2,872,760	2,831,482
Revenue Notes		175,000	61,000
Total	$	3,047,760	2,892,482

During 2015, the Authority issued the following bonds and notes for the purpose of providing loan funding to local governments under its various loan programs:

- Water Development Revenue Notes—Fresh Water Series 2014 & 2015-17
- Water Pollution Control Loan Fund Revenue Bonds—WPCLF Bonds Series 2015A
- Water Pollution Control Loan Fund Revenue Notes—State Match Series 2015

During 2015, the Authority issued the following bonds for the purpose of refinancing some of its existing debt to take advantage of favorable interest rates:

- Water Pollution Control Loan Fund Refunding Revenue Bonds—WPCLF Bonds Series 2015B were issued to partially advance refund previously outstanding Water Pollution Control Loan Fund Water Quality Series 2010A Bonds. This transaction enabled the Authority to achieve a total economic gain of $12,627,277.

The Authority continues to maintain strong ratings from Moody's and Standard & Poor's. The table below summarizes the ratings from Moody's & Standard & Poor's for the 2015 bond and note issuances of the Fresh Water Fund and the Water Pollution Control Loan (WPCLF) Fund of the Authority.

Bond or Note Series	Moody's	Standard & Poor's
Fresh Water Notes	-	SP-1+
WPCLF Bonds	Aaa	AAA

Additional information on the Authority's long-term debt can be found in the Notes to Financial Statements, pages 32-44 of this report.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Ohio Water Development Authority, 480 S. High Street, Columbus, Ohio 43215, or call (614)466-5822 or toll-free (877)OWDA-123, or visit the Authority's website at www.owda.org.

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Combining Statement of Net Position

December 31, 2015

		Trusted Funds			
Assets		Operating Fund	Other Projects Fund	In Lieu Fee Fund	Community Assistance Fund (Note 6)
Current assets:					
Cash and cash equivalents -- Note 2	$	820,673	5,054,101	1,352,738	-
Investments -- Note 2		801,699	24,204,770	3,453,495	-
Receivables:					
Loan and fee receivables		376,408	2,672,197	-	-
Other		25,475	-	-	-
Total current assets		2,024,255	31,931,068	4,806,233	-
Noncurrent assets:					
Restricted grant, bond and note covenant assets					
Cash and cash equivalents -- Note 2		-	-	-	2,417,360
Investments -- Note 2		-	-	-	19,855,898
Loan receivables		-	-	-	184,199,219
Total noncurrent restricted assets		-	-	-	206,472,477
Investments -- Note 2		599,943	110,171,262	-	-
Loan receivables		-	63,471,341	-	-
Other receivables		-	-	-	46,733
Due from other funds -- Note 3		93,864	-	-	84,326
Capital assets, at depreciated cost		1,321,359	-	-	-
Total noncurrent unrestricted assets		2,015,166	173,642,603	-	131,059
Total assets		4,039,421	205,573,671	4,806,233	206,603,536
Deferred Outflows of Resources					
Loss on refunding		-	-	-	2,396,840
Advance of loan interest		-	-	-	-
Pension		203,694	-	-	-
Total deferred outflows of resources		203,694	-	-	2,396,840
Total assets and deferred outflows of resources	$	4,243,115	205,573,671	4,806,233	209,000,376
Liabilities					
Current liabilities:					
Accounts payable	$	98,557	3,585,992	4,095,193	-
Compensated absences		15,031	-	-	-
Total current liabilities		113,588	3,585,992	4,095,193	-
Current liabilities payable from restricted assets					
Due to other funds -- Note 3		57,258	872,566	-	-
Accounts payable		-	-	-	206,761
Accrued interest		-	-	-	302,882
Revenue bonds and notes payable, net of premiums		-	-	-	9,120,000
Total current liabilities payable from restricted assets		57,258	872,566	-	9,629,643
Noncurrent liabilities:					
Compensated absences		226,250	-	-	-
Net pension liability		1,149,545	-	-	-
Revenue bonds and notes payable, net of premiums		-	-	-	67,951,641
Total noncurrent liabilities		1,375,795	-	-	67,951,641
Total liabilities		1,546,641	4,458,558	4,095,193	77,581,284
Deferred Inflows of Resources					
Pension		20,195	-	-	-
Net Position					
Net investment in capital assets		1,321,359	-	-	-
Restricted for debt and grant covenants		-	-	711,040	131,419,092
Unrestricted		1,354,920	201,115,113	-	-
Total net position		2,676,279	201,115,113	711,040	131,419,092
Total liabilities, deferred inflows of resources and net position	$	4,243,115	205,573,671	4,806,233	209,000,376

See accompanying notes to financial statements

	Trusteed Funds		
Fresh Water Fund (Note 7)	Water Pollution Control Loan Fund (Notes 8 & 9)	Drinking Water Assistance Fund (Notes 10)	Total Combining 2015
-	-	-	7,227,512
-	-	-	28,459,964
-	-	-	3,048,605
-	-	-	25,475
-	-	-	38,761,556
11,913,217	81,937,167	19,462,855	115,730,599
184,750,770	658,586,811	90,571,093	953,764,572
1,143,311,577	3,514,441,568	620,349,739	5,462,302,103
1,339,975,564	4,254,965,546	730,383,687	6,531,797,274
-	-	-	110,771,205
-	-	-	63,471,341
189,715	426,520,712	67,134	426,824,294
-	929,824	-	1,108,014
-	-	-	1,321,359
189,715	427,450,536	67,134	603,496,213
1,340,165,279	4,682,416,082	730,450,821	7,174,055,043
12,973,567	45,597,547	10,040,020	71,007,974
-	66,413,349	-	66,413,349
-	-	-	203,694
12,973,567	112,010,896	10,040,020	137,625,017
1,353,138,846	4,794,426,978	740,490,841	7,311,680,060
-	-	-	7,779,742
-	-	-	15,031
-	-	-	7,794,773
-	-	178,190	1,108,014
11,078,650	199,801,211	7,172,069	218,258,691
2,176,774	6,449,842	819,696	9,749,194
213,437,790	163,005,000	19,595,000	405,157,790
226,693,214	369,256,053	27,764,955	634,273,689
-	-	-	226,250
-	-	-	1,149,545
474,867,729	1,908,699,686	191,083,605	2,642,602,661
474,867,729	1,908,699,686	191,083,605	2,643,978,456
701,560,943	2,277,955,739	218,848,560	3,286,046,918
-	-	-	20,195
-	-	-	1,321,359
648,270,238	2,516,471,239	521,642,281	3,818,513,890
3,307,665	-	-	205,777,698
651,577,903	2,516,471,239	521,642,281	4,025,612,947
1,353,138,846	4,794,426,978	740,490,841	7,311,680,060

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Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended December 31, 2015

		Trusteed Funds			
		Operating Fund	Other Projects Fund	In Lieu Fee Fund	Rural Utility Services Fund
Operating revenues:					
Loan income	$	-	1,419,625	-	-
Investment income		8,964	984,242	5,220	39,861
Administrative fees from projects		3,060,609	-	705,820	-
Total operating revenues		3,069,573	2,403,867	711,040	39,861
Operating expenses:					
Payroll and benefits		1,866,345	-	-	-
Interest on bonds and notes		-	-	-	-
Bond and note issuance expense		-	-	-	-
Loan principal forgiveness and grant expense		-	2,650,971	-	-
State revolving fund administration		-	-	-	-
Professional services		478,160	902,015	-	-
Loan interest rate buy-down		-	-	-	-
Other		441,053	-	-	-
Total operating expenses		2,785,558	3,552,986	-	-
Operating income (loss)		284,015	(1,149,119)	711,040	39,861
Nonoperating other revenues		21,000	-	-	-
Income (loss) before contributions, federal subsidy income and transfers		305,015	(1,149,119)	711,040	39,861
Contribution from U.S. EPA		-	-	-	-
Federal subsidy income		-	-	-	-
Transfers in (out), net -- Note 16		-	20,967,689	-	(13,845,468)
Change in net position		305,015	19,818,570	711,040	(13,805,607)
Net position at beginning of year, as restated -- Note 4		2,371,264	181,296,543	-	13,805,607
Net position at end of year	$	2,676,279	201,115,113	711,040	-

See accompanying notes to financial statements.

Trusteed Funds				
Community Assistance Fund (Note 6)	Fresh Water Fund (Note 7)	Water Pollution Control Loan Fund (Notes 8 & 9)	Drinking Water Assistance Fund (Note 10)	Total Combining 2015
3,069,167	45,607,456	90,732,642	15,702,029	156,530,919
60,730	882,778	4,226,317	292,212	6,500,324
-	-	-	1,181,246	4,947,675
3,129,897	46,490,234	94,958,959	17,175,487	167,978,918
-	-	-	-	1,866,345
4,066,728	21,790,891	68,839,347	8,584,559	103,281,525
-	445,559	3,554,365	229,850	4,229,774
-	2,500	4,040,745	5,092,006	11,786,222
-	-	4,133,048	2,733,983	6,867,031
30,402	275,385	891,202	149,667	2,726,831
-	2,341,934	5,086,538	741,361	8,169,833
-	-	-	-	441,053
4,097,130	24,856,269	86,545,245	17,531,426	139,368,614
(967,233)	21,633,965	8,413,714	(355,939)	28,610,304
-	-	405,619	-	426,619
(967,233)	21,633,965	8,819,333	(355,939)	29,036,923
-	-	78,233,460	24,039,850	102,273,310
560,950	2,271,488	6,668,490	803,808	10,304,736
(1,481,015)	(5,641,206)	-	-	-
(1,887,298)	18,264,247	93,721,283	24,487,719	141,614,969
133,306,390	633,313,656	2,422,749,956	497,154,562	3,883,997,978
131,419,092	651,577,903	2,516,471,239	521,642,281	4,025,612,947

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Combining Statement of Cash Flows

Year ended December 31, 2015

		Trusted Funds			
		Operating Fund	Other Projects Fund	In Lieu Fee Fund	Rural Utility Services Fund
Operating activities:					
Administrative fees from projects	$	2,428,996	-	705,820	-
Payroll and benefits		(1,899,151)	-	-	-
Grant expense		-	(3,150,698)	-	-
State revolving fund administration		-	-	-	-
Professional services		(499,801)	(928,606)	-	(1,584)
Other		(405,501)	-	-	-
Net cash provided (used) by operating activities		(375,457)	(4,079,304)	705,820	(1,584)
Investing activities:					
Proceeds from maturity or sale of investments		951,085	126,190,862	-	13,090,141
Purchase of investments		(1,000,284)	(135,908,982)	(3,457,009)	-
Interest received on investments, net of purchased interest		6,658	1,692,484	8,723	95,646
Interest received on projects		-	1,191,146	-	-
Principal collected on projects		-	5,217,721	-	-
Payment for construction of projects		-	(17,066,374)	-	-
Net cash provided (used) by investing activities		(42,541)	(18,683,143)	(3,448,286)	13,185,787
Noncapital financing activities:					
Interest paid on bonds and notes, net of purchased interest		-	-	-	-
Proceeds of bonds and notes		-	-	-	-
Bond and note issuance expense		-	-	-	-
Redemption of bonds and notes		-	-	-	-
Contribution from U.S. EPA		-	-	-	-
Other		306,757	872,566	4,095,193	-
Transfers (to) from other funds		-	20,981,514	-	(13,859,294)
Net cash provided (used) by noncapital financing activities		306,757	21,854,080	4,095,193	(13,859,294)
Net increase (decrease) in cash and cash equivalents		(111,241)	(908,367)	1,352,727	(675,091)
Cash and cash equivalents at beginning of year		931,914	5,962,257	-	675,091
Cash and cash equivalents at end of year -- Note 2	$	820,673	5,053,890	1,352,727	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$	284,015	(1,149,119)	711,040	39,861
Adjustments:					
Investment income		(8,964)	(984,242)	(5,220)	(39,861)
Principal forgiveness and other		185,269	(499,727)	-	-
Interest on bonds and notes		-	-	-	-
Loan and loan fee income		(631,613)	(1,419,625)	-	-
Bond and note issuance expense		-	-	-	-
Net change in other assets and other liabilities		(204,164)	(26,591)	-	(1,584)
Net cash provided (used) by operating activities	$	(375,457)	(4,079,304)	705,820	(1,584)

See accompanying notes to financial statements.

Trusteed Funds				
Community Assistance Fund (Note 6)	Fresh Water Fund (Note 7)	Water Pollution Control Loan Fund (Notes 8 & 9)	Drinking Water Assistance Fund (Note 10)	Total Combining 2015
-	-	-	1,110,754	4,245,570
-	-	-	-	(1,899,151)
-	-	(1,232,900)	(1,950,298)	(6,333,896)
-	-	(4,133,048)	(2,733,983)	(6,867,031)
(45,853)	(317,004)	(936,532)	(155,797)	(2,885,177)
-	-	-	-	(405,501)
(45,853)	(317,004)	(6,302,480)	(3,729,324)	(14,145,186)
21,521,791	326,182,207	995,873,455	149,178,586	1,632,988,127
(23,625,984)	(364,156,448)	(767,902,940)	(138,172,943)	(1,434,224,590)
88,948	1,517,908	8,380,209	712,644	12,503,220
3,056,403	42,815,014	87,745,975	14,844,098	149,652,636
10,443,747	66,859,613	255,489,124	39,023,454	377,033,659
(1,319,592)	(137,689,145)	(399,347,873)	(61,776,431)	(617,199,415)
10,165,313	(64,470,851)	180,237,950	3,809,408	120,753,637
(3,837,394)	(26,257,897)	(81,477,350)	(10,533,803)	(122,106,444)
-	125,000,000	152,538,219	-	277,538,219
-	(704,059)	(1,187,941)	(293,807)	(2,185,807)
(8,875,000)	(38,950,000)	(314,823,010)	(31,585,000)	(394,233,010)
-	-	78,233,460	24,039,850	102,273,310
476,549	2,434,584	6,933,828	966,664	16,086,141
(1,481,015)	(5,641,205)	-	-	-
(13,716,860)	55,881,423	(159,782,794)	(17,406,096)	(122,627,591)
(3,597,400)	(8,906,432)	14,152,676	(17,326,012)	(16,019,140)
6,014,621	20,819,420	67,782,446	36,788,419	138,974,168
2,417,221	11,912,988	81,935,122	19,462,407	122,955,028
(967,233)	21,633,965	8,413,714	(355,939)	28,610,304
(60,730)	(882,778)	(4,226,317)	(292,212)	(6,500,324)
-	2,344,434	9,127,283	4,801,930	15,959,189
4,066,728	21,790,891	68,839,347	8,584,559	103,281,525
(3,069,167)	(45,607,456)	(90,732,642)	(15,702,029)	(157,162,532)
-	445,559	3,554,365	229,850	4,229,774
(15,451)	(41,619)	(1,278,230)	(995,483)	(2,563,122)
(45,853)	(317,004)	(6,302,480)	(3,729,324)	(14,145,186)

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(1) AUTHORIZING LEGISLATION, REPORTING ENTITY, PROGRAM DESCRIPTIONS, FUND ACCOUNTING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Authorizing Legislation

The Ohio Water Development Authority (Authority) is a body corporate and politic in the State of Ohio created by an Act of the General Assembly of the State of Ohio effective March 7, 1968. It is authorized and empowered to acquire, construct, maintain, repair and operate water development projects and solid waste projects, to issue water development and solid waste revenue bonds and notes and to collect rentals and other charges to pay such bonds and notes and the interest thereon. The Authority was given jurisdiction over financing solid waste control by an Act of the General Assembly of the State of Ohio during 1970. Under provisions of the Act, such revenue bonds and notes shall not be deemed to constitute a debt or a pledge of faith and credit of the State nor any political subdivision thereof.

Reporting Entity

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, which defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
- An organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Officials of the State's primary government appoint a voting majority of the Authority's governing board. However, the primary government's accountability for the Authority does not extend beyond making those appointments. As such, the Authority is deemed a related organization of the State of Ohio. The Authority does not have any component units or related organizations of its own.

Programs

The Authority has established the following programs:

Local Communities

The Authority has established financing programs to provide loans to local communities in the State of Ohio for the construction of sewage and related water treatment facilities. These programs are accounted for in various funds, which are described in the following paragraphs.

These loans provide for the financing of project construction costs. Revenue from the underlying project is pledged toward repayment of the loan.

The Authority's initial funding of the program came from a $100,000,000 appropriation, all of which has been designated for use, from the State of Ohio. Subsequent funding of its programs has come from the issuance by the Authority of bonds and notes as well as federal capitalization grants.

Industrial

The Authority has established financing programs to assist private industry and certain municipalities participating in a manner similar to private industry, all located in the State of Ohio, in controlling water pollution and solid waste by constructing appropriate facilities. These programs are accounted for in various funds, which are described in Note 12. The Authority issues revenue bonds and notes to finance these programs. The Authority and the industrial companies and municipalities enter into agreements whereby the industrial companies and municipalities are required to make payments, as they become due, sufficient to pay the interest and principal on the bonds and notes issued to finance the projects.

These bonds and notes are principally secured by either revenues from the services, lease purchase agreements, mortgages, letters of credit or a combination thereof and are not secured by assets of the Authority.

Basis of Presentation—Fund Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses; and are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with laws, regulations or other restrictions. The following is a description of the funds adopted by the Authority.

(a) Operating Fund

The Operating Fund was established to account for the administrative activities and transactions of the Authority, which are required to carry out the provisions of the aforementioned authorizing legislation.

Revenues for Authority operations are principally provided by an administrative fee charged as a percentage of the total cost of each project which the Authority assists by providing financing. Fee income is recognized at the time that the financing agreements are finalized since substantially all of the costs associated with the agreements have been incurred by that time. Operating expenses, which are primarily salaries, employee fringe benefits and legal and professional fees include administrative expenses of the Authority and other expenses incurred in connection with the financing of projects.

(b) Other Projects Fund

The Other Projects Fund was established to account for its programs and commitments that are funded with funds other than proceeds of bonds or notes or other funds required by law or contract to be held in a fund separate and segregated from other funds of the Authority. The Other Projects Fund consists of the following programs and commitments:

(Continued)

- ***Other Projects Fund – Endowment Grant***

  The purpose of this program is to provide grants to local governments in Ohio to develop innovative projects in the areas of drinking water, wastewater and solid waste management.

- ***Other Projects Fund – Solid Waste***

  The purpose of this program is to provide financing to local governments in Ohio for the construction of solid waste facilities including recycling projects, composting, waste-to-energy projects and landfills. The balance of the construction costs are to be repaid by the solid waste facilities under terms of installment contracts over periods of 10 to 20 years with interest at 5.33% to 5.65%.

- ***Other Projects Fund – Local Economic Development***

  The purpose of this program is to provide financing to local governments in Ohio to construct projects which will provide economic development benefits. The interest rate for each loan is negotiated by the local government and the Ohio Development Services Agency. The loans are to be repaid under terms of installment contracts over periods of 10 to 30 years with interest at 1.0% to 3.0%.

  During 2015, the Authority, for economic reasons, restructured an Other Projects Fund - Local Economic Development loan. The Authority's investment in this loan was $7,476,439. During 2015, had this loan been current and in compliance with its original terms, the Authority would have earned loan interest income of $219,926. As a result of the loan restructuring, the Authority earned loan income of $108,818 in 2015.

- ***Other Projects Fund – Brownfield***

  The purpose of this program is to provide financing for the clean-up of contaminated brownfield sites under the state's voluntary action program. The loans are to be repaid under terms of installment contracts over periods of 5 to 15 years with interest at 0.0% to 2.0%.

- ***Other Projects Fund – Village Capital Improvements***

  The purpose of this program is to provide interest-free planning and design loans to qualifying villages in Ohio for water and wastewater facilities. These loans are to be repaid at a term not to exceed 10 years.

- ***Other Projects Fund – Emergency Relief***

  The purpose of this program is to provide financial assistance to Ohio communities or households that have sustained damage to their water or wastewater facilities as the result of a natural disaster or a mine subsidence event. To be eligible, communities or households must have an outstanding loan from the Authority and be in a federal or state designated disaster area, or be in an area of mine subsidence as declared by the state. The program can provide a community with up to two semi-annual loan payments to the Authority in an amount equivalent to the damage sustained by the water or wastewater systems during the disaster, or up to $25,000 per household for mine subsidence relocation costs.

As of December 31, 2015, the Authority has approved $5,015,694 in grant assistance to forty one communities for damage caused by flooding in Ohio and $125,000 in grant assistance to five households for mine subsidence relocation costs.

- ***Other Projects Fund – Dam Safety***

The purpose of this program is to help eligible Ohio dam owners receive below market interest rate loans to finance dam repairs and improvements that have been so ordered by the Ohio Department of Natural Resources. These loans are available through the Dam Safety Linked Deposit Program. In the program, Dam Safety funds are invested in local participating banks at below-market rates. The banks, in return, issue low interest rate loans to qualified participants. The amount invested in this program as of December 31, 2015 was $1,200,220.

- ***Other Projects Fund – Lake Erie Soil Erosion***

The purpose of this program is to provide financing to the eight counties with Lake Erie shorelines containing coastal erosion areas. Any county receiving financing from the program will then provide financial assistance to property owners for the construction of erosion control structures in areas defined by statute as coastal erosion areas.

The loans to the counties are to be repaid under terms of installment contracts. As of December 31, 2015, two loans approved totaling $661,000 are outstanding from this account over 15 years with interest at 4.67% to 5.34%.

- ***Other Projects Fund – Security Assistance***

The purpose of this program is to provide financing to local governments in Ohio to protect the communities' water and wastewater systems. Eligible items under the program include lighting, fencing, cameras, motion detectors, gating and security systems and terrorism preparedness plans.

The loans to the LGAs are to be repaid under terms of installment contracts with interest at 2.00%. As of December 31, 2015, two loans have been awarded a total of $251,281 from this account over 20 and 30 years.

- ***Other Projects Fund – Interest Rate Buy-Down***

The purpose of this program is to provide a subsidy to the local governments in Ohio that obtained financing under the Authority's Fresh Water, Refunding and Safe Water Refunding (which were consolidated into the Fresh Water Fund in 2007), and Pure Water Refunding (which was also consolidated into the Fresh Water Fund in 2010) programs whose loan interest rates exceed 4.00%.

- ***Other Projects Fund – Unsewered Area Planning Loan Program***

The purpose of this program is to provide interest-free planning loans to unsewered areas where the LGA is considering the construction of a system of sewer facilities. These loans are to be repaid at a term not to exceed 10 years.

- ***Other Projects Fund – Unsewered Area Assistance Program***

  The purpose of this program is to provide principal forgiveness construction loans to unsewered areas for the purpose of construction of a system of sewer facilities.

- ***Other Projects Fund – Alternative Stormwater Infrastructure Loan Program***

  The purpose of this program is to provide loans to reduce stormwater run-off and mitigate flooding. The loans to the LGAs are to be repaid under terms of installment contracts. As of December 31, 2015, four loans have been awarded from this account totaling $28,378,727 over periods of 12 to 30 years with interest at 1.0% to 2.5%.

- ***Other Projects Fund – Unallocated Reserve***

  This reserve was established for potential collectability or cash flow problems that may arise in the future on any Authority project. The target balance of the reserve is 1% of the outstanding loan balance of the Other Projects, Community Assistance and Fresh Water loan programs.

(c) In-Lieu Fee Fund

The In-Lieu Fee (ILF) Mitigation Fund was established during 2014 by a resolution of the Authority and is administered by a Trustee. OWDA is responsible for fund management in support of the Nature Conservancy's administration of the program.

The purpose of the ILF Mitigation Fund is to provide an option for public and private entities that are impacting Ohio's wetlands or streams where direct mitigation of those impacts is not feasible. These entities pay into the ILF Mitigation Fund providing a source of funds that is then used to implement comparable projects elsewhere in the state that compensate for the originally impacted wetlands by public and private entities or carry out comparable projects to negate any negative impact on wetlands or streams.

(d) Rural Utility Services Fund

The Rural Utility Services Fund was established during 1996 by a resolution of the Authority and is administered by a Trustee. Initial funding for the fund was provided by a $2,800,150 transfer from the Pure Water Refunding Fund. Additional funding was provided by the proceeds of the Water Development Revenue Notes—RUS Loan Advance Series 1996-A, Series 1998-A, Series 1999-A, Series 2000-A, Series 2001-A, Series 2002-A, Series 2003, Series 2004-A, Series 2006-A and monetary transfers from the Fresh Water Fund.

The purpose of these funds is to provide interim loans to local governments in Ohio to finance water development projects pending their receipt of loan or grant money from the United States of America, acting through Rural Utility Services.

(e) Community Assistance Fund

The Community Assistance Fund (formerly known as the Hardship Fund) was established during 1983 by a resolution of the Authority and is administered by a Trustee. The purpose of the fund is to provide a financing program for local governments in Ohio that are unable to meet debt service requirements at normal market interest rates without undue hardship to users.

The balance of the construction costs is paid by the LGA under the terms of installment contracts over periods of 19.5 to 30 years with interest at 1.00% to 3.11%. LGA payments of construction costs may be used for providing additional funding for qualifying projects.

Initial funding for the Community Assistance Fund was provided by a $15,000,000 transfer from the Pure Water Refunding Fund. Additional funding has been provided by monetary transfers from the Fresh Water Fund, Refunding Fund, Safe Water Refunding Fund, Pure Water Refunding Fund and the issuance of the Water Development Revenue Bonds—Community Assistance Series 1997, Series 2003, Series 2007, Series 2010A and Series 2010B. The Water Development Revenue Refunding Bonds—Community Assistance Series 2005 Bonds were issued for the purpose of refunding portions of outstanding Community Assistance Series 1997 Bonds. The Water Development Revenue Refunding Bond Anticipation Notes, Series 2008A and Series 2008B, were issued to refund the Community Assistance Series 2007 Bonds. The Water Development Revenue Refunding Bonds—Community Assistance Series 2009 Bonds were issued to refund the Community Assistance Series 2008B Bond Anticipation Notes. The Water Development Revenue Refunding Bonds—Community Assistance Series 2011 Bonds were issued for the purpose of refunding portions of outstanding Community Assistance Series 2003 Bonds. The Water Development Revenue Refunding Bonds—Community Assistance Series 2013 Bonds were issued to refund the outstanding Series 2005 Bonds. All loan repayments for this fund are pledged on a parity basis against all debt outstanding within this fund.

(f) Fresh Water Fund

The Fresh Water Fund, which consists of various accounts, was established in 1992 by a resolution providing for the issuance of the Water Development Revenue Refunding Bonds—Pure Water Refunding and Improvement Series. Initial funding was provided by a portion of the proceeds from these bonds and a transfer from the Pure Water Refunding Fund. The Water Development Revenue Bonds—Fresh Water Series 1995, Series 1998, Series 2001A, Series 2002, Series 2004, Series 2010A-1, Series 2010A-2, Series 2013 and Water Development Revenue Notes—Fresh Water Commercial Paper Series 2007A, Series 2008D, Series 2008E, Series 2010A, Series 2010B, Series 2014 Notes & 2015 Notes were later issued to provide additional funds necessary for making loans to LGAs as part of the Authority’s Fresh Water Program. The Water Development Refunding Revenue—Fresh Water Series 2001B, Series 2005, Series 2006A, Series 2009A and Series 2009B Bonds were issued for the purpose of refunding portions of Fresh Water Series 1995, Series 1998, Series 2001A, Series 2002 and Series 2004 Bonds. A portion of the Fresh Water Series 2009A Bonds were used to retire outstanding commercial paper issued in 2007 and 2008. A portion of the Fresh Water Series 2010A-1 and Series 2010A-2 Bonds were used to retire outstanding commercial paper issued in 2010. All Fresh Water loan repayments for this fund are pledged on a parity basis against all debt outstanding within this fund.

The purpose of these funds is to provide moneys necessary to finance the LGA portion of costs for planning, designing, acquiring or constructing wastewater treatment, sewage collection, and water supply and distribution facilities in Ohio, and to finance other projects approved by the Authority.

The balance of Fresh Water construction costs is repaid by LGAs under terms of installment contracts over periods of 5 to 30 years with interest rates of 0.00% to 7.38%.

On December 1, 2007, the Refunding Fund and the Safe Water Refunding Fund were closed and the outstanding loan receivable balances were transferred to the Fresh Water Fund. The loan repayments from these funds are deposited into the Cross-Collateralization account in the Fresh Water Fund and are not pledged toward outstanding Fresh Water debt. The balance of these loans is repaid by LGAs under terms of installment contracts over 40 years with interest rates of 5.25% to 5.50%.

On December 1, 2010, the Pure Water Refunding Fund was closed and the outstanding loan receivable balances were transferred to the Fresh Water Fund. The loan repayments from this fund are deposited into the Cross-Collateralization account in the Fresh Water Fund and are not pledged toward outstanding Fresh Water debt. The balance of these loans is repaid by LGAs under terms of installment contracts over periods of 5 to 30 years with interest rates of 0.00% to 7.96%.

(g) Water Pollution Control Loan Fund

The Water Pollution Control Loan Fund (WPCLF) consists of various accounts which were established by an Act of the General Assembly of the State of Ohio in 1989 and are administered by a Trustee. The purpose of this fund is to provide financial assistance for the construction of publicly owned wastewater treatment works in Ohio.

Construction costs are paid by LGAs under terms of installment contracts over periods of 5 to 30 years with interest rates of 0.00% to 4.66%. LGA repayments of project costs are restricted for the purpose of providing additional moneys for projects or for debt service.

In 2015, the Authority created the WPCLF Interest Rate Buy-Down Program. The purpose of this program is to provide a subsidy to the local governments in Ohio that obtained financing under the Authority's WPCLF Program whose loan interest rates exceed 3.00%.

The WPCLF was initially funded in 1989 by a U.S. Environmental Protection Agency capitalization grant, which required a 20% matching contribution from the Ohio Environmental Protection Agency (Ohio EPA). Grant funding has been awarded as detailed in the following table:

Year Awarded	Capitalization Grant	State Match
1989	$ 53,099,244	10,619,849
1990	64,124,705	12,824,941
1991	120,534,782	24,106,956
1992	109,382,724	21,876,545
1993	108,203,832	21,640,766
1994	75,855,333	15,171,067
1995	72,717,472	14,543,495
1996	118,581,512	23,716,302
1997	35,085,699	7,017,140
1998	86,175,844	17,235,168
1999	75,812,616	15,162,523
2000	78,490,933	15,701,752
2002	151,596,245	30,319,250
2003	74,859,808	14,971,962
2004	75,649,985	15,129,997
2005	60,663,240	12,132,648
2006	49,305,643	9,861,129
2007	60,252,687	12,050,537
2009*	297,239,893	15,323,359
2011	197,831,000	39,566,200
2012	79,564,000	15,912,800
2013	75,160,000	15,032,000
2014	78,932,000	15,786,400
2015	78,528,000	15,705,600
Total	$ 2,277,647,197	411,408,386

* The 2009 capitalization grant funding award included $220,623,100 in moneys from The American Recovery and Reinvestment Act (ARRA) with no state match required, and $76,616,793 in capitalization grant moneys requiring a 20% state match.

The WPCLF received additional funding from the proceeds of Water Pollution Control Loan Fund Revenue Bonds and Notes—State Match Series 1991, Series 1993, Series 1995, Series 2000, Series 2008, Series 2010, Series 2013 & Series 2015; Water Quality Series 1995, Series 1997, Series 2001, Series 2002, Series 2004, Series 2005B, Series 2010A, Series 2010B-1 and Series 2010B-2; Floating Rate Notes Series 2012A and Series 2013A and WPCLF Bonds Series 2014A & Series 2015A. The Water Pollution Control Loan Fund Revenue Refunding Bonds—State Match Series 2001 and Series 2005 and Water Quality Series 2003, Series 2004, Series 2005, Series 2009, Series 2010C, Series 2011A, Series 2011B-1, Series 2011B-2, Series 2012A and WPCLF Bonds Series 2014B & 2015B were issued to refund portions of the State Match and Water Quality Series Bonds. The WPCLF Water Quality, State Match and WPCLF Bonds and Notes were established by resolutions providing for the issuance of these bonds and notes and are administered by Trustees.

The WPCLF Bonds and Notes are special obligations of the Authority, issued to fund the State Match, Water Quality and WPCLF Bond accounts for use in making loans to LGAs provided by the Ohio EPA and the Authority. All interest earned on moneys and/or investments in the WPCLF remain within the fund. All loan repayments of principal and interest on loans made prior to May 1, 2014 are primarily pledged on a parity basis to all WPCLF Water Quality Bonds outstanding and subordinately pledged on a parity basis to all WPCLF Bonds outstanding. All loan repayments of interest for loans made after May 1, 2014 are primarily pledged on a parity basis to all WPCLF Bonds outstanding and subordinately pledged on a parity basis to all WPCLF Water Quality Bonds outstanding. As of December 31, 2015, all WPCLF State Match Bonds are retired. Any future WPCLF State Match issuances will be governed by the WPCLF Bonds Trust Indenture.

In 1994, the Authority established the Linked Deposit Program. This program is aimed at helping Ohio farmers receive low-interest loans to reduce non-point source pollution from agricultural run-off. In the program, WPCLF funds are invested in local participating banks at below-market rates. The banks, in return, issue low-interest rate loans to qualified participants. The amount invested in this program as of December 31, 2015 was $2,589,227.

(h) Drinking Water Assistance Fund

The Drinking Water Assistance Fund (DWAF) was established by legislation enacted by the General Assembly of the State of Ohio in 1997 and is administered by a Trustee. The purpose of this fund is to assist public water systems to finance the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act requirements and to protect public health.

Construction costs are paid under terms of installment contracts over periods of 5 to 30 years with interest rates of 0.00% to 4.66%. Repayments of project costs are restricted for the purpose of providing additional moneys for projects.

In 2015, the Authority created the DWAF Interest Rate Buy-Down Program. The purpose of this program is to provide a subsidy to the local governments in Ohio that obtained financing under the Authority’s DWAF Program whose loan interest rates exceed 3.00%.

(Continued)

The DWAF was initially funded in 1998 by a U.S. Environmental Protection Agency capitalization grant, with a required 20% state match contribution from the Ohio EPA. Grant funding has been awarded as detailed in the following table:

Year Awarded	Capitalization Grant	State Match
1998	$ 43,073,000	8,614,600
1999	22,806,200	4,561,240
2000	48,745,300	9,749,060
2001	24,944,900	4,988,980
2002	24,547,600	4,909,520
2003	24,400,100	4,880,020
2004	25,311,500	5,062,300
2005	25,257,900	5,051,580
2006	24,670,900	4,934,180
2007	24,671,000	4,934,200
2008	24,421,000	4,884,200
2009*	82,881,000	4,884,200
2011	73,389,000	14,677,800
2012	30,339,000	6,067,800
2013	27,058,000	5,411,600
2014	24,586,000	4,917,200
2015	24,425,000	4,885,000
Total	$ 575,527,400	103,413,480

* The 2009 capitalization grant funding award included $58,460,000 in moneys from ARRA with no state match required, and $24,421,000 in capitalization grant moneys requiring a 20% state match.

The DWAF received additional funding from the proceeds of the Drinking Water Assistance Fund Revenue Bond Anticipation Notes—State Match Series 2001 and the Drinking Water Assistance Fund Revenue Bonds and Notes—State Match Series 2002, Series 2004, Series 2010A and Series 2014 and Leverage Series 2002, Series 2004, Series 2005B, Series 2006, Series 2010A and Series 2010B. Drinking Water Assistance Fund Refunding Revenue Bonds—Leverage Series 2005 were issued to refund a portion of the Leverage Series 2002 Bonds; Leverage Series 2008 were issued to refund the Leverage Series 2006 Notes; State Match Series 2010B were issued to refund a portion of State Match Series 2002 and Series 2004 Bonds; Leverage Series 2010C were issued to refund a portion of the Leverage Series 2002, Series 2004, Series 2005B and Series 2008 Bonds; and Leverage Series 2014 were issued to refund a portion of the Series 2005B and Series 2008 Bonds. The DWAF Bonds and Notes were established by resolutions providing for the issuance of these bonds and notes and are administered by Trustees. All loan repayments for this fund are pledged on a parity basis against all debt outstanding within this fund.

Summary of Significant Accounting Policies

(a) Basis of Accounting

The basis of accounting determines when transactions and economic events are reflected in financial statements. The Authority has prepared the financial statements on the full accrual basis of accounting. Accordingly, revenues are recognized as earned and expenses are recognized as incurred, including interest expense on bonds and notes outstanding.

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

(b) Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit with Trustees and petty cash, as defined in GASB Statement No. 9 for the purpose of the statement of cash flows, in addition to money market investments and holdings in the State Treasury Asset Reserve of Ohio (STAROhio) investment pool. STAROhio operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940, which requires investments in the 2a7-like pool to be reported at amortized cost (which approximates net asset value).

For the purpose of the statement of cash flows, the Authority considers cash deposits with a maturity of three months or less when purchased to be cash equivalents. Additionally, the Authority does not consider its loans to be program loans, and as a result, reports its loan cash flows within the investing activities section of the statement of cash flows.

(c) Investments

With the exception of nonnegotiable certificates of deposit, investments are carried at fair value, which includes accrued interest receivable. Accordingly, the Authority reports participating nonnegotiable certificates of deposit at amortized cost plus accrued interest receivable.

(d) Due to and Due from Other Funds

Interfund receivables and payables, otherwise referred to as due to and due from other funds, arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. All interfund balances at December 31, 2015 resulted from the time lag between the dates that transactions are recorded in the accounting system and the dates that payments between funds are made. The Authority expects that all interfund balances will be repaid within one year.

(e) Loan Income as Defined by the Contracts

Loan income consists primarily of interest charged to LGAs, as defined by the contracts with LGAs, on the amounts estimated to be paid under the loan agreements. Interest charged during the construction period is capitalized by the Authority and is reflected as part of loan receivables.

(f) Amortization of Premium and Discount of Bonds and Notes

Premium and discount are amortized over the life of the bonds and notes, following the effective interest method.

(g) Interfund Transfers/Net Position

The Authority reports interfund transactions when incurred, as follows:

- Transfers in (out), net: Transfers to a receiving fund from a disbursing fund required to meet routine operating requirements, such as debt service repayments and loan disbursements, in addition to transfers between funds for initial and/or additional funding needs.

Interfund transfers have not been eliminated in the combining column of the financial statements.

Net position in excess of those amounts required by the various trust agreements may, upon Board authorization, be used for any lawful purpose.

(h) Capital Assets and Facilities

Capital assets of the Authority include an office building with attached garage, two parking lots, office furniture and equipment. Capital assets are defined by the Authority as assets with an initial, individual cost of $1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Depreciation is computed on the building, capital improvements and other capital assets only, using the straight line method with no salvage value. Current year depreciation expense is detailed below as 'additions' to accumulated depreciation.

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

		Beginning Balance	Additions	Deletions	Ending Balance
Land (non-depreciable)	$	538,676	–	–	538,676
Building (useful life: 20-45 years)		887,524	–	–	887,524
Capital Improvements (useful life: 20 years)		628,314	–	–	628,314
Other (useful life: 3-10 years)		1,520,734	72,198	(91,179)	1,501,753
Total capital assets	$	3,575,248	72,198	(91,179)	3,556,267
Less: Accumulated Depreciation-Building		(455,886)	(30,509)	–	(486,395)
Less: Accumulated Depreciation-Cap Impr		(342,256)	(26,529)	–	(368,785)
Less: Accumulated Depreciation-Other		(1,424,179)	(46,728)	91,179	(1,379,728)
Capital Assets, at Depreciated Cost	$	1,352,927	(31,568)	–	1,321,359

(i) Statement of Net Position Classifications

The Authority is required to classify its statement of net position, detailing current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources and restricted and unrestricted net position, as follows:

- Current: Due within one year from December 31, 2015
- Noncurrent: Due after December 31, 2016
- Restricted: Restricted for usage by bond and note covenants and grant restrictions
- Unrestricted: Not restricted for usage

Within the Fresh Water Fund there exist both restricted and unrestricted net positions. Restricted net position would be used to cover eligible expenses before unrestricted net position would be used. The unrestricted net position may, upon Board authorization, be used by the Authority for any lawful purpose.

(j) Revenue and Expense Classifications

The Authority's policy for revenue and expense classification is as follows:

- Operating revenues consist of loan income, investment income and administrative fees from projects
- Operating expenses consist of payroll and benefits, interest on bonds and notes, bond and note issuance expense, loan principal forgiveness and grant expense, state revolving fund administration, professional services, loan interest rate buy-down and other operating expenses
- Nonoperating other revenues
- Contribution from U.S. EPA
- Federal subsidy income

(k) Risk Management

It is the policy of the Authority to eliminate or transfer risk. The Authority does not self-insure any risk resulting from acts of God, injury to employees or breach of contract.

The Authority carries commercial property insurance on property and equipment in the aggregate sum of approximately $2,250,000. The Authority carries commercial liability insurance coverage in the amount of approximately $56,385,000. The Authority also carries premium-based medical, dental and vision coverage for all employees.

During 2015, there were no claims by the Authority that exceed the insurance coverage, nor has there been a reduction in insurance coverage in the past three years.

(2) CASH AND INVESTMENTS

As of December 31, 2015, the Authority's carrying amount of deposits was $32,987,905 and bank balance of deposits was $33,022,030. Of this amount, $380,685 was covered by federal depository insurance, and $32,641,345 was collateralized with securities held by the bank's agent but not in the Authority's name. The Authority's carrying amount of long-term nonnegotiable certificates of deposit as of December 31, 2015 was $3,794,752. These deposits were collateralized with securities held by the bank's agent but not in the Authority's name.

The Authority's investment policy and relevant trust indentures, which are in compliance with the Ohio Revised Code, authorizes investments in obligations of the U.S. Treasury, U.S. Agencies, obligations of the State of Ohio or any political subdivision, obligations of any State of the United States, repurchase agreements from financial institutions with a Moody's or Standard & Poor's rating of "A", investment agreements from financial institutions rated in the highest short-term categories or one of the top three long-term categories by Moody's and/or Standard & Poor's, money market mutual funds whose portfolio consists of authorized investments, the State Treasurer's investment pool and any debt or fixed income security, the issuer of which is rated in the highest short-term or in the top three long-term categories. All investments must mature within five years of settlement unless the investment is matched to a specific obligation or debt of the Authority. Securities are purchased with the expectation that they may be held to maturity.

As of December 31, 2015, the Authority had the following investments and maturities:

		Investment Maturity (in Years)			
Fund - Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More Than 10
Operating:					
U.S. Agencies	$1,401,642	801,699	599,943	-	-
Other Projects:					
U.S. Treasuries	70,730,733	21,909,005	48,821,728	-	-
U.S. Agencies	57,395,009	1,743,554	55,651,455	-	-
Municipal Bonds	5,046,753	548,894	4,497,859	-	-
Money Market	4,466,020	4,466,020	-	-	-
	137,638,515	28,667,473	108,971,042	-	-
In Lieu Fee:					
U.S. Treasuries	3,453,495	3,453,495	-	-	-
Money Market	1,352,738	1,352,738	-	-	-
	4,806,233	4,806,233	-	-	-

Fund - Investment Type	Fair Value	Investment Maturity (in Years) - Continued Less than 1	1 - 5	6 - 10	More Than 10
Community Assistance:					
U.S. Treasuries	$16,657,221	9,717,093	6,940,128	-	-
U.S. Agencies	3,198,677	1,998,797	1,199,880	-	-
STAROhio	292,257	292,257	-	-	-
Money Market	1,081,089	1,081,089	-	-	-
	21,229,244	13,089,236	8,140,008	-	-
Fresh Water:					
U.S. Treasuries	117,302,557	56,595,197	59,618,309	1,089,051	-
U.S. Agencies	65,056,164	39,213,112	25,843,052	-	-
Municipal Bonds	2,392,049	343,307	2,048,742	-	-
STAROhio	1,107,500	1,107,500	-	-	-
Money Market	5,672,699	5,672,699	-	-	-
	191,530,969	102,931,815	87,510,103	1,089,051	-
Water Pollution Control Loan:					
U.S. Treasuries	408,377,615	59,232,052	348,946,790	198,773	-
U.S. Agencies	240,814,408	97,085,086	143,729,322	-	-
Municipal Bonds	6,803,574	1,666,950	5,136,624	-	-
STAROhio	19,274,776	19,274,776	-	-	-
Money Market	39,552,754	39,552,754	-	-	-
	714,823,127	216,811,618	497,812,736	198,773	-
Drinking Water Assistance:					
U.S. Treasuries	54,150,638	28,560,928	25,589,710	-	-
U.S. Agencies	36,420,455	19,347,141	17,073,314	-	-
STAROhio	7,031,235	7,031,235	-	-	-
Money Market	10,139,138	10,139,138	-	-	-
	107,741,466	65,078,442	42,663,024	-	-

The Authority's U.S. treasuries, U.S. agencies and municipal bonds are uninsured and unregistered investments for which the securities are held by the Authority’s agent but not in the Authority’s name. As of December 31, 2015, the Authority’s investments in U.S. treasuries were backed by the full faith and credit of the U.S. Government. The investments in U.S. agencies were rated AA+ by Standard & Poor’s and Aaa by Moody’s. The Authority’s investments in municipal bonds were rated within the top three long-term categories by Moody’s and/or Standard & Poor’s. The Authority’s investments in STAROhio (a statewide external investment pool created pursuant to Ohio statutes and administered by the Treasurer of the State of Ohio) were rated AAAm by Standard & Poor’s. The Authority’s money market investments were rated AAAm by Standard & Poor’s and Aaa-mf by Moody’s. As of December 31, 2015, 99.05% of the Authority’s rated investments were rated in the highest short-term or long-term rating category by Moody’s.

As of December 31, 2015, the Authority had investment balances with the following issuers which are greater than or equal to 5% of the respective fund's investment balance:

Fund	Issuer	Percent of Fund's Investments
Operating	Federal Home Loan Bank	72%
	Federal National Mortgage Association	28%
Other Projects	Federal National Mortgage Association	33%
	Federal Home Loan Mortgage Corporation	9%
Community Assistance	Federal Home Loan Bank	9%
	Federal Home Loan Mortgage Corporation	6%
Fresh Water	Federal National Mortgage Association	16%
	Federal Home Loan Bank	10%
	Federal Home Loan Mortgage Corporation	8%
Water Pollution Control Loan	Federal National Mortgage Association	20%
	Federal Home Loan Bank	6%
	Federal Home Loan Mortgage Corporation	6%
Drinking Water Assistance	Federal Home Loan Bank	19%
	Federal National Mortgage Association	7%
	Federal Home Loan Mortgage Corporation	5%

The Authority manages its concentration risk by limiting investments to U.S. treasuries, U.S. agencies or to issuers with the highest short-term ratings from Moody's or Standard & Poor's or one of the three highest long-term ratings from Moody's or Standard & Poor's.

As of December 31, 2015, the Authority had cash and cash equivalents balances of $122,958,111, which includes accrued interest receivables on money market balances. Below is a reconciliation of the statement of net position and the statement of cash flows cash and cash equivalents balances:

Fund		Statement of Net Position Cash and Cash Equivalents Balance	Cash and Cash Equivalents Accrued Interest Receivable	Statement of Cash Flows Cash and Cash Equivalents Balance
Operating	$	820,673	-	820,673
Other Projects		5,054,101	(211)	5,053,890
In Lieu Fee		1,352,738	(11)	1,352,727
Community Assistance		2,417,360	(139)	2,417,221
Fresh Water		11,913,217	(229)	11,912,988
Water Pollution Control Loan		81,937,167	(2,045)	81,935,122
Drinking Water Assistance		19,462,855	(448)	19,462,407
	$	122,958,111	(3,083)	122,955,028

(3) INTERFUND RECEIVABLES AND PAYABLES

On December 31, 2015, interfund balances consisted of:

1) $93,864 owed to the Operating Fund by the Drinking Water Assistance Fund caused by the timing of pending loan fee repayment allocations.
2) $84,326 owed to the Community Assistance Fund by the Drinking Water Assistance Fund caused by erroneous transfers made by the Trustee.
3) $872,566 owed to the Water Pollution Control Loan Fund by the Other Projects Fund caused by an erroneous allocation of a loan repayment.
4) $57,258 owed to the Water Pollution Control Loan Fund by the Operating Fund caused by pending loan repayments at year end.

(4) PRIOR PERIOD ADJUSTMENT—AUDIT FEE, CAPITAL ASSET AND INTEREST RATE BUY-DOWN

In 2014, the Authority expensed the entire $96,780.04 cost of the annual audit as a professional service expense in the Operating Fund. In 2015, the Authority reimbursed the Operating Fund from each of the other six funds (Other Projects Fund, Rural Utility Services Fund, Community Assistance Fund, Fresh Water Fund, Water Pollution Control Loan Fund and Drinking Water Assistance Fund) for their allocated share of $13,825.72 (one-seventh) of the 2014 audit costs. This caused the audit expense for 2014 in these other six funds to be understated by $13,825.72 and net position in each fund on January 1, 2015 to be overstated by this amount. Conversely, 2014 audit expense in the Operating Fund was overstated by $82,954.32 and net position on January 1, 2015 was understated by this amount. As a result, net position as of January 1, 2015 has been restated, as noted in the Restatement (Audit Fee) column of the table below.

In 2014, the Authority purchased an asset for $18,000 and erroneously expensed the cost of the asset in 2014 rather than capitalize and depreciate the asset over five years. This caused other operating expenses in the Operating Fund to be overstated by $18,000 and net position on January 1, 2015 was understated by this amount. As a result, net position as of January 1, 2015 has been restated, as noted in the Restatement (Capital Asset) column of the table below.

In 2015, the Authority expensed part of its interest rate buy-down expense that was accrued in 2014. This caused interest rate buy-down expense for 2014 in the Fresh Water Fund to be understated by $54,088.38 and net position on January 1, 2015 to be overstated by this amount. As a result, net position as of January 1, 2015 has been restated, as noted in the Restatement (Buy-Down) column of the table below.

Fund		Net Position as of January 1, 2015, as Previously Reported*	Restatement (Audit Fee)	Restatement (Capital Asset)	Restatement (Buy-Down)	Net Position as of January 1, 2015, as Restated
Operating	$	2,270,310	82,954	18,000	-	2,371,264
Other Projects		181,310,370	(13,827)	-	-	181,296,543
Rural Utility Services		13,819,433	(13,826)	-	-	13,805,607
Community Assistance		133,320,216	(13,826)	-	-	133,306,390
Fresh Water		633,381,569	(13,825)	-	(54,088)	633,313,656
Water Pollution Control Loan		2,422,763,782	(13,826)	-	-	2,422,749,956
Drinking Water Assistance	$	497,168,388	(13,826)	-	-	497,154,562

* Implementation of GASB Statement No. 68 & Statement No. 71 in 2015 restated beginning net position in the Operating Fund as of January 1, 2015. Beginning net position in 2015 decreased $982,896 from December 31, 2014 net position.

(5) CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2015, the Authority implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27,* which became effective for all state and local governmental employers who provide employees with pension plans administered through trusts. Statement No. 68 improves accounting and financial reporting of the Authority by establishing standards for measuring and recognizing the entire pension liability, deferred outflows of resources, deferred inflows of resources and a more comprehensive measure of pension expense. The implementation of this Statement had a significant effect on the Operating Fund within the financial statements of the Authority.

For the fiscal year 2015, the Authority implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 71, *Pension Transition for Contributions made Subsequent to the*

(Continued)

Measurement Date – an Amendment of GASB Statement No. 68, which requires the Authority to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability (pension contributions made January 1, 2014 – December 31, 2014 for the Authority). The requirements of this Statement will eliminate the source of a potential material understatement of restated beginning net position and expense in the first year of implementation of Statement 68. The implementation of this Statement had a material effect on the Operating Fund within the financial statements of the Authority.

(6) WATER DEVELOPMENT REVENUE AND REFUNDING BONDS—COMMUNITY ASSISTANCE FUND

As of December 31, 2015, there was $75,470,000 of Community Assistance Water Development Revenue and Refunding Bonds outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2005	Serial	5.25%	2016-2017	$	2,450,000	2,330,000	4,780,000
2009	Serial	2.625% to 4.00%	2016-2019		985,000	3,175,000	4,160,000
	Term	3.25% to 5.00%	2020-2030		-	15,545,000	15,545,000
2010B	Serial	3.60% to 4.85%	2016-2020		255,000	1,050,000	1,305,000
	Term	5.42% to 6.15%	2021-2038		-	27,380,000	27,380,000
2011	Serial	2.50% to 5.00%	2016-2022		2,605,000	15,775,000	18,380,000
2013	Serial	0.85% to 1.05%	2016-2017		2,825,000	1,095,000	3,920,000
Community Assistance Fund Totals					9,120,000	66,350,000	75,470,000
		Add: unamortized premiums			-	1,601,641	1,601,641
				$	9,120,000	67,951,641	77,071,641

The Community Assistance Fund debt service requirements to maturity are as follows:

		Principal	Interest *	Total
2016	$	9,120,000	3,562,865	12,682,865
2017		7,395,000	3,255,080	10,650,080
2018		4,165,000	3,006,541	7,171,541
2019		4,205,000	2,815,857	7,020,857
2020		4,285,000	2,642,964	6,927,964
2021-2025		12,965,000	10,875,513	23,840,513
2026-2030		9,925,000	8,385,675	18,310,675
2031-2035		17,080,000	4,735,076	21,815,076
2036-2038		6,330,000	553,193	6,883,193
	$	75,470,000	39,832,764	115,302,764

* In 2010, OWDA sold Federally Taxable-Build America Bonds (BABs) which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2015, the subsidy was cut 6.8% resulting in an effective subsidy equaling 32.62 % of interest paid. The interest reported in this table is the gross interest due on the bonds. The total interest due, net of the BABs subsidy, over the remaining life of the bonds, will be $29,793,258.

The Community Assistance Series bonds are subject to mandatory and optional redemption, by series, as follows:

a) Community Assistance Refunding Series 2005 – The Series 2005 bonds are not subject to redemption prior to their stated maturity.
b) Community Assistance Refunding Series 2009 – 1) The term bonds are subject to mandatory redemption beginning June 1, 2020. 2) The term bonds maturing on or after December 1, 2020 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on December 1, 2019, or at any time thereafter in any order of maturity, at a redemption price equal to the par value for the principal amount redeemed plus accrued interest to the redemption date.
c) Community Assistance BABs Series 2010B – 1) The term bonds are subject to mandatory redemption beginning June 1, 2021. 2) Both the serial and term bonds maturing on or after December 1, 2020 are callable for redemption prior to maturity at the option of the Authority, either in whole or in part, on or after June 1, 2020, at par plus accrued interest. 3) The BABs are subject to extraordinary optional redemption if Section 54AA or 6431 of The Internal Revenue Code of 1986 is modified, amended, or interpreted in a manner pursuant to which the Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated. 4) Due to The Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), the BABs are subject to extraordinary mandatory redemption at any time during the ninety-day period following July 13, 2013, in whole or in part, at a redemption price equal to 102% of the principal amount of each maturity selected, plus accrued and unpaid interest to the redemption.
d) Community Assistance Series 2011 – The Series 2011 Bonds maturing on or after December 1, 2021 are subject to optional redemption, in whole or in part, on or after June 1, 2021, at par plus accrued interest.
e) Community Assistance Refunding Series 2013 – The Series 2013 Bonds are not subject to redemption prior to their stated maturity.

LGA reimbursements of Community Assistance project costs, including interest, are pledged as security for the bonds. In the event that LGA reimbursements of Community Assistance project costs are insufficient to cover Community Assistance debt service requirements, unencumbered assets of the Community Assistance Fund Debt Service Reserve, Surplus and Construction accounts are also pledged as security for the bonds. For the calendar year 2015, the amount received from reimbursements of Community Assistance project costs was $13,500,150, compared to the required bond debt service payments of $12,712,394.

The bond resolution provides for six separate accounts designated as the Community Assistance Fund Construction account, Revenue account, Debt Service account, Debt Service Reserve account, Surplus account and Rebate account. As of December 1, 2015, there is no accrued rebate liability for these bonds.

Amounts received from the LGAs as reimbursements of project or construction costs, including capitalized interest, are deposited in the Revenue account. The trustee then allocates or pays out moneys in the Revenue account as follows:

a) To the trustee for the payment of its fees on the first day of each May and November.

b) To the Debt Service account on the first day of each May and November, commencing on the first May or November preceding the first bond maturity date (1) a sum which, when added to any available balance then on deposit in the Debt Service account, will be equal to the interest due on that day on all bonds outstanding; (2) a sum which will be equal to the next ensuing mandatory redemption for term bonds; and (3) a sum which will be equal to the next ensuing principal maturity on all outstanding bonds.

c) To the Debt Service Reserve account on the first day of each May and November, a sum as necessary to maintain in the Debt Service Reserve account investments or cash having an aggregate value at least equal to the maximum annual bond service charges required to be paid in that year or any succeeding year.

d) To the Surplus account, on the first day of June and December of each year, remaining moneys (after making up any deficiencies) in the Revenue account (excluding amounts received for the next ensuing LGA repayment date).

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the first day of November of each year, prior to making allocations or payments of moneys on hand in the Revenue account.

Any deficiency in the amounts required to be deposited in the Debt Service account or the Debt Service Reserve account is to be made up by moneys available in the Surplus account.

(7) WATER DEVELOPMENT REVENUE AND REFUNDING BONDS AND NOTES—FRESH WATER FUND

As of December 31, 2015, there was $659,995,000 of Fresh Water Development Revenue and Refunding Bonds and Notes outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2001B	Serial	4.75% to 5.50%	2016-2021	$	4,920,000	21,505,000	26,425,000
2005	Serial	5.50%	2016-2025		8,575,000	67,865,000	76,440,000
2006	Term	5.25%	2022-2034		-	51,100,000	51,100,000
2009A	Serial	5.00%	2016		17,225,000	-	17,225,000
2009B	Serial	3.00% to 5.00%	2016-2022		7,460,000	21,165,000	28,625,000
	Term	3.125% to 5.250%	2020-2027		-	27,010,000	27,010,000
2010A-2	Term	3.593% to 4.917%	2020-2042		-	149,290,000	149,290,000
2013	Serial	5.00%	2018-2023		-	108,880,000	108,880,000
2014	Notes	Variable	2016		75,000,000	-	75,000,000
2015	Notes	Variable	2016		100,000,000	-	100,000,000
Fresh Water Fund Totals					213,180,000	446,815,000	659,995,000
		Add: unamortized premiums			257,790	28,052,729	28,310,519
				$	213,437,790	474,867,729	688,305,519

The Fresh Water Fund debt service requirements to maturity are as follows:

		Principal	Interest*	Total
2016	$	213,180,000	24,360,744	237,540,744
2017		21,255,000	22,108,309	43,363,309
2018		30,180,000	20,985,522	51,165,522
2019		42,710,000	19,163,684	61,873,684
2020		44,375,000	16,913,762	61,288,762
2021-2025		159,435,000	54,203,092	213,638,092
2026-2030		74,030,000	28,072,467	102,102,467
2031-2035		43,325,000	13,447,571	56,772,571
2036-2040		28,330,000	4,155,726	32,485,726
2041-2042		3,175,000	135,463	3,310,463
	$	659,995,000	203,546,340	863,541,340

The Fresh Water Series 2014 Notes are taxable and have an adjustable rate that is reset monthly at a rate of 30 day LIBOR plus 0.40%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2015, which was 0.64375%.

The Fresh Water Series 2015 Notes are taxable and have an adjustable rate that is reset quarterly at a rate of 3 month LIBOR plus 0.10%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2015, which was 0.4289%.

* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2015, the subsidy was cut 6.8% resulting in an effective subsidy equaling 32.62% of interest paid. The interest reported in this table is the gross interest due on the bonds. The total interest due, net of the BABs subsidy over the remaining life of the bonds, will be $167,430,805.

The Fresh Water Series Bonds and Notes are subject to mandatory and optional redemption, by series, as follows:

a) Fresh Water Series 2001B – The Series 2001B Bonds are not subject to redemption prior to maturity.
b) Fresh Water Refunding Series 2005 – The Series 2005 Bonds are not subject to redemption prior to maturity.
c) Fresh Water Refunding Series 2006 – 1) The Series 2006 Bonds are not subject to optional redemption prior to their stated maturity. 2) The term bonds are subject to mandatory redemption beginning December 1, 2022.
d) Fresh Water Series 2009A – The Series 2009A Bonds are not subject to redemption prior to maturity.
e) Fresh Water Refunding Series 2009B – The Series 2009B Bonds are not subject to optional redemption prior to their stated maturity. The term bonds are subject to mandatory redemption beginning December 1, 2020.
f) Fresh Water BABs Series 2010A-2 – 1) The BABs are subject to mandatory redemption beginning June 1, 2020. 2) The BABs shall be subject to an optional redemption prior to maturity, at the option of the Authority, in whole or in part, on any business day, at the make-whole redemption price. 3) The BABs are subject to extraordinary optional redemption if Section 54AA or 6431 of

The Internal Revenue Code of 1986 is modified, amended, or interpreted in a manner pursuant to which the Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated.

g) Fresh Water Series 2013 – The Series 2013 Bonds are not subject to redemption prior to maturity.
h) Fresh Water Series 2014 Notes – These notes are subject to optional redemption 30 days after the date of issuance, at par plus accrued interest.
i) Fresh Water Series 2015 Notes – These notes are subject to optional redemption on any date on or after November 1, 2015, at par plus accrued interest.

LGA reimbursements of Fresh Water project costs, including interest, are pledged as security for the bonds. In the event that LGA reimbursements of Fresh Water project costs are insufficient to cover Fresh Water debt service payments, unencumbered assets of the Fresh Water Fund Debt Service Reserve, Surplus and Construction accounts are also pledged as security for the bonds. For the calendar year 2015, the amount received from reimbursements of Fresh Water project costs was $109,674,627, compared to the required bond debt service payments of $65,207,897.

The bond resolution provides for six separate accounts designated as the Fresh Water Construction account, Revenue account, Debt Service account, Debt Service Reserve account, Surplus account and Rebate account. As of December 1, 2015, there is no accrued rebate liability for these bonds.

Amounts received from the LGAs as reimbursements of project or construction costs, including capitalized interest, are deposited in the Revenue account. The trustee then allocates or pays out moneys in the Revenue account as follows:

a) To the trustee for the payment of its fees on the first day of each May and November.

b) To the Debt Service account on the first day of each May and November (1) a sum which, when added to any available balance then on deposit in the Debt Service account, will be equal to the interest due on that day on all bonds and notes outstanding; (2) a sum which will be equal to the next ensuing mandatory redemption for term bonds; and (3) a sum which will be equal to the next ensuing principal maturity on all outstanding bonds.

c) To the Debt Service Reserve account, a semiannual sum as necessary to maintain in the Debt Service Reserve account investments or cash having an aggregate value at least equal to 50% of the maximum annual bond service charges required to be paid in that year or any succeeding year.

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the first day of November of each year, prior to making allocations or payments of moneys on hand in the Revenue account.

On the first day of June and December of each year, all remaining moneys (after making up any deficiencies) in the Revenue account (excluding amounts received for the next ensuing LGA repayment date) are allocated to the Surplus account.

Any deficiency in the amounts required to be deposited in the Debt Service account or the Debt Service Reserve account is to be made up by moneys available in the Surplus account.

(8) WATER POLLUTION CONTROL LOAN FUND REVENUE AND REFUNDING BONDS —WATER QUALITY SERIES

As of December 31, 2015, there was $1,068,398,554 of Water Pollution Control Loan Fund (WPCLF) Revenue and Refunding Bonds—Water Quality Series outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2005 ref	Serial	5.25% to 5.50%	2016-2023		35,140,000	155,860,000	191,000,000
2005B	CABS*	4.40% to 4.45%	2016-2017		24,505,000	11,103,554	35,608,554
2009	Serial	3.00% to 5.00%	2016-2019		26,800,000	70,120,000	96,920,000
2010A	Serial	2.75% to 5.00%	2016-2019		9,055,000	32,050,000	41,105,000
2010B-1	Serial	2.00% to 5.00%	2016-2018		7,265,000	14,850,000	22,115,000
2010B-2	Serial	4.192%	2024		-	11,390,000	11,390,000
	Term	3.492% to 4.879%	2019-2034		-	417,735,000	417,735,000
2010C	Serial	2.50% to 5.00%	2018-2022		-	73,200,000	73,200,000
2011A	Serial	4.00% to 5.00%	2016-2019		22,715,000	54,875,000	77,590,000
2011B-1	Serial	3.00% to 5.00%	2016-2018		20,900,000	45,640,000	66,540,000
2012A ref	Serial	1.21% to 1.80%	2016-2018		16,625,000	18,570,000	35,195,000
WPCLF Water Quality Series Totals					163,005,000	905,393,554	1,068,398,554
		Add: unamortized premiums			-	28,464,642	28,464,642
				$	163,005,000	933,858,196	1,096,863,196

CABS* - Capital Appreciation Bonds

Prior redemption of WPCLF – Water Quality Series Bonds, by series, is as follows:

a) Water Quality Refunding Series 2005 – These bonds are not subject to redemption prior to stated maturity.
b) Water Quality Series 2005B – The bonds maturing on or after December 1, 2017 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2015, at par plus accrued interest.
c) Water Quality Refunding Series 2009 – These bonds are not subject to redemption prior to stated maturity.
d) Water Quality Series 2010A – 1) The bonds maturing on or after June 1, 2020 are subject to prior redemption by and at the sole option of the Authority, in whole or in part, on any date on or after December 1, 2019, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date. 2) The term bonds are subject to mandatory redemption beginning June 1, 2021. 3) Due to TIPRA, the bonds are subject to an extraordinary mandatory redemption at any time during the ninety-day period following April 15, 2013, in whole or in part, at a redemption price equal to approximately 102% of the accreted value of each maturity on April 15, 2013.
e) Water Quality Series 2010B-1 – The Series 2010B-1 Bonds are not subject to optional redemption prior to their stated maturity. Due to TIPRA, the bonds are subject to an extraordinary mandatory redemption at any time during the ninety-day period following August 24, 2013, in whole or in part, at a redemption price equal to approximately 102% of the accreted value of each maturity on August 24, 2013.
f) Water Quality Series 2010B-2 – 1) The BABs are subject to mandatory redemption beginning June 1, 2019. 2) The BABs shall be subject to an optional redemption prior to maturity, at the option of the Authority, in whole or in part, on any business day, at the make-whole redemption price. 3) The BABs are subject to extraordinary optional redemption if Section 54AA or 6431 of The

Internal Revenue Code of 1986 is modified, amended, or interpreted in a manner pursuant to which the Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated. 4) Due to TIPRA, the BABs are subject to extraordinary mandatory redemption at any time during the ninety-day period following August 24, 2013, in whole or in part, at a redemption price equal to 102% of the principal amount of each maturity selected, plus accrued and unpaid interest to the redemption date.

g) Water Quality Refunding Series 2010C – These bonds are not subject to redemption prior to their stated maturity.
h) Water Quality Refunding Series 2011A – These bonds are not subject to redemption prior to their stated maturity.
i) Water Quality Refunding Series 2011B-1 – These bonds are not subject to redemption prior to their stated maturity.
j) Water Quality Refunding Series 2012A – These bonds are not subject to redemption prior to their stated maturity.

The WPCLF – Water Quality Series debt service requirements to maturity are as follows:

		Principal (a)	Interest *	Total (a)
2016	$	163,005,000	47,239,995	210,244,995
2017		162,945,000	41,178,343	204,123,343
2018		118,065,000	34,533,928	152,598,928
2019		101,600,000	29,342,303	130,942,303
2020		56,765,000	24,888,972	81,653,972
2021-2025		181,995,000	96,935,185	278,930,185
2026-2030		208,585,000	42,241,284	250,826,284
2031-2034		77,070,000	7,197,135	84,267,135
	$	1,070,030,000	323,557,145	1,393,587,145

(a) Includes capital appreciation bonds at matured value.

* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2015, the subsidy was cut 6.8% resulting in an effective subsidy equaling 32.62% of interest paid. The interest reported in this table is the gross interest due on the bonds. The total interest due, net of the BABs subsidy over the remaining life of the bonds, will be $240,458,508.

LGA reimbursements of WPCLF project costs of principal and interest (from loans made prior to May 1, 2014) pursuant to the WPCLF loan agreements, are pledged first as security for the WPCLF Water Quality bonds, next to the WPCLF Water Quality Debt service reserve (DSR) for any shortages from required DSR balance and finally as security for the WPCLF Bonds. In the event that LGA reimbursements of WPCLF principal and interest project costs are insufficient to cover WPCLF Water Quality debt service payments, unencumbered assets of the WPCLF Water Quality Debt Service Reserve, Surplus and Other Projects accounts are also pledged as security for the bonds. For the calendar year 2015, the amount received from reimbursements of WPCLF principal and interest project costs were $337,569,233, compared to the required bond debt service payments of $220,706,446.

The bond resolution provides for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account and Rebate account. As of December 31, 2015, there is no accrued rebate liability for these bonds.

Amounts received as principal and the interest (from loans made prior to May 1, 2014) from the LGAs as reimbursement of project or construction costs are deposited in the Repayment account. The trustee then allocates or pays out moneys in the Repayment account as follows:

a) To the Debt Service account, (1) all revenues as soon as received until the balance in the Debt Service account equals an amount which, when added to any balance then on deposit in the Debt Service account and available for such purpose, will be equal to the sum of (a) the interest on all outstanding WPCLF Water Quality Bonds due on the next interest payment date, (b) the principal of all outstanding WPCLF Water Quality Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding WPCLF Water Quality Bonds due on the next interest payment date and (2) on the last day of May and November, the amount contained in a direction from the Authority to be used to purchase WPCLF Water Quality Bonds received by the trustee pursuant to any invitation to the holders to tender such WPCLF Water Quality Bonds in accordance with the provisions of the applicable Series resolution.

b) To the trustee for the payment of its fees on the last day of each May and November.

c) To the Debt Service Reserve account, a semiannual sum on June 1 and December 1 as may be necessary to maintain in the Debt Service Reserve account investments or cash having a value at least equal to the lesser of 50% of the maximum annual bond service charges required to be paid on all Water Quality Bonds outstanding.

d) To the Rebate Fund, as necessary to make any payment required under section 148(f) of the Internal Revenue Code.

e) To the WPCLF Bonds to cover principal and interest due on the next payment date.

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the last day of May or November of each year.

(9) WATER POLLUTION CONTROL LOAN FUND REVENUE AND REFUNDING BONDS—WPCLF BOND SERIES

As of December 31, 2015, there was $815,610,000 of Water Pollution Control Loan Fund Revenue and Refunding Bonds —WPCLF Bond Series outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Long-Term
2014	Serial	2.00% to 5.00%	2018-2024	$	333,815,000
2014B	Serial	2.00% to 5.00%	2018-2022		136,925,000
2015A	Serial	5.00%	2020-2026		240,000,000
2015B	Serial	5.00%	2025-2030		92,300,000
2015B	Term	5.00%	2029		12,570,000
WPCLF Bond Series Totals					815,610,000
		Add: unamortized premiums			159,231,490
				$	974,841,490

The WPCLF Series 2015B bonds were issued to advance refund $114,050,000 of the WPCLF Water Quality Series 2010A Bonds. Although the refunding resulted in a deferred accounting loss of $6,509,552, the Authority in effect reduced its aggregate debt service payments by $15,335,971 and achieved an economic gain of $12,627,277.

Prior redemption of WPCLF Bonds, by series, is as follows:

a) WPCLF Series 2014 – These bonds are not subject to redemption prior to their stated maturity.
b) WPCLF Refunding Series 2014B – These bonds are not subject to redemption prior to their stated maturity.
c) WPCLF Series 2015A– These bonds are not subject to redemption prior to their stated maturity.
d) WPCLF Refunding Series 2015B– The bonds maturing on or after June 1, 2026 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after December 1, 2025, at par plus accrued interest.

The WPCLF Bond Series debt service requirements to maturity are as follows:

		Principal	Interest	Total
2016	$	-	37,996,479	37,996,479
2017		-	40,226,700	40,226,700
2018		27,635,000	39,908,800	67,543,800
2019		45,910,000	38,410,900	84,320,900
2020		92,185,000	35,648,650	127,833,650
2021-2025		538,995,000	97,040,775	636,035,775
2026-2030		110,885,000	9,450,375	120,335,375
	$	815,610,000	298,682,679	1,114,292,679

LGA reimbursements of WPCLF project costs of principal and interest (from loans made prior to May 1, 2014), pursuant to WPCLF loan agreements, are pledged as security for the WPCLF Bonds on a subordinate basis to the WPCLF Water Quality Bonds. LGA reimbursements of WPCLF project costs of interest from loans made after May 1, 2014, pursuant to WPCLF loan agreements are primarily pledged to The WPCLF Bonds. WPCLF Bond debt service is funded after all WPCLF Water Quality debt service due on the next debt service payment date is funded and, if necessary, any shortages of the WPCLF Water Quality DSR required balance is funded. In the event that LGA reimbursements of

WPCLF project costs of principal and interest are insufficient to cover WPCLF Water Quality and/or WPCLF Bond debt service payments any unencumbered assets of the WPCLF Water Quality Debt Service Reserve, Surplus and Other Projects accounts are also pledged as security for the bonds. For the calendar year 2015, the amount received from reimbursements of WPCLF principal and interest project costs after funding of WPCLF Water Quality Debt Service was $116,862,787, compared to the required bond debt service payments of $23,518,612.

The bond resolution provides for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account and Rebate account. As of December 31, 2015, there is no accrued rebate liability for these bonds.

Amounts received as principal and interest from the LGAs as reimbursement of project or construction costs are deposited in the Repayment account. After all WPCLF Water Quality debt service and DSR funding needs are met, the trustee then allocates or pays out moneys in the Repayment account to WPCLF Bonds as follows:

a) To the Debt Service account, (1) all revenues as soon as received until the balance in the Debt Service account equals an amount which, when added to any balance then on deposit in the Debt Service account and available for such purpose, will be equal to the sum of (a) the interest on all outstanding WPCLF Bonds due on the next interest payment date, (b) the principal of all outstanding WPCLF Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding WPCLF Bonds due on the next interest payment date and (2) on the last day of May and November, the amount contained in a direction from the Authority to be used to purchase WPCLF Bonds received by the trustee pursuant to any invitation to the holders to tender such WPCLF Bonds in accordance with the provisions of the applicable Series resolution.

b) To the trustee for the payment of its fees on the last day of each May and November.

c) If applicable, to the Debt Service Reserve account, a semiannual sum on June 1 and December 1 as may be necessary to maintain in the Debt Service Reserve account investments or cash having a value at least equal to the required reserve fund balance

d) To the Rebate Fund, as necessary to make any payment required under section 148(f) of the Internal Revenue Code.

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the last day of May or November of each year.

(10) DRINKING WATER ASSISTANCE FUND REVENUE AND REFUNDING BONDS—LEVERAGE SERIES

As of December 31, 2015, there was $198,870,000 of Drinking Water Assistance Fund (DWAF) Revenue and Refunding Bonds—Leverage Series outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2005 ref	Serial	5.25%	2016-2023		4,230,000	10,680,000	14,910,000
	Term	5.25%	2019-2022		-	17,860,000	17,860,000
2008	Serial	3.50% to 5.00%	2016-2018		3,170,000	5,000,000	8,170,000
2010B	Term	5.276% to 5.742%	2022-2030		-	44,530,000	44,530,000
2010C	Serial	4.00% to 5.00%	2016-2021		11,450,000	64,220,000	75,670,000
2014	Serial	3.00% to 5.00%	2016-2024		745,000	36,985,000	37,730,000
DWAF Leverage Series Totals					19,595,000	179,275,000	198,870,000
		Add: unamortized premiums			-	11,808,605	11,808,605
				$	19,595,000	191,083,605	210,678,605

Prior redemption of DWAF – Leverage Series Bonds, by series, is as follows:

a) Leverage Refunding Series 2005 – The term bonds are subject to mandatory redemption beginning June 1, 2019, at par plus accrued interest. Neither the term or serial bonds are subject to optional redemption prior to their stated maturity.

b) Leverage Refunding Series 2008 – The term bonds are subject to mandatory redemption beginning June 1, 2019. The bonds maturing after June 1, 2018 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2018, at par plus accrued interest.

c) Leverage Series 2010B - The BABs are subject to mandatory redemption beginning June 1, 2022. 2) The BABs are subject to optional redemption by and at the sole option of the Authority, in whole multiples of $5,000, either in whole or part on any date on or after June 1, 2020, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date. 3) The BABs are subject to extraordinary optional redemption if Section 54AA or 6431 of The Internal Revenue Code of 1986 is modified, amended, or interpreted in a manner pursuant to which the Authority's 35% cash subsidy payments from the United States Treasury is reduced or eliminated.

d) Leverage Refunding Series 2010C – The refunding bonds maturing on or after June 1, 2021 are subject to prior redemption by and at the sole option of the Authority in whole multiples of $5,000, either in whole or in part on any date on or after December 1, 2020, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date.

e) Leverage Refunding Series 2014 – These bonds are not subject to redemption prior to their stated maturity.

The DWAF Leverage Series debt service requirements to maturity are as follows:

		Principal	Interest*	Total
2016	$	19,595,000	9,638,733	29,233,733
2017		23,015,000	8,678,783	31,693,783
2018		24,600,000	7,545,715	32,145,715
2019		25,115,000	6,337,265	31,452,265
2020		27,145,000	5,116,783	32,261,783
2021-2025		53,590,000	12,671,776	66,261,776
2026-2030		25,810,000	3,997,868	29,807,868
	$	198,870,000	53,986,923	252,856,923

* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2015, the subsidy was cut 6.8% resulting in an effective subsidy equaling 32.62% of interest paid. The interest reported in this table is the gross interest due on the bonds. The total interest due, net of the BABs subsidy over the remaining life of the bonds, will be $44,856,514.

LGA reimbursements of DWAF project costs of principal only, not the interest, pursuant to DWAF loan agreements, are pledged as security for the bonds. In the event that LGA reimbursements of DWAF principal project costs are insufficient to cover DWAF Leverage debt service payments, unencumbered assets of the DWAF Leverage Debt Service Reserve and Other Projects accounts are also pledged as security for the bonds. For the calendar year 2015, the amount received from reimbursements of DWAF principal project costs was $53,867,552, compared to the required bond debt service payments of $28,830,278.

The bond resolution provides for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account and Rebate account. As of December 31, 2015, there is no accrued rebate liability for these bonds.

Amounts received as principal from the LGAs as reimbursement of project or construction costs are deposited in the Principal Repayments account. The trustee then allocates or pays out moneys in the Principal Repayments account as follows:

a) To the Debt Service account, (1) all revenues as soon as received until the balance in the Debt Service account equals an amount which, when added to any balance then on deposit in the Debt Service account and available for such purpose, will be equal to the sum of (a) the interest on all outstanding DWAF Leverage Bonds due on the next interest payment date, (b) the principal of all outstanding DWAF Leverage Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding DWAF Leverage Bonds due on the next interest payment date and (2) on the last day of May, the amount contained in a direction from the Authority to be used to purchase DWAF Leverage Bonds received by the trustee pursuant to any invitation to the holders to tender such DWAF Leverage Bonds in accordance with the provisions of the applicable Series resolution.

b) To the trustee for the payment of its fees on the last day of each May and November.

c) To the Debt Service Reserve account, a semiannual sum on June 1 and December 1 as may be necessary to maintain in the Debt Service Reserve account investments or cash having a value at least equal to the lesser of 50% of the maximum annual bond service charges required to be paid on all DWAF Leverage Bonds issued and outstanding, or 10% of the principal amount of DWAF Leverage Bonds issued and outstanding computed in accordance with the Trust Agreement.

d) To the Rebate Fund, as necessary to make any payment required under section 148(f) of the Internal Revenue Code.

After the Debt Service Reserve account has reached the required reserve fund balance, interest earned on that balance will be transferred to the Debt Service account on the last day of May or November of each year.

(11) OUTSTANDING DEFEASED BONDS

For accounting purposes, the assets and liabilities for defeased bonds are not reflected in the Authority's financial statements. Below is a listing of Authority bonds remaining outstanding as of December 31, 2015 which has been defeased:

Series	Year Defeased		Balance Outstanding
Pure Water 1989 & 1990	1992	$	1,845,000
WPCLF State Match 2005	2014		6,205,000
WPCLF Water Quality 2010A	2014		139,360,000
WPCLF Water Quality 2010A	2015		114,050,000
DWAF Leverage 2008	2010		18,070,000
DWAF Leverage 2008	2014		26,305,000
		$	305,835,000

(12) WATER DEVELOPMENT REVENUE BONDS AND NOTES—INDUSTRIAL SERIES

The Authority established the industrial program to assist private industry and certain municipalities in financing the construction of water and solid waste pollution control facilities. Under the financing agreements, industrial companies and municipalities are required to make payments for a period of up to 35 years, sufficient to pay, as they become due, interest and principal on the bonds and notes issued to finance the projects. The Authority has no liability for repayment of these bonds and notes. As of December 31, 2015, outstanding bonds and notes under this program total $1,857,770,000.

(13) DEFINED BENEFIT PENSION PLAN

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date–and amendment of GASB Statement No. 68” were effective. These GASB Pronouncements had a significant impact on beginning net position as reported December 31, 2014 (See Notes 4 & 5).

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from the employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the OPERS to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the OPERS Board of Trustees must propose corrective action to the State legislature. Any resulting legislation change to benefits or funding could significantly affect the net position liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description

Organization – OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: The Traditional Plan, a defined benefit plan, the Combined Plan, a combination defined benefit/contribution plan; and the Member-Directed Plan, a defined contribution plan. All public employees in Ohio, except those covered by one of the other state or local retirement systems in Ohio, are members of OPERS. New public employees (those who establish membership in OPERS on or after January 1, 2003) have 180 days from the commencement of employment to select membership in one of the three pension plans. Contributions to OPERS are effective with the first day of the employee's employment. Contributions made prior to the employee's plan selection are maintained in the Traditional Pension Plan and later transferred to the plan elected by the member, as appropriate.

All public employees, except those covered by another state retirement system in Ohio or the Cincinnati Retirement System, are required to become contributing members of OPERS when they begin public employment unless they are exempted or excluded as defined by the Ohio Revised Code. For actuarial purposes, employees who have earned sufficient service credit (60 contributing months) are entitled to a future benefit from OPERS. Employer, employee and retiree data as of December 31, 2014 can be found in the OPERS 2014 Comprehensive Annual Financial Report.

Pension Benefits – All benefits of the OPERS, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145.

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. Members who were eligible to retire under law in effect prior to SB 343 or will be eligible to

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retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C included those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

Age-and-Service Defined Benefits – Benefits in the Traditional Pension Plan are calculated on the basis of age, final average salary (FAS), and service credit. Members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service credit and 2.5% for years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the OPERS 2014 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Prior to 2000, payments to OPERS benefit recipients were limited under Section 415(b) of the Internal Revenue Code (IRC). OPERS entered into a Qualified Excess Benefit Arrangement (QEBA) with the Internal Revenue Service (IRS) to all OPERS benefit recipients to receive their full statutory benefit even when the total amount of benefits received by the recipients exceeds the IRC limit each year. The portion of the benefit in excess of the IRC 415(b) limit is paid out of the QEBA and taxed as employee payroll in accordance with IRS regulations.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined component of the plan for members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the members' FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Defined contribution plan benefits are established in the plan documents, which may be amended by the Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the members contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their vested OPERS accounts. Options include the purchase of a monthly annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balances to another financial institution, receipt of the entire account balance, net of taxes withheld, or a combination of these options.

<u>Disability Benefits</u> – OPERS administers two disability plans for participants in the Traditional Pension and Combined plans. Members in the plan as of July 29, 1992, could elect, by April 7, 1993, coverage under either the original plan or the revised plan. All members who entered OPERS after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 60 and has completed 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. After the disability benefit ends, the member may apply for a service retirement benefit or a refund of contributions, which are not reduced by the amount of disability benefits received. Members participating in the Member-Directed Plan are not eligible for disability benefits.

<u>Survivor Benefits</u> – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. Ohio Revised Code Chapter 145 specifies the dependents and the conditions under which they qualify for survivor benefits.

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

<u>Money Purchase Annuity</u> – Age-and-service retirees who become re-employed in an OPERS-covered position must contribute the regular contribution rates, which are applied towards a money purchase annuity. The money purchase annuity calculation is based on the accumulated contributions of the retiree for the period of re-employment, and an amount of the employer contributions determined by the Board of Trustees. Upon termination of service, members over the age of 65 can elect to receive a lump-sum payout or a monthly annuity. Members under age 65 may leave the funds on deposit with OPERS to receive an annuity benefit at age 65, or may elect to receive a refund of their employer contributions made during the period of re-employment, plus interest.

Refunds – Members who have terminated service in OPERS-covered employment may file an application for refund of their account. The Ohio Revised Code requires a three-month waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's rights and benefits in OPERS.

Refunds processed for the Traditional Pension Plan members include the member's accumulated contributions, interest and any qualifying employer funds. A Combined Plan member's refund may consist of member contributions for the purchase of service plus interest, qualifying employer funds, and the value of their account in the defined contribution plan consisting of member contributions adjusted by the gains or losses incurred based on their investment selections. Refunds paid to members in the Member-Direct Plan include member contributions and vested employer contributions adjusted by the gains or losses incurred based on their investment selections.

Contributions – The OPERS funding policy provides for periodic employee and employer contributions to all three plans (Traditional Pension, Combined and Member-Directed) at rates established by the Board of Trustees, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the OPERS external actuary. All contribution rates were within the limits authorized by the Ohio Revised Code.

Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all three plans for the year ended December 31, 2014. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

The employee and employer contribution rates are actually set at the maximums authorized by Ohio Revised Code of 10% and 14%, respectively. Based upon the recommendation of the OPERS external actuary, a portion of each employer's contributions to OPERS is set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan employer contributions allocated to health care was 2.0% for fiscal year 2015. The employer contribution as a percent of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for fiscal year 2015 was 4.5%. The amount of contributions recognized by the OPERS from the Authority during calendar year 2014 was $140,685, which represents 100% of the Authority's required contribution, and the Authority's proportionate share of pension expense during the same period was $125,508. The Authority did not make any contributions to the Combined Plan during calendar year 2014.

Ohio Revised Code Chapter 145 assigned authority to the Board of Trustees to amend the funding policy. As of December 31, 2014, the Board of Trustees adopted the contribution rates that were recommended by the external actuary. The contribution rates were included in a new funding policy adopted by the Board of Trustees in October 2013, and are certified biennially by the Board of Trustees as required by the Ohio Revised Code.

(Continued)

As of December 31, 2014, the date of the last actuarial study, the funding period for all defined benefits of the OPERS was 21 years.

Net Pension Liability

The net pension liability was measured as of December 31, 2014, and the total pension liabilities were determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on both member and employer contributions to OPERS relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

Proportionate Share of the Net Pension Liability	$1,149,545
Proportion of the Net Pension Liability	0.009531%

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2014, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Actuarial Information	Traditional Pension Plan	Combined Pension Plan
Valuation Date	December 31, 2014	December 31, 2014
Experience Study	5 Year Period Ending December 31, 2010	5 Year Period Ending December 31, 2010
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases	4.25% - 10.05% (includes wage inflation at 3.75%)	4.25% - 8.05% (includes wage inflation at 3.75%)
Cost-of-living Adjustments	3.00% Simple	3.00% Simple

Mortality rates are from the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% 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% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.

(Continued)

The discount rate, used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. 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. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability or asset calculated using the discount rate of 8.0%, and expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or higher than the current rate.

Employers Net Pension Liability/(Asset)		**1% Decrease 7.0%**	**Current Discount Rate 8.0%**	**1% Increase 9.0%**
Traditional Pension Plan	$	2,114,834	1,149,545	336,540

The allocation of investment assets within 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 following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return.

Asset Class	**Target Allocation for 2014**	**Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)**
Fixed Income	23.00%	2.31%
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other Investments	18.00	4.59
Total	100.00%	5.28%

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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan, and the VEBA Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expense, for the Defined Benefit portfolio is 6.95% for 2014.

(Continued)

Average Remaining Service Life

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of December 31, 2014, the average of the expected remaining service lives of all employees calculated by our external actuaries for the Traditional Pension Plan was 3.1673 years and for the Combined Plan was 9.4080 years.

Deferred Inflows and Deferred Outflows

The deferred inflows and outflows reported in the Statement of Net Position do not include the layer of amortization that is recognized in current year pension expense and represents the balances of deferred amounts as of December 31, 2014. The table below discloses the original amounts of the deferred inflows and outflows, calculated by OPERS external actuaries, and the current year amortization on those amounts included in pension expense as of and for the year ended December 31, 2014.

Deferred Inflows/(Outflows)	**Total Deferred Inflows/(Outflows) Arising in Current Reporting Period**	**2014 Amortization Period**	**First Year of Amortization Recognized in Pension Expense**	**Balance of Deferred (Inflows/Outflows) in Current Reporting Period**
Difference Between Expected and Actual Experience	$29,513	3.1673 years	$9,318	$20,195
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	($76,670)	5 years	($15,334)	($61,336)

Amounts reported as deferred outflows related to pensions resulting from employer contributions subsequent to the measurement date is recognized as a reduction of the net pension liability in the Authority's financial statements. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as disclosed in the table below:

Year Ending December 31	**Traditional Pension Plan Net Deferred Outflows of Resources**
2015	$ (6,016)
2016	(6,016)
2017	(13,775)
2018	(15,334)
Total	$ (41,141)

(14) OTHER POST-EMPLOYMENT BENEFITS

OPERS administers three separate pension plans: The Traditional Pension Plan – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting http://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. 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 2015, the Authority contributed at a rate of 14% of earnable salary. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14 percent of covered payroll. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The

Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

In fiscal year 2015, the Authority's contributions to OPERS totaled $166,073. Of this amount, $23,715 was allocated to fund post-employment benefits (14 participants with 2.00% allocated).

(15) COMMITMENTS

As of December 31, 2015, the Authority has loan commitments to finance LGA construction projects in the following amounts:

Fund		Amount
Other Projects	$	40,721,919
Community Assistance		1,342,589
Fresh Water		184,579,279
Water Pollution Control Loan		1,020,928,839
Drinking Water Assistance		110,255,094
	$	1,357,827,720

Loan commitments consist of loan awards that have been encumbered by the Authority but not yet disbursed to the LGAs. The Authority intends to meet these LGA commitments with currently available funds and grant commitments from the U.S. EPA.

(16) TRANSFERS

Interfund transfers for the year ended December 31, 2015 consisted of the following:

Transfers, net, to (from) Other Projects from (to):		
Community Assistance		771,505
Rural Utility Services		(13,826)
Fresh Water		20,210,010
	$	20,967,689
Transfers, net, to (from) Rural Utility Services from (to):		
Other Projects		13,826
Fresh Water		(13,859,294)
	$	(13,845,468)
Transfers from Community Assistance to:		
Other Projects		(771,505)
Fresh Water		(709,510)
	$	(1,481,015)
Transfers, net, to (from) Fresh Water from (to):		
Other Projects		(20,210,010)
Rural Utility Services		13,859,294
Community Assistance		709,510
	$	(5,641,206)
Total Transfers, net	$	–

Transfers are used to meet the requirements of certain debt covenants or to fund additional program activities as authorized by the Authority's Board. In the year ended December 31, 2015, the Authority made the following non-routine transfers:

a) $20,210,010 transferred from the Fresh Water Fund and $771,505 from the Community Assistance Fund to the Other Projects Fund for additional funding for Other Projects Fund loans and grants.

b) $709,510 transferred from the Community Assistance Fund to the Fresh Water Fund for additional funding for Fresh Water loans.

c) $13,859,294 transferred from the Rural Utility Services Fund to the Fresh Water Fund for additional funding for Fresh Water Fund loans.

(17) CHANGES IN LONG-TERM LIABILITIES

As of December 31, 2015, the Authority has long-term liabilities in the following amounts:

Long-Term Liability	12/31/2014 Balance, as restated	Additions	Reductions	12/31/2015 Balance	Due Within One Year	Due in More Than One Year
Compensated Absences	$ 250,035	183,191	191,945	241,281	15,031	226,250
Net Pension Liability	1,123,581	186,844	160,880	1,149,545	-	1,149,545
Revenue Bonds and Notes Payable	2,881,482,271	452,471,245	386,193,065	2,947,760,451	305,157,790	2,642,602,661
Total Long-Term Liabilities	$2,882,855,887	452,841,280	386,545,890	2,949,151,277	305,172,821	2,643,978,456

(18) CHANGES IN SHORT-TERM LIABILITIES

As of December 31, 2015, the Authority has the following short-term liability:

Short-Term Liability	12/31/2014 Balance	Additions	Reductions	12/31/2015 Balance
Short-Term Revenue Notes Payable	$ 11,000,000	100,000,000	11,000,000	100,000,000

(19) SUBSEQUENT EVENT

Since December 31, 2015, the Authority has issued additional debt. The Authority issued $169,050,000 in Water Development Revenue Bonds – Fresh Water Series 2016A on March 9, 2016. As these bonds were not issued until 2016, they are not included in the long-term debt of the Authority as of December 31, 2015.

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System

2014 Calendar Year*
Unaudited

		2014
Proportion of the net pension liability		0.0095310%
Proportionate share of the net pension liability	$	1,149,545
Covered-employee payroll	$	1,200,805
Proportionate share of the net pension liability as a percentage of covered-employee payroll		95.73%
Plan fiduciary net position as a percentage of the total pension liability		86.45%

* - Table will begin to cover ten years of data starting with 2014.

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of Pension Contributions
Ohio Public Employees Retirement System

2014 Calendar Year*
Unaudited

		2014
Contractually required contribution	$	140,729
Contributions in relation to the contractually required contribution	$	140,729
Contribution deficiency (excess)	$	-
Covered-employee payroll	$	1,200,805
Contributions as a percentage of covered-employee payroll		11.72%

* - Table will begin to cover ten years of data starting with 2014.

Dave Yost · Auditor of State

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

Ohio Water Development Authority
480 S. High Street
Columbus, Ohio 43215

To the Authority:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities and each major fund of the Ohio Water Development Authority (the Authority), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 31, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

March 31, 2016

Dave Yost • Auditor of State

OHIO WATER DEVELOPMENT AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 31, 2016