OHIO WATER
DEVELOPMENT AUTHORITY

Financial Statements

December 31, 2019

(With Independent Auditors' Report Thereon)

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Board Members
Ohio Water Development Authority
480 South 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, 2019 through December 31, 2019. 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 3, 2020

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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 Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Ohio Water Development Authority (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Ohio Water Development Authority, as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of proportionate share of net OPEB liability, and the schedule of OPEB contributions (as listed in the table of contents) be presented to supplement the basic financial statements. Such information, 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 20, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 20, 2020

OHIO WATER DEVELOPMENT AUTHORITY

Management's Discussion and Analysis

For the Year Ended December 31, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with the Authority's audited financial statements, which begin on page 8 of this report.

Financial Highlights

- The Authority's cash, cash equivalents and investments increased by $580,941,602 or 43.79%.
- The Authority's loan receivables increased by $442,298,155 or 6.34%.
- The Authority's investment income increased by $23,308,594 or 85.54%.
- The Authority's bonds and notes payable increased by $913,221,807 or 23.61%.
- The Authority's interest on bonds and notes increased by $10,766,211 or 8.73%.

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 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, 2019. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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

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

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

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the combining financial statements. The notes to financial statements can be found on pages 14-63 of this report.

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

The tables below provide a summary of the Authority's financial position and operations for 2019 and 2018, respectively.

The following table summarizes changes in net position of the Authority between December 31, 2019 and December 31, 2018:

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

	2019	2018	Dollar Change	Total Percent Change
Current assets	$ 51,771	$70,968	$(19,197)	(27.05)%
Noncurrent restricted assets	9,031,030	8,000,499	1,030,531	12.88%
Noncurrent unrestricted assets	240,134	228,307	11,827	5.18%
Capital assets	1,036	1,090	(54)	(4.95%)
Total assets	9,323,971	8,300,864	1,023,107	12.33%
Loss on refunding	28,568	36,578	(8,010)	(21.90%)
Advance of loan interest	79,562	72,219	7,343	10.17%
Pension and OPEB	734	448	286	63.84%
Total deferred outflows of resources	108,864	109,245	(381)	(0.35%)
Total assets and deferred outflows of resources	$9,432,835	$8,410,109	$1,022,726	12.16%
Current liabilities	$ 436,386	393,147	43,239	11.00%
Noncurrent revenue bonds and notes payable	4,503,796	3,648,456	855,340	23.44%
Other noncurrent liabilities	3,397	2,564	833	32.49%
Total liabilities	4,943,579	4,044,167	899,412	22.24%
Deferred inflows of resources:				
Pension and OPEB	194	424	(230)	(54.25%)
Net position:				
Net investment in capital assets	1,036	1,090	(54)	(4.95%)
Restricted	4,222,632	4,082,725	139,907	3.43%
Unrestricted	265,394	281,703	(16,309)	(5.79%)
Total net position	4,489,062	4,365,518	123,544	2.83%
Total liabilities, deferred inflows of resources and net position	$9,432,835	$8,410,109	$1,022,726	12.16%

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 $4,489,062,596 as of December 31, 2019, $4,222,632,963 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 2019 and 2018:

Condensed Statement of Revenues, Expenses and Changes in Net Position

(all amounts expressed in thousands of dollars)

	2019	2018	Dollar Change	Total Percent Change
Operating revenues:				
Loan income	$169,366	$164,396	$4,970	3.02%
Investment income	50,556	27,248	23,308	85.54%
Administrative fees from projects	4,927	5,884	(957)	(16.26%)
Total operating revenues	224,849	197,528	27,321	13.83%
Operating expenses:				
Payroll and benefits	2,465	2,202	263	11.94%
Interest on bonds and notes	134,113	123,347	10,766	8.73%
Bond and note issuance expense	12,961	6,129	6,832	111.47%
Loan principal forgiveness and grant expense	48,516	55,309	(6,793)	(12.28%)
State revolving fund administration	14,657	10,825	3,832	35.40%
Professional services	4,445	3,639	806	22.15%
Loan interest rate buy-down	10,517	12,096	(1,579)	(13.05%)
Other	392	375	17	4.53%
Total operating expenses	228,066	213,922	14,144	6.61%
Operating loss	(3,217)	(16,394)	13,177	80.38%
Nonoperating other revenues (expenses)	(4,708)	12	(4,720)	(39,333%)
Contribution from U.S. EPA	121,200	123,570	(2,370)	(1.92%)
Federal subsidy income	10,269	10,367	(98)	(0.95%)
Change in net position	$123,544	$117,555	$5,989	5.09%

The two primary sources of operating revenue for the Authority are loan income and investment income, while the significant operating expense is interest on bonds and notes. For the year ending December 31, 2019, the Authority had an operating loss of $3,216,572 compared to an operating loss of $16,393,946 in 2018. This decrease of $13,177,374 in operating loss was primarily attributed to a $23,308,594 increase in investment income, a $6,792,904 decrease in loan principal forgiveness and grant expense offset by a $10,766,211 increase in interest on bonds and notes, and a $6,833,041 increase in bond and note issuance expense.

During 2019, the Authority's net position increased by $123,544,294 or 2.83%. The majority of this increase was due to the following:

- $3,216,572 in operating loss as noted earlier
- $4,707,813 in nonoperating other expenses
- $121,200,137 in contribution from U.S. EPA which was used to make loans to local governments
- $10,268,542 in Build America Bonds (BABs) subsidies (i.e., federal subsidy income) used to offset interest expense on bonds

Financial Analysis of Net Position by Fund

(all amounts expressed in thousands of dollars)

	2019	2018	Dollar Change	Total Percent Change
Operating	$ 1,949	$ 2,668	$ (719)	(26.95%)
Other Projects	263,417	278,719	(15,302)	(5.49%)
In Lieu Fee	2,003	1,408	595	42.26%
Rural Development	(59)	-	(59)	100.00%
Community Assistance	120,001	125,244	(5,243)	(4.19%)
Fresh Water	667,519	627,112	40,407	6.44%
Water Pollution Control Loan	2,845,419	2,757,571	87,848	3.19%
Drinking Water Assistance	588,813	572,796	16,017	2.80%
Total Net Position	$ 4,489,062	$4,365,518	$123,544	2.83%

During 2019, net position by fund experienced the following significant changes:

- Operating Fund net position decreased $719,346 or 26.95%. This decrease was due to decreased administrative fees from projects received and an increase in Pension and OPEB expense.
- Other Projects Fund net position decreased $15,302,126 or 5.49%. This decrease was caused by transfers to fund projects from the Other Projects Fund to the Drinking Water Fund and Fresh Water Fund offset by a transfer from the Community Assistance Fund to the Other Projects Fund in 2019.
- In-Lieu Fee Fund net position increased by $594,770 or 42.24%. This was primarily caused by the increase in investment income and administrative fees from projects due to higher activity.
- Fresh Water Fund net position increased by $40,407,784 or 6.44%. This was primarily due to transfers to fund projects from the Other Projects Fund.

Debt Administration

As of December 31, 2019, the Authority had revenue bonds and notes principal outstanding of $4,781,845,931. 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 2019 and 2018.

Outstanding Debt at December 31, 2019 and December 31, 2018
(net of premiums)
(all amounts expressed in thousands of dollars)

		2019	2018
Revenue Bonds	$	4,671,846	3,526,724
Revenue Notes		110,000	341,900
Total	$	4,781,846	3,868,624

During 2019, the Authority issued the following bonds and notes for the purpose of providing loan funding to local governments under its various loan programs or to refinance (i.e., Refundings) some of its existing debt to take advantage of favorable interest rates:

1. Rural Development Revenue Notes – RD Loan Advance Notes Series 2019-2022
2. Water Development Refunding Revenue Bonds – Community Assistance Series 2019
3. Water Development Revenue Bonds – Fresh Water Series 2019
4. Water Pollution Control Loan Fund Revenue Notes – WPCLF State Match Note Series 2019
5. Water Pollution Control Loan Fund Revenue Bonds – WPCLF Series 2019A
6. Water Pollution Control Loan Fund Refunding Revenue Bonds – WPCLF Series 2019B
7. Drinking Water Assistance Fund Revenue Notes – DWAF State Match Note Series 2019
8. Drinking Water Assistance Fund Revenue Bonds – DWAF Series 2019A
9. Drinking Water Assistance Fund Refunding Revenue Bonds – DWAF Series 2019B

The Authority continues to maintain strong ratings from Moody's and Standard & Poor's. The Rural Development Loan Advance Notes were private placement notes, and were therefore not rated. Although the Water Pollution Control Loan Fund State Match Notes and Drinking Water Assistance Fund State Match Notes were private placement notes, and were therefore not rated, we include the WPCLF and DWAF long-term program ratings for them as well. All Bonds issued in 2019 except for the Community Assistance Series were rated AAA / Aaa by Standard & Poors and Moodys, respectively. Community Assistance Series Bonds were rated AAA / AAA by Standard & Poors and Fitch, respectively.

Additional information on the Authority's long-term debt can be found in the Notes to Financial Statements, pages 30-47 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.

OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Net Position

December 31, 2019

		Custodied Funds			Trusted Funds
Assets		Operating Fund	Other Projects Fund	In Lieu Fee Fund	Rural Development Fund (Note 5)
Current assets:					
Cash and cash equivalents -- Note 2	$	983,968	9,330,956	9,332,331	-
Investments -- Note 2		1,820,298	13,761,838	10,088,323	-
Receivables:					
Loan and fee receivables		135,534	6,285,709	-	-
Other		32,329	-	-	-
Total current assets		2,972,129	29,378,503	19,420,654	-
Noncurrent assets:					
Restricted grant, bond and note covenant assets:					
Cash and cash equivalents -- Note 2		-	-	-	2,794,079
Investments -- Note 2		-	-	-	-
Loan and fee receivables		-	-	-	12,929,857
Total noncurrent restricted assets		-	-	-	15,723,936
Investments -- Note 2		898,695	120,473,853	-	-
Loan receivables		-	117,640,052	-	-
Other receivables		-	-	-	-
Due from other funds -- Note 3		36,433	15,000	-	-
Capital assets, at depreciated cost		1,035,961	-	-	-
Total noncurrent unrestricted assets		1,971,089	238,128,905	-	-
Total assets		4,943,218	267,507,408	19,420,654	15,723,936
Deferred Outflows of Resources					
Loss on refunding		-	-	-	-
Advance of loan interest		-	-	-	-
Pension and other postemployment benefits (OPEB)		733,946	-	-	-
Total deferred outflows of resources		733,946	-	-	-
Total assets and deferred outflows of resources	$	5,677,164	267,507,408	19,420,654	15,723,936
Liabilities					
Current liabilities:					
Accounts payable	$	122,049	4,090,374	17,417,808	-
Current liabilities payable from restricted assets:					
Due to other funds -- Note 3		15,000	-	-	309,341
Accounts payable		-	-	-	450,464
Accrued interest		-	-	-	22,750
Revenue bonds payable		-	-	-	-
Total current liabilities payable from restricted assets		15,000	-	-	782,555
Noncurrent liabilities:					
Compensated absences		200,961	-	-	-
Net pension and OPEB liability		3,195,737	-	-	-
Revenue bonds and notes payable, net of premiums		-	-	-	15,000,000
Total noncurrent liabilities		3,396,698	-	-	15,000,000
Total liabilities		3,533,747	4,090,374	17,417,808	15,782,555
Deferred Inflows of Resources					
Pension and OPEB		194,312	-	-	-
Net Position					
Net investment in capital assets		1,035,961	-	-	-
Restricted for debt and grant covenants		-	-	2,002,846	(58,619)
Unrestricted		913,144	263,417,034	-	-
Total net position		1,949,105	263,417,034	2,002,846	(58,619)
Total liabilities, deferred inflows of resources and net position	$	5,677,164	267,507,408	19,420,654	15,723,936

See accompanying notes to financial statements.

Trusted Funds				
Community Assistance Fund (Note 6)	Fresh Water Fund (Note 7)	Water Pollution Control Loan Fund (Notes 8 & 9)	Drinking Water Assistance Fund (Notes 10 & 11)	Total Combining 2019
-	-	-	-	19,647,255
-	-	-	-	25,670,459
-	-	-	-	6,421,243
-	-	-	-	32,329
-	-	-	-	51,771,286
3,645,387	29,665,713	94,735,877	36,030,992	166,872,048
24,054,790	315,351,229	916,638,764	317,972,956	1,574,017,739
142,892,879	1,480,408,450	4,828,825,857	825,083,562	7,290,140,605
170,593,056	1,825,425,392	5,840,200,498	1,179,087,510	9,031,030,392
-	-	-	-	121,372,548
-	-	-	-	117,640,052
1,153	191,547	558,515	9,038	760,253
-	309,341	-	-	360,774
-	-	-	-	1,035,961
1,153	500,888	558,515	9,038	241,169,588
170,594,209	1,825,926,280	5,840,759,013	1,179,096,548	9,323,971,266
1,779,076	8,267,234	13,694,731	4,826,634	28,567,675
-	-	79,562,519	-	79,562,519
-	-	-	-	733,946
1,779,076	8,267,234	93,257,250	4,826,634	108,864,140
172,373,285	1,834,193,514	5,934,016,263	1,183,923,182	9,432,835,406
-	-	-	-	21,630,231
-	-	-	36,433	360,774
-	10,324,470	90,805,221	16,298,542	117,878,697
156,040	4,446,979	11,898,678	1,941,720	18,466,167
4,080,000	44,375,000	198,950,000	30,645,000	278,050,000
4,236,040	59,146,449	301,653,899	48,921,695	414,755,638
-	-	-	-	200,961
-	-	-	-	3,195,737
48,135,798	1,107,527,606	2,786,943,779	546,188,748	4,503,795,931
48,135,798	1,107,527,606	2,786,943,779	546,188,748	4,507,192,629
52,371,838	1,166,674,055	3,088,597,678	595,110,443	4,943,578,498
-	-	-	-	194,312
-	-	-	-	1,035,961
120,001,447	666,455,965	2,845,418,585	588,812,739	4,222,632,963
-	1,063,494	-	-	265,393,672
120,001,447	667,519,459	2,845,418,585	588,812,739	4,489,062,596
172,373,285	1,834,193,514	5,934,016,263	1,183,923,182	9,432,835,406

OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Revenues, Expenses and Changes in Net Position

Year ended December 31, 2019

		Custodied Funds			Trusted Funds
		Operating Fund	Other Projects Fund	In Lieu Fee Fund	Rural Development Fund (Note 5)
Operating revenues:					
Loan income	$	-	2,585,708	-	251,456
Investment income		86,066	6,432,540	400,449	81,441
Administrative fees from projects		2,729,923	-	1,262,366	-
Total operating revenues		2,815,989	9,018,248	1,662,815	332,897
Operating expenses:					
Payroll and benefits		2,464,908	-	-	-
Interest on bonds and notes		-	-	-	252,174
Bond and note issuance expense		-	-	-	138,867
Loan principal forgiveness and grant expense		-	4,139,030	-	-
State revolving fund administration		-	-	-	-
Professional services		657,984	800,322	1,068,045	475
Loan interest rate buy-down		-	-	-	-
Other		391,943	-	-	-
Total operating expenses		3,514,835	4,939,352	1,068,045	391,516
Operating income (loss)		(698,846)	4,078,896	594,770	(58,619)
Nonoperating other revenues (expenses)		(20,500)	(4,687,313)	-	-
Income (loss) before contributions, federal subsidy income and transfers		(719,346)	(608,417)	594,770	(58,619)
Contribution from U.S. EPA		-	-	-	-
Federal subsidy income		-	-	-	-
Transfers in (out), net -- Note 17		-	(14,693,709)	-	-
Change in net position		(719,346)	(15,302,126)	594,770	(58,619)
Net position at beginning of year		2,668,451	278,719,160	1,408,076	-
Net position at end of year	$	1,949,105	263,417,034	2,002,846	(58,619)

See accompanying notes to financial statements.

Trusted Funds				
Community Assistance Fund (Note 6)	Fresh Water Fund (Note 7)	Water Pollution Control Loan Fund (Notes 8 & 9)	Drinking Water Assistance Fund (Notes 10 & 11)	Total Combining 2019
2,356,936	50,674,983	98,826,220	14,670,633	169,365,936
777,355	4,856,248	31,899,208	6,022,812	50,556,119
-	-	-	934,866	4,927,155
3,134,291	55,531,231	130,725,428	21,628,311	224,849,210
-	-	-	-	2,464,908
2,498,485	32,916,680	86,108,232	12,337,384	134,112,955
199,169	1,735,884	8,288,197	2,599,415	12,961,532
-	-	28,518,285	15,858,718	48,516,033
-	-	10,201,542	4,455,406	14,656,948
-	344,191	874,201	699,479	4,444,697
-	2,704,136	6,888,573	924,057	10,516,766
-	-	-	-	391,943
2,697,654	37,700,891	140,879,030	36,874,459	228,065,782
436,637	17,830,340	(10,153,602)	(15,246,148)	(3,216,572)
-	-	-	-	(4,707,813)
436,637	17,830,340	(10,153,602)	(15,246,148)	(7,924,385)
-	-	91,291,356	29,908,781	121,200,137
509,223	2,295,508	6,710,248	753,563	10,268,542
(6,188,227)	20,281,936	-	600,000	-
(5,242,367)	40,407,784	87,848,002	16,016,196	123,544,294
125,243,814	627,111,675	2,757,570,583	572,796,543	4,365,518,302
120,001,447	667,519,459	2,845,418,585	588,812,739	4,489,062,596

OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Cash Flows

Year ended December 31, 2019

		Custodied Funds			Trusteed Funds
		Operating Fund	Other Projects Fund	In Lieu Fee Fund	Rural Development Fund (Note 5)
Operating activities:					
Administrative fees from projects	$	2,713,886	-	1,262,366	-
Payroll and benefits		(2,144,985)	-	-	-
Grant expense		-	(1,742,106)	-	-
State revolving fund administration		-	-	-	-
Professional services		(758,406)	(807,726)	(912,145)	(475)
Other		(410,740)	-	-	-
Net cash provided (used) by operating activities		(600,245)	(2,549,832)	350,221	(475)
Investing activities:					
Proceeds from maturity or sale of investments		2,349,125	174,242,816	4,000,000	-
Purchase of investments		(1,797,566)	(135,293,011)	(7,016,393)	-
Interest received on investments, net of purchased interest		70,231	4,191,548	322,394	76,863
Interest received on projects		-	2,274,913	-	-
Principal collected on projects		-	11,348,057	-	-
Payment for construction of projects		-	(35,242,069)	-	(12,227,936)
Net cash provided (used) by investing activities		621,790	21,522,254	(2,693,999)	(12,151,073)
Noncapital financing activities:					
Interest paid on bonds and notes, net of purchased interest		-	-	-	(229,424)
Proceeds of bonds and notes		-	-	-	15,000,000
Bond and note issuance expense		-	-	-	(112,033)
Redemption of bonds and notes		-	-	-	-
Contribution from U.S. EPA		-	-	-	-
Other		661,746	9,277	5,557,976	282,508
Transfers (to) from other funds		-	(14,693,709)	-	-
Net cash provided (used) by noncapital financing activities		661,746	(14,684,432)	5,557,976	14,941,051
Net increase (decrease) in cash and cash equivalents		683,291	4,287,990	3,214,198	2,789,503
Cash and cash equivalents at beginning of year		300,677	5,036,197	6,105,807	-
Cash and cash equivalents at end of year -- Note 2	$	983,968	9,324,187	9,320,005	2,789,503
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$	(698,846)	4,078,896	594,770	(58,619)
Adjustments:					
Investment income		(86,066)	(6,432,540)	(400,449)	(81,441)
Principal forgiveness and other		109,282	2,396,924	-	-
Interest on bonds and notes		-	-	-	252,174
Loan and loan fee income		(16,037)	(2,585,708)	-	(251,456)
Bond and note issuance expense		-	-	-	58,950
Net change in other assets and other liabilities		91,422	(7,404)	155,900	79,917
Net cash provided (used) by operating activities	$	(600,245)	(2,549,832)	350,221	(475)

See accompanying notes to financial statements.

Trusted Funds				
Community Assistance Fund (Note 6)	Fresh Water Fund (Note 7)	Water Pollution Control Loan Fund (Notes 8 & 9)	Drinking Water Assistance Fund (Notes 10 & 11)	Total Combining 2019
-	-	-	918,718	4,894,970
-	-	-	-	(2,144,985)
-	-	-	(188,202)	(1,930,308)
-	-	(10,201,542)	(4,455,406)	(14,656,948)
-	(332,452)	(839,765)	(693,284)	(4,344,253)
-	-	-	-	(410,740)
-	(332,452)	(11,041,307)	(4,418,174)	(18,592,264)
28,210,017	363,688,664	2,712,605,827	280,531,709	3,565,628,158
(27,119,603)	(515,762,152)	(2,959,551,845)	(475,502,515)	(4,122,043,085)
546,676	3,404,850	20,153,073	3,790,095	32,555,730
2,373,906	44,993,452	88,331,825	12,279,487	150,253,583
9,964,295	76,918,379	286,812,020	53,513,165	438,555,916
-	(90,247,890)	(656,944,386)	(160,557,803)	(955,220,084)
13,975,291	(117,004,697)	(508,593,486)	(285,945,862)	(890,269,782)
(2,671,070)	(44,028,310)	(113,366,732)	(17,154,609)	(177,450,145)
28,417,174	213,757,260	972,351,678	369,520,564	1,599,046,676
(212,377)	(1,743,351)	(8,651,078)	(2,568,814)	(13,287,653)
(32,419,491)	(64,610,000)	(450,510,000)	(82,533,598)	(630,073,089)
-	-	91,291,356	29,908,781	121,200,137
554,292	2,012,389	6,715,849	523,728	16,317,765
(6,188,227)	20,281,936	-	600,000	-
(12,519,699)	125,669,924	497,831,073	298,296,052	915,753,691
1,455,592	8,332,775	(21,803,720)	7,932,016	6,891,645
2,186,076	21,269,318	116,482,787	28,064,657	179,445,519
3,641,668	29,602,093	94,679,067	35,996,673	186,337,164
436,637	17,830,340	(10,153,602)	(15,246,148)	(3,216,572)
(777,355)	(4,856,248)	(31,899,208)	(6,022,812)	(50,556,119)
-	2,704,136	35,406,858	16,594,573	57,211,773
2,498,485	32,916,680	86,108,232	12,337,384	134,112,955
(2,356,936)	(50,674,983)	(98,826,220)	(14,670,633)	(169,381,973)
199,169	1,735,884	8,288,197	2,599,415	12,881,615
-	11,739	34,436	(9,953)	356,057
-	(332,452)	(11,041,307)	(4,418,174)	(18,592,264)

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

Authorizing Legislation

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

Reporting Entity

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

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

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

Programs

The Authority has established the following programs:

Local Communities

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

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

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

Industrial

The Authority has established financing programs to assist private industry and certain municipalities participating in a manner similar to private industry, all located in the State of Ohio, in controlling water pollution and solid waste by constructing appropriate facilities. These programs are accounted for in various funds, which are described in Note 13. 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 10 to 20 years with interest rates of 3.34% to 5.65%.

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

  The purpose of this program is to provide financing to local governments in Ohio to construct projects which will provide economic development benefits. The interest rate for each loan is negotiated by the local government and the Ohio Development Services Agency. The loans are to be repaid under terms of installment contracts over periods of 10 to 30 years with interest 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 15 years with interest rates of 2.00% to 3.00%.

- ***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***

  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, 2019 was $447,901.

- ***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

(Continued)

program will then provide financial assistance to property owners for the construction of erosion control structures in areas defined by statute as coastal erosion areas.

The loans to the counties are to be repaid under terms of installment contracts over 15 years with a 4.67% interest rate.

- ***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 interest rates 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 – Alternative Stormwater Infrastructure Loan Program***

The purpose of this program is to provide loans to reduce stormwater run-off and mitigate flooding. The loans to the LGAs are to be repaid under terms of installment contracts over periods of 10 to 20 years with interest rates of 1.00% to 2.55%.

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

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

(c) In-Lieu Fee Fund

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

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

(d) Rural Development Fund

The Rural Development Fund was established during 1996 by a resolution of the Authority and is administered by a Trustee. Funding for the Program was provided by a $15,000,000 note issuance.

The purpose of these funds is to provide interim loans to local governments in Ohio to finance water development projects pending their receipt of loan and grant money from the United States of America, acting through Rural Utility Services. The loans accrue interest at rates of 2.45% to 2.50%.

(e) Community Assistance Fund

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

The balance of the construction costs is paid by the LGA under terms of installment contracts over periods of 10 to 30 years with interest rates of 1.00% to 3.11%. LGA payments of construction costs may be used for providing additional funding for qualifying projects.

Initial funding for the Community Assistance Fund was provided by a $15,000,000 transfer from the Pure Water Refunding Fund. Additional funding has been provided by monetary transfers from the Fresh Water Fund, Refunding Fund, Safe Water Refunding Fund, Pure Water Refunding Fund and the issuance of the Community Assistance Water Development Revenue Bonds as detailed below:

Series	Par Amount	Type
1997	$42,940,000	New Money
2003	53,755,000	New Money
2005	37,355,000	Refunding
2007	24,550,000	New Money
2008A Notes	24,550,000	Refunding
2008B Notes	24,550,000	Refunding
2009	25,185,000	Refunding
2010A	630,000	New Money
2010B	28,885,000	New Money
2011	25,730,000	Refunding
2013	12,420,000	Refunding
2017	14,675,000	Refunding
2019	23,060,000	Refunding

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

(f) Fresh Water Fund

The Fresh Water Fund, which consists of various accounts, was established in 1992 by a resolution providing for the issuance of the Water Development Revenue Refunding Bonds—Pure Water Refunding and Improvement Series, 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 below:

Series	Par Amount	Type
1995	$116,225,000	New Money
1998	120,535,000	New Money
2001A	25,345,000	New Money
2001B	53,005,000	Refunding
2002	102,145,000	New Money
2004	149,000,000	New Money
2005	105,220,000	Refunding
2006A	51,975,000	Refunding
2008D CP	65,000,000	New Money
2008E CP	40,000,000	New Money
2009A	122,205,000	Refunding
2009B	82,910,000	Refunding
2010A-B	50,000,000	New Money
2010A-1	6,035,000	New Money
2010A-2	149,290,000	New Money
2013	111,880,000	New Money
2016A	169,050,000	New Money
2016B	150,000,000	Refunding
2017B Notes	125,000,000	New Money
2018	166,405,000	Refunding
2019	150,000,000	New Money
2019 Notes	25,000,000	New Money

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

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

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

On December 1, 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

(Continued)

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%.

(g) Water Pollution Control Loan Fund

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

Construction costs are paid by LGAs under terms of installment contracts over periods of 4.5 to 45 years with interest rates of 0.00% to 4.66%. LGA repayments of project costs are restricted for the purpose of providing additional moneys for projects or for debt service.

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

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

Year Awarded		Capitalization Grant	State Match
1989-1994	$	531,200,620	106,240,124
1995-1999		388,373,143	77,674,628
2000-2004		380,596,971	76,122,961
2005-2009*		467,461,463	49,367,673
2010-2014		431,487,000	86,297,400
2015		78,528,000	15,705,600
2016		75,217,000	15,043,400
2017		74,638,000	14,927,600
2018		90,357,000	18,071,400
2019		89,448,000	17,889,600
Total	$	2,607,307,197	477,340,386

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

The WPCLF received additional funding from the proceeds of Water Pollution Control Loan Fund Revenue Bonds and Notes. The WPCLF Water Quality (WQ), State Match (SM) 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 below:

Series	**Par Amount**	**Type**
1991 SM	$37,500,000	New Money
1993 SM	54,215,000	New Money
1995 SM	91,105,000	New Money
1995 WQ	212,265,000	New Money
1997 WQ	211,440,000	New Money
2000 SM	78,250,000	New Money
2001 WQ	83,400,000	New Money
2001 SM	53,590,000	Refunding
2002 WQ	200,115,000	New Money
2003 WQ	161,430,000	Refunding
2004A WQ	509,700,000	New Money
2004B WQ	65,005,000	Refunding
2005 SM	18,670,000	Refunding
2005 WQ	219,580,000	Refunding
2005B WQ	491,740,000	New Money
2008 SM	40,000,000	New Money
2009 WQ	229,120,000	Refunding
2010 SM	40,000,000	New Money
2010A WQ	366,290,000	New Money
2010B-1 WQ	30,035,000	New Money
2010B-2 WQ	429,125,000	New Money
2010C WQ	73,200,000	Refunding
2011A WQ	101,210,000	Refunding
2011B-1 WQ	76,860,000	Refunding
2011B-2 WQ	65,575,000	Refunding
2012A WQ	62,555,000	Refunding
2013 SM	35,000,000	New Money
2013A FRN	50,000,000	New Money
2014 WPCLF	333,815,000	New Money
2014B WPCLF	137,990,000	Refunding
2015A WPCLF	240,000,000	New Money
2015B WPCLF	104,870,000	Refunding
2015 SM Note	30,000,000	New Money
2016 WPCLF	200,000,000	New Money
2017A WPCLF	400,000,000	New Money
2017B Notes	250,000,000	New Money
2017-20B Note	20,000,000	New Money
2017-20C Note	50,000,000	New Money
2019A WPCLF	450,000,000	New Money
2019B WPCLF	300,000,000	Refunding
2019 SM Note	33,000,000	New Money

(Continued)

The WPCLF Bonds and Notes are special obligations of the Authority, issued to fund the State Match, Water Quality and WPCLF Bond accounts for use in making loans to LGAs provided by the Ohio EPA and the Authority. All interest earned on moneys and/or investments in the WPCLF remain within the fund. All loan repayments of principal and interest on loans made prior to May 1, 2014 are primarily pledged on a parity basis to all WPCLF Water Quality Bonds outstanding and subordinately pledged on a parity basis to all WPCLF Bonds outstanding. All loan repayments of interest for loans made after May 1, 2014 are pledged first to all WPCLF State Match Bonds outstanding, second to WPCLF Water Quality Bonds and third to WPCLF Bonds. As of December 31, 2019, all WPCLF State Match Bonds are retired. Any future WPCLF State Match issuances will be governed by the WPCLF Bonds Trust Indenture.

In 1994, the Authority established the Linked Deposit Program. This program is aimed at helping Ohio farmers receive low-interest loans to reduce non-point source pollution from agricultural run-off. In the program, WPCLF funds are invested in local participating banks at below-market rates. The banks, in return, issue low-interest rate loans to qualified participants. The amount invested in this program as of December 31, 2019 was $806,522.

(h) Drinking Water Assistance Fund

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

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

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

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

Year Awarded	Capitalization Grant	State Match
1998-2004	$ 213,828,600	42,765,720
2005-2009*	181,901,800	24,688,360
2010-2014	155,372,000	31,074,400
2015	24,425,000	4,885,000
2016	23,107,000	4,621,400
2017	22,909,000	4,581,800
2018	27,935,000	5,587,000
2019	27,674,000	5,534,800
Total	$ 677,152,400	123,738,480

(Continued)

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

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

Series	Par Amount	Type
2001 SM Note	$15,000,000	New Money
2002 Lev	60,000,000	New Money
2002 SM	30,000,000	New Money
2004 Lev	66,145,000	New Money
2004 SM	33,345,000	New Money
2005 Lev	36,825,000	Refunding
2005B Lev	61,135,000	New Money
2006 Lev	70,000,000	New Money
2008 Lev	71,915,000	Refunding
2010A Lev	6,205,000	New Money
2010A SM	19,255,000	New Money
2010B Lev	44,530,000	New Money
2010B SM	15,850,000	Refunding
2010C Lev	100,560,000	Refunding
2014 Lev	37,730,000	Refunding
2014 SM Note	11,000,000	New Money
2016	135,000,000	New Money
2017 SM Note	5,000,000	New Money
2018 SM Note	5,000,000	New Money
2019A	250,000,000	New Money
2019B	37,410,000	Refunding
2019 SM Note	12,000,000	New Money

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, 2019, all DWAF State Match Bonds are retired. Any future DWAF State Match issuances will be governed by the DWAF Bonds Trust Indenture.

Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(Continued)

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 2019, there were no limitations or restrictions on any participant withdrawals. However, notice must be given 24 hours in advance for all deposits or withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 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, 2019 resulted from the time lag between the dates that transactions are recorded in the accounting system and the dates that payments between funds are made. The Authority expects that all interfund balances will be repaid within one year.

(e) Loan Income as Defined by the Contracts

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

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

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

(g) Interfund Transfers/Net Position

The Authority reports interfund transactions when incurred, as follows:

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

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

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

(h) Capital Assets and Facilities

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

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land (non-depreciable)	$ 538,676	–	–	538,676
Building (useful life: 20-45 years)	887,524	–	–	887,524
Capital Improvements (useful life: 20 years)	628,314	–	–	628,314
Other (useful life: 3-10 years)	1,499,925	38,051	(22,402)	1,515,574
Total capital assets	$ 3,554,439	38,051	(22,402)	3,570,088
Less: Accumulated Depreciation-Building	(597,333)	(36,980)	–	(634,313)
Less: Accumulated Depreciation-Cap Impr	(463,032)	(31,416)	–	(494,448)
Less: Accumulated Depreciation-Other	(1,403,704)	(24,064)	22,402	(1,405,366)
Capital Assets, at Depreciated Cost	$ 1,090,370	(54,409)	–	1,035,961

(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, 2019
- Noncurrent: Due after December 31, 2020
- Restricted: Restricted for usage by bond and note covenants and grant restrictions
- Unrestricted: Not restricted for usage

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

(j) Revenue and Expense Classifications

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

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

(k) Risk Management

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

The Authority carries commercial property insurance on property and equipment in the aggregate sum of approximately $2,250,000. The Authority carries commercial liability insurance coverage in the amount of approximately $56,305,000. The Authority also carries premium-based medical, dental and vision coverage for all employees.

During 2019, 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) Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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, 2019, the Authority's carrying amount of deposits was $33,863,957 and bank balance of deposits was $33,948,473. Of this amount, $724,249 was covered by federal depository insurance, and $33,224,224 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, 2019 was $1,256,349. These deposits were collateralized with securities held by the Treasurer of State (OPCS) but not in the Authority's name.

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

As of December 31, 2019, the Authority had investment balances with the following issuers, which are greater than or equal to 5% of the respective fund's investment balance:

Fund	Issuer	Percent of Fund's Investments
Operating	Federal Home Loan Bank	67.0%
	Federal Farm Credit Bank	33.0%
Other Projects	Federal National Mortgage Association	39.0%
	Federal Home Loan Mortgage Corporation	14.0%
Community Assistance	Federal Home Loan Bank	11.0%
	Federal Farm Credit Bank	9.0%
	Federal Home Loan Mortgage Corporation	6.0%
Fresh Water	Federal Home Loan Bank	13.0%
	Federal Home Loan Mortgage Corporation	13.0%
	Federal Farm Credit Bank	11.0%

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, 2019, 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. Agencies	$2,718,993	1,820,298	898,695	-
Other Projects:				
U.S. Treasuries	41,546,410	3,273,410	38,273,000	-
U.S. Agencies	75,393,419	9,509,198	65,884,221	-
Municipal Bonds	16,846,662	977,931	15,868,731	-
Money Market	8,770,804	8,770,804	-	-
	142,557,295	22,531,343	120,025,952	-
In Lieu Fee:				
U.S. Treasuries	10,088,323	10,088,323	-	-
STAR Ohio	6,841,064	6,841,064	-	-
Money Market	2,491,267	2,491,267	-	-
	19,420,654	19,420,654	-	-
Rural Development:				
STAR Ohio	2,666,572	2,666,572	-	-
Money Market	127,507	127,507	-	-
	2,794,079	2,794,079	-	-
Community Assistance:				
U.S. Treasuries	17,073,895	8,777,102	8,296,793	-
U.S. Agencies	6,980,895	4,855,378	2,125,517	-
Money Market	2,716,433	2,716,433	-	-
	26,771,223	16,348,913	10,422,310	-
Fresh Water:				
U.S. Treasuries	186,105,233	121,500,647	64,500,324	104,262
U.S. Agencies	129,245,996	129,245,996	-	-
STAR Ohio	865,294	865,294	-	-
Money Market	17,303,400	17,303,400	-	-
	333,519,923	268,915,337	64,500,324	104,262
Water Pollution Control Loan:				
U.S. Treasuries	812,888,734	305,890,397	506,998,337	-
U.S. Agencies	96,789,841	48,657,382	48,132,459	-
Municipal Bonds	6,153,040	1,898,532	4,254,508	-
STAR Ohio	8,044,882	8,044,882	-	-
Money Market	71,847,478	71,847,478	-	-
	995,723,975	436,338,671	559,385,304	-
Drinking Water Assistance:				
U.S. Treasuries	308,628,956	243,646,468	64,982,488	-
U.S. Agencies	9,344,000	1,924,479	7,419,521	-
STAR Ohio	5,122,408	5,122,408	-	-
Money Market	25,858,237	25,858,237	-	-
	348,953,601	276,551,592	72,402,009	-

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, 2019, 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, 2019, 98.99% 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, 2019, 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	$1,374,869,678	439,111	-
U.S. Agencies	-	320,473,144	-
Municipal Bonds	-	22,999,702	-

* 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 carried at cost.

As of December 31, 2019, the Authority had cash and cash equivalents balances of $186,519,303, which includes accrued interest receivables on money market balances. Below is a reconciliation of the statement of net position and the statement of cash flows cash and cash equivalents balances:

Fund		Statement of Net Position Cash and Cash Equivalents Balance	Cash and Cash Equivalents Accrued Interest Receivable	Statement of Cash Flows Cash and Cash Equivalents Balance
Operating	$	983,968	-	983,968
Other Projects		9,330,956	(6,769)	9,324,187
In Lieu Fee		9,332,331	(12,326)	9,320,005
Rural Development		2,794,079	(4,576)	2,789,503
Community Assistance		3,645,387	(3,719)	3,641,668
Fresh Water		29,665,713	(63,620)	29,602,093
Water Pollution Control Loan		94,735,877	(56,810)	94,679,067
Drinking Water Assistance		36,030,992	(34,319)	35,996,673
	$	186,519,303	(182,139)	186,337,164

(Continued)

(3) INTERFUND RECEIVABLES AND PAYABLES

On December 31, 2019, interfund balances consisted of:

1) $36,433 owed to the Operating Fund by the Drinking Water Assistance Fund caused by the timing of pending loan fee repayment allocations.
2) $15,000 owed to the Other Projects Fund by the Operating Fund for the reimbursement of a legal expense.
3) $309,341 owed to the Fresh Water Fund by the Rural Development Fund for the reimbursement of debt service and note issuance expenses.

(4) CHANGE IN ACCOUNTING PRINCIPLES

For 2019, the Authority implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement,* which became effective for all state and local governmental employers with direct borrowings and direct placements, including unused lines of credit. Statement No. 88 improves financial reporting by improving the information that is disclosed in notes to financial statements related to debt and potential indebtedness.

(5) WATER DEVELOPMENT REVENUE NOTES—RURAL DEVELOPMENT LOAN ADVANCE SERIES

As of December 31, 2019, there was $15,000,000 of Water Development Revenue Notes–Rural Development Loan Advance Series outstanding, as follows:

Series	Type	Interest Rate	Maturity		Long-Term
2019-22	Note	Variable	2022	$	15,000,000

The Rural Development Series debt service requirements to maturity are as follows:

		Principal	Interest *	Total
2020	$	-	273,000	273,000
2021		-	273,000	273,000
2022		15,000,000	68,250	15,068,250
	$	15,000,000	614,250	15,614,250

The Rural Development Series 2019-2022 Notes are taxable and have an adjustable rate that is reset monthly at a rate of 1-month LIBOR (London Inter-bank Offered Rate) multiplied by 0.8 plus 0.45%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2019, which was 1.82%.

The Rural Development Notes are a direct placement with PNC Bank, National Association for a commitment amount up to $50 million expiring on March 1, 2022. The Authority has drawn $15 million from this commitment. Events of default include payment default, covenant default, breach of representations, cross defaults to parity debt or senior debt, cross acceleration of any senior, parity or subordinate debt, bankruptcy, insolvency or declaration of a moratorium.

The principal repayment on the note advances are secured by federal assistance to be received by the Authority from the United States of America, acting through USDA Rural Development based upon assignment from the LGAs. If proceeds from USDA Rural Development will not suffice for payment in full, the local government will prepare and submit an application to the Fresh Water Fund seeking a loan for the remaining balance.

The interest repayment on the note advances are secured by a subordinate pledge of the available revenues of the Unrestricted Account of the Fresh Water Cross-Collateralization Fund. This pledge of available revenues is first to the Fresh Water Bonds and Notes, second to the Community Assistance Bonds, third to the interest on the Rural Development Notes outstanding and last for any lawful purpose of the Authority. Payment of note interest expense and commitment fees are considered lawful purposes of the Authority and the Rural Development Program is not required to repay the Fresh Water Unrestricted Cross Collateralization Fund for these costs.

The deficit balance reported for the Rural Development Fund ($58,619) resulted from less activity than anticipated for the Program during 2019, the first operating year of this particular Program. The Authority will continue to assess the financial position of this Program as it continues to mature.

The trust agreement provides for three separate accounts to be established and held by the trustee and designated as follows:

a) The Loan Advance account is to receive the proceeds of the notes less such sums as are required to be paid to the Debt Service account and is to disburse such moneys for construction in anticipation of receipt of federal assistance moneys.

b) The Revenue account is to receive the federal assistance moneys.

c) The Debt Service account is to receive note proceeds representing capitalized interest and transfers from the Revenue account as necessary to pay the note debt service charges.

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

As of December 31, 2019, there was $45,170,000 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
2010B	Serial	4.85%	2020		100,000	-	100,000
2011	Serial	4.00% to 5.00%	2020-2022		2,850,000	4,505,000	7,355,000
2017	Serial	1.50% to 4.00%	2020-2030		1,130,000	13,525,000	14,655,000
2019	Serial	5.00%	2022-2030		-	23,060,000	23,060,000
Community Assistance Series Totals					4,080,000	41,090,000	45,170,000
		Add: unamortized premiums			-	7,045,798	7,045,798
				$	4,080,000	48,135,798	52,215,798

The Community Assistance 2019 Series Bonds were issued to advance refund $27,585,000 of the Community Assistance Series 2010B Bonds. Although the refunding resulted in a deferred accounting loss of $600,912, the Authority in effect reduced its aggregate debt service payments by $11,084,655 and achieved an economic gain of $7,304,355.

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

		Principal	Interest *	Total
2020	$	4,080,000	1,971,002	6,051,002
2021		4,055,000	1,835,725	5,890,725
2022		3,710,000	1,679,525	5,389,525
2023		3,580,000	1,513,525	5,093,525
2024		3,760,000	1,344,725	5,104,725
2025-2029		21,240,000	3,909,050	25,149,050
2030		4,745,000	166,625	4,911,625
	$	45,170,000	12,420,177	57,590,177

* In 2010, OWDA sold Federally Taxable Build America Bonds (BABs), which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2019, the subsidy was cut 5.9%, resulting in an effective subsidy equaling 32.935% 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 $12,413,259.

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

a) Community Assistance BABs Series 2010B – 1) The BABs are subject to mandatory redemption beginning June 1, 2021. 2) Both the serial and term bonds maturing on or after December 1, 2020 are callable for redemption prior to maturity at the option of the Authority, either in whole or in part, on or after June 1, 2020, at par plus accrued interest. 3) The BABs are subject to extraordinary optional redemption if Section 54AA or 6431 of The Internal Revenue Code of 1986 is modified, amended, or interpreted in a manner pursuant to which the Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated.
b) Community Assistance Series 2011 – The Series 2011 Bonds maturing on or after December 1, 2021 are subject to optional redemption, in whole or in part, on or after June 1, 2021, at par plus accrued interest.
c) Community Assistance Refunding Series 2017 – The Series 2017 Bonds are not subject to redemption prior to their stated maturity.
d) 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 2019, the amount received from reimbursements of Community Assistance project costs was $12,338,201, compared to the required bond debt service payments of $7,505,561.

The bond resolution provides for six separate accounts designated as the Community Assistance Fund Construction account, Revenue account, Debt Service account, Debt Service Reserve account, Surplus account and Rebate account. As of December 1, 2019, 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.

(Continued)

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

As of December 31, 2019, there was $1,013,125,000 of Fresh Water Development Revenue and Refunding Bonds and Notes outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2001B	Serial	4.75% to 5.50%	2020-2021	$	4,280,000	1,805,000	6,085,000
2005	Serial	5.50%	2020-2025		10,755,000	25,725,000	36,480,000
2006	Term	5.25%	2022-2034		-	51,100,000	51,100,000
2009B	Serial	3.00% to 5.00%	2020-2022		200,000	3,315,000	3,515,000
	Term	3.125% to 5.250%	2020-2027		5,515,000	21,495,000	27,010,000
2010A-2	Term	3.593% to 4.917%	2020-2042		2,295,000	146,995,000	149,290,000
2013	Serial	5.00%	2020-2023		21,330,000	57,860,000	79,190,000
2016A	Serial	4.00% to 5.00%	2028-2036		-	49,050,000	49,050,000
	Term	5.00%	2030-2035		-	120,000,000	120,000,000
2016B	Serial	5.00%	2023-2037		-	105,500,000	105,500,000
	Term	5.00%	2030-2036		-	44,500,000	44,500,000
2018	Serial	5.00%	2021-2028		-	166,405,000	166,405,000
2019-22	Notes	Variable	2022		-	25,000,000	25,000,000
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
Fresh Water Series Totals					44,375,000	968,750,000	1,013,125,000
		Add: unamortized premiums			-	138,777,606	138,777,606
				$	44,375,000	1,107,527,606	1,151,902,606

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

		Principal	Interest*	Total
2020	$	44,375,000	49,389,512	93,764,512
2021		47,915,000	46,843,937	94,758,937
2022		72,195,000	44,399,483	116,594,483
2023		46,220,000	41,478,210	87,698,210
2024		44,555,000	39,223,364	83,778,364
2025-2029		345,520,000	154,446,484	499,966,484
2030-2034		210,595,000	78,511,497	289,106,497
2035-2039		159,580,000	30,449,502	190,029,502
2040-2044		42,170,000	4,113,842	46,283,842
	$	1,013,125,000	488,855,831	1,501,980,831

The Fresh Water Series 2019-2022 Notes are taxable and have an adjustable rate that is reset monthly at a rate of 1-month LIBOR plus 0.75%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2019, which was 2.46%.

The Fresh Water Notes are a direct placement with PNC Bank, National Association and State Street Public Lending Corporation (i.e., one agreement with liabilities split evenly across both banks) for a commitment amount up to $250 million expiring on November 1, 2022. The Authority has drawn $25 million from this commitment. In the event the Authority adds a new bank commitment product, renews this product or draws additional 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 (Moodys) 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

* In 2010, OWDA sold Federally Taxable BABs, which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2019, the subsidy was cut 5.9%, resulting in an effective subsidy equaling 32.935% 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 $462,222,701.

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

a) Fresh Water Series 2001B – The Series 2001B Bonds are not subject to redemption prior to maturity.
b) Fresh Water Refunding Series 2005 – The Series 2005 Bonds are not subject to redemption prior to maturity.
c) Fresh Water Refunding Series 2006 – 1) The Series 2006 Bonds are not subject to optional redemption prior to their stated maturity. 2) The term bonds are subject to mandatory redemption beginning December 1, 2022.
d) Fresh Water Refunding Series 2009B – The Series 2009B Bonds are not subject to optional redemption prior to their stated maturity. The term bonds are subject to mandatory redemption beginning December 1, 2020.
e) 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.
f) Fresh Water Series 2013 – The Series 2013 Bonds are not subject to redemption prior to maturity.
g) 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.

(Continued)

h) 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.
i) 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.
j) Fresh Water 2019-22 Notes – These notes are subject to optional redemption, in whole or in part, 30 days after the date of issuance, at par plus accrued interest.
k) 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. Once this lending requirement is met, the Authority will give notice with a voluntary MSRB filing through its EMMA system.

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 2019, the amount received from reimbursements of Fresh Water project costs was $121,911,831 compared to the required bond and note debt service payments of $86,738,310.

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, 2019, 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.

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

As of December 31, 2019, there was $524,415,000 of Water Pollution Control Loan Fund (WPCLF) Revenue and Refunding Bonds—Water Quality Series outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2005	Serial	5.25% to 5.50%	2020-2023	$	26,060,000	37,890,000	63,950,000
2010B-2	Serial	4.192%	2024		-	11,390,000	11,390,000
	Term	3.590% to 4.879%	2020-2034		8,215,000	401,805,000	410,020,000
2010C	Serial	3.00% to 5.00%	2020-2022		22,490,000	16,565,000	39,055,000
WPCLF Water Quality Series Totals					56,765,000	467,650,000	524,415,000
		Add: unamortized premiums			-	2,327,189	2,327,189
				$	56,765,000	469,977,189	526,742,189

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

		Principal	Interest *	Total
2020	$	56,765,000	24,888,972	81,653,972
2021		42,635,000	22,149,833	64,784,833
2022		18,165,000	20,467,128	38,632,128
2023		8,985,000	19,653,145	28,638,145
2024		56,525,000	18,687,331	75,212,331
2025-2029		235,535,000	53,344,181	288,879,181
2030-2034		105,805,000	12,071,988	117,876,988
	$	524,415,000	171,262,578	695,677,578

* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2019, the subsidy was cut 5.9%, resulting in an effective subsidy equaling 32.935% 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 $115,991,814.

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

a) Water Quality Refunding Series 2005 – These bonds are not subject to redemption prior to stated maturity.
b) Water Quality Series 2010B-2 – 1) The BABs are subject to mandatory redemption beginning June 1, 2019. 2) The BABs shall be subject to an optional redemption prior to maturity, at the option of the Authority, in whole or in part, on any business day, at the make-whole redemption price. 3) The BABs are subject to extraordinary optional redemption if Section 54AA or 6431

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

c) Water Quality Refunding Series 2010C – These bonds are not subject to redemption prior to their stated maturity.

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 2019, the amount received from reimbursements of WPCLF principal and interest project costs were $375,143,845, compared to the required bond debt service payments of $130,942,303.

The bond resolution provides for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account and Rebate account. As of December 31, 2019, there is no accrued rebate liability for these bonds.

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

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

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

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

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

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

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

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

As of December 31, 2019, there was $2,162,065,000 of Water Pollution Control Loan Fund Revenue and Refunding Bonds and Notes Series outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2014	Serial	2.00% to 5.00%	2020-2024	$	48,440,000	246,525,000	294,965,000
2014B	Serial	2.00% to 5.00%	2020-2022		33,745,000	68,485,000	102,230,000
2015A	Serial	5.00%	2020-2026		10,000,000	230,000,000	240,000,000
2015B	Serial	5.00%	2025-2030		-	92,300,000	92,300,000
	Term	5.00%	2029		-	12,570,000	12,570,000
2016	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
2017-20C	Notes	Variable	2020		50,000,000	-	50,000,000
2017-22	Notes	Variable	2022		-	20,000,000	20,000,000
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
WPCLF Bonds and Notes Series Totals					142,185,000	2,019,880,000	2,162,065,000
		Add: unamortized premiums			-	297,086,590	297,086,590
				$	142,185,000	2,316,966,590	2,459,151,590

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

		Principal	Interest	Total
2020	$	142,185,000	96,432,346	238,617,346
2021		105,945,000	89,713,325	195,658,325
2022		154,365,000	84,029,725	238,394,725
2023		129,350,000	77,018,550	206,368,550
2024		90,350,000	71,030,675	161,380,675
2025-2029		874,170,000	261,723,125	1,135,893,125
2030-2034		385,105,000	82,529,825	467,634,825
2035-2039		199,700,000	37,217,125	236,917,125
2040-2044		60,445,000	11,607,875	72,052,875
2045-2046		20,450,000	617,325	21,067,325
	$	2,162,065,000	811,919,896	2,973,984,896

The WPCLF 2016 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 1.13% for these bonds from issuance date of May 4, 2016 to December 31, 2019.

The WPCLF 2017-20C Notes have an adjustable rate that is reset monthly at a rate of 1-month LIBOR multiplied by applicable factor of 0.70 plus 0.675%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2019, which was 2.26%.

The WPCLF 2017-20C Notes are a direct placement with JPMorgan Chase Bank, National Association for a commitment amount of $300 million expiring on November 6, 2020. The Authority has drawn $50 million from this commitment. Events of default include:

a) Payment default
b) Nonpayment of commitment or other fees
c) Covenant default
d) Breach of representations
e) Bankruptcy
f) A custodian, sequestrator or receiver is appointed for the Authority for 30 or more days
g) A debt moratorium, restructuring, adjustment or comparable restriction is declared against the Authority
h) Dissolution or termination of the existence of the Authority
i) The Authority defaults on payment of any parity indebtedness
j) The Authority defaults on any indebtedness in excess of $10 million
k) Ratings suspension, withdrawal or downgrade below AA- (Standard and Poors) or Aa3 (Moodys)
l) Any representation or warranty contained in Anti-Terrorism Laws

The WPCLF 2017-22 Notes have an adjustable rate that is reset monthly at a rate of 1-month LIBOR multiplied by applicable factor of 0.70 plus 0.48%. The notes interest payments to maturity are based on the rate for these notes at December 31, 2019, which was 1.93%.

The WPCLF 2017-22 Notes are a direct placement with PNC Bank, National Association and State Street Public Lending Corporation (i.e., one agreement with liabilities split evenly across both banks) for a commitment amount up to $200 million expiring on November 1, 2022. The Authority has drawn $20 million from this commitment. 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 (Moodys) 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

(Continued)

The Authority has five bank commitments in the WPCLF Program totaling $1.3 billion, with $70 million drawn in aggregate between the WPCLF 2017-20C & 2017-22 Notes. Specific information for these five bank funding commitments in WPCLF is detailed below:

Bank	Type	Commitment Amount ^	Drawn Amount ^	Commitment Expiration Date
Bank of America	Direct placement	400,000,000	-	4/1/2020
Huntington Investment Company	Direct borrowing	100,000,000	-	5/31/2021
JPMorgan Chase Bank	Direct placement	300,000,000	50,000,000	11/6/2020
PNC/State Street	Direct placement	200,000,000	20,000,000	11/1/2022
RBC Capital Markets	Direct placement	300,000,000	-	1/15/2022
		1,300,000,000	70,000,000	

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

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

a) WPCLF Series 2014 – These bonds are not subject to redemption prior to their stated maturity.
b) WPCLF Refunding Series 2014B – These bonds are not subject to redemption prior to their stated maturity.
c) WPCLF Series 2015A – These bonds are not subject to redemption prior to their stated maturity.
d) WPCLF Refunding Series 2015B – The bonds maturing on or after June 1, 2026 are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after December 1, 2025, at par plus accrued interest.
e) WPCLF Series 2016 – 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.
f) WPCLF 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.
g) WPCLF 2017-20C – These notes are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part, at par plus accrued interest, provided at least three business days' prior written notice to the Bank and Trustee.
h) WPCLF 2017-22 – These notes are subject to optional redemption, in whole or in part, 30 days after the date of issuance, at par plus accrued interest.
i) 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.
j) 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.

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 and Notes 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 and Notes outstanding. WPCLF Bond and Note 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 and Note 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 and notes. For 2019, the amount received from reimbursements of WPCLF principal and interest project costs after funding of WPCLF Water Quality Debt Service was $244,201,542, compared to the required bond and note debt service payments of $129,747,154.

The bond and note 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, 2019, there is no accrued rebate liability for these bonds and notes.

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 and Notes 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 and Notes due on the next interest payment date, (b) the principal of all outstanding WPCLF Bonds and Notes due on the next interest payment date, and (c) the mandatory sinking fund requirement for all outstanding WPCLF Bonds and Notes 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 and Notes received by the trustee pursuant to any invitation to the holders to tender such WPCLF Bonds and Notes in accordance with the provisions of the applicable Series resolution.

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

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

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

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

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

As of December 31, 2019, there was $62,015,000 of Drinking Water Assistance Fund (DWAF) Revenue and Refunding Bonds—Leverage Series outstanding, broken down by series as follows:

Series	Type	Interest Rate	Maturity		Current	Long-Term	Total
2005	Serial	5.25%	2023	$	-	750,000	750,000
	Term	5.25%	2020-2022		5,570,000	6,515,000	12,085,000
2010C	Serial	4.00% to 5.00%	2020-2021		14,810,000	12,235,000	27,045,000
2014	Serial	4.00% to 5.00%	2020-2024		6,765,000	15,370,000	22,135,000
DWAF Leverage Series Totals					27,145,000	34,870,000	62,015,000
		Add: unamortized premiums			-	2,010,715	2,010,715
				$	27,145,000	36,880,715	64,025,715

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

		Principal	Interest*	Total
2020	$	27,145,000	2,647,106	29,792,106
2021		22,715,000	1,418,406	24,133,406
2022		10,020,000	489,844	10,509,844
2023		1,445,000	81,988	1,526,988
2024		690,000	17,250	707,250
	$	62,015,000	4,654,594	66,669,594

* In 2010, OWDA sold Federally Taxable BABs which receive a cash subsidy payment from the United States Treasury equaling 35% of interest paid. In 2019, the subsidy was cut 5.9%, resulting in an effective subsidy equaling 32.935% of interest paid. On December 5, 2019 these bonds were advance refunded by the DWAF 2019B Bonds discussed below in Footnote 11. 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 $4,645,556.

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

a) Leverage Refunding Series 2005 – The term bonds are subject to mandatory redemption beginning June 1, 2019, at par plus accrued interest. Neither the term or serial bonds are subject to optional redemption prior to their stated maturity.
b) Leverage Refunding Series 2010C – The refunding bonds maturing on or after June 1, 2021 are subject to prior redemption by and at the sole option of the Authority in whole multiples of $5,000, either in whole or in part on any date on or after December 1, 2020, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date.
c) 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 2019, the amount received from reimbursements of DWAF principal and interest project costs were $65,792,652, compared to the required bond debt service payments of $32,340,863.

The bond resolution provides for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account and Rebate account. As of December 31, 2019, 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.

(11) DRINKING WATER ASSISTANCE FUND REVENUE BONDS SERIES

As of December 31, 2019, there was $422,410,000 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	3.00% to 5.00%	2020-2029	$	500,000	86,500,000	87,000,000
	Term	4.00% to 5.00%	2030-2037		-	48,000,000	48,000,000
2019A	Serial	2.00% to 5.00%	2020-2029		3,000,000	247,000,000	250,000,000
2019B	Serial	5.00%	2022-2030		-	37,410,000	37,410,000
DWAF Bonds Series Totals					3,500,000	418,910,000	422,410,000
		Add: unamortized premiums			-	90,398,033	90,398,033
				$	3,500,000	509,308,033	512,808,033

The DWAF 2019B Series Bonds were issued to advance refund $44,530,000 of the DWAF Leverage Series 2010B Bonds. Although the refunding resulted in a deferred accounting loss of $861,157, the Authority in effect reduced its aggregate debt service payments by $5,708,374 and achieved an economic gain of $5,114,173.

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

		Principal	Interest	Total
2020	$	3,500,000	20,554,467	24,054,467
2021		13,000,000	20,332,750	33,332,750
2022		21,555,000	19,636,375	41,191,375
2023		30,735,000	18,443,875	49,178,875
2024		30,915,000	16,904,875	47,819,875
2025-2029		271,155,000	62,117,875	333,272,875
2030-2034		36,550,000	7,508,125	44,058,125
2035-2037		15,000,000	1,250,000	16,250,000
	$	422,410,000	166,748,342	589,158,342

The Authority has two undrawn bank funding commitments in the DWAF Program as specified in the table below:

Bank	Type	Commitment Amount ^	Drawn Amount ^	Commitment Expiration Date
Bank of America	Direct placement	100,000,000	-	6/30/2020
Huntington Investment Company	Direct borrowing	150,000,000	-	6/1/2021
		250,000,000	-	

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

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 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. Once this lending requirement is met, the Authority will give 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.

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 2019, the amount received from reimbursements of DWAF principal and interest project costs after funding of DWAF Leverage debt service was $33,451,789, compared to the required bond debt service payments of $10,817,344.

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.

(12) 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, 2019, which have been defeased:

Series	Year Defeased		Balance Outstanding
Community Assistance 2010B	2019	$	27,585,000
WPCLF State Match 2005	2014		1,100,000
DWAF Leverage 2010B	2019		44,530,000
		$	73,215,000

(13) Water Development Revenue Bonds and Notes—Industrial Series

The Authority established the industrial program to assist private industry and certain municipalities in financing the construction of water and solid waste pollution control facilities. Under the financing agreements, industrial companies and municipalities are required to make payments for a period of up to 35 years, sufficient to pay, as they become due, interest and principal on the bonds and notes issued to finance the projects. The Authority has no liability for repayment of these bonds and notes. As of December 31, 2019, outstanding bonds and notes under this program total $1,713,525,000.

(14) Defined Benefit Pension Plan

The net pension liability reported on the 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, 2018 can be found in the OPERS 2018 Comprehensive Annual Financial Report (CAFR) at https://www.opers.org/financial/reports.shtml.

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 will be eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B.

Group C included those members who are not in either of the other groups and members who were hired on or after January 7, 2013. Please see the Plan Statement in the OPERS 2018 CAFR 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 members is eligible for retirement benefits at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of 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 OPERS 2018 CAFR Plan Statement for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age and years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

Prior to 2000, payments to OPERS benefit recipients were limited under Section 415(b) of the Internal Revenue Code (IRC). OPERS entered into a Qualified Excess Benefit Arrangement (QEBA) with the Internal Revenue Service (IRS) to allow OPERS benefit recipients to receive their full statutory benefit even when the benefits 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. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions.

Defined Contribution Benefits – Defined contribution plan benefits are established in the plan documents, which may be amended by the 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 contribution plans. Member-Directed Plan 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 member's contributions, vested employer contributions, and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance, net of taxes withheld, or a combination of these options.

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 60 contributing months is eligible for a disability benefit. Benefits are funded by the employee and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with 60 contributing months will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. After the disability benefit ends, the member may apply for a service retirement benefit or a refund of contributions, which are not reduced by the amount of disability benefits received. Members participating in the Member-Directed Plan are not eligible for disability benefits.

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 employee had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. ORC Chapter 145, updated by HB 520, specifies 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, current law provides for an annual cost-of-living adjustment. This cost-of-living adjustment is calculated on the member's 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. The cost-of-living increase varies somewhat but is generally defined as Consumer Price Index (CPI) not to exceed 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 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

(Continued)

to receive an annuity benefit at age 65, or may elect to receive a refund of their employee 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 requires 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 the Traditional Pension Plan members include the member’s accumulated contributions, interest and any qualifying employer funds, as determined by the 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 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 plans (Traditional Pension, Combined and Member-Directed) 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 external 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, 2018. Within the Traditional Pension Plan and Combined Plan, member and employer contributions (employer contributions only for the Combined Plan) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Employee contributions within the Combined Plan are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the employees during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

The employee and employer contribution rates for the state and local divisions are currently set at the maximums authorized by the ORC of 10% and 14%, respectively. With the assistance of the OPERS actuary and Board approval, a portion of each employer’s contributions to OPERS may be set aside for the funding of post-employment health care coverage. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero for 2018. The employer contribution as a percent of covered payroll deposited for Member-Directed Plan health care accounts for 2018 was 4.0%. The amount of contributions to OPERS from the Authority during 2018 and 2019 was $150,591 and $158,797, respectively, which represents 100% of the Authority’s required contribution. In 2019 and 2018, the Authority did not make any contributions to the Combined Plan, and contributions to the Member-Directed Plan were immaterial.

(Continued)

The ORC Chapter 145 assigns authority to the Board to amend the funding policy. As of December 31, 2018, the Board adopted the contribution rates that were recommended by the actuary. The contribution rates were included in a new funding policy adopted by the Board in October 2013, and are certified periodically by the OPERS Board as required by the ORC.

As of December 31, 2018, the date of the last actuarial study, the funding period for all defined benefits of OPERS was 27 years.

Net Pension Liability

The net pension liability was measured as of December 31, 2018, 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 and pension expense:

Proportionate Share of the Net Pension Liability	$2,124,211
CY Proportionate Share	0.007756%
PY Proportionate Share	0.008748%
Change in Proportionate Share	-0.000992%
Pension Expense	$ 395,199

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (i.e., 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, 2018, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Actuarial Information	**Traditional Pension Plan**
Valuation Date	December 31, 2018
Experience Study	5 Year period ending December 31, 2015
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	7.20 percent
Wage Inflation	3.25 percent
Projected Salary Increases	3.25 percent - 10.75 percent (including wage inflation at 3.25 percent)
Cost-of-living Adjustments	Pre 1/7/2013 Retirees: 3.00% simple Post 1/7/2013 Retirees: 3.00% simple through 2018, then 2.15% simple

Pre-retirement mortality rates are from the RP-2014 Healthy Annuitant Mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality table for males and females, adjusted for mortality improvement back to the observation base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The discount rate used to measure the total pension liability was 7.2% 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.

(Continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability or asset calculated using the discount rate of 7.2%, and expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or higher than the current rate.

Employers Net Pension Liability		**1% Decrease (6.2%)**	**Current Discount Rate (7.2%)**	**1% Increase (8.2%)**
Traditional Pension Plan	$	3,138,074	2,124,211	1,281,678

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 asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	**Target Allocation for 2018**	**Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)**
Fixed Income	23.00%	2.79%
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	100.00%	5.95%

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.

During 2018, 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 of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94% for 2018.

Deferred Inflows and Deferred Outflows

At December 31, 2019, the Authority reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

Deferred Inflows of Resources:		
Differences between expected and actual experience	$	27,892
Change in Authority's proportionate share		115,706
Total	$	143,598

Deferred Outflows of Resources:		
Differences between expected and actual experience	$	98
Change in assumptions		184,918
Change in Authority's proportionate share		17,785
Net difference between projected and actual earnings on pension plan investments		288,316
Authority's contributions subsequent to the measurement date		158,797
Total	$	649,914

The $158,797 reported as deferred outflows 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 and inflows of resources related to pensions will be recognized in pension expense as disclosed in the table below:

Year Ending December 31		**Traditional Pension Plan Net Deferred Outflows / (Inflows) of Resources**
2020	$	147,282
2021		39,402
2022		26,747
2023		134,088
Total	$	347,519

(15) 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 this 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 75 assumes the 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 liability. Resulting adjustments to the net OPEB liability 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' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

With the assistance of the System's 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. The portion of Traditional Pension Plan and Combined Plan employer contributions allocated to health care was zero in 2019 and 2018 and is expected to remain at that level. The employer contribution as a percentage of covered payroll deposited into the Member-Directed Plan participants accounts for 2019 was 4.0%. Due to the discretionary nature of health care funding and the potential for frequent changes in allocations, including no funding 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 2018 and $0 for 2019.

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, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, 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	0.0082187%
Prior Measurement Date	0.0088752%
Change in Proportionate Share	-0.0006565%
Proportionate Share of the Net OPEB Liability	$1,071,526
OPEB Expense	$ 99,727

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent/6.50 percent in PY
Municipal Bond Rate	3.71 percent/3.31 percent in PY
Health Care Cost Trend Rate	10.0 percent, 7.5 percent initial and 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age normal

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	**Target Allocation for 2018**	**Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)**
Fixed Income	34.00%	2.42%
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	100.00%	5.16%

Discount Rate

A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

		1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Authority's proportionate share of the net OPEB liability	$	1,370,843	1,071,526	833,437

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 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

(Continued)

		1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	$	1,029,940	1,071,526	1,119,358

Deferred Inflows and Outflows

At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources:		
Differences between expected and actual experience		2,908
Change in Authority's proportionate share and difference in employer contributions		47,806
		50,714
Deferred Outflows of Resources:		
Differences between expected and actual experience	$	362
Change in assumptions		34,548
Net difference between projected and actual earnings on OPEB plan investments		49,122
	$	84,032

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

Year Ending December 31		Traditional Pension Plan Net Deferred Outflows / (Inflows) of Resources
2020	$	14,861
2021		(13,663)
2022		7,373
2023		24,747
Total	$	33,318

(16) COMMITMENTS

As of December 31, 2019, the Authority has loan commitments to finance LGA construction projects in the following amounts:

Fund		Amount
Other Projects	$	39,953,410
Rural Development		3,435,934
Fresh Water		152,800,135
Water Pollution Control Loan		1,183,037,119
Drinking Water Assistance		196,917,116
	$	1,576,143,714

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.

(17) TRANSFERS

Interfund transfers for the year ended December 31, 2019 consisted of the following:

Transfers, net, to (from) Other Projects from (to):		
Community Assistance	$	6,188,227
Fresh Water		(20,281,936)
Drinking Water		(600,000)
	$	(14,693,709)
Transfers from Community Assistance to:		
Other Projects	$	(6,188,227)
Transfers to Fresh Water from:		
Other Projects	$	20,281,936
Transfers to Drinking Water from:		
Other Projects	$	600,000
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, 2019, the Authority made the following non-routine transfers:

a) $6,188,227 transferred from the Community Assistance Fund to the Other Projects Fund for additional funding for Other Projects Fund loans and grants.

b) $20,281,936 transferred from the Other Projects Fund to the Fresh Water Fund for additional funding for Fresh Water loans and to fund the interest rate buy-down program.

(Continued)

c) $600,000 transferred from the Other Projects Fund to the Drinking Water Assistance Fund for funding for the Drinking Water Asset Management Grant Program.

(18) CHANGES IN LONG-TERM LIABILITIES

As of December 31, 2019, the Authority has long-term liabilities in the following amounts:

Long-Term Liability	12/31/2018 Balance	Additions	Reductions	12/31/2019 Balance	Due Within One Year	Due in More Than One Year
Compensated Absences	$ 228,218	206,470	233,727	$ 200,961	-	200,961
Net Pension Liability	1,372,392	751,819	-	2,124,211	-	2,124,211
Net OPEB Liability	963,778	107,748	-	1,071,526	-	1,071,526
Revenue Bonds and Notes Payable	3,868,624,124	1,554,046,677	640,824,870	4,781,845,931	278,050,000	4,503,795,931
Total Long-Term Liabilities	$3,871,188,512	1,555,112,714	641,058,597	$4,785,242,629	278,050,000	4,507,192,629

(19) CHANGES IN SHORT-TERM LIABILITIES

As of December 31, 2019, the Authority has the following short-term liability:

Short-Term Liability	12/31/2018 Balance	Additions	Reductions	12/31/2019 Balance
Short-Term Revenue Notes Payable	$ -	45,000,000	45,000,000	-

(20) SUBSEQUENT EVENT

Since December 31, 2019, the Authority has authorized the issuance of additional debt. The Authority is authorized to issue $450,000,000 in Water Pollution Control Loan Fund Revenue Bonds – Series 2020A. This authorization to issue is valid until December 31, 2020. As these bonds are not intended to be issued until 2020, they are not included in the long-term debt of the Authority as of December 31, 2019.

OHIO WATER DEVELOPMENT AUTHORITY

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

Last Five Calendar Years*
Unaudited

		2015	2016	2017	2018	2019
Proportion of the net pension liability		0.0095310%	0.0091080%	0.0085060%	0.008748%	0.007756%
Proportionate share of the net pension liability	$	1,149,545	1,577,618	1,931,568	1,372,392	2,124,211
Covered payroll	$	1,200,805	1,207,158	1,247,362	1,340,687	1,272,812
Proportionate share of the net pension liability as a percentage of covered payroll		95.73%	130.69%	154.85%	102.36%	166.89%
Plan fiduciary net position as a percentage of the total pension liability		86.45%	81.08%	77.25%	84.66%	74.70%

* - 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%.

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of Pension Contributions
Ohio Public Employees Retirement System

Last Six Calendar Years*

Unaudited

		2014	2015	2016	2017	2018	2019
Contractually required contributions	$	140,729	142,358	139,196	146,994	150,591	158,797
Contributions in relation to the contractually required contributions	$	140,729	142,358	139,196	146,994	150,591	158,797
Contribution deficiency (excess)		-	-	-	-	-	-
Covered payroll	$	1,200,805	1,207,158	1,247,362	1,340,687	1,272,812	1,358,368
Contributions as a percentage of covered payroll		11.72%	11.79%	11.16%	10.96%	11.83%	11.69%

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

OHIO WATER DEVELOPMENT AUTHORITY

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

Last Three Calendar Years
Unaudited

		2017	2018	2019
Proportion of the net OPEB liability		0.008506%	0.008875%	0.008219%
Proportionate share of the net OPEB liability	$	853,443	963,778	1,071,526
Covered payroll	$	1,247,362	1,340,687	1,272,812
Proportionate share of the net OPEB liability as a percentage of covered payroll		68.42%	71.89%	84.19%
Plan fiduciary net position as a percentage of the total OPEB liability		54.05%	54.14%	46.33%

* - 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.

<u>Notes to Schedule:</u>

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.

OHIO WATER DEVELOPMENT AUTHORITY

Schedule of OPEB Contributions
Ohio Public Employees Retirement System

Last Four Calendar Years

Unaudited

		2016	2017	2018	2019
Contractually required contributions	$	23,189	11,307	-	-
Contributions in relation to the contractually required contributions	$	23,189	11,307	-	-
Contribution deficiency (excess)		-	-	-	-
Covered payroll	$	1,247,362	1,340,687	1,272,812	1,358,369
Contributions as a percentage of covered payroll		1.86%	0.84%	0.00%	0.00%

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

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CLARK SCHAEFER HACKETT
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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 and each major fund of the Ohio Water Development Authority (the Authority) as of and for the year ended December 31, 2019, 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 20, 2020.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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 20, 2020

OHIO AUDITOR OF STATE
KEITH FABER

OHIO WATER DEVELOPMENT AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 16, 2020