

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY**

FRANKLIN COUNTY, OHIO

**BASIC FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

DECEMBER 31, 2014

**JEAN CARTER RYAN, PRESIDENT**

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**TABLE OF CONTENTS**

Independent Auditor's Report .....	1 - 2
Management's Discussion and Analysis.....	3 - 8
Basic Financial Statements:	
Statement of Net Position .....	9
Statement of Revenues, Expenses and Changes in Net Position .....	10
Statement of Cash Flows .....	11
Notes to the Basic Financial Statements .....	12 - 36
Supplementary Information:	
Combining Statement of Net Position .....	38
Combining Statement of Revenues, Expenses and Changes in Net Position .....	39
Combining Statement of Cash Flows.....	40
Report on Internal Control Over Financial Reporting and on Compliance and other matters Based on an Audit of Financial Statements Performed In Accordance with Governmental Auditing Standards.....	41 - 42
Schedule of Findings and Responses.....	43

## Independent Auditor's Report

To the Board of Directors  
Columbus-Franklin County Finance Authority

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

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

To the Board of Directors  
Columbus-Franklin County Finance Authority

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbus-Franklin County Finance Authority's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2015 on our consideration of Columbus-Franklin County Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Columbus-Franklin County Finance Authority's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

March 2, 2015

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

The discussion and analysis of the Columbus-Franklin County Finance Authority (the "Authority") financial performance provides an overall review of the Authority's financial activities for the fiscal year ended December 31, 2014. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position was \$5,311,566 at December 31, 2014. This represents an increase of \$337,435 or 6.78% from the net position at December 31, 2013 of \$4,974,131.
- The Authority had operating revenues of \$720,795, operating expenses of \$438,081, nonoperating revenues of \$1,066,189 and nonoperating expenses of \$1,011,468 for fiscal year 2014.
- In 2014, the Authority issued \$137 million in debt for two (2) projects through its Conduit Financing program: OCLC (\$30 million) and Grandview Yard (\$107 million). As of December 31, 2014, Grandview Yard has drawn down \$23.5 million of its \$107 million issuance.
- In 2014, the Authority disbursed a \$100,000 loan to MidAmerican Global Ventures (MAG). MAG was established to bring a new source of low-cost capital to Central, Northwest and Eastern Ohio through investments by foreign national investors in low-risk, job-creating projects.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Authority's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* provide information about the activities of the Authority, including all short-term and long-term financial resources and obligations.

**Reporting the Authority's Financial Activities**

***Statement of net position, statement of revenues, expenses, and changes in net position and the statement of cash flows***

These documents look at all financial transactions and ask the question, "How did we do financially during 2014?" The Statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Authority's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 9 and 10 of this report.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its operations, projects financed through the Central Ohio Bond Fund (COBF) program and other financing projects. The statement of cash flows can be found on page 11 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 12-36 of this report.

The Authority has provided supplementary information on pages 38-40 of this report to break down the Authority's operations between those that are unrestricted, those that are restricted, other financing projects and those pertaining to the COBF.

The table below provides a summary of the Authority's net position at December 31, 2014 and the net position at December 31, 2013. Certain liabilities for 2013 have been reclassified to conform to 2014 presentation.

<b>Net Position</b>		
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets:		
Unrestricted	\$ 2,162,952	\$ 1,953,573
Noncurrent assets:		
Unrestricted	100,000	-
Restricted	<u>18,596,865</u>	<u>18,297,696</u>
Total assets	<u>20,859,817</u>	<u>20,251,269</u>
<u>Liabilities</u>		
Current liabilities:		
Payable from unrestricted assets	25,136	22,192
Noncurrent liabilities:		
Payable from restricted assets	<u>15,523,115</u>	<u>15,254,946</u>
Total liabilities	<u>15,548,251</u>	<u>15,277,138</u>
<u>Net Position</u>		
Restricted	3,073,750	3,042,750
Unrestricted	<u>2,237,816</u>	<u>1,931,381</u>
Total net position	<u>\$ 5,311,566</u>	<u>\$ 4,974,131</u>

Over time, net position can serve as a useful indicator of the Authority's financial position. At December 31, 2014, the Authority's net position totaled \$5,311,566. Current assets consist of unrestricted operating cash and investments, accrued interest receivable on investments and prepayments. Noncurrent unrestricted assets include a loan receivable from MidAmerican Global Ventures. Noncurrent restricted assets consisted of cash and investments of the COBF reserve, cash equivalents held by the Authority's fiscal agent related to bond issuances for the Harrison West Project, the One Neighborhood Project-Phase 1 and One Neighborhood Project-Phase 2, cash and cash equivalents and a pledged receivable related to the Rickenbacker Project, a pledged tax increment financing (TIF) receivable from the City of Columbus to support the Harrison West Project, a pledged community authority financing payments and TIF receivable to support the One Neighborhood Project-Phase 1 and One Neighborhood Project-Phase 2. The Harrison West Project, One Neighborhood Project-Phase 1 and the One Neighborhood Project-Phase 2 were financed through the Authority's COBF program.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

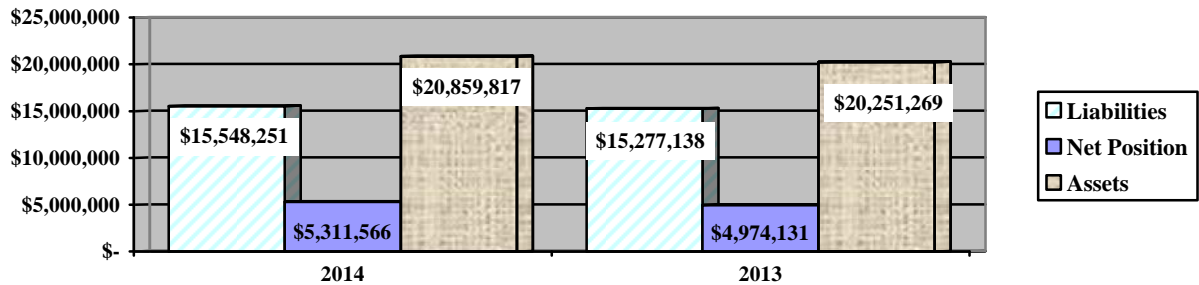
Current liabilities payable from unrestricted assets consist of accruals related to the operations of the Authority.

Noncurrent liabilities payable from restricted assets include the Authority's loan payable to the State of Ohio Department of Development (ODOD). The principal amount and service fees paid on this loan in 2014 were \$31,000 and \$4,893, respectively, of which the principal amount was paid out of restricted operating funds of the Authority and the service fees were paid out of unrestricted operating funds of the Authority.

In addition, noncurrent liabilities payable from restricted assets include the Rickenbacker Project loan, deposits held in escrow, and the balance of the revenue bonds issued to finance the Harrison West Project, One Neighborhood Project-Phase 1 and One Neighborhood Project-Phase 2 through the COBF program. The bonds are payable from restricted pledged TIF and community authority financing payment receivables securing repayment of the bonds. Bond fund transactions including bond costs payable, amounts due to developer, and accrued interest payable on bonds are also included as noncurrent liabilities payable from restricted assets.

A portion of the Authority's net position, \$3,073,750, represents resources that are subject to external restriction on how they may be used. The restricted net position consists of the City of Columbus and Franklin County grants (\$2,500,000) which were used to establish the COBF reserve account and the difference (\$573,750) between the original proceeds received from the State loan (\$2,500,000) and the balance of the State loan liability at year end (\$1,926,250).

The balance of unrestricted net position is \$2,237,816 can be used to finance the Authority's operations. The chart below illustrates the Authority's assets, liabilities and net position at December 31, 2014 and 2013.



**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

The table below shows the changes in net position for fiscal year 2014 and 2013.

**Change in Net Position**

	<u>2014</u>	<u>2013</u>	Increase (Decrease)
<b><u>Operating Revenues:</u></b>			
Conduit financing and other fees	\$ 388,057	\$ 222,336	\$ 165,721
Central Ohio bond fund fees	82,738	32,875	49,863
City of Columbus operating grant	150,000	150,000	-
Franklin County operating grant	<u>100,000</u>	<u>150,000</u>	<u>(50,000)</u>
Total operating revenue	<u>720,795</u>	<u>555,211</u>	<u>165,584</u>
<b><u>Operating Expenses:</u></b>			
Salaries and benefits	264,376	248,425	15,951
Professional services	107,113	46,734	60,379
Miscellaneous operating expenses	<u>66,592</u>	<u>60,602</u>	<u>5,990</u>
Total operating expenses	<u>438,081</u>	<u>355,761</u>	<u>82,320</u>
Operating income	<u>282,714</u>	<u>199,450</u>	<u>83,264</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Interest revenue	72,044	56,987	15,057
(Decrease) in fair value of investments	(17,323)	(8,448)	(8,875)
Other financing projects transactions:			
Other pass through revenues	-	34,000	(34,000)
Other pass through payments	-	(34,000)	34,000
Assigned tax increment financing revenues	215,949	74,046	141,903
Pass through payments to Pizzuti	(215,949)	(74,046)	(141,903)
Bond fund transactions:			
Tax increment /community authority financing revenue	778,196	1,298,623	(520,427)
Pass through bond proceeds	-	(554,874)	554,874
Interest expense on bonds	(420,547)	(417,789)	(2,758)
Fiscal charges	(35,212)	(28,436)	(6,776)
Legal fees	-	(3,500)	3,500
Developer costs	<u>(322,437)</u>	<u>(294,024)</u>	<u>(28,413)</u>
Total nonoperating revenues	<u>54,721</u>	<u>48,539</u>	<u>6,182</u>
Change in net position	337,435	247,989	89,446
Net position at beginning of year	<u>4,974,131</u>	<u>4,726,142</u>	
Net position at end of year	<u>\$ 5,311,566</u>	<u>\$ 4,974,131</u>	



**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

Operating revenues increased \$165,584 or 29.82%. This increase is primarily due to \$214,000 in conduit financing fees generated by the Grandview Yard Phase 2 project which is part of the Authority's Conduit Financing program. Operating expenses increased \$82,320 or 23.14% primarily in the area of professional services. The increase in professional services is due to legal expenses related to the MidAmerican Global Ventures, LLC loan, energy program expenses, and the engagement of a financial advisor.

Net nonoperating revenues, excluding those associated with other financing projects transactions and bond fund transactions, increased \$6,182 primarily due to interest on investments. The fluctuation in the fair value of investments decreased \$8,875 from the prior year. Under GAAP, the investments held by the Authority are required to be reported at their fair value rather than cost. Although the Authority intends to hold investments to maturity, the change in the fair value of the investments is reflected in the financial statements. At December 31, 2014 and 2013, the Authority has recorded a fair value adjustment for investments in negotiable certificates of deposit and FNMA securities that are part of the COBF investments. Interest earned and fluctuations in the fair value of COBF investments may be used by the Authority for general operations.

During 2014, the Authority continued receiving TIF payments for the Harrison West Project. These TIF payments were used to make debt service payments (both principal and interest) on the Harrison West Bonds. TIF payments received that are restricted for bond principal payments are reported as a reduction to the TIF receivable from the City of Columbus. A portion of the TIF payments received in excess of required debt service payments may be used to make additional principal payments on the bonds. TIF payments received that are due to the developer for project costs are reported as developer costs expense. TIF payments were also received that were used to pay fiscal charges.

During 2014, the Authority continued receiving community authority financing payments for the One Neighborhood Project-Phase 1. These financing payments were used to make interest payments on the One Neighborhood Project-Phase 1 Bonds. Principal payments on these bonds are not required until 2022. The New Community Authority has pledged financing payments and future TIF payments to make debt service payments on the One Neighborhood Project-Phase 1 Bonds. Payments received that are restricted for bond principal payments are reported as a reduction to the pledged receivable from the New Community Authority. The Authority also received financing payments and TIF payments that were used to pay fiscal charges.

During 2014, the Authority continued receiving community authority financing payments for the One Neighborhood Project-Phase 2. These financing payments were used to make interest payments on the One Neighborhood Project-Phase 2 Bonds. Principal payments on these bonds are not required until 2016. The New Community Authority has pledged financing payments and future TIF payments to make debt service payments on the One Neighborhood Project-Phase 2 Bonds. Payments received that are restricted for bond principal payments are reported as a reduction to the pledged receivable from the New Community Authority. The Authority also received financing payments and TIF payments that were used to pay fiscal charges.

**Capital Assets**

The Authority did not possess any capital assets at December 31, 2014.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

**Debt Administration**

The Authority obtained a \$2,500,000 ODOD loan in 2007. The loan is interest free with a term of 20 years. Principal and servicing payments of \$35,893 were made in 2014. Principal payments were paid out of restricted operating funds of the Authority and the service fees were paid out of unrestricted operating funds of the Authority. The State Loan Agreement requires that annual repayment of principal to be based on no more than the interest earned on the \$2,500,000 reserve, up to \$125,000. See Note 9 for more detail on the ODOD loan.

In 2007, 2010 and 2012, the Authority issued \$3,080,000, \$2,450,000 and \$2,090,000 in revenue bonds through the COBF program to finance the Harrison West Project, the One Neighborhood Project-Phase 1 and the One Neighborhood Project-Phase 2, respectively. The repayments are secured by pledged revenues which will be collected and distributed to the trustee for repayment of the bonds. See Note 5 for more detail on the COBF program.

Between 2010 and 2014, the Authority received and passed through \$5,920,668 of a \$6,695,855 State of Ohio loan to fund a project at Rickenbacker. The State of Ohio loan is expected to be forgiven in 2015; however, the Authority has reported a liability at December 31, 2014 in the amount of \$5,920,668 which represents the loan proceeds received and disbursed as of December 31, 2014.

**Current Financial Related Activities**

Currently, the Authority is reliant upon operating grants from the City of Columbus and Franklin County to support its operations. The Authority has the ability to finance projects through its Central Ohio Bond Fund program, through a Conduit Financing program and through other financing vehicles. At year-end there were three projects financed through the Authority's COBF program. The Harrison West Project began in 2007, the One Neighborhood Project-Phase 1 began in 2010 and the One Neighborhood Project-Phase 2 began in 2012. The Authority's goals are to increase the number of projects financed in 2015. Fees generated by financing projects are necessary to support the operations of the Authority.

**Contacting the Authority's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jean Carter Ryan, President, Columbus-Franklin County Finance Authority, 350 E. First Avenue, Suite 120, Columbus, Ohio, 43201.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2014

ASSETS:	
Current:	
Cash and cash equivalents . . . . .	\$ 2,104,685
Investments . . . . .	28,244
Accrued interest receivable . . . . .	20,589
Prepayments . . . . .	9,434
Total current assets . . . . .	2,162,952
Noncurrent:	
Loan receivable . . . . .	100,000
Restricted assets:	
Cash and cash equivalents . . . . .	472,437
Investments . . . . .	4,527,563
Other financing projects transactions:	
Cash and cash equivalents . . . . .	1,231,101
Pledged receivable . . . . .	4,789,567
Bond fund transactions:	
Cash equivalents with fiscal agent . . . . .	2,012,576
Pledged receivable . . . . .	5,563,621
Total restricted assets . . . . .	18,596,865
Total noncurrent assets . . . . .	18,696,865
Total assets . . . . .	20,859,817
LIABILITIES:	
Current:	
Accounts payable . . . . .	2,770
Accrued salaries and benefits payable . . . . .	19,557
Accrued service fees payable . . . . .	2,809
Total current liabilities . . . . .	25,136
Noncurrent:	
Payable from restricted assets:	
State loan payable - bond fund reserve . . . . .	1,926,250
Other financing projects transactions:	
State loan payable - Rickenbacker project . . . . .	5,920,668
Deposit held in escrow . . . . .	100,000
Bond fund transactions:	
Bond costs payable . . . . .	20,931
Due to developer . . . . .	616,466
Accrued interest payable . . . . .	41,948
Revenue bonds . . . . .	6,896,852
Total noncurrent liabilities . . . . .	15,523,115
Total liabilities . . . . .	15,548,251
NET POSITION:	
Restricted . . . . .	3,073,750
Unrestricted . . . . .	2,237,816
Total net position . . . . .	\$ 5,311,566

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Operating revenues:	
Conduit financing and other fees . . . . .	\$ 388,057
Central Ohio bond fund fees . . . . .	82,738
City of Columbus operating grant. . . . .	150,000
Franklin County operating grant. . . . .	<u>100,000</u>
 Total operating revenues . . . . .	 <u>720,795</u>
Operating expenses:	
Salaries and benefits . . . . .	264,376
Professional services . . . . .	107,113
Miscellaneous . . . . .	<u>66,592</u>
 Total operating expenses . . . . .	 <u>438,081</u>
 Operating income . . . . .	 <u>282,714</u>
Nonoperating revenues (expenses):	
Interest revenue. . . . .	72,044
(Decrease) in fair value of investments . . . . .	(17,323)
Other financing projects transactions:	
Assigned tax increment financing revenues . . . . .	215,949
Pass through payments to Pizzuti . . . . .	(215,949)
Bond fund transactions:	
Tax increment/community authority financing revenues . . . . .	778,196
Interest expense on bonds . . . . .	(420,547)
Fiscal charges . . . . .	(35,212)
Developer costs . . . . .	<u>(322,437)</u>
 Total nonoperating revenues (expenses) . . . . .	 <u>54,721</u>
 Change in net position . . . . .	 337,435
 Net position, January 1 . . . . .	 <u>4,974,131</u>
 Net position, December 31. . . . .	 <u>\$ 5,311,566</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Cash flows from operating activities:	
Cash received from conduit financing and other fees. . . . .	\$ 388,057
Cash received from Central Ohio bond fund fees. . . . .	82,738
Cash received from operating grants. . . . .	250,000
Cash payments for salaries and benefits . . . . .	(260,728)
Cash payments for professional services . . . . .	(108,113)
Cash payments for miscellaneous operating expenses . . . . .	<u>(66,910)</u>
Net cash provided by operating activities. . . . .	<u>285,044</u>
Cash flows from noncapital financing activities:	
Payment on State loan - bond fund reserve . . . . .	(31,000)
Loan disbursement . . . . .	(100,000)
Other financing projects transactions:	
Assigned tax increment financing payments received. . . . .	269,936
Pass through payments to Pizzuti . . . . .	(215,949)
Escrow deposit received . . . . .	100,000
Bond fund transactions:	
Tax increment/community authority financing payments received . . . . .	902,340
Principal paid on bonds . . . . .	(125,000)
Interest paid on bonds . . . . .	(419,338)
Fiscal charges paid . . . . .	<u>(35,212)</u>
Net cash provided by noncapital financing activities . . . . .	<u>345,777</u>
Cash flows from investing activities:	
Purchase of investments . . . . .	(2,299,563)
Sale of investments . . . . .	2,233,000
Interest received . . . . .	62,293
Bond fund transactions:	
Interest received restricted for bond costs . . . . .	<u>523</u>
Net cash (used in) investing activities. . . . .	<u>(3,747)</u>
Net increase in cash and cash equivalents . . . . .	627,074
Cash and cash equivalents, January 1 . . . . .	5,193,725
Cash and cash equivalents, December 31. . . . .	<u>\$ 5,820,799</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income . . . . .	\$ 282,714
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) in prepayments. . . . .	(614)
(Decrease) in accounts payable. . . . .	(659)
Increase in accrued salaries and benefits payable. . . . .	3,648
(Decrease) in accrued service fees payable. . . . .	<u>(45)</u>
Net cash provided by operating activities. . . . .	<u>\$ 285,044</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Columbus-Franklin County Finance Authority (the "Authority") is a legally separate entity organized under Ohio Revised Code Section 4582.21 through 4582.59. The Authority was established on March 21, 2006 by legislative action of the Columbus City Council and the Franklin County Board of Commissioners for the purposes of providing creative and attractive financing to private and civic sectors as well as to enhance and facilitate economic development, job retention and creation in the Central Ohio region. The Authority, organized as a port authority under Ohio law, began operations on May 11, 2006.

The Board of Directors (the "Board") is the governing body of the Authority. The Board consists of nine members each of whom shall serve for a term of four years, of which four are appointed by the Mayor of the City of Columbus, with advice and consent of the Columbus City Council, four are appointed by the Board of County Commissioners of the County of Franklin, Ohio, and one shall be a joint appointment. The officers of the Board consist of a Chairman, Vice-Chairman and Secretary-Treasurer. These officers are elected annually by the Board. All of the authority of the Authority is exercised by or under the direction of the Board. The Board sets and approves all policies and other contracts that are accepted or entered into by the Authority. All members of the Board serve without compensation.

The Authority is considered a joint venture of the City of Columbus and Franklin County. The Authority provides financing primarily through its Central Ohio Bond Fund (COBF) (See Note 5) and its Conduit Financing programs (See Note 6). The Authority is also involved in certain other financing projects described in Note 7.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Authority are not misleading. The Authority has no component units and no other governmental organizations other than the Authority itself are included in the financial reporting entity.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Fund Accounting**

The Authority maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Authority uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

**C. Basis of Presentation**

The Authority's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows. The Authority uses a single enterprise fund to maintain its financial records during the year.

**D. Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. For financial statement presentation purposes, the Authority utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The Authority's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the Authority's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Authority finances and meets the cash flows of its enterprise activity.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from operating grants from the City of Columbus and from Franklin County and financing processing and servicing fees. Operating expenses for the Authority include the cost of providing these services, including administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues include tax increment financing payments revenues from the City of Columbus related to the Harrison West Project, New Community Authority financing payment revenues in conjunction with the One Neighborhood Project (both Phase 1 and Phase 2), assigned tax increment financing payments revenues related to other financing projects, and interest earnings. Nonoperating expenses include pass through tax increment financing payments related to other financing projects. Nonoperating expenses also include interest payments, fiscal charges and developer expenses related to projects financed through the COBF. Nonoperating revenues and expenses also include changes in the fair value of the Authority's investments.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Cash and Investments**

During fiscal year 2014, investments were limited to negotiable certificates of deposit (CD's) (insured by the Federal Deposit Insurance Corporation (FDIC)), Federal National Mortgage Association (FNMA) securities, money market accounts and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on December 31, 2014.

Investments of the COBF reserve are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by the trust indenture, creditors, grant contributors, or laws or regulations of other governments. The Authority is required to restrict \$5,000,000 which represents the proceeds of a City of Columbus bond reserve grant, a Franklin County bond reserve grant and proceeds of the State loan. Interest earnings on these cash and investments, including fluctuations in the fair value of the investments, in excess of the \$5,000,000 may be used for general operations of the Authority. For 2014, the investments of the COBF reserve had a fair value of \$28,244 over their cost basis. This amount is recorded as an unrestricted investment at year end. The unrestricted cash and cash equivalents and investments reported on the statement of financial position are used for the general operations of the Authority. The fair value of investments was \$45,567 over their cost basis at December 31, 2013 and was \$28,244 greater than their cost basis at December 31, 2014. The fluctuation in the fair values of investments of \$17,323 is reported as nonoperating expense in the Authority's financial statements.

Cash equivalents with fiscal agent represents monies held by a trustee in accordance with the bond indentures for the bonds issued through the Authority's COBF.

For purposes of the statement of cash flows and for reporting on the statement of net position, investments with original maturities of three months or less at the time they are purchased by the Authority are considered to be "cash equivalents". Investments with an initial maturity of more than three months are considered to be "investments". The cash activity related to the restricted cash equivalents with fiscal agent is reported in the Authority's statement of cash flows.

An analysis of the Authority's cash and investments at fiscal year-end is provided in Note 3.

**F. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.



**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Net Position**

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position has been restricted for grant and loan proceeds that are used in the COBF program. The Authority has received a \$1,250,000 grant from the City of Columbus, a \$1,250,000 grant from Franklin County and \$2,500,000 in proceeds from a State loan to establish the COBF reserve. Restricted net position is reduced by the balance of the State loan payable at year end. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**H. 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 Authority's Formative Agreement with the City of Columbus and Franklin County requires the Board of Directors to adopt an appropriation resolution. The Authority maintains budgetary control by not permitting expenses to exceed their respective appropriations without amendment or appropriations from the Board of Directors.

**I. Intergovernmental Revenue**

The Authority currently receives operating grants through the City of Columbus and Franklin County. Revenues from these grants are recognized as operating revenue in the accounting period in which it is earned, essentially the same as the fiscal year.

**J. Unamortized Bond Discounts and Premiums**

In the financial statements, bond discounts and premiums related to bonds issued through the COBF program, are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized bond discounts and premiums are presented as an increase or decrease of the face amount of the bond payable (See Note 5).

**K. Capital Assets**

The Authority maintains a capitalization threshold of \$5,000. The Authority does not possess capital assets exceeding this capitalization threshold; therefore, no capital assets are reported on the statement of net position.

**L. Pledged Receivable**

The Authority has reported a pledged receivable for contractually obligated future revenues due to the Authority that are considered under GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" to be collateralized borrowings. Pledged receivables have been reported in conjunction with activities of the COBF (See Note 5) and for transactions related to the Pizzuti state forgivable loan (See Note 7).

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**M. Compensated Absences**

Authority employees are entitled to ten days of sick leave per year. Employees are not permitted to carry over unused sick leave and there is no payment for unused sick leave at year end. Employees are not permitted to carry unused vacation over into the next fiscal year. No liability exists for compensated absences at fiscal year end.

**N. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The Authority has developed and adheres to its investment policy described below:

**A. Investment Policy Statement and Scope of Policy**

The purpose of the investment policy (the "Policy") is to establish the investment objectives of the Authority. All investments of the Authority shall be made in a prudent manner and in compliance with all applicable federal, state and county laws and regulations. This Policy is intended to serve as a guide to the investment of Authority funds and to provide notice to any entity conducting investment business with the Authority.

The Authority has two different types of funds:

1. Operating funds which are subject to all the public fund requirements pursuant to Chapter 135 of the Ohio Revised Code (ORC), and
2. Funds held in trust for the purpose of securing the Bond Fund program, which are not required to be invested as public funds.

Consequently, the Policy provides guidance as to how best to invest each set of funds. The Policy covers both the Authority's operating funds as well as the funds invested under the trust indenture securing the Bond Fund program.

**B. Investment Objective**

The primary objective in investing Authority funds is to assure the safety of principal. The secondary objectives of the investment policy are to provide adequate liquidity and maximize investment income, without undue exposure to risk. Investments shall be limited to those which employees and the Board have the capacity and experience to assess and administer.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investment Responsibilities and Procedures**

**1. Investment Officer**

The Investment Officer will be the President or another employee so designated by the Board. The Investment Officer will make investment decisions in consultation with the Chair of the Board, the Chair of the Finance Committee or the Chair's designee.

**2. Investment Advisors, Qualified Dealers and Financial Institutions**

The Authority may retain the services of one or more registered investment advisors. Except for securities described in Section 135.14(B)(5), Ohio Revised Code (no-load money funds and certain repurchase agreements) and Section 135.14(B)(6), Ohio Revised Code (STAR Ohio and STAR Plus), all investments will be made through (i) a member of the National Association of Securities Dealers, Inc. or (ii) an institution regulated by the Superintendent of Banks, the Superintendent of Savings and Loan Associations, the Comptroller of the Currency, the Federal Deposit Insurance Corporation (FDIC) or the Board of Governors of the Federal Reserve System.

The Authority's Finance Committee will annually approve a list of broker-dealers with whom the Authority will transact business. Delivery of any securities acquired with any repurchase agreement shall be made to a qualified trustee, who will report to the President or the identity, market value and location of the document evidencing each security.

**3. Transaction Journal**

The President shall keep a Transaction Journal documenting the purchase of investments. It shall include the following information for each investment: the amount, the rate, the maturity, the purchase date, the type of investment, the qualified broker-dealer and the rationale for the purchase. Additionally, quarterly updates of operating fund investments and safekept documents will be noted.

**4. Payment for Securities**

Payment for securities may be made only upon delivery of the securities to the President of the Authority, their agent or a qualified trustee, or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer to the custodian by the President.

**5. Safekeeping and Custody**

The President, whose duties include management of the Authority investments, shall be responsible for safekeeping of all documents evidencing a deposit or other investment of the Authority. Any securities may be deposited for safekeeping with a qualified trustee as provided in Section 135.18, ORC.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

**6. Annual Review**

The Chair of the Finance Committee shall establish an annual review process of investment policies and procedures. This review will include an internal review for compliance with all investment policies and procedures.

**7. Investment Oversight Committee**

The Authority's Audit Committee will serve as the Investment Oversight Committee. The role of the Investment Oversight Committee is to review investment decisions on both 1) the operating funds and 2) the funds securing the Authority's Bond Fund program (held in trust) to ensure compliance with this investment policy. This review will include the annual audit conducted by the Auditor of the State of Ohio or such person's designee.

**D. Investments**

**1. Investment Strategy - Operating Funds**

For operating funds, a minimum of the greater of: (a) 3-months operating expenses or (b) 12-months projected net cash flow should be retained in eligible investments which provide immediate liquidity, such as a bank Money Market Account or STAR Ohio and STAR Plus. Any excess liquidity above that amount should be maintained in eligible investments of (i) less than or equal to 18 months or (ii) with a maturity of not greater than 30 months and is immediately saleable. The investment officer should certify quarterly that operating funds are being invested accordingly. The most recent budget/forecast for the current year should be used to determine monthly operating expenses and projected net cash flows. Activity should be documented in the transaction journal.

**2. Eligible Investments - Operating Funds**

Operating funds may be invested in the following:

- a. Treasury Bills, notes, bonds, or any other obligations or securities issued by the US Treasury or any other obligations guaranteed as to principal and interest by the United States government (except stripped principal or interest obligations of such eligible obligations);
- b. Federal Agency/Instrumentality Securities (including, but not limited to):
  - Federal National Mortgage Association (FNMA)
  - Federal Farm Credit Bank (FFCB)
  - Federal Home Loan Bank (FHLB)
  - Federal Home Loan Mortgage Corporation (FHLMC)
  - Government National Mortgage Association (GNMA)
  - Student Loan Marketing Association (SLMA);

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

- c. Certificates of Deposit or savings or deposit accounts in eligible depositories that have 100% coverage from the FDIC or are fully collateralized under the requirements of the ORC;
- d. General obligations of the State of Ohio or any political subdivision of the State of Ohio;
- e. No-Load Money Market Mutual Funds consisting exclusively of Treasury or Federal Agency/Instrumentality obligations and Repurchase Agreements secured by Treasury, or Federal Agency/Instrumentality obligations made through eligible institutions;
- f. STAR Ohio (State Treasury Asset Reserve of Ohio) and STAR Plus; but only at any time at which STAR Ohio and Star Plus maintains the highest letter or numerical rating provided by at least one nationally recognized rating service; or
- g. Repurchase Agreement(s) collateralized as required by the Ohio Revised Code with Treasury or Federal Agency/Instrumentality obligations and made through eligible institutions and for no longer than thirty (30) days.

**3. Investment Strategy - Bond Fund Reserves**

It is appropriate to maintain a portion of Bond Fund Reserve investments in eligible investments with a maturity of (i) less than or equal to 18 months or (ii) not greater than 30 months and is immediately saleable to provide liquidity to meet debt service payments on Bond Fund loans in the event of a loan default. The amount or percentage of the portfolio to be so invested should be periodically determined (at least annually) by the Finance Committee, with input from the President, based on:

- a. The amount of Bond Fund loans outstanding;
- b. The credit quality of the loan portfolio and any potential defaults that exist, including an attempt to quantify such amount (provided by the President); and,
- c. The level of cash flow available to the Authority (including operating funds) to meet principal and interest payments on defaulted bonds.

The remainder of the bond fund reserves will be invested in eligible instruments with a maturity of no more than seven (7) years.

**4. Eligible Investments - Bond Fund Reserves**

Bond fund reserves may be invested in the following:

- a. obligations (including stripped obligations the principal of and interest on which have been separated and offered for sale separately from each other) issued or guaranteed as to full and timely payment by the United States of America or by any Person controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by Congress;

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

- b. obligations issued or guaranteed by any state or political subdivision thereof (including stripped obligations the principal of and interest on which have been separated and offered for sale separately from each other) and long-term debt obligations of other Persons, in any case rated at the time of purchase, if Fitch is then rating the Bonds and rates such obligations, by Fitch, and otherwise by any Rating Service, in the highest category (without distinction as to number or symbol assigned within a category) if rated as short term obligations or not lower than the third highest category (without distinction as to number or symbol assigned within a category) if rated as long term obligations;
- c. commercial or finance paper which is rated at the time of purchase, if Fitch is then rating the Bonds and rates such obligations, by Fitch and otherwise by any Rating Service in its highest rating category (without distinction as to number or symbol assigned within a category);
- d. deposit accounts, bankers' acceptances, trust accounts, certificates of deposit or bearer deposit notes in one or more banks, trust companies or savings and loan associations (including without limitation, the Trustee or any bank affiliated with the Trustee) organized under the laws of Canada or the United States of America or any state or province thereof, each bank or trust company having a reported shareholder equity of at least \$500,000,000 in dollars of the United States of America and being insured by the Federal Deposit Insurance Corporation and each savings and loan association having a reported shareholder equity of at least \$500,000,000 in dollars of the United States of America and being insured by the Federal Deposit Insurance Corporation;
- e. investment agreements (which term shall not include repurchase agreements) with a bank or bank holding company, an insurance company or any other financial institution (including the Trustee and any of its affiliates) rated in at least the third highest rating category by any Rating Service, without distinction as to number or symbol assigned within a category, if rated as long-term debt, and if rated as short-term debt, in the highest rating category by any Rating Service;
- f. repurchase agreements with a financial institution (including the Trustee or any of its affiliates) insured by the FDIC, or any broker or dealer (as defined in the Securities Exchange Act of 1934 as amended), that is a dealer in government bonds and that is recognized by, trades with and reports to, a Federal Reserve Bank as a primary dealer in government securities, provided in any case: (a) the collateral for the repurchase agreement is described in paragraph (1) above, (b) the current market value of the collateral securing the repurchase agreement is at least equal to the amount of the repurchase agreement and is determined not less frequently than monthly, (c) the Trustee, or an agent acting solely on its behalf, has possession of the collateral, (d) the Trustee has a first priority perfected security interest in the collateral, and (e) the collateral is free and clear of any third party claims; provided that, the Trustee may rely on the certificate of its agent as to possession, priority of the security interest and absence of third party claims; and

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

- g. investments in money market funds which are principally composed of obligations described in paragraphs (1), (2), (3), (4) or (5) of this section (including, without limitation, funds for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder, servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (b) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates);
- h. provided further that any investment or deposit described above in connection with a Series of Tax-Free Bonds does not constitute a “prohibited payment” within the meaning of the applicable Regulations or other similar applicable provisions. Except to the extent set forth in an Opinion of Bond Counsel, investments or deposits in certificates of deposit or pursuant to investment contracts shall not be made in connection with a Series of Tax-Free Bonds without compliance, at or prior to such investment or deposit, with the requirements of the applicable Regulations or with other similar applicable provisions.

**E. Ethics and Conflict of Interest**

The President or and any other employees or board members of the Authority involved in the investment process shall refrain from any personal business activity that could impair the employee’s ability to make impartial investment decisions. Each employee shall disclose any material interest in any financial institution that conducts business with the Authority, and each employee shall further disclose any large personal financial/investment position that could be related to the performance of the Authority’s portfolio.

**F. Investment Education**

Pursuant to Section 135.22, ORC, the President, whose duties include management of the Authority’s investments, shall complete the continuing education provided by the Treasurer of the State of Ohio.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

The Authority had the following deposits and investments at December 31, 2014 with detailed information in Sections G, H and I:

	<u>Amount</u>	<u>Classification on Statement of Net Position</u>
Deposits with Financial Institutions:		
<u>Operating funds:</u>		
Checking account	\$ 356,220	Unrestricted - cash and cash equivalents
STAR Plus depository accounts	1,737,592	Unrestricted - cash and cash equivalents
Trust Public Funds Deposit account	9,649	Unrestricted - cash and cash equivalents
<u>Program fund:</u>		
Deposit account	961,813	Restricted - cash and cash equivalents
STAR Plus depository accounts	269,288	Restricted - cash and cash equivalents
<u>COBF reserve:</u>		
Trust Public Funds Deposit account	225,573	Restricted - cash and cash equivalents
Money market accounts	246,864	Restricted - cash and cash equivalents
<u>Bond funds with fiscal agent:</u>		
Trust Public Funds Deposit accounts	<u>2,012,576</u>	Restricted - cash equivalents with fiscal agent
Subtotal "Deposits with Financial Institutions"	<u>5,819,575</u>	
Investments:		
<u>Operating funds:</u>		
STAR Ohio	\$ 1,224	Unrestricted - cash and cash equivalents
<u>COBF reserve:</u>		
Negotiable CDs	3,072,000	Restricted - investment
Fair value adjustment - negotiable CDs	25,129	Unrestricted - investment
FNMA securities	1,455,563	Restricted - investment
Fair value adjustment - FNMA securities	<u>3,115</u>	Unrestricted - investment
Subtotal "Investments"	<u>4,557,031</u>	
Total deposits and investments	<u>\$ 10,376,606</u>	

**G. Cash Equivalents with Fiscal Agent**

At December 31, 2014, the Authority had \$2,012,576 in cash equivalents held by a fiscal agent as trustee in accordance with the bond indenture for the Harrison West Project, the One Neighborhood Project-Phase 1 and the One Neighborhood Project-Phase 2 financed through the COBF Program. The monies were invested by the fiscal agent in the Trust Public Funds Deposit accounts which are included in "Deposits with Financial Institutions" below.



**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

**H. Deposits with Financial Institutions**

At December 31, 2014, the carrying amount and bank balance of the Authority's deposits (both restricted and unrestricted) was \$5,819,575 (this number excludes investments referenced in Note 3(I)). The carrying value and the bank balance include \$356,220 in an operating checking account (unrestricted), STAR Plus deposits of \$2,006,880 (both restricted and unrestricted), \$9,649 in Trust Public Fund Deposits accounts (unrestricted), \$961,813 in a Program Fund account (restricted), \$246,864 in money market accounts (restricted), \$225,573 in Trust Public Fund deposit accounts related to the COBF reserve (restricted) and \$2,012,576 in Trust Public Fund Deposit accounts held by the fiscal agent related to the Harrison West and One Neighborhood projects (both Phase 1 and Phase 2). \$2,503,744 of the bank balance was covered by the Federal Deposit Insurance Corporation and the remaining balance was collateralized.

**I. Investments**

As of December 31, 2014, the Authority had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Negotiable CD's	\$ 3,097,129	\$ 248,060	\$ -	\$ -	\$ 1,911,379	\$ 937,690
FNMA securities	1,458,678	-	-	-	-	1,458,678
STAR Ohio	1,224	1,224	-	-	-	-
Total	<u>\$ 4,557,031</u>	<u>\$ 249,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,911,379</u>	<u>\$ 2,396,368</u>

The weighted average length to maturity of investment is 3.04 years.

*Interest Rate Risk:* The Authority's investment policy limits the investment of operating funds as described in Note 3.D.1 above and limits the investment of bond fund reserves as described in Note 3.D.3 above. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Authority's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

*Credit Risk:* The Authority's investments in FNMA securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The negotiable certificates of deposit are fully covered by the FDIC.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the custodial agent, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The FNMA securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Authority's name. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The Authority's investment policy does not specifically address the concentration of credit risk. The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CDs	\$ 3,097,129	67.96
FNMA securities	1,458,678	32.01
STAR Ohio	<u>1,224</u>	<u>0.03</u>
Total	<u>\$ 4,557,031</u>	<u>100.00</u>

*Collateralization of Deposits and Investments:* The following table displays the collateralization of the Authority's deposits and investments:

	<u>Insured/ Collateralized</u>	<u>Uninsured/ Uncollateralized</u>	<u>Total</u>
<b>Deposits:</b>			
Checking and Program Fund account	\$ 1,318,033	\$ -	\$ 1,318,033
STAR Plus	2,006,880	-	2,006,880
Money Market Accounts	246,864	-	246,864
Trust Public Funds Deposit accounts	2,247,798	-	2,247,798
<b>Investments:</b>			
Negotiable CDs	3,097,129	-	3,097,129
FNMA securities	-	1,458,678	1,458,678
STAR Ohio	<u>-</u>	<u>1,224</u>	<u>1,224</u>
	<u>\$ 8,916,704</u>	<u>\$ 1,459,902</u>	<u>\$ 10,376,606</u>

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

**J. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,819,575
Investments	<u>4,557,031</u>
Total	<u>\$ 10,376,606</u>
 <u>Cash and investments on statement of net position</u>	
<u>Unrestricted:</u>	
Cash and cash equivalents	\$ 2,104,685
Investments	28,244
<u>Restricted:</u>	
Cash and cash equivalents	1,703,538
Investments	4,527,563
Cash equivalents with fiscal agent	<u>2,012,576</u>
Total	<u>\$ 10,376,606</u>

**NOTE 4 - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. Commercial insurance has been obtained to cover damage or destruction of the Authority's property and for public liability, personal injury, and third-party property damage claims. There have been no claims in any of the past three years. There has been no reduction in coverage from the prior year.

**NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM**

The Authority has established a COBF program to provide long-term, fixed interest rate financing for qualified industrial, commercial and public projects. The primary objective of the COBF is to further economic development efforts and investment in central Ohio.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM - (Continued)**

To fund the COBF reserve account, the Authority received \$5,000,000 in grants and loans. On December 21, 2006, the Authority received a \$1,250,000 grant from Franklin County. On March 15, 2007, the Authority received a \$1,250,000 grant from the City of Columbus. On May 8, 2007, the Authority received a \$2,500,000 loan from the State of Ohio Department of Development (See Note 9). The grant revenues and loan proceeds were deposited into the COBF reserve account and are reported as restricted assets on the statement of net position. Interest earned on investments purchased by the grant proceeds is not required to be maintained in the COBF reserve and may be used by the Authority for general operations.

Under the COBF, debt service requirements on each bond issue are 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 10% of the bond premium in a reserve (which is used to make the final payment on the bonds). Amounts in the COBF reserve account may be used for debt service in the event the borrower is unable to make the required payments under the lease or loan agreements. The amount held in the COBF reserve account at December 31, 2014 of \$5,000,000 is restricted in use and reported as a restricted asset on the statement of net position.

The following activity has occurred in the COBF program:

Harrison West Project

On December 19, 2007, the Authority issued \$3,080,000 in Series 2007A revenue bonds, as part of the Harrison West Project. The proceeds of these bonds are used to purchase land for a four-acre park in the Harrison Park residential development and for development of park amenities. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues from the City of Columbus in accordance with the Cooperative Agreement between the Authority and the City of Columbus. The revenues to repay the bonds will be generated through the increased real estate taxes from the TIF District. Principal and interest payments are due May 15 and November 15 of each year. During fiscal year 2014, the Authority was required to make a \$55,000 principal payment on the bonds. The Authority made principal payments totaling \$125,000 during 2014 due to excess revenues received from the project. The bonds bear an interest rate of 6.00%.

The following is a schedule of the bond activity in fiscal year 2014:

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amount due within one year
Harrison West Project:					
Revenue Bonds	\$ 2,525,000	\$ -	\$ (125,000)	\$ 2,400,000	\$ 60,000
Unamortized discount	(60,500)	-	2,750	(57,750)	-
Total	<u>\$ 2,464,500</u>	<u>\$ -</u>	<u>\$ (122,250)</u>	<u>\$ 2,342,250</u>	<u>\$ 60,000</u>

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM - (Continued)**

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2014 was \$1,301,636. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position. Of this total, \$616,466 is due to the developer of the Harrison West Project for project costs as year-end. This amount has been reported as a noncurrent liability payable from restricted assets on the statement of net position. In addition, \$19,142 of the \$1,301,636 represents interest earned on the investments which is restricted to be used for future bond costs. This amount has also been reported as a noncurrent liability payable from restricted assets on the statement of net position.

The Authority may make accelerated principal payments on the Harrison West revenue bonds should revenues from the project exceed scheduled debt service requirements. The original bonds were scheduled to mature May 15, 2035; however, the bonds may be retired sooner based upon anticipated accelerated principal payments. During 2011, 2012, 2013 and 2014, the Authority made additional principal payments of \$75,000, \$70,000, \$70,000 and \$70,000, respectively, beyond the required principal payments. The following is a projected schedule of the estimated future debt service requirements to maturity for the Harrison West revenue bonds. These amounts may vary due to the Authority's ability to accelerate principal payments:

Harrison West Revenue Bonds			
Year <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 60,000	\$ 142,200	\$ 202,200
2016	65,000	138,450	203,450
2017	70,000	134,400	204,400
2018	75,000	130,050	205,050
2019	80,000	125,400	205,400
2020 - 2024	475,000	546,750	1,021,750
2025 - 2029	650,000	379,800	1,029,800
2030 - 2034	460,000	180,000	640,000
2035	<u>465,000</u>	<u>13,950</u>	<u>478,950</u>
Total	<u>\$ 2,400,000</u>	<u>\$ 1,791,000</u>	<u>\$ 4,191,000</u>

The Harrison West revenue bonds are special obligations and not general obligations of the Authority. The bonds do not represent or constitute a debt or pledge of the faith and credit of the Authority. The revenue bonds, related accrued interest payable and bond costs payable are reported as noncurrent liabilities on the statement of net position. The Authority has reported assets for a pledged receivable from the City of Columbus and cash equivalents held by the fiscal agent that are dedicated to the project. These assets are reported as noncurrent restricted assets on the statement of net position.

The Authority has pledged TIF revenues from the City of Columbus in accordance with the Cooperative Agreement between the Authority and the City of Columbus for repayment of the Harrison West revenue bonds. The Harrison West revenue bonds are payable solely from these pledged revenues. The total principal and anticipated interest remaining on the bonds is \$4,191,000, payable through 2035. For the current year, principal and interest paid was \$272,750 and total tax increment financing payments received was \$609,277.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM - (Continued)**

One Neighborhood Project - Phase 1

On October 21, 2010, the Authority issued \$2,450,000 in Series 2010 revenue bonds, as part of the One Neighborhood Project. The proceeds of these bonds are to pay for public infrastructure improvements associated with residential development along Gay Street between North Fourth Street and Grant Street. The bonds will be repaid from pledged New Community Authority charges imposed on the residents of the neighborhood (25 mills) along with tax increment financing revenues. Interest payments are due May 15 and November 15 of each year. Principal payments begin on November 15, 2022 and are payable each November 15 until maturity on November 15, 2039. The bonds bear an interest rate of 6.5%.

The following is a schedule of the bond activity in fiscal year 2014:

	<u>Balance</u> <u>12/31/13</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/14</u>	<u>Amount due</u> <u>within one year</u>
One Neighborhood Project:					
Revenue Bonds	\$ 2,450,000	\$ -	\$ -	\$ 2,450,000	\$ -
Unamortized premium	<u>15,190</u>	<u>-</u>	<u>(588)</u>	<u>14,602</u>	<u>-</u>
Total	<u>\$ 2,465,190</u>	<u>\$ -</u>	<u>\$ (588)</u>	<u>\$ 2,464,602</u>	<u>\$ -</u>

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2014 was \$504,886. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position. Included in this total is \$1,739 of interest earned on the investments which is restricted to be used for future bond costs. This amount has been reported as a noncurrent liability payable from restricted assets on the statement of net position.

The following is a schedule of the future debt service requirements to maturity for the Series 2010 One Neighborhood revenue bonds:

Series 2010 One Neighborhood Revenue Bonds			
<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 159,250	\$ 159,250
2016	-	159,250	159,250
2017	-	159,250	159,250
2018	-	159,250	159,250
2019	-	159,250	159,250
2020 - 2024	160,000	788,450	948,450
2025 - 2029	465,000	688,025	1,153,025
2030 - 2034	655,000	513,825	1,168,825
2035 - 2039	<u>1,170,000</u>	<u>267,800</u>	<u>1,437,800</u>
Total	<u>\$ 2,450,000</u>	<u>\$ 3,054,350</u>	<u>\$ 5,504,350</u>

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM - (Continued)**

The One Neighborhood revenue bonds are special obligations and not general obligations of the Authority. The bonds do not represent or constitute a debt or pledge of the faith and credit of the Authority. The revenue bonds, related accrued interest payable and bond costs payable are reported as noncurrent liabilities on the statement of financial position. The Authority has reported assets for a pledged receivable and cash equivalents held by the fiscal agent which are dedicated to the project. These assets are reported as noncurrent restricted assets on the statement of net position.

The Authority has pledged New Community Authority charges imposed on the residents of the neighborhood (25 mills) along with TIF revenues for repayment of the One Neighborhood revenue bonds. The Series 2010 One Neighborhood revenue bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is \$5,504,350, payable through 2039. For the current year, interest paid was \$159,250 and total tax increment/community authority financing payments received was \$170,275.

One Neighborhood Project - Phase 2

On December 20, 2012, the Authority issued \$2,090,000 in Series 2012A revenue bonds, as part of the One Neighborhood Project. The proceeds of these bonds are to pay for public infrastructure improvements associated with two five-story apartment buildings with 262 units, a 170 space parking garage, and 33 condominium units. The bonds will be repaid from pledged New Community Authority charges imposed on the residents of the neighborhood (25 mills) along with tax increment financing revenues. Interest payments are due May 15 and November 15 of each year. Principal payments begin on November 15, 2016 and are payable each November 15 until maturity on November 15, 2039. The bonds bear an interest rate of 5.375%.

The following is a schedule of the bond activity in fiscal year 2014:

	<u>Balance</u> <u>12/31/13</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/14</u>	<u>Amount due</u> <u>within one year</u>
One Neighborhood Project:					
Revenue Bonds	<u>\$ 2,090,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,090,000</u>	<u>\$ -</u>

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2014 was \$206,054. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position. Included in this total is \$50 of interest earned on the investments which is restricted to be used for future bond costs. This amount has been reported as a noncurrent liability payable from restricted assets on the statement of net position.

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**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM - (Continued)**

The following is a schedule of the future debt service requirements to maturity for the Series 2012A One Neighborhood revenue bonds:

Series 2012A One Neighborhood Revenue Bonds			
Year Ending	Principal	Interest	Total
2015	\$ -	\$ 112,338	\$ 112,338
2016	10,000	112,338	122,338
2017	10,000	111,800	121,800
2018	20,000	111,262	131,262
2019	25,000	110,188	135,188
2020 - 2024	170,000	527,017	697,017
2025 - 2029	445,000	454,994	899,994
2030 - 2034	585,000	320,350	905,350
2035 - 2039	825,000	142,437	967,437
Total	<u>\$ 2,090,000</u>	<u>\$ 2,002,724</u>	<u>\$ 4,092,724</u>

The One Neighborhood revenue bonds are special obligations and not general obligations of the Authority. The bonds do not represent or constitute a debt or pledge of the faith and credit of the Authority. The revenue bonds, related accrued interest payable and bond issue costs payable are reported as noncurrent liabilities on the statement of net position. The Authority has reported assets for a pledged receivable, amounts due from the New Community Authority, and cash equivalents held by the fiscal agent which is dedicated to the project. These assets are reported as noncurrent restricted assets on the statement of net position.

The Authority has pledged New Community Authority charges imposed on the residents of the neighborhood (25 mills) along with TIF revenues for repayment of the Series 2012A One Neighborhood revenue bonds. The One Neighborhood revenue bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is \$4,092,724, payable through 2039. For the current year, interest paid was \$112,338 and total tax increment/community authority financing payments received was \$122,788.

**NOTE 6 - CONDUIT FINANCING PROGRAM**

Conduit financing represent bonds and notes for project financings which are collateralized by the related amounts to be received under leases. In accordance with GASB Interpretation No. 2 "Disclosure of Conduit Debt Obligations", the bonds issued by the Authority under conduit financing program do not create a liability to the Authority and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the debt issued as the repayment is supported solely by the credit of the borrowing entity (frequently enhanced with a letter of credit). Under the conduit financing program, there is no credit exposure to the Authority. The total amount of conduit debt issued and the outstanding at December 31, 2014 is \$354,815,810.



**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 6 - CONDUIT FINANCING PROGRAM - (Continued)**

Six projects financed through the Authority's conduit financing program had additional benefits as described below:

Gramercy Parking Garage

In 2013, the Authority entered into a capital lease for the \$22 million Gramercy parking garage at Easton. The garage is located near Macy's and has 1,060 spaces together with a subterranean regional storm water detention facility. The capital lease is with ETC Garage, LLC which is comprised of affiliates of Steiner and Limited Brands (which are the developers of Easton Town Center). The Developer has granted the Authority a fifty-year leasehold interest in the site and fee title to the garage. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the annual servicing fees generated.

Grandview Yard Project – Phase 1

In 2009, the Authority issued \$12 million in revenue bonds for a 40-year term to finance road improvements, utility extensions and parking at Grandview Yard. Grandview Yard is a 90- acre mixed-use development at the eastern edge of Grandview Heights between Goodale and West Third Ave. The developer of the project is Nationwide Realty Investors (NRI). Under the financing transaction, the Authority obtained title to a parking structure for the 40-year term of the financing. The land under the parking structure is leased to the Authority as a ground lease for 99 years; fee title to the land is held by NRI. Either the Authority or NRI can terminate the ground lease with 10 days notice after the bonds are paid off. Once the ground lease has matured or is terminated, title to the parking structure will revert to NRI. A maintenance and management agreement has been structured with NRI to manage the facility. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

Grandview Yard Project – Phase 2

In 2014, the Authority issued \$107 million in revenue bonds for a 30-year term to finance public infrastructure improvements, off-site improvements and parking at Grandview Yard. As of December 31, 2014, a total of \$23.5 million has been drawn down for the project. The developer of the project is Nationwide Realty Investors (NRI). Under the financing transaction, the Authority obtained title to a parking structure for the 30-year term of the financing. The land under the parking structure is leased to the Authority as a ground lease for 99 years; fee title to the land is held by NRI. Either the Authority or NRI can terminate the ground lease with 10 days notice after the bonds are paid off. Once the ground lease has matured or is terminated, title to the parking structure will revert to NRI. A maintenance and management agreement has been structured with NRI to manage the facility. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 6 - CONDUIT FINANCING PROGRAM - (Continued)**

Hubbard Parking Garage

In 2012, the Authority issued \$9,830,000 in bonds to finance a parking garage. The parking garage is located in the Short North district of Columbus on the east side of High Street at East Hubbard Avenue. The developer of the project is E.W. High Street, LLC. Under the financing transaction, the Authority obtained title to a parking structure for the 24-year term of the financing. The land under the parking structure is leased to the Authority as a ground lease for 31 years; fee title to the land is held by E.W. High Street, LLC. Once the ground lease has matured or is terminated, title to the parking structure will revert to E.W. High Street, LLC. A maintenance and management agreement has been structured with E.W. High Street, LLC to manage the facility. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

Sid Tool/MSC Industrial Direct

In 2012, the Authority issued \$35 million in bonds to finance the construction of a 400,000 square foot distribution center on 70 acres of land near Bolton Field in Columbus. Sid Tool is a subsidiary of MSC Industrial Direct. Under the financing transaction, the Authority obtained title to the building. The land under the building is leased to the Authority as a ground lease until July 2023; fee title on the land is held by Sid Tool. Once the ground lease has matured or is terminated, title to the building will revert to Sid Tool. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

Cornerstone Academy

In 2012, the Authority issued \$10,140,000 in bonds to finance an expansion of Cornerstone Academy Community School, a charter school in Westerville, Ohio. Under the terms of the financing transaction, the Authority obtained title to the charter school. The school is leased to the Authority with a ground lease termination of July 1, 2047; fee title to the land is held by Cornerstone. Once the ground lease has matured or is terminated, the title to the building will revert to Cornerstone Academy Community School. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for the repayment of the bonds.

**NOTE 7 - OTHER FINANCING PROJECTS**

In 2014, the Authority continued to work with the following financing projects which were not financed through the COBF or the traditional Conduit Financing program:

Pizzuti

In 2014, tax increment financing payments were received from the City of Columbus in the amount of \$269,936. Eighty percent of those funds (\$215,949) were disbursed to Pizzuti per the Authority's legal agreement with Pizzuti and the remaining amounts received are held by the Authority for repayment of the state forgivable loan described below. As of December 31, 2014, a total of \$1,131,101 is held by the Authority. This amount has been reported as restricted cash and cash equivalents in the financial statements.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 7 - OTHER FINANCING PROJECTS - (Continued)**

On July 22, 2010, the Authority received a \$6,695,855 state forgivable loan in conjunction with Pizzuti for a project in the Rickenbacker area. It is anticipated that the loan will be forgiven in 2015 as the project meets certain agreed criteria. If the loan is not forgiven, the Authority only owes what it receives from pledged tax increment financing payments from the district. During 2010, the Authority received and disbursed \$4,510,788 of the \$6,695,855 loan. During 2011, no additional loan proceeds were received or disbursed. During 2012, \$926,973 of additional loan proceeds were received and disbursed by the Authority. During 2013, \$482,907 of additional proceeds received and disbursed by the Authority. During 2014, no additional loan proceeds were received or disbursed.

The Authority has recorded a \$5,920,668 noncurrent liability for the total amount of the loan proceeds that have been received and disbursed for the project through December 31, 2014. The Authority has also recorded a \$4,789,567 pledged receivable for future revenues due from the City of Columbus in accordance with the TIF agreement between the Authority and the City of Columbus.

Lane Avenue Mixed Use Development

In 2014, the developer opted to refinance its project and close out with the Authority. On October 31, 2014, Lane Avenue Redevelopment, LLC executed a Reserve Account Agreement with the Authority and deposited \$100,000 with the Authority to be held in escrow for a period of six years. All amounts deposited to the Reserve Account shall be used by the Authority solely to pay State sales and use taxes or State sales and use tax audit expenses incurred with respect to the project facilities. All moneys remaining on deposit in the Reserve Account on October 31, 2020 shall be transmitted per written instructions to the Depositor. The amount held as escrow has been reported as a restricted asset and a restricted payable on the Authority's statement of net position.

**NOTE 8 - LOAN RECEIVABLE**

On March 17, 2014, the Authority disbursed \$100,000 to MidAmerican Global Ventures, LLC (MAG) as a loan. This loan has a repayment formula as outlined in the EB-5 Cooperative Loan Agreement and Term Sheet which states that repayment will occur from net available revenues of MAG. The Authority entered into a promissory note with MAG which has a maturity date of October 15, 2033. The Authority did not receive any repayment in 2014 and does not anticipate receiving any repayment in 2015. The disbursement of the loan was made from general operating funds of the Authority. The loan receivable has been recorded as an unrestricted noncurrent asset on the statement of net position.

**NOTE 9 - STATE OF OHIO DEPARTMENT OF DEVELOPMENT LOAN**

On May 8, 2007, the Authority received a \$2,500,000 loan from the State of Ohio Department of Development (ODOD). The loan proceeds were deposited into the COBF reserve account. The loan has a 20 year term, matures on June 1, 2027 and bears a 0% interest rate. The loan does charge an annual service fee of .25% based upon the outstanding balance of the loan. Payments of principal and the servicing fees are made each June 1. Loan principal payments are paid from restricted operating funds of the Authority and loan servicing fees are paid from unrestricted operating funds of the Authority.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 9 - STATE OF OHIO DEPARTMENT OF DEVELOPMENT LOAN - (Continued)**

The following is a schedule of the State loan activity in fiscal year 2014:

	Balance 12/31/13	Issued	Retired	Balance 12/31/14	Amount due within one year
State loan payable	<u>\$ 1,957,250</u>	<u>\$ -</u>	<u>\$ (31,000)</u>	<u>\$ 1,926,250</u>	<u>\$ 43,750</u>

The Authority will repay the ODOD loan using interest earnings on the investments purchased with the loan proceeds. The Authority is only required to remit interest earned as repayment. Since repayment is contingent upon interest earnings which fluctuate annually, an amortization schedule for repayment the ODOD loan is not presented. The Authority anticipates it will repay \$43,750 of the ODOD loan in 2015.

**NOTE 10 - RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE**

The Authority received operating grants from the City of Columbus and Franklin County in the amounts of \$150,000 and \$100,000, respectively, to support operations of the Authority for fiscal year 2014.

**NOTE 11 - LETTER OF CREDIT**

The Authority obtained a \$5 million, unsecured letter of credit in order to support issuance of development bonds via the Authority's COBF program. No amounts were outstanding on the letter of credit at December 31, 2014.

**NOTE 12 - CONTINGENCIES**

The Authority is not involved in litigation that, in the opinion of management, would have a material effect on the financial statements.

**NOTE 13 - OPERATING FUNDS**

The Authority's Board of Directors has approved the concept of using up to \$340,000 in operating funds for the following purposes:

1. To attain the highest possible bond rating of the COBF by having sufficient funds available for payment of outstanding COBF bonds in event of default and by building additional cash reserves; and
2. To build reserves to ensure adequate operational funds for unexpected contingencies.

**NOTE 14 - PENSION PLAN**

Plan Description - The Authority participates in the Ohio Public Employees Retirement System (OPERS) which administers three separate pension plans. OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare 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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 14 - PENSION PLAN - (Continued)**

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. 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.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits.

The 2014 member contribution rates were 10.00% for members in State and local classifications. The Authority's contribution rate for 2014 was 14.00% of covered payroll. Of this total, 12.00% was allocated to fund pension benefits and 2.00% was allocated to fund the post-employment health care plan.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Authority's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013 and 2012 were \$24,694, \$24,288, and \$19,289, respectively; equal to their required contribution for each year.

**NOTE 15 - POST-RETIREMENT BENEFIT PLAN**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare 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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does 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.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 15 - POST-RETIREMENT BENEFIT PLAN - (Continued)**

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014, local government employers contributed 14.00% of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2014 was 2.00% of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013 and 2012 were \$4,117, \$1,868, and \$7,716, respectively; equal to their required contribution for each year.

**NOTE 16 - ACCOUNTABILITY**

- A.** For fiscal year 2014, the Authority has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Authority.

- B.** In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions". Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the Authority's financial statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.

SUPPLEMENTARY INFORMATION

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2014

	Operating Funds		Other Financing Projects	Central Ohio Bond Fund			Total
	Unrestricted	Restricted		Harrison West Project	One Neighborhood Project-Phase 1	One Neighborhood Project-Phase 2	
<b>ASSETS:</b>							
<b>Current:</b>							
Cash and cash equivalents . . . . .	\$ 2,104,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,104,685
Investments . . . . .	28,244	-	-	-	-	-	28,244
Accrued interest receivable . . . . .	20,589	-	-	-	-	-	20,589
Prepayments . . . . .	9,434	-	-	-	-	-	9,434
<b>Total current assets . . . . .</b>	<b>2,162,952</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,162,952</b>
<b>Noncurrent:</b>							
Loan receivable . . . . .	100,000	-	-	-	-	-	100,000
<b>Restricted assets:</b>							
Cash and cash equivalents . . . . .	-	472,437	-	-	-	-	472,437
Investments . . . . .	-	4,527,563	-	-	-	-	4,527,563
<b>Other financing projects transactions:</b>							
Cash and cash equivalents . . . . .	-	-	1,231,101	-	-	-	1,231,101
Pledged receivable . . . . .	-	-	4,789,567	-	-	-	4,789,567
<b>Bond fund transactions:</b>							
Cash equivalents with fiscal agent . . . . .	-	-	-	1,301,636	504,886	206,054	2,012,576
Pledged receivable . . . . .	-	-	-	1,694,520	1,981,691	1,887,410	5,563,621
<b>Total restricted assets . . . . .</b>	<b>-</b>	<b>5,000,000</b>	<b>6,020,668</b>	<b>2,996,156</b>	<b>2,486,577</b>	<b>2,093,464</b>	<b>18,596,865</b>
<b>Total noncurrent assets . . . . .</b>	<b>100,000</b>	<b>5,000,000</b>	<b>6,020,668</b>	<b>2,996,156</b>	<b>2,486,577</b>	<b>2,093,464</b>	<b>18,696,865</b>
<b>Total assets . . . . .</b>	<b>2,262,952</b>	<b>5,000,000</b>	<b>6,020,668</b>	<b>2,996,156</b>	<b>2,486,577</b>	<b>2,093,464</b>	<b>20,859,817</b>
<b>LIABILITIES:</b>							
<b>Current:</b>							
Accounts payable . . . . .	2,770	-	-	-	-	-	2,770
Accrued salaries and benefits payable . . . . .	19,557	-	-	-	-	-	19,557
Accrued service fees payable . . . . .	2,809	-	-	-	-	-	2,809
<b>Total current liabilities . . . . .</b>	<b>25,136</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,136</b>
<b>Noncurrent:</b>							
<b>Payable from restricted assets:</b>							
State loan payable - bond fund reserve . . . . .	-	1,926,250	-	-	-	-	1,926,250
<b>Other financing projects transactions:</b>							
State loan payable - Rickenbacker project . . . . .	-	-	5,920,668	-	-	-	5,920,668
Deposit held in escrow . . . . .	-	-	100,000	-	-	-	100,000
<b>Bond fund transactions:</b>							
Bond costs payable . . . . .	-	-	-	19,142	1,739	50	20,931
Due to developer . . . . .	-	-	-	616,466	-	-	616,466
Accrued interest payable . . . . .	-	-	-	18,298	20,236	3,414	41,948
Revenue bonds . . . . .	-	-	-	2,342,250	2,464,602	2,090,000	6,896,852
<b>Total noncurrent liabilities . . . . .</b>	<b>-</b>	<b>1,926,250</b>	<b>6,020,668</b>	<b>2,996,156</b>	<b>2,486,577</b>	<b>2,093,464</b>	<b>15,523,115</b>
<b>Total liabilities . . . . .</b>	<b>25,136</b>	<b>1,926,250</b>	<b>6,020,668</b>	<b>2,996,156</b>	<b>2,486,577</b>	<b>2,093,464</b>	<b>15,548,251</b>
<b>NET POSITION:</b>							
Restricted . . . . .	-	3,073,750	-	-	-	-	3,073,750
Unrestricted . . . . .	2,237,816	-	-	-	-	-	2,237,816
<b>Total net position . . . . .</b>	<b>\$ 2,237,816</b>	<b>\$ 3,073,750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,311,566</b>



**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

	Operating Funds		Other Financing Projects	Central Ohio Bond Fund			Total
	Unrestricted	Restricted		Harrison	One	One	
				West Project	Neighborhood Project-Phase 1	Neighborhood Project-Pahse 2	
Operating revenues:							
Conduit financing and other fees . . . . .	\$ 388,057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 388,057
Central Ohio bond fund fees . . . . .	82,738	-	-	-	-	-	82,738
City of Columbus operating grant. . . . .	150,000	-	-	-	-	-	150,000
Franklin County operating grant. . . . .	100,000	-	-	-	-	-	100,000
<b>Total operating revenues . . . . .</b>	<b>720,795</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>720,795</b>
Operating expenses:							
Salaries and benefits . . . . .	264,376	-	-	-	-	-	264,376
Professional services . . . . .	107,113	-	-	-	-	-	107,113
Miscellaneous . . . . .	66,592	-	-	-	-	-	66,592
<b>Total operating expenses . . . . .</b>	<b>438,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438,081</b>
<b>Operating income. . . . .</b>	<b>282,714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282,714</b>
Nonoperating revenues (expenses):							
Interest revenue . . . . .	41,044	31,000	-	-	-	-	72,044
Decrease in fair value of investments . . . . .	(17,323)	-	-	-	-	-	(17,323)
Other financing projects transactions:							
Assigned tax increment financing revenues . . . . .	-	-	215,949	-	-	-	215,949
Pass through payments to Pizzuti . . . . .	-	-	(215,949)	-	-	-	(215,949)
Bond fund transactions:							
Tax increment/community authority financing revenues . . . . .	-	-	-	485,721	169,687	122,788	778,196
Interest expense on bonds . . . . .	-	-	-	(149,547)	(158,662)	(112,338)	(420,547)
Fiscal charges . . . . .	-	-	-	(13,737)	(11,025)	(10,450)	(35,212)
Developer costs . . . . .	-	-	-	(322,437)	-	-	(322,437)
<b>Total nonoperating revenues (expenses) . . . . .</b>	<b>23,721</b>	<b>31,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,721</b>
<b>Change in net position . . . . .</b>	<b>306,435</b>	<b>31,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337,435</b>
Net position, January 1 . . . . .	1,931,381	3,042,750	-	-	-	-	4,974,131
<b>Net position, December 31. . . . .</b>	<b>\$ 2,237,816</b>	<b>\$ 3,073,750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,311,566</b>

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY  
FRANKLIN COUNTY, OHIO**

COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

	Operating Funds		Other Financing Projects	Central Ohio Bond Fund			Total
	Unrestricted	Restricted		Harrison West Project	One Neighborhood Project-Phase 1	One Neighborhood Project-Phase 2	
<b>Cash flows from operating activities:</b>							
Cash received from conduit financing and other fees . . . . .	\$ 388,057	\$ -	\$ -	\$ -	\$ -	\$ -	388,057
Cash received from Central Ohio bond fund fees . . . . .	82,738	-	-	-	-	-	82,738
Cash received from operating grants . . . . .	250,000	-	-	-	-	-	250,000
Cash payments for salaries and benefits . . . . .	(260,728)	-	-	-	-	-	(260,728)
Cash payments for professional services . . . . .	(108,113)	-	-	-	-	-	(108,113)
Cash payments for miscellaneous operating expenses . . . . .	(66,910)	-	-	-	-	-	(66,910)
<b>Net cash provided by operating activities . . . . .</b>	<b>285,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285,044</b>
<b>Cash flows from noncapital financing activities:</b>							
Payment on State loan - bond fund reserve . . . . .	-	(31,000)	-	-	-	-	(31,000)
Loan disbursement . . . . .	(100,000)	-	-	-	-	-	(100,000)
<b>Other financing projects transactions:</b>							
Assigned tax increment financing payments received . . . . .	-	-	269,936	-	-	-	269,936
Pass through payments to Pizzuti . . . . .	-	-	(215,949)	-	-	-	(215,949)
Escrow deposit received . . . . .	-	-	100,000	-	-	-	100,000
<b>Bond fund transactions:</b>							
<b>Tax increment/community authority</b>							
financing payments received . . . . .	-	-	-	609,277	170,275	122,788	902,340
Principal paid on bonds . . . . .	-	-	-	(125,000)	-	-	(125,000)
Interest paid on bonds . . . . .	-	-	-	(147,750)	(159,250)	(112,338)	(419,338)
Fiscal charges paid . . . . .	-	-	-	(13,737)	(11,025)	(10,450)	(35,212)
<b>Net cash provided by (used in)</b>							
<b>noncapital financing activities . . . . .</b>	<b>(100,000)</b>	<b>(31,000)</b>	<b>153,987</b>	<b>322,790</b>	<b>-</b>	<b>-</b>	<b>345,777</b>
<b>Cash flows from investing activities:</b>							
Purchase of investments . . . . .	-	(2,299,563)	-	-	-	-	(2,299,563)
Sale of investments . . . . .	-	2,233,000	-	-	-	-	2,233,000
Interest received . . . . .	31,293	31,000	-	-	-	-	62,293
<b>Bond fund transactions:</b>							
Interest received restricted for bond costs . . . . .	-	-	-	346	153	24	523
<b>Net cash provided by (used in)</b>							
<b>investing activities . . . . .</b>	<b>31,293</b>	<b>(35,563)</b>	<b>-</b>	<b>346</b>	<b>153</b>	<b>24</b>	<b>(3,747)</b>
<b>Net increase (decrease) in cash and cash equivalents . . . . .</b>	<b>216,337</b>	<b>(66,563)</b>	<b>153,987</b>	<b>323,136</b>	<b>153</b>	<b>24</b>	<b>627,074</b>
Cash and cash equivalents, January 1 . . . . .	1,888,348	539,000	1,077,114	978,500	504,733	206,030	5,193,725
Cash and cash equivalents, December 31 . . . . .	\$ 2,104,685	\$ 472,437	\$ 1,231,101	\$ 1,301,636	\$ 504,886	\$ 206,054	\$ 5,820,799
<b>Reconciliation of operating income to</b>							
<b>net cash provided by operating activities:</b>							
Operating income . . . . .	\$ 282,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 282,714
<b>Adjustments to reconcile operating income</b>							
<b>to net cash provided by operating activities:</b>							
<b>Changes in assets and liabilities:</b>							
(Increase) in prepayments . . . . .	(614)	-	-	-	-	-	(614)
(Decrease) in accounts payable . . . . .	(659)	-	-	-	-	-	(659)
Increase in accrued salaries and benefits payable . . . . .	3,648	-	-	-	-	-	3,648
(Decrease) in accrued service fees payable . . . . .	(45)	-	-	-	-	-	(45)
<b>Net cash provided by operating activities . . . . .</b>	<b>\$ 285,044</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 285,044</b>

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors  
Columbus-Franklin County Finance Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Columbus-Franklin County Finance Authority (the "Authority") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 2, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Columbus-Franklin County Finance Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

To Management and the Board of Directors  
Columbus-Franklin County Finance Authority

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Plante & Morse, PLLC*

March 2, 2015

# **Columbus-Franklin County Finance Authority**

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## **Schedule of Findings and Responses Year Ended December 31, 2014**

### **Section II - Financial Statement Audit Findings**

None