DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
SUMMIT COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMEBER 31, 2014 AND 2013

Dave Yost • Auditor of State

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY
SUMMIT COUNTY

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INDEPENDENT AUDITOR'S REPORT

Development Finance Authority of Summit County
Summit County
47 N. Main Street, Suite 407
Akron, Ohio 44308

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Development Finance Authority of Summit County, Ohio (the "Authority"), as of and for the years ended December 31, 2014 and December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Development Finance Authority of Summit County, Summit County as of December 31, 2014, and December 31, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Financial Statements Audited by a Predecessor Auditor

The financial statements of Development Finance Authority of Summit County, Ohio, as of and for the year ended December 31, 2013, were audited by a predecessor auditor whose report dated June 3, 2014, expressed an unmodified opinion on those statements.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2015 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2015

Development Finance Authority of Summit County

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2014 and 2013

General

The Management of the Development Finance Authority of Summit County (the "Authority") provides the readers of the Authority's financial statements this brief narrative overview of the financial activities of the Authority for the fiscal year ended December 31, 2014.

The Authority is an independent political subdivision of the State of Ohio. The Authority was established in 1999 for the purpose of providing community and economic development financing activities in Summit County, Ohio. Since then, the Authority has expanded its service capacity through Cooperative Agreements with several neighboring counties. The Authority engages in this activity by managing financing activities through issuance of revenue bonds. In addition, the Authority provides Foreign-Trade Zone administrative services and the Authority is co-manager of an industrial park on property owned by the Akron-Canton Airport, whereby ground rental income is derived as tenants locate at the park.

In May 2011, the Authority applied for certification through the U.S. Treasury Community Development Financial Institutions Fund ("CDFI") to become eligible for an allocation of New Markets Tax Credits ("NMTC"). Subsequent to this application, the Authority submitted an application request to CDFI to receive an allocation of NMTC. To be eligible, the Authority had to also "create" a new Community Development Entity ("CDE"); the Development Fund of the Western Reserve ("DFWR") a private, not-for-profit 501(c)(3). The Authority serves as the controlling entity of the CDE. DFWR serves an 18 county area of northeast Ohio.

In December 2011, the CDFI notified the Authority that the DFWR had been certified and in March 2012, CDFI awarded a $20 million NMTC allocation. During 2012, the DFWR used $10.9 million of the credits to fund two projects; the KSU Hotel and Conference Center in Kent, Ohio, and the Lorain County Health & Dentistry ("LCH&D") project in Lorain, Ohio.

During 2013, the DFWR fully deployed the remaining allocation into the LCH&D project and to the East End Hilton Garden Inn project located in the East End Redevelopment area of Akron. The East End Redevelopment encompasses the former headquarter property of Goodyear Tire and Rubber Co. During 2014 the Authority, through DFWR, submitted a new application to CDFI, seeking $35 - 40 million NMTC allocation to assist with financing several projects throughout the DFWR service area.

Overview

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority engages in economic development finance activities that are conduit stand-alone and/or Jobs and Investment Fund ("Bond Fund") projects. The Jobs and Investment Fund is rated BBB+ by Standard and Poor's. Conduit projects have included the Snap-on Business Solutions headquarters, the Akron Civic Theater, Bridgestone Americas Tech Center, the Goodyear Tire and Rubber Headquarters and numerous other projects.

In 2014, conduit financing was provided to assist with financing a project for the Concord Testa Hotel in downtown Akron. In addition, the Authority helped finance a new facility for Star of the West Milling Company in Huron County.

Bond Fund projects are projects issued through the Authority's Jobs and Investment Fund. There are only three rated Port Authority Bond Funds in Ohio. During 2014 the Authority financed $6.2 million of a $35 million mixed-use redevelopment project. The proceeds of the bonds will be used for the development of the Eastgate Urban Renewal Area. The development is being described as Phase II of the East End development. Phase II will consist of mix of retail, commercial, residential and recreational facilities, with combination of creative reuse of facilities and new construction. Bond Fund payments are secured by tax-increment financing (TIF).

It is noteworthy to consider the following regarding all of the Authority's finance projects:

1. All conduit transactions require the lender to look only to the borrower's lease or debt service payments and any certain specific revenue sources and cash reserves to provide funds sufficient to meet lease payments and/or debt service payments.

2. All Bond Fund transactions require the Authority to look only to the borrower lease or loan payments for debt service unless a default arises, in which case the reserve mechanisms in the bond fund will make the debt service payments to the extent sufficient funds are available. As of December 31, 2014, the Authority had issued $67.6 million to fund 19 projects with an outstanding principal balance of $42.3 million.

Condensed Statement of Net Position Information

The tables below provide a summary of the Authority's financial position and operations for 2014, 2013, and 2012, respectively.

Comparison of 2014 vs. 2013 Results:

			Change	
	2014	2013	Amount	%
Assets:				
Current assets	$ 1,002,954	$ 1,168,184	$ (165,230)	(14.1%)
Capital assets – net	1,300,000	1,325,000	(25,000)	(1.9%)
Restricted assets	73,243,796	70,349,016	2,894,780	4.1%
Total assets	75,546,750	72,842,200	2,704,550	3.7%
Liabilities and net position:				
Liabilities:				
Current liabilities	3,036,674	3,434,448	(397,774)	(11.6%)
Other liabilities	62,192,659	59,111,403	3,081,256	5.2%
Total liabilities	65,229,333	62,545,851	2,683,482	4.3%
Net position:				
Net investment in capital assets	1,300,000	1,325,000	(25,000)	(1.9%)
Restricted	6,512,018	6,499,830	12,188	0.2%
Unrestricted	2,505,399	2,471,519	33,880	1.4%
Total net position	$ 10,317,417	$ 10,296,349	$ 21,068	0.2%

Comparison of 2013 vs. 2012 Results:

	2013	2012	Change Amount	Change %
Assets:				
Current assets	$ 1,168,184	$ 5,544,097	$ (4,375,913)	(78.9%)
Capital assets – net	1,325,000	1,350,000	(25,000)	(1.9%)
Restricted assets	70,349,016	66,679,945	3,669,071	5.5%
Total assets	72,842,200	73,574,042	(731,842)	(1.0%)
Liabilities and net position:				
Liabilities:				
Current liabilities	3,434,448	7,168,928	(3,734,480)	(52.1%)
Other liabilities	59,111,403	55,844,421	3,266,982	5.9%
Total liabilities	62,545,851	63,013,349	(467,498)	(0.7%)
Net position:				
Net investment in capital assets	1,325,000	1,350,000	(25,000)	(1.9%)
Restricted	6,499,830	6,458,434	41,396	0.6%
Unrestricted	2,471,519	2,752,259	(280,740)	(10.2%)
Total net position	$ 10,296,349	$ 10,560,693	$ (264,344)	(2.5%)

Capital Assets: Additional information on the Authority's capital assets can be found in Note 5 to the Authority's financial statements. A summary of the activity in the Authority's capital assets during the years ended December 31, 2014 and December 31, 2013 is as follows:

	Balance at January 1, 2014	Additions	Deletions	Reclassifications	Balance at December 31, 2014
Capital assets not being depreciated:					
Land	$ 500,000	$ -	$ -	$ -	$ 500,000
Capital assets being depreciated:					
Buildings	1,000,000	-	-	-	1,000,000
Less accumulated depreciation:					
Buildings	(175,000)	(25,000)	-	-	(200,000)
Total capital assets being Depreciated, net	825,000	(25,000)	-	-	800,000
Capital assets, net	$ 1,325,000	$ (25,000)	$ -	$ -	$ 1,300,000

Development Finance Authority of Summit County

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2014 and 2013

	Balance at January 1, 2013	Additions	Deletions	Reclassifications	Balance at December 31, 2013
Capital assets not being depreciated:					
Land	$ 500,000	$ -	$ -	$ -	$ 500,000
Capital assets being depreciated:					
Buildings	1,000,000	-	-	-	1,000,000
Less accumulated depreciation:					
Buildings	(150,000)	(25,000)	-	-	(175,000)
Total capital assets being Depreciated, net	850,000	(25,000)	-	-	825,000
Capital assets, net	$ 1,350,000	$ (25,000)	$ -	$ -	$ 1,325,000

Development Finance Authority of Summit County

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2014 and 2013

Statement of Revenues, Expenses, and Changes in Net Position Information

The Authority's net position increased by $21,068 in 2014, decreased by $264,344 in 2013 and increased by $225,292 in 2012. Key elements of these changes are summarized below:

			Change	
	2014	2013	Amount	%
Operating revenues:				
Project management and administrative fees	$ 340,578	$ 279,931	$ 60,647	21.7%
CAK Business Park – lease administrative revenue	77,484	105,588	(28,104)	(26.6%)
Loan processing fees	275,213	269,750	5,463	2.0%
Foreign trade zone contract service and administrative fees	-	4,450	(4,450)	(100.0%)
Summit County economic development grant	75,000	75,000	-	-
Property lease and rentals	-	55,752	(55,752)	(100.0%)
New market tax credit financing revenue	52,738	258,538	(205,800)	(79.6%)
Total operating revenues	821,013	1,049,009	(227,996)	(21.7%)
Operating expenses:				
Salaries and benefits	494,001	454,838	39,163	8.6%
Professional services	91,442	131,107	(39,665)	(30.3%)
Forgiveness of note receivables	-	495,000	(495,000)	(100.0%)
Depreciation expense	25,000	25,000	-	-
Other operating expenses	223,957	292,736	(68,779)	(23.5%)
Total operating expenses	834,400	1,398,681	(564,281)	(40.3%)
Operating loss	(13,387)	(349,672)	336,285	96.2%
Non-operating revenues (expenses):				
Interest income	2,911	13,761	(10,850)	(78.8%)
Non-operating grant revenue	72,500	72,500	-	-
Unrealized loss on investments	(40,956)	(1,968)	(38,988)	(1,981.1%)
Other	-	1,035	(1,035)	(100.0%)
Non-operating income	34,455	85,328	(50,873)	(59.6%)
Change in net position	21,068	(264,344)	285,412	108.0%
Net position – beginning of year	10,296,349	10,560,693	(264,344)	(2.5%)
Net position – end of year	$ 10,317,417	$ 10,296,349	$ 21,068	0.2%

Development Finance Authority of Summit County

Management's Discussion and Analysis (Unaudited)

For the Year Ended December 31, 2014 and 2013

	2013	2012	Change Amount	Change %
Operating revenues:				
Project management and administrative fees	$ 279,931	$ 287,652	$ (7,721)	(2.7%)
CAK Business Park – lease administrative revenue	105,588	109,423	(3,835)	(3.5%)
Loan processing fees	269,750	154,600	115,150	74.5%
Foreign trade zone contract service and administrative fees	4,450	4,500	(50)	(1.1%)
Summit County economic development grant	75,000	75,000	-	-
Property lease and rentals	55,752	148,342	(92,590)	(62.4%)
New market tax credit financing revenue	258,538	138,329	120,209	86.9%
Twinsburg Township reimbursed expenses	-	20,741	(20,741)	(100.0%)
Total operating revenues	1,049,009	938,587	110,422	11.8%
Operating expenses:				
Salaries and benefits	454,838	417,544	37,294	8.9%
Professional services	131,107	82,808	48,299	58.3%
Forgiveness of note receivables	495,000	-	495,000	100.0%
Depreciation expense	25,000	25,000	-	-
Other operating expenses	292,736	237,779	54,957	23.1%
Total operating expenses	1,398,681	763,131	635,550	83.3%
Operating (loss) income	(349,672)	175,456	(525,128)	(299.3%)
Non-operating revenues (expenses):				
Interest income	13,761	47,784	(34,023)	(71.2%)
Non-operating grant revenue	72,500	75,000	(2,500)	(3.3%)
Loss on sale of capital assets	-	(42,976)	42,976	100.0%
Unrealized loss on investments	(1,968)	(29,972)	28,004	93.4%
Other	1,035	-	1,035	100.0%
Non-operating income	85,328	49,836	35,492	71.2%
Change in net position	(264,344)	225,292	(489,636)	(217.3%)
Net position – beginning of year	10,560,693	10,335,401	225,292	2.2%
Net position – end of year	$ 10,296,349	$ 10,560,693	$ (264,344)	(2.5%)

Factors Expected to Impact the Authority's Future Financial Position or Results of Operations

In 2014, revenue from operations and deal flow was healthy and many indicators point to a continued active project pipeline in 2015. A number of conduit and bond fund prospects and applicants have been identified in the first quarter of 2015. The following are projects expected to close in 2015:

Arhaus project – the $40 million conduit bond issue in the Village of Boston Heights to finance the building of the Arhaus corporate headquarters and distribution center, was anticipated to close in 2014, but was delayed into January or February of 2015.

Village of Reminderville project – is an $8.5 – 9.5 million conduit appropriation lease through DFA to the Village of Reminderville for a new community/recreation facility, is expected to close during the second quarter of 2015.

***The Ramco project* -** is a proposed $13 million conduit bond issue to construct a new manufacturing plant in Hudson and is expected to close in 2015.

***The Dayton Port Authority project* -** is a proposed Bond Fund project in cooperation with the Dayton Port Authority, Toledo-Lucas County Port Authority, the DFA and Jobs Ohio to assist with financing a large manufacturing facility in Troy, Ohio and is expected to close in 2015.

Contacting the Authority's Finance Department

The financial statements are designed to provide the public, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for funds it receives and generates. If you have any questions about these financial statements or need additional financial information, please contact Christopher Burnham, President, and/or Assistant Secretary to the Board Elizabeth Leonard.

Development Finance Authority of Summit County

Statements of Net Position

December 31, 2014 and 2013

	2014	2013
Assets:		
Current assets:		
Unrestricted assets:		
Cash	$ 963,310	$ 1,001,678
Accounts receivable	15,846	122,065
Administrative fee receivable	8,050	29,026
Prepaid expenses	15,748	15,415
Total unrestricted current assets	1,002,954	1,168,184
Non-current assets:		
Restricted assets:		
Cash – Board restricted	1,029,084	771,307
Restricted cash – Bond Fund Program Reserve	6,512,018	6,499,830
Investment in Greater Akron Investment Partners	103,288	104,354
Investment in StartVest 2009, LP	85,222	115,656
Investment in Headsense Medical, LTD	32,740	42,196
Asset held for resale – Lockheed Martin	30,000	45,000
Note receivable – Akron Civic Theater	658,329	658,329
Lease receivable – Akron Civic Theater	14,475,000	14,780,000
Lease receivable – Lockheed Martin	-	15,000
Lease receivable – A&K Summit	788,115	847,344
Lease receivable – Bridgestone	7,195,000	7,550,000
	30,908,796	31,429,016
Bond fund transactions:		
Note receivable – Garfield Heights project	1,670,000	1,805,000
Note receivable – Goodyear project	-	670,000
Note receivable – Village of Seville project	1,425,000	1,505,000
Note receivable – Summit County Workforce Policy project	3,565,000	3,770,000
Note receivable – Portage County Brimfield project	1,180,000	1,715,000
Note receivable – Exal Corporation project	585,000	940,000
Note receivable – Superior Roll Forming project	2,390,000	2,515,000
Note receivable – Cavalier project	4,535,000	4,790,000
Note receivable – Plaza Schroer project	900,000	910,000
Note receivable – Digestive Disease project	5,085,000	5,310,000
Note receivable – Shearer's Foods project	3,445,000	3,645,000
Note receivable – City of Cleveland – Flats East project	4,670,000	4,700,000
Note receivable – University Edge project	6,645,000	6,645,000
Note receivable – IRG Rubber City project	6,240,000	-
Total bond fund transactions	42,335,000	38,920,000

(continued)

See Accompanying Notes to the Financial Statements

Development Finance Authority of Summit County

Statements of Net Position (continued)

December 31, 2014 and 2013

	2014	2013
Non-current assets:		
Restricted assets:		
Capital assets:		
Land	500,000	500,000
Buildings	1,000,000	1,000,000
Total	1,500,000	1,500,000
Less: accumulated depreciation	(200,000)	(175,000)
Net book value of capital assets	1,300,000	1,325,000
Total non-current assets	74,543,796	71,674,016
Total assets	$ 75,546,750	$ 72,842,200
Liabilities:		
Current liabilities:		
Payable from unrestricted assets:		
Deposits held	$ 108,119	$ 96,834
Accounts payable	34,849	111,673
Accrued expenses	32,318	27,681
	175,286	236,188
Payable from restricted assets:		
Note payable – Summit County, current portion	75,000	75,000
Revenue bonds – Akron Civic Theater, current portion	340,000	305,000
Revenue bonds – Bridgestone, current portion	360,000	355,000
Revenue bonds – Bond Fund projects, current portion	1,925,000	2,405,000
47 North Main Street tenant liability	156,242	48,840
Delinquent taxes payable, current portion	5,146	9,420
	2,861,388	3,198,260
Total current liabilities	3,036,674	3,434,448
Noncurrent liabilities:		
Unearned lease revenue	256,830	290,428
Payable from restricted assets:		
Note payable – Summit County	555,829	630,829
Revenue bonds – Akron Civic Theater	14,135,000	14,475,000
Revenue bonds – Bridgestone	6,835,000	7,195,000
Delinquent taxes payable – long-term portion	-	5,146
Bond Fund transactions (see Note 3)	40,410,000	36,515,000
Total payable from restricted assets	61,935,829	58,820,975
Total noncurrent liabilities	62,192,659	59,111,403
Total liabilities	65,229,333	62,545,851
Net position:		
Net investment in capital assets	1,300,000	1,325,000
Restricted	6,512,018	6,499,830
Unrestricted	2,505,399	2,471,519
Total net position	10,317,417	10,296,349
Total liabilities and net position	$ 75,546,750	$ 72,842,200

See Accompanying Notes to the Financial Statements

Development Finance Authority of Summit County

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues:		
Project management and administrative fees	$ 340,578	$ 279,931
CAK Business Park – lease administrative revenue	77,484	105,588
Loan processing fees	275,213	269,750
Foreign trade zone and contract service fees	-	4,450
Summit County economic development grant	75,000	75,000
Property lease and rentals	-	55,752
New market tax credit financing revenue	52,738	258,538
Total operating revenues	821,013	1,049,009
Operating expenses:		
Salaries and benefits	494,001	454,838
Professional services	91,442	131,107
Depreciation expense	25,000	25,000
Twinsburg Township expenses	-	34,965
Bank fees	78,677	107,207
Forgiveness of note receivables	-	495,000
Other operating expenses	145,280	150,564
Total operating expenses	834,400	1,398,681
Operating loss	(13,387)	(349,672)
Non-operating (expenses) revenues:		
Interest income	2,911	13,761
Non-operating grant revenue	72,500	72,500
Unrealized loss on investments	(40,956)	(1,968)
Other	-	1,035
Total non-operating income	34,455	85,328
Change in net position	21,068	(264,344)
Net position – beginning of year	10,296,349	10,560,693
Net position – end of year	$ 10,317,417	$ 10,296,349

See Accompanying Notes to the Financial Statements

Development Finance Authority of Summit County

Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating activities:		
Receipts for development projects	$ 725,042	$ 1,016,623
Received from grants	75,000	75,000
Payments for goods and services	(163,575)	(360,428)
Payments to and on behalf of employees	(489,364)	(454,839)
Net cash provided by operating activities	147,103	276,356
Noncapital financing activities:		
Lease payments received	30,000	2,656
Payment of delinquent property taxes	(9,420)	(8,678)
Grant money received	22,500	72,500
47 North Main reserve account funding	100,000	-
Payments on line of credit / note payable	(75,000)	(75,000)
Net cash provided by (used in) noncapital financing activities	68,080	(8,522)
Capital and related financing activities:		
Proceeds from the redemption of revenue bonds	-	83,443
Net cash provided by capital and related financing activities	-	83,443
Investing activities:		
Investment in Headsense Medical, LTD	-	(50,000)
Interest on investments	16,414	13,761
Net cash provided by (used in) investing activities	16,414	(36,239)
Net increase in cash and cash equivalents	231,597	315,038
Cash and cash equivalents – beginning of year	8,272,815	7,957,777
Cash and cash equivalents – end of year	$ 8,504,412	$ 8,272,815
Reconciliation of cash and equivalents to the Statement of Net Position:		
Cash – unrestricted	$ 963,310	$ 1,001,678
Cash – board restricted	1,029,084	771,307
Restricted cash – Bond Fund Program Reserve	6,512,018	6,499,830
Cash and cash equivalents – end of year	$ 8,504,412	$ 8,272,815

(continued)

See Accompanying Notes to the Financial Statements

Development Finance Authority of Summit County

Statements of Cash Flows (continued)

For the Years Ended December 31, 2014 and 2013

	2014	2013
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	$ (13,387)	$ (349,672)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	25,000	25,000
Write-off of uncollectible receivables	-	495,000
Changes in assets and liabilities:		
Accounts receivables	106,219	34,611
Administrative fees receivables	20,976	(21,068)
Prepaid expenses	(333)	7,968
Deposits held	11,285	6,235
Accounts payable	(76,824)	51,051
47 North Main Street Tenant Liability	107,402	56,434
Accrued payroll and payroll taxes	4,637	4,395
Accrued delinquent property taxes	(4,274)	-
Deferred revenue	(33,598)	(33,598)
Net cash provided by operating activities	$ 147,103	$ 276,356

Supplemental Disclosure of Non-cash Investing and Financing Activities:

During 2014, the Authority issued approximately $6.2 million of Revenue Bonds through the Bond Fund Program related to an economic development project which is described in Note 3 to the financial statements. During 2013, the Authority issued approximately $6.6 million of Revenue Bonds through the Bond Fund Program related to an economic development project which is described in Note 3 to the financial statements. Payments made on the Bond Fund Program Revenue Bonds issued and outstanding totaled $2.825 million and $6.825 million, respectively, during 2014 and 2013.

During 2014, the Authority issued approximately $38 million of non-recourse Revenue Bonds (conduit debt). In 2013, the Authority issued $75 million of non-recourse Revenue Bonds (conduit debt). These issuances relate to various economic development projects which are described in Note 4 to the financial statements. Payments made on the conduit debt issued and outstanding totaled approximately $28.9 million and $17.8 million, respectively, during 2014 and 2013.

The Authority had unrealized net losses of $40,956 and $1,968 on its investments as of December 31, 2014 and 2013, respectively.

Note 1: Summary of Significant Accounting Policies

Reporting Entity – The Development Finance Authority of Summit County (the “Authority”) was formed by the Summit County Council in 1993 to preserve key railroad lines from abandonment in an era of rail mergers and consolidations. County Council recognized the expanding role of port authorities within the state and passed legislation enabling the Authority to use the economic development powers allowed under the Ohio Revised Code.

The Authority engages in community and economic development finance, creating employment opportunities, and providing financing and tax incentives to local businesses in order to provide a foundation to compete in the international marketplace. The Authority is directed by a seven-member Board appointed by the Summit County Executive, in accordance with the procedures provided by the Summit County Charter.

The Authority’s activities are financed and operated as an enterprise fund such that the costs and expenses of providing services are recovered primarily through user charges. The Authority’s management believes these financial statements present all activities for which the Authority is financially accountable.

Basis of Accounting – The accompanying financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applicable to governmental entities as prescribed by the Governmental Accounting Standards Board (“GASB”). All transactions are accounted for in a single enterprise fund. The statements were prepared using the economic resources measurement focus and the accrual basis of accounting. The Authority’s enterprise fund financial statements are prepared using the accrual basis of accounting.

Revenues received in advance are deferred and recognized as earned over the period to which they relate. Operating revenues consist primarily of project administrative and loan processing fees, operating grant, rents, and fees for foreign trade zone services. Operating expenses include the cost of providing these services, including administrative expenses. Non-operating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Non-operating revenues consist of interest income and unrealized gain on investment. Non-operating expenses consist of unrealized loss on investment. The Authority first applies restricted resources when an expense is incurred and when both restricted and unrestricted net position are available.

Basis of Presentation – The enterprise fund is accounted for on a flow of economic resources measurement focus. The Authority’s basic financial statements consist of the statements of net position, statements of revenue, expenses and changes in net position and statements of cash flows.

Measurement Focus – The measurement focus is on the determination of revenues, expenses, financial position, and cash flows as the identification of these items is necessary for appropriate capital maintenance, public policy, management control, and accountability.

Note 1: Summary of Significant Accounting Policies (continued)

Conduit Debt – As part of its efforts to promote economic development within northeastern Ohio, over the past several years, the Authority has issued debt obligations and loaned the proceeds to industrial, commercial, governmental and nonprofit organizations, primarily located within Summit County and other northeast Ohio counties. The obligations are secured by the property financed and are payable solely from the payments received by the trustee from the borrowers or other sources designated in the related agreements.

Budgetary Process – The budgetary process is prescribed by provisions of the Ohio Revised Code and requires an annual budget. This budget includes estimated receipts and appropriations. In addition, the Rules and Regulations of the Authority require the Board to adopt an appropriation resolution. The Authority maintains budgetary control by not permitting expenditures to exceed their respective appropriations without amendment of appropriations from the Board of Directors.

Cash and Investments – Summit County is the fiscal agent for the Authority's operations. Accordingly, the Summit County Fiscal Officer maintains a portion of the Authority's cash in an Agency fund on the County's financial records. The Authority's Secretary of the Board is the fiscal agent for the Authority's development projects. The Authority maintains some of its cash with one local bank. This account is insured by the Federal Deposit Insurance Corporation up to the maximum allowed.

For the purposes of the statement of cash flows, all bank deposits, including investments in short-term certificates of deposit, the State Treasury Asset Reserve of Ohio ("STAR Ohio") and overnight investments of excess deposits in repurchase agreements are considered to be cash equivalents.

Restricted Cash – Board Restricted – The Authority's cash is designated by the Board of Directors, and invested in short-term certificates of deposit. These investments are considered cash equivalents and could be deemed unrestricted per action of the Board of Directors through issuance of specific resolutions.

Also included as restricted cash are funds relating to the Project Activity Account which are pass-through monies to the Authority, but used to service ongoing projects currently under contract.

Restricted Cash – Bond Fund Program Reserve – The Authority's investments are governed by the trust indenture and State of Ohio statutes, which allow the Authority to invest in certain obligations including State of Ohio obligations. The balance is invested in a high yield checking account and is considered cash equivalents.

Capital Assets – All capital assets are capitalized at cost and updated for additions and retirements during the year. The Authority maintains a capitalization threshold of $1,000. Capital assets are depreciated using the straight-line method over 40 year useful lives.

Note 1: Summary of Significant Accounting Policies (continued)

Asset Held for Resale – Assets held for resale represents various pieces of equipment received by the Authority and leased to Lockheed Martin Corporation. Under the terms of the amended lease agreement, Lockheed Martin Corporation agreed to pay $60,000 for this equipment at the end of the lease term which expired in October 2014. During 2014, Lockheed Martin Corporation made the final required lease payment of $15,000. Therefore, the $30,000 balance reported on the Authority's Statement of Net Position as of December 31, 2014 represents the $30,000 purchase price.

Compensated Absences – It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued and reported as a liability when earned by the Authority's employees.

Use of Estimates – The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

New Accounting Standards – For 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

GASB Statement No. 69 establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. The implementation of this Statement did not result in any change in the Authority's financial statements.

GASB Statement No. 70 establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e. nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. These changes were incorporated into the Authority's financial statements; however, there was no effect on the beginning net position/fund balance.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions.* The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.

Subsequent Events – In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 26, 2015, the date the financial statements were available to be issued.

Note 2: Deposits and Investments

Deposits – The Authority's depository requirements are governed by state statutes and require that deposits be placed in eligible banks or savings and loans located in Ohio. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value at least equal to the amount of deposits not insured by the Federal Deposit Insurance Corporation ("FDIC"). Collateral that may be pledged is limited to obligations of the following entities: the U.S. government and its agencies, the State of Ohio, and any legally constituted taxing subdivision within the State of Ohio.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority has no deposit policy for custodial risk beyond the requirements of state statute. At December 31, 2014 and 2013, the carrying amounts and bank balances of the Authority's deposits were $8,504,412 and $8,272,815, respectively. Of the bank balance, $8,254,412 and $8,022,815 was exposed to custodial risk at December 31, 2014 and 2013, respectively, and $250,000 was covered by the FDIC at December 31, 2014 and 2013. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investment of the money had been followed, noncompliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC. The Authority's carrying amount of cash on deposit with the County, which is included in the carrying amount balances disclosed above, was $1,693,612 and $1,524,555 as of December 31, 2014 and 2013, respectively. The Summit County Fiscal Officer is responsible for maintaining adequate depository collateral for all funds in the Summit County's pooled and deposit accounts and ensuring that all monies are invested in accordance with the Ohio Revised Code.

Investments – The Authority's investment policies are governed by state statutes which authorize the Authority to invest in obligations of the U.S. government, its agencies and instrumentalities; bonds and other State of Ohio obligations; certificates of deposit; money market mutual funds; and repurchase transactions and commercial paper. Repurchase transactions must be purchased from financial institutions as discussed in "Deposits" above or any eligible dealer who is a member of the National Association of Securities Dealers. Repurchase transactions are not to exceed a period of 30 days and must be secured by the specific government securities upon which the repurchase agreements are based.

These securities must be obligations of, or guaranteed by, the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the Authority's name.

The Authority is prohibited from investing in any financial instrument, contract or obligation whose value or return is based upon, or linked to, another asset or index, or both, separate from the financial instrument, contract or obligation itself (commonly known as a "derivative"). The Authority is also prohibited from investing in reverse repurchase agreements.

All of the Authority's investments were classified as cash and cash equivalents at December 31, 2014 and 2013.

Note 2: Deposits and Investments (continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policies limit its investment portfolio to maturities of five years or less, which is in accordance with Ohio law.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The Authority places no limit on the amount it may invest in any one issuer.

Credit Risk – The Authority's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the Authority's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Authority.

In January 2008, the Authority purchased 0.75 of one membership unit in the Greater Akron Investment Partners, LLC ("GAIP") for $75,000. The net profits and losses of GAIP are allocated among the Members in proportion to the number of units owned by each member in accordance with the operating agreement. The Authority contributed an additional $75,000 into the investment annually through 2010 as part of a three-year commitment. The Authority recognized unrealized losses of $1,066 and $5,248 during 2014 and 2013, respectively on this investment. The Authority's equity interest in GAIP was $103,288 and $104,354 at December 31, 2014 and 2013, respectively.

In 2012 and 2011, Summit County directed the Authority to make an investment of $75,000 and $25,000 respectively, into StartVest 09, LP ("StartVest"), which results in a 2.5580% share as of December 31, 2014 and a 3.3898% share as of December 31, 2013. The Authority recognized an unrealized loss during 2014 of $30,434 and an unrealized gain during 2013 of $11,084 on this investment. The Authority's equity interest in StartVest was $85,222 and $115,656 at December 31, 2014 and 2013, respectively.

In 2013, Summit County directed the Authority to make an investment of $50,000 into Headsense Medical, LTD ("Headsense"), which results in a 0.774% share as of December 31, 2014 and 2013. The Authority recognized unrealized losses of $9,456 and $7,804 during 2014 and 2013, respectively on this investment. The Authority's equity interest in Headsense was $32,740 and $42,196 at December 31, 2014 and 2013, respectively.

Note 3: Jobs and Investment Bond Fund Program

The Authority has established a Bond Fund Program to provide long-term, fixed interest rate financing for qualified industrial, commercial, and public projects. The primary objective of the Bond Fund Program is to further economic development efforts and investments in Summit County through the retention and creation of quality, private-sector jobs.

The State of Ohio Department of Development ("ODOD") awarded the Authority a grant of $2 million, received in April 2001, which was deposited into the Bond Fund Program Reserve account. The conditional grant from ODOD is for a 20 year term, with 100% of the interest earned on the fund remitted back to ODOD through December 2011. Beginning in 2012 and continuing through December 2021, 50% of the interest earned is required to be remitted back to ODOD. In February 2001, the Authority obtained a $3 million grant from Summit County for the Bond Fund Program, which was also deposited into the Bond Fund Program Reserve account.

Under the Program, debt service requirements on each bond issue are to be secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to provide cash or a letter of credit as additional security for the related bonds. Amounts in the Bond Fund Program Reserve may be used for debt service in the event the borrower is unable to make the required payments under the lease. Amounts held in the Authority's Bond Fund Program Reserve were $6,512,018 and $6,499,830 at December 31, 2014 and 2013, respectively, and are included in restricted assets in the accompanying statement of net position.

In January 2010, the Authority obtained a commitment from the Ohio Manufacturers' Association ("OMA"), the Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company (collectively the "Companies") for $2.4 million to be paid in three equal installments from January 2010 through July 2011. The Authority was required to deposit these funds into the Bond Fund Program Reserve account, and to the fullest extent reasonable under the Bond Fund Program, these funds should be used by OMA members which are also the Authority's customers.

The following Revenue Bonds were issued during 2014 through the Bond Fund Program:

> In December 2014, the Authority issued $6,240,000 of Taxable Development Revenue Bonds as part of the City of Akron – IRG Rubber City Project. The proceeds of the bonds will be used for the development of the Eastgate Urban Renewal Area. The development is being described as Phase II of the East End development. Phase II will consist of mix of retail, commercial, residential and recreational facilities, with combination of creative reuse of facilities and new construction. Specifically, the Developer intends to redevelop a portion of the Eastgate Urban Renewal Area, including the original Goodyear Headquarters and Goodyear Hall. Under current plans, the primary use for the site will be office space, including large institutional and public governmental type users, as well as other small, medium and large size users. Mixed uses will include renovations for multi-family residential, retail, restaurants and hospitality. The Developer also plans to construct new hotel. Additional public uses will include the provision of parking for the area as well as the conversion of the auditorium in Goodyear Hall to be used as 1,500 seat theatre that will be capable of hosting musical theatrical and other cultural events.

Note 3: Jobs and Investment Bond Fund Program (continued)

The following Revenue Bonds were issued during 2013 through the Bond Fund Program:

> In March 2013, the Authority issued $6,645,000 of Taxable Development Revenue Bonds as part of the City of Akron – University Edge Project. The proceeds of the bonds will be used to provide funds to pay a portion of the costs of constructing, installing, improving, and equipping two buildings for retail use and commercial housing, as well as public improvements, in the City of Akron.

Changes in the Authority's Bond Fund program for the year ended December 31, 2014 were as follows:

	Balance January 1, 2014	Increase	Decrease	Balance December 31, 2014	Due Within One Year
Garfield Heights project	$ 1,805,000	$ -	$ (135,000)	$ 1,670,000	$ 145,000
Goodyear project	670,000	-	(670,000)	-	-
Village of Seville project	1,505,000	-	(80,000)	1,425,000	90,000
Summit County Workforce Policy project	3,770,000	-	(205,000)	3,565,000	215,000
Portage County Brimfield project	1,715,000	-	(535,000)	1,180,000	125,000
Exal Corporation project	940,000	-	(355,000)	585,000	385,000
Superior Roll Forming project	2,515,000	-	(125,000)	2,390,000	135,000
Cavalier project	4,790,000	-	(255,000)	4,535,000	275,000
Plaza Schroer project	910,000	-	(10,000)	900,000	15,000
Digestive Disease project	5,310,000	-	(225,000)	5,085,000	245,000
Shearer's Foods project	3,645,000	-	(200,000)	3,445,000	215,000
City of Cleveland – Flats East project	4,700,000	-	(30,000)	4,670,000	60,000
University Edge project	6,645,000	-	-	6,645,000	20,000
IRG Rubber City project	-	6,240,000	-	6,240,000	-
Total	$ 38,920,000	$ 6,240,000	$ (2,825,000)	$ 42,335,000	$ 1,925,000

Note 3: Jobs and Investment Bond Fund Program (continued)

Changes in the Authority's Bond Fund program for the year ended December 31, 2013 were as follows:

	Balance January 1, 2013	Increase	Decrease	Balance December 31, 2013	Due Within One Year
Garfield Heights project	$ 1,935,000	$ -	$ (130,000)	$ 1,805,000	$ 135,000
Goodyear project	1,410,000	-	(740,000)	670,000	670,000
Village of Seville project	1,585,000	-	(80,000)	1,505,000	80,000
Twinsburg Township project	4,480,000	-	(4,480,000)	-	-
Summit County Workforce Policy project	3,965,000	-	(195,000)	3,770,000	205,000
Portage County Brimfield project	1,825,000	-	(110,000)	1,715,000	115,000
Exal Corporation project	1,275,000	-	(335,000)	940,000	355,000
Superior Roll Forming project	2,635,000	-	(120,000)	2,515,000	125,000
Cavalier project	5,025,000	-	(235,000)	4,790,000	255,000
Plaza Schroer project	920,000	-	(10,000)	910,000	10,000
Digestive Disease project	5,515,000	-	(205,000)	5,310,000	225,000
Shearer's Foods project	3,830,000	-	(185,000)	3,645,000	200,000
City of Cleveland – Flats East project	4,700,000	-	-	4,700,000	30,000
University Edge project	-	6,645,000	-	6,645,000	-
Total	$ 39,100,000	$ 6,645,000	$ (6,825,000)	$ 38,920,000	$ 2,405,000

Approximate annual principal and interest payments, required to be made by the Authority, for the next five years and thereafter are:

Year	Principal	Interest	Total
2015	$ 1,925,000	$ 2,397,118	$ 4,322,118
2016	2,065,000	2,296,238	4,361,238
2017	2,295,000	2,117,847	4,412,847
2018	2,575,000	1,925,785	4,500,785
2019	2,720,000	1,765,642	4,485,642
2020 – 2024	15,805,000	6,434,523	22,239,523
2025 – 2029	8,435,000	2,931,316	11,366,316
2030 – 2034	2,225,000	1,683,459	3,908,459
2035 – 2039	3,240,000	729,039	3,969,039
2040	1,050,000	25,275	1,075,275
Total	$ 42,335,000	$ 22,306,242	$ 64,641,242

Note 4: Conduit Debt

In accordance with *Government Accounting Standards*, the following revenue bonds issued by the Authority are considered conduit debt and do not create a liability and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the following debt and the loan payments are paid directly to the respective trustee by borrower.

Note 4: Conduit Debt (continued)

Star of the West Milling Company of Ohio Project – In July 2014, the Authority issued up to $10 million of Taxable Development Revenue Bonds. The bonds will be used to finance the costs of the project which includes construction of a new facility consisting of a 30,000 square foot mill, a 15,000 square foot combination warehouse and office building and related storage silos, in Willard, Ohio. The Authority has leased the project facilities to Star of the West Milling Company of Ohio (the "Lessee") pursuant to the lease dated as of August 1, 2014 and ending on August 1, 2024. During the lease term, the Lessee is required to make rental payments sufficient to pay the principal and interest accruing, and any premium due on the bonds through the maturity date. The total amount of conduit debt outstanding for this project is $10 million as of December 31, 2014.

Summa Health System Obligated Group Project – In October 2014, the Authority issued up to $13.675 million of Refunding Revenue Bonds for the purpose of refunding the Series 2006 Bonds. The bond proceeds will be used to finance the construction and equipping of a wellness facility to be leased by Summa Health Systems ("Summa"). Summa and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The operation and maintenance of the buildings is the responsibility of Summa. The bond is secured by an irrevocable letter of credit. The total amount of conduit debt outstanding for this project is $13.585 million as of December 31, 2014.

Concord Testa Hotel Associates, LLC Project – In November 2014, the Authority issued up to $14.4 million of Taxable Development Revenue Bonds. The bonds will be used to finance the costs of the project which includes constructing, improving and equipping a 146 room multi-story hotel located at 41 Furnace Street in Akron, Ohio. The Authority has leased the project facilities to Concord Testa Hotel Associates, LLC (the "Lessee") pursuant to the lease dated as of November 13, 2014 and ending on December 1, 2019. During the lease term, the Lessee is required to make rental payments sufficient to pay the principal and interest accruing, and any premium due on the bonds through the maturity date. The total amount of conduit debt outstanding for this project is $14.4 million as of December 31, 2014.

University Edge Project – In April 2013, the Authority issued up to $30 million of Taxable Development Revenue Bonds. The bonds will be used to finance the costs of the project. The Authority has leased the project facilities to University Square Investors II, LLC (the "Lessee") pursuant to the lease dated as of April 4, 2013 and ending on April 4, 2033. During the lease term, the Lessee is required to make rental payments sufficient to pay the principal and interest accruing, and any premium due on the bonds through the maturity date. During 2014, the Authority and the Lessee entered into a Lease Termination Agreement effective October 30, 2014. Subsequently, the Lessee exercised its options to redeem 100% of the outstanding principal balance on November 4, 2014.

Note 4: Conduit Debt (continued)

Pepperidge Farm Project – In May 2013, the Authority issued up to $40 million of Taxable Development Revenue Bonds. The bonds will be used to finance the costs of the project. The Authority has leased the project facilities to Pepperidge Farm, Incorporated (the "Lessee") pursuant to the lease dated as of June 1, 2013 and ending on June 1, 2016. During the lease term, the Lessee is required to make rental payments sufficient to pay the principal and interest accruing, and any other amounts due on the bonds through the maturity date. This project has not been finalized. Outstanding bond advances as of December 31, 2014 and 2013 were $5.71 million and $10.14 million, respectively.

Summit County Combined General Health District Project – In August 2013, the Authority issued $5 million of Facilities Revenue Bonds. The bonds will be used to finance the costs of the project. The Authority has entered into a loan agreement with the Summit County Combined General Health District (the "Health District"), and under the loan agreement, the Health District has agreed to pay loan payments sufficient in time and amount to pay the principal and interest accruing, and any premium due on the bonds through August 1, 2033, the maturity date. The total amount of conduit debt outstanding for this project is $4.77 million and $5 million as of December 31, 2014 and 2013, respectively.

Canal Park Project – In November 2012, the Authority issued $3.6 million of Development Revenue Bonds. The bonds will be used to finance the costs of the project. The principal and interest payments relating to the Bonds will be secured by and be payable from (i) Appropriation Payments to be made by the City under the Cooperative Agreement, (ii) certain Revenues received by the Authority and (iii) moneys on deposit under the Indenture. The City is not party to the Indenture but is third-party beneficiary under the Indenture. Akron Baseball, LLC, the Construction Agent, will construct the Project on behalf of the Authority in accordance with the Cooperative Agreement dated as of November 2012. The total amount of conduit debt outstanding for this project is $3.45 million and $3.52 million as of December 31, 2014 and 2013, respectively.

Goodyear County Bond Project – In March 2012, the Authority issued $15.815 million of Development Revenue Bonds. The bonds will be used to finance the costs of the project. The principal and interest payments relating to the Bonds will be secured by and be payable solely from County Revenue Payments received by the Trustee. The County Revenue Payments consist of payments made from the Nontax Revenues of Summit County Ohio paid directly to the Trustee. The total amount of conduit debt outstanding for this project is $15.8 million as of December 31, 2014 and 2013.

KB Compost Project – In February 2012, the Authority issued $28 million of Exempt Facilities Revenue Bonds. The bonds will be used to finance the costs of the project. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with the KB Compost Services, Inc. KB Compost Services, Inc. and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. The total amount of conduit debt outstanding for this project is $16.8 million and $17.8 million as of December 31, 2014 and 2013, respectively.

Note 4: Conduit Debt (continued)

Goodyear Parking Deck Project – In October 2011, the Authority issued up to $44.3 million of Taxable Construction Development Revenue Bonds. On June 25, 2014, the final bond was issued in the amount of $44,165,851. The bonds will be used to finance the costs of the project. The principal and interest payments relating to the Bonds will be secured by and be payable from (i) revenues and (ii) the payment of bond service charges on the bond are secured by the Issuer's assignment of its rights under the lease and the sublessor's assignment of its rights under the sublease. Each payment of lease balance made pursuant to the lease shall be deemed to be a payment of the outstanding principal amount of the bond. The total amount of conduit debt outstanding for this project is $43.2 and $44.3 million as of December 31, 2014 and 2013.

Goodyear Innovation Center Project – In July 2011, the Authority issued up to $46.8 million of Taxable Development Revenue Bonds. The bonds will be used to finance the costs of renovating the Goodyear Innovation Center. The principal and interest payments relating to the Bonds will be secured by and be payable from (i) revenues and (ii) the payment of bond service charges on the bond are secured by the Issuer's assignment of its rights under the lease and the sublessor's assignment of its rights under the sublease. Each payment of lease balance made pursuant to the lease shall be deemed to be a payment of the outstanding principal amount of the bond. The total amount of conduit debt outstanding for this project is $46.8 million as of December 31, 2014 and 2013.

The University of Akron Student Housing Project – In May 2011, the Authority issued $33.8 million of Lease Revenue Bonds. The bonds will be used to finance (i) the acquisition, construction, equipping and installation of a student housing facility containing approximately 531 beds for the benefit of students of The University of Akron (the "University"), together with site preparation, sidewalks, landscaping, miscellaneous capital expenditures, and related facilities and improvements; (ii) capitalized interest on the Series 2011 Bonds for a specified period; and (iii) payment of other costs and expenses incident to the issuance of the Series 2011 Bonds. The real property on which the Project is located is leased to the Authority pursuant to a Ground Lease Agreement between the Authority and the University. The Authority will sublease the land and lease the project to the University pursuant to the Facilities Lease Agreement between the University and the Authority. Pursuant to the terms of the University Lease Agreement, the University will make lease payments to the Authority in such amounts as will be sufficient to pay when due the principal of, premium, if any, and interest on the Series 2011 Bonds. Total amount of conduit debt outstanding for this project is $32.6 million and $33.2 million as of December 31, 2014 and 2013, respectively.

Western Reserve Academy Project – In May 2011, the Authority issued $19.6 million of Multi-Mode Variable Rate Refunding Revenue Bonds. The principal amount was issued for the purpose of making a loan to assist the Western Reserve Academy in refunding of the Multi-Mode Variable Rate Revenue Bonds, Series 2002 originally issued by the County of Summit, Ohio for the purpose of the acquisition, construction, renovation, installation, furnishing or equipping of real and/or personal property comprising facilities owned by the Borrower in conjunction with the Borrower's private secondary education facility located in the City of Hudson, Summit County, Ohio. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $17.4 million and $18 million as of December 31, 2014 and 2013, respectively.

Note 4: Conduit Debt (continued)

The Goodyear Tire and Rubber Company Headquarters Project – In April 2011, the Authority issued up to $120 million of Taxable Development Revenue Bonds. On June 25, 2014, the final bond was issued in the amount of $105,564,405. The bonds will be used to finance the costs of the construction of a new, approximately 639,000 square foot headquarters facility that will house both the Global and North America Headquarters of Goodyear. The principal and interest payments relating to the Bonds will be secured by and be payable from rent payments due under the sublease payable by Goodyear as well as first mortgage on the project and all other assets funded from bond proceeds. The financing is structured as a capital lease between the Authority and Purchaser to provide sales tax savings on the construction materials associated with the construction of the Project. Total amount of conduit debt outstanding for this project is $103.2 million and $120 million as of December 31, 2014 and 2013, respectively.

Austen BioInnovation Institute in Akron ("ABIA") Project – In March 2011, the Authority issued $8.5 million of Taxable Development Revenue Bonds. The bonds will be used to provide financing for the renovation, construction and improvement of a building located at 47 North Main Street in the City of Akron, Ohio. These bonds are special obligations of the Authority payable solely from pledged revenues, being generally (a) Loan Payments made by or on behalf of ABIA under the Loan Agreement, (b) all of the moneys received or to be received by the Port Authority or the Trustee in respect of the loan under the Loan Agreement, (c) Contribution Payments that the county is required to make under the Cooperative Agreement if loan payments made by ABIA are insufficient to cover Bond Service Charges or there is a deficiency in the funds required to be on deposit in the Bond Reserve Fund, (d) amounts in the Special Funds, including the Bond Reserve Fund, and (e) income from investments in the foregoing. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $7.5 million and $7.8 million as of December 31, 2014 and 2013, respectively.

Kent State University Project – In September 2010, the Authority issued $13.745 million of Taxable Development Revenue Bonds. The bonds will be used to provide financing for the acquisition, construction, equipping, furnishing, and improvement of real and personal property comprising port authority facilities to be used as an auxiliary and educational facility for the benefit of Kent State University, including without limitation, construction of an approximately 44,000 square foot building and improvements thereto on an approximately 12 acre site that is a portion of the real property located in the City of Twinsburg, Summit County, Ohio. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Kent State University. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $13.24 million and $13.3 million as of December 31, 2014 and 2013, respectively.

Bridgestone Americas Tire Operations, LLC Project – In March of 2010, the Authority issued up to $70 million of Taxable Development Revenue Bonds. The bonds will be used to finance the costs of the construction and improvement of the Tech Center, the Parking Facility, and the Pedestrian Connector. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Bridgestone Americas Tire Operations, LLC ("BATO"). The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds.

Note 4: Conduit Debt (continued)

The Tech Center is being leased by the Authority to SMBC Leasing and Finance, Inc. ("SMBC") and subleased by SMBC to BATO. Under that sublease, BATO has agreed to make rental payments to SMBC in an amount sufficient to pay debt service when due on the bonds. Those rental payments have been pledged to the trustee for the bonds as the revenue source to secure the payment of debt service on the bonds. The bonds are revenue obligations of the Authority, payable solely from the Tech Center Revenues. Neither the Authority nor the county is obligated to pay debt service on the bonds from any source other than the Tech Center Bond Revenues. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $70 million as of December 31, 2014 and 2013. On March 30 2015, Bridgestone paid approximately $50.2 million to exercise its optional redemption of the outstanding bonds and accrued interest and purchase the Bridgestone Akron Technical Center.

Akron YMCA Project – In November 2009, the Authority issued $12.1 million of Multi-Mode Variable Rate Civic Facility Improvement and Revenue Bonds. The bonds will be used to pay back existing bonds outstanding in the amount of $6.1 million and the remaining bonds will be used to finance costs of acquiring, constructing, furnishing, improving, and equipping facilities for the YMCA. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with the YMCA. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $7 million and $8.6 million as of December 31, 2014 and 2013, respectively.

Snap-on Business Solutions Project – In October 2008, the Authority issued $16 million of Taxable Development Revenue Bonds. The bond proceeds will be used to finance the costs of the Snap-on Business Solutions, Inc. project. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Snap-on, Inc. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $7.7 million and $9.3 million as of December 31, 2014 and 2013, respectively.

American Original Building Products, LLC Project – In January 2007, the Authority issued $5.4 million of Summit County Port Authority Variable Rate Industrial Development Revenue Bonds. The bond proceeds will be used to finance the acquisition and installation of machinery and equipment at Ferriot, Inc.'s Akron, Ohio facility. These bonds are special obligations of the Authority payable solely from revenue received by the trustee under its agreement with Ferriot, Inc. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $1.6 million and $2.16 million as of December 31, 2014 and 2013, respectively.

Note 4: Conduit Debt (continued)

Akron Community Service Center and Urban League, Inc. Project – In February 2007, the Authority issued $3.6 million of Summit County Port Authority Adjustable Rate Tax Exempt Revenue Bonds. The bond proceeds will be used to finance the acquisition, construction, improvements, installation, and equipping of a new community service center and urban league facility to provide educational, recreational, and other services to residents of Summit County, Ohio. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with the Akron Community Service Center and Urban League, Inc, (lithe "Borrower"). The Borrower and the Authority entered into a loan agreement pertaining to this facility. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by an irrevocable letter of credit. On August 1, 2014, Akron Community Service Center and Urban League, Inc. elected to redeem all of the outstanding bonds. Therefore, as of December 31, 2014, there is no outstanding bond balance to report. The total amount of conduit debt outstanding for this project was $2.9 million as of December 31, 2013.

Barberton YMCA Project – In June 2007, the Authority issued $4.1 million of Summit County Port Authority Facility Revenue Bonds. The bond proceeds will be used to facilitate the financing of "port authority facilities" and enhancing economic development of such facilities. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with The Young Men's Christian Association. The Young Men's Christian Association and the Authority entered into a loan agreement pertaining to this facility. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was $1.2 million and $1.65 million as of December 31, 2014 and 2013, respectively.

Callis Towers, LLC Project – In October 2007, the Authority issued $12 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds will be used to make a mortgage loan insured by the Federal Housing Administration ("FHA") to Callis Towers, LLC, to finance a portion of the acquisition, renovation, rehabilitation, and equipping of a 277-unit, 15 story residential building located on 2.5 acres in Akron, Ohio. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with Callis Towers, LLC. Callis Towers, LLC and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was $6.8 million and $7.3 million as of December 31, 2014 and 2013, respectively.

Note 4: Conduit Debt (continued)

Collinson Apartments Project – In December 2006, the Authority issued $4 million of Summit County Port Authority Multifamily Housing Revenue Bonds. The bond proceeds will be used to finance the costs of acquiring, renovating, and equipping a rental facility in the City of Akron. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with New Hillwood I Associate, LLC. New Hillwood I Associate, LLC and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was $3.77 million and $3.8 million as of December 31, 2014 and 2013, respectively.

Summa Wellness Institute Project – In October 2006, the Authority issued $15.405 million of Summit County Port Authority Revenue Bonds. The bond proceeds will be used to finance the construction and equipping of a wellness facility to be leased by Summa Health Systems (“Summa”). These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its lease with Summa. Summa and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The operation and maintenance of the buildings is the responsibility of Summa. The bond is secured by an irrevocable letter of credit. The revenue bonds were refunded in 2014 with the issuance of $13.675 million of Refunding Revenue Bonds. The total amount of conduit debt outstanding for this project was $14.1 million as of December 31, 2013.

KB Compost Services, Inc. Project – In March 2006, the Authority issued $5 million of Summit County Port Authority Variable Rate Exempt Facility Revenue Bonds. The bond proceeds will be used to finance the costs of acquiring and installing certain machinery and equipment at the Akron Compost Facility owned by the City of Akron. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with the KB Compost Services, Inc. KB Compost Services, Inc. and the Authority entered into a financing loan agreement pertaining to this project. The loan is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $750,000 and $1.25 million as of December 31, 2014 and 2013, respectively.

Lawrence School Project – In August 2005, the Authority issued $10.475 million of Summit County Port Authority Adjustable Rate Demand Revenue Bonds (Series 2005). The bond proceeds will be used to finance the cost of acquisition of a 47 acre parcel located in Sagamore Hills, Ohio, and the construction, equipping, and improvement of a private school building on that site, to be owned by Lawrence School. These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with Lawrence School. Lawrence School and the Authority entered into a financing lease agreement pertaining to this project. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $8.1 million and $8.5 million as of December 31, 2014 and 2013, respectively.

Note 4: Conduit Debt (continued)

Eastland Woods, LLC Project – In August 2004, the Authority issued $7.5 million of Summit County Port Authority Revenue Bonds. The bond proceeds will be used to finance the acquisition, construction, rehabilitation, and equipping of an approximately 100-unit residential rental project to be owned by Eastland Woods, LLC. ("Eastland Woods"). These bonds are special obligations of the Authority payable solely from the revenue received by the trustee under its agreement with Eastland Woods. Eastland Woods and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project was $1.6 million and $1.7 million as of December 31, 2014 and 2013, respectively.

Meadow Lane, LLC Project – In August 2003, the Authority issued $5.5 million of Summit County Port Authority Revenue Bonds. The bond proceeds will be used to finance the construction and equipping of a manufacturing and distribution facility to be leased by Meadow Lane, LLC ("Meadow Lane"). These bonds are special obligations of the Authority payable solely from the proceeds received by the trustee under its lease with Meadow Lane. Meadow Lane and the Authority entered into a financing lease agreement pertaining to this facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. All expenses related to the revenue bonds are being paid out of the bond proceeds. The operation and maintenance of the buildings is the responsibility of Meadow Lane. The bond is secured by an irrevocable letter of credit. Total amount of conduit debt outstanding for this project was $3.255 million and $3.5 million as of December 31, 2014 and 2013, respectively.

Approximate future annual principal debt service requirements for these conduit debt obligations for the next five years and thereafter are:

Year	Amount
2015	$ 14,218,184
2016	14,846,148
2017	15,103,979
2018	14,555,297
2019	26,417,741
2020 – 2024	68,988,426
2025 – 2029	64,854,132
2030 – 2034	57,236,614
2035 – 2039	49,305,895
2040 – 2044	10,945,000
2045 – 2048	1,815,000
Total	$ 338,286,416

Development Finance Authority of Summit County

Notes to Financial Statements (continued)

For the Years Ended December 31, 2014 and 2013

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance at January 1, 2014	Additions	Deletions	Balance at December 31, 2014
Capital assets not being depreciated:				
Land	$ 500,000	$ -	$ -	$ 500,000
Capital assets being depreciated:				
Buildings	1,000,000	-	-	1,000,000
Less accumulated depreciation:				
Buildings	(175,000)	(25,000)	-	(200,000)
Total capital assets being Depreciated, net	825,000	(25,000)	-	800,000
Capital assets, net	$ 1,325,000	$ (25,000)	$ -	$ 1,300,000

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
Capital assets not being depreciated:				
Land	$ 500,000	$ -	$ -	$ 500,000
Capital assets being depreciated:				
Buildings	1,000,000	-	-	1,000,000
Less accumulated depreciation:				
Buildings	(150,000)	(25,000)	-	(175,000)
Total capital assets being Depreciated, net	850,000	(25,000)	-	825,000
Capital assets, net	$ 1,350,000	$ (25,000)	$ -	$ 1,325,000

Note 6: Retirement and Post-Employment Benefit Plans

Pension Benefits – The Authority participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions. Under the Member Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Note 6: Retirement and Post-Employment Benefit Plans (continued)

The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member employer contributions. For 2014 and 2013, member and employer contribution rates were consistent across all three plans. For the year ended December 31, 2014, the members of all three plans were required to contribute 10% of their annual earnable salary to fund pension obligations. The Authority contributed 14% of earnable salary.

The Authority's required contributions for pension obligations to the Traditional and Combined Plans (excluding the amount relating to post-retirement benefits) for the years ended December 31, 2014, 2013, and 2012 were $49,067, $46,423, and $43,796, respectively, equal to the required contributions for each year. The full amount has been contributed for all three years.

Post-Employment Benefits – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Member of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

Note 6: Retirement and Post-Employment Benefit Plans (continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, the Authority contributed at a rate of 14% of earnable salary. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of earnable salary for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees 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 Authority's contributions for health care for the years ended December 31, 2014, 2013, and 2012 were $7,007, $3,315, and $12,513, respectively, equal to the required contributions for each year. The full amount has been contributed for all three years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

Note 7: Akron Civic Theater Project

In September 2001, the Authority issued $14.6 million of Summit County Port Authority Revenue Bonds, comprised of $13.6 million of Current Interest Bonds and $1 million of Capital Appreciation Bonds. The proceeds from the revenues bonds were primarily used to fund the renovation of the Akron Civic Theater facility. These bonds are payable solely from the proceeds received by the Authority under its lease with the Akron Civic Theater.

Note 7: Akron Civic Theater Project (continued)

In 2012, the Authority issued $15,295,000 of Port Facilities Revenue Refunding Bonds, for the purpose of (1) refunding the Development Finance Authority's outstanding Revenue Bonds issued in 2001 to provide the funds to pay the costs of a project to be leased to The Community Hall Foundation, Inc., dba Akron Civic Theatre, and (2) paying issuance costs of the Series 2012 Bonds. The bonds refunded in the 2001 issue mature on December 1, 2033. The balance outstanding on the revenue bonds was $14,475,000 and $14,780,000 at December 31, 2014 and 2013, respectively.

The Akron Civic Theater and the Authority entered into a financing lease agreement pertaining to the civic theater facility. The lease is non-cancelable until the underlying revenue bonds are paid in full. Lease payments will be derived from the County Bed Tax revenues, through agreement among Summit County, National Inventors Hall of Fame and the Authority. In addition, the City of Akron guarantees the bonds.

All expenses related to the revenue bonds were paid out of the bond proceeds. The operation and maintenance of the theater is the responsibility of the Akron Civic Theater. In 2002, there was a shortfall in fundraising revenue committed to the project by the Civic Theater which led to the notes payable and receivable explained in Note 8.

Approximate future annual receipts and payments for the refunding bonds are:

Year	Principal	Interest	Total
2015	$ 340,000	$ 513,018	$ 853,081
2016	370,000	506,281	876,281
2017	400,000	498,888	898,881
2018	435,000	490,881	925,881
2019	470,000	480,006	950,006
2020 – 2024	2,930,000	2,208,670	5,138,670
2025 – 2029	4,530,000	1,546,588	6,076,588
2030 – 2033	5,000,000	503,231	5,503,231
Total	$ 14,475,000	$ 6,747,619	$ 21,222,619

Note 8: Notes Payable and Notes Receivable

The Authority has an unsecured notes payable with Summit County. The purpose of the note was for renovation costs for the Akron Civic Theater. The balance outstanding on the unsecured note payable was $630,829 and $705,829 at December 31, 2014 and 2013, respectively.

Note 8: Notes Payable and Notes Receivable (continued)

Approximate annual principal payments, required to be made by the Authority, under this debt for the next five years and thereafter are:

Year	Amount
2015	$ 75,000
2016	75,000
2017	75,000
2018	75,000
2019	75,000
2020 – 2022	255,829
Total	$ 630,829

Note Receivable with Akron Civic Theater – In connection with entering the note payable with Summit County, the Authority entered into a note receivable agreement with the Akron Civic Theater. The note receivable is unsecured and non-interest bearing. The note receivable is structured such that the Akron Civic Theater pays the Authority for all amounts due under the note payable/line of credit based on the schedule noted below, and the Authority then repays Summit County. The agreement states that if certain terms of the agreement are met and there is no default on the loan, that the outstanding balance of $458,829 at the end of the term will be discharged by the Authority.

During 2013, the Board of Directors of the Authority approved the forgiveness of $450,000 of principal, interest and other fees owed by the Akron Civic Theater and amended the loan agreement effective January 1, 2014.

Approximate amended annual payments to be received by the Authority under this agreement for the next five years and thereafter are:

Year	Amount
2015	$ 10,000
2016	10,000
2017	10,000
2018	10,000
2019	10,000
2020 – 2033	608,329
Total	$ 658,329

Note 9: Airdock Remediation

In January 2007, the Authority entered into an agreement with the Director of Development of the State of Ohio for a Brownfield Revolving Fund Loan for the Airdock Project. The Authority also entered into an agreement with the Clean Ohio Council for Clean Ohio Revitalization Fund ("CORF") grant for the Airdock Project. The purpose of the loan and grant was to conduct interior remediation activities including cleaning dust and debris from the building interior structure, at the Airdock site located in Akron, Ohio which is owned by the Authority and leased to Lockheed Martin Corporation. The amount of the loan and grant was $2 million and $3 million, respectively. This loan is a debt obligation and is payable solely from the revenues received by the Authority under its agreement with Lockheed Martin Corporation.

Note 10: Leases

In March of 2011, the Authority agreed to lease approximately 36,000 square feet of the 47 North Main Street building (excluding non-rentable common area) to ABIA, beginning in December 2011 until November 2033 as part of the conduit debt issued for the ABIA Project. At any time during the lease, the tenant has the option to purchase the building. The annual base rent during the term of the lease is $1 per year. The tenant has also agreed to pay its proportional share of the common area maintenance, utilities, and related expenses. The Authority received $241,173 from ABIA under this Agreement in 2014.

In March of 2011, the Authority agreed to lease approximately 25,000 square feet of the 47 North Main Street building (excluding non-rentable common area) to Summit County – DJFS, beginning in March 2011 for a period of five years. The annual base rent during the term of the lease is $86,793 per year. The tenant has also agreed to pay its proportional share of the common area maintenance, utilities, and related expenses. The Authority received $300,220 from DJFS under this agreement in 2014.

Effective November 1, 2012, the Authority and Lockheed Martin Corporation entered into an amended equipment lease agreement which states that Lockheed Martin Corporation has agreed to purchase existing project equipment and the Authority has agreed to acquire and lease to Lockheed Martin Corporation additional project equipment. In consideration of Lockheed Martin Corporation entering into this amendment, the Authority agrees that Lockheed Martin Corporation may draw on, and the Authority shall approve disbursement from, any funds held in the Project Fund and available to purchase project equipment under the equipment lease agreement to pay: (1) the existing project equipment purchase price which was appraised at $87,000, and (2) upon exercise by Lockheed Martin Corporation of the option to purchase the additional project equipment, the additional project equipment purchase price of $30,000. A $30,000 lease receivable and the related unearned lease revenue were originally recorded in the Statement of Net Position. During 2013 and 2014, the Authority recognized $15,000 of rental income from equipment leased under this agreement. No future payments are expected to be received under this lease.

Note 10: Leases (continued)

In December of 2012, the Authority agreed to lease the 1034 Home Avenue building to A&K Summit Holdings, LLC, beginning in December 2012 for a period of one year. The annual base rent during the initial lease term is $12,000 per year. Rental payments during the post-option exercise lease term shall be in monthly installments as follows: (a) $2,656 for month's one through nine and (b) $9,495 for months ten through ninety-six. The Authority recognized $59,229 of rental income from property leased under this agreement in 2014. As of December 31, 2014 and 2013, the balance on the lease receivable was $788,115 and $847,344, respectively. The future fixed rental payments the Authority is scheduled to receive under the Lease Agreement total $113,944 in 2015.

Note 11: 1034 Home Avenue

On July, 20, 2010, the Authority entered into a delinquent tax agreement with Summit County, in order to pay the outstanding property taxes owed on the property received. As of December 31, 2014 and 2013, the Authority owed $5,146 and $14,566 to the County, respectively. Of this amount, $5,146 and $9,420 is considered the current portion of this liability as of December 31, 2014 and 2013, respectively.

Note 12: Bridgestone Project

On December 1, 2010, the Authority issued $7,450,000 of Federally Taxable Recovery Zone Economic Development Revenue Bonds and $100,000 of Federally Taxable Revenue Bonds as part of the Bridgestone Project. The proceeds of the bonds will be used to provide funds to pay a portion of the costs of constructing the new technical center which is being constructed as the international technical center and research and development headquarters for Bridgestone Americas Tire Operations, LLC ("BATO"). BATO will operate the technical center project, which will provide research and development and technical support for BATO's operations. The technical center project comprises the technical center buildings, a multi-level parking facility for approximately 475 vehicles, and an elevated pedestrian walkway connecting the tech center and the parking facility. The parking facility and a portion of the pedestrian walkway are the projects being financed with the 2010 bond proceeds.

Pursuant to the terms of the Cooperative Agreements, Summit County will make its County Revenue Payments to the Trustee from the County Nontax Revenues in amounts sufficient to pay Bond Service Charges on the Nontax Revenue Bonds when due.

Note 12: Bridgestone Project (continued)

The balance outstanding on the revenue bonds was $7,195,000 and $7,550,000 at December 31, 2014 and 2013, respectively. Approximate future annual principal and interest payments for this obligation are:

Year	Principal	Interest	Total
2015	$ 360,000	$ 424,986	$ 784,986
2016	370,000	412,998	782,998
2017	375,000	397,791	772,791
2018	385,000	381,441	766,441
2019	395,000	361,883	756,883
2020 – 2024	2,175,000	1,468,814	3,643,814
2025 – 2029	2,560,000	753,666	3,313,666
2030	575,000	40,652	615,652
Total	$ 7,195,000	$ 4,242,231	$ 11,437,231

Note 13: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. Commercial insurance has been obtained to cover damage or destruction to the Authority's property and for public liability, personal injury, and third-party property damage claims. Settled claims have not exceeded the Authority's commercial insurance coverage for any the past three years. No substantial changes in insurance coverage have occurred in any major risk category in 2014; there were no insurance settlements in 2014 and 2013.

Employee health care benefits are provided under a group insurance arrangement and the Authority is insured through the State of Ohio for workers' compensation benefits.

Note 14: Related Party Transactions

The Authority uses certain Summit County employees without reimbursement. In addition, the Authority received a $75,000 grant from Summit County to be used for economic development and job creation. Of this amount, the County specified that $50,000 of this grant was to be used to invest in the Headsense Medical LTD investment, $10,000 of this grant was invested with the Cleveland International Fund, $10,000 was used to pay for consulting expenses relating to providing general business investment attraction services on matters relating to China, $2,500 was used to invest in the GAIP investment and $2,500 was used to cover the legal and related costs associated with the above mentioned uses of the grant. The Headsense investment was not made until 2015.

Note 15: Letter of Credit

The Authority has a $5 million, unsecured letter of credit with a bank in order to support issuance of development bonds via the Authority's Bond Fund Program. No amounts were outstanding on this letter of credit as of December 31, 2014 and 2013.

Note 16: Commitments

Kelso – Brimfield TIF project – In May 2010, the Authority authorized up to $1 million in subordinate tax-exempt revenue bonds to reimburse Kelso Development LLC for costs incurred related to the acquisition of land and construction of improvements in connections with the Brimfield Plaza Development. Costs will be reimbursed after the original TIF bonds are paid off and only to the extent there are excess proceeds. New development at the site includes a medical office building and retail.

Summit County – 47 North Main Street project – The County sold the project site to the Authority at a price equivalent to the appraised value of the property, plus approximately $190,000, which is the amount of improvement indebtedness owed by the county on the property. The purchase was based on the Fiscal Officer's appraisal of $2,490,000. In March 2011, the Authority issued $8.5 million of Taxable Development Revenue Bonds. The bonds were used to provide financing for the renovation, construction, and improvement of a building located at 47 North Main Street in the City of Akron, Ohio. These bonds are special obligations of the Authority payable solely from pledged revenues, being generally (a) loan payments made by or on behalf of ABIA under the Loan Agreement, (b) all of the moneys received or to be received by the Authority or the Trustee in respect of the loan under the Loan Agreement, (c) contribution payments that the county is required to make under the Cooperative Agreement if loan payments made by ABIA are insufficient to cover bond service charges or there is a deficiency in the funds required to be on deposit in the Bond Reserve Fund, (d) amounts in the Special Funds, including the Bond Reserve Fund, and (e) income from investments in the foregoing. The bond is secured by assets of the project. Total amount of conduit debt outstanding for this project is $7.5 and $7.8 million as of December 31, 2014 and 2013, respectively.

The Authority issued a 22 year note in the amount of $2,490,000 upon purchase of the project site which is secured by a mortgage in the project site. The estimated annual principal payment for years 1 through 20 is $86,793. The estimated annual principal payment for years 21 and 22 is $377,070.

The Authority leases floors one, two, three, and a portion of the basement of the project site to Austen BioInnovation Institute in Akron ("ABIA"). The Authority leases floors four, five, six, and the balance of the basement to the county for its Department of Job and Family Services ("DJFS"). The Authority uses approximately 2,040 square feet of floor four of the project site as its offices. As of December 31, 2014, the Authority has recorded a liability in the amount of $156,242 for estimated payments received which were greater than the total operating expenses allocated for the year.

Note 16: Commitments (continued)

Macedonia TIF project – In August 2007, the Authority authorized $2.5 million in subordinate tax-exempt revenue bonds to reimburse the developer for costs incurred related to the construction of public improvements in connection with an Independent Living/Assisted Living Facility and an Active Adult Community in Macedonia Ohio. Costs will be reimbursed after the original TIF bonds are paid off and only to the extent there are excess proceeds. New development at the site includes installing a road, sidewalks and handicap ramps, street lighting, water lines, storm and sanitary sewer lines, fire hydrants, and landscaping. Construction was completed during 2010 and the City accepted the improvements in May, 2010. Outstanding balance on the bonds at December 31, 2014 is $2,275,000.

Note 17: Contingencies

The Authority, in the normal course of its activities, could be exposed to various claims and pending litigation. In the opinion of Authority management, the disposition of these other matters is not expected to have a material adverse effect on the financial position of the Authority.

Note 18: Related Organization

Development Fund of the Western Reserve, Inc. – The Development Fund of the Western Reserve, Inc., an Ohio non-profit corporation (the "Corporation"), was formed on May 26, 2011 to serve or provide investment capital for Low-Income Communities ("LICs"), as defined in Section 45D(e) of the Internal Revenue Code and the Treasury Regulations thereunder, or low-income persons ("Low-Income Persons"). The Corporation's members are the Authority, the Controlling Member, and Summit Workforce Solutions. The Corporation was certified as a qualified community development entity under the New Markets Tax Credit ("NMTC") Program. At least sixty percent (60%) of the Corporation's activities are targeted to Low-Income Persons of LICs. The Corporation's service area is comprised of an eighteen county area in Northeast Ohio.

Pursuant to the Management Services Agreement ("Management Agreement") between the Corporation and the Authority, the Authority agreed to provide management, financial, operational compliance and administrative services as necessary to assist the Corporation in fulfilling its on-going, day-to-day responsibilities. In exchange for these services, the Corporation pays the Authority a fee in an amount equal to: (a) fifty percent (50%) of (i) closing fees and (ii) any ongoing administrative fees received by the Corporation from time to time under the NMTC Program for investments, loans and/or transactions consummated thereunder; and (b) all out-of-pocket expenses incurred by the Authority and its service personnel consisting of travel, outside consultants, conference calls, postage, courier costs and other miscellaneous expenses. For the years ended December 31, 2014 and 2013, the Corporation paid support services expenses of $50,000 and $291,415, respectively, to the Authority. In addition, the Authority advanced funds to the Corporation to fund operating expenses. Advances from the Authority do not bear interest. As of December 31, 2014 and 2013, the Corporation owed the Authority $0 and $2,738, respectively. Financial information can be obtained from the Development Fund of the Western Reserve, Inc. Treasurer at 47 North Main Street, No. 407, Akron, Ohio 44308.

Note 19: Subsequent Events

The following are projects expected to close in 2015:

Arhaus project – the $40 million conduit bond issue in the Village of Boston Heights to finance the building of the Arhaus corporate headquarters and distribution center, was anticipated to close in 2014, but was delayed into January or February of 2015.

Village of Reminderville project – is an $8.5 – 9.5 million conduit appropriation lease through DFA to the Village of Reminderville for a new community/recreation facility, is expected to close during the second quarter of 2015.

***The Ramco project* -** is a proposed $13 million conduit bond issue to construct a new manufacturing plant in Hudson and is expected to close in 2015.

***The Dayton Port Authority project* -** is a proposed Bond Fund project in cooperation with the Dayton Port Authority, Toledo-Lucas County Port Authority, the DFA and Jobs Ohio to assist with financing a large manufacturing facility in Troy, Ohio and is expected to close in 2015.

The Authority received from the Ohio Development Services Agency a Request for Qualifications (RFQ) to determine eligibility for an energy efficiency loan loss reserve to enhance the Authority's Bond Fund; the Authority could be eligible for up to $3.6 million. The Authority responded to the RFQ by the April 30, 2014 deadline, but an award had not been made as of December 31, 2014.

In January 2014 Lockheed Martin announced it would begin to phase out a substantial portion of its Akron based operations but would continue to use the Airdock property, which is owned by the Authority. The lease expires in 2026. Lockheed Martin has announced they will be downsizing its Akron workforce. The anticipated workforce at year end, 2015 will be approximately 75 people.

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

Development Finance Authority of Summit County
Summit County
47 N. Main Street, Suite 407
Akron, Ohio 44308

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Development Finance Authority of Summit County, (the "Authority") as of and for the years ended December 31, 2014, and December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 26, 2015. Our report refers to other auditors who audited the basic financial statements of the Authority as of and for the year ended December 31, 2013 as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

June 26, 2015

DEVELOPMENT FINANCE AUTHORITY OF SUMMIT COUNTY

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 2, 2015