OHIO AIR QUALITY DEVELOPMENT AUTHORITY
FRANKLIN COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2024

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

The Authority
Ohio Air Quality Development Authority
175 South Third Street, Suite 1050
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Ohio Air Quality Development Authority, Franklin County, prepared by Rea & Associates, Inc., for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 20, 2025

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Franklin County, Ohio
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INDEPENDENT AUDITOR'S REPORT

Ohio Air Quality Development Authority
Franklin County, Ohio
175 South Third Street, Suite 1050
Columbus, Ohio 43215

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of the Ohio Air Quality Development Authority (the Authority), a component unit of the State of Ohio, Franklin County, Ohio, as of and for the year ended December 31, 2024, 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 and each major fund of the Ohio Air Quality Development Authority, Franklin County, Ohio, as of December 31, 2024, and the respective changes in financial position, and its cash flows 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.

Emphasis of Matter

As discussed in Note 2, the basic financial statements of the Authority are intended to present the financial position, the changes in financial position, and cash flows of the Authority. They do not purport to, and do not, present fairly the financial position of the State of Ohio as of June 30, 2025, the changes in financial position, or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As described in Note 10 to the financial statements, the Authority’s net position as of January 1, 2024 has been restated to a correct a misstatement. Our opinion is not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2025 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.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
April 16, 2025

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This discussion and analysis section of the Ohio Air Quality Development Authority (OAQDA) annual financial report provides an overall review of OAQDA's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at OAQDA's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of OAQDA's financial performance.

For 2024, OAQDA was responsible for the administration of three programs: Clean Air Improvement Program (CAIP); Small Business Assistance Program known as the Clean Air Resource Center (CARC); and the Solar Generation Fund. CAIP and CARC are combined in the air quality development activity reported as an enterprise fund. CAIP is a self-supporting activity that provides financial assistance, mainly through bond financing and tax benefits, for air quality facilities within the State of Ohio. Under program guidance and through a due diligence process subject to approval by the OAQDA board, qualified air quality projects can include energy conservation measures, efficiently-designed buildings, renewable energy generation, clean transportation infrastructure, air pollutant reduction, or solid waste recycling or disposal. They must demonstrate ongoing air quality benefits during the term of the financing.

CARC provides financial and technical assistance to small businesses as they comply with the requirements of the Clean Air Act along with other air quality improvements, including energy efficiency and renewable energy generation technologies. OAQDA serves as the small business ombudsman for the State of Ohio and implements plans to support many neighborhood businesses facing financial hardship with environmental regulations. Qualified projects are approved for financial assistance, primarily bond financing and grant subsidies that offset principal and closing costs. The grant funding is supported through a transfer of cash from the Ohio Environmental Protection Agency (U.S. EPA). Those funds are from Title V air permit fees.

OAQDA has credit enhancement tools as part of the CAIP and CARC programs for qualified projects in Ohio, including loan loss reserves and Property Assessed Clean Energy (PACE). The Ohio Department of Development granted $1.0 million of funds from the federal Department of Energy State Energy Program to OAQDA to partner with lenders or investors to capitalize a loan loss reserve fund, for this purpose. As part of its air quality revenue bonds, OAQDA also has the authority to implement PACE assessments on property that involve the qualified air quality project, subject to the approval of the relevant local governments where the projects are located.

In 2024, OAQDA became the recipient of federal funding awards, which expands the ability to provide financial and technical assistance through existing programs of CAIP and CARC into more clean air projects across Ohio. OAQDA serves as the primary grantee for the State of Ohio and was obligated $156 million through the federal Solar For All program with the U.S. EPA. This funding is aimed at the deployment of financial and technical assistance for residential solar technologies to provide financial relief in the form of a minimum of 20 percent for Ohio households during the five-year grant award. During 2024, OAQDA worked primarily on program administration based on direction and guidance from the U.S. EPA to access the full funding for qualified projects and activities. Serving as a subgrantee to the primary grantee awarded funding through the National Clean Investment Fund, OAQDA was obligated $132 million in 2024 for delivering financial assistance through existing programs of CAIP and CARC for qualified projects targeting advanced manufacturing suppliers, small businesses, multi-family housing and local governments.

OAQDA is the program administrator of the State of Ohio's Solar Generation Fund, (SGF), as prescribed in Amended House Bill 6 by the 133rd General Assembly and amended by House Bill 128 of the 134th General Assembly. Operators of facilities approved to participate in the SGF will report to OAQDA the number of megawatt hours (MWh) of eligible generation produced to receive a subsidy of $9 per MWh. The program for reporting from approved facilities generating solar electricity launched in 2020. In 2024, the Authority reported five of the six approved solar facilities are operational, with the remaining facility anticipated to become operational in 2026. Of the five operational facilities, three have complied with program rules, including reporting to OAQDA and receiving subsidy payments. Payments are provided one year from after the date of the quarter when the reported generation was submitted. As stipulated in state law, the funds are collected monthly from the electric distribution utilities from a surcharge on electric customers. The total annual amount deposited into the fund is $20 million.

The aggregate financial information of these programs noted above is reported as a discretely presented component unit in the State of Ohio's Annual Comprehensive Financial Report (ACFR).

Financial Highlights

Key financial highlights for the year ended December 31, 2024 are as follows:

- Total net position of OAQDA increased by $14.6 million in 2024 from the restated $49.4 million balance at December 31, 2023 to $64.0 million one year later. Net position of the air quality development activity increased $108,965 while the net position of the solar generation activity increased by $14.5 million. The increase in air quality development's net position was due primarily to revenue from intergovernmental grants from the US Environmental Protection Agency (U.S. EPA) for residential solar and green energy projects. The increase in the solar generation activity resulted from revenue fee remittances continuing to exceed expenses associated with the program. The increase of $15.5 million in current and other assets was also due to revenue fee remittances in excess of expenses, which increased the solar generation activity restricted cash and cash equivalents. 2024 was the third year in which solar facility subsidies were issued, $6.0 million, compared with the $2.2 million disbursed in the prior year.

- Total revenues of the OAQDA's enterprise activities increased by $224,200 compared to those reported for the prior year. While intergovernmental revenue increased due to the aforementioned U.S. EPA grant programs, this was offset by a decrease in project administration fees. While the number of projects closed during 2024 was consistent with prior year, the per-project issuance amount (on which the administrative fees are based) was lower as OAQDA focused on serving targeted sectors like small businesses, manufacturing suppliers and multi-family developments which tend to have smaller project sizes.

- The total expenses of the enterprise activities of OAQDA reported for 2024 was $8.8 million compared with the $4.2 million reported for 2023. The most significant increase in expenses for 2024 compared to 2023 relates to increased solar facilities subsidies provided in 2024 compared with the prior year due to the increased retirement of qualified credits. Professional fees also increased significantly as the Authority was awarded two federal funding grants in 2024 and sought outside assistance to augment its capacity and expertise specific to the goals and objectives of these grants, as well as to assure successful compliance with federal grant requirements.

OAQDA Financial Statements

OAQDA follows proprietary fund accounting, which means its financial statements are presented in a manner similar to a private-sector business. The financial statements are designed to provide readers with a broad overview of the OAQDA's finances by activity and in total. An activity is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. OAQDA, 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 the activities.

The statement of net position presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of OAQDA as well as the net position of the two enterprise activities as of December 31, 2024. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of OAQDA is improving or deteriorating. The statement of revenues, expenses and changes in net position presents information showing how OAQDA's enterprise activities' net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years (e.g., depreciation). The statement of cash flows provides information about OAQDA's cash receipts received and cash payments made during the year. This statement summarizes the net changes in cash resulting from operating, noncapital financing, capital, and investing activities of the two enterprise activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside OAQDA. OAQDA maintained one type of fiduciary fund through 2023, a custodial fund, which was used to report financial resources held in a custodial capacity for private entities. However, the program accounted for by this fund has ended and there was no activity in 2024.

The notes to the financial statements provide additional information that is essential to a full understanding of the financial data shown in the financial statements. Following the notes to the financial statements, certain schedules and information regarding the Authority's proportionate share of pension and OPEB amounts, as well as annual contributions, are presented as required by the Governmental Accounting Standards Board.

The OAQDA as a Whole

The following tables provide a summary of OAQDA's financial position and operations for 2024 and 2023, respectively.

TABLE 1
NET POSITION

	2024	*Restated* 2023	Dollar Change	Percent Change
Assets:				
Current and Other Assets	$ 65,479,654	$ 49,951,141	$ 15,528,513	31.09%
Capital Assets, Net	193,382	228,993	(35,611)	-15.55%
Total Assets	65,673,036	50,180,134	15,492,902	30.87%
Deferred Outflows of Resources:				
Pension and OPEB	298,139	486,986	(188,847)	-38.78%
Liabilities:				
Current and Other Liabilities	1,301,071	382,667	918,404	240.00%
Long-Term Liabilities:				
More than One Year - Pension/OPEB	536,666	713,637	(176,971)	-24.80%
Due in more than One Year - Other	137,322	178,098	(40,776)	-22.90%
Total Liabilities	1,975,059	1,274,402	700,657	54.98%
Deferred Inflows of Resources:				
Pension and OPEB	70,165	27,761	42,404	152.75%
Net Position:				
Net investment in Capital Assets	15,284	13,062	2,222	17.01%
Restricted	55,409,405	40,864,392	14,545,013	35.59%
Unrestricted	8,501,262	8,487,503	13,759	0.16%
Net Position	$ 63,925,951	$ 49,364,957	$ 14,560,994	29.50%

Table 2 shows the changes in net position for the years ended December 31, 2024 and 2023.

TABLE 2
CHANGE IN NET POSITION

	2024	2023	Dollar Change	Percent Change
Operating Revenues:				
Project administration fees	$ 714,290	$ 1,341,914	$ (627,624)	-46.77%
EPA fees	212,618	224,495	(11,877)	-5.29%
Solar generation remittances	20,806,030	20,259,237	546,793	2.70%
Miscellaneous	6,400	-	6,400	100.00%
Non-Operating Revenues:				
Intergovernmental grant	1,329,058	1,001,096	327,962	32.76%
Investment earnings	312,300	329,754	(17,454)	5.29%
Total Revenue	23,380,696	23,156,496	224,200	0.97%
Operating Expenses:				
Salaries and benefits	1,197,440	997,943	199,497	19.99%
Professional fees	1,229,815	746,235	483,580	64.80%
Travel	12,898	2,666	10,232	383.80%
Research grants/projects	89,254	136,032	(46,778)	-34.39%
Solar facilities subsidies	6,073,641	2,190,330	3,883,311	177.29%
Administrative/office supplies	113,361	75,837	37,524	49.48%
Depreciation/amortization	50,224	47,589	2,635	5.54%
Rental	44,324	13,948	30,376	217.78%
Non-Operating Expenses:				
Loss on disposal of assets	603	-	603	100.00%
Interest expense	8,142	700	7,442	1063.14%
Total Expenses	8,819,702	4,211,280	4,608,422	109.43%
Change in net position	14,560,994	18,945,216	(4,384,222)	-23.14%
Net position, January 1	49,364,957	28,757,528		
Error correction	-	1,662,213		
Net position, December 31	$ 63,925,951	$ 49,364,957		

As displayed in Table 1, the OAQDA reported a net position of $63.9 million at December 31, 2024 compared to the restated $49.4 million balance at the beginning of the year. The increase of $15.5 million in current and other assets is due to an increase in solar generation activity restricted cash and cash equivalents as revenue fee remittances exceeded expenses associated with the program in 2024. Net position at year-end restricted for specific purposes totaled $55.4 million; $54.2 restricted for future solar generation subsidies and related expenses, $1.0 million restricted for the established loan loss collateral account, and the remainder of the restricted net position relates to the reported net pension and OPEB assets. At December 31, 2024 the unrestricted net position of the air quality development activity represents over 3.2 times the total annual operating expenses for the activity reported for 2024.

The net pension asset and liability are reported pursuant to GASB 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27" and the Other Postemployment Benefits (OPEB) are reported in accordance with GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". These two standards significantly revised accounting for costs and assets/liabilities related to pension and OPEB plans. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding the deferred inflows related to pension and OPEB, to the net pension and OPEB liabilities to the reported net position and subtracting the net pension and OPEB assets and the deferred outflows related to pension and OPEB.

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

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the Authority's statements include an annual pension expense and an annual OPEB expense for their proportionate share of the change in net pension asset/liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

Overall, total net position of OAQDA increased by $14.6 million in 2024 from the $49.4 million balance at December 31, 2023 to $64.0 million one year later. Net position of the air quality development activity increased $108,965 while the net position of the solar generation activity increased by $14.5 million. The increase in air quality development's net position was due primarily to revenue from intergovernmental grants from the US Environmental Protection Agency (U.S. EPA) as previously discussed. The increase in the solar generation activity resulted from fee remittances continuing to exceed expenses associated with the program during the infancy of the program. 2024 was the third year in which solar facility subsidies were issued, for a total of $6.0 million, as compared with the $2.2 million disbursed in the prior year.

Table 2 shows total revenues of the OAQDA's enterprise activities increased by $224,200 compared to those reported for the prior year. Intergovernmental revenue increased by $327,962 due to the previously mentioned grant programs. This was offset by a decrease of $627,624 in project administration fees; although the number of projects closed during 2024 was consistent with prior year, the per-project issuance amount (on which the administrative fees are based) was lower as OAQDA focused on serving targeted sectors like small businesses, manufacturing suppliers and multi-family developments which tend to have smaller project sizes. There was also an increase of $546,793 in the solar generation remittances reported for the current year, while revenue from EPA fees and investment earnings remained relatively flat.

The total expenses of the enterprise activities of OAQDA reported for 2024 was $8.8 million compared with the $4.2 million reported for 2023. The most significant increase in expenses for 2024 compared to 2023 relates to increased solar facilities subsidies provided in 2024 compared with the prior year due to the increased retirement of qualified credits. Professional fees also increased significantly as the Authority was awarded two federal funding grants in 2024 and sought outside assistance to augment its capacity and expertise specific to the goals and objectives of these grants, as well as to assure successful compliance with federal grant requirements.

Capital Assets

At December 31, 2024, the OAQDA had investments in capital assets, including office equipment as well as intangible right to use leased assets (for office space and equipment). Capital activity during the year included the purchase of new computers, asset disposals, and depreciation and amortization expense. Additional information on the OAQDA's capital assets can be found in Note 4 to the basic financial statements.

TABLE 3
CAPITAL ASSETS AT YEAR-END
(Net of Depreciation and Amortization)

	2024	2023	Dollar Change
Office equipment	$ 21,476	$ 13,165	$ 8,311
Intangible right to use assets	171,906	215,828	(43,922)
Total capital assets, net	193,382	228,993	(35,611)

Long-Term Debt Obligations

At December 31, 2024, the only outstanding debt obligations of OAQDA were lease liabilities totaling $178,098, with $40,776 of that total due within one-year. Seen Note 7 to the basic financial statements for additional information on OAQDA's debt obligations.

Contacting the OAQDA

This financial report is designed to provide Ohio citizens and our customers and clients with a general overview of OAQDA's finances and to demonstrate OAQDA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ohio Air Quality Development Authority at 175 South Third Street, Suite 1050, Columbus, Ohio 43230.

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
DECEMBER 31, 2024

	Air Quality Development	Solar Generation	Total Business-Type Activities
Assets:			
Current Assets:			
Cash and cash equivalents	$ 1,852,473	$ -	$ 1,852,473
Investments	2,040,580	-	2,040,580
Accounts receivable	-	1,712,993	1,712,993
Accrued interest receivable:			
Investment income	40,815	-	40,815
Due from other governments	960,038	-	960,038
Prepaid items	23,017	-	23,017
Restricted assets:			
Cash and cash equivalents	1,040,736	-	1,040,736
Cash and cash equivalents with fiscal agent	-	53,430,258	53,430,258
Total Current Assets	5,957,659	55,143,251	61,100,910
Noncurrent Assets:			
Investments	4,256,602	-	4,256,602
Net OPEB asset	30,369	-	30,369
Net pension asset	91,773	-	91,773
Capital assets, net	193,382	-	193,382
Total Noncurrent Assets	4,572,126	-	4,572,126
Total Assets	10,529,785	55,143,251	65,673,036
Deferred Outflows of Resources:			
Pension and OPEB	298,139	-	298,139
Liabilities:			
Current Liabilities:			
Accounts payable	323,477	896,724	1,220,201
Accrued wages and benefits	40,094	-	40,094
Lease liability	40,776	-	40,776
Total Current Liabilities	404,347	896,724	1,301,071
Noncurrent Liabilities:			
Net pension liability	536,666	-	536,666
Lease liability, net of current portion	137,322	-	137,322
Total Noncurrent Liabilities:	673,988	-	673,988
Total Liabilities	1,078,335	896,724	1,975,059
Deferred Inflows of Resources:			
Pension and OPEB	70,165	-	70,165
Net Position:			
Net investment in capital assets	15,284	-	15,284
Restricted for:			
Solar generation subsidies	-	54,246,527	54,246,527
Project improvements credit enhancement	1,040,736	-	1,040,736
Net OPEB asset	30,369		30,369
Net pension asset	91,773	-	91,773
Unrestricted	8,501,262	-	8,501,262
Total Net Position	$ 9,679,424	$ 54,246,527	$ 63,925,951

See accompanying notes to the financial statements.

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Air Quality Development	Solar Generation	*Reclassifications and Eliminations*	Total Business-Type Activities
Operating Revenues:				
Project administration fees	$ 714,290	$ -	$ -	$ 714,290
Small business ombudsman fees	140,957	-	-	140,957
Small business assistance program fees	71,661	-	-	71,661
Solar generation remittances	-	20,806,030	-	20,806,030
Interstate solar generation recovery	128,558	-	*(128,558)*	-
Miscellaneous	6,400	-	-	6,400
Total operating revenues	1,061,866	20,806,030	*(128,558)*	21,739,338
Operating Expenses:				
Salaries and employee benefits	1,110,112	-	*87,328*	1,197,440
Professional fees	1,184,598	-	*45,217*	1,229,815
Travel	12,898	-	-	12,898
Research grants and projects	89,254	-	-	89,254
Solar facilities subsidies	-	6,073,641	-	6,073,641
Program administration expenses	-	280,360	*(280,360)*	-
Office supplies and other expenses	103,366	-	*9,995*	113,361
Depreciation and amortization	50,224	-	-	50,224
Rental expense	35,062	-	*9,262*	44,324
Total operating expenses	2,585,514	6,354,001	*(128,558)*	8,810,957
Operating income (loss)	(1,523,648)	14,452,029	-	12,928,381
Nonoperating revenues/(expenses):				
Intergovernmental grant	1,329,058	-	-	1,329,058
Investment earnings:				
Interest revenue	189,708	-	-	189,708
Change in fair value of investments	122,592	-	-	122,592
Loss on disposal of assets	(603)	-	-	(603)
Interest expense	(8,142)	-	-	(8,142)
Total nonoperating revenues/(expenses)	1,632,613	-	-	1,632,613
Change in net position	108,965	14,452,029	-	14,560,994
Net position - beginning of year, *as previously reported*	9,570,459	38,132,285		47,702,744
Error correction	-	1,662,213		1,662,213
Net position - beginning of year, *restated*	9,570,459	39,794,498		49,364,957
Net position - end of year	$ 9,679,424	$ 54,246,527		$ 63,925,951

See accompanying notes to the financial statements.

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Air Quality Development	Solar Generation	*Reclassifications and Eliminations*	Total Business-Type Activities
Cash flows from operating activities:				
Receipts from customers	$ 720,690	$ -	*$ -*	$ 720,690
Cash received from OEPA	212,618	-	-	212,618
Solar generation remittances	-	20,755,250	-	20,755,250
Intrastate solar generation recovery	128,558	-	*(128,558)*	-
Payments for solar facilities subsidies	-	(5,176,917)	-	(5,176,917)
Payments to suppliers and vendors	(1,440,227)	(280,360)	*215,886*	(1,504,701)
Payments to employees	(1,095,240)	-	*(87,328)*	(1,182,568)
Net cash provided by operating activities	(1,473,601)	15,297,973	-	13,824,372
Cash flows from non-capital financing activities:				
Intergovernmental grant	369,020	-	-	369,020
Net cash provided by non-capital financing activities	369,020	-	-	369,020
Cash flows from capital activities:				
Acquisition of capital assets	(15,216)	-	-	(15,216)
Lease liability payments	(37,833)	-	-	(37,833)
Interest expense	(8,142)	-	-	(8,142)
Net cash used by capital activities	(61,191)	-	-	(61,191)
Cash flows from investing activities:				
Purchase of investments	(1,376,775)	-	-	(1,376,775)
Sale of investments	1,250,000	-	-	1,250,000
Investment earnings	185,122	-	-	185,122
Net cash provided by investing activities	58,347	-	-	58,347
Net increase in cash and cash equivalents	(1,107,425)	15,297,973	-	14,190,548
Cash and cash equivalents - beginning of year	4,000,634	38,132,285		42,132,919
Cash and cash equivalents - end of year	$ 2,893,209	$ 53,430,258		$ 56,323,467
Cash and cash equivalents per statement of net position:				
Cash and cash equivalents	$ 1,852,473	$ -		$ 1,852,473
Restricted asset:				
Cash and cash equivalents	1,040,736	-		1,040,736
Cash and cash equivalents with fiscal agent	-	53,430,258		53,430,258
Total cash and cash equivalents	$ 2,893,209	$ 53,430,258		$ 56,323,467

(continued)

See accompanying notes to the financial statements.

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024
Continued

	Air Quality Development	Solar Generation	*Reclassifications and Eliminations*	Total Business-Type Activities
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (1,523,648)	$ 14,452,029		$ 12,928,381
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	50,224	-		50,224
Increase in accounts receivable	-	(50,780)		(50,780)
Increase in prepaid expense	(19,850)	-		(19,850)
Increase in net pension asset	(22,975)	-		(22,975)
Increase in net OPEB asset	(30,369)	-		(30,369)
Decrease in deferred outflows of resources	188,847	-		188,847
Increase in accounts payable	4,801	896,724		901,525
Increase in accrued wages and benefits payable	13,936	-		13,936
Decrease in net OPEB liability	(23,381)	-		(23,381)
Decrease in net pension liability	(153,590)	-		(153,590)
Increase in deferred inflows of resources	42,404	-		42,404
Net cash provided by operating activities	$ (1,473,601)	$ 15,297,973		$ 13,824,372
Schedule of non-cash investing activities:				
Change in fair value of investments	$ 122,592	$ -		$ 122,592

See accompanying notes to the financial statements.

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1. GENERAL INFORMATION

Introduction

The Ohio Air Quality Development Authority (the Authority) was created by amended House Bill No. 963, effective June 1, 1970, to provide for the conservation of air as a natural resource of the State and to prevent or abate the pollution thereof, to provide for the comfort, health, safety, and general welfare of all employees, as well as other inhabitants of the State, to create jobs and employment opportunities, and to improve the economic welfare of the people by providing for the acquisition, construction, maintenance, repair, and operation of air quality projects. The Authority is a body corporate and politic in the State of Ohio and has neither stockholders nor equity holders. The governing body consists of seven members. Five public members, of whom no more than three can be from the same political party, are appointed by the Governor with the advice and consent of the Senate. The two remaining members are the directors of the Ohio Environmental Protection Agency (Ohio EPA) and the Ohio Department of Health and serve in an ex-officio capacity. Under the provisions of the act, air quality revenue bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the State or any political subdivision thereof.

Conduit Debt Obligations

On August 1, 1975, Senate Bill No. 104 amended the Ohio Revised Code to allow the Authority to issue revenue bonds for public utilities and other facilities for control of air and thermal pollution whether or not such facilities result in the creation or preservation of jobs. This bill also provides that conditional or installment sales may be authorized and permit that the revenue bonds or notes bear a variable rate of interest changing from time to time according to a formula prescribed in the bond or note agreement.

The Ohio Air Quality Development Authority may at any time issue revenue bonds and notes of the State in such principal amounts as, in the opinion of the Authority, are necessary for the purpose of paying any part of the cost of one or more air quality projects or parts thereof. The Authority may at any time issue renewal notes, issue bonds to pay such notes and, whenever it deems refunding expedient, refund any bonds by the issuance of air quality revenue refunding bonds of the State, whether the bonds to be refunded have or have not matured, and issue bonds partly to refund bonds then outstanding, and partly for any other authorized purpose. The renewal notes, bonds, and air quality revenue refunding bonds are issued under the Authority's name; however, they are not obligations of the Authority or the State of Ohio, but are backed by specific streams of revenue and additional collateralization as deemed necessary at the time of issuance. In addition to conventional financings, pursuant to 3706.04 and in accordance with section 54D(e) of the Internal Revenue Code, 26 U.S.C. 54D(e), the Authority allocates the national qualified energy conservation bond (QECB) limitation to the state and reallocates any portion of an allocation waived by a county or municipality. The aggregate amount of principal outstanding as of December 31, 2024 was approximately $3.24 billion, which includes both conventional and QECB financings. Agreements between the borrower, the Authority and the purchaser determine the retirement period of the bonds. Interest rates are determined by existing bond market conditions at the time of sale.

In August 2020, the Project Development program was relaunched and rebranded as the Clean Air Improvement Program (CAIP). CAIP continues to support the development and financing of projects that provide beneficial air quality improvements in a similar manner as the previously named program but includes program guidelines to enhance transparency and accountability. Further, OAQDA revised its fee schedule in October 2020, which became effective January 1, 2021, to account for costs associated with the initial application intake process along with the ongoing performance monitoring of projects serving as air quality facilities in Ohio.

Small Business Programs

During fiscal year 1995, the Authority began two operations, both of which were created by Senate Bill No. 153, effective October 19, 1993. The operations are described in Ohio Revised Code Section 3706.19.

The first operation is the office of Ombudsman for the small business stationary source technical and environmental compliance assistance program that was created in Ohio Revised Code Section 3704.18. The Ombudsman's duties include facilitating and promoting the participation of small businesses in compliance with the Federal Clean Air Act, provide and disseminate information about air pollution requirements and control technologies, conduct studies to evaluate the impacts of the Federal Clean Air Act on Ohio's economy, and other related duties. The Executive Director of the Authority and the director of the Ohio EPA establish annual budgets which are funded by monies set aside in the Ohio EPA's budget.

The second operation is the Small Business Assistance Fund (SBAF) that was authorized by Ohio Revised Code Section 3704.19. The SBAF is funded by monies set aside in the Ohio EPA's budget. The Ombudsman may use the monies in the SBAF solely to provide financial assistance to small businesses that have one hundred or fewer employees and that are having financial difficulty complying with the Clean Air Act Amendments of 1990.

Solar Generation Fund

In 2020, the 133rd Ohio General Assembly created and authorized, and the 134th General Assembly enacted amendments, to establish the State of Ohio's Solar Generation Fund (the Fund), through enabling legislation which directed the program to be administered by the Authority. Certain facilities were eligible to participate in the Fund based on their approval date from the Ohio Power Siting Board, as stipulated in the enabling legislation. Operators of facilities approved to participate in the Fund report to the Authority the number of megawatt (MWh) of eligible generation produced. In order to receive a subsidy of $9 per MWh, the generation must be retired in PJM-EIS' Generation Attribute Tracking System (GATS). During the initial years of the Fund, only a small percentage of approved facilities were operational based on their construction and commissioning to generate solar electricity into PJM. In 2024, the Authority reports five of the six approved solar facilities are operational with the remaining facility anticipated to become operational in 2026. Of the five operational facilities, three facilities are complying with program rules to receive subsidy payments. These rules include an executed memorandum of understanding (MOU) to participate in the Fund, tracking generation in PJM's GATS, and reporting quarterly performance to the Authority. The funds are collected monthly from the electric distribution utilities from a surcharge fee on electric customers, or ratepayers, as stipulated in State law. Total annual funds remitted to this program is approximately $20 million. The Authority is reimbursed the operating expenses associated with administering the program from the surcharge fees remitted to the State.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial activity of the programs administered by the Ohio Air Quality Development Authority (air quality development activity and solar generation fund business-type activities) are aggregated and included in the ACFR of the State of Ohio as a discretely presented component unit. The Authority's management believes these financial statements present all activities for which the Authority is financially responsible.

B. Basis of Presentation

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position present the financial activity of the Authority’s programs. The Authority had no programs classified as governmental activities for the year ended December 31, 2024.

During the year, the Authority segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Authority at this more detailed level. During 2024, the Authority maintains two enterprise funds (air quality development activity and solar generation fund).

C. Fund Accounting

The Authority uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The focus of enterprise fund financial statements is on major program (fund) level, while fiduciary funds are reported by type. For 2024, the Authority reported no governmental funds and no fiduciary funds.

Proprietary Funds

The proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The Authority has no internal service funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee or assessment is charged to external users for goods or services. The following are the Authority’s enterprise funds:

Air Quality Development – This fund accounts for the activities of the air quality development office as well as the small business programs where the fees charged to the users are intended to cover the operating costs of the programs.

Solar Generation – This fund accounts for the financial activity related to coordinating and administering of a State energy strategy to facilitate ongoing solar generation facilities by providing operating subsidies based on MWh generated and reported in the prior year. The program is funded through remittances of user surcharge fees collected by the electric distribution utilities within the State.

D. Measurement Focus

Enterprise funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its enterprise activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Authority's financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include the state assistance revenue received by the Authority. Revenue from state assistance is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted. Under the accrual basis of accounting, expenses are recognized at the time they are incurred.

F. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources are reported for pension and other postemployment benefits (OPEB), which are further explained in Notes 5 and 6.

In additional to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow until that time. For the Authority, deferred inflows of resources are reported for pension and OPEB, explained further in Notes 5 and 6.

G. Cash, Cash Equivalents, and Investments

Cash and cash equivalents of the Authority include amounts on deposit in several separate accounts with the Treasurer of State and funds held in a money market account at a financial institution. For the purpose of the Statement of Cash Flows, the Authority considers all deposits with a maturity of three months or less when purchased, which includes all of the above accounts, to be cash equivalents.

During 2024, investments were limited to U.S. Treasury Notes, Federal Agency securities, corporate bond, and Treasury money market. Investments are reported at fair value.

H. Capital Assets

Capital assets are recorded at cost and capitalized if the purchase price is $1,000 or more. Donated capital assets are recorded at acquisition value as of the date received. The Authority reports intangible right to use assets related to leased office space and equipment. The intangible assets are being amortized in a systemic and rational manner of the shorter of the lease term or the useful life of the underlying asset. Depreciation/amortization is computed using the straight-line method over lives ranging from one to ten years.

I. Enterprise Fund Revenue

Project Fees

In the Air Quality Development Activity, the Authority charges the borrower an application fee for CAIP projects and an initial administrative fee based on the size of the bond issue. In addition, annual administrative fees are charged based on the outstanding par amount of the bond issue, with payment due annually on date(s) that are specified in each applicable bond document. From these administrative fees, the Authority pays all operating expenses for maintaining agency operations and professional staff. In addition, the Authority engages in a research and development program that is funded from these administrative fees. The Authority recognizes the administrative fees as revenue on the date the bond or note is sold since the fee is not legally due to the Authority until that time.

Solar Generation Fund Remittances

For the Solar Generation Fund, operating revenues to administer the program are derived from remittances of user surcharge fees collected by the electric distribution utilities within the State. From these remittances, it is anticipated the Authority will pay all general operating and administrative costs associated with administering the State's solar generation subsidy program for eligible generation of solar power. During 2024, expenses of the program were limited to operating and administrative costs of the Authority and generation subsidies paid to facilities for retired generation.

Grant Revenue

In the Air Quality Development Activity, the Authority received grant funding in 2024 from two programs. Solar for All is a U.S. Environmental Protection Agency (U.S. EPA) grant which provides financial and technical assistance to low-income and disadvantaged communities for residential distributed solar energy projects. The Authority is also a subrecipient of U.S. EPA National Clean Investment Fund (NCIF) grant funding, which provides financial assistance to qualified clean air projects within the geographic region. The Authority recognizes grant funding as revenue when expenses have met the grant requirements to be eligible for reimbursement.

Other Fees and Income

The Authority receives reimbursements from the Ohio Environmental Protection Agency for the cost of operating the two small business programs reported within the Air Quality Development Activity. In addition, the Authority earns interest income from money market and other funds held in trust or on deposit with the Treasurer of State. The Authority recognizes this revenue in the period in which it is earned.

Classification

The Authority considers bond administrative fees, intergovernmental energy commitments, funding from the Ohio Environmental Protection Agency, and remittance of solar generation surcharge fees as operating revenues.

J. Restricted Assets

Under an agreement with the Ohio Department of Development, the Authority has established a loan loss reserve account which will be used to provide credit enhancement reserve for businesses in need of financing for energy improvements, particularly in areas with greater needs and higher barriers to accessing low-cost capital necessary to deploy clean energy technologies. This loan loss reserve account is reported as “restricted cash and cash equivalents”.

The solar generation fund remittances collected by the electric distribution utilities within the State are deposited into a demand deposit account for which the Treasurer of State of Ohio is named as the custodian. Eligible expenses are submitted to the State and upon approval are paid by the State. The balance of funds at year end are reported as “restricted cash and cash equivalents with fiscal agent” as State approval is necessary for use.

K. Accrued Wages and Benefits

Accrued wages consist of wages payable to Authority employees as of December 31, 2024. The accrued wages balance consists of $40,094 owed to employees for work performed, and related benefits associated, during the fiscal year but which they were not compensated until the subsequent year.

L. Compensated Absences

Each pay period, the Authority pays a required percentage into a separate State of Ohio fund established to provide for future payment of leave time and severance payments for all state employees. As a result of this current payment, the Authority reports no liabilities related to compensated absences.

M. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and net OPEB assets, liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the pension and OPEB plans and addition to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension and 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 and OPEB plans report investments at fair value.

N. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for employee theft in the amount of $500,000 per occurrence.

There have been no significant reductions in insurance coverage from the prior year. The amount of settlements has not exceeded insurance coverage in each of the past three years.

O. Interfund Activity

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statements. The interfund services provided and used are not eliminated through the process of consolidation.

P. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position invested in capital assets consists of capital assets net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings or leases used to acquire or improve those assets. Net position is reported as restricted when there are limitations imposed by creditors, grantors, or laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. DEPOSITS AND INVESTMENTS

Deposits:
At fiscal year end, the carrying amount of the Authority's deposits was $56,323,467 including restricted cash and cash equivalents, and the depository balance was $56,323,467. The Authority's deposits at year-end consisted of the following:

Deposits with Treasurer of State of Ohio:		
Operating - Payroll Clearing	$ 39,012	
Small Business Ombudsman	511,053	
Small Business Assistance	582,176	
Total on Deposit with Treasurer of State		$ 1,132,241
Deposits with Financial Institutions:		
Trust - Bank Money Market Funds	717,198	
Demand Deposit - Revenue Holding	3,034	
Restricted: Custodial Demand Deposit	53,430,258	
Restricted: Trust - Conservative Deposit	1,040,736	
Total on Deposit with Financial Institutions		55,191,226
Total Deposits		$ 56,323,467

Deposits with the Treasurer of State are not subject to the classification of custodial credit risk. The bank money market funds are not categorized by risk since they are not evidenced by securities that exist in physical or book entry form. Of the $56,323,467 in demand deposit accounts, $503,034 was insured by the Federal Deposit Insurance Corporation (FDIC) with the remainder being covered by pledged pool collateral or through the State of Ohio's pooled collateral system administered by the Ohio Treasurer's Office.

Investments:
The Investment Policy adopted by the Board provides investment guidance for the allowable investments of the Agency. The objective of the Investment Policy is to comply with all federal and state laws, as well as to ensure safety of principal amounts invested. Investments are generally limited to United States Treasury or Agency obligations, no-load mutual funds, and bonds or obligations of the State of Ohio or any other Ohio political subdivision. Mutual funds must be rated in the highest category by at least one nationally recognized rating agency and Ohio based obligations must have a minimum credit rating in the two highest categories by two nationally recognized rating agencies at the time of purchase. The Investment Policy limits the total investment in any one issuer that is not a U.S Treasury or Agency, to not more than 5% of the total average portfolio.

As of December 31, 2024, the Authority had the following investments:

		Investment Maturities in Years			Concentration
Investment Type	Measurement Value	1 Year or Less	2 to 3 Years	4 to 5 Years	of Credit Risk
FHLB	$ 2,756,527	$ 598,637	$ 2,058,499	$ 99,391	43.78%
FFCB	1,262,713	249,077	153,931	859,705	20.05%
FHLMC	246,056	246,056	-	-	3.91%
FNMA	170,610	170,610	-	-	2.71%
U.S. Treasury	1,105,301	39,925	470,677	594,699	17.55%
Coporate Bond	19,700	-	19,700	-	0.31%
Treasury Money Market	736,275	736,275	-	-	11.69%
Totals	$ 6,297,182	$ 2,040,580	$ 2,702,807	$ 1,553,795	100.00%

Credit Risk: At December 31, 2024 the FHLB, FFCB, FHLMC, and FNMA were rated AA+ and the Treasury Money Market was rated AAAm by Standard and Poor's.

Custodial Credit Risk: The Investment Policy of the Authority requires investments to be delivered to, and held in safekeeping by a custodian bank that is qualified and experienced in providing custodial services to institutional investors, specifically public entities.

Interest Rate Risk: The Authority's Investment Policy attempts to minimize interest rate risk by maintaining adequate liquidity, diversifying maturities and diversifying assets. Investments are limited to those with maturities of five years or less.

Fair Value Measurement:
As of December 31, 2024, the Authority categorizes fair value measurements of its negotiable investments in one of three categories: 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; Level 3 – inputs are significant unobservable inputs. The U.S. Treasury notes and corporate bonds are categorized as Level 1. The remainder of the Authority's negotiable investments are categorized as Level 2 as values are obtained from trustees who use various pricing services.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets:				
Office equipment	$ 75,623	$ 15,216	$ (14,936)	$ 75,903
Intangible right to use:				
Leased office space	212,046	-	-	212,046
Leased equipment	6,808	-	-	6,808
Less: accumulated depreciation/ amortization for:				
Office equipment	(62,458)	(6,302)	14,333	(54,427)
Intangible right to use:				
Leased office space	-	(42,409)	-	(42,409)
Leased equipment	(3,026)	(1,513)	-	(4,539)
Total capital assets, net	$ 228,993	$ (35,008)	$ (603)	$ 193,382

5. DEFINED BENEFIT PENSION PLAN

Net Pension Asset and Liability

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

Ohio Revised Code (ORC) limits the Authority's obligation for pension to annual 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 any liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension amounts would be effective when the changes are legally enforceable.

Plan Description and Plan Benefits

Plan Description—Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-share, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. Effective January 1, 2022, members may no longer select the combined plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' ACFR referenced above for additional information):

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

Source: OPERS 2023 ACFR

Final average salary (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.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

Funding Policy
The ORC provides statutory authority for member and employer contributions. For 2024, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority's contractually required contribution was $92,520 for 2024.

Pension Asset and Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension
The net pension asset and liability were measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension asset and liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Traditional Plan	Combined Plan	Total
Proportionate share of:			
Net pension liability	$ 536,666	$ -	$ 536,666
Net pension asset	-	91,773	91,773
Proportion of net pension amount	0.002050%	0.029860%	
Change in proportion for year	-0.000287%	0.000669%	
Pension expense	90,193	6,066	96,259

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional Plan	Combined Plan	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience (1)	$ 8,771	$ 3,717	$ 12,488
Net difference between projected and actual investment earnings (1)	108,322	14,925	123,247
Change in assumptions (1)	-	3,407	3,407
Change in the Authority's proportionate share and differences in contributions	24,221	5,488	29,709
Authority contributions subsequent to measurement date	75,261	17,259	92,520
	$ 216,575	$ 44,796	$ 261,371

	Traditional Plan	Combined Plan	Total
Deferred Inflows of Resources:			
Differences between expected and actual experience (1)	$ -	$ 9,078	$ 9,078
Change in the Authority's proportionate share and differences in contributions	33,517	10,194	43,711
	$ 33,517	$ 19,272	$ 52,789

(1) - Information provided by OPERS

$92,520 reported as deferred outflows of resources relate to pension resulting from the Authority contributions subsequent to the measurement date will be recognized as an addition to the net pension asset or as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and deferred inflows related to pension will be recognized in pension expense as follows:

	Traditional Plan	Combined Plan	Total
Year Ending December 31:			
2025	$ 27,942	$ 1,690	$ 29,632
2026	26,155	3,519	29,674
2027	69,125	7,920	77,045
2028	(15,425)	(3,784)	(19,209)
2029	-	(196)	(196)
Thereafter	-	(884)	(884)
	$ 107,797	$ 8,265	$ 116,062

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Traditional Plan	Combined Plan
Investment rate of return:	6.90%	6.90%
Future salary increases (including inflation):	2.75% - 10.75%	2.75% - 8.25%

	Traditional Plan	Combined Plan
Cost-of-living adjustments:		
Pre 1/7/2013 Retirees	3.00% simple	3.00% simple
Post 1/7/2013 Retirees	3.00% simple through 2024, then 2.05% simple	3.00% simple through 2024, then 2.05% simple
Actuarial cost method	Individual entry age	Individual entry age

Source: OPERS 2023 ACFR

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 and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement 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 previous 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 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.85%
Domestic Equities	21.00%	4.27%
Real Estate	13.00%	4.46%
Private Equity	15.00%	7.52%
International Equities	20.00%	5.16%
Risk Parity	2.00%	4.38%
Other Investments	5.00%	3.46%
Total	100.00%	

Source: OPERS 2023 ACFR

Discount Rate: The discount rate used to measure the total pension liability was 6.90% for the Traditional and Combined Pension Plans. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following chart represents the Authority's proportionate share of the net pension liability/(asset) at the 6.90% discount rate, as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate:

	1% Decrease (5.90%)	Current Discount Rate of 6.90%	1% Increase (7.90%)
Authority's proportionate share of the net pension liability/(asset):			
Traditional Plan	$ 844,870	$ 536,666	$ 280,345
Combined Plan	(55,602)	(91,773)	(120,471)

Source: OPERS 2023 ACFR multiplied by Authority's proportionate share

6. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Net OPEB Asset and Liability

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

Ohio Revised Code limits the Authority's obligation for this liability to annual 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 the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of the plan's excess funded benefits is presented as either a long-term *net OPEB asset* or *net OPEB liability* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the year is included in accrued wages and benefits on the accrual basis of accounting.

Plan Description

The OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Effective January 1, 2022, the combined plan is no longer available for member selection. In October 2023, the legislature approved House Bill 33 which allows for the consolidation of the combined plan with the traditional pension plan with the timing of the consolidation at the discretion of OPERS.

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via a Health Reimbursement Arrangement allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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

The ORC 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 ORC.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care. The portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in the Combined Plan.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2024 was 4.0%.

The Authority's contractually required contribution to OPERS for OPEB was $7,886 for 2024.

Net OPEB liability/(asset), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB liability for OPERS was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability/(asset) was based on the Authority's share of contributions to OPERS to the contributions of all participating entities. Following is information related to the proportionate share:

		OPERS
Proportionate share of net OPEB (asset)	$	(30,369)
Proportion of net OPEB amount		0.003365%
Change in proportion for year		-0.000343%
OPEB Expense	$	5,083

At December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Net Deferred Outflows/ (Inflows) of Resources
Authority contributions subsequent to measurement date	$ 7,886	$ -	$ 7,886
Net difference between projected and actual investment earnings (1)	18,239	-	18,239
Change in assumptions (1)	7,818	(13,054)	(5,236)
Differences between expected and actual experience (1)	-	(4,322)	(4,322)
Change in the Authority's proportionate share and differences in contributions	2,825	-	2,825
	$ 36,768	$ (17,376)	$ 19,392

(1) - Information provided by OPERS

$7,886 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	Deferred Outflows / (Inflows)
2025	$ 1,097
2026	2,370
2027	14,197
2028	(6,158)
	$ 11,506

Actuarial 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 health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	2.75%
Projected salary increases	2.75% to 10.75%, including wage inflation
Single discount rate:	
Current measurement date	5.70%
Prior measurement date	5.22%
Investment rate of return:	6.00%
Municipal bond rate:	
Current measurement date	3.77%
Prior measurement date	4.05%
Health care cost trend rate	
Current measurement date	5.5% initial, 3.50% ultimate in 2038
Prior measurement date	5.5% initial, 3.50% ultimate in 2036
Actuarial cost method	Individual entry age

Source: OPERS 2023 ACFR

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 and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement 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 previous 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 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.82%
Domestic Equities	25.00%	4.27%
REITs	5.00%	4.68%
International Equities	25.00%	5.16%
Risk Parity	3.00%	4.38%
Other Investments	5.00%	2.43%
Total	100.00%	

Source: OPERS 2023 ACFR

Discount Rate: A single discount rate of 5.70% was used to measure the OPEB liability on the measurement date of December 31, 2023. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. 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 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070 and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability/(Asset) to Changes in the Discount Rate: The following table presents the Authority's proportionate share of the net OPEB liability/(asset) calculated using the single discount rate of 5.70%, as well as what the Authority's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1.0% point lower (4.70%) or 1.0% point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate of 5.70%	1% Increase (6.70%)
Authority's proportionate share of the net OPEB liability/(asset)	$ 16,681	$ (30,369)	$ (69,314)

Source: OPERS 2023 ACFR multiplied by Authority's proportionate share

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability/(asset)	$ (31,613)	$ (30,369)	$ (28,923)

Source: OPERS 2023 ACFR multiplied by Authority's proportionate share

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

7. LONG-TERM OBLIGATIONS

The change in the Authority's long-term obligations for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Net Pension Liability	$ 690,256	$ -	$ (153,590)	$ 536,666	$ -
Net OPEB Liability	23,381	-	(23,381)	-	-
Leases Payable	215,931	-	(37,833)	178,098	40,776
Total Long-Term Obligations	$ 929,568	$ -	$ (214,804)	$ 714,764	$ 40,776

Leases Payable: The Authority has entered into lease agreements for the use of right to use office space and equipment. As such, the Authority reports intangible capital assets and corresponding liabilities associated with these lease agreements based on future schedule lease payments. A summary of the lease agreements is presented below:

Lease Agreement	Lease Commencement	Term in Years	Lease End Date	Payment Method
Office Space	1/1/2024	5	12/31/2028	Monthly
Copier Equipment	8/1/2021	5	7/31/2026	Monthly

The following is a schedule of future lease payments under the above noted agreements:

Year Ended	Principal	Interest	Total
2025	40,776	6,549	47,325
2026	43,033	4,839	47,872
2027	45,463	3,033	48,496
2028	48,826	1,096	49,922
Total	$ 178,098	$ 15,517	$ 193,615

8. CONTINGENCY – INTERSTATE SOLAR GENERATION RECOVERY

As prescribed in Amended House Bill 6 by the 133rd General Assembly and amended by House Bill 128 of the 134th General Assembly, OAQDA is the program administrator of the State of Ohio's Solar Generation Fund. Administration expenses of this program are incurred by and reported within the Air Quality Development activity on the accompanying financial statements. Program expenses are submitted to the State's Controlling Board for approval based on the State's fiscal year of July to June and there is no certainty that all, if any, of reimbursement of these expenses will occur until approval takes place. As such, OAQDA reports subsequent reimbursement of administration expenses as Interstate Solar Generation Recovery within the operating revenues of Air Quality Development activity. At December 31, 2024, $81,015 of Solar Generation administrative expenses for the period of July 1, 2024 through December 31, 2024 have been incurred, which will be submitted the State's Controlling Board for approval in calendar year 2025.

9. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

During 2024, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections,* and GASB Statement No. 101, *Compensated Absences*.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 is presented on the financial statements of the Authority.

GASB Statement No. 101 provides updated guidance on accounting for and reporting compensated absences, which includes recognizing a liability for leave that is attributable to service already rendered and is more likely than not to be used or otherwise paid or settled. The implementation of GASB Statement No. 101 had no impact on the Authority's beginning net position. As disclosed in Note 2 L., the Authority pays into a separate State of Ohio fund established to provide for future payment of leave time for state employees and thus reports no liabilities related to compensated absences.

10. RESTATEMENT

For fiscal year 2023, the Authority determined that accounts receivable related to the Solar Generation Fund was understated. The correction of this understatement resulted in a change to net position at January 1, 2024 as follows:

	Solar Generation	Business-Type Activities
Net position - beginning of year *as previously reported*	$ 38,132,285	$ 47,702,744
Adjustments:		
Correction of accounts receivable	1,662,213	1,662,213
Net position - beginning of year *as restated*	$ 39,794,498	$ 49,364,957

11. SUBSEQUENT EVENTS

In fiscal year 2024, the Authority entered into a subgrant agreement for U.S. EPA National Clean Investment Fund (NCIF) grant funding with the Coalition for Green Capital (CGC). The terms of this agreement authorized the establishment of a deposit account for NCIF program income and disbursements, to be jointly held by the Authority and the CGC under an account control agreement (ACA) at a designated depository institution once certain conditions were met.

The ACA between the Authority, the CGC and Citibank, N.A was approved on January 5, 2025. At the request of the Authority, the full NCIF subrecipient grant award in the amount of $132,335,000 was deposited into the account on January 16, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) - OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN MEASUREMENT YEARS (1), (2)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Traditional Plan:										
Authority's Proportion of the Net Pension Amount:										
Traditional Plan	0.002050%	0.002337%	0.001574%	0.001508%	0.001128%	0.001510%	0.001503%	0.001324%	0.001219%	0.001571%
Combined Plan	n/a	n/a	0.026341%	0.026687%	0.023917%	0.017261%	0.024987%	0.025721%	0.026840%	0.028929%
Authority's Proportionate Share of the Net Pension Liability (Asset)	$ 536,666	$ 690,256	$ 33,146	$ 146,322	$ 173,064	$ 394,157	$ 201,846	$ 286,386	$ 198,034	$ 178,341
Authority's Covered Payroll	$ 337,414	$ 295,936	$ 357,650	$ 393,850	$ 277,350	$ 279,414	$ 304,469	$ 327,933	$ 312,275	$ 310,667
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	159.05%	233.25%	9.27%	37.15%	62.40%	141.07%	66.29%	87.33%	63.42%	57.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability:										
Traditional Plan	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
Combined Plan	n/a	n/a	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%	114.83%
Combined Plan:										
Authority's Proportion of the Net Pension Amount	0.029860%	0.029191%								
Authority's Proportionate Share of the Net Pension Liability (Asset)	$ (91,773)	$ (68,798)								
Authority's Covered Payroll	$ 137,100	$ 167,554								
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-66.94%	-41.06%								
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	144.55%	137.14%								

Source: OPERS information with exception of the covered payroll which was derived from the Authority's financial records.

(1) Information presented based on measurement periods ended December 31, one year prior to date of financial statements.

(2) Covered payroll broken down by plan (Traditional vs. Combined) before 2022 was not readily available. The Authority will continue to present information for years available until a full ten-year trend is presented.

See accompanying notes to the required supplementary information.

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS - OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Traditional Plan:										
Contractually Required Contributions (2)	$ 75,261	$ 47,238	$ 41,431	$ 50,071	$ 55,139	$ 38,829	$ 39,118	$ 39,581	$ 39,352	$ 37,473
Contributions in Relation to the Contractually Required Contributions	$ (75,261)	$ (47,238)	$ (41,431)	$ (50,071)	$ (55,139)	$ (38,829)	$ (39,118)	$ (39,581)	$ (39,352)	$ (37,473)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority Covered Payroll	$ 537,579	$ 337,414	$ 295,936	$ 357,650	$ 393,850	$ 277,350	$ 279,414	$ 304,469	$ 327,933	$ 312,275
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
Combined Plan:										
Contractually Required Contributions (2)	$ 17,259	$ 16,452	$ 21,782							
Contributions in Relation to the Contractually Required Contributions	$ (17,259)	$ (16,452)	$ (21,782)							
Contribution Deficiency (Excess)	$ -	$ -	$ -							
Authority Covered Payroll	$ 143,825	$ 137,100	$ 167,554							
Contributions as a Percentage of Covered Payroll	12.00%	12.00%	13.00%							

Source: Authority's financial records.

(1) Represents employer's calendar year.

(2) Information broken down by plan type (Traditional vs. Combined) before 2022 was not readily available.

See accompanying notes to the required supplementary information.

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY/(ASSET) - OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT MEASUREMENT YEARS (1), (2)

	2023	2022	2021	2020	2019	2018	2017	2016
Authority's Proportion of the Net OPEB Liability/(Asset)	0.003365%	0.003708%	0.002918%	0.002773%	0.001870%	0.001949%	0.002158%	0.002043%
Authority's Proportionate Share of the Net OPEB Liability/(Asset)	$ (30,369)	$ 23,381	$ (91,404)	$ (49,408)	$ 258,253	$ 254,126	$ 234,322	$ 206,338
Authority's Covered Payroll	$ 474,514	$ 463,490	$ 357,650	$ 393,850	$ 277,350	$ 279,414	$ 327,933	$ 312,275
Authority's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-6.40%	5.04%	-25.56%	-12.54%	93.11%	90.95%	71.45%	66.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

Source: OPERS information with exception of the covered payroll which was derived from the Authority's financial records.

(1) Information presented based on measurement periods ended December 31, one year prior to date of financial statements.

(2) Information prior to 2016 is not available. The Authority will continue to present information for years available until a full ten-year trend is compiled.

See accompanying notes to the required supplementary information.

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS - OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required OPEB Contributions	$ 7,886	$ 7,522	$ 5,522	$ 3,874	$ 1,028	$ 200	$ 200	$ 3,195	$ 6,559	$ 6,246
Contributions in Relation to the Contractually Required OPEB Contributions	$ (7,886)	$ (7,522)	$ (5,522)	$ (3,874)	$ (1,028)	$ (200)	$ (200)	$ (3,195)	$ (6,559)	$ (6,246)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority Covered Payroll	$ 681,404	$ 474,514	$ 463,490	$ 357,650	$ 393,850	$ 277,350	$ 279,414	$ 304,469	$ 327,933	$ 312,275
Contributions as a Percentage of Covered Payroll	1.16%	1.59%	1.22%	1.08%	0.26%	0.07%	0.07%	1.05%	2.00%	2.00%

Source: Authority's financial records.

(1) Represents employer's calendar year.

See accompanying notes to the required supplementary information.

1. DEFINED BENEFIT PENSION PLAN

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 wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.

2. DEFINED OPEB PLAN

Change in Assumptions

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

In 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.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2028 to 10.5% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

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 wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.

In 2023, the single discount rate changed from 6.00% to 5.22% and the health care cost trend rate changed from 5.5% initial, 3.50% ultimate in 2034 to 5.5% initial, 3.50% ultimate in 2036.

In 2024, the single discount rate changed from 5.22% to 5.70% and the health care cost trend rate changed from 5.5% initial, 3.50% ultimate in 2036 to 5.5% initial, 3.50% ultimate in 2038.

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

Ohio Air Quality Development Authority
Franklin County, Ohio
175 South Third Street, Suite 1050
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 (*Government Auditing Standards*), the financial statements of the business-type activities and each major fund of Ohio Air Quality Development Authority (the Authority), a component unit of the State of Ohio, Franklin County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 16, 2025, wherein we noted the financial statements of the Authority present activities that are attributable to only the transactions of the Authority as a component unit of the State of Ohio and we noted net position was restated due to the correction of an error.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

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*.

The Authority’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
April 16, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Ohio Air Quality Development Authority
Franklin County, Ohio
175 South Third Street, Suite 1050
Columbus, Ohio 43215

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ohio Air Quality Development Authority, Franklin County, Ohio (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
April 16, 2025

SUPPLEMENTARY INFORMATION

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Assistance Listing Number**	**Pass Through Entity Number**	**Subrecipients**	**Expenditures**
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Greenhouse Gas Reduction Fund: Solar for All	66.959	n/a	-	1,055,138
Passed through from Coalition for Green Capital				
Greenhouse Gas Reduction Fund: National Clean Investment Fund (NCIF)	66.957	EPA-R-HQ-NCIF-23	-	234,280
Total U.S. Environmental Protection Agency				**1,289,418**
Total Federal Awards Expenditures			**$ -**	**$ 1,289,418**

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Ohio Air Quality Development Authority (the Authority) under programs of the federal government for the year ended December 31, 2024. The information on this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Ohio Air Quality Development Authority
Franklin County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
December 31, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	None Reported
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	None Reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): Greenhouse Gas Reduction Fund: Solar for All	ALN # 66.959
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > $750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee under 2 CFR §200.520?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number: 2024-001
Material Weakness – Accounts Receivable

Criteria: The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. AU-C 265 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, AU-C 265 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Condition: A restatement to beginning net position in 2024 was required in order for the financial statements to conform to accounting principles generally accepted in the United States (GAAP). These adjustments were identified by management as they determined that accounts receivable related to the Solar Generation Fund was understated in the prior year.

Context: Accounts receivable in the previous year was understated by $1,662,213 within the Solar Generation Fund. The Authority had originally not included obligated revenues received after year end in both accounts receivables and revenues in 2023. The Authority adjusted its financial statements as of January 1, 2024 to reflect these adjustments.

Cause and Effect: As a result of improperly accounting for accounts receivable in the previous year, the financial statements were restated to be in accordance with GAAP.

Recommendation: We recommend the Authority implement accounting processes and procedures to review revenues received after year end to ensure amounts earned before year end are included in revenues and receivables.

Management's Response: As part of its periodic evaluation of financial compilation services and processes, OAQDA updated and implemented an improved financial statement review process for calendar year 2024 and identified a prior-year adjustment to accounts receivables and revenues. These adjustments were made before the start of the audit process. This proactive approach involving this correction by OAQDA contributed to an unmodified opinion on the type of financial statements by the auditors. OAQDA will continue implementing these improved procedures consistent with the audit recommendation.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

OHIO AIR QUALITY DEVELOPMENT AUTHORITY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 7/3/2025

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

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