# COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY

FRANKLIN COUNTY, OHIO

**BASIC FINANCIAL STATEMENTS**

FOR THE YEAR ENDED
DECEMBER 31, 2015

**JEAN CARTER RYAN, PRESIDENT**

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

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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Independent Auditor's Report

To the Board of Directors
Columbus-Franklin County Finance Authority

## Report on the Financial Statements

We have audited the accompanying basic financial statements of Columbus-Franklin County Finance Authority (the "Authority"), as of and for the year ended December 31, 2015 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 basic financial statements referred to above present fairly, in all material respects, the financial position of Columbus-Franklin County Finance Authority as of December 31, 2015 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

### *Emphasis of Matter*

As discussed in Note 16 to the basic financial statements, during the year ended December 31, 2015, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### *Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2016 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, 2016

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015. 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 2015 are as follows:

- In total, net position was $7,632,084 at December 31, 2015. This represents an increase of $2,493,336 or 48.52% from the net position at December 31, 2014 of $5,138,748 (as restated – see Note 16).

- The Authority had operating revenues of $1,116,015, operating expenses of $507,725, nonoperating revenues of $3,730,675 and nonoperating expenses of $1,845,629 for fiscal year 2015.

- In 2015, the Authority issued $6,905,000 in debt for eight (8) projects through its Central Ohio Bond Fund. One of the bonds issued, in the amount of $655,000 was purchased by the Authority and is considered manuscript debt. See Note 5 for further detail of bonds issued through the COBF and Note 17 for further detail on the manuscript debt.

- At December 31, 2015, the Authority has reported an unrestricted loan receivable from Trinity Lutheran Seminary in the amount of $431,913 for energy improvements financed by the Authority. See Note 8 for further detail of loan receivable from Trinity.

- In 2015, the Authority issued $261.5 million in debt for ten (10) projects through its Conduit Financing program. As of December 31, 2015, total drawn downs on these borrowings were $74.4 million.

- In 2015, the Authority received a $1.5 million grant from Franklin County to administer energy loans in the county. The Authority also received $301,050 from the State of Ohio as an energy loan loss reserve.

**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 s*tatement of net position* and s*tatement 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 2015?" 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 of resources, liabilities, deferred inflows of resources, 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.

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 notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's net pension liability.

The table below provides a summary of the Authority's net position at December 31, 2015 and December 31, 2014. The net position at December 31, 2014 has been restated as described in Note 16.

**Net Position**

| | 2015 | Restated 2014 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Unrestricted | $ 2,423,024 | $ 2,162,952 |
| Noncurrent assets: | | |
| Unrestricted | 531,913 | 100,000 |
| Restricted | 27,080,676 | 18,596,865 |
| Total assets | 30,035,613 | 20,859,817 |
| Deferred outflows of resources | 35,330 | 25,059 |
| Liabilities | | |
| Current liabilities: | | |
| Payable from unrestricted assets | 69,240 | 25,136 |
| Noncurrent liabilities: | | |
| Payable from unrestricted assets | 202,450 | 197,877 |
| Payable from restricted assets | 22,163,363 | 15,523,115 |
| Total liabilities | 22,435,053 | 15,746,128 |
| Deferred inflows of resources | 3,806 | - |
| Net Position | | |
| Restricted | 4,917,313 | 3,073,750 |
| Unrestricted | 2,714,771 | 2,064,998 |
| Total net position | $ 7,632,084 | $ 5,138,748 |

During 2015, the Authority adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Authority's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the new standards required by GASB 68, the net pension liability equals the Authority's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Authority is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the Authority is reporting a net pension liability and deferred inflows/outflows of resources related to pension. This implementation also had the effect of restating net position at December 31, 2014 from $5,311,566 to $5,138,748.

Over time, net position can serve as a useful indicator of the Authority's financial position. At December 31, 2015, the Authority's net position totaled $7,632,084. Current assets consist of unrestricted operating cash and investments, accrued interest receivable on investments, prepayments and reimbursements receivable. Noncurrent unrestricted assets include a loan receivable from MidAmerican Global Ventures and from Trinity Lutheran Seminary. Noncurrent restricted assets consisted of cash and investments of the COBF reserve, cash and cash equivalents restricted for the Authority's energy programs, cash and cash equivalents held by the Authority's fiscal agent related to bond issuances for bonds financed through the Authority's COBF program. In addition, the Authority has reported the following pledged receivables supporting bonds issued through the Authority's COBF program: (1) a pledged tax increment financing (TIF) receivable from the City of Columbus, (2) pledged community authority financing payments and TIF receivable, and (3) pledged loans receivable from developers.

Deferred outflows of resources relate to the Authority's net pension liability and reporting under GASB No. 68.

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

Noncurrent liabilities include the Authority's net pension liability reported under GASB No. 68. Noncurrent liabilities payable from restricted assets include the Authority's loan payable to the Ohio Development Services Agency (ODSA). The principal amount and service fees paid on this loan in 2015 were $42,750 and $4,754, 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 through the Authority's COBF program.

The bonds are payable from a restricted pledged TIF receivable, pledged community authority financing payments receivable, and loans receivable, all of which secure repayment of the bonds. Bond fund transactions including bond costs payable, amounts due to developer, accrued interest payable on bonds, amounts due to contractors, security deposits payable, and administration and trustee fees payable are also included as noncurrent liabilities payable from restricted assets.

Deferred inflows of resources relate to the Authority's net pension liability and reporting under GASB No. 68.

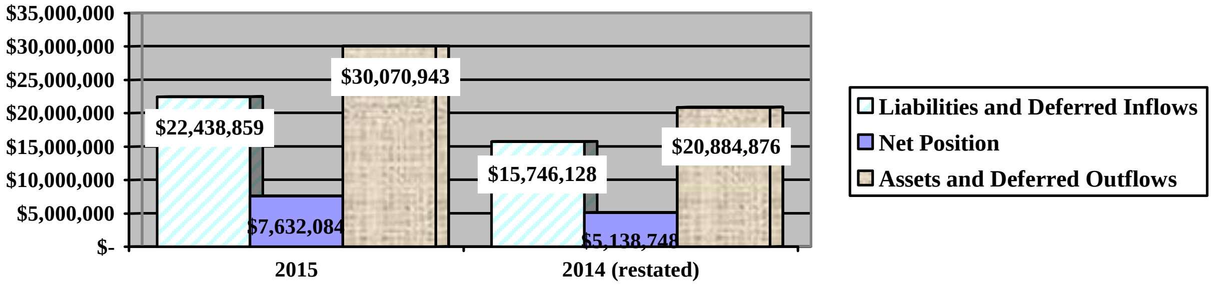
A portion of the Authority's net position, $4,917,313, represents resources that are subject to external restriction on how they may be used. The restricted net position consists of the City of Columbus and Franklin County grants ($2,500,000) which were used to establish the COBF reserve account and the difference ($616,500) between the original proceeds received from the State loan ($2,500,000) and the balance of the State loan liability at year end ($1,883,500). In addition, the Authority reports restricted net position for the balance of energy grants received that are restricted to support the Authority's energy programs ($1,800,813).

The balance of unrestricted net position is $2,714,771 and can be used to finance the Authority's operations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

The chart below illustrates the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2015 and 2014.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

The table below shows the changes in net position for fiscal year 2015 and 2014.

**Change in Net Position**

| **Operating Revenues:** | 2015 | 2014 | Increase (Decrease) |
|---|---|---|---|
| Conduit financing and other fees | $ 173,841 | $ 388,057 | $ (214,216) |
| Central Ohio bond fund fees | 742,174 | 82,738 | 659,436 |
| City of Columbus operating grant | 100,000 | 150,000 | (50,000) |
| Franklin County operating grant | 100,000 | 100,000 | - |
| Total operating revenue | 1,116,015 | 720,795 | 395,220 |
| **Operating Expenses:** | | | |
| Salaries and benefits | 284,346 | 264,376 | 19,970 |
| Professional services | 96,639 | 107,113 | (10,474) |
| Miscellaneous operating expenses | 126,740 | 66,592 | 60,148 |
| Total operating expenses | 507,725 | 438,081 | 69,644 |
| Operating income | 608,290 | 282,714 | 325,576 |
| **Nonoperating Revenues (Expenses):** | | | |
| Interest revenue | 103,523 | 72,044 | 31,479 |
| (Decrease) in fair value of investments | (19,271) | (17,323) | (1,948) |
| Energy grants | 1,801,050 | - | 1,801,050 |
| Fiscal charges | (256) | - | (256) |
| Other financing projects transactions: | | | |
| Assigned tax increment financing revenues | 303,348 | 215,949 | 87,399 |
| Pass through payments to Pizzuti | (303,348) | (215,949) | (87,399) |
| Bond fund transactions: | | | |
| Tax increment /community authority financing revenue | 876,135 | 778,196 | 97,939 |
| Interest expense on bonds | (426,354) | (420,547) | (5,807) |
| Fiscal charges | (45,651) | (35,212) | (10,439) |
| Developer costs | (414,749) | (322,437) | (92,312) |
| Contribution revenue | 636,000 | - | 636,000 |
| Bond issuance costs | (636,000) | - | (636,000) |
| Loan financing revenues | 10,619 | - | 10,619 |
| Total nonoperating revenues | 1,885,046 | 54,721 | 1,830,325 |
| Change in net position | 2,493,336 | 337,435 | 2,155,901 |
| Net position at beginning of year (restated) | 5,138,748 | 4,801,313 | |
| Net position at end of year | $ 7,632,084 | $ 5,138,748 | |

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include pension expense of $25,059 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $22,636.

Consequently, in order to compare 2015 expenses to 2014, the following adjustments are needed:

| | | |
|---|---|---|
| Total 2015 operating expenses under GASB 68 | $ | 507,725 |
| Pension expense under GASB 68 | | (22,636) |
| 2015 contractually required contributions | | 24,528 |
| Adjusted 2015 operating expenses | | 509,617 |
| Total 2014 operating expenses under GASB 27 | | 438,081 |
| Increase in operating expenses not related to pension | $ | 71,536 |

Operating revenues increased $395,220 or 54.83%. This increase is primarily due to $659,436 in Central Ohio bond fund fees generated through the Authority's COBF program. The Authority issued eight bonds through the COBF program in 2015 generating increased fees over 2014.

Operating expenses increased $69,644 or 15.90% primarily in the area of miscellaneous operating expenses. The increase is primarily due to energy program costs incurred by the Authority and increased letter of credit fees due to the increased COBF program activity.

Net nonoperating revenues, excluding those associated with other financing transactions and bond fund transactions, increased $1,832,529 primarily due to energy grants received by the Authority. The energy grant revenues are restricted in use to the Authority's energy programs. The Authority received a $301,505 loan loss reserve from the State of Ohio and a $1.5 million grant from Franklin County to be used to finance energy improvements in the county. Interest revenue increased due to interest received related to the Trinity Lutheran Seminary energy loan. The fluctuation in the fair value of investments decreased $1,948 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, 2015 and 2014, the Authority has recorded a fair value adjustment for investments in negotiable certificates of deposit and federal agency 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.

Nonoperating revenues and expenses of the other financing transactions include the pass through of TIF revenues from the City of Columbus to Pizzuti (the developer) related to a project at Rickenbacker and a state forgivable loan. TIF revenues, and corresponding pass-through payments, increased $87,399 from 2014.

Nonoperating revenues of the bond fund transactions include the collection of pledged revenues supporting the bonds issued through the COBF. Interest payments and fiscal charges related to the debt service on the bonds are reported a nonoperating expenses. During 2015, the Authority issued additional bonds through the COBF which caused an increase in bond issuance costs and related contributions from developers to pay the issuance costs. TIF payments received that are due to the developer for project costs are reported as developer costs expense. These expenses relate to the Harrison West Project and increased $92,312 from 2014.

**Capital Assets**

The Authority did not possess any capital assets at December 31, 2015.

**Debt Administration**

The Authority obtained a $2,500,000 ODSA loan in 2007. The loan is interest free with a term of 20 years. Principal and servicing payments of $47,504 were made in 2015. 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 ODSA 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 ODSA loan.

Since 2007, the Authority has issued $13,870,000 in revenue bonds through the COBF program to finance eleven projects. 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 2015, 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 2016; however, the Authority has reported a liability at December 31, 2015 in the amount of $5,920,668 which represents the loan proceeds received and disbursed as of December 31, 2015. See Note 7 for more detail on State of Ohio forgivable loan.

**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 eleven projects financed through the Authority's COBF program. The Authority's goals are to increase the number of projects financed in 2016. 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, 2015

| | | |
|---|---|---|
| ASSETS: | | |
| Current: | | |
| Cash and cash equivalents | $ | 2,380,009 |
| Investments | | 8,973 |
| Accrued interest receivable | | 19,425 |
| Prepayments | | 7,617 |
| Accounts receivable | | 7,000 |
| Total current assets | | 2,423,024 |
| Noncurrent: | | |
| Loan receivable | | 531,913 |
| Restricted assets: | | |
| Cash and cash equivalents | | 2,520,813 |
| Investments | | 4,280,000 |
| Other financing projects transactions: | | |
| Cash and cash equivalents | | 1,306,938 |
| Pledged receivable | | 4,713,730 |
| Bond fund transactions: | | |
| Cash equivalents with fiscal agent | | 3,199,574 |
| Pledged receivable | | 11,059,621 |
| Total restricted assets | | 27,080,676 |
| Total noncurrent assets | | 27,612,589 |
| Total assets | | 30,035,613 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Pension - OPERS | | 35,330 |
| LIABILITIES: | | |
| Current: | | |
| Accounts payable | | 52,290 |
| Accrued salaries and benefits payable | | 14,203 |
| Accrued service fees payable | | 2,747 |
| Total current liabilities | | 69,240 |
| Noncurrent: | | |
| Net pension liability | | 202,450 |
| Payable from restricted assets: | | |
| State loan payable - bond fund reserve | | 1,883,500 |
| Other financing projects transactions: | | |
| State loan payable - Rickenbacker project | | 5,920,668 |
| Deposit held in ecrow | | 100,000 |
| Bond fund transactions: | | |
| Bond costs payable | | 21,595 |
| Accrued interest payable | | 56,919 |
| Due to developer | | 1,031,215 |
| Due to contractors | | 57,815 |
| Administration and trustee fees and other payables | | 2,637 |
| Revenue bonds | | 13,089,014 |
| Total noncurrent liabilities | | 22,365,813 |
| Total liabilities | | 22,435,053 |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Pension - OPERS | | 3,806 |
| NET POSITION: | | |
| Restricted | | 4,917,313 |
| Unrestricted | | 2,714,771 |
| Total net position | $ | 7,632,084 |

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, 2015

| | |
|---|---|
| Operating revenues: | |
| Conduit financing and other fees . . . . . . . . . . | $ 173,841 |
| Central Ohio bond fund fees . . . . . . . . . . . . | 742,174 |
| City of Columbus operating grant. . . . . . . . . . | 100,000 |
| Franklin County operating grant. . . . . . . . . . . | 100,000 |
| Total operating revenues . . . . . . . . . . . . . | 1,116,015 |
| Operating expenses: | |
| Salaries and benefits . . . . . . . . . . . . . . . . | 284,346 |
| Professional services . . . . . . . . . . . . . . . . | 96,639 |
| Miscellaneous . . . . . . . . . . . . . . . . . . . . | 126,740 |
| Total operating expenses . . . . . . . . . . . . . | 507,725 |
| Operating income . . . . . . . . . . . . . . . . . . | 608,290 |
| Nonoperating revenues (expenses): | |
| Interest revenue. . . . . . . . . . . . . . . . . . . | 103,523 |
| (Decrease) in fair value of investments . . . . . . | (19,271) |
| Energy grants. . . . . . . . . . . . . . . . . . . . . | 1,801,050 |
| Fiscal charges . . . . . . . . . . . . . . . . . . . . | (256) |
| Other financing projects transactions: | |
| Assigned tax increment financing revenues . . . | 303,348 |
| Pass through payments to Pizzuti . . . . . . . . . | (303,348) |
| Bond fund transactions: | |
| Tax increment/community authority financing revenues . . . . . . . . . . . . . . . . | 876,135 |
| Interest expense on bonds . . . . . . . . . . . . . | (426,354) |
| Fiscal charges . . . . . . . . . . . . . . . . . . . . | (45,651) |
| Developer costs . . . . . . . . . . . . . . . . . . . | (414,749) |
| Contribution revenue . . . . . . . . . . . . . . . . | 636,000 |
| Bond issuance costs . . . . . . . . . . . . . . . . | (636,000) |
| Loan financing revenues . . . . . . . . . . . . . . | 10,619 |
| Total nonoperating revenues (expenses) . . . . | 1,885,046 |
| Change in net position . . . . . . . . . . . . . . . | 2,493,336 |
| Net position, January 1 (restated) . . . . . . . . . . | 5,138,748 |
| Net position, December 31. . . . . . . . . . . . . . | $ 7,632,084 |

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, 2015

| | | |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from conduit financing and other fees | $ | 173,841 |
| Cash received from Central Ohio bond fund fees | | 742,174 |
| Cash received from operating grants | | 200,000 |
| Cash payments for salaries and benefits | | (291,592) |
| Cash payments for professional services | | (53,639) |
| Cash payments for miscellaneous operating expenses | | (125,465) |
| Net cash provided by operating activities | | 645,319 |
| Cash flows from noncapital financing activities: | | |
| Payment on State loan - bond fund reserve | | (42,750) |
| Energy grants received | | 1,801,050 |
| Fiscal charges paid | | (256) |
| Loan disbursements | | (431,913) |
| Other financing projects transactions: | | |
| Assigned tax increment financing payments received | | 379,185 |
| Pass through payments to Pizzuti | | (303,348) |
| Bond fund transactions: | | |
| Tax increment/community authority financing payments received | | 1,005,135 |
| Proceeds of revenue bonds | | 6,250,000 |
| Bond issue costs paid | | (738,125) |
| Contributions received | | 668,750 |
| Pass through bond proceeds payment | | (5,529,477) |
| Principal paid on bonds | | (60,000) |
| Interest paid on bonds | | (413,788) |
| Fiscal charges paid | | (43,521) |
| Loan financing payments received | | 47,353 |
| Security deposits received | | 7 |
| Net cash provided by noncapital financing activities | | 2,588,302 |
| Cash flows from investing activities: | | |
| Purchase of investments | | (1,456,000) |
| Sale of investments | | 1,703,563 |
| Interest received | | 104,687 |
| Bond fund transactions: | | |
| Interest received restricted for bond costs | | 664 |
| Net cash provided by investing activities | | 352,914 |
| Net increase in cash and cash equivalents | | 3,586,535 |
| Cash and cash equivalents, January 1 | | 5,820,799 |
| Cash and cash equivalents, December 31 | $ | 9,407,334 |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | $ | 608,290 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Changes in assets and liabilities: | | |
| Decrease in prepayments | | 1,817 |
| (Increase) in accounts receivable | | (7,000) |
| Increase in accounts payable | | 49,520 |
| (Decrease) in accrued salaries and benefits payable | | (5,354) |
| (Decrease) in accrued service fees payable | | (62) |
| (Increase) in deferred outflows - pension | | (10,271) |
| Increase in deferred intflows - pension | | 3,806 |
| Increase in net pension liability | | 4,573 |
| Net cash provided by operating activities | $ | 645,319 |

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

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## 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 Chair, Vice-Chair 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 which are described in Note 7. During 2015, the Authority started an energy program with grants received through the Ohio Development Services Agency (ODSA) and Franklin County (See Note 2.I).

## 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.

**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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 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, energy grants, contribution revenues, loan financing revenues and interest earnings. Nonoperating expenses include pass through tax increment financing payments related to other financing projects, interest payments on bonds, bond issuance costs, fiscal charges and developer expenses related to projects financed through the COBF. Nonoperating expenses also include changes in the fair value of the Authority's investments.

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

### E. Cash and Investments

During fiscal year 2015, investments were limited to negotiable certificates of deposit (CD's) (insured by the Federal Deposit Insurance Corporation (FDIC)), Federal Home Loan Mortgage Corporation (FHLMC) 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, 2015.

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 $8,973 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 $28,244 over their cost basis at December 31, 2014 and was $8,973 greater than their cost basis at December 31, 2015. The fluctuation in the fair values of investments of ($19,271) is reported as nonoperating expense in the Authority's financial statements.

Restricted 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.

Restricted cash and cash equivalents include, net of fiscal charges incurred, the balance of the $301,050 loan loss reserve received from the ODSA and the $1,500,000 energy grant received from Franklin County. These monies are restricted for use in the Authority's energy programs.

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.

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

### 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.

### G. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 and for energy grants received from the OSDA and Franklin County which are restricted to be used in the Authority's energy programs. 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 as ODSA loan to establish the COBF reserve. Restricted net position is reduced by the balance of the ODSA 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. During 2015, the Authority received a $301,050 energy loan loss reserve grant from the OSDA and a $1,500,000 energy grant from Franklin County to administer energy loans in the county. These grants are restricted to fund energy improvement projects through the Authority's energy programs.

### J. Issuance Costs, Unamortized Bond Discounts and Premiums

In the financial statements, for bonds issued through the Authority's COBF, bond issuance costs are reported as an expense in the year incurred. Bond discounts and premiums 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).

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

### 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).

### 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.

### O. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Authority, deferred outflows of resources have been reported for the following two items related to the Authority's net pension liability: (1) the net difference between projected and actual earnings on pension plan investments related to the Authority's net pension liability, and (2) the Authority's contributions to the pension system subsequent to the measurement date.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports a deferred inflows of resources for (1) the difference between expected and actual experience of the pension system, and (2) the difference between the Authority's contributions and the proportional share of contributions.

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

### P. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

## 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.

**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.

**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);

**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;

**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;

**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); and,

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.

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

The Authority had the following deposits and investments at December 31, 2015 with detailed information in Sections G, H and I:

| | Amount | Classification on Statement of Net Position |
|---|---|---|
| Deposits with Financial Institutions: | | |
| Operating funds; | | |
| Checking account | $ 1,049,315 | Unrestricted - cash and cash equivalents |
| STAR Plus depository account | 1,085,685 | Unrestricted - cash and cash equivalents |
| Trust Public Funds Deposit account | 202,731 | Unrestricted - cash and cash equivalents |
| Deposit account | 41,053 | Unrestricted - cash and cash equivalents |
| Program and energy funds: | | |
| Deposit account | 1,037,650 | Restricted - cash and cash equivalents |
| STAR Plus depository accounts | 269,288 | Restricted - cash and cash equivalents |
| Checking account | 1,499,744 | Restricted - cash and cash equivalents |
| Trust Public Funds Deposit account | 301,069 | Restricted - cash and cash equivalents |
| COBF reserve: | | |
| Trust Public Funds Deposit account | 471,623 | Restricted - cash and cash equivalents |
| Money market accounts | 248,377 | Restricted - cash and cash equivalents |
| Bond funds with fiscal agent: | | |
| Trust Public Funds Deposit accounts | 3,199,574 | Restricted - cash equivalents with fiscal agent |
| Subtotal "Deposits with Financial Institutions" | 9,406,109 | |
| Investments: | | |
| Operating funds; | | |
| STAR Ohio | $ 1,225 | Unrestricted - cash and cash equivalents |
| COBF reserve: | | |
| Negotiable CDs | 3,318,000 | Restricted - investment |
| Fair value adjustment - negotiable CDs | 14,768 | Unrestricted - investment |
| FHLMC securities | 962,000 | Restricted - investment |
| Fair value adjustment - FHLMC securities | (5,795) | Unrestricted - investment |
| Subtotal "Investments" | 4,290,198 | |
| Total deposits and investments | $ 13,696,307 | |

### G. Cash Equivalents with Fiscal Agent

At December 31, 2015, the Authority had $3,199,574 in cash equivalents held by a fiscal agent as trustee in accordance with the bond indentures for bonds 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.

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

### H. Deposits with Financial Institutions

At December 31, 2015, the carrying amount of the Authority's deposits was $9,406,109 and the bank balance was $9,410,228. Of the bank balance, $2,103,350 was covered by the FDIC, $6,057,134 was collateralized, and $1,249,744 was exposed to custodial credit risk described below.

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

### I. Investments

As of December 31, 2015, the Authority had the following investments and maturities:

| | | Investment Maturities | | | | |
|---|---|---|---|---|---|---|
| Investment type | Fair Value | 6 months or less | 7 to 12 months | 13 to 18 months | 19 to 24 months | Greater than 24 months |
| Negotiable CD's | $ 3,332,768 | $ - | $ 1,899,848 | $ 250,139 | $ 199,350 | $ 983,431 |
| FHLMC securities | 956,205 | - | - | - | - | 956,205 |
| STAR Ohio | 1,225 | 1,225 | - | - | - | - |
| Total | $ 4,290,198 | $ 1,225 | $ 1,899,848 | $ 250,139 | $ 199,350 | $ 1,939,636 |

The weighted average length to maturity of investment is 2.59 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 FHLMC 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.

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

*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 FHLMC 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.

*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, 2015:

| Investment type | Fair Value | % of Total |
|---|---|---|
| Negotiable CDs | $ 3,332,768 | 77.68 |
| FHLMC securities | 956,205 | 22.29 |
| STAR Ohio | 1,225 | 0.03 |
| Total | $ 4,290,198 | 100.00 |

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

| | Insured/ Collateralized | Uninsured/ Uncollateralized | Total |
|---|---|---|---|
| Deposits: | | | |
| Checking and Program Fund accounts | $ 2,378,018 | $ 1,249,744 | $ 3,627,762 |
| STAR Plus | 1,354,973 | - | 1,354,973 |
| Money Market Accounts | 248,377 | - | 248,377 |
| Trust Public Funds Deposit accounts | 4,174,997 | - | 4,174,997 |
| Investments: | | | |
| Negotiable CDs | 3,332,768 | - | 3,332,768 |
| FHLMC securities | - | 956,205 | 956,205 |
| STAR Ohio | - | 1,225 | 1,225 |
| | $ 11,489,133 | $ 2,207,174 | $ 13,696,307 |

**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, 2015:

| | |
|---|---|
| Cash and investments per note | |
| Carrying amount of deposits | $ 9,406,109 |
| Investments | 4,290,198 |
| Total | $ 13,696,307 |

| | |
|---|---|
| Cash and investments on statement of net position | |
| Unrestricted: | |
| Cash and cash equivalents | $ 2,380,009 |
| Investments | 8,973 |
| Restricted: | |
| Cash and cash equivalents | 3,827,751 |
| Investments | 4,280,000 |
| Cash equivalents with fiscal agent | 3,199,574 |
| Total | $ 13,696,307 |

**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.

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 ODSA (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.

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

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, 2015 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:

| | Balance 12/31/14 | Issued | Retired | Balance 12/31/15 | Amount due within one year |
|---|---|---|---|---|---|
| Revenue Bonds: | | | | | |
| Harrison West Project | $ 2,400,000 | $ - | $ (60,000) | $ 2,340,000 | $ 60,000 |
| Harrison West Project - unamortized discount | (57,750) | - | 2,750 | (55,000) | - |
| One Neighborhood Project - Phase 1 | 2,450,000 | - | - | 2,450,000 | - |
| One Neighborhood Project - Phase 1 - unamortized premium | 14,602 | - | (588) | 14,014 | - |
| One Neighborhood - Phase 2 | 2,090,000 | - | - | 2,090,000 | 10,000 |
| Tuller Flats Project | - | 1,000,000 | - | 1,000,000 | - |
| NorthPoint Project | - | 1,000,000 | - | 1,000,000 | - |
| Wendell Project | - | 1,000,000 | - | 1,000,000 | - |
| Rogue Fitness Project | - | 1,000,000 | - | 1,000,000 | - |
| Dublin Bridge Park - C3/C4 Block Project | - | 1,000,000 | - | 1,000,000 | - |
| Olympic Project | - | 250,000 | - | 250,000 | - |
| StoryPoint Senior Living Project | - | 1,000,000 | - | 1,000,000 | - |
| Total | $ 6,896,852 | $ 6,250,000 | $ (57,838) | $ 13,089,014 | $ 70,000 |

All 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 and any related accrued liabilities are reported as noncurrent liabilities on the statement of net position. The Authority has reported assets for a pledged receivables 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.

During 2015, the Authority was both the issuer and purchaser of Series 2015A revenue bonds. As such, these bonds are reported a manuscript debt and are not included in the schedule above or in the future debt service requirements schedule below. The bond issuance through the COBF is described below and the manuscript bonds are described in Note 17.

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

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. The Authority may make accelerated principal payments on the Harrison West revenue bonds should revenues from the project exceed scheduled debt service requirements. The bonds bear an interest rate of 6.00% and are schedule to mature May 15, 2035.

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, 2015 was $1,798,356. This amount is reported as restricted cash equivalents with fiscal agent 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 Series 2007A revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and anticipated interest remaining on the bonds is $3,988,800, payable through 2035. For the current year, principal and interest paid was $202,200 and total tax increment financing payments received was $711,550.

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%.

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, 2015 was $505,000. This amount is reported as restricted cash equivalents with fiscal agent 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 2010 revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $5,345,100, payable through 2039. For the current year, interest paid was $159,250 and total tax increment/community authority financing payments received was $170,275.

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

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%.

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, 2015 was $206,107. This amount is reported as restricted cash equivalents with fiscal agent 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 revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $3,980,386, payable through 2039. For the current year, interest paid was $112,338 and total tax increment/community authority financing payments received was $123,310.

Trinity Lutheran Seminary Project
On April 23, 2015, the Authority issued $655,000 in Series 2015A revenue bonds, as part of the Trinity Lutheran Seminary Project. The proceeds of the bonds were used to finance energy improvements at Trinity Lutheran Seminary. The bonds will be repaid from loan payments received from Trinity Lutheran Seminary (Trinity) in accordance with the Loan Agreement between the Authority and Trinity. Principal and interest payments begin on November 15, 2015 and are due May 15 and November 15 of each year. The bonds bear an interest rate of 4.35%.

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, 2015 was $63,083. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position. In addition, the Authority had $198,087 in cash and cash equivalents held by the trustee which are considered unrestricted cash and cash equivalents as the as unrestricted operating funds were used to deposit the monies with the trustee.

The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Trinity to secure repayment of the Series 2015A revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $799,868, payable through 2026. For the current year, principal and interest paid was $40,987 and total loan payments received was $52,221.

The Series 2015A revenue bonds were both issued and purchased by the Authority. As such, these bonds are considered manuscript debt which is further described in Note 17.

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

Tuller Flats Project
On July 9, 2015, the Authority issued $1,000,000 in Series 2015B revenue bonds, as part of the Tuller Flats Project. The proceeds of the bonds were used to finance a portion of the construction of 420 residential units on 21 acres in Dublin. The bonds will be repaid from loan payments received from the Tuller Flats, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on November 15, 2017 and are due May 15 and November 15 of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on May 15, 2022. The bonds bear an interest rate of 3.0%.

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, 2015 was $100,511. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position.

The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2015B revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $1,150,000, payable through 2022. For the current year, no principal or interest were paid on the bonds and no principal or interest payments on the loan were received from the Developer.

NorthPoint Project
On July 14, 2015, the Authority issued $1,000,000 in Series 2015C revenue bonds, as part of the NorthPoint Project. The proceeds of the bonds were used to finance a portion of a warehouse facility located on 67 acres in Groveport. The bonds will be repaid from loan payments received from the Columbus 106, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on November 15, 2016 and are due May 15 and November 15 of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on May 15, 2022. The bonds bear an interest rate of 3.0%.

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, 2015 was $100,507. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position.

The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2015C revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $1,180,000, payable through 2022. For the current year, no principal or interest were paid on the bonds and no principal or interest payments on the loan were received from the Developer.

Wendell Project
On July 23, 2015, the Authority issued $1,000,000 in Series 2015D revenue bonds, as part of the Wendell Project. The proceeds of the bonds were used to finance a portion of a 182 unit multi-family residential project. The bonds will be repaid from loan payments received from the Riggins Road, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on November 15, 2017 and are due May 15 and November 15 of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on May 15, 2022. The bonds bear an interest rate of 3.0%.

**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, 2015 was $100,507. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position.

The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2015D revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $1,150,000, payable through 2022. For the current year, no principal or interest were paid on the bonds and no principal or interest payments on the loan were received from the Developer.

Rogue Fitness Project

On August 20, 2015, the Authority issued $1,000,000 in Series 2015E revenue bonds, as part of the Rogue Fitness Project. The proceeds of the bonds were used to finance a portion of the construction of a 600,000 square foot fitness equipment manufacturing facility located on the former Timken site in Columbus. The bonds will be repaid from loan payments received from the Coulter Properties, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on May 15, 2017 and are due May 15 and November 15 of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on May 15, 2023. The bonds bear an interest rate of 3.0%.

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, 2015 was $100,503. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position.

The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2015E revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $1,195,000, payable through 2023. For the current year, no principal or interest were paid on the bonds and no principal or interest payments on the loan were received from the Developer.

Dublin Bridge Park - C3/C4 Block Project

On November 30, 2015, the Authority issued $1,000,000 in Series 2015F revenue bonds, as part of the Dublin Bridge Park - C3/C4 Block Project. The proceeds of the bonds were used to finance private development and public improvements, including a parking garage, at the new Dublin Bridge Park development. The bonds will be repaid from loan payments received from the BP CBlock 3&4, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on May 15, 2017 and are due May 15 and November 15 of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on May 15, 2021. The bonds bear an interest rate of 3.0%.

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, 2015 was $100,000. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position.

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

The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2015F revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $1,135,000, payable through 2021. For the current year, no principal or interest were paid on the bonds and no principal or interest payments on the loan were received from the Developer.

<u>Olympic Project</u>
On December 10, 2015, the Authority issued $250,000 in Series 2015G revenue bonds, as part of the Olympic Project. The proceeds of the bonds were used to finance a portion of the construction of a 105,000 square foot redevelopment project in Clintonville. The bonds will be repaid from loan payments received from the Deep End Properties, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on November 15, 2017 and are due May 15 and November 15 of each year. One principal payment, in the amount of the $250,000, is due at maturity on May 15, 2024. The bonds bear an interest rate of 3.0%.

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, 2015 was $25,000. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position.

The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2015G revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $302,500, payable through 2024. For the current year, no principal or interest were paid on the bonds and no principal or interest payments on the loan were received from the Developer.

<u>StoryPoint Senior Living Project</u>
On December 10, 2015, the Authority issued $1,000,000 in Series 2015H revenue bonds, as part of the StoryPoint Senior Living Project. The proceeds of the bonds were used to finance a portion of the construction of an 185,000 square foot senior care facility in Grove City. The bonds will be repaid from loan payments received from the Grove City Care 2015, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on November 15, 2017 and are due May 15 and November 15 of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on May 15, 2021. The bonds bear an interest rate of 3.0%.

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, 2015 was $100,000. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position.

The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2015H revenue bonds. The bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $1,120,000, payable through 2021. For the current year, no principal or interest were paid on the bonds and no principal or interest payments on the loan were received from the Developer.

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

Future Debt Service Requirements

The following is a schedule of the future debt service requirements to maturity for the revenue bonds issued through the COBF:

| Year Ending | Principal | Interest | Total |
|---|---|---|---|
| 2016 | $ 75,000 | $ 425,038 | $ 500,038 |
| 2017 | 80,000 | 544,200 | 624,200 |
| 2018 | 95,000 | 588,062 | 683,062 |
| 2019 | 105,000 | 582,338 | 687,338 |
| 2020 | 115,000 | 576,042 | 691,042 |
| 2021 - 2025 | 7,195,000 | 2,079,531 | 9,274,531 |
| 2026 - 2030 | 1,680,000 | 1,428,476 | 3,108,476 |
| 2031 - 2035 | 2,090,000 | 903,256 | 2,993,256 |
| 2036 - 2039 | 1,695,000 | 289,843 | 1,984,843 |
| Total | $ 13,130,000 | $ 7,416,786 | $ 20,546,786 |

## 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, 2015 is $389,789,727.

During 2015, the following projects were financed through the Authority's conduit financing program:

Ohio Capital Fund
The Authority issued two conduit bond financings in 2015 for the Ohio Capital Fund totaling $44.0 million in taxable research and development revenue bonds to refund existing debt and to take advantage of lower interest rates. The Ohio Capital Fund is a fund of funds that invests in venture capital funds and is overseen by the Ohio Venture Capital Authority. The Authority does not receive any payments or any other form of compensation under these arrangements beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

ShadoArt Project
The Authority issued $3.590 million in conduit bond financing to ShadoArt to help with the purchase of their current facility they are leasing in the Brewery District. The Authority does not receive any 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.

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

Tuller Flats Project
The Authority issued $47.0 million in conduit bond financing for the Tuller Flats Project. The Tuller Flats Project is construct 420 residential apartment complex on 21 acres in Dublin. Under the financing transaction, the Authority obtained title to the apartment complex. The land under the apartment complex is leased to the Authority as a ground lease until August 2023; fee title on the land is held by Tuller Flats, LLC. Once the ground lease has matured or is terminated, title to the apartment complex will revert to Tuller Flats, LLC. 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. As of December 31, 2015, $777,458 of the available borrowings have been drawn.

NorthPoint Project
The Authority issued $27.5 million in conduit bond financing for the NorthPoint Project. The NorthPoint Project is a speculative warehouse facility on 67 acres located in Groveport. Under the financing transaction, the Authority obtained title to the warehouse. The land under the warehouse is leased to the Authority as a ground lease until July 2040; fee title on the land is held by Columbus 106, LLC. Once the ground lease has matured or is terminated, title to the warehouse will revert to Columbus 106, LLC. 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. As of December 31, 2015, $21.7 million of the available borrowings have been drawn.

Wendell Project
The Authority issued $18.3 million in conduit bond financing for the Wendell Project. The Wendell is a 182 unit multi-family apartment complex on 15 acres in Hilliard. Under the financing transaction, the Authority obtained title to the apartment complex. The land under the apartment complex is leased to the Authority as a ground lease until July 2040; fee title on the land is held by Riggins Road, LLC. Once the ground lease has matured or is terminated, title to the apartment complex will revert to Riggins Road, LLC. 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. As of December 31, 2015, $3.27 million of the available borrowings have been drawn.

Rogue Fitness Project
The Authority issued $30.2 million in conduit bond financing for the Rogue Fitness Project. The Rogue Fitness Project is the construction of a 600,000 square foot fitness equipment manufacturing facility located on the former Timken site in Columbus. 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 October 2022; fee title on the land is held by Coulter Properties, LLC. Once the ground lease has matured or is terminated, title to the building will revert to Coulter Properties, LLC. 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. As of December 31, 2015, none of the available borrowings have been drawn.

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

Dublin Bridge Park - C3/C4 Block Project
The Authority issued $41.0 million in conduit bond financing for the Dublin Bridge Park - C3/C4 Block Project. The Dublin Bridge Park - C3/C4 Block Project consists of private development and public improvements including a parking garage, at the new Dublin Bridge Park development. Under the financing transaction, the Authority obtained title to the site improvements. The land under the site improvements are leased to the Authority as a ground lease until October 2065; fee title on the land is held by BR CBlock 3&4, LLC. Once the ground lease has matured or is terminated, title to the site improvements will revert to BR CBlock 3&4, LLC. 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. As of December 31, 2015, none of the available borrowings have been drawn.

Olympic Project
The Authority issued $14.5 million in conduit bond financing for the Olympic Project. The Olympic Project is a 105,000 square foot redevelopment project in Clintonville. 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 June 2021; fee title on the land is held by Deep End Properties, LLC. Once the ground lease has matured or is terminated, title to the building will revert to Deep End Properties, LLC. 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. As of December 31, 2015, $105,463 of the available borrowings have been drawn.

StoryPoint Senior Living Project
The Authority issued $35.4 million in conduit bond financing for the StoryPoint Senior Living Project. The StoryPoint Senior Living Project is the construction of an 185,000 square foot senior care facility in Grove City. 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; fee title on the land is held by Coulter Properties, LLC. Once the ground lease has matured or is terminated, title to the building will revert to Coulter Properties, LLC. 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. As of December 31, 2015, $925,000 of the available borrowings have been drawn.

## NOTE 7 - OTHER FINANCING PROJECTS

In 2015, 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 2015, tax increment financing payments were received from the City of Columbus in the amount of $379,185. Eighty percent of those funds ($303,348) 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, 2015, a total of $1,206,938 is held by the Authority. This amount has been reported as restricted cash and cash equivalents in the financial statements.

## 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 2016 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. Since inception through December 31, 2015, the Authority has received and disbursed a total of $5,920,668 of the $6,695,855 loan. No loan proceeds were received or disbursed in 2015.

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, 2015. The Authority has also recorded a $4,713,730 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
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 - LOANS RECEIVABLE

MidAmerican Global Ventures, LLC
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 2015 and does not anticipate receiving any repayment in 2016. 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.

Trinity Lutheran Seminary
During 2015, the Authority disbursed monies to Trinity Lutheran Seminary (Trinity) to finance energy improvements. The Authority issued $655,000 in revenue bonds through the COBF and these bonds were purchased by the Authority using unrestricted operating funds. As described in Note 17, the related bond payable and investment by the Authority in its own bonds are not reported in the financial statements. A loan agreement was signed by Trinity and the Authority securing repayment of the bonds. An unrestricted loan receivable has been reported in the financials for loan disbursements made by the Authority to contractors. In addition, the loan balance includes bond issuance costs (net of Trinity contributions received) incurred as part of the bond issue through the COBF and the loan receivable has been reduced for any principal payments made on the loan by Trinity.

**NOTE 8 - LOANS RECEIVABLE - (Continued)**

The total available to be drawn on the loan by Trinity is $603,925. Requested draws are paid to contractors by the Authority. At December 31, 2015, the Authority has reported a loan receivable in the amount of $431,913 for the monies disbursed. Monies used for the loan came from the unrestricted general operating account of the Authority. The loan bears an interest rate of 4.35% and is scheduled to mature in November 15, 2026 if all available funds are drawn. Trinity makes monthly principal and interest payments to the Authority as required by the Loan Agreement. The loan receivable has been recorded as an unrestricted noncurrent asset on the statement of net position.

**NOTE 9 - OHIO DEVELOPMENT SERVICES AGENCY (ODSA) LOAN**

On May 8, 2007, the Authority received a $2,500,000 loan from the ODSA. 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.

The following is a schedule of the ODSA loan activity in fiscal year 2015:

| | Balance 12/31/14 | Issued | Retired | Balance 12/31/15 |
|---|---|---|---|---|
| State loan payable | $ 1,926,250 | $ - | $ (42,750) | $ 1,883,500 |

The Authority will repay the ODSA 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 ODSA loan is not presented.

**NOTE 10 - RELATED PARTY TRANSACTIONS**

The Authority received operating grants from the City of Columbus and Franklin County in the amounts of $100,000 and $100,000, respectively, to support operations of the Authority for fiscal year 2015. In addition, the Authority received a $1.5 million energy grant from Franklin County restricted for use in the Authority's energy programs.

**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, 2015.

**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

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of the unfunded benefits is presented as a non-current *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accrued salaries and benefits payable.*

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

Plan Description
The Authority participates in the Ohio Public Employees Retirement System (OPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the Ohio Revised Code (ORC) that covers all employees of the Authority. OPERS has three retirement plan options available to its members. OPERS provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides post-employment health care benefits (including Medicare B premiums) to retirees and beneficiaries who elect to receive those benefits.

OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. The report may be obtained by contacting the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215 or by phone at (800) 222-7377 or on the web at www.opers.org.

Contributions
State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement board of the system set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually be actuarial valuation using the entry age normal cost method. Under these provisions, each contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are 10% percent of gross wages for all plans, set at the maximums authorized by the ORC. The plan's 2015 contribution rates on covered payroll to OPERS were:

| | Employer Contribution Rate | | | |
|---|---|---|---|---|
| | Pension | Post Retirement Healthcare | Death Benefits | Total |
| OPERS | 12.00% | 2.00% | 0.00% | 14.00% |

The District's contractually required contribution to OPERS was $24,528 for 2015. Of this total, $1,363 is recorded as accrued salaries and benefits payable.

Benefits Provided
Plan benefits are established under Chapter 145 of the Ohio Revised Code, as amended by Substitute Senate Bill 343 in 2012. The requirement to retire depends on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15-30 years), age (48 - 62 years) and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

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

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of $500 - $2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for Law Enforcement and Public Safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Authority reported a liability for its proportionate share of the net pension liability of OPERS. The net pension liability was measured as of December 31, 2014 for the OPERS plan. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. Following is information related to the proportionate share and pension expense:

| | OPERS |
|---|---|
| Proportionate share of the net pension liability | $ 202,450 |
| Proportion of the net pension liability | 0.001679% |
| Pension expense | $ 22,636 |

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 3,557 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 10,802 | - |
| Changes in proportion and differences between the Authority contributions and proportionate share of contributions | - | 249 |
| Authority contributions subsequent to the measurement date | 24,528 | - |
| Total | $ 35,330 | $ 3,806 |

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

$24,528 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31, | Deferred Outflows | Deferred Inflows | Total |
|---|---|---|---|
| 2016 | $ 2,701 | $ (1,756) | $ 945 |
| 2017 | 2,701 | (1,756) | 945 |
| 2018 | 2,700 | (294) | 2,406 |
| 2019 | 2,700 | - | 2,700 |
| Total | $ 10,802 | $ (3,806) | $ 6,996 |

Actuarial Assumptions
OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2014, are presented below:

| | OPERS - as of 12/31/14 |
|---|---|
| Actuarial Cost Method | Indiviudal Entry Age |
| Cost of Living | 3.0 percent |
| Salary Increases, Including Inflation | 4.25 percent - 10.05 percent |
| Inflation | 3.75 percent |
| Investment Rate of Return | 8.00 percent, net of pension plan investment expense |
| Experience Study Date | Period of 5 years ended December 31, 2010 |
| Mortality Basis | RP-2000 Mortality Table (Projected 20 Years using Projection Scale AA) |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| | OPERS | |
|---|---|---|
| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
| Fixed Income | 23.00% | 2.31 % |
| Domestic Equities | 19.90% | 5.84 % |
| Real Estate | 10.00% | 4.25 % |
| Private Equity | 10.00% | 9.25 % |
| International Equity | 19.10% | 7.40 % |
| Other Investments | 18.00% | 4.59 % |
| Total | 100.00% | |

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent for OPERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates for all plans. Based on those assumptions, OPERS fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTE 14 - PENSION PLAN - (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|---|---|---|---|
| OPERS | $ 372,449 | $ 202,450 | $ 59,269 |

## NOTE 15 – POSTEMPLOYMENT BENEFIT PLAN

OPERS - Plan Description
OPERS maintains a cost-sharing multiple employer defined benefit postemployment 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 postemployment health care coverage.

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

OPERS - Funding Policy
The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employees contributed at a rate of 10% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employers units. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2% during calendar year 2015.

**NOTE 15 - POSTEMPLOYMENT BENEFIT PLAN - (Continued)**

The OPERS Board of Trustees 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. The Authority's contributions allocated to postemployment health care for the years ended December 31, 2015, 2014, and 2013 were $4,088, $4,117 and $1,868, respectively.

**NOTE 16 - ACCOUNTABILITY**

**A.** For 2015, the Authority has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the Authority's pension plan disclosures, as presented in Note 14, and added required supplementary information which is presented after the notes to the financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statements No. 68 and No. 71. The Authority's net position at January 1, 2015 has been restated as follows:

| | |
|---|---|
| Net position as previously reported | $ 5,311,566 |
| Deferred outflows - payments subsequent to measurement date | 25,059 |
| Net pension liability | (197,877) |
| Restated net position at January 1, 2015 | $ 5,138,748 |

**B. Upcoming Accounting Pronouncements**

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application". The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted during the Authority's 2016 fiscal year.

**NOTE 16 – ACCOUNTABILITY - (Continued)**

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Authority to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the OPERS OPEB plan. 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 the Authority's financial statements for the year ending December 31, 2018

**NOTE 17 - MANUSCRIPT BONDS**

On April 23, 2015, the Authority issued $655,000 in bonds through the COBF which were purchased by the Authority. The manuscript bonds bear an interest rate of 4.35% and mature on November 15, 2026. On a GAAP basis, the manuscript debt is reported as an internal transaction rather than as an investment (asset) and bond payable (liability). As such, the investment (asset) and bond payable (liability) are eliminated for reporting on the statement of net position.

During 2015, the Authority made a principal payment on the manuscript bonds of $25,000 after receiving $25,000 in loan payments from Trinity restricted for bond principal payments. This principal payment reduces the investment (asset) and bond payable (liability). On a GAAP basis, this internal transaction has been eliminated on the statement of cash flows.

During 2015, the Authority made an interest payment on the manuscript bonds of $15,987 after receiving $15,987 in loan payments from Trinity restricted for bond interest payments. On a GAAP basis, this internal transaction has been eliminated on the statement of revenues, expenses and changes in net position and on the statement of cash flows.

**NOTE 18 - SIGNIFICANT SUBSEQUENT EVENT**

On January 29, 2016, the Authority closed on a combination bond fund/energy loan for NC Plaza LLC. The Authority issued $2,875,000 in Central Ohio Bond Fund bonds and $400,000 in Franklin County Energy Works to fund the project at the PNC Plaza in downtown Columbus. The project also received $919,985 in loan loss reserves from the Ohio Development Services Agency on January 7, 2016.

# REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TWO YEARS

| | 2014 | 2013 |
|---|---|---|
| *Traditional Plan:* | | |
| Authority's proportion of the net pension liability | 0.00167900% | 0.00167900% |
| Authority's proportionate share of the net pension liability | $ 202,450 | $ 197,877 |
| Authority's covered-employee payroll | $ 208,825 | $ 175,308 |
| Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 96.95% | 112.87% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.45% | 74.70% |

Note: Information prior to 2013 was unavailable.

Amounts presented as of the Authority's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF AUTHORITY CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST THREE YEARS

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| *Traditional Plan:* | | | |
| Contractually required contribution | $ 24,528 | $ 25,059 | $ 22,790 |
| Contributions in relation to the contractually required contribution | (24,528) | (25,059) | (22,790) |
| Contribution deficiency (excess) | $ - | $ - | $ - |
| Authority's covered-employee payroll | $ 204,400 | $ 208,825 | $ 175,308 |
| Contributions as a percentage of covered-employee payroll | 12.00% | 12.00% | 13.00% |

Note: Information prior to 2013 was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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# 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 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"), which comprise the statement of net position as of December 31, 2015 and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 2, 2016.

**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 Authority'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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

March 2, 2016

### Section II - Financial Statement Audit Findings

None