OHIO WATER DEVELOPMENT AUTHORITY

FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

April 09, 2024

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OHIO WATER DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Ohio Water Development Authority (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the proportionate share of net pension and OPEB amounts, and the schedules of pension and OPEB contributions (as listed in the table of contents) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 29, 2024

For the Year Ended December 31, 2023

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 year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's audited financial statements, which begin on page 10 of this report.

Financial Highlights:

- Loan and fee receivables increased by $425,332,628 or 5.01%.
- Administrative fees from projects revenue increased by $1,607,932 or 19.63%.
- Cash, cash equivalents, and investments increased by $364,001,254 or 21.06%.
- Investment income increased by $116,412,148 or 455.45%.
- Revenue bonds and notes payable increased by $470,039,442 or 8.36%.
- Bond and note issuance expense increased by $7,906,526 or 145.28%.
- Loan principal forgiveness & grant expense increased by $59,150,207 or 100.53%.
- Contribution from U.S. EPA increased by $233,930,346 or 532.87%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements 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 non-fiduciary 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, 2023. 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 10-17 of this report.

Fiduciary Funds. The Authority is the fiscal agent for The Nature Conservancy In Lieu Fee Mitigation Program and the Muskingum Watershed Conservancy District (MWCD) Interest Rate Subsidy Program, both of which are reported as custodial funds. As of December 2023, the Authority returned the full deposit and all earned interest to MWCD and closed the account. The fiduciary fund financial information is excluded from the Authority's combining financial statements because the resources are not being utilized to finance Authority operations and/or programs. More information can be found on page 30 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 20-69 of this report.

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 2023 and 2022, respectively.

The following table summarizes changes in net position of the Authority between December 31, 2023 and December 31, 2022:

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

	2023	2022	Dollar Change	Total Percent Change
Current assets	$ 70,916	$ 47,653	$ 23,263	48.82%
Noncurrent restricted assets	10,706,173	9,927,679	778,494	7.84%
Noncurrent unrestricted assets	238,400	274,832	(36,432)	(13.26%)
Capital and subscription assets	1,471	1,122	349	31.11%
Total assets	11,016,960	10,251,286	765,674	7.47%
Loss on refunding	11,238	11,163	75	0.67%
Advance of loan interest	99,300	97,267	2,033	2.09%
Pension	1,079	380	699	183.95%
OPEB	174	11	163	1,481.82%
Total deferred outflows of resources	111,791	108,821	2,970	2.73%
Total assets and deferred outflows of resources	$ 11,128,751	$ 10,360,107	$ 768,644	7.42%
Current liabilities	$ 541,927	$ 481,191	$ 60,736	12.62%
Noncurrent revenue bonds and notes payable	5,740,327	5,273,749	466,578	8.85%
Other noncurrent liabilities	3,531	1,438	2,093	145.55%
Total liabilities	6,285,785	5,756,378	529,407	9.20%

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

	2023	2022	Dollar Change	Total Percent Change
Pension	$ -	$ 845	$ (845)	(100.00%)
OPEB	26	294	(268)	(91.16%)
Gain on refunding	3,584	-	3,584	100.00%
Total deferred inflows of resources	3,610	1,139	2,471	216.94%
Net investment in capital assets	1,128	1,122	6	0.53%
Restricted	4,538,948	4,312,640	226,308	5.25%
Unrestricted	299,280	288,828	10,452	3.62%
Total net position	4,839,356	4,602,590	236,766	5.14%
Total liabilities, deferred inflows of resources, and net position	$ 11,128,751	$ 10,360,107	$ 768,644	7.42%

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 $4,839,355,957 as of December 31, 2023, $4,538,948,434 of which is restricted for debt and grant covenants. The largest portion of the Authority's net position is reflected in its loan receivables, cash and 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 2023 and 2022:

Condensed Statement of Revenues, Expenses and Changes in Net Position
(all amounts expressed in thousands of dollars)

	2023	2022	Dollar Change	Total Percent Change
Operating revenues:				
Loan income	$ 154,610	$161,473	$ (6,863)	(4.25%)
Investment income (loss)	90,853	(25,560)	116,413	455.45%
Administrative fees from projects	9,801	8,193	1,608	19.63%
Total operating revenues	255,264	144,106	111,158	77.14%

Condensed Statement of Revenues, Expenses and Changes in Net Position, continued
(all amounts expressed in thousands of dollars)

	2023	2022	Dollar Change	Total Percent Change
Operating expenses:				
Payroll and benefits	$ 2,859	$ 2,051	$ 808	39.40%
Interest on bonds and notes	161,520	152,102	9,418	6.19%
Bond and note issuance expense	13,349	5,442	7,907	145.30%
Loan principal forgiveness and grant expense	117,989	58,839	59,150	100.53%
State revolving fund administration	18,446	15,416	3,030	19.65%
Professional services	5,173	3,411	1,762	51.66%
Loan interest rate buy-down	5,408	6,490	(1,082)	(16.67%)
Other	317	412	(95)	(23.06%)
Total operating expenses	325,061	244,163	80,898	33.13%
Operating income (loss)	(69,797)	(100,057)	30,260	30.24%
Gain on cash defeasance of debt	4,190	-	4,190	100.00%
Nonoperating other revenues (expenses)	(237)	31	(268)	864.52%
Contribution from U.S. EPA	277,831	43,900	233,931	532.87%
Federal subsidy income	4,844	8,673	(3,829)	(44.15%)
H2Ohio grant funding	19,935	9,451	10,484	110.93%
Change in net position	$ 236,766	$ (38,002)	$ 274,768	723.04%

The two primary sources of operating revenue for the Authority are loan income and investment income, while a significant operating expense is interest on bonds and notes. For the year ending December 31, 2023, the Authority had an operating loss of $69,796,721, compared to an operating loss of $100,057,087 in 2022. This decrease of $30,260,366 in operating loss was primarily attributed to an $116,412,148 increase in investment income and a $59,150,207 increase in loan principal forgiveness and grant expense.

During 2023, the Authority's net position increased by $236,765,535 or 5.14%. The majority of this increase was due to the following:

- $69,796,721 operating loss as noted earlier
- $4,189,821 gain on cash defeasance of debt
- $277,830,514 contribution from U.S. EPA
- $4,843,814 Build America Bonds (BABs) subsidies (i.e., federal subsidy income) used to offset interest expense on bonds
- $19,934,646 H2Ohio grant funding

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

	2023	2022	Dollar Change	Total Percent Change
Operating	$ 8,361	$ 5,632	$ 2,729	48.46%
Other Projects	312,945	288,117	24,828	8.62%
Community Assistance	94,423	100,578	(6,155)	(6.12%)
Fresh Water	729,084	704,689	24,395	3.46%
Water Pollution Control Loan	2,985,184	2,867,547	117,637	4.10%
Drinking Water Assistance	709,359	636,027	73,332	11.53%
Total Net Position	$ 4,839,356	$ 4,602,590	$ 236,766	5.14%

During 2023, net position by fund experienced the following significant changes:

- Operating Fund net position increased by $2,728,974 or 48.46% due to a high loan volume in 2023 thus increasing income from administrative fees from projects.
- Other Projects Fund net position increased by $24,827,918 or 8.62% primarily due to an increase in investment income.
- Community Assistance Fund net position decreased by $6,154,639 or 6.12%. This decrease was caused by surplus release transfers from the Community Assistance Fund to the Fresh Water Fund.
- Water Pollution Control Loan Fund net position increased by $117,637,390 or 4.10% primarily due to an increase in U.S. EPA grant contributions.
- Drinking Water Assistance Fund net position increased by $73,331,322 or 11.53% primarily due to an increase in U.S. EPA grant contributions.

Debt Administration

As of December 31, 2023, the Authority had revenue bonds and notes principal outstanding of $6,091,576,944. 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 2023 and 2022.

Outstanding Debt at December 31, 2023 and December 31, 2022
(net of premiums)
(all amounts expressed in thousands of dollars)

	2023	2022
Revenue Bonds	$ 5,981,577	$ 5,445,938
Revenue Notes	110,000	175,600
Total	$ 6,091,577	$ 5,621,538

During 2023, the Authority issued the following bonds and notes for the purpose of providing loan funding to local governments under its various loan programs:

- Fresh Water Fund – 2023 Commercial Paper (Taxable)
- Fresh Water Fund – 2023 Commercial Paper (Tax-Exempt)
- Fresh Water Fund Revenue Bonds – Series 2023A
- Water Pollution Control Loan Fund Revenue Bonds – Series 2023B (Green Bonds)

- Water Pollution Control Loan Fund Revenue Bonds – Series 2023C (Green Bonds)
- Drinking Water Assistance Fund Revenue Bonds – Series 2023A (Sustainability Bonds)

During 2023, the Authority issued the following bonds for the purpose of refinancing some of its existing debt to take advantage of favorable interest rates:

- Fresh Water Fund Refunding Revenue Bonds – Series 2023B were issued to partially current refund previously outstanding Fresh Water Series 2016A and Fresh Water Series 2016B bonds through a tender transaction. This transaction enabled the Authority to achieve an economic gain of $4,921,137.
- Water Pollution Control Loan Fund Refunding Revenue Bonds – Series 2023A were issued to current refund previously outstanding Water Pollution Control Loan Fund Water Quality Series 2010B-2 BABs bonds. This transaction enabled the Authority to achieve an economic gain of $7,342,573.
- Water Pollution Control Loan Fund Refunding Revenue Bonds – Series 2015B were partially cash defeased through a legal defeasance. This transaction enabled the Authority to achieve an economic gain of $7,538,385.

The Authority continues to maintain strong credit ratings from Moody's and Standard & Poor's. The table below summarizes the ratings for the 2023 bond and note issuances:

Bond/Note Series	Moody's	Standard & Poor's
FW 2023 Commercial Paper (Taxable)	P-1	A-1+
FW 2023 Commercial Paper (Tax-Exempt)	P-1	A-1+
FW 2023A	Aaa	AAA
FW Refunding 2023B	Aaa	AAA
WPCLF Refunding 2023A	Aaa	AAA
WCPLF 2023B	Aaa	AAA
WPCLF 2023C	Aaa	AAA
DWAF 2023A	Aaa	AAA

Additional information on the Authority's long-term debt can be found in the Notes to Financial Statements, pages 38-51 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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OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Net Position
December 31, 2023

	Custodied Funds		Trusted Funds
Assets	Operating Fund	Other Projects Fund	Community Assistance Fund (Note 5)
Current assets:			
Cash and cash equivalents -- Note 2	$ 448,732	26,903,997	-
Investments -- Note 2	2,413,255	32,292,472	-
Receivables:			
Loan and fee receivables	478,075	8,313,612	-
Other	65,468	-	-
Total current assets	3,405,530	67,510,081	-
Noncurrent assets:			
Restricted grant, loan, bond and note covenant assets:			
Cash and cash equivalents -- Note 2	-	1,657,804	2,687,569
Investments -- Note 2	-	23,002,156	23,293,204
Loan and fee receivables	-	-	100,666,631
Total noncurrent restricted assets	-	24,659,960	126,647,404
Investments -- Note 2	5,694,220	89,194,274	-
Loan receivables	-	136,810,988	-
Other receivables	-	-	-
Due from other funds -- Note 3	-	13,951	-
Capital assets, at depreciated cost	1,127,510	-	-
Right-of-use subscription assets, at amortized cost	343,233	-	-
Total noncurrent unrestricted assets	7,164,963	226,019,213	-
Total assets	10,570,493	318,189,254	126,647,404
Deferred Outflows of Resources			
Loss on refunding	-	-	737,248
Advance of loan interest	-	-	-
Pension	1,079,232	-	-
Other postemployment benefits (OPEB)	173,427	-	-
Total deferred outflows of resources	1,252,659	-	737,248
Total assets and deferred outflows of resources	$ 11,823,152	318,189,254	127,384,652
Liabilities			
Current liabilities:			
Accounts payable	$ 117,542	4,908,497	-
Accrued interest	4,193	-	-
Subscription liability	91,093	-	-
Total current liabilities	212,828	4,908,497	-
Current liabilities payable from restricted assets:			
Due to other funds -- Note 3	29,051	-	-
Accounts payable	-	-	-
Accrued interest	-	-	115,600
Revenue bonds and notes payable, net of premiums	-	-	3,760,000
Total current liabilities payable from restricted assets	29,051	-	3,875,600
Noncurrent liabilities:			
Compensated absences	448,605	-	-
Borrower deposits	-	335,572	-
Net pension liability	2,437,005	-	-
Net OPEB liability	58,535	-	-
Subscription liability	250,872	-	-
Revenue bonds and notes payable, net of premiums	-	-	29,085,699
Total noncurrent liabilities	3,195,017	335,572	29,085,699
Total liabilities	3,436,896	5,244,069	32,961,299

Trusted Funds: Fresh Water Fund (Note 6)	Water Pollution Control Loan Fund (Notes 7 & 8)	Drinking Water Assistance Fund (Notes 9 & 10)	Total Combining 2023
-	-	-	27,352,729
-	-	-	34,705,727
-	-	-	8,791,687
-	-	-	65,468
-	-	-	70,915,611
74,228,425	136,363,966	27,706,626	242,644,390
235,329,325	1,092,782,906	318,115,889	1,692,523,480
1,736,641,205	5,627,556,629	1,306,141,042	8,771,005,507
2,046,198,955	6,856,703,501	1,651,963,557	10,706,173,377
-	-	-	94,888,494
-	-	-	136,810,988
464,653	395,268	5,811,389	6,671,310
-	-	15,100	29,051
-	-	-	1,127,510
-	-	-	343,233
464,653	395,268	5,826,489	239,870,586
2,046,663,608	6,857,098,769	1,657,790,046	11,016,959,574
4,111,026	5,703,825	685,977	11,238,076
-	99,300,242	-	99,300,242
-	-	-	1,079,232
-	-	-	173,427
4,111,026	105,004,067	685,977	111,790,977
2,050,774,634	6,962,102,836	1,658,476,023	11,128,750,551
-	-	-	5,026,039
-	-	-	4,193
-	-	-	91,093
-	-	-	5,121,325
-	-	-	29,051
21,513,111	95,973,800	44,803,687	162,290,598
5,374,603	13,177,628	4,568,771	23,236,602
154,555,000	161,320,758	31,614,139	351,249,897
181,442,714	270,472,186	80,986,597	536,806,148
-	-	-	448,605
-	-	-	335,572
-	-	-	2,437,005
-	-	-	58,535
-	-	-	250,872
1,136,664,480	3,706,446,163	868,130,705	5,740,327,047
1,136,664,480	3,706,446,163	868,130,705	5,743,857,636
1,318,107,194	3,976,918,349	949,117,302	6,285,785,109

OHIO WATER DEVELOPMENT AUTHORITY
Combining Statement of Net Position
December 31, 2023

	Custodied Funds		Trusted Funds
	Operating Fund	Other Projects Fund	Community Assistance Fund (Note 5)
Deferred Inflows of Resources			
OPEB	25,638	-	-
Gain on refunding	-	-	-
Total deferred inflows of resources	25,638	-	-
Net Position			
Net investment in capital assets	1,127,510	-	-
Restricted for debt and grant covenants	-	23,002,156	94,423,353
Unrestricted	7,233,108	289,943,029	-
Total net position	8,360,618	312,945,185	94,423,353
Total liabilities, deferred inflows of resources, and net position	$ 11,823,152	318,189,254	127,384,652

See accompanying notes to financial statements.

Trusted Funds			
Fresh Water Fund (Note 6)	Water Pollution Control Loan Fund (Notes 7 & 8)	Drinking Water Assistance Fund (Notes 9 & 10)	Total Combining 2023
-	-	-	25,638
3,583,847	-	-	3,583,847
3,583,847	-	-	3,609,485
-	-	-	1,127,510
726,979,717	2,985,184,487	709,358,721	4,538,948,434
2,103,876	-	-	299,280,013
729,083,593	2,985,184,487	709,358,721	4,839,355,957
2,050,774,634	6,962,102,836	1,658,476,023	11,128,750,551

OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended December 31, 2023

	Custodied Funds		Trusted Funds
	Operating Fund	Other Projects Fund	Community Assistance Fund (Note 5)
Operating revenues:			
Loan income	$ -	3,716,068	1,866,163
Investment income	464,277	6,456,923	1,314,660
Administrative fees from projects	5,728,835	-	-
Total operating revenues	6,193,112	10,172,991	3,180,823
Operating expenses:			
Payroll and benefits	2,859,197	-	-
Interest on bonds and notes	-	-	710,745
Bond and note issuance expense	-	-	-
Loan principal forgiveness and grant expense	-	9,829,348	-
State revolving fund administration	-	-	-
Professional services	380,993	959,111	-
Loan interest rate buy-down	-	-	-
Other	317,314	-	-
Total operating expenses	3,557,504	10,788,459	710,745
Operating income (loss)	2,635,608	(615,468)	2,470,078
Nonoperating revenues (expenses):			
Gain on cash defeasance of debt	-	-	-
Other revenues (expenses)	93,366	52,066	32
Total nonoperating revenues (expenses)	93,366	52,066	32
Income (loss) before contributions, federal subsidy income, H2Ohio, and transfers	2,728,974	(563,402)	2,470,110
Contribution from U.S. EPA	-	-	-
Federal subsidy income	-	-	-
H2Ohio grant funding	-	19,934,646	-
Transfers in (out), net -- Note 16	-	5,456,674	(8,624,749)
Change in net position	2,728,974	24,827,918	(6,154,639)
Net position at beginning of year	5,631,644	288,117,267	100,577,992
Net position at end of year	$ 8,360,618	312,945,185	94,423,353

See accompanying notes to financial statements.

Trusteed Funds			
Fresh Water Fund (Note 6)	Water Pollution Control Loan Fund (Notes 7 & 8)	Drinking Water Assistance Fund (Notes 9 & 10)	Total Combining 2023
49,477,140	84,620,843	14,930,400	154,610,614
12,604,292	53,765,739	16,246,725	90,852,616
-	-	4,072,114	9,800,949
62,081,432	138,386,582	35,249,239	255,264,179
-	-	-	2,859,197
38,792,055	101,722,888	20,294,362	161,520,050
1,965,167	9,300,226	2,083,296	13,348,689
-	66,721,750	41,437,755	117,988,853
-	10,657,870	7,787,908	18,445,778
448,277	1,630,933	1,753,779	5,173,093
1,408,160	3,609,510	390,256	5,407,926
-	-	-	317,314
42,613,659	193,643,177	73,747,356	325,060,900
19,467,773	(55,256,595)	(38,498,117)	(69,796,721)
-	4,189,821	-	4,189,821
(382,272)	100	169	(236,539)
(382,272)	4,189,921	169	3,953,282
19,085,501	(51,066,674)	(38,497,948)	(65,843,439)
-	166,001,244	111,829,270	277,830,514
2,140,994	2,702,820	-	4,843,814
-	-	-	19,934,646
3,168,075	-	-	-
24,394,570	117,637,390	73,331,322	236,765,535
704,689,023	2,867,547,097	636,027,399	4,602,590,422
729,083,593	2,985,184,487	709,358,721	4,839,355,957

OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Cash Flows

Year ended December 31, 2023

		Custodied Funds		Trusted Funds
		Operating Fund	Other Projects Fund	Community Assistance Fund (Note 5)
Operating activities:				
Administrative fees from projects	$	4,012,872	-	-
Payroll and benefits		(2,712,922)	-	-
Grant disbursements		-	(7,596,244)	-
State revolving fund administration		-	-	-
Professional services		(285,474)	(960,995)	-
Other		(381,725)	-	-
Net cash provided (used) by operating activities		632,751	(8,557,239)	-
Investing activities:				
Proceeds from maturity or sale of investments		2,100,000	48,853,568	21,340,582
Purchase of investments		(4,942,027)	(61,736,939)	(24,648,205)
Interest received on investments, net of purchased interest		262,043	2,201,292	383,749
Interest received on projects		-	3,283,402	1,955,886
Principal collected on projects		-	17,975,911	12,691,523
Payment for construction of projects		-	(9,544,471)	-
Net cash provided (used) by investing activities		(2,579,984)	1,032,763	11,723,535
Noncapital financing activities:				
Interest paid on bonds and notes, net of purchased interest		-	-	(1,513,524)
Proceeds of bonds and notes		-	-	-
Bond and note issuance expense		-	-	-
Redemption of bonds and notes		-	-	(3,580,000)
Contribution from U.S. EPA		-	-	-
Federal subsidy income		-	-	-
H2Ohio grant funding		-	19,934,646	-
Other		1,773,125	274,850	32
Transfers (to) from other funds -- Note 16		-	5,456,674	(8,624,749)
Net cash provided (used) by noncapital financing activities		1,773,125	25,666,170	(13,718,241)
Net increase (decrease) in cash and cash equivalents		(174,108)	18,141,694	(1,994,706)
Cash and cash equivalents at beginning of year		622,840	10,352,282	4,666,869
Cash and cash equivalents at end of year -- Note 2	$	448,732	28,493,976	2,672,163
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$	2,635,608	(615,468)	2,470,078
Adjustments:				
Investment income		(464,277)	(6,456,923)	(1,314,660)
Principal forgiveness and other		99,556	2,233,104	-
Interest on bonds and notes		-	-	710,745
Loan and loan fee income		(1,715,963)	(3,716,068)	(1,866,163)
Bond and note issuance expense		-	-	-
Net change in other assets and other liabilities		77,827	(1,884)	-
Net cash provided (used) by operating activities	$	632,751	(8,557,239)	-

See accompanying notes to financial statements.

Trusted Funds			
Fresh Water Fund (Note 6)	Water Pollution Control Loan Fund (Notes 7 & 8)	Drinking Water Assistance Fund (Notes 9 & 10)	Total Combining 2023
-	-	3,928,474	7,941,346
-	-	-	(2,712,922)
-	-	(374,193)	(7,970,437)
-	(10,657,870)	(7,787,908)	(18,445,778)
(452,454)	(1,545,186)	(1,283,885)	(4,527,994)
-	-	-	(381,725)
(452,454)	(12,203,056)	(5,517,512)	(26,097,510)
411,275,923	1,334,481,885	332,515,506	2,150,567,464
(480,479,306)	(1,468,190,869)	(319,251,080)	(2,359,248,426)
3,455,174	15,395,294	4,543,817	26,241,369
46,253,801	89,727,074	11,622,893	152,843,056
101,195,113	392,414,957	73,217,953	597,495,457
(131,014,217)	(643,623,299)	(299,766,110)	(1,083,948,097)
(49,313,512)	(279,794,958)	(197,117,021)	(516,049,177)
(52,717,221)	(152,012,177)	(32,976,013)	(239,218,935)
393,775,930	1,063,223,726	171,146,220	1,628,145,876
(1,667,080)	(9,104,965)	(2,055,209)	(12,827,254)
(282,611,575)	(720,113,530)	(63,180,000)	(1,069,485,105)
-	165,605,976	116,340,529	281,946,505
2,148,078	3,239,771	-	5,387,849
-	-	-	19,934,646
(382,272)	(735,703)	169	930,201
3,168,075	-	-	-
61,713,935	350,103,098	189,275,696	614,813,783
11,947,969	58,105,084	(13,358,837)	72,667,096
61,896,952	77,609,263	40,986,024	196,134,230
73,844,921	135,714,347	27,627,187	268,801,326
19,467,773	(55,256,595)	(38,498,117)	(69,796,721)
(12,604,292)	(53,765,739)	(16,246,725)	(90,852,616)
1,408,160	70,331,260	41,453,818	115,525,898
38,792,055	101,722,888	20,294,362	161,520,050
(49,477,140)	(84,620,843)	(14,930,400)	(156,326,577)
1,965,167	9,300,226	2,083,296	13,348,689
(4,177)	85,747	326,254	483,767
(452,454)	(12,203,056)	(5,517,512)	(26,097,510)

OHIO WATER DEVELOPMENT AUTHORITY

Statement of Fiduciary Net Position
Custodial Funds
December 31, 2023

		The Nature Conservancy In Lieu Fee Mitigation	Muskingum Watershed Conservancy District Interest Rate Subsidy	Total
Assets				
Cash and cash equivalents -- Note 2	$	18,796,475	-	18,796,475
Investments -- Note 2		34,212,739	-	34,212,739
Total assets	$	53,009,214	-	53,009,214
Liabilities				
Accounts payable	$	268,518	-	268,518
Net Position				
Restricted for other organizations		52,740,696	-	52,740,696
Total liabilities and net position	$	53,009,214	-	53,009,214

See accompanying notes to financial statements.

OHIO WATER DEVELOPMENT AUTHORITY

Statement of Changes in Fiduciary Net Position
Custodial Funds
Year ended December 31, 2023

		The Nature Conservancy In Lieu Fee Mitigation	Muskingum Watershed Conservancy District Interest Rate Subsidy	Total
Additions:				
Investment income	$	2,130,681	226,626	2,357,307
In Lieu Fee Mitigation receipts		17,083,647	-	17,083,647
Total additions		19,214,328	226,626	19,440,954
Deductions:				
Administrative expense		1,305,145	-	1,305,145
Custodian expense		1,500	1,000	2,500
In Lieu Fee Mitigation payments		7,621,301	-	7,621,301
MWCD return of funds		-	5,311,077	5,311,077
Total deductions		8,927,946	5,312,077	14,240,023
Change in fiduciary net position		10,286,382	(5,085,451)	5,200,931
Fiduciary net position at beginning of year		42,454,314	5,085,451	47,539,765
Fiduciary net position at end of year	$	52,740,696	-	52,740,696

See accompanying notes to financial statements.

(1) AUTHORIZING LEGISLATION, REPORTING ENTITY, PROGRAM DESCRIPTIONS, FUND ACCOUNTING, CUSTODIAL 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:

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

  The purpose of this program is to provide grants to local government agencies (LGAs) 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 9.5 to 20 years with interest rates of 1.68% 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 13.5 to 30 years with interest rates of 0.98% to 3.00%.

- ***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 10 to 25 years with interest rates of 1.50% to 3.76%.

- ***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.

- ***Other Projects Fund – Dam Safety Linked Deposit Program***

  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, 2023 was $53,269.

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

  The purpose of this program is to provide financing to borrowers for planning, design, and construction of dam improvements and repairs as required by the Ohio Department of

Natural Resources. Eligible project costs under this program include emergency action Plans (EAP), operation maintenance and inspection (OMI) manuals, planning, engineering, construction, land and easement acquisition, and legal and inspection fees. The loans are to be repaid under terms of installment contracts over a period of 20 years with an interest rate of 3.26%.

- ***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.

- ***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 local government agencies are to be repaid under terms of installment contracts over periods of 20 to 30 years with an interest rate of 2.00%.

- ***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 – Onsite Stormwater Loan Program***

The purpose of this program is to provide loans to reduce storm water run-off and mitigate flooding. The loans to the LGAs are to be repaid under terms of installment contracts over periods of 10 to 30 years with interest rates of 1.00% to 2.55%.

- ***Other Projects – Rural Development Fund***

The purpose of this program 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. The loans to the LGAs are to be repaid under terms of cooperative agreements over 3 years with interest rates of 4.58% to 5.13%.

- ***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 1.0% of the outstanding loan balance of the Other Projects, Community Assistance, and Fresh Water loan programs.

- ***Other Projects – H2Ohio Program***

  The purpose of this program is to provide grant funding for additional wetland efforts to help the Ohio Department of Natural Resources (ODNR) and Ohio Environmental Protection Agency (OEPA) reduce nutrient runoff and prevent algal blooms over the long term. The funds will also help extend H2Ohio's wetland monitoring program. Project funding for this program is received in advance for each project from OEPA, and funds are restricted until disbursed.

- ***Other Projects – Controlled Account***

  The purpose of this account is to mitigate the Authority's lending risk by collecting two loan payments at the time of loan closure. These borrower deposits can be used to cure any repayment delinquencies and if no repayment delinquencies occur, deposits are held to make the final two payments. Funds in the controlled account are restricted assets.

(c) 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 terms of installment contracts over periods of 10 to 30 years with interest rates of 0.50% 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 (CA) 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 Community Assistance Water Development Revenue Bonds as detailed below:

Bond Type	Total Par Amount	Type
CA Bonds	$150,760,000	Construction
CA Bonds	187,525,000	Refunding

All loan repayments for this fund are pledged on a parity basis against all debt outstanding within this fund.

(d) Fresh Water Fund

The Fresh Water Fund (FW), 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, and is administered by a Trustee. Initial funding was provided by a portion of the proceeds from these bonds and a transfer from the Pure Water Refunding Fund. Continued funding has been provided by the issuance of Water Development Revenue Bonds from various Fresh Water Series as detailed in the following table:

Bond Type	Total Par Amount	Type
FW Bonds	$1,549,505,000	Construction
FW Bonds	770,385,000	Refunding
*FW CP TE	145,000,000	Construction
FW CP TE	60,000,000	Refunding
^FW CP TX	10,000,000	Construction

* Commercial Paper Tax-Exempt
^ Commercial Paper Taxable

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 financing 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 6.49%.

On December 1, 2010, the Pure Water Refunding Fund was closed and the outstanding loan receivables 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 7.21%.

With the passage of House Bill 264 in January 2021, in addition to funding loans for construction of water and sewer projects, the Authority is now permitted to refinance outside water and sewer debt held by local governments. In January 2021, the Fresh Water Refinance Loan Program Guidelines were established by a motion of the Authority.

(e) *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 3.5 to 45 years with interest rates of 0.00% to 4.14%. 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 (U.S. EPA) capitalization grant, which required a 20% matching contribution from OEPA. Grant funding has been awarded as detailed in the following table:

Program Year	Capitalization Grant	State Match
1989-1992	$ 347,141,455	69,428,291
1993-1997	410,443,848	82,088,770
1998-2002	392,075,638	78,418,693
2003-2007	320,731,363	64,146,273
*2008-2012	574,634,893	70,802,359
2013-2017	382,475,000	76,495,000
2018	90,357,000	18,071,400
2019	89,448,000	17,889,600
2020	89,460,000	17,892,000
2021	89,448,000	17,889,600
2022	65,138,000	13,027,600
Total	$ 2,851,353,197	526,149,586

* 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.

In 2022, the Infrastructure Investment & Jobs Act (IIJA) also known as the Bipartisan Infrastructure Law (BIL) was established to provide funding for infrastructure projects including water and wastewater infrastructure through the State Revolving Fund (SRF) programs. The funds are administered through OEPA from the U.S. EPA and will increase capitalizations to the SRF programs over the five year period from 2022-2026. In March 2023, the WPCLF Program received the 2022 Base Supplemental Grant of $100,195,000, which will require a 10% state match of $10,019,500, and is required to provide 49% of the grant total as principal forgiveness funding.

The WPCLF Program also received the Emerging Contaminants and Sewer Overflow and Stormwater Reuse Grants, both requiring zero state match funding. Grant funding has been awarded as detailed in the following table:

Program Year	Grant Name		Amount	State Match	% of Principal Forgiveness
2022	Base Supplemental Capitalization	$	100,195,000	10,019,500	49%
2022	Emerging Contaminants		650,000	-	100%
2022-2023	Sewer Overflow and Stormwater Reuse		6,368,000	-	100%*
		$	107,213,000	10,019,500	

* Considered a full grant instead of principal forgiveness.

Awards for program years 2022 and 2023 were received in 2023.

The WPCLF received additional funding from the proceeds of Water Pollution Control Loan Fund Revenue Bonds and Notes. 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. Issuances of Water Quality, State Match, and WPCLF Bonds and Notes are detailed in the following table:

Bond Type	Total Par Amount	Type
WPCLF-Water Quality	$2,534,110,000	Construction
WPCLF-Water Quality	1,054,535,000	Refunding
WPCLF-State Match	559,070,000	Construction
WPCLF-State Match	72,260,000	Refunding
WPCLF Bonds	3,543,815,000	Construction
WPCLF Bonds	879,620,000	Refunding

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 OEPA 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 pledged first to all WPCLF State Match Bonds outstanding, second to WPCLF Water Quality Bonds, and third to WPCLF Bonds. As of December 31, 2023, all WPCLF State Match and Water Quality Bonds are retired. Any future WPCLF State Match issuances will be governed by the WPCLF Bonds Trust Indenture. No future WPCLF Water Quality Bonds will be issued.

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, 2023 was $309,465.

(f) 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 4.5 to 40 years with interest rates of 0.00% to 4.14%. 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%.

In 2022, the Infrastructure Investment & Jobs Act (IIJA) also known as the Bipartisan Infrastructure Law (BIL) was established to provide funding for infrastructure projects including water and wastewater infrastructure through the SRF. The funds are administered through OEPA from the U.S. EPA and will increase capitalizations to the SRF programs over the five year period from 2022-2026. Grant funding has been awarded as detailed in the following table:

Program Year	Grant Name		Amount	State Match	% of Principal Forgiveness
2022	Base Supplemental Capitalization	$	45,251,000	4,525,100	49%
2023	Base Supplemental Capitalization		47,547,000	4,754,700	49%
2022	Lead Service Line Replacement		71,300,000	-	53%
2023	Lead Service Line Replacement		166,913,000	-	53%
2022	Emerging Contaminants		23,615,000	-	100%
2023	Emerging Contaminants		17,253,000	-	100%
2022-2023	Emerging Contaminants in Small or Disadvantaged Communities		46,488,000	-	100%*
2022-2023	Water Infrastructure Improvements for the Nation – Small & Underserved Communities		1,479,000	-	100%*
		$	419,846,000	9,279,800	

* Considered a full grant instead of principal forgiveness.

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

Program Year	Capitalization Grant	State Match
1998	$ 43,073,000	8,614,600
1999-2003	145,444,100	29,088,820
2004-2008	124,332,300	24,866,460
*2009-2013	213,667,000	31,041,400
2014-2018	122,962,000	24,592,400
2019	27,674,000	5,534,800
2020	27,692,000	5,538,400
2021	27,666,000	5,533,200
2022	17,624,000	3,524,800
^2023	11,408,000	2,281,600
Total	$ 761,542,400	140,616,480

* 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 2023 DWAF Capitalization Grant included $257,000 in moneys from a fiscal year 2021 reallotment awarded in September of 2023.

The DWAF received additional funding from the proceeds of the Drinking Water Assistance Fund Leverage, State Match, and DWAF Revenue Bonds and Notes as detailed below:

Bond Type	Total Par Amount	Type
DWAF-Leverage	$318,015,000	Construction
DWAF-Leverage	247,030,000	Refunding
DWAF-State Match	173,600,000	Construction
DWAF-State Match	15,850,000	Refunding
DWAF Bonds	810,000,000	Construction
DWAF Bonds	37,410,000	Refunding

The DWAF Bonds and Notes are special obligations of the Authority, issued to fund the State Match, Leverage, and DWAF 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 DWAF remain within the fund. All loan repayments of principal and interest on loans made prior to August 3, 2016 are primarily pledged on a parity basis to all DWAF Leverage Bonds outstanding and subordinately pledged on a parity basis to all DWAF Bonds outstanding. All loan repayments of interest for loans made after August 3, 2016 are pledged first to all DWAF State Match Bonds outstanding, second to DWAF Leverage Bonds, and third to DWAF Bonds. As of December 31, 2023, all DWAF State Match Bonds are retired and on June 1, 2024 all DWAF Leverage Series Bonds will be retired. Any future DWAF State Match issuances will be governed by the DWAF Bonds Trust Indenture.

Basis of Presentation—Custodial Fund Accounting

The custodial accounts of the Authority are organized on a fund basis, considered to be an independent fiscal and accounting entity. The operations of each custodial fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, additions, and deductions; 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 custodial funds of the Authority.

In Lieu Fee Mitigation Fund

The In Lieu Fee (ILF) Mitigation Fund was established during 2014 by a resolution of the Authority. The Authority is responsible for fund management in support of The Nature Conservancy's administration of the program. All funds in the ILF Mitigation Fund belong to The Nature Conservancy.

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.

Muskingum Watershed Conservancy District Interest Rate Subsidy Program

The Muskingum Watershed Conservancy District (MWCD) Interest Rate Subsidy Program was established during 2021 by a motion of the Authority. The Authority is responsible for fund management of the Program in support of the MWCD's administration of the Program.

The purpose of the MWCD Interest Rate Subsidy Program is to provide financial assistance in the form of interest payments on a Fresh Water loan for construction of wastewater projects to borrowers located within the jurisdictional boundary of the MWCD.

MWCD has provided $5,000,000 in financial assistance to the Program and these funds belong to MWCD until they are assigned to a specific loan. In 2023, no loans were assigned to the MWCD Interest Rate Subsidy Program. In October 2023, MWCD sent a written request for the Authority to return the full deposit of $5,000,000 along with earned interest of $311,077 to the MWCD. The Authority returned the full deposit and all earned interest to MWCD in November and December 2023, and closed the account.

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, including the fiduciary fund 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 (STAR Ohio) investment pool. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals. However, notice must be given 24 hours in advance for all deposits or withdrawals of $100 million or greater. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participants will be combined for these purposes.

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, 2023 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 and Subscription Assets

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 in the table below as ‘Additions’ to accumulated depreciation.

Subscription assets of the Authority include financial services technology, investment management, and cloud backup and recovery software. These subscription-based information technology arrangements (SBITAs) are defined by the Authority as assets with contracts that convey control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Current year amortization expense is detailed in the table below as ‘Additions’ to accumulated amortization.

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

		Restated Beginning Balance ^	Additions	Reductions	Ending Balance
Land (non-depreciable)	$	538,676	–	–	538,676
Building (useful life: 20-45 yrs)		887,524	–	–	887,524
Capital improvements (useful life: 20 yrs)		628,314	–	–	628,314
Other (useful life: 3-10 years)		1,763,277	120,748	(389,890)	1,494,135
Total capital assets	$	3,817,791	120,748	(389,890)	3,548,649
Less: accumulated depreciation-building		(740,507)	(5,917)	–	(746,424)
Less: accumulated depreciation-cap. impr.		(588,696)	(31,416)	–	(620,112)
Less: accumulated depreciation-other		(1,366,826)	(77,667)	389,890	(1,054,603)
Capital assets, at depreciated cost	$	1,121,762	5,748	–	1,127,510
* Subscription assets	$	412,736	19,106	–	431,842
Less: accumulated amortization		(86,486)	(2,123)	–	(88,609)
Subscription assets, at amortized cost		326,250	16,983	–	343,233
Total Capital and Subscription Assets, net	$	1,448,012	22,731	–	1,470,743

* New category for the Authority's subscription-based information technology arrangement assets, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* See also Note 4.

^ Restated subscription asset beginning balance is offset by a restated subscription liability beginning balance of the same amount, resulting in no impact to net position as of December 31, 2022. See also Note 17.

(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, 2023
- Noncurrent: Due after December 31, 2024
- Restricted: Restricted for usage by bond and note covenants and grant restrictions
- Unrestricted: Not restricted for usage

Within the Other Projects Fund, there exist both restricted and unrestricted net positions. Restricted net position consists of funds advanced to the Authority for specific projects in the H2Ohio Program. The unrestricted net position may, upon Board authorization, be used by the Authority for any lawful purpose.

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 (expenses)
- Contribution from U.S. EPA
- Federal subsidy income
- H2Ohio grant funding

(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 $2,824,254. The Authority carries commercial liability insurance coverage in the amount of approximately $55,475,000. The Authority also carries premium-based medical, dental, and vision coverage for all employees.

During 2023, 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.

(l) Pension/Other Postemployment Benefits (OPEB)

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

(2) CASH AND INVESTMENTS

As of December 31, 2023, the Authority's carrying amount of deposits was $55,251,127 and bank balance of deposits was $55,260,836. Of this amount, $250,000 was covered by federal depository insurance, and $55,010,836 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, 2023 was $363,171. These deposits were collateralized with securities held by the Treasurer of State (as per the Ohio Pooled Collateral System) 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 that are governed by a specific bond trust indenture must mature within five years of settlement unless the investment is matched to a specific obligation or debt of the Authority. Investments held outside of a bond trust indentures must mature within ten years of settlement. Securities are purchased with the expectation that they may be held to maturity.

As of December 31, 2023, 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
Other Projects	Federal National Mortgage Association	24.0%
	Federal Home Loan Mortgage Corporation	12.0%
Fresh Water	Federal Home Loan Bank	20.0%
	Federal Farm Credit Bank	12.0%

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, 2023, the Authority had the following investments and maturities:

		Investment Maturity (in Years)		
Fund - Investment Type	Fair Value	Less than 1	1-5	6-10
Operating:				
U.S. Treasuries	$ 8,107,475	2,413,255	4,635,473	1,058,747
Other Projects:				
U.S. Treasuries	$ 72,103,056	16,959,555	55,143,501	-
U.S. Agencies	58,958,350	11,816,259	47,142,091	-
Municipal Bonds	13,374,054	3,463,216	9,910,838	-
Money Market	18,988,751	18,988,751	-	-
	$ 163,424,211	51,227,781	112,196,430	-
Community Assistance:				
U.S. Treasuries	$ 22,269,673	7,131,836	15,137,837	-
U.S. Agencies	1,023,531	11,531	1,012,000	-
Money Market	1,536,144	1,536,144	-	-
	$ 24,829,348	8,679,511	16,149,837	-
Fresh Water:				
U.S. Treasuries	$ 142,878,882	77,688,341	65,190,541	-
U.S. Agencies	92,450,443	92,450,443	-	-
STAR Ohio	27,590,846	27,590,846	-	-
Money Market	29,142,677	29,142,677	-	-
	$ 292,062,848	226,872,307	65,190,541	-

		Investment Maturity (in Years)		
Fund – Investment Type	Fair Value	Less than 1	1-5	6-10
Water Pollution Control Loan:				
U.S. Treasuries	$ 923,364,699	277,836,049	645,528,650	-
U.S. Agencies	96,198,978	26,571,257	69,627,721	-
Municipal Bonds	72,909,500	24,870,689	28,593,834	19,444,977
STAR Ohio	49,776,450	49,776,450	-	-
Money Market	67,698,473	67,698,473	-	-
	$ 1,209,948,100	446,752,918	743,750,205	19,444,977
Drinking Water Assistance:				
U.S. Treasuries	$ 308,077,607	144,103,654	163,973,953	-
Municipal Bonds	10,038,282	75,041	-	9,963,241
STAR Ohio	13,460,904	13,460,904	-	-
Money Market	6,551,747	6,551,747	-	-
	$ 338,128,540	164,191,346	163,973,953	9,963,241
In Lieu Fee Custodial Fund:				
U.S. Treasuries	$ 34,212,739	15,100,691	19,112,048	-
STAR Ohio	16,856,262	16,856,262	-	-
Money Market	1,940,213	1,940,213	-	-
	$ 53,009,214	33,897,166	19,112,048	-

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, 2023, 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 STAR Ohio (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, 2023, 97.29% 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, 2023, the Authority categorizes fair value measurements of its negotiable investments within the fair value hierarchy as follows:

Investment Type	Level 1*	Level 2*	Level 3*
U.S. Treasuries	$1,510,535,873	-	-
U.S. Agencies	-	248,631,302	-
Municipal Bonds	-	96,321,836	-

* Fair value hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs such as quoted prices for similar assets in active markets. The Authority obtains prices for our Level 1 and Level 2 publicly traded assets from our trustees who use various pricing services. Level 3 inputs are significant unobservable inputs. Excluded from the fair value hierarchy above are certain

non-negotiable State and Local Government Securities (SLGS) which are held in an irrevocable escrow account and are carried at cost.

As of December 31, 2023, the Authority had cash and cash equivalents balances of $269,997,119, which includes accrued interest receivable 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	$	448,732	-	448,732
Other Projects		28,561,801	(67,825)	28,493,976
Community Assistance		2,687,569	(15,406)	2,672,163
Fresh Water		74,228,425	(383,504)	73,844,921
Water Pollution Control Loan		136,363,966	(649,619)	135,714,347
Drinking Water Assistance		27,706,626	(79,439)	27,627,187
	$	269,997,119	(1,195,793)	268,801,326

(3) INTERFUND RECEIVABLES AND PAYABLES

On December 31, 2023, interfund balances consisted of $13,951 and $15,100 owed to the Other Projects Fund and the Drinking Water Assistance Fund, respectively, by the Operating Fund, caused by the timing of pending loan fee repayment allocations.

(4) CHANGE IN ACCOUNTING PRINCIPLES

For the calendar year 2023, the Authority implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA),* which requires the recognition of right-of-use subscription assets and corresponding SBITA liability. The subscription liability should be initially measured at the present value of the subscription payments expected to be made during the subscription term. The subscription term may include options to extend or terminate the subscription arrangement, if it is reasonably certain the option will be exercised. Future subscription payments should be discounted using the interest rate the SBITA vendor charges if available, and are otherwise discounted using the Authority’s incremental borrowing rate.

Right-of-use assets – SBITAs are measured as the sum of the SBITA liability, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

The Authority capitalizes individual SBITAs that are considered material, or groups of arrangements that are considered to be material when aggregated. Right-of-use assets – SBITAs are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

The Authority has entered into SBITAs involving:

- Financial services technology software
- Investment management software
- Cloud backup and recovery software

The total costs of the Authority's subscription assets are recorded as $431,842, less accumulated amortization of $88,609.

The future subscription payments under SBITA agreements for the year ended December 31, 2023 are as follows:

		Subscriptions		
		Principal	Interest	Total
2024	$	91,093	7,718	98,811
2025		94,876	5,526	100,402
2026		97,309	3,227	100,536
2027		38,929	818	39,747
2028		19,758	115	19,873
	$	341,965	17,404	359,369

Interest Expense for the year ended December 31, 2023 was $7,682.

(5) WATER DEVELOPMENT REVENUE AND REFUNDING BONDS—COMMUNITY ASSISTANCE SERIES

As of December 31, 2023, there was $29,745,000 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
2017	Serial	4.00%	2024-2030	$	1,265,000	8,740,000	10,005,000
2019	Serial	5.00%	2024-2030		2,495,000	17,245,000	19,740,000
Community Assistance Series Totals					3,760,000	25,985,000	29,745,000
		Add: unamortized premiums			-	3,100,699	3,100,699
				$	3,760,000	29,085,699	32,845,699

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

		Principal	Interest	Total
2024	$	3,760,000	1,344,725	5,104,725
2025		3,915,000	1,167,400	5,082,400
2026		4,095,000	982,725	5,077,725
2027		4,275,000	789,425	5,064,425
2028		4,405,000	588,450	4,993,450
2029-2030		9,295,000	547,675	9,842,675
	$	29,745,000	5,420,400	35,165,400

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

a) Community Assistance Refunding Series 2017 – The Series 2017 Bonds are not subject to redemption prior to their stated maturity.
b) Community Assistance Refunding Series 2019 – The Series 2019 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 2023, the amount received from reimbursements of Community Assistance project costs was $14,647,409, compared to the required bond debt service payments of $5,093,525.

The bond resolutions provide 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, 2023, 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.

(6) WATER DEVELOPMENT REVENUE AND REFUNDING BONDS AND NOTES—FRESH WATER SERIES

As of December 31, 2023, there was $1,158,465,000 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
2005	Serial	5.50%	2024-2025	$	1,085,000	1,145,000	2,230,000
2006	Term	5.25%	2024-2034		6,175,000	34,855,000	41,030,000
2009B	Term	3.50% to 5.00%	2024-2027		4,165,000	7,560,000	11,725,000
2010A-2	Term	4.14% to 4.92%	2024-2042		8,130,000	123,850,000	131,980,000
2016A	Serial	4.00% to 5.00%	2028-2036		-	48,180,000	48,180,000
	Term	5.00%	2030-2035		-	91,210,000	91,210,000
2016B	Serial	5.00%	2024-2037		20,000,000	73,850,000	93,850,000
	Term	5.00%	2030-2036		-	33,190,000	33,190,000
2018	Serial	5.00%	2024-2028		5,000,000	151,405,000	156,405,000
2019	Serial	2.00% to 5.00%	2029-2032		-	18,000,000	18,000,000
	Term	5.00%	2033-2044		-	132,000,000	132,000,000
2021	Serial	5.00%	2028-2032		-	65,000,000	65,000,000
	Term	4.00% to 5.00%	2033-2046		-	85,000,000	85,000,000
2023A	Serial	5.00%	2032-2036		-	33,000,000	33,000,000
	Term	5.00%	2037-2041		-	67,000,000	67,000,000
2023B	Serial	5.00%	2029-2037		-	38,665,000	38,665,000
2023 Tax-Exempt	Note	3.45% to 3.78%	2024		100,000,000	-	100,000,000
2023 Taxable	Note	5.43% to 5.48%	2024		10,000,000	-	10,000,000
Fresh Water Series Totals					154,555,000	1,003,910,000	1,158,465,000
		Add: unamortized premiums			-	132,754,480	132,754,480
				$	154,555,000	1,136,664,480	1,291,219,480

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

		Principal	Interest*	Total
2024	$	154,555,000	53,615,051	208,170,051
2025		43,550,000	49,290,474	92,840,474
2026		42,135,000	47,177,948	89,312,948
2027		40,455,000	45,100,990	85,555,990
2028		184,385,000	39,705,151	224,090,151
2029-2033		286,195,000	139,910,548	426,105,548
2034-2038		248,275,000	71,523,277	319,798,277
2039-2043		126,865,000	22,842,563	149,707,563
2044-2046		32,050,000	2,276,250	34,326,250
	$	1,158,465,000	471,442,252	1,629,907,252

The Fresh Water Series 2023B bonds were issued to partially current refund $29,660,000 and $12,960,000 of the Fresh Water Series 2016A and 2016B Bonds, respectively. The refunding resulted in a deferred accounting gain of $3,583,847; in effect, the Authority reduced its aggregate debt service payments by $6,134,658 and achieved an economic gain of $4,921,137.

* In 2010, the Authority sold Federally Taxable Build America Bonds (BABs), which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2023, the subsidy continued to be reduced by 5.7%, resulting in an effective subsidy equaling 33% 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 $454,367,805.

The Authority has an undrawn bank funding commitment in the Fresh Water Program totaling $150 million. The Fresh Water Notes are a direct placement with PNC Bank expiring on November 1, 2024. In the event the Authority adds a new bank commitment product, renews this product, or draws funds from this product, an event filing will be made with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system within ten business days. Events of default include:

a) Payment default
b) Nonpayment of commitment or other fees
c) Covenant default
d) Breach of representations
e) Cross defaults to senior, parity, or subordinate debt
f) Cross acceleration of any senior, parity, or subordinate debt
g) Unappealable judgments for $10 million of pledged revenues for a period of 60 days
h) Ratings downgrades below Baa2 (Moody's) or BBB (Standard and Poors)
i) Bankruptcy, insolvency, or declaration of a moratorium
j) Any occurrence of an event of default under any other Credit Facility Documents
k) Any representation or warranty contained in Anti-Terrorism Laws

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

a) Fresh Water Refunding Series 2005 – The Series 2005 Bonds are not subject to redemption prior to maturity.
b) 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.
c) Fresh Water Refunding Series 2009B – 1) The Series 2009B Bonds are not subject to optional redemption prior to their stated maturity. 2) The term bonds are subject to mandatory redemption beginning December 1, 2020.
d) 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.
e) Fresh Water Series 2016A – The Series 2016A Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2026, at par plus accrued interest.

f) Fresh Water Series 2016B – The Series 2016B Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2026, at par plus accrued interest.
g) Fresh Water Series 2018 – The Series 2018 Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after March 1, 2028, at par plus accrued interest to the redemption date.
h) Fresh Water Series 2019 – 1) The Series 2019 Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2029, at par plus accrued interest to the redemption date. 2) Due to the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) requirement to lend more than 95% of proceeds within three years, the bonds are subject to extraordinary mandatory redemption by the Authority at any time during the ninety-day period following November 19, 2022, in whole or in part, at a redemption price set forth in the Official Statement. This lending requirement was met on May 26, 2020. The Authority gave notice with a voluntary MSRB filing through its EMMA system.
i) Fresh Water Series 2021 – 1) The Series 2021 Bonds are subject to prior redemption by and at the sole option of the Authority, in whole or in part, on or after December 1, 2031, at par plus accrued interest to the redemption date. 2) Due to the TIPRA requirement to lend more than 95% of proceeds within three years, the bonds are subject to extraordinary mandatory redemption by the Authority at any time during the ninety-day period following November 1, 2024, in whole or in part, at a redemption price set forth in the Official Statement. This lending requirement was met on January 25, 2022. The Authority gave notice with a voluntary MSRB filing through its EMMA system.
j) Fresh Water Series 2023A – The Series 2023A Bonds are subject to prior redemption by and at the sole option of the Authority, in whole or in part, on or after December 1, 2033, at par plus accrued interest to the redemption date.
k) Fresh Water Refunding Series 2023B – The Series 2023B Bonds are subject to prior redemption by and at the sole option of the Authority, in whole or in part, on or after December 1, 2033, at par plus accrued interest to the redemption date.
l) Fresh Water 2023 Commercial Paper Notes – These notes are not subject to redemption prior to maturity.

LGA reimbursements of Fresh Water project costs, including interest, are pledged as security on a senior basis for the bonds and subordinate basis for the notes. 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 and notes. For 2023, the amount received from reimbursements of Fresh Water project costs was $147,448,914, compared to the required bond and note debt service payments of $101,608,796.

The bond and note resolutions provide 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, 2023, there is no accrued rebate liability for these bonds and notes.

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 and notes.

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 and note 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.

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

As of December 31, 2023, all Water Quality Series Bonds had been retired. See Note 8 for WPCLF Bond Series outstanding and additional information.

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 primarily pledged as security for the WPCLF Water Quality Bonds, next to the WPCLF Water Quality Debt Service Reserve (DSR) for any shortages from the required DSR balance, and subordinately pledged as security for the WPCLF Bonds. LGA reimbursements of WPCLF project costs of interest from loans made after May 1, 2014, pursuant to WPCLF loan agreements are pledged first to any WPCLF State Match Bonds outstanding, second to WPCLF Water Quality Bonds, and third to WPCLF Bonds outstanding. 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 2023, the amount received from reimbursements of WPCLF principal and interest project costs were $482,142,031, compared to the required bond debt service payments of $23,366,559.

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

As of December 31, 2023, there was $3,391,795,000 of Water Pollution Control Loan Fund Revenue and Refunding Bonds Series outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2014	Serial	5.00%	2024	$	30,350,000	-	30,350,000
2015A	Serial	5.00%	2024-2026		60,000,000	85,000,000	145,000,000
2015B	Serial	5.00%	2024-2025		-	23,985,000	23,985,000
2016A	Serial	Variable	2031-2036		-	200,000,000	200,000,000
2017A	Serial	5.00%	2026-2030		-	330,000,000	330,000,000
	Term	5.00%	2031		-	70,000,000	70,000,000
2019A	Serial	5.00%	2025-2029		-	450,000,000	450,000,000
2019B	Serial	5.00%	2032		-	14,070,000	14,070,000
	Term	3.00% to 5.00%	2033-2046		-	285,930,000	285,930,000
2020A	Serial	5.00%	2029-2033		-	166,000,000	166,000,000
	Term	5.00%	2034-2050		-	284,000,000	284,000,000
2020B	Serial	5.00% to 5.25%	2024-2033		20,000,000	115,395,000	135,395,000
	Term	4.00% to 5.25%	2034-2038		-	70,305,000	70,305,000
2021	Serial	4.00% to 5.00%	2026-2034		-	44,000,000	44,000,000
	Term	4.00% to 5.00%	2035-2046		-	206,000,000	206,000,000
2023A	Serial	5.00%	2024-2032		50,405,000	286,355,000	336,760,000
2023B	Serial	5.00%	2028-2036		-	145,000,000	145,000,000
	Term	5.00%	2037-2043		-	155,000,000	155,000,000
2023C	Serial	5.00%	2027-2033		-	300,000,000	300,000,000
WPCLF Series Totals					160,755,000	3,231,040,000	3,391,795,000
		Add: unamortized premiums			565,758	475,406,163	475,971,921
				$	161,320,758	3,706,446,163	3,867,766,921

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

		Principal	Interest	Total
2024	$	160,755,000	156,548,354	317,303,354
2025		185,250,000	148,769,188	334,019,188
2026		175,955,000	139,564,313	315,519,313
2027		175,690,000	130,852,438	306,542,438
2028		200,525,000	121,562,688	322,087,688
2029-2033		1,360,045,000	414,045,813	1,774,090,813
2034-2038		599,720,000	199,063,150	798,783,150
2039-2043		336,405,000	84,952,750	421,357,750
2044-2048		157,450,000	29,169,825	186,619,825
2049-2050		40,000,000	2,500,000	42,500,000
	$	3,391,795,000	1,427,028,519	4,818,823,519

The WPCLF Refunding Series 2023A bonds were issued to current refund $400,205,000 of the WPCLF Water Quality Series 2010B-2 bonds. Although the refunding resulted in a deferred accounting loss of

$5,478,800, the Authority in effect reduced its aggregate debt service payments by $11,110,843 and achieved an economic gain of $7,342,573.

The WPCLF Refunding Series 2015B Bonds were partially cash defeased in 2023. The Authority used U.S. Government Obligations and U.S. Agency Obligations to legally defease $80,885,000 of the $104,870,000 of WPCLF Series 2015B Bonds outstanding. The defeasance resulted in an accounting gain of $4,189,821 as well as an economic gain of $7,538,385.

The WPCLF 2016A Bonds have a variable rate that is reset weekly by a remarketing agent. The Bonds interest payments to maturity are based on the weighted average interest rate of 1.29% for these bonds from the issuance date of January 1, 2019 to December 31, 2023.

The Authority has three undrawn bank funding commitments in the WPCLF Program totaling $900 million. Specific information for these three bank funding commitments in the WPCLF is detailed below:

Bank	Type		Commitment Amount ^	Commitment Expiration Date
* Bank of America	Direct placement	$	400,000,000	3/31/2025
Huntington Investment Company	Direct borrowing		200,000,000	9/30/2025
RBC Capital Markets	Direct placement		300,000,000	1/15/2025
		$	900,000,000	

^ In the event the Authority adds any new bank commitment product, renews any of these products, or draws funds from any of these products, an event filing will be made with the MSRB through its EMMA system within ten business days.

* Bank of America facility of $550 million can be allocated to both WPCLF and DWAF, or can be used solely for either program as long as total capacity does not exceed $550 million. As of December 31, 2023, there is $400 million and $150 million allocated to WPCLF and DWAF Programs, respectively.

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 Series 2015A – These bonds are not subject to redemption prior to their stated maturity.
c) 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.
d) WPCLF Series 2016A – These bonds are subject to redemption to maturity on the first business day of any month, at the option and direction of the Authority, in whole or in part, at a redemption price of par plus accrued interest.
e) WPCLF Series 2017A – The bonds maturing on or after June 1, 2027 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2027, at par plus accrued interest.

f) WPCLF Series 2019A – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after March 1, 2029, at par plus accrued interest to the redemption date.
g) WPCLF Series 2019B – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2029, at par plus accrued interest to the redemption date.
h) WPCLF Series 2020A – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2030, at par plus accrued interest to the redemption date.
i) WPCLF Series 2020B – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2030, at par plus accrued interest to the redemption date.
j) WPCLF Series 2021 – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2031, at par plus accrued interest to the redemption date.
k) WPCLF Refunding Series 2023A – These bonds are not subject to redemption prior to their stated maturity.
l) WPCLF Series 2023B - These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2033, at par plus accrued interest to the redemption date.
m) WPCLF Series 2023C - These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after September 1, 2033, at par plus accrued interest to the redemption date.

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 pledged first to any WPCLF State Match Bonds outstanding, second to WPCLF Water Quality Bonds, and third to WPCLF Bonds outstanding. 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 2023, the amount received from reimbursements of WPCLF principal and interest project costs after funding of WPCLF Water Quality Debt Service was $458,775,472, compared to the required bond debt service payments of $281,094,548.

The bond resolutions provide 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, 2023, 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.

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

As of December 31, 2023, there was $690,000 of Drinking Water Assistance Fund Revenue and Refunding Bonds—Leverage Series outstanding, as follows:

Series	Type	Interest Rate	Maturity		Current
2014	Serial	5.00%	2024	$	690,000
		Add: unamortized premiums			9,139
DWAF Leverage Series Total				$	699,139

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

		Principal	Interest	Total
2024	$	690,000	17,250	707,250

Prior redemption of DWAF—Leverage Series Bonds is as follows:

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

LGA reimbursements of DWAF project costs of principal and interest (from loans made prior to August 3, 2016), pursuant to DWAF loan agreements, are primarily pledged as security for the DWAF Leverage bonds, next to the DWAF Leverage DSR for any shortages from the required DSR balance, and subordinately as security for DWAF Bonds. LGA reimbursements of DWAF project costs of interest from loans made after August 3, 2016, pursuant to DWAF loan agreements, are pledged first to any

DWAF State Match Bonds outstanding, second to DWAF Leverage Bonds, and third to DWAF Bonds outstanding. 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 2023, the amount received from reimbursements of DWAF principal and interest project costs were $84,840,846, compared to the required bond debt service payments of $1,526,988.

The bond resolutions provide 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, 2023, 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 Principal and Additional Pledged Loan Interest Repayment accounts. The trustee then allocates or pays out moneys in the Principal Repayment account first and Additional Pledged Loan Interest Repayment account (after all moneys of the Principal Repayment account are used for debt service) 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.

(10) DRINKING WATER ASSISTANCE FUND REVENUE BONDS SERIES

As of December 31, 2023, there was $778,620,000 of Drinking Water Assistance Fund Revenue Bonds outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2016	Serial	4.00% to 5.00%	2024-2029	$	13,000,000	48,500,000	61,500,000
	Term	4.00% to 5.00%	2030-2037		-	48,000,000	48,000,000
2019A	Serial	2.00% to 5.00%	2024-2029		14,000,000	200,000,000	214,000,000
2019B	Serial	5.00%	2024-2030		3,915,000	26,205,000	30,120,000
2021	Serial	5.00%	2030-2034		-	50,000,000	50,000,000
	Term	5.00%	2035-2039		-	75,000,000	75,000,000
2022	Serial	5.00%	2025-2035		-	82,000,000	82,000,000
	Term	5.00%	2036-2042		-	68,000,000	68,000,000
2023	Serial	5.00%	2028-2033		-	150,000,000	150,000,000
DWAF Series Totals					30,915,000	747,705,000	778,620,000
		Add: unamortized premiums			-	120,425,705	120,425,705
				$	30,915,000	868,130,705	899,045,705

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

		Principal	Interest	Total
2024	$	30,915,000	39,509,042	70,424,042
2025		34,105,000	36,619,250	70,724,250
2026		37,310,000	34,849,000	72,159,000
2027		36,525,000	32,993,375	69,518,375
2028		40,245,000	31,189,375	71,434,375
2029-2033		409,520,000	99,720,000	509,240,000
2034-2038		126,000,000	32,805,000	158,805,000
2039-2042		64,000,000	6,737,500	70,737,500
	$	778,620,000	314,422,542	1,093,042,542

The Authority has three undrawn bank funding commitments in the DWAF Program totaling $600 million. Specific information for these three bank funding commitments in the DWAF is detailed below:

Bank	Type		Commitment Amount ^	Commitment Expiration Date
* Bank of America	Direct placement	$	150,000,000	3/31/2025
Huntington Investment Company	Direct borrowing		150,000,000	11/01/2024
** PNC	Direct placement		300,000,000	10/17/2024
		$	600,000,000	

^ In the event the Authority adds any new bank commitment product, renews any of these products, or draws funds from any of these products, an event filing will be made with the MSRB through its EMMA system within ten business days.

* Bank of America facility of $550 million can be allocated to both WPCLF and DWAF, or can be used solely for either program as long as total capacity does not exceed $550 million. As of December 31, 2023, there is $400 million and $150 million allocated to WPCLF and DWAF, respectively.

**PNC facility of $300 million can be allocated to both WPCLF and DWAF, or can be used solely for either program as long as total capacity does not exceed $300 million. As of December 31, 2023, the full $300 million is allocated to DWAF.

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

a) DWAF Series 2016 – The bonds maturing on or after June 1, 2027 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, 2026, at a redemption price of par plus accrued interest.
b) DWAF Series 2019A – 1) The bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after September 1, 2029, at par plus accrued interest to the redemption date. 2) Due to the TIPRA requirement to lend more than 95% of proceeds within three years, the bonds maturing on and after December 1, 2022 are subject to extraordinary mandatory redemption, in whole or in part, at a redemption price of 102% of the principal part redeemed plus accrued interest to the redemption date. Such redemption is to be made on October 1, 2022 in an amount equal to the excess of 95% of net proceeds over the amount of proceeds used to make loans. This lending requirement was met on October 9, 2020. The Authority gave notice with a voluntary MSRB filing through its EMMA system.
c) DWAF Refunding Series 2019B – These bonds are not subject to redemption prior to their stated maturity.
d) DWAF Series 2021 – 1) The bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2031, at par plus accrued interest to the redemption date. 2) Due to the TIPRA requirement to lend more than 95% of proceeds within three years, the bonds are subject to extraordinary mandatory redemption, in whole or in part, at a redemption price of 102% of the principal part redeemed plus accrued interest to the redemption date. Such redemption to be made on March 1, 2024 in an amount equal to the excess of 95% of net proceeds over the amount of proceeds used to make loans. This lending requirement was met on January 13, 2022. The Authority gave notice with a voluntary MSRB filing through its EMMA system.
e) DWAF Series 2022 – The bonds maturing on or after June 1, 2033, 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, 2032, at a redemption price of par plus accrued interest.
f) DWAF Series 2023 – The bonds maturing on or after December 1, 2033, 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 September 1, 2033, at a redemption price of par plus accrued interest.

LGA reimbursements of DWAF project costs of principal and interest (from loans made prior to August 3, 2016), pursuant to DWAF loan agreements, are pledged as security for the DWAF Bonds on a subordinate basis to the DWAF Leverage Bonds. LGA reimbursements of DWAF project costs of interest from loans made after August 3, 2016, pursuant to DWAF loan agreements are pledged first to any DWAF State Match Bonds outstanding, then to DWAF Leverage Bonds, and third to DWAF Bonds outstanding. DWAF Bond debt service is funded after all DWAF Leverage debt service due on the next debt service payment date is funded and, if necessary, any shortages of the DWAF Leverage DSR required balance is funded. In the event that LGA reimbursements of DWAF project costs of principal and interest are insufficient to cover DWAF Leverage and/or DWAF Bond debt service payments, any unencumbered assets of the DWAF Leverage Debt Service Reserve, Surplus, and Other Projects accounts are also pledged as security for the bonds. For 2023, the amount received from reimbursements of DWAF principal and interest project costs after funding of DWAF Leverage debt service was $83,313,858, compared to the required bond debt service payments of $62,678,875.

The bond resolutions provide 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, 2023, 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 Principal and Additional Pledged Loan Interest Repayment accounts. After all DWAF Leverage debt service and DSR funding needs are met, the trustee then allocates or pays out moneys in the Principal Repayment account first and Additional Pledged Loan Interest Repayment account (after all moneys of the Principal Repayment account are used for debt service) 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 Bonds due on the next interest payment date, (b) the principal of all outstanding DWAF Bonds due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding DWAF 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 DWAF Bonds received by the trustee pursuant to any invitation to the holders to tender such DWAF 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.

(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, 2023, which have been defeased:

Series	Year Defeased	Balance Outstanding
WPCLF Refunding Series 2015B	2023	$80,885,000

(12) WATER DEVELOPMENT REVENUE BONDS—INDUSTRIAL SERIES

The Authority established the industrial program for the expressed purpose of making available to private industries and certain municipalities lower cost sources of capital financing for the construction of water and solid waste pollution control facilities. Fees are assessed to recover related processing and application costs incurred. The Authority's debt instruments represent a limited obligation payable solely from payments made by the borrowing entities. 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 issued to finance the projects.

This debt listed below is not deemed to constitute debt of the Authority or a pledge of faith and credit of the Authority. Accordingly, these bonds are not a liability of the Authority and therefore are not reflected in the accompanying financial statements. Below are the three conduit debt obligations outstanding as of December 31, 2023:

1.) The Consumers Ohio Water Company Project bonds were issued by the Authority to provide funds to finance or refinance water management facilities for Consumers Ohio Water Company. These bonds are not general obligations of the State of Ohio or any political subdivision and are not payable from any tax source; therefore, the rights of the holders of the bonds for payment of amounts due are limited solely to the revenues and funds pledged. The bonds represent conduit debt and are not reflected in the accompanying financial statements. Payment of the principal and interest on the bonds when due are insured by a financial guaranty insurance policy.

2.) The Duke Energy Ohio, Inc. Project bonds were issued by the Authority to provide funds to refinance a portion of the costs of the acquisition, construction, and installation of portions of certain waste water and solid waste facilities, and certain air quality facilities at various generating stations for Duke Energy Ohio, Inc. These bonds are not general obligations of the State of Ohio or any political subdivision and are not payable from any tax source; therefore, the rights of the holders of the bonds for payment of amounts due are limited solely to the pledged receipts deposited into the Bond Fund created by the Trustee. The bonds represent conduit debt and are not reflected in the accompanying financial statements. Payment of the principal and interest on each issue of the bonds when due will be insured by separate bond insurance policies.

3.) The Republic Services, Inc. Project bonds were issued by the Authority for the purpose of refunding certain bonds previously issued by the Authority to finance solid waste disposal facilities. These bonds are not general obligations of the State of Ohio or any political subdivision and are not payable from any tax source; therefore, the rights of the holders of the bonds for payment of amounts due are limited solely from and secured by the pledge of the revenues. The bonds represent conduit debt and are not reflected in the accompanying financial statements. There is no initial or planned guaranty or third-party credit or liquidity facility supporting the purchase or payment of principal and interest on the bonds.

As of December 31, 2023, revenue refunding bonds that represent conduit debt for the Authority were as follows:

		Outstanding Amount
Consumers Ohio Water Company Project	$	10,880,000
Duke Energy Ohio, Inc. Project		21,400,000
Republic Services, Inc. Project		30,000,000
	$	62,280,000

(13) DEFINED BENEFIT PENSION PLAN

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

The net pension liability represents the Authority's proportionate share of the Ohio Public Employees 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 pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from 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 (OPERS Board) must propose corrective action to the State legislature. Any resulting legislation change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description

Organization – OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans: The Traditional Pension Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/contribution plan; and the Member-Directed Plan, a defined contribution plan. All state and local governmental 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 member's employment. Contributions made prior to the member's plan selection are maintained in the Traditional Pension Plan and later transferred to the plan elected by the member, as appropriate.

All state and local governmental 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 ORC. For actuarial purposes, employees who have earned sufficient service credit (five years) are entitled to a future retirement benefit from OPERS. Employer, employee, and retiree data as of December 31, 2022 can be found in the annual report.

Pension Benefits – All benefits of the System, and any benefit increases, are established by the legislature pursuant to ORC Chapter 145.

<u>Age-and-Service Defined Benefits</u> – Effective January 7, 2013, Senate Bill (SB) 343 modified components of the Traditional Pension and Combined Plans. Members were impacted by the changes to varying degrees based on their transition group. Three transition groups (A, B, and C) were designed to ease the transition of key components of the pension plan changes. Members who were eligible to retire under law in effect prior to SB 343, or were eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who had at least 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. Please see the Plan Statement in the annual report for additional details.

Benefits in the Traditional Pension Plan for State and Local members are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement benefits at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the 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 annual report, 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 initial amount of a member's pension benefit is vested in upon receipt of the initial benefit payment.

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 allow OPERS benefit recipients to receive their full statutory benefit even when the benefit exceeds IRC 415(b) limitations. Monthly QEBA payments start 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 benefit component of the plan for State and Local 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 member's 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.

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

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

Disability Benefits – OPERS administers two disability plans for participants in either the Traditional Pension Plan or Combined Plan. 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 five years of total service is eligible for a disability benefit. Benefits are funded by the member 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 five years of total service 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.

Survivor Benefits – Dependents of deceased members who participated in either the Traditional Pension Plan or the Combined Plan may qualify for survivor benefits if the deceased member 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. ORC Chapter 145, updated by House Bill 520, and the corresponding Combined Plan document specify the dependents and the conditions under which they qualify for survivor benefits.

Other Benefits – Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment. This cost-of-living adjustment is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3%. For those retiring on or after January 7, 2013, beginning in 2019, the adjustment is based on the average percentage increase in the Consumer Price Index (CPI), capped at 3%. 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.

Money Purchase Annuity – Age-and-service retirees from any of the three pension plans 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 OPERS Board. 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 member 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 ORC and applicable plan documents require a two-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 Traditional Pension Plan members include the member's accumulated contributions, interest, and any qualifying employer funds, as determined by the OPERS Board. A Combined Plan member's refund may consist of member contributions for the purchase of service plus interest, qualifying employer funds, as determined by the OPERS Board, 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 participants in the Member-Directed 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 member and employer contributions to all three pension plans at rates established by the OPERS Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the OPERS actuary. All contribution rates were within the limits authorized by the ORC.

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, 2022, compared to the prior year. 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. Member contributions within the Combined Plan are used to fund the defined contribution benefits and 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 members 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 member and employer contribution rates for the State and Local divisions are currently set at the maximums authorized by the ORC of 10.0% and 14.0%, respectively. With the assistance of the OPERS actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. For 2023, no portion of the employer contribution rate was allocated to health care for the Traditional Pension Plan. Effective July 1, 2022, OPERS increased the portion of the 14% employer contribution rate allocated to health care funding from 0.0% to 2.0% for the Combined Plan. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts for 2023 was 4.0%. The amount of contributions to OPERS from the Authority during 2022 and 2023 was $191,985 and $231,646, respectively, which represents 100% of the Authority's required contribution. In 2023 and 2022, the Authority did not make any contributions to the Combined Plan, and contributions to the Member-Directed Plan were immaterial.

ORC Chapter 145 assigns authority to the OPERS Board to amend the funding policy. As of December 31, 2022, the OPERS Board adopted the contribution rates that were recommended by the actuary. The contribution rates were included in a funding policy adopted by the OPERS Board in October 2013, and are certified periodically by the OPERS Board as required by the ORC.

As of December 31, 2022, the date of the last pension actuarial study, the funding period for all defined benefits of OPERS was 16 years.

Net Pension Liability

The net pension liability was measured as of December 31, 2022, 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 Authority's proportionate share of the net pension liability and pension expense:

Proportionate Share of the Net Pension Liability	$2,437,005
CY Proportionate Share	0.008250%
PY Proportionate Share	0.008018%
Change in Proportionate Share	0.000232%
Pension Expense	$387,397

Actuarial Methods and Assumptions

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

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, 2022, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Actuarial Information	**Traditional Pension Plan**
Measurement and Valuation Date	December 31, 2022
Experience Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	6.90%
Wage Inflation	2.75%
Projected Salary Increases	2.75% - 10.75% (includes wage inflation at 2.75%)
Cost-of-living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2023, then 2.05% Simple

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

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit Portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan, and Member-Directed 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan, and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability calculated using the discount rate of 6.9% and the expected net pension liability if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

Employers Net Pension Liability as of December 31, 2022		**1% Decrease (5.9%)**	**Current Discount Rate (6.9%)**	**1% Increase (7.9%)**
Traditional Pension Plan	$	3,650,558	2,437,005	1,427,554

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS 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 OPERS Board-approved target asset allocation for each major asset class that is included in the Defined Benefit portfolio for 2022 and the weighted average long-term expected real rates of return.

Asset Class	Target Allocation for 2022	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	3.27
Total	100.00%	

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.

Deferred Inflows and Deferred Outflows

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

Deferred Outflows of Resources:		
Differences between expected and actual experience	$	80,947
Net difference between projected and actual earnings on pension plan investments		694,623
Change in assumptions		25,745
Change in Authority's proportionate share and difference in employer contributions		46,271
Authority's contributions subsequent to the measurement date		231,646
Total	$	1,079,232

The $231,646 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the Authority's financial statements. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as disclosed in the following table:

Year Ending December 31	Traditional Pension Plan Net Deferred Outflows of Resources
2024	$ 130,185
2025	172,665
2026	204,461
2027	340,275
Total	$ 847,586

(14) DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

Other Postemployment Benefits (OPEB) is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB Statement No. 75 assumes any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB obligation. Resulting adjustments to the net OPEB obligation would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description

Plan Description - The Ohio Public Employees Retirement System (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 a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 1-800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. For 2023, no portion of the employer contribution rate was allocated to health care for the Traditional Pension Plan.

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

With the assistance of the OPERS actuary, the OPERS Board may approve a portion of each employer contribution to OPERS be set aside for the funding of post-employment health care coverage. However, health care funding is subordinate to pension funding. No employer contributions were allocated to health care in 2023 for the Traditional Pension Plan. Effective July 1, 2022, OPERS increased the portion of the 14% employer contribution rate allocated to health care funding from 0.0% to 2.0% for the Combined Plan. The employer contribution as a percentage of covered payroll deposited into the

Member-Directed Plan participants' accounts for 2023 was 4.0%. Due to the discretionary nature of health care funding and the potential for frequent changes in allocations, including not having funding available to allocate to health care for some plans, the calculation of proportionate shares of employers is based on total employer contributions.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $0 for 2022 and $0 for 2023.

Net OPEB Liability & OPEB Expense

The net OPEB liability and total OPEB expense for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year for the defined benefit health care plans. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.009284%
Prior Measurement Date	0.009013%
Change in Proportionate Share	0.000271%
Proportionate Share of the Net OPEB Liability	$58,535
OPEB Expense	$89,008

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

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

Wage Inflation:	
Current Measurement Period	2.75%
Prior Measurement Period	2.75%
Projected Salary Increases:	
Current Measurement Period	2.75% to 10.75%, including wage inflation
Prior Measurement Period	2.75% to 10.75%, including wage inflation
Single Discount Rate:	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Period	4.05%
Prior Measurement Period	1.84%
Health Care Cost Trend Rate:	
Current Measurement Period	5.50% initial, 3.50% ultimate in 2036
Prior Measurement Period	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age

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

The most recent experience study was completed for the five-year period ended December 31, 2020.

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

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 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 rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health Care is a discretionary benefit. The following table displays the OPERS Board-approved target asset allocation for each major asset class that is included in the Health Care portfolio for 2022 and the weighted average longer-term expected real rates of return:

Asset Class	Target Allocation for 2022	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trusts	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00%	

Discount Rate

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

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

The following table presents the Authority's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.22% and the Authority's proportionate share of the expected net OPEB liability (asset) if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

		1% Decrease (4.22%)	Single Discount Rate (5.22%)	1% Increase (6.22%)
Authority's proportionate share of the net OPEB liability (asset)	$	199,075	58,535	(57,515)

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

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

		1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$	54,824	58,535	62,617

Deferred Inflows and Outflows

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

Deferred Inflows of Resources:		
Difference between expected and actual experience	$	14,602
Change in assumptions		4,704
Change in Authority's proportionate share and difference in employer contributions		6,332
	$	25,638
Deferred Outflows of Resources:		
Net difference between projected and actual earnings on OPEB plan investments	$	116,254
Change in assumptions		57,173
	$	173,427

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as disclosed in the following table:

Year Ending December 31		Traditional Pension Plan OPEB Net Deferred Outflows of Resources
2024	$	15,038
2025		40,339
2026		36,252
2027		56,160
Total	$	147,789

(15) COMMITMENTS

As of December 31, 2023, the Authority has loan commitments to finance LGA construction projects in the following amounts:

Fund		Amount
Other Projects	$	58,941,152
Fresh Water		242,068,437
Water Pollution Control Loan		1,622,235,332
Drinking Water Assistance		744,780,855
	$	2,668,025,776

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, 2023 consisted of the following:

Transfers to Other Projects from:		
Fresh Water	$	5,456,674
Transfers from Community Assistance to:		
Fresh Water	$	(8,624,749)
Transfers, net, to (from) Fresh Water from (to):		
Other Projects	$	(5,456,674)
Community Assistance		8,624,749
	$	3,168,075
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, 2023, the Authority made the following non-routine transfers:

a) $5,456,674 transferred from the Fresh Water Fund to the Other Projects Fund for additional funding for Other Projects Fund loans and grants.

b) $8,624,749 transferred from the Community Assistance Fund to the Fresh Water Fund for additional funding for Fresh Water loans.

(17) CHANGES IN LONG-TERM LIABILITIES

As of December 31, 2023, the Authority has long-term liabilities in the following amounts:

Long-Term Liability	Restated 12/31/2022 Balance^	Additions	Reductions	12/31/2023 Balance	Due Within One Year	Due in More Than One Year
Compensated Absences	$ 420,257	238,894	210,546	$ 448,605	-	$ 448,605
Borrower Deposits	319,543	16,029	-	335,572	-	335,572
Net Pension Liability	697,605	1,918,763	179,363	2,437,005	-	2,437,005
Net OPEB Liability	-	91,268	32,733	58,535	-	58,535
Subscription Liability	412,736	19,106	89,877	341,965	91,093	250,872
Revenue Bonds and Notes Payable	5,506,537,502	1,382,086,616	907,047,174	5,981,576,944	241,249,897	5,740,327,047
Total Long-Term Liabilities	$ 5,508,387,643	1,384,370,676	907,559,693	$ 5,985,198,626	241,340,990	$ 5,743,857,636

^ - Restated subscription liability beginning balance is offset by a restated subscription asset beginning balance of the same amount, resulting in no impact to net position as of December 31, 2022. See also Note 1(h) for additional information.

(18) CHANGES IN SHORT-TERM LIABILITIES

As of December 31, 2023, the Authority has the following short-term liability:

Short-Term Liability	12/31/2022 Balance	Additions	Reductions	12/31/2023 Balance
Revenue Notes Payable	$115,000,000	110,000,000	115,000,000	$110,000,000

(19) SUBSEQUENT EVENT

Since December 31, 2023, the Authority issued an additional $8,400,000 of Fresh Water Taxable Commercial Paper Notes on March 14, 2024. This brings the total of the Taxable Notes outstanding to $18,400,000.

OHIO WATER DEVELOPMENT AUTHORITY

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

Last Nine Calendar Years*
Unaudited

	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2015	0.009531%	$ 1,149,545	$ 1,200,805	95.73%	86.45%
2016	0.009108%	1,577,618	1,207,158	130.69%	81.08%
2017	0.008506%	1,931,568	1,247,362	154.85%	77.25%
2018	0.008748%	1,372,392	1,340,687	102.36%	84.66%
2019	0.007756%	2,124,211	1,272,812	166.89%	74.70%
2020	0.007459%	1,474,322	1,358,368	108.54%	82.17%
2021	0.007713%	1,142,151	1,457,890	78.34%	86.88%
2022	0.008018%	697,605	1,529,620	45.61%	92.62%
2023	0.008250%	2,437,005	1,567,866	155.43%	75.74%

* - Table will begin to cover ten years of data starting with 2015. Amounts presented represent pension amounts as of measurement period, which is one year prior to the date of the financial statements.

Notes to Schedule:

Change in assumptions:

In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2019, a reduction of the discount rate was made from 7.5% to 7.2%.

In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.2% to 6.9%, a reduction in the wage inflation rate from 3.25% to 2.75%, and transition from the RP-2014 mortality tables to Pub-2010 General Employee Mortality tables.

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of Pension Contributions
Ohio Public Employees Retirement System

Last Ten Calendar Years
Unaudited

	Contractually Required Contributions	Contributions In Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2014	$ 140,729	$ 140,729	-	$ 1,200,805	11.72%
2015	142,358	142,358	-	1,207,158	11.79%
2016	139,196	139,196	-	1,247,362	11.16%
2017	146,994	146,994	-	1,340,687	10.96%
2018	150,591	150,591	-	1,272,812	11.83%
2019	158,797	158,797	-	1,358,368	11.69%
2020	175,158	175,158	-	1,457,890	12.01%
2021	182,349	182,349	-	1,529,620	11.92%
2022	191,985	191,985	-	1,567,866	12.24%
2023	231,646	231,646	-	1,753,687	13.21%

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of Proportionate Share of Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System

Last Seven Calendar Years*
Unaudited

	Proportion of the Net OPEB Liability/(Asset)	Proportionate Share of the Net OPEB Liability/(Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability/(Asset) as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total OPEB Liability
2017	0.008506%	$ 853,443	$ 1,247,362	68.42%	54.05%
2018	0.008875%	963,778	1,340,687	71.89%	54.14%
2019	0.008219%	1,071,526	1,272,812	84.19%	46.33%
2020	0.008342%	1,152,246	1,358,368	84.83%	47.80%
2021	0.008750%	(155,887)	1,457,890	(10.69%)	115.57%
2022	0.009013%	(282,308)	1,529,620	(18.46%)	128.23%
2023	0.009284%	58,535	1,567,866	3.73%	94.79%

* - Table will begin to cover ten years of data starting with 2017. Amount presented represents OPEB amounts as of measurement period, which is one year prior to the date of the financial statements.

Notes to Schedule:

Change in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

For 2019, the single discount rate changed from 3.85% to 3.96%. The investment rate of return changed from 6.5% to 6.0% and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

For 2020, the single discount rate changed from 3.96% to 3.16%. The health care cost trend changed from 6.5% to 6.0% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

For 2021, the single discount rate changed from 3.16% to 6.00%. The health care cost trend rate changed from 10.5% initial, 3.5% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035.

For 2022, wage inflation & projected salary increases rate changed from 3.25% to 2.75%. Municipal bond rate changed from 2.00% to 1.84%. The healthcare cost trend rate changed from 8.50% initial, 3.5% ultimate in 2035 to 5.50% initial, 3.5% ultimate.

For 2023, the single discount rate changed from 6.00% to 5.22%. Municipal bond rate changed from 1.84% to 4.05%.

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of OPEB Contributions
Ohio Public Employees Retirement System

Last Eight Calendar Years*
Unaudited

	Contractually Required Contributions	Contributions In Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2016	$ 23,189	$ 23,189	-	1,247,362	1.86%
2017	11,307	11,307	-	1,340,687	0.84%
2018	-	-	-	1,272,812	0.00%
2019	-	-	-	1,358,368	0.00%
2020	-	-	-	1,457,890	0.00%
2021	-	-	-	1,529,620	0.00%
2022	-	-	-	1,567,866	0.00%
2023	-	-	-	1,753,687	0.00%

* - Table will begin to cover ten years of data starting with 2016.

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ohio Water Development Authority
480 South High Street
Columbus, Ohio 43215

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Ohio Water Development Authority (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 29, 2024.

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

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 29, 2024

OHIO AUDITOR OF STATE
KEITH FABER

OHIO WATER DEVELOPMENT AUTHORITY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 4/23/2024

88 East Broad Street, Columbus, Ohio 43215
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