

**OHIO WATER  
DEVELOPMENT AUTHORITY**

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Financial Statements

December 31, 2025

(With Independent Auditors' Report Thereon)



**OHIO WATER DEVELOPMENT AUTHORITY**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Ohio Water Development Authority (the Authority), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

#### ***Required Supplementary Information***

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
March 20, 2026

# OHIO WATER DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

For the Year Ended December 31, 2025

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, 2025. We encourage readers to consider the information presented here in conjunction with the Authority's audited financial statements, which begin on page 10 of this report.

### Financial Highlights:

- Loan and fee receivables increased by \$912,926,586 or 9.26%.
- Loan income revenue increased by \$20,254,198 or 11.90%.
- Loan principal forgiveness and grant expense increased by \$64,879,770 or 52.27%.
- Contribution from U.S. EPA increased by \$55,143,539 or 18.65%.
- Cash, cash equivalents, and investments increased by \$115,452,978 or 4.63%.
- Investment income revenue increased by \$18,507,565 or 17.93%.
- Revenue bonds and notes payable increased by \$760,199,967 or 10.65%.
- Interest on bonds and notes expense increased by \$23,562,204 or 12.61%.
- Bond and note issuance expense decreased by \$3,312,764 or 20.69%.

### Overview of the Financial Statements

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

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

The *combining statement of net position* presents information on all of the Authority's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including information about the nature and amounts of investments in resources (assets and deferred outflows of resources), the obligations (liabilities and deferred inflows of resources) of the Authority, and the Authority's net position as of December 31, 2025. 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 on 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.

# OHIO WATER DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

Each of the combining financial statements highlight programs of the Authority that are principally supported by loan and investment income, programs that are intended to recover all or a significant portion of their costs through program fees or investment earnings on contributed capital (business-type activities). The combining financial statements can be found on pages 10-17 of this report.

**Fiduciary Funds.** The Authority serves as the fiscal agent for two custodial funds: The Nature Conservancy In Lieu Fee Mitigation Fund and the Fayette County Infrastructure Fund. Their financial information is excluded from the Authority's combining financial statements, as the resources in these funds do not finance the Authority's operations and/or programs. More information is provided on page 30 of this report while the financial statements for the fiduciary funds can be found on pages 18-19.

**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 and can be found on pages 20-70 of this report.

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

The tables below provide a summary of the Authority's financial position and operations for 2025 and 2024, respectively.

The following table summarizes changes in net position of the Authority between December 31, 2025 and December 31, 2024:

<b>Condensed Statement of Net Position</b>				
(all amounts expressed in thousands of dollars)				
	2025	2024	Dollar Change	Total Percent Change
Current assets	\$ 51,859	\$ 75,956	\$ (24,097)	(31.72%)
Noncurrent restricted assets	13,041,400	12,019,913	1,021,487	8.50%
Noncurrent unrestricted assets	286,505	255,024	31,481	12.34%
Capital and subscription assets	1,203	1,315	(112)	(8.52%)
<b>Total assets</b>	<b>13,380,967</b>	<b>12,352,208</b>	<b>1,028,759</b>	<b>8.33%</b>
Loss on refunding	7,245	9,173	(1,928)	(21.02%)
Advance of loan interest	106,474	105,624	850	0.80%
Pension	585	801	(216)	(26.97%)
OPEB	4	74	(70)	(94.59%)
<b>Total deferred outflows of resources</b>	<b>114,308</b>	<b>115,672</b>	<b>(1,364)</b>	<b>(1.18%)</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 13,495,275</b>	<b>\$ 12,467,880</b>	<b>\$ 1,027,395</b>	<b>8.24%</b>
Current liabilities	\$ 746,480	\$ 735,431	\$ 11,049	1.50%
Noncurrent revenue bonds and notes payable	7,421,856	6,639,937	781,919	11.78%
Other noncurrent liabilities	2,753	3,077	(324)	(10.53%)
<b>Total liabilities</b>	<b>8,171,089</b>	<b>7,378,445</b>	<b>792,644</b>	<b>10.74%</b>

# OHIO WATER DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

### Condensed Statement of Net Position, continued

(all amounts expressed in thousands of dollars)

	2025	2024	Dollar Change	Total Percent Change
Pension	\$ 53	\$ -	\$ 53	100.00%
OPEB	46	59	(13)	(22.03%)
Gain on refunding	5,449	5,584	(135)	(2.42%)
<b>Total deferred inflows of resources</b>	<b>5,548</b>	<b>5,643</b>	<b>(95)</b>	<b>(1.68%)</b>
Net investment in capital assets	1,041	1,070	(29)	(2.71%)
Restricted	4,986,684	4,768,923	217,761	4.57%
Unrestricted	330,913	313,799	17,114	5.45%
<b>Total net position</b>	<b>5,318,638</b>	<b>5,083,792</b>	<b>234,846</b>	<b>4.62%</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 13,495,275</b>	<b>\$ 12,467,880</b>	<b>\$ 1,027,395</b>	<b>8.24%</b>

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 \$5,318,638,519 as of December 31, 2025, of which \$4,986,684,481 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 December 31, 2025 and December 31, 2024:

### Condensed Statement of Revenues, Expenses and Changes in Net Position

(all amounts expressed in thousands of dollars)

	2025	2024	Dollar Change	Total Percent Change
Operating revenues:				
Loan income	\$ 190,418	\$ 170,164	\$ 20,254	11.90%
Investment income	121,748	103,240	18,508	17.93%
Administrative fees from projects	11,757	10,565	1,192	11.28%
<b>Total operating revenues</b>	<b>323,923</b>	<b>283,969</b>	<b>39,954</b>	<b>14.07%</b>

# OHIO WATER DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

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

	2025	2024	Dollar Change	Total Percent Change
Operating expenses:				
Payroll and benefits	\$ 3,519	\$ 2,854	\$ 665	23.30%
Interest on bonds and notes	210,343	186,781	23,562	12.61%
Bond and note issuance expense	12,699	16,012	(3,313)	(20.69%)
Loan principal forgiveness and grant expense	189,015	124,135	64,880	52.27%
State revolving fund administration	20,219	18,462	1,757	9.52%
Professional services	4,977	5,553	(576)	(10.37%)
Loan interest rate buy-down	3,796	4,569	(773)	(16.92%)
Other	373	384	(11)	(2.86%)
<b>Total operating expenses</b>	<u>444,941</u>	<u>358,750</u>	<u>86,191</u>	<u>24.03%</u>
<b>Operating income (loss)</b>	<u>(121,018)</u>	<u>(74,781)</u>	<u>(46,237)</u>	<u>(61.83%)</u>
Nonoperating other revenues (expenses)	(2,895)	(343)	(2,552)	(744.02%)
Contribution from U.S. EPA	350,802	295,658	55,144	18.65%
Federal subsidy income	31	2,047	(2,016)	(98.49%)
H2Ohio grant funding	7,926	21,855	(13,929)	(63.73%)
<b>Change in net position</b>	<u>\$ 234,846</u>	<u>\$ 244,436</u>	<u>\$ (9,590)</u>	<u>(3.92%)</u>

The two primary sources of operating revenue for the Authority are loan income and investment income, while the significant operating expenses are interest on bonds and notes and loan principal forgiveness and grant expense. For the year ending December 31, 2025, the Authority had an operating loss of \$121,018,270, compared to an operating loss of \$74,779,953 in 2024. This increase of \$46,238,317 in operating loss was primarily attributed to a \$38,761,763 increase in loan and investment income offset by a \$23,562,204 increase in interest on bonds and notes expense as well as a \$64,879,770 increase in loan principal forgiveness and grant expense.

During 2025, the Authority's net position increased by \$234,845,799 or 4.62%. Most of this increase was due to the following:

- \$121,018,270 operating loss as noted earlier
- \$350,801,698 contribution from U.S. EPA
- \$7,925,852 H2Ohio grant funding

# OHIO WATER DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

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

	2025	2024	Dollar Change	Total Percent Change
Operating	\$ 14,312	\$ 10,775	\$ 3,537	32.83%
Strategic Initiatives	348,805	343,748	5,057	1.47%
Community Assistance	82,276	87,192	(4,916)	(5.64%)
Fresh Water	776,695	752,813	23,882	3.17%
Water Pollution Control Loan	3,230,647	3,104,592	126,055	4.06%
Drinking Water Assistance	865,903	784,672	81,231	10.35%
<b>Total Net Position</b>	<b>\$ 5,318,638</b>	<b>\$ 5,083,792</b>	<b>\$ 234,846</b>	<b>4.62%</b>

During 2025, net position by fund experienced the following significant changes:

- Operating Fund net position increased by \$3,536,859 or 32.83% due to loan fees and investment income for the year exceeding operating expenses.
- Community Assistance Fund net position decreased by \$4,915,666 or 5.64%. This decrease was caused by surplus release transfers from the Community Assistance Fund to the Fresh Water Fund.
- Drinking Water Assistance Fund net position increased by \$81,230,743 or 10.35% primarily due to increased contributions from US EPA.

### Debt Administration

As of December 31, 2025, the Authority had revenue bonds and notes outstanding principal of \$7,898,233,622. 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 2025 and 2024.

### Outstanding Debt at December 31, 2025 and December 31, 2024 (net of premiums)

(all amounts expressed in thousands of dollars)

	2025	2024
Revenue Bonds	\$ 7,698,234	\$ 7,038,034
Revenue Notes	200,000	100,000
<b>Total</b>	<b>\$ 7,898,234</b>	<b>\$ 7,138,034</b>

During 2025, the Authority issued the following bonds and notes for the purpose of providing loan funding to local governments under its various loan programs:

- Fresh Water Revolving Fund Revenue Bonds – Series 2025
- Water Pollution Control Loan Fund Revenue Bonds – Series 2025
- Water Pollution Control Loan Fund Revenue Notes – Series 2025 State Match
- Drinking Water Assistance Fund Revenue Bonds – Series 2025
- Drinking Water Assistance Fund Revenue Notes – Series 2025 State Match

# OHIO WATER DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

The Authority continues to maintain strong credit ratings from Moody's and Standard & Poor's. The Water Pollution Control Loan Fund and Drinking Water Assistance Fund State Match Notes were placed with the State of Ohio and were therefore not rated. The table below summarizes the ratings for the other three 2025 bond issuances:

Bond Series	Moody's	Standard & Poor's
FW Revolving Fund 2025	Aaa	AAA
WPCLF 2025	Aaa	AAA
DWAF 2025	Aaa	AAA

Additional information on the Authority's long-term debt can be found in the Notes to Financial Statements, pages 38-52 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](http://www.owda.org).

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**OHIO WATER DEVELOPMENT AUTHORITY**

Combining Statement of Net Position

December 31, 2025

	Custodied Funds		Trusted Funds
	Operating Fund	Strategic Initiatives Fund	Community Assistance Fund (Note 5)
<u>Assets</u>			
Current assets:			
Cash and cash equivalents -- Note 2	\$ 428,954	14,306,318	-
Investments -- Note 2	3,122,728	25,425,715	-
Receivables:			
Loan and fee receivables	955,226	7,529,836	-
Other	84,934	5,191	-
Total current assets	4,591,842	47,267,060	-
Noncurrent assets:			
Restricted grant, loan, bond and note covenant assets:			
Cash and cash equivalents -- Note 2	-	440,315	11,492,396
Investments -- Note 2	-	33,226,213	10,771,477
Loan and fee receivables	-	-	83,599,137
Total noncurrent restricted assets	-	33,666,528	105,863,010
Investments -- Note 2	10,195,270	144,323,019	-
Loan receivables	-	126,154,448	-
Other receivables	-	-	-
Due from other funds -- Note 3	266,991	-	-
Net other postemployment benefits (OPEB) asset -- Note 12	213,105	-	-
Capital assets, at depreciated cost	1,041,499	-	-
Right-of-use subscription assets, at amortized cost	161,960	-	-
Total noncurrent unrestricted assets	11,878,825	270,477,467	-
Total assets	16,470,667	351,411,055	105,863,010
<u>Deferred Outflows of Resources</u>			
Loss on refunding	-	-	526,606
Advance of loan interest	-	-	-
Pension -- Note 11	584,613	-	-
OPEB -- Note 12	4,388	-	-
Total deferred outflows of resources	589,001	-	526,606
Total assets and deferred outflows of resources	\$ 17,059,668	351,411,055	106,389,616
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 87,954	2,238,406	-
Compensated absences	65,772	-	-
Accrued interest	5,563	-	-
Subscription liability -- Note 13	104,952	-	-
Total current liabilities	264,241	2,238,406	-
Current liabilities payable from restricted assets:			
Due to other funds -- Note 3	-	-	-
Accounts payable	-	-	319,611
Accrued interest	-	-	85,775
Revenue bonds and notes payable, net of premiums	-	-	4,095,000
Total current liabilities payable from restricted assets	-	-	4,500,386
Noncurrent liabilities:			
Compensated absences	389,145	-	-
Borrower deposits	-	367,513	-
Net pension liability -- Note 11	1,926,909	-	-
Subscription liability -- Note 13	68,679	-	-
Revenue bonds and notes payable, net of premiums	-	-	19,612,322
Total noncurrent liabilities	2,384,733	367,513	19,612,322
Total liabilities	2,648,974	2,605,919	24,112,708

Trusteed Funds			
Fresh Water Fund (Notes 6 & 7)	Water Pollution Control Loan Fund (Note 8)	Drinking Water Assistance Fund (Note 9)	Total Combining 2025
-	-	-	14,735,272
-	-	-	28,548,443
-	-	-	8,485,062
-	-	-	90,125
-	-	-	51,858,902
33,876,510	197,457,270	34,788,897	278,055,388
196,505,407	1,487,415,584	403,598,640	2,131,517,321
2,038,639,022	6,525,774,748	1,983,814,082	10,631,826,989
2,269,020,939	8,210,647,602	2,422,201,619	13,041,399,698
-	-	-	154,518,289
-	-	-	126,154,448
-	524,691	4,827,044	5,351,735
-	-	-	266,991
-	-	-	213,105
-	-	-	1,041,499
-	-	-	161,960
-	524,691	4,827,044	287,708,027
2,269,020,939	8,211,172,293	2,427,028,663	13,380,966,627
2,289,786	4,037,011	391,435	7,244,838
-	106,474,181	-	106,474,181
-	-	-	584,613
-	-	-	4,388
2,289,786	110,511,192	391,435	114,308,020
2,271,310,725	8,321,683,485	2,427,420,098	13,495,274,647
-	-	-	2,326,360
-	-	-	65,772
-	-	-	5,563
-	-	-	104,952
-	-	-	2,502,647
4,709	-	262,282	266,991
21,856,433	148,732,897	67,013,226	237,922,167
5,576,144	17,891,154	5,857,181	29,410,254
158,595,000	251,377,901	62,310,000	476,377,901
186,032,286	418,001,952	135,442,689	743,977,313
-	-	-	389,145
-	-	-	367,513
-	-	-	1,926,909
-	-	-	68,679
1,305,076,544	4,671,092,458	1,426,074,397	7,421,855,721
1,305,076,544	4,671,092,458	1,426,074,397	7,424,607,967
1,491,108,830	5,089,094,410	1,561,517,086	8,171,087,927

**OHIO WATER DEVELOPMENT AUTHORITY**  
Combining Statement of Net Position  
December 31, 2025

	<u>Custodied Funds</u>		<u>Trusted Funds</u>
	<u>Operating Fund</u>	<u>Strategic Initiatives Fund</u>	<u>Community Assistance Fund (Note 5)</u>
<u>Deferred Inflows of Resources</u>			
Pension -- Note 11	\$ 52,768	-	-
OPEB -- Note 12	46,380	-	-
Gain on refunding	-	-	-
Total deferred inflows of resources	<u>99,148</u>	<u>-</u>	<u>-</u>
<u>Net Position</u>			
Net investment in capital assets	1,041,499	-	-
Restricted for debt and grant covenants	-	33,226,213	82,276,908
Unrestricted	<u>13,270,047</u>	<u>315,578,923</u>	<u>-</u>
Total net position	<u>14,311,546</u>	<u>348,805,136</u>	<u>82,276,908</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 17,059,668</u>	<u>351,411,055</u>	<u>106,389,616</u>

See accompanying notes to financial statements.

Trusteed Funds			
Fresh Water Fund (Notes 6 & 7)	Water Pollution Control Loan Fund (Note 8)	Drinking Water Assistance Fund (Note 9)	Total Combining 2025
-	-	-	52,768
-	-	-	46,380
3,506,961	1,942,092	-	5,449,053
<u>3,506,961</u>	<u>1,942,092</u>	<u>-</u>	<u>5,548,201</u>
-	-	-	1,041,499
774,631,365	3,230,646,983	865,903,012	4,986,684,481
2,063,569	-	-	330,912,539
<u>776,694,934</u>	<u>3,230,646,983</u>	<u>865,903,012</u>	<u>5,318,638,519</u>
<u><u>2,271,310,725</u></u>	<u><u>8,321,683,485</u></u>	<u><u>2,427,420,098</u></u>	<u><u>13,495,274,647</u></u>

## OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Revenues, Expenses and Changes in Net Position  
Year ended December 31, 2025

	Custodied Funds		Trusteed Funds
	Operating Fund	Strategic Initiatives Fund	Community Assistance Fund (Note 5)
Operating revenues:			
Loan income	\$ -	3,364,311	1,364,829
Investment income	843,792	10,974,062	1,180,067
Administrative fees from projects	6,845,682	-	-
Total operating revenues	7,689,474	14,338,373	2,544,896
Operating expenses:			
Payroll and benefits	3,518,940	-	-
Interest on bonds and notes	-	-	581,147
Bond and note issuance expense	-	-	-
Loan principal forgiveness and grant expense	-	21,866,611	-
State revolving fund administration	-	-	-
Professional services	365,368	998,343	-
Loan interest rate buy-down	-	-	-
Other	373,217	-	-
Total operating expenses	4,257,525	22,864,954	581,147
Operating income (loss)	3,431,949	(8,526,581)	1,963,749
Nonoperating other revenues (expenses)	104,910	(2,494,183)	(319,611)
Income (loss) before contributions, federal subsidy income, H2Ohio, and transfers	3,536,859	(11,020,764)	1,644,138
Contribution from U.S. EPA	-	-	-
Federal subsidy income	-	-	-
H2Ohio grant funding	-	7,925,852	-
Transfers in (out), net -- Note 15	-	8,152,240	(6,559,804)
Change in net position	3,536,859	5,057,328	(4,915,666)
Net position at beginning of year	10,774,687	343,747,808	87,192,574
Net position at end of year	\$ 14,311,546	348,805,136	82,276,908

See accompanying notes to financial statements.

Trusteed Funds			
Fresh Water Fund (Notes 6 & 7)	Water Pollution Control Loan Fund (Note 8)	Drinking Water Assistance Fund (Note 9)	Total Combining 2025
58,476,002	100,224,739	26,988,502	190,418,383
15,164,441	74,843,625	18,741,572	121,747,559
-	-	4,911,068	11,756,750
<u>73,640,443</u>	<u>175,068,364</u>	<u>50,641,142</u>	<u>323,922,692</u>
-	-	-	3,518,940
44,244,915	125,881,489	39,635,556	210,343,107
2,306,504	7,400,476	2,991,905	12,698,885
4,400	78,742,078	88,401,419	189,014,508
-	11,157,693	9,061,396	20,219,089
463,861	2,080,060	1,069,409	4,977,041
991,592	2,583,595	220,988	3,796,175
-	-	-	373,217
<u>48,011,272</u>	<u>227,845,391</u>	<u>141,380,673</u>	<u>444,940,962</u>
<u>25,629,171</u>	<u>(52,777,027)</u>	<u>(90,739,531)</u>	<u>(121,018,270)</u>
<u>(185,953)</u>	<u>424</u>	<u>-</u>	<u>(2,894,413)</u>
25,443,218	(52,776,603)	(90,739,531)	(123,912,683)
-	178,831,424	171,970,274	350,801,698
30,932	-	-	30,932
-	-	-	7,925,852
<u>(1,592,436)</u>	<u>-</u>	<u>-</u>	<u>-</u>
23,881,714	126,054,821	81,230,743	234,845,799
<u>752,813,220</u>	<u>3,104,592,162</u>	<u>784,672,269</u>	<u>5,083,792,720</u>
<u><u>776,694,934</u></u>	<u><u>3,230,646,983</u></u>	<u><u>865,903,012</u></u>	<u><u>5,318,638,519</u></u>

## OHIO WATER DEVELOPMENT AUTHORITY

Combining Statement of Cash Flows

Year ended December 31, 2025

	Custodied Funds		Trusted Funds
	Operating Fund	Strategic Initiatives Fund	Community Assistance Fund (Note 5)
Operating activities:			
Administrative fees from projects	\$ 4,220,565	-	-
Payroll and benefits	(3,513,619)	-	-
Grant disbursements	-	(21,566,105)	-
State revolving fund administration	-	-	-
Professional services	(278,926)	(990,157)	-
Other	(352,398)	-	-
Net cash provided (used) by operating activities	75,622	(22,556,262)	-
Investing activities:			
Proceeds from maturity or sale of investments	2,300,000	112,417,314	18,550,000
Purchase of investments	(4,668,568)	(120,987,355)	(9,783,094)
Interest received on investments, net of purchased interest	594,533	6,048,178	703,964
Interest received on projects	-	3,217,826	1,400,607
Principal collected on projects	-	5,639,155	7,688,741
Payment for construction of projects	-	(6,459,015)	-
Net cash provided (used) by investing activities	(1,774,035)	(123,897)	18,560,218
Noncapital financing activities:			
Interest paid on bonds and notes, net of purchased interest	-	-	(1,167,400)
Proceeds of bonds and notes	-	-	-
Bond and note issuance expense	-	-	-
Redemption of bonds and notes	-	-	(3,915,000)
Contribution from U.S. EPA	-	-	-
Federal subsidy income	-	-	-
H2Ohio grant funding	-	7,925,852	-
Other	1,703,109	(30,038)	(115,373)
Transfers (to) from other funds -- Note 15	-	8,152,240	(6,559,804)
Net cash provided (used) by noncapital financing activities	1,703,109	16,048,054	(11,757,577)
Net increase (decrease) in cash and cash equivalents	4,696	(6,632,105)	6,802,641
Cash and cash equivalents at beginning of year	424,258	21,349,850	4,658,884
Cash and cash equivalents at end of year -- Note 2	\$ 428,954	14,717,745	11,461,525
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,431,949	(8,526,581)	1,963,749
Adjustments:			
Investment income	(843,792)	(10,974,062)	(1,180,067)
Principal forgiveness and other	272,279	300,506	-
Interest on bonds and notes	-	-	581,147
Loan and loan fee income	(2,625,117)	(3,364,311)	(1,364,829)
Bond and note issuance expense	-	-	-
Net change in other assets and other liabilities	(159,697)	8,186	-
Net cash provided (used) by operating activities	\$ 75,622	(22,556,262)	-

See accompanying notes to financial statements.

Trusteed Funds			
Fresh Water Fund (Notes 6 & 7)	Water Pollution Control Loan Fund (Note 8)	Drinking Water Assistance Fund (Note 9)	Total Combining 2025
-	-	4,663,843	8,884,408
-	-	-	(3,513,619)
(4,400)	(844,356)	(24,105,647)	(46,520,508)
-	(11,157,693)	(9,061,396)	(20,219,089)
(471,657)	(2,126,208)	(1,057,682)	(4,924,630)
-	-	-	(352,398)
<u>(476,057)</u>	<u>(14,128,257)</u>	<u>(29,560,882)</u>	<u>(66,645,836)</u>
823,288,313 (760,517,127)	1,723,789,081 (1,691,181,827)	447,745,526 (544,412,626)	3,128,090,234 (3,131,550,597)
6,092,301	49,988,551	12,767,857	76,195,384
51,277,685	85,324,364	14,098,756	155,319,238
143,100,782	369,562,009	92,045,669	618,036,356
(249,317,116)	(868,931,954)	(487,834,389)	(1,612,542,474)
<u>13,924,838</u>	<u>(331,449,776)</u>	<u>(465,589,207)</u>	<u>(766,451,859)</u>
(65,752,070)	(191,943,020)	(55,801,194)	(314,663,684)
199,339,063	659,217,240	404,361,026	1,262,917,329
(2,445,736)	(6,779,296)	(2,991,155)	(12,216,187)
(174,290,000)	(185,250,000)	(34,105,000)	(397,560,000)
-	179,029,232	170,577,308	349,606,540
195,361	-	-	195,361
-	-	-	7,925,852
488,983	423	-	2,047,104
(1,592,436)	-	-	-
<u>(44,056,835)</u>	<u>454,274,579</u>	<u>482,040,985</u>	<u>898,252,315</u>
(30,608,054)	108,696,546	(13,109,104)	65,154,620
64,295,428	88,292,668	47,841,813	226,862,901
<u>33,687,374</u>	<u>196,989,214</u>	<u>34,732,709</u>	<u>292,017,521</u>
25,629,171	(52,777,027)	(90,739,531)	(121,018,270)
(15,164,441)	(74,843,625)	(18,741,572)	(121,747,559)
991,592	79,969,034	61,872,287	143,405,698
44,244,915	125,881,489	39,635,556	210,343,107
(58,476,002)	(100,224,739)	(26,988,502)	(193,043,500)
2,306,504	7,400,476	2,991,905	12,698,885
(7,796)	466,135	2,408,975	2,715,803
<u>(476,057)</u>	<u>(14,128,257)</u>	<u>(29,560,882)</u>	<u>(66,645,836)</u>

# OHIO WATER DEVELOPMENT AUTHORITY

## Statement of Fiduciary Net Position

### Custodial Funds

December 31, 2025

	The Nature Conservancy In Lieu Fee Mitigation	Fayette County Infrastructure Fund	Total
<u>Assets</u>			
Cash and cash equivalents -- Note 2	\$ 20,994,928	17,026,475	38,021,403
Investments -- Note 2	39,473,782	-	39,473,782
Total assets	<u>\$ 60,468,710</u>	<u>17,026,475</u>	<u>77,495,185</u>
<u>Liabilities</u>			
Accounts payable	\$ -	229	229
<u>Net Position</u>			
Restricted for other organizations	60,468,710	17,026,246	77,494,956
Total liabilities and net position	<u>\$ 60,468,710</u>	<u>17,026,475</u>	<u>77,495,185</u>

See accompanying notes to financial statements.

## OHIO WATER DEVELOPMENT AUTHORITY

### Statement of Changes in Fiduciary Net Position

#### Custodial Funds

Year ended December 31, 2025

	The Nature Conservancy In Lieu Fee Mitigation	Fayette County Infrastructure Fund	Total
<b>Additions:</b>			
Investment income	\$ 2,629,563	971,004	3,600,567
In Lieu Fee Mitigation receipts	6,283,261	-	6,283,261
Fayette County Infrastructure receipts	-	32,000,000	32,000,000
Total additions	8,912,824	32,971,004	41,883,828
<b>Deductions:</b>			
Administrative expense	984,070	-	984,070
Custodian expense	-	229	229
In Lieu Fee Mitigation payments	3,114,753	-	3,114,753
Fayette County Infrastructure payments	-	25,819,558	25,819,558
Total deductions	4,098,823	25,819,787	29,918,610
Change in fiduciary net position	4,814,001	7,151,217	11,965,218
Fiduciary net position at beginning of year	55,654,709	9,875,029	65,529,738
Fiduciary net position at end of year	\$ 60,468,710	17,026,246	77,494,956

See accompanying notes to financial statements.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

For the Year Ended December 31, 2025

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

#### *Authorizing Legislation*

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

#### *Reporting Entity*

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

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

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

#### *Programs*

The Authority has established the following programs:

##### *Local Communities*

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

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

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### ***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 10. 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) Strategic Initiatives Fund***

The Strategic Initiatives 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 Strategic Initiatives Fund consists of the following programs and commitments:

- ***Strategic Initiatives 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.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

- ***Strategic Initiatives Fund – Solid Waste***

The purpose of this program is to provide financing to local governments in Ohio for the construction of solid waste facilities including recycling projects, composting, waste-to-energy projects, and landfills. The balance of the construction costs are to be repaid by the solid waste facilities under terms of installment contracts over periods of 9.5 to 20 years with interest rates of 1.68% to 5.65%.

- ***Strategic Initiatives Fund – Local Economic Development***

The purpose of this program is to provide financing to local governments in Ohio to construct projects which will provide economic development benefits. The interest rate for each loan is negotiated by the local government and the Ohio Development Services Agency. The loans are to be repaid under terms of installment contracts over periods of 13.5 to 30 years with interest rates of 0.98% to 3.00%.

- ***Strategic Initiatives Fund – Brownfield***

The purpose of this program is to provide financing for the clean-up of contaminated brownfield sites under the state's voluntary action program. The loans are to be repaid under terms of installment contracts over periods of 10 to 25.5 years with interest rates of 1.50% to 3.76%.

- ***Strategic Initiatives 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.

- ***Strategic Initiatives 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.

- ***Strategic Initiatives Fund – Dam Safety Loan Program***

The purpose of this program is to provide financing to borrowers for planning, design, and construction of dam improvements and repairs as required by the Ohio Department of Natural Resources (ODNR). Eligible project costs under this program include emergency action Plans (EAP), operation maintenance and inspection (OMI) manuals, planning, engineering, construction, land and easement acquisition, and legal and inspection fees. The loans are to be repaid under terms of installment contracts over a period of 20 years with an interest rate of 3.26%.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

- ***Strategic Initiatives Fund – Lake Erie Soil Erosion***

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

- ***Strategic Initiatives Fund – Security Assistance***

The purpose of this program is to provide financing to local governments in Ohio to protect the communities' water and wastewater systems. Eligible items under the program include lighting, fencing, cameras, motion detectors, gating and security systems, and terrorism preparedness plans. The loans to the local government agencies are to be repaid under terms of installment contracts over periods of 20 to 30 years with an interest rate of 2.00%.

- ***Strategic Initiatives 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%.

- ***Strategic Initiatives 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.

- ***Strategic Initiatives 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.

- ***Strategic Initiatives Fund – Onsite Stormwater Loan Program***

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

- ***Strategic Initiatives – Rural Development Fund***

The purpose of this program is to provide interim loans to local governments in Ohio to finance water development projects pending their receipt of loan or grant money from the United States of America, acting through Rural Utility Services. The loans are to be repaid at a term not to exceed 3 years.

- ***Strategic Initiatives Fund – Unallocated Reserve***

The reserve was established for potential collectability or cash flow problems that may arise in the future on any Authority project. The target balance of the reserve is 1.0% of the outstanding loan balance of the Strategic Initiatives, Community Assistance, and Fresh Water loan programs.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

- **Strategic Initiatives – H2Ohio Program**

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

- **Strategic Initiatives – Controlled Account**

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

(c) **Community Assistance Fund**

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

The balance of the construction costs is paid by the LGA under terms of installment contracts over periods of 10 to 30 years with interest rates of 0.50% to 3.11%. LGA payments of construction costs may be used for providing additional funding for qualifying projects.

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

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

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### (d) *Fresh Water Fund*

The Fresh Water Fund (FW), which consists of various accounts, was established in 1992 by a resolution providing for the issuance of the Water Development Revenue Refunding Bonds—Pure Water Refunding and Improvement Series and is administered by a Trustee. Initial funding was provided by a portion of the proceeds from these bonds and a transfer from the Pure Water Refunding Fund. Subsequent funding came from Fresh Water Bond issuances occurring from 1995 to 2023, and Fresh Water Revolving Fund (FWRF) Bond issuances beginning in 2024. The Fresh Water Bonds are secured on a parity basis by all Fresh Water loan repayments of principal and interest by LGAs in the State of Ohio on a senior-lien basis.

The FWRF Bonds are special obligations of the Authority, issued to fund FWRF Bond accounts for use in making loans to LGAs provided by the Authority. Under the Trust Agreement, the FWRF Bonds are secured on a parity basis by all Fresh Water loan repayments of principal and interest by LGAs in the State of Ohio on a subordinate-lien basis to the previously issued Fresh Water Bonds.

Continued funding has been provided by the issuance of Water Development Revenue Bonds and Commercial Paper (CP) from various FW and FWRF Series as detailed in the following table:

Bond Type	Total Par Amount	Type
FW Bonds	\$1,549,505,000	Construction
FW Bonds	770,385,000	Refunding
FW CP	40,000,000	Construction
FW CP	60,000,000	Refunding
FWRF Bonds	289,640,000	Construction
FWRF Bonds	103,665,000	Refunding

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

The balance of Fresh Water construction costs is repaid by LGAs under terms of installment contracts over periods of 5 to 30 years with interest rates of 0.00% to 6.49%.

On December 1, 2010, the Pure Water Refunding Fund was closed, and the outstanding loan receivables balances were transferred to the Fresh Water Fund. The loan repayments from this fund are deposited into the Cross-Collateralization account in the Fresh Water Fund and are not pledged toward outstanding Fresh Water debt. The balance of these loans is repaid by LGAs under terms of installment contracts over periods of 5 to 30 years with interest rates of 0.00% to 7.21%.

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

**(e) Water Pollution Control Loan Fund**

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

Construction costs are paid by LGAs under terms of installment contracts over periods of 5 to 45 years with interest rates of 0.00% to 4.37%. LGA repayments of project costs are restricted for the purpose of providing additional moneys for projects or for debt service.

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

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

Program Year	Capitalization Grant	State Match
1989	\$ 53,099,244	10,619,849
1990-1994	478,101,376	95,620,275
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
2015-2019	408,188,000	81,637,600
2020	89,460,000	17,892,000
2021	89,448,000	17,889,600
2022	65,138,000	13,027,600
2023	42,229,000	8,445,800
2024	45,958,000	9,191,600
Total	\$ 2,939,540,197	543,786,986

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

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

Year Awarded	Program Year	Grant Name	Amount	State Match	% of Principal Forgiveness
2022	2021	Sewer Overflow and Stormwater Reuse	\$ 4,682,000	-	100%*
2023	2022	Base Supplemental Capitalization	100,195,000	10,019,500	49%
2023	2022	Emerging Contaminants	650,000	-	100%
2023	2022-2023	Sewer Overflow and Stormwater Reuse	6,368,000	-	100%*
2024	2023	Base Supplemental Capitalization	117,343,000	11,734,300	49%
2024	2023	Emerging Contaminants	11,971,000	-	100%
2025	2024	Base Supplemental Capitalization	128,026,000	25,605,200	49%
2025	2024	Emerging Contaminants	1,000,000	-	100%
2025	2024-2025	Sewer Overflow and Stormwater Reuse	2,801,000	-	100%*
			\$ 373,036,000	47,359,000	

\* Considered a full grant instead of principal forgiveness.

The WPCLF received additional funding from the proceeds of Water Pollution Control Loan Fund Revenue Bonds and Notes. The State Match and WPCLF Bonds and Notes were established by resolutions providing for the issuance of these bonds and notes and are administered by Trustees. Issuances of State Match and WPCLF Bonds and Notes are detailed in the following table:

Bond Type	Total Par Amount	Type
WPCLF-State Match	\$ 634,070,000	Construction
WPCLF-State Match	72,260,000	Refunding
WPCLF Bonds	4,826,515,000	Construction
WPCLF Bonds	1,170,840,000	Refunding

The WPCLF Bonds and Notes are special obligations of the Authority, issued to fund the State Match and WPCLF Bond accounts for use in making loans to LGAs provided by OEPA and the Authority. All interest earned on moneys and/or investments in the WPCLF remain within the fund. All loan repayments of principal and interest on loans made prior to May 1, 2014, are primarily pledged on a parity basis to all WPCLF Bonds outstanding. All loan repayments of interest for loans made after May 1, 2014, are pledged first to all WPCLF State Match Bonds outstanding and then to WPCLF Bonds. As of December 31, 2025, 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, 2025, was \$188,571.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

**(f) *Drinking Water Assistance Fund***

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

Construction costs are paid under terms of installment contracts over periods of 5 to 40 years with interest rates of 0.00% to 4.14%. Repayments of project costs are restricted for the purpose of providing additional moneys for projects.

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

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

Program Year	Capitalization Grant	State Match
1998-2000	\$ 114,624,500	22,924,900
2001-2005	124,462,000	24,892,400
*2006-2010	156,643,900	19,636,780
2011-2015	180,279,000	36,055,800
2016-2020	129,317,000	25,863,400
2021	27,666,000	5,533,200
^2022	17,881,000	3,576,200
~2023	11,408,000	2,281,600
2024	10,603,000	2,120,600
2025	24,669,000	4,933,800
Total	\$ 797,553,400	147,818,680

\* The 2009 DWAF Capitalization Grant 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 2022 DWAF Capitalization Grant included \$257,000 in moneys from fiscal year 2019 reallocation awarded in September 2021.

~ The 2023 DWAF Capitalization Grant included \$257,000 in moneys from a fiscal year 2021 reallocation awarded in September 2023.

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

Year Awarded	Program Year	Grant Name	Amount	State Match	% of Principal Forgiveness
2022	2022	Base Supplemental Capitalization	\$ 45,251,000	4,525,100	49%
2022	2022	Lead Service Line Replacement	71,300,000	-	53%
2023	2022	Emerging Contaminants	23,615,000	-	100%
2023	2022-2023	Emerging Contaminants in Small or Disadvantaged Communities	46,488,000	-	100%*
2023	2022-2023	Water Infrastructure Improvements for the Nation – Small & Underserved Communities	1,479,000	-	100%*
2023	2023	Base Supplemental Capitalization	47,547,000	4,754,700	49%
2023	2023	Lead Service Line Replacement	166,913,000	-	53%
2023	2023	Emerging Contaminants	17,253,000	-	100%
2024	2023	Water Infrastructure Improvements for the Nation – Small & Underserved Communities	486,000	-	100%*
2024	2024	Base Supplemental Capitalization	51,905,000	10,381,000	49%
2024	2024	Emerging Contaminants	17,383,000	-	100%
2024	2024	Lead Service Line Replacement	190,545,000	-	53%
2025	2024-2025	Water Infrastructure Improvements for the Nation – Small & Underserved Communities	1,436,000	-	100%*
2025	2025	Base Supplemental Capitalization	56,225,000	11,245,000	49%
2025	2025	Emerging Contaminants	28,753,000	-	100%
			\$ 766,579,000	30,905,800	

\* Considered a full grant instead of principal forgiveness.

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

Bond Type	Total Par Amount	Type
DWAF-State Match	\$ 198,600,000	Construction
DWAF-State Match	15,850,000	Refunding
DWAF Bonds	1,410,000,000	Construction
DWAF Bonds	37,410,000	Refunding

The DWAF Bonds and Notes are special obligations of the Authority, issued to fund the State Match and DWAF Bond accounts for use in making loans to LGAs provided by OEPA and the Authority. All interest earned on moneys and/or investments in the DWAF remain within the fund. All loan repayments of principal and interest are pledged on a parity basis to all DWAF Bonds outstanding. All loan repayments of interest for loans are pledged first to all DWAF State Match Bonds outstanding and then to DWAF Bonds. As of December 31, 2025, all DWAF State Match Bonds are retired. Any future DWAF State Match issuances will be governed by the DWAF Bonds Trust Indenture.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### ***Basis of Presentation—Custodial Fund Accounting***

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

### ***In Lieu Fee Mitigation Fund***

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

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

### ***Fayette County Infrastructure Fund***

The Fayette County Infrastructure Fiduciary Fund was established during 2024 through a deposit of \$10,000,000 on December 30, 2024, by the landowner for the benefit of Fayette County. The Authority entered into a Memorandum of Understanding (MOU) with the Board of County Commissioners for Fayette County, Ohio for infrastructure improvements on the project site. The Authority is responsible for disbursement of funds for the benefit of Fayette County for the agreed upon projects.

The specific projects in the agreement are for public infrastructure improvements to increase treatment capacity in connection with projects in or around the Midwest Mega Commerce Center and Rattlesnake Water and Sewer System, both located in Fayette County.

The landowner has provided \$10,000,000 in financial assistance to the Program to be used towards the projects after funds are applied to any outstanding balances of loans 10575 and 10663. Initially, these two loans were awarded in early 2024 to fund the Fayette County Infrastructure needs stated above. However, in late 2024 a new funding approach was established where funds for projects are deposited with the Authority instead of borrowed from the Authority. As of December 31, 2025, the loan balances for 10575 and 10663 are paid in full. The Authority certified an additional \$32,000,000 in funds and has disbursed a total of \$26,647,560. The Fayette County Fiduciary Fund has a remaining balance of \$17,026,246. These funds along with any interest earned belong to Fayette County until they are disbursed to specific projects.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### ***Summary of Significant Accounting Policies***

#### ***(a) Basis of Accounting***

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

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

#### ***(b) Cash and Cash Equivalents***

Cash and cash equivalents include amounts on deposit with Trustees and petty cash, as defined in GASB Statement No. 9 for the purpose of the statement of cash flows, in addition to money market investments and holdings in the State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but has adopted GASB Statement No. 79 for the purpose of measuring the value of shares in STAR Ohio. The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2025, there were no limitations or restrictions on any participant withdrawals. However, notice must be given 24 hours in advance for all deposits or withdrawals of \$100 million or greater. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participants will be combined for these purposes.

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

#### ***(c) Investments***

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

**(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 made. All interfund balances at December 31, 2025 resulted from an Automated Clearing House (ACH) deposit return for a January 2026 billing cycle loan repayment and the time lag between the dates that transactions are recorded in the accounting system and the dates that payments between funds are made. The Authority expects that all interfund balances will be repaid within one year.

**(e) *Loan Income as Defined by the Contracts***

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

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

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

**(g) *Interfund Transfers/Net Position***

The Authority reports interfund transactions when incurred, as follows:

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

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

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

**(h) *Capital Assets and Facilities and Subscription Assets***

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

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

Capital and subscription asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land (non-depreciable)	\$ 538,676	–	–	538,676
Building (useful life: 20-45 yrs)	887,524	–	–	887,524
Capital improvements (useful life: 20 yrs)	628,314	–	–	628,314
Other (useful life: 3-10 years)	1,521,538	45,620	–	1,567,158
Total capital assets	\$ 3,576,052	45,620	–	3,621,672
Less: accumulated depreciation-building	(752,341)	(5,917)	–	(758,258)
Less: accumulated depreciation-cap. impr.	(628,315)	–	–	(628,315)
Less: accumulated depreciation-other	(1,124,790)	(68,810)	–	(1,193,600)
Capital assets, at depreciated cost	\$ 1,070,606	(29,107)	–	1,041,499
Subscription assets	\$ 431,842	17,263	–	449,105
Less: accumulated amortization	(186,100)	(101,045)	–	(287,145)
Subscription assets, at amortized cost	245,742	(83,782)	–	161,960
Total Capital and Subscription Assets, net	\$ 1,316,348	(112,889)	–	1,203,459

**(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, 2025
- Noncurrent: Due after December 31, 2026
- Restricted: Restricted for usage by bond and note covenants and grant restrictions
- Unrestricted: Not restricted for usage

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

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### **(j) Revenue and Expense Classifications**

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

- Operating revenues consist of loan income, investment income, and administrative fees from projects
- Operating expenses consist of payroll and benefits, interest on bonds and notes, bond and note issuance expense, loan principal forgiveness and grant expense, state revolving fund administration, professional services, loan interest rate buy-down, and other operating expenses
- Nonoperating other revenues (expenses)
- Contribution from U.S. EPA
- Federal subsidy income
- H2Ohio grant funding

### **(k) Risk Management**

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

The Authority carries commercial property insurance on property and equipment in the aggregate sum of approximately \$3,067,652. The Authority carries commercial liability insurance coverage in the amount of approximately \$55,478,075. The Authority also carries premium-based medical, dental, and vision coverage for all employees.

During 2025, there were no claims by the Authority that exceed the insurance coverage, nor has there been a reduction in insurance coverage in the past three years.

### **(l) Pension/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension liability and net OPEB asset, 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, 2025, the Authority's carrying amount of deposits was \$25,892,123 and bank balance of deposits was \$25,987,623. Of this amount, \$250,000 was covered by federal depository insurance, and \$25,737,623 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, 2025, was \$189,816. These deposits were collateralized with securities held by the Treasurer of State (as per the Ohio Pooled Collateral System) but not in the Authority's name.

The Authority's investment policy and relevant trust indentures, which are in compliance with the Ohio Revised Code, authorizes investments in obligations of the U.S. Treasury, U.S. Agencies, obligations of the State of Ohio or any political subdivision, obligations of any State of the United States, repurchase agreements from financial institutions with a Moody's or Standard & Poor's rating of "A", investment agreements from financial institutions rated in the highest short-term categories or one of the top three

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

long-term categories by Moody's and/or Standard & Poor's, money market mutual funds whose portfolio consists of authorized investments, the State Treasurer's investment pool, and any debt or fixed income security, the issuer of which is rated in the highest short-term or in the top three long-term categories. All investments that are governed by a specific bond trust indenture must mature within five years of settlement unless the investment is matched to a specific obligation or debt of the Authority. Investments held outside of a bond trust indenture must mature within ten years of settlement. Securities are purchased with the expectation that they may be held to maturity.

As of December 31, 2025, 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
Strategic Initiatives	Federal National Mortgage Association	20.0%
Fresh Water	Federal Home Loan Bank	11.0%
WPCLF	Federal Home Loan Bank	6.0%

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, 2025, the Authority had the following investments and maturities:

Fund - Investment Type	Fair Value	Investment Maturity (in Years)		
		Less than 1	1-5	6-10
<b>Operating:</b>				
U.S. Treasuries	\$ 13,317,998	3,122,728	7,645,090	2,550,180
<b>Strategic Initiatives:</b>				
U.S. Treasuries	\$ 131,688,574	9,829,209	121,859,365	-
U.S. Agencies	59,875,126	13,396,102	46,479,024	-
Municipal Bonds	11,411,247	2,200,404	9,210,843	-
Money Market	14,312,585	14,312,585	-	-
	\$ 217,287,532	39,738,300	177,549,232	-
<b>Community Assistance:</b>				
U.S. Treasuries	\$ 10,771,477	3,941,786	6,829,691	-
Money Market	11,492,396	11,492,396	-	-
	\$ 22,263,873	15,434,182	6,829,691	-
<b>Fresh Water:</b>				
U.S. Treasuries	\$ 154,351,005	117,770,169	36,580,836	-
U.S. Agencies	42,154,402	42,154,402	-	-
STAR Ohio	1,773,159	1,773,159	-	-
Money Market	28,152,942	28,152,942	-	-
	\$ 226,431,508	189,850,672	36,580,836	-

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

Fund – Investment Type	Fair Value	Investment Maturity (in Years)		
		Less than 1	1-5	6-10
<b>Water Pollution Control Loan:</b>				
U.S. Treasuries	\$ 1,279,293,959	386,121,469	893,172,490	-
U.S. Agencies	160,673,329	26,852,960	133,820,369	-
Municipal Bonds	47,258,480	3,463,080	43,795,400	-
STAR Ohio	21,337,009	21,337,009	-	-
Money Market	157,289,182	157,289,182	-	-
	\$ 1,665,851,959	595,063,700	1,070,788,259	-
<b>Drinking Water Assistance:</b>				
U.S. Treasuries	\$ 392,859,390	219,585,170	173,274,220	-
Municipal Bonds	10,739,250	75,041	10,664,209	-
STAR Ohio	8,121,021	8,121,021	-	-
Money Market	24,420,243	24,420,243	-	-
	\$ 436,139,904	252,201,475	183,938,429	-
<b>In Lieu Fee Custodial Fund:</b>				
U.S. Treasuries	\$ 39,473,782	14,294,711	25,179,071	-
STAR Ohio	18,369,985	18,369,985	-	-
Money Market	2,624,943	2,624,943	-	-
	\$ 60,468,710	35,289,639	25,179,071	-
<b>Fayette County Infrastructure Custodial Fund:</b>				
Money Market	\$ 17,026,475	17,026,475	-	-

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. In May 2025, Moody's downgraded the U.S treasury rating from Aaa to Aa1. As of December 31, 2025, the Authority's U.S. treasury holdings were backed by the explicit full faith and credit of the U.S. Government, while its U.S. agency holdings carried the implied full faith and credit of the U.S. Government. Both U.S. treasuries and U.S. agencies were rated AA+ by Standard & Poor's and Aa1 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. STAR Ohio investments (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 and money market investments held ratings of AAAM from Standard & Poor's and Aaa-mf from Moody's. As of December 31, 2025, 99.68% of the Authority's rated investments were either U.S treasuries, U.S. agencies, or otherwise rated in the highest short-term or long-term categories by Moody's and/or Standard & Poor's.

As of December 31, 2025, 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	\$2,021,756,185	-	-
U.S. Agencies	-	262,702,857	-
Municipal Bonds	-	69,408,977	-

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

\* 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.

As of December 31, 2025, the Authority had cash and cash equivalents balances of \$292,790,660, which include accrued interest receivable on money market balances. Below is a reconciliation of cash and cash equivalents balances between the statement of net position and the statement of cash flows:

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	\$ 428,954	-	428,954
Strategic Initiatives	14,746,633	(28,888)	14,717,745
Community Assistance	11,492,396	(30,871)	11,461,525
Fresh Water	33,876,510	(189,136)	33,687,374
Water Pollution Control Loan	197,457,270	(468,056)	196,989,214
Drinking Water Assistance	34,788,897	(56,188)	34,732,709
	<u>\$ 292,790,660</u>	<u>(773,139)</u>	<u>292,017,521</u>

### (3) INTERFUND RECEIVABLES AND PAYABLES

On December 31, 2025, interfund balances consisted of \$4,709 and \$6,464 owed to the Operating Fund by the Fresh Water Fund and the Drinking Water Assistance Fund, respectively, caused by an ACH return for a January 2026 billing cycle loan repayment. In addition, \$255,818 is owed to the Operating Fund by the Drinking Water Assistance Fund, caused by the timing of pending loan fee repayment allocations.

### (4) CHANGE IN ACCOUNTING PRINCIPLES

For calendar year 2025, the Authority implemented GASB Statement No. 102, *Certain Risk Disclosures*.

GASB 102, *Certain Risk Disclosures*, provides guidance on certain risk disclosures by defining both concentrations and constraints and their disclosure requirements. The Authority assessed concentration for any borrowers where the aggregate loan balance makes up over 10% of the balance outstanding. The Authority identified no constraints limiting the Authority. The Authority determined that the GASB risk disclosure criteria have not been met; therefore, resulting in no impact to the Authority.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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

As of December 31, 2025, there was \$22,070,000 of Community Assistance Water Development Revenue and Refunding Bonds outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>		<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2017	Serial	4.00%	2026-2030	\$	1,370,000	6,050,000	7,420,000
2019	Serial	5.00%	2026-2030		2,725,000	11,925,000	14,650,000
<b>Community Assistance Series Totals</b>						<u>4,095,000</u>	<u>22,070,000</u>
Add: Unamortized Premiums						-	1,637,322
					\$	<u>4,095,000</u>	<u>23,707,322</u>

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

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	4,095,000	982,725	5,077,725
2027		4,275,000	789,425	5,064,425
2028		4,405,000	588,450	4,993,450
2029		4,550,000	381,050	4,931,050
2030		4,745,000	166,625	4,911,625
	\$	<u>22,070,000</u>	<u>2,908,275</u>	<u>24,978,275</u>

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

- a) Community Assistance Refunding Series 2017 – The Series 2017 Bonds are not subject to redemption prior to their stated maturity.
- b) Community Assistance Refunding Series 2019 – The Series 2019 Bonds are not subject to redemption prior to their stated maturity.

LGA reimbursements of Community Assistance project costs, including interest, are pledged as security for the bonds. In the event that LGA reimbursements of Community Assistance project costs are insufficient to cover Community Assistance debt service requirements, unencumbered assets of the Community Assistance Fund Debt Service Reserve, Surplus, and Construction accounts are also pledged as security for the bonds. For 2025, the amount received from reimbursements of Community Assistance project costs was \$9,089,348, compared to the required bond debt service payments of \$5,082,400.

The bond resolutions provide for six separate accounts designated as the Community Assistance Fund Construction account, Revenue account, Debt Service account, Debt Service Reserve account, Surplus account, and Rebate account. As of December 31, 2025, there is a rebate liability in the Community Assistance Series 2019 Bonds of \$319,611.

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.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

- 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 amount required to be deposited in the Debt Service account or the Debt Service Reserve account is to be made up by moneys available in the Surplus account.

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

As of December 31, 2025, there was \$946,325,000 of Fresh Water Development Revenue and Refunding Bonds and Notes outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>		<u>Current</u>	<u>Long-Term</u>	<u>Total</u>	
2006	Term	5.25%	2026-2034	\$	3,580,000	26,790,000	30,370,000	
2009B	Term	3.50% to 5.00%	2026-2027		3,420,000	1,035,000	4,455,000	
2016A	Serial	4.00% to 5.00%	2028-2036		-	48,180,000	48,180,000	
	Term		2030-2035		-	91,210,000	91,210,000	
2016B	Serial	5.00%	2026-2037		20,000,000	33,850,000	53,850,000	
	Term		2030-2036		-	33,190,000	33,190,000	
2018	Serial	5.00%	2026-2028		5,000,000	141,405,000	146,405,000	
2019	Serial	2.00% to 5.00%	2029-2032		-	18,000,000	18,000,000	
	Term		2033-2044		-	132,000,000	132,000,000	
2021	Serial	5.00%	2028-2032		-	65,000,000	65,000,000	
	Term		2033-2046		-	85,000,000	85,000,000	
2023A	Serial	5.00%	2032-2036		-	33,000,000	33,000,000	
	Term		2037-2041		-	67,000,000	67,000,000	
2023B	Serial	5.00%	2029-2037		-	38,665,000	38,665,000	
2023 Tax-Exempt	Notes	2.31% to 2.63%	2026		100,000,000	-	100,000,000	
<b>Fresh Water Series Totals</b>						<u>132,000,000</u>	<u>814,325,000</u>	<u>946,325,000</u>
Add: Unamortized Premiums						-	102,205,833	102,205,833
					\$	<u>132,000,000</u>	<u>916,530,833</u>	<u>1,048,530,833</u>

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## Notes to Financial Statements

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

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	132,000,000	42,930,258	174,930,258
2027		29,545,000	40,163,581	69,708,581
2028		174,005,000	35,286,894	209,291,894
2029		46,680,000	29,785,463	76,465,463
2030		50,025,000	27,429,419	77,454,419
2031-2035		247,975,000	99,196,438	347,171,438
2036-2040		175,095,000	44,355,875	219,450,875
2041-2045		85,300,000	11,710,000	97,010,000
2046		5,700,000	142,500	5,842,500
	\$	<u>946,325,000</u>	<u>331,000,428</u>	<u>1,277,325,428</u>

The Authority has an undrawn bank funding commitment in the Fresh Water Program totaling \$400 million. The Fresh Water Notes are a direct placement with Piper Sandler & Co. expiring on August 1, 2029. In the event the Authority adds a new bank commitment product, renews this product, or draws funds from this product, an event filing will be made with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system within ten business days. Events of default include:

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

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

- a) Fresh Water Refunding Series 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.
- b) Fresh Water Refunding Series 2009B – 1) The Series 2009B Bonds are not subject to optional redemption prior to their stated maturity. 2) The term bonds are subject to mandatory redemption beginning December 1, 2020.
- c) 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.
- d) 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.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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

LGA reimbursements of Fresh Water project costs, including interest, are pledged as security on a senior basis for the bonds and subordinate basis for the notes. In the event that LGA reimbursements of Fresh Water project costs are insufficient to cover Fresh Water debt service payments, unencumbered assets of the Fresh Water Fund Debt Service Reserve, Surplus, and Construction accounts are also pledged as security for the bonds and notes. For 2025, the amount received from reimbursements of Fresh Water project costs was \$194,378,467, compared to the required bond and note debt service payments of \$80,509,095.

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 31, 2025, there are accrued rebate liabilities in the Fresh Water Program. The liabilities are \$33,960, \$46,071, \$42,002, and \$62,622 for Fresh Water Series 2019, 2021, 2023A, and Fresh Water Refunding Series 2023B, respectively. None of these series are currently in their respective installment years and therefore no rebate payments are due at this time.

# OHIO WATER DEVELOPMENT AUTHORITY

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

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

As of December 31, 2025, there was \$376,600,000 of Fresh Water Revolving Fund Revenue and Refunding Bonds outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>		<u>Current</u>	<u>Long-Term</u>	<u>Total</u>	
2024A	Serial	5.00%	2026-2031	\$	17,680,000	85,625,000	103,305,000	
2024B	Serial	5.00%	2026-2034		8,915,000	59,285,000	68,200,000	
	Term	5.00%	2035-2038		-	26,960,000	26,960,000	
2025A	Serial	5.00%	2027-2039		-	121,545,000	121,545,000	
	Term	5.00%	2040-2044		-	56,590,000	56,590,000	
<b>FWRP Series Totals</b>					26,595,000	350,005,000	376,600,000	
Add: Unamortized Premiums					-	38,540,711	38,540,711	
					<u>\$</u>	<u>26,595,000</u>	<u>388,545,711</u>	<u>415,140,711</u>

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## Notes to Financial Statements

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

		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$	26,595,000	18,276,875	44,871,875
2027		37,275,000	16,816,500	54,091,500
2028		21,175,000	15,394,125	36,569,125
2029		20,185,000	14,338,375	34,523,375
2030		18,990,000	13,344,000	32,334,000
2031-2035		157,045,000	38,498,375	195,543,375
2036-2040		47,310,000	17,272,250	64,582,250
2041-2044		48,025,000	5,269,375	53,294,375
	\$	376,600,000	139,209,875	515,809,875

The Authority has an undrawn bank funding commitment in the FWRP Program totaling \$150 million. The FWRP Notes are a direct placement with PNC Bank, National Association expiring on October 30, 2026. In the event the Authority adds a new bank commitment product, renews this product, or draws funds from this product, an event filing will be made with the MSRB through its EMMA system within ten business days. Events of default include:

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

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

- a) Fresh Water Revolving Fund Series 2024A – The Series 2024A Bonds are not subject to redemption prior to maturity.
- b) Fresh Water Revolving Fund Refunding Series 2024B – 1) The Series 2024B Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2034, at par plus accrued interest; 2) The term bonds are subject to mandatory sinking fund redemption beginning December 1, 2035.
- c) Fresh Water Revolving Fund Series 2025A – The Series 2025A Bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2035, at par plus accrued interest; 2) The term bonds are subject to mandatory sinking fund redemption beginning December 1, 2040.

LGA reimbursements of FWRP project costs, including interest, are pledged as security on a subordinate basis to the previously issued Fresh Water Bonds under the Trust Agreement. In the event that LGA reimbursements for 10% or more of the total principal and interest due on all FWRP loans are thirty

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## Notes to Financial Statements

calendar days past due, it will result in funding of the Springing Reserve Fund, which will remain funded until such payments are made and the LGAs are current on loan repayments. The FWRF Surplus Fund can be used to make up any deficiency existing at any time in the amounts required to be on deposit in the FWRF Debt Service Fund and FWRF Debt Service Reserve Fund. The FWRF Bonds revenues net of any payments or deposits required to be made (pursuant to the Fresh Water Trust Agreement to the Debt Service Fund or the Debt Service Reserve Fund), the FWRF Construction Fund (except the encumbered balance in the FWRF Construction Fund), FWRF Debt Service Fund, FWRF Debt Service Reserve Fund, and the FWRF Surplus Fund are pledged as security for the bonds. For 2025, the amount received from reimbursements of FWRF principal and interest project costs after funding of Fresh Water Debt Service was \$113,869,372, compared to the required bond and note debt service payments of \$35,682,975.

The bond and note resolutions provide for six separate accounts designated as the FWRF Construction account, Revenue account, Debt Service account, Debt Service Reserve account, Surplus account, and Rebate account. As of December 31, 2025, there is no accrued rebate liability for these bonds.

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

As of December 31, 2025, there was \$4,363,655,000 of Water Pollution Control Loan Fund Revenue and Refunding Bonds and Notes outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>		<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2015A	Serial	5.00%	2026	\$	30,000,000	-	30,000,000
2017A	Serial	5.00%	2026-2030		30,000,000	212,945,000	242,945,000
	Term	5.00%	2031		-	26,000,000	26,000,000
2019A	Serial	5.00%	2026-2029		40,000,000	370,000,000	410,000,000
2019B	Serial	5.00%	2032		-	14,070,000	14,070,000
	Term	3.00% to 5.00%	2033-2046		-	285,930,000	285,930,000
2020A	Serial	5.00%	2029-2033		-	166,000,000	166,000,000
	Term	5.00%	2034-2050		-	284,000,000	284,000,000
2020B	Serial	5.00% to 5.25%	2026-2033		16,000,000	83,395,000	99,395,000
	Term	4.00% to 5.25%	2034-2038		-	70,305,000	70,305,000
2021	Serial	4.00% to 5.00%	2026-2034		4,000,000	40,000,000	44,000,000
	Term	4.00% to 5.00%	2035-2046		-	206,000,000	206,000,000
2023A	Serial	5.00%	2026-2032		55,955,000	180,135,000	236,090,000
2023B	Serial	5.00%	2028-2036		-	145,000,000	145,000,000
	Term	5.00%	2037-2043		-	155,000,000	155,000,000
2023C	Serial	5.00%	2027-2033		-	300,000,000	300,000,000
2024A	Term	5.00%	2039-2047		-	182,700,000	182,700,000
2024B	Serial	5.00%	2031-2036		-	167,300,000	167,300,000
2024C	Term	Variable	2049-2054		-	200,000,000	200,000,000
2024D	Term	5.00%	2029-2044		-	400,000,000	400,000,000
2024E	Term	5.00%	2029-2031		-	123,920,000	123,920,000
2025	Serial	5.00%	2030-2035		-	500,000,000	500,000,000
2025	Note	4.13%	2026		75,000,000	-	75,000,000
<b>WPCLF Series Totals</b>					250,955,000	4,112,700,000	4,363,655,000
Add: unamortized premiums					422,901	558,392,458	558,815,359
					<u>\$ 251,377,901</u>	<u>4,671,092,458</u>	<u>4,922,470,359</u>

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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

		<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$	250,955,000	209,935,327	460,890,327
2027		175,690,000	198,776,154	374,466,154
2028		200,525,000	189,486,404	390,011,404
2029		456,365,000	173,101,529	629,466,529
2030		218,190,000	156,628,154	374,818,154
2031-2035		1,589,165,000	600,256,042	2,189,421,042
2036-2040		663,900,000	272,996,454	936,896,454
2041-2045		441,920,000	136,461,604	578,381,604
2046-2050		219,945,000	58,594,236	278,539,236
2051-2054		147,000,000	13,690,263	160,690,263
	\$	4,363,655,000	2,009,926,167	6,373,581,167

The WPCLF 2024C Bonds have a variable rate that is reset daily by a remarketing agent. The bonds interest payments to maturity are based on an assumed interest rate of 4.18% for these bonds from the issuance date of July 25, 2024, to December 31, 2025.

The Authority has four undrawn bank funding commitments in the WPCLF Program totaling \$1.5 billion. Specific information for these four bank funding commitments in the WPCLF is detailed below:

<b>Bank</b>	<b>Type</b>		<b>Commitment Amount</b> ^	<b>Commitment Expiration Date</b>
* Bank of America	Direct placement	\$	700,000,000	3/31/2027
Huntington Investment Company	Direct borrowing		200,000,000	9/30/2028
** PNC	Direct Placement		300,000,000	10/30/2026
RBC Capital Markets	Direct placement		300,000,000	1/15/2028
		\$	1,500,000,000	

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

\* Bank of America facility of \$700 million can be allocated to both WPCLF and DWAF or can be used solely for either program, as long as total capacity does not exceed \$700 million. As of December 31, 2025, the full \$700 million is allocated to WPCLF.

\*\* PNC facility of \$300 million can be allocated to both WPCLF and DWAF or can be used solely for either program, as long as total capacity does not exceed \$300 million. As of December 31, 2025, the full \$300 million is allocated to WPCLF.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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

- a) WPCLF Series 2015A – These bonds are not subject to redemption prior to their stated maturity.
- b) WPCLF Series 2017A – The bonds maturing on or after June 1, 2027, are callable for redemption prior to maturity at the option of the Authority, in whole or in part, on or after June 1, 2027, at par plus accrued interest.
- c) 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.
- d) 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.
- e) WPCLF Series 2020A – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2030, at par plus accrued interest to the redemption date.
- f) WPCLF Series 2020B – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2030, at par plus accrued interest to the redemption date.
- g) WPCLF Series 2021 – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2031, at par plus accrued interest to the redemption date.
- h) WPCLF Refunding Series 2023A – These bonds are not subject to redemption prior to their stated maturity.
- i) WPCLF Series 2023B - These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2033, at par plus accrued interest to the redemption date.
- j) WPCLF Series 2023C - These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after September 1, 2033, at par plus accrued interest to the redemption date.
- k) WPCLF Series 2024A – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2034, at par plus accrued interest to the redemption date.
- l) WPCLF Refunding Series 2024B – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2034, at par plus accrued interest to the redemption date.
- m) WPCLF Series 2024C – 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.
- n) WPCLF Series 2024D – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2034, at par plus accrued interest to the redemption date.
- o) WPCLF Refunding Series 2024E – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after December 1, 2034, at par plus accrued interest to the redemption date.
- p) WPCLF Series 2025 – These bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after September 1, 2035, at par plus accrued interest to the redemption date.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

- q) WPCLF State Match Note Series 2025 – The note is not subject to redemption prior to maturity. The principal is payable when due July 31, 2026.

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 on a parity basis 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 and second to WPCLF Bonds outstanding. In the event that LGA reimbursements of WPCLF project costs of principal and interest are insufficient to cover WPCLF Bond debt service payments, any unencumbered assets of the WPCLF Surplus and Other Projects accounts are also pledged as security for the bonds. For 2025, the amount received from reimbursements of WPCLF principal and interest project costs was \$454,886,373, compared to the required bond debt service payments of \$377,193,020.

The bond resolutions provide for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account, and Rebate account. As of December 31, 2025, there is no accrued rebate liability for these bonds.

Amounts received as principal and interest from the LGAs as reimbursement of project or construction costs are deposited in the Repayment account. The trustee allocates or pays out moneys in the Repayment account to WPCLF Bonds as follows:

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### (9) DRINKING WATER ASSISTANCE FUND REVENUE BONDS AND NOTE SERIES

As of December 31, 2025, there was \$1,338,600,000 of Drinking Water Assistance Fund Revenue Bonds and Notes outstanding, broken down by series as follows:

<u>Series</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>		<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2016	Serial	5.00%	2026-2029	\$	12,000,000	23,500,000	35,500,000
	Term	4.00% to 5.00%	2030-2037		-	48,000,000	48,000,000
2019A	Serial	2.00% to 5.00%	2026-2029		14,000,000	172,000,000	186,000,000
2019B	Serial	5.00%	2026-2030		4,310,000	17,790,000	22,100,000
2021	Serial	5.00%	2030-2034		-	50,000,000	50,000,000
	Term	5.00%	2035-2039		-	75,000,000	75,000,000
2022	Serial	5.00%	2026-2035		7,000,000	72,000,000	79,000,000
	Term	5.00%	2036-2042		-	68,000,000	68,000,000
2023	Serial	5.00%	2028-2033		-	150,000,000	150,000,000
2024	Serial	5.00%	2033-2037		-	63,000,000	63,000,000
	Term	5.00%	2038-2045		-	187,000,000	187,000,000
2025	Serial	5.00%	2029-2038		-	130,000,000	130,000,000
	Term	5.00% to 5.25%	2039-2047		-	220,000,000	220,000,000
2025	Note	4.13%	2026		25,000,000	-	25,000,000
<b>DWAF Series Totals</b>					<b>62,310,000</b>	<b>1,276,290,000</b>	<b>1,338,600,000</b>
Add: unamortized premiums					-	149,784,397	149,784,397
					<b>\$ 62,310,000</b>	<b>1,426,074,397</b>	<b>1,488,384,397</b>

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

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	62,310,000	66,037,451	128,347,451
2027		36,525,000	63,180,875	99,705,875
2028		40,245,000	61,376,875	101,621,875
2029		184,970,000	59,104,375	244,074,375
2030		49,550,000	49,975,625	99,525,625
2031-2035		347,500,000	204,232,500	551,732,500
2036-2040		291,500,000	123,675,000	415,175,000
2041-2045		276,000,000	48,696,875	324,696,875
2046-2047		50,000,000	3,281,250	53,281,250
	<b>\$</b>	<b>1,338,600,000</b>	<b>679,560,826</b>	<b>2,018,160,826</b>

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

The Authority has two undrawn bank funding commitments in the DWAF Program totaling \$1 billion. Specific information for these two bank funding commitments in the DWAF is detailed below:

<b>Bank</b>	<b>Type</b>	<b>Commitment Amount ^</b>	<b>Commitment Expiration Date</b>
Huntington Investment Company	Direct borrowing	\$ 150,000,000	12/31/2026
* Piper Sandler & Co.	Direct placement	850,000,000	8/01/2029
		\$ 1,000,000,000	

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

\* Piper Sandler & Co. facility of \$850 million can be allocated to both WPCLF and DWAF or can be used solely for either program, as long as total capacity does not exceed \$850 million. As of December 31, 2025, the full \$850 million is allocated to DWAF.

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

- a) DWAF Series 2016 – The bonds maturing on or after June 1, 2027 are subject to prior redemption by and at the sole option of the Authority in whole multiples of \$5,000, either in whole or in part on any date on or after December 1, 2026, at a redemption price of par plus accrued interest.
- b) DWAF Series 2019A – 1) The bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after September 1, 2029, at par plus accrued interest to the redemption date; 2) Due to the TIPRA requirement to lend more than 95% of proceeds within three years, the bonds maturing on and after December 1, 2022 are subject to extraordinary mandatory redemption, in whole or in part, at a redemption price of 102% of the principal part redeemed plus accrued interest to the redemption date. Such redemption is to be made on October 1, 2022, in an amount equal to the excess of 95% of net proceeds over the amount of proceeds used to make loans. This lending requirement was met on October 9, 2020. The Authority gave notice with a voluntary MSRB filing through its EMMA system.
- c) DWAF Refunding Series 2019B – These bonds are not subject to redemption prior to their stated maturity.
- d) DWAF Series 2021 – 1) The bonds are subject to prior redemption at the sole option of the Authority, in whole or in part, on or after June 1, 2031, at par plus accrued interest to the redemption date; 2) Due to the TIPRA requirement to lend more than 95% of proceeds within three years, the bonds are subject to extraordinary mandatory redemption, in whole or in part, at a redemption price of 102% of the principal part redeemed plus accrued interest to the redemption date. Such redemption to be made on March 1, 2024, in an amount equal to the excess of 95% of net proceeds over the amount of proceeds used to make loans. This lending requirement was met on January 13, 2022. The Authority gave notice with a voluntary MSRB filing through its EMMA system.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

- e) DWAF Series 2022 – The bonds maturing on or after June 1, 2033, are subject to prior redemption by and at the sole option of the Authority in whole multiples of \$5,000, either in whole or in part on any date on or after December 1, 2032, at a redemption price of par plus accrued interest.
- f) DWAF Series 2023 – The bonds maturing on or after December 1, 2033, are subject to prior redemption by and at the sole option of the Authority in whole multiples of \$5,000, either in whole or in part on any date on or after September 1, 2033, at a redemption price of par plus accrued interest.
- g) DWAF Series 2024 – The bonds maturing on or after December 1, 2034, 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 June 1, 2034, at a redemption price of par plus accrued interest.
- h) DWAF Series 2025 – The bonds maturing on or after December 1, 2035, 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 June 1, 2035, at a redemption price of par plus accrued interest.
- i) DWAF State Match Note Series 2025 – The note is not subject to redemption prior to maturity. The principal is payable when due July 31, 2026.

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 on a parity basis for the 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, and second to DWAF Bonds outstanding. In the event that LGA reimbursements of DWAF project costs of principal and interest are insufficient to cover DWAF Bond debt service payments, any unencumbered assets of the DWAF Surplus, and Other Projects accounts are also pledged as security for the bonds. For 2025, the amount received from reimbursements of DWAF principal and interest project costs was \$106,144,425, compared to the required bond debt service payments of \$89,906,194.

The bond resolutions provide for five separate accounts designated as Net Bond Proceeds account, Debt Service account, Debt Service Reserve account, Cost of Issuance account, and Rebate account. As of December 31, 2025, 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 allocates or pays out moneys in the Principal Repayment account first and the 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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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 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) WATER DEVELOPMENT REVENUE BONDS—INDUSTRIAL SERIES**

The Authority established the industrial program for the expressed purpose of making available to private industries and certain municipalities lower cost sources of capital financing for the construction of water and solid waste pollution control facilities. Fees are assessed to recover related processing and application costs incurred. The Authority's debt instruments represent a limited obligation payable solely from payments made by the borrowing entities. Under the financing agreements, industrial companies and municipalities are required to make payments for a period of up to 35 years, sufficient to pay, as they become due, interest and principal on the bonds issued to finance the projects.

This debt listed below is not deemed to constitute debt of the Authority or a pledge of faith and credit of the Authority. Accordingly, these bonds are not a liability of the Authority and therefore are not reflected in the accompanying financial statements. Below are the two conduit debt obligations outstanding as of December 31, 2025:

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

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

As of December 31, 2025, revenue refunding bonds that represent conduit debt for the Authority were as follows:

	<b>Outstanding Amount</b>
Consumers Ohio Water Company Project	\$ 10,880,000
Republic Services, Inc. Project	<u>30,000,000</u>
	<u>\$ 40,880,000</u>

### (11) DEFINED BENEFIT PENSION PLAN

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from the employee services; and (2) State statute requires all funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). State statute requires the OPERS to amortize unfunded pension 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 two separate pension plans: The Traditional Pension Plan, a defined benefit 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 have 180 days from the commencement of employment to select membership in

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

one of the 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 Member-Directed Plan, if 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. OPERS employer, member and retiree data as of December 31, 2024, can be found in the annual report.

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

Age-and-Service Defined Benefits – Effective January 7, 2013, Senate Bill (SB) 343 modified components of the Traditional Pension and legacy Combined Plan. Members were impacted (to varying degrees) by the changes based on their transition group. Three transition groups (A, B, and C) were designed to ease the transition of key components of the pension plan changes. Members who were eligible to retire under law in effect prior to SB 343, or were eligible to retire no later than five years after January 7, 2013, comprise transition Group A. Members who had at least 20 years of service credit prior to January 7, 2013, or will be eligible to retire no later than 10 years after January 7, 2013, are included in transition Group B. Group C included those members who are not in either of the other groups and members who were hired on or after January 7, 2013. Please see the Plan Statement in the annual report for additional details.

Benefits in the Traditional Pension Plan (excluding the Combined Plan division) for State and Local members are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement benefits at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of FAS multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Refer to the age-and-service tables located in the annual report, Plan Statement, for additional information regarding the requirements for reduced and unreduced benefits. Members who retire before meeting the age-and-years of service credit requirement for unreduced benefit receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Prior to 2000, payments to OPERS benefit recipients were limited under Section 415(b) of the Internal Revenue Code (IRC). OPERS entered into a Qualified Excess Benefit Arrangement (QEBA) with the Internal Revenue Service (IRS) to allow OPERS benefit recipients to receive their full statutory benefit even when the benefit exceeds IRC 415(b) limitations. Monthly QEBA payments start when the total amount of benefits received by the recipients exceeds the IRC limit each year. The portion of the benefit

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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 division 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 division is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS for the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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

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

Disability Benefits – OPERS administers two disability plans for members in the Traditional Pension 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 the System after July 29, 1992, are automatically covered under the revised plan. Under the original plan, a member who becomes disabled before age 62 and has completed five years of total service is eligible for a disability benefit. Benefits are funded by the member and employer contributions and terminate if the member is able to return to work. The revised plan differs in that a member who becomes disabled at any age with five years of total service will be eligible for disability benefits until a determined age. The benefit is funded by reserves accumulated from employer contributions. After the disability benefit ends, the member may apply for a service retirement benefit or a refund of contributions, which are not reduced by the amount of disability benefits received. Members participating in the Member-Directed Plan are not eligible for disability benefits.

# OHIO WATER DEVELOPMENT AUTHORITY

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Survivor Benefits – Dependents of deceased members who participated in the Traditional Pension Plan may qualify for survivor benefits if the deceased member had at least one and a half years of service credit with the plan, and at least one quarter year of credit within the two and one-half years prior to the date of death. ORC Chapter 145, updated by House Bill (HB) 520, and the corresponding Combined Plan division document specify the dependents and the conditions under which they qualify for survivor benefits.

Other Benefits – Once a benefit recipient retired under the Traditional Pension Plan has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment. This cost-of-living adjustment is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan division receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3%. For those retiring on or after January 7, 2013, beginning in 2019, the adjustment is based on the average percentage increase in the Consumer Price Index (CPI), capped at 3%. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan. Death benefits are not available to beneficiaries of members in the Member-Directed Plan.

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

Refunds – Members who have terminated service in OPERS-covered employment may file an application for refund of their account. The ORC and applicable plan documents require a two-month waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's rights and benefits in OPERS.

Refunds processed for Traditional Pension Plan members include the member's accumulated contributions, interest, and any qualifying employer funds, as determined by the OPERS Board. A Combined Plan division member's refund may consist of member contributions for the purchase of service plus interest, qualifying employer funds, as determined by the OPERS Board, and the value of the account in the defined contribution plan consisting of member contributions adjusted by the gains or losses incurred based on their investment selections. Refunds paid to members in the Member-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 the pension plans at rates established by the OPERS Board, subject to limits set in statute. The rates established for member and employer contributions were approved based upon the recommendations of the OPERS actuary. All contribution rates were within the limits authorized by the ORC.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

Member and employer contribution rates, as a percent of covered payroll, were the same for each covered group across all plans for the year ended December 31, 2024, compared to the prior year. Within the Traditional Pension Plan, member and employer contributions (employer contributions only for the Combined Plan division) and an actuarially determined rate of return are adequate to accumulate sufficient assets to pay defined benefits when due. Member contributions within the Combined Plan division are used to fund the defined contribution benefits and are not used to fund the defined benefit retirement allowance. Employer contribution rates as a level percent of payroll dollars are determined using the entry age actuarial funding method. This formula determines the amount of contributions necessary to fund: (1) the current service cost, representing the estimated amount necessary to pay for defined benefits earned by the members during the current service year; and (2) the prior service cost for service earned prior to the current year and subsequent benefit increases. These contributions represent the amount necessary to fund accrued liabilities for retirement allowances and survivor benefits over a period of time.

The member and employer contribution rates for the State and Local divisions are currently set at the maximums authorized by the ORC of 10.0% and 14.0%, respectively. With the assistance of the OPERS actuary and Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. For 2024, no portion of the employer contribution rate was allocated to health care for the Traditional Pension Plan (excluding the Combined Plan division). The employer contribution as a percent of covered payroll deposited for the Combined Plan division and Member-Directed Plan health care programs in 2024 was 2.0% and 4.0%, respectively. The amount of contributions to OPERS from the Authority during 2024 and 2025 was \$248,111 and \$303,925, respectively, which represents 100% of the Authority's required contribution. In 2025 and 2024, the Authority did not make any contributions to the Combined Plan, and contributions to the Member-Directed Plan were immaterial.

ORC Chapter 145 assigns authority to the OPERS Board to amend the funding policy. As of December 31, 2024, the OPERS Board adopted the contribution rates that were recommended by the actuary. The contribution rate allocation guidelines were included in funding policies adopted by the OPERS Board in September 2024 and are certified periodically by the OPERS Board as required by the ORC.

As of December 31, 2024, the date of the last pension actuarial study, the funding period for all defined benefits of OPERS was 15 years.

### ***Net Pension Liability***

The net pension liability was measured as of December 31, 2024, and the total pension liabilities were determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on both member and employer contributions to OPERS relative to the projected contributions of all participating entities. Following is information related to the Authority's proportionate share of the net pension liability and pension expense:

Proportionate Share of the Net Pension Liability	\$ 1,926,909
Current Year Proportionate Share	0.007860%
Prior Year Proportionate Share	0.008539%
Change in Proportionate Share	- 0.000679%
Pension Expense	\$ 208,212

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### *Actuarial Methods and Assumptions*

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2024, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67:

<b>Actuarial Information</b>	<b>Traditional Pension Plan</b>
Measurement and Valuation Date	December 31, 2024
Experience Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age
Actuarial Assumptions:	
Investment Rate of Return	6.90%
Wage Inflation	2.75%
Projected Salary Increases	2.75% - 10.75% (includes wage inflation at 2.75%)
Cost-of-living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 2.90% Simple for calendar year 2025, then 2.05% Simple

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

During 2024, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, including the defined benefit component of the

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

Combined Plan division, 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 a gain of 8.8% for 2024.

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension 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 and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

<b>Employers Net Pension Liability as of December 31, 2024</b>	<b>1% Decrease (5.9%)</b>	<b>Current Discount Rate (6.9%)</b>	<b>1% Increase (7.9%)</b>
Traditional Pension Plan	\$ 3,152,381	1,926,909	908,630

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the OPERS Board-approved target asset allocation for each major asset class that is included in the Defined Benefit portfolio for 2024 and the weighted average long-term expected real rates of return.

<b>Asset Class</b>	<b>Target Allocation for 2024</b>	<b>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</b>
Fixed Income	24.00%	2.42%
Domestic Equities	21.00	5.70
Real Estate	13.00	4.17
Private Equity	15.00	8.40
International Equities	20.00	6.10
Risk Parity	2.00	4.40
Other Investments	5.00	2.54
Total	100.00%	

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return over a 20-year period

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

### ***Deferred Inflows and Deferred Outflows***

At December 31, 2025, the Authority reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

#### Deferred Inflows of Resources:

Change in Authority's proportionate share and difference in employer contributions	\$	52,768
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#### Deferred Outflows of Resources:

Differences between expected and actual experience	\$	36,868
Net difference between projected and actual earnings on pension plan investments		227,317
Change in Authority's proportionate share and difference in employer contributions		16,503
Authority's contributions subsequent to the measurement date		<u>303,925</u>
Total	\$	<u><u>584,613</u></u>

The \$303,925 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be calculated by employers and recognized as a reduction of the net pension liability in the Authority's financial statements, as applicable. Other cumulative amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as disclosed in the following table:

<b>Year Ending December 31</b>	<b>Traditional Pension Plan Net Deferred Outflows (Inflows) of Resources</b>
2026	\$ 114,101
2027	230,085
2028	(87,705)
2029	<u>(28,561)</u>
Total	\$ <u><u>227,920</u></u>

## **(12) DEFINED BENEFIT OPEB PLANS**

### ***Net OPEB Asset***

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.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

The net OPEB asset 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 asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB Statement No. 75 assumes any liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All OPEB contributions to date have come solely 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 retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. Any resulting legislative change to benefits or funding could significantly affect the net OPEB obligation. Resulting adjustments to the net OPEB obligation would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

### ***Plan Description***

OPERS is a cost-sharing, multiple-employer public employee retirement system that administers two separate pension plans: the Traditional Pension Plan, a defined benefit plan, and the Member-Directed Plan, a defined contribution plan. The Traditional Pension Plan also includes members of the legacy Combined Plan, a hybrid defined benefit/defined contribution plan referred to as the Combined Plan division of the Traditional Pension Plan. Prior to January 1, 2024, the Combined Plan was a separate pension plan. Effective January 1, 2022, the Combined Plan is no longer available for member selection. In October 2023, the legislature approved HB 33 which allowed for the consolidation of the Combined Plan into the Traditional Pension Plan. The Combined Plan was consolidated into the Traditional Pension Plan effective January 1, 2024, and is tracked as a separate division within the Traditional Pension Plan. No changes were made to the benefit design features of the Combined Plan as part of this consolidation so that members in this plan will experience no changes.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension and Member-Directed plans. 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. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

OPERS offers an HRA allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

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

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

### ***Funding Policy***

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2025, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

With the assistance of the OPERS actuary and OPERS Board approval, a portion of each employer contribution to OPERS may be set aside for the funding of post-employment health care coverage. However, health care funding is subordinate to pension funding. For 2024, no portion of the employer contribution rate was allocated to health care for the Traditional Pension Plan (excluding the Combined Plan division). The employer contribution as a percent of covered payroll deposited for the Combined Plan division and Member-Directed Plan health care programs in 2024 was 2.0% and 4.0%, respectively. Interest is credited to Member-Directed Plan member accounts based on the investment performance of the stable value fund, not to exceed 4.0%. Due to the discretionary nature of health care funding and the potential for frequent changes in allocations, including not having funding available to allocate to health care for some plans, the calculation of proportionate shares of employers is based on total employer contributions.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was \$0 for 2024 and \$0 for 2025.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### ***Net OPEB Asset & OPEB Expense***

The net OPEB asset and total OPEB expense for OPERS were determined by an actuarial valuation as of December 31, 2023, rolled forward to the measurement date of December 31, 2024, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Authority's proportion of the net OPEB asset 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:

Proportionate Share of the Net OPEB Asset	\$ 213,105
Current Year Proportionate Share	0.009091%
Prior Year Proportionate Share	0.009556%
Change in Proportionate Share	-0.000465%
OPEB Expense	\$ (69,702)

### ***Actuarial Assumptions - OPERS***

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB asset was determined by an actuarial valuation as of December 31, 2023, rolled forward to the measurement date of December 31, 2024.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage Inflation:	
Current Measurement Period	2.75%
Prior Measurement Period	2.75%
Projected Salary Increases:	
Current Measurement Period	2.75% to 10.75%, including wage inflation
Prior Measurement Period	2.75% to 10.75%, including wage inflation
Single Discount Rate:	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Period	4.08%
Prior Measurement Period	3.77%
Health Care Cost Trend Rate:	
Current Measurement Period	5.50% initial, 3.50% ultimate in 2039
Prior Measurement Period	5.50% initial, 3.50% ultimate in 2038
Actuarial Cost Method	Individual Entry Age

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

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

During 2024, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio, and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan division, and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 10.0% for 2024.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return over a 20-year period are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health Care is a discretionary benefit. The following table displays the OPERS Board-approved target asset allocation for each major asset class that is included in the Health Care portfolio for 2024 and the weighted average longer-term expected real rates of return:

<b>Asset Class</b>	<b>Target Allocation for 2024</b>	<b>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</b>
Fixed Income	37.00%	2.37%
Domestic Equities	26.00	5.70
Real Estate Investment Trusts	5.00	5.00
International Equities	26.00	6.10
Risk Parity	3.00	4.40
Other Investments	3.00	2.50
Total	100.00%	

### ***Discount Rate***

A single discount rate of 6.00% was used to measure the net OPEB asset on the measurement date of December 31, 2024; however, the single discount rate used at the beginning of the year was 5.70%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00%. 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 2124. As a result, the single discount rate was set as the actuarial assumed long-term expected rate of return on health care investments and was applied to projected costs through the year 2124, the duration of the projection period through which projected health care payments are fully funded. The tax-exempt municipal bond rate was not needed in the determination of the single discount rate.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

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

The following table presents the Authority's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00% and the Authority's proportionate share of the expected net OPEB asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	<b>1% Decrease (5.00%)</b>	<b>Single Discount Rate (6.00%)</b>	<b>1% Increase (7.00%)</b>
Authority's proportionate share of the net OPEB asset	\$ (105,825)	(213,105)	(302,656)

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

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

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2025 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	<b>1% Decrease</b>	<b>Current Health Care Cost Trend Rate Assumption</b>	<b>1% Increase</b>
Authority's proportionate share of the net OPEB asset	\$ (216,378)	(213,105)	(209,468)

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### ***Deferred Inflows and Outflows***

At December 31, 2025, the Authority reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources:

Difference between expected and actual experience	\$	10,372
Change in assumptions		30,749
Change in Authority's proportionate share and difference in employer contributions		5,259
Total	\$	46,380

Deferred Outflows of Resources:

Net difference between projected and actual earnings on OPEB plan investments	\$	4,388
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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as disclosed in the following table:

<b>Year Ending December 31</b>	<b>Traditional Pension Plan OPEB Net Deferred Outflows (Inflows) of Resources</b>
2026	\$ (26,240)
2027	18,980
2028	(25,685)
2029	(9,047)
Total	\$ (41,992)

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### (13) SUBSCRIPTION LIABILITY

The Authority has entered four contracts that meet the GASB Statement No. 96 definition of Subscription-Based Information Technology Arrangements (SBITAs) listed below:

- Financial services technology software
- Investment management software
- Cloud backup and recovery software
- Legal research database

The total costs of the Authority’s subscription assets are recorded as \$449,105, less accumulated amortization of \$287,145.

The future subscription payments under SBITA agreements for the year ended December 31, 2025, are as follows:

		<u>Subscriptions</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	104,952	3,868	108,820
2027		48,066	1,119	49,185
2028		20,613	124	20,737
		<u>\$ 173,631</u>	<u>5,111</u>	<u>178,742</u>

Interest Expense for the year ended December 31, 2025, was \$4,635.

### (14) COMMITMENTS

As of December 31, 2025, the Authority has loan commitments to finance LGA construction projects in the following amounts:

<u>Fund</u>	<u>Amount</u>
Strategic Initiatives	\$ 62,859,939
Fresh Water	256,105,882
Water Pollution Control Loan	2,427,436,038
Drinking Water Assistance	<u>952,372,546</u>
	<u>\$ 3,698,774,405</u>

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.

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### (15) TRANSFERS

Interfund transfers for the year ended December 31, 2025, consisted of the following:

Transfers to Strategic Initiatives from:		
Fresh Water	\$	8,152,240
Transfers from Community Assistance to:		
Fresh Water	\$	(6,559,804)
Transfers, net, to (from) Fresh Water from (to):		
Strategic Initiatives	\$	(8,152,240)
Community Assistance		6,559,804
	\$	(1,592,436)
Total Transfers, net		\$ <u>          -</u>

Transfers are used to meet the requirements of certain debt covenants or to fund additional program activities authorized by the Authority's Board. In the year ended December 31, 2025, the Authority made the following non-routine transfers:

- a) \$8,152,240 transferred from the Fresh Water Fund to the Strategic Initiatives Fund for additional funding for Strategic Initiatives Fund loans and grants.
- b) \$6,559,804 transferred from the Community Assistance Fund to the Fresh Water Fund for additional funding for Fresh Water loans.

### (16) CHANGES IN LONG-TERM LIABILITIES

As of December 31, 2025, the Authority has long-term liabilities in the following amounts:

Long-Term Liability	12/31/2024 Balance	Additions	Reductions	12/31/2025 Balance	Due Within One Year	Due in More Than One Year
Compensated Absences	\$ 359,330	380,000	284,413	\$ 454,917	\$ 65,772	\$ 389,145
Borrower Deposits	352,788	14,725	-	367,513	-	367,513
Net Pension Liability	2,235,644	236,892	545,627	1,926,909	-	1,926,909
Subscription Liability	258,599	17,263	102,231	173,631	104,952	68,679
Revenue Bonds and Notes Payable	<u>7,038,033,655</u>	<u>1,160,269,528</u>	<u>500,069,561</u>	<u>7,698,233,622</u>	<u>276,377,901</u>	<u>7,421,855,721</u>
Total Long-Term Liabilities	<u>\$7,041,240,016</u>	<u>1,160,918,408</u>	<u>501,001,832</u>	<u>\$7,701,156,592</u>	<u>\$276,548,625</u>	<u>\$7,424,607,967</u>

# OHIO WATER DEVELOPMENT AUTHORITY

## Notes to Financial Statements

### (17) CHANGES IN SHORT-TERM LIABILITIES

As of December 31, 2025, the Authority has the following short-term liability:

<b>Short-Term Liability</b>	<b>12/31/2024 Balance</b>	<b>Additions</b>	<b>Reduction</b>	<b>12/31/2025 Balance</b>
Revenue Notes Payable	\$ 100,000,000	100,000,000	-	\$ 200,000,000

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**OHIO WATER DEVELOPMENT AUTHORITY**

Schedule of Proportionate Share of Net Pension Liability

Ohio Public Employees Retirement System

**Last Ten Calendar Years\***

Unaudited

	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2016	0.009108%	\$ 1,577,618	\$ 1,207,158	130.69%	81.08%
2017	0.008506%	1,931,568	1,247,362	154.85%	77.25%
2018	0.008748%	1,372,392	1,340,687	102.36%	84.66%
2019	0.007756%	2,124,211	1,272,812	166.89%	74.70%
2020	0.007459%	1,474,322	1,358,368	108.54%	82.17%
2021	0.007713%	1,142,151	1,457,890	78.34%	86.88%
2022	0.008018%	697,605	1,529,620	45.61%	92.62%
2023	0.008250%	2,437,005	1,567,866	155.43%	75.74%
2024	0.008539%	2,235,644	1,753,687	127.48%	79.01%
2025	0.007860%	1,926,909	1,784,791	107.96%	80.99%

\* - Amounts listed represent pension amounts as of measurement period, which is one year prior to the date of the financial statements.

**Notes to Schedule:**

*Change in assumptions:*

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

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

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

**OHIO WATER DEVELOPMENT AUTHORITY**

Schedule of Pension Contributions  
Ohio Public Employees Retirement System

**Last Ten Calendar Years**

Unaudited

	Contractually Required Contributions	Contributions In Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 139,196	\$ 139,196	-	\$ 1,247,362	11.16%
2017	146,994	146,994	-	1,340,687	10.96%
2018	150,591	150,591	-	1,272,812	11.83%
2019	158,797	158,797	-	1,358,368	11.69%
2020	175,158	175,158	-	1,457,890	12.01%
2021	182,349	182,349	-	1,529,620	11.92%
2022	191,985	191,985	-	1,567,866	12.24%
2023	231,646	231,646	-	1,753,687	13.21%
2024	248,111	248,111	-	1,784,791	13.90%
2025	303,925	303,925	-	2,431,346	12.50%

**OHIO WATER DEVELOPMENT AUTHORITY**  
Schedule of Proportionate Share of Net OPEB Liability/(Asset)  
Ohio Public Employees Retirement System

**Last Nine Calendar Years\***

Unaudited

	Proportion of the Net OPEB Liability/(Asset)	Proportionate Share of the Net OPEB Liability/(Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability/(Asset) as a % of Covered Payroll	Plan Fiduciary Net Position as a % of the Total OPEB Liability
2017	0.008506%	\$ 853,443	\$ 1,247,362	68.42%	54.05%
2018	0.008875%	963,778	1,340,687	71.89%	54.14%
2019	0.008219%	1,071,526	1,272,812	84.19%	46.33%
2020	0.008342%	1,152,246	1,358,368	84.83%	47.80%
2021	0.008750%	(155,887)	1,457,890	(10.69%)	115.57%
2022	0.009013%	(282,308)	1,529,620	(18.46%)	128.23%
2023	0.009284%	58,535	1,567,866	3.73%	94.79%
2024	0.009556%	(86,246)	1,753,687	(4.92%)	107.76%
2025	0.009091%	(213,105)	1,784,791	(11.94%)	121.51%

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

**Notes to Schedule:**

*Change in assumptions:*

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

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

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

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

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

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

For 2024, the single discount rate changed from 5.22% to 5.70%. Municipal bond rate changed from 4.05% to 3.77%.

For 2025, the single discount rate changed from 5.70% to 6.00%. Municipal bond rate changed from 3.77% to 4.08%.

# OHIO WATER DEVELOPMENT AUTHORITY

## Schedule of OPEB Contributions Ohio Public Employees Retirement System

### Last Ten Calendar Years

Unaudited

	Contractually Required Contributions	Contributions In Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 23,189	\$ 23,189	-	1,247,362	1.86%
2017	11,307	11,307	-	1,340,687	0.84%
2018	-	-	-	1,272,812	0.00%
2019	-	-	-	1,358,368	0.00%
2020	-	-	-	1,457,890	0.00%
2021	-	-	-	1,529,620	0.00%
2022	-	-	-	1,567,866	0.00%
2023	-	-	-	1,753,687	0.00%
2024	-	-	-	1,784,791	0.00%
2025	-	-	-	2,431,346	0.00%

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Ohio Water Development Authority (the Authority), as of and for the year ended December 31, 2025, 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, 2026.

### Report on Internal Control Over Financial Reporting

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

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

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

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.*

Columbus, Ohio  
March 20, 2026