

April 8, 2022

To the Audit Committee
Columbus-Franklin County Finance Authority

We have audited the financial statements of Columbus-Franklin County Finance Authority (the "Authority") as of and for the year ended December 31, 2021 and have issued our report thereon dated April 8, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 3, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated April 8, 2022 regarding our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 9, 2022.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 8, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Audit Committee
Columbus-Franklin County Finance Authority

April 8, 2022

This information is intended solely for the use of the audit committee and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in cursive script that reads "Kristin L. Hunt".

Kristin L. Hunt, CPA
Partner

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY

FRANKLIN COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

TABLE OF CONTENTS

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Independent Auditor’s Report | 1 - 2 |
| Management’s Discussion and Analysis | 3 - 7 |
| Basic Financial Statements: | |
| Statement of Net Position | 9 |
| Statement of Revenues, Expenses and Changes in Net Position | 10 |
| Statement of Cash Flows | 11 |
| Notes to the Basic Financial Statements | 13 - 48 |
| Required Supplementary Information: | |
| Schedule of the Authority’s Proportionate Share of the Net Pension Liability: Ohio Public Employees Retirement System (OPERS) | 50 - 51 |
| Schedule of Authority Pension Contributions: Ohio Public Employees Retirement System (OPERS) | 52 - 53 |
| Schedule of the Authority’s Proportionate Share of the Net OPEB Liability/Asset: Ohio Public Employees Retirement System (OPERS) | 54 - 55 |
| Schedule of Authority OPEB Contributions: Ohio Public Employees Retirement System (OPERS) | 56 - 57 |
| Notes to Required Supplementary Information | 58 - 59 |
| Report on Internal Control Over Financial Reporting and on Compliance and other matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards | 60 - 61 |

Independent Auditor's Report

To the Board of Directors
Columbus-Franklin County Finance Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Columbus-Franklin County Finance Authority (the "Authority") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Columbus-Franklin County Finance Authority as of December 31, 2021 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
Columbus-Franklin County Finance Authority

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability, schedule of Authority pension contributions, schedule of the Authority's proportionate share of the net OPEB liability/asset, and schedule of Authority OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 April 8, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Columbus-Franklin County Finance Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbus-Franklin County Finance Authority's internal control over financial reporting and compliance.



April 8, 2022

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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 2021 are as follows:

- The Authority issued over \$36 million in debt for seven (7) projects through its Central Ohio Bond Fund (COBF). See Note 5 for further detail of bonds issued through the COBF.
- The Authority issued approximately \$551 million in debt for twenty-four (24) projects through other financing programs.
- The Authority received a \$1 million grant from Franklin County for use in the Authority's energy program and a \$2 million grant from the City of Columbus for the establishment of an urban redevelopment escrow account, with \$1.9 million restricted to lending for urban redevelopment projects.
- The Authority received a \$10 million guarantee commitment from JobsOhio as a reserve for bonds issued through the COBF.

Using these Basic Financial Statements

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

Reporting the Authority's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2021?" 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021 and December 31, 2020.

| Net Position | | |
|----------------------------------|---------------|---------------|
| | 2021 | 2020 |
| <u>Assets</u> | | |
| Current assets | \$ 10,400,803 | \$ 8,194,620 |
| Noncurrent assets: | | |
| Unrestricted | 1,852,085 | 1,739,260 |
| Restricted | 175,617,660 | 133,906,669 |
| Total assets | 187,870,548 | 143,840,549 |
| Deferred outflows of resources | 254,695 | 135,345 |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Payable from unrestricted assets | 134,515 | 59,836 |
| Noncurrent liabilities: | | |
| Payable from unrestricted assets | 421,134 | 676,508 |
| Payable from restricted assets | 149,806,859 | 111,110,118 |
| Total liabilities | 150,362,508 | 111,846,462 |
| Deferred inflows of resources | 328,293 | 131,229 |
| <u>Net Position</u> | | |
| Investment in capital assets | 15,521 | 18,625 |
| Restricted | 25,810,801 | 22,815,877 |
| Unrestricted | 11,608,120 | 9,163,701 |
| Total net position | \$ 37,434,442 | \$ 31,998,203 |

Over time, net position can serve as a useful indicator of the Authority's financial position. At December 31, 2021, the Authority's net position totaled \$37,434,442. Current assets increased primarily in cash and cash equivalents due to more fees generated from financing activities in 2021. Restricted noncurrent assets increased primarily due to the receipt of an energy grant restricted for energy loans, a grant from the City of Columbus restricted for lending, and an increase in pledged receivables associated with the issuance of \$36,275,000 in COBF bonds.

The Authority's current liabilities payable from unrestricted assets increased due to an increase in accrued wages and benefits payable.

The Authority's noncurrent liabilities payable from unrestricted assets decreased due to a decrease in the Authority's net OPEB liability reported in accordance with GASB No. 75.

The Authority's noncurrent liabilities payable from restricted assets increased primarily due to a net increase in bonds payable of \$32,800,000 (issuances less retirements) and an increase in amounts held and due to developers for projects financed from bond proceeds.

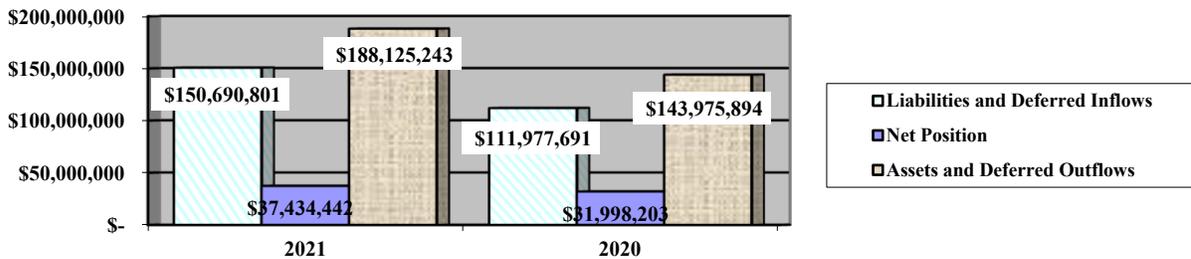
**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

A portion of the Authority’s net position, \$25,810,801, 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 (\$868,250) between the original proceeds received from the State loan (\$2,500,000) and the balance of the State loan liability at year end (\$1,631,750). The Authority’s restricted net position increased \$2,994,924 primarily due to the receipt of two grants in 2021, \$1,000,000 from Franklin County restricted for energy programs and \$1,900,000 from City of Columbus restricted for lending for urban redevelopment projects. The City of Columbus grant was for \$2,000,000, however, \$100,000 is allowed to be used for administration costs and not restricted.

The balance of unrestricted net position is \$11,608,120 and can be used to finance the Authority’s operations. Unrestricted net position increased \$2,444,419 primarily due to operating income of \$2,330,160 plus \$100,000 of the \$2,000,000 City of Columbus grant which is to be used for administration of an urban redevelopment escrow.

The chart below illustrates the Authority’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2021 and 2020.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

The table below shows the changes in net position for fiscal year 2021 and 2020.

Change in Net Position

| | 2021 | 2020 | Increase (Decrease) |
|--------------------------------------------------|---------------|---------------|------------------------|
| <u>Operating Revenues:</u> | | | |
| Conduit financing and other fees | \$ 2,610,872 | \$ 1,269,894 | \$ 1,340,978 |
| Central Ohio bond fund fees | 898,004 | 633,577 | 264,427 |
| Other | 3,500 | - | 3,500 |
| Total operating revenue | 3,512,376 | 1,903,471 | 1,608,905 |
| <u>Operating Expenses:</u> | | | |
| Salaries and benefits | 520,768 | 579,304 | (58,536) |
| Professional services | 248,038 | 208,323 | 39,715 |
| Depreciation | 3,104 | 3,104 | - |
| Miscellaneous operating expenses | 410,306 | 295,389 | 114,917 |
| Total operating expenses | 1,182,216 | 1,086,120 | 96,096 |
| Operating income | 2,330,160 | 817,351 | 1,512,809 |
| <u>Nonoperating Revenues (Expenses):</u> | | | |
| Interest revenue | 175,288 | 210,974 | (35,686) |
| Increase (decrease) in fair value of investments | (26,834) | 26,040 | (52,874) |
| Grants | 2,000,000 | 1,350,000 | 650,000 |
| Forgiveness of loans | (85,000) | (10,000) | (75,000) |
| Contributions | 45,000 | - | 45,000 |
| Other nonoperating revenues | - | 62,000 | (62,000) |
| Fiscal charges and other expenses | (2,375) | - | (2,375) |
| Energy programs: | | | |
| Energy grants | 1,000,000 | 1,232,100 | (232,100) |
| Bond fund: | | | |
| Pledged revenue | 4,775,029 | 3,782,301 | 992,728 |
| Interest expense on bonds | (4,121,866) | (3,262,233) | (859,633) |
| Fiscal charges | (653,163) | (520,068) | (133,095) |
| Total nonoperating revenues | 3,106,079 | 2,871,114 | 234,965 |
| Change in net position | 5,436,239 | 3,688,465 | 1,747,774 |
| Net position at beginning of year | 31,998,203 | 28,309,738 | |
| Net position at end of year | \$ 37,434,442 | \$ 31,998,203 | |

Operating revenues increased \$1,608,905 or 84.52%. This increase is primarily due to increased fees generated through the Authority's Conduit financing program and COBF fees. The Authority issued debt for twenty-two (22) projects compared to eleven (11) projects through its conduit financing program in 2021 and 2020, respectively. The Authority issued seven (7) bonds through the COBF in 2021, compared to five (5) bonds in 2020.

Operating expenses increased \$96,096 or 8.85%. During 2021, the Authority experienced a substantial decrease in the net OPEB liability which reverted to a net OPEB asset. The OPEB expense for 2021 was (\$244,130) resulting in an overall decrease to salaries and benefits expense. The decrease in the net OPEB liability resulted from changes in benefits by the OPERS retirement system and is outside the control of the Authority. Professional services expense increased primarily in the areas of financial advisor and legal fees. The Authority also saw an increase in miscellaneous expenses primarily due to fee associated with increasing the Authority's letter-of-credit supporting the COBF and increases in information technology, rent, recruitment, and marketing.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Nonoperating revenues include grants. During 2021, the Authority received a \$1 million grant from Franklin County and a \$2 million grant from the City of Columbus for the establishment of an urban redevelopment escrow account, with \$1.9 million restricted for lending urban redevelopment projects.

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 as nonoperating expenses. Interest expense increased as the Authority has more bonds in the COBF in 2021.

Debt Administration

The Authority obtained a \$2.5 million ODSA loan in 2007. The loan is interest free with a term of 20 years. Principal payments of \$34,500 were made in 2021. Principal payments were paid out of restricted 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 \$2.5 million reserve, up to \$125,000. See Note 11 for more detail on the ODSA loan.

In 2021, the Authority issued \$36,275,000 in revenue bonds through the COBF program to finance five 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.

Current Financial Related Activities

The Authority has the ability to finance projects through its Central Ohio Bond Fund program, Conduit Financing program, Energy Loan Program, Neighborhood Improvement and Small Business Program Loan Program, and through other financing vehicles. At year-end, there were 33 projects financed through the Authority's COBF program. The Authority's goals are to increase the number of projects financed in 2022 and to increase the number of loans through the Energy Loan and the Neighborhood Improvement and Small Business Loan Programs. The Authority is also looking to increase its presence in the affordable housing financing arena and is looking to develop programming to assist Central Ohio with its affordable housing strategies. Fees generated by financing projects are necessary to support the operations of the Authority.

The Authority continues to navigate through the on-going COVID-19 pandemic (Note 19). Although economic uncertainties exist, the Authority does not anticipate a significant reduction in projects financed in 2022 due to the pandemic.

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, 300 Spruce Street, Suite 220, Columbus, Ohio, 43215.

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

STATEMENT OF NET POSITION
DECEMBER 31, 2021

| | |
|-------------------------------------------------------|----------------------|
| ASSETS: | |
| Current: | |
| Cash, cash equivalents, and investments (Note 3)..... | \$ 10,227,236 |
| Other assets..... | <u>173,567</u> |
| Total current assets..... | <u>10,400,803</u> |
| Noncurrent: | |
| Loan receivable (Note 8)..... | 710,403 |
| Pledged receivable (Note 5 and 7)..... | 1,078,985 |
| Depreciable capital assets, net (Note 16)..... | 15,521 |
| Net OPEB asset (Note 14)..... | 47,176 |
| Restricted assets: | |
| Cash, cash equivalents, and investments (Note 3)..... | 53,033,894 |
| Loans receivable (Note 8)..... | 4,859,810 |
| Note receivable (Note 9)..... | 39,587 |
| Pledged receivables (Note 5 and 7): | |
| Loans receivable (Note 8)..... | 10,352,215 |
| Other pledged receivables..... | <u>107,332,154</u> |
| Total pledged receivables..... | <u>117,684,369</u> |
| Total restricted assets..... | <u>175,617,660</u> |
| Total noncurrent assets..... | <u>177,469,745</u> |
| Total assets..... | <u>187,870,548</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Pension - OPERS (Note 13)..... | 171,251 |
| OPEB - OPERS (Note 14)..... | <u>83,444</u> |
| Total deferred outflows of resources..... | <u>254,695</u> |
| LIABILITIES: | |
| Current: | |
| Accounts and other payables..... | 17,941 |
| Accrued salaries and benefits payable..... | <u>116,574</u> |
| Total current liabilities..... | <u>134,515</u> |
| Noncurrent: | |
| Net pension liability (Note 13)..... | 421,134 |
| Payable from restricted assets: | |
| State loan payable (Note 11)..... | 1,631,750 |
| Bond fund: | |
| Revenue bonds (Note 5)..... | 131,495,028 |
| Accrued interest payable..... | 598,376 |
| Due to developer..... | 15,260,609 |
| Other liabilities/payables..... | <u>821,096</u> |
| Total payable from restricted assets..... | <u>149,806,859</u> |
| Total noncurrent liabilities..... | <u>150,227,993</u> |
| Total liabilities..... | <u>150,362,508</u> |
| DEFERRED INFLOWS OF RESOURCES: | |
| Pension - OPERS (Note 13)..... | 183,158 |
| OPEB - OPERS (Note 14)..... | <u>145,135</u> |
| Total deferred inflows of resources..... | <u>328,293</u> |
| NET POSITION: | |
| Investment in capital assets..... | 15,521 |
| Restricted..... | 25,810,801 |
| Unrestricted..... | <u>11,608,120</u> |
| Total net position..... | <u>\$ 37,434,442</u> |

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

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

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

| | |
|----------------------------------------------|---------------|
| Operating revenues: | |
| Conduit financing and other fees | \$ 2,610,872 |
| Central Ohio bond fund fees | 898,004 |
| Other | 3,500 |
| Total operating revenues..... | 3,512,376 |
| Operating expenses: | |
| Salaries and benefits..... | 520,768 |
| Professional services..... | 248,038 |
| Miscellaneous..... | 410,306 |
| Depreciation | 3,104 |
| Total operating expenses..... | 1,182,216 |
| Operating income..... | 2,330,160 |
| Nonoperating revenues (expenses): | |
| Interest revenue..... | 175,288 |
| (Decrease) in fair value of investments..... | (26,834) |
| Grants | 2,000,000 |
| Forgiveness of loans..... | (85,000) |
| Contributions..... | 45,000 |
| Fiscal charges and other expenses | (2,375) |
| Energy programs: | |
| Energy grant..... | 1,000,000 |
| Bond fund: | |
| Pledged revenue (Note 5)..... | 4,775,029 |
| Interest expense on bonds (Note 5)..... | (4,121,866) |
| Fiscal charges and other expenses | (653,163) |
| Total nonoperating revenues (expenses) | 3,106,079 |
| Change in net position..... | 5,436,239 |
| Net position, January 1..... | 31,998,203 |
| Net position, December 31..... | \$ 37,434,442 |

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 YEAR ENDED DECEMBER 31, 2021

| | |
|----------------------------------------------------------------------------------|----------------------|
| Cash flows from operating activities: | |
| Cash received from conduit financing and other fees..... | \$ 2,561,739 |
| Cash received from Central Ohio bond fund fees..... | 898,004 |
| Cash received from Hubbard parking facility..... | 982,637 |
| Cash received from other operations..... | 3,500 |
| Cash payments for salaries and benefits..... | (682,139) |
| Cash payments for professional services..... | (240,938) |
| Cash payments for other operating expenses..... | (560,130) |
| Cash payments for Hubbard parking facility management..... | (933,504) |
| Net cash provided by operating activities..... | <u>2,029,169</u> |
| Cash flows from noncapital financing activities: | |
| Payment on State loan - bond fund reserve..... | (34,500) |
| Grants received..... | 3,000,000 |
| Pledged revenue received..... | 54,055 |
| Loan disbursements made..... | (1,887,151) |
| Fiscal charges and other expenses..... | (13,944) |
| Loan principal payments received..... | 92,358 |
| Contributions for Hubbard Parking facility capital reserves | 45,000 |
| Borrower contributions | 100,108 |
| Bond fund: | |
| Pledged revenue received..... | 9,825,096 |
| Issuance of revenue bonds..... | 36,275,000 |
| Premium/discount of bonds issued, net..... | (224,062) |
| Developer contribution | 118,062 |
| Pass through bond proceeds payments..... | (1,560,189) |
| Developer costs paid..... | (8,003,483) |
| Principal paid on bonds..... | (2,575,000) |
| Interest paid on bonds..... | (4,003,316) |
| Fiscal charges and other payments | (655,270) |
| Distribution to developer | (17,910,578) |
| Net cash provided by noncapital financing activities..... | <u>12,642,186</u> |
| Cash flows from investing activities: | |
| Purchase of investments..... | (548,223) |
| Sale of investments..... | 517,936 |
| Interest received..... | 100,996 |
| Net cash provided by investing activities..... | <u>70,709</u> |
| Net increase in cash and cash equivalents..... | 14,742,064 |
| Cash and cash equivalents, January 1..... | 47,233,403 |
| Cash and cash equivalents, December 31..... | <u>\$ 61,975,467</u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income..... | \$ 2,330,160 |
| Adjustments:..... | |
| Depreciation expense..... | 3,104 |
| Changes in assets and liabilities: | |
| (Increase) in other assets..... | (153,938) |
| Increase in accrued salaries and benefits payable..... | 63,465 |
| Increase in accounts and other payables..... | 11,214 |
| (Increase) in deferred outflows - pension and OPEB..... | (119,350) |
| Increase in deferred inflows - pension and OPEB..... | 197,064 |
| Increase in net pension liability..... | 11,330 |
| (Increase) in OPEB asset..... | (47,176) |
| (Decrease) in OPEB liability..... | (266,704) |
| Net cash provided by operating activities..... | <u>\$ 2,029,169</u> |

Noncash Transaction:

The Authority assigned \$900,000 of prepaid financing payments to the Trustee of the Series 2016H bonds to redeem the bonds.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 powers of the Authority are 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 and energy, Neighborhood Improvement and Small Business Program, and other loan programs which are described in Note 8.

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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 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 pledged revenue to support repayment of bonds issued through the COBF, energy and other grants, and interest earnings. Nonoperating expenses include interest payments on bonds and fiscal charges related to projects financed through the COBF, the forgiveness of a loans, decreases in the fair value of investments, and other nonoperating expenses.

E. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less.

During 2021, investments were limited to negotiable certificates of deposit (CD's) (insured by the Federal Deposit Insurance Corporation (FDIC)), U.S. government money market mutual funds, Federal Home Loan Bank (FHLB) securities, U.S. Treasury notes, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, the Authority measures investments 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 has adopted GASB Statement No. 79, "Certain External Investment Pools and Pool Participants". The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Restricted assets

Restricted cash, cash equivalents, and investments include: (1) monies held by a trustee in accordance with the bond indentures for the bonds issued through the Authority's COBF, (2) cash and cash equivalents of the COBF bond reserve, (3) program funds restricted to reinvestment in the Rickenbacker area, (4) energy grants and program funds which are restricted for use in the Authority's energy programs, (5) cash and cash equivalents of the Hubbard parking garage operating and capital reserve, and (6) investments of the COBF reserve 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 (in both cash and cash equivalents and investments) which represents the proceeds of a City of Columbus bond reserve grant, a Franklin County bond reserve grant and proceeds of the Ohio Development Services Agency (OSDA) loan (see Note 11).

For purposes of the statement of cash flows, 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.

F. 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. Restricted net position includes, but is not limited to, bond reserve grant and loan proceeds that are used in the COBF program (see Note 5). Restricted net position is reduced by the balance of the Ohio Development Services Agency (OSDA) 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.

G. Intergovernmental Revenue

During 2021 the Authority reported a \$1 million energy grant from Franklin County and a \$2 million grant from the City of Columbus for the establishment of an urban redevelopment escrow account, with \$1.9 million restricted to lend for urban redevelopment projects. The Franklin County grant is restricted to fund energy improvement projects through the Authority's energy programs. The City of Columbus grant is restricted to lending to support investment in urban redevelopment projects (see Note 7). Revenues from grants are recognized as nonoperating revenue in the accounting period in which it is earned, essentially the same as the fiscal year.

H. Issuance Costs, Unamortized Bond Discounts and Premiums

In the financial statements, for bonds issued through the Authority's COBF, bond issuance are paid from bond proceeds and are reported as a component of the pledged receivable supporting repayment of the bonds. 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).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

I. 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 Rickenbacker project (see Note 7).

J. 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.

K. 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.

L. 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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. See Notes 13 and 14 for detail on the Authority's deferred outflows of resources related to its net pension liability and net Other Postemployment Benefits (OPEB) asset, respectively. 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. See Notes 13 and 14 for detail on the Authority's deferred inflows of resources related to its net pension liability and net OPEB asset, respectively.

M. Pensions/Other Postemployment Benefits (OPEB)

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

N. Due to Developer

The Authority reports bonds proceeds and other revenues received through the COBF program that are collected and held by the Trustee at year-end as due to developer on the statement of net position (Note 5).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

O. Additional COBF Cash Reserves

During 2016, the Authority's Board, by resolution, designated \$1 million of unrestricted cash and cash equivalents to build additional cash reserves for the COBF program. The designated funds shall be used for the purpose of the COBF program at the direction of the Authority's Board. These assets are reported as unrestricted cash and cash equivalents on the statement of net position since the limitation on use was imposed by an internal, rather than external, source.

P. Capital Assets

Capital assets are capitalized at cost and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition value. The Authority maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Capital assets are depreciated using the straight-line method over a seven-year useful life.

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of the Authority's deposits was \$8,456,346 and the bank balance was \$8,477,311. Of the bank balance, \$994,000 was covered by the FDIC and \$7,483,311 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 by (1) eligible securities pledged to the Authority's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Investments

As of December 31, 2021, the Authority had the following investments and maturities:

| Measurement/ Investment type | Measurement Value | Investment Maturities | | |
|---------------------------------------------|----------------------|-----------------------|-------------------|--------------------|
| | | 6 months or less | 7 to 12 months | 19 to 24 months |
| Fair Value: | | | | |
| Negotiable CD's | \$ 750,090 | \$ - | \$ 750,090 | \$ - |
| FHLB | 298,626 | - | - | 298,626 |
| U.S. Treasury notes | 248,501 | - | 124,295 | 124,206 |
| U.S government money market mutual funds | 45,545,314 | 45,545,314 | - | - |
| Amortized Cost: | | | | |
| STAR Ohio | 7,962,253 | 7,962,253 | - | - |
| Total | <u>\$ 54,804,784</u> | <u>\$ 53,507,567</u> | <u>\$ 874,385</u> | <u>\$ 422,832</u> |

The weighted average length to maturity of investments are 0.03 years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Fair Value Measurements: The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Authority's investments in negotiable CDs, FHLB, and U.S. Treasury notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). As discussed in Note 2.E, investments in STAR Ohio are reported at the net asset value (NAV) per share as provided by STAR Ohio.

Interest Rate Risk: The Authority's investment policy limits the investment of operating funds and limits the investment of bond fund reserves. 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: Standard & Poor's has assigned STAR Ohio and the U.S. government money market mutual funds an AAAM money market rating. The Authority's investments in FHLB securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The negotiable certificates of deposit were not rated but are fully covered by the FDIC.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the custodial agent, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The 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, 2021:

| Measurement/ Investment type | Measurement Value | % of Total |
|----------------------------------------------|----------------------|---------------|
| Fair value: | | |
| Negotiable CDs | \$ 750,090 | 1.37 |
| FHLB | 298,626 | 0.55 |
| U.S. Treasury notes | 248,501 | 0.45 |
| U.S. government money market mutual funds | 45,545,314 | 83.10 |
| Amortized cost: | | |
| STAR Ohio | <u>7,962,253</u> | <u>14.53</u> |
| Total | <u>\$ 54,804,784</u> | <u>100.00</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

C. Schedule of Cash and Investments

The following is a schedule of deposits and investments as reported in the footnote above to cash and investments as reported on the statement of net position as of December 31, 2021:

| | Deposits | Investments | Total |
|-----------------------------------------|--------------|---------------|---------------|
| Unrestricted: | | | |
| Cash, cash equivalents, and investments | \$ 4,036,133 | \$ 6,191,103 | \$ 10,227,236 |
| Restricted: | | | |
| Cash and cash equivalents: | | | |
| Operating | \$ 156,670 | \$ - | \$ 156,670 |
| Other financing projects | 3,520,075 | - | 3,520,075 |
| Energy | - | 4,513,921 | 4,513,921 |
| COBF - reserve | 743,468 | 2,970,869 | 3,714,337 |
| Bonds | - | 39,839,564 | 39,839,564 |
| Manuscript | - | 3,664 | 3,664 |
| Investments: | | | |
| COBF - reserve | - | 1,285,663 | 1,285,663 |
| Total restricted | 4,420,213 | 48,613,681 | 53,033,894 |
| Total | \$ 8,456,346 | \$ 54,804,784 | \$ 63,261,130 |

NOTE 4 - HUBBARD PARKING GARAGE

In September 2012, the Authority issued conduit debt to finance the Hubbard Parking Garage. The agreements stipulate that upon retirement of the Hubbard Garage C bonds, the operating reserve, the capital reserve, and parking revenues will flow through the Authority. The Authority reports the balance of the operating reserve and capital reserve as a restricted cash and cash equivalent on the financial statements.

The operations of the Hubbard Parking Garage are accounted for as a fiduciary activity that meets the criterion for an exception to custodial fund reporting since assets, upon receipt, are held for three months or less. Monthly parking revenues come into the parking revenue account monthly net of operating expenses paid by the parking garage manager. After making any required deposits to the operating reserve and capital reserve, 95% of the parking revenues are redirected to the developer managing the parking garage with 5% of the parking revenues remaining with the Authority as a fee. During 2021, Authority has reported \$49,133 in conduit and other financing fee revenue related to this arrangement. In addition, the Authority has reported \$45,000 in contribution revenue for contributions received to fund the parking facilities capital reserve account.

NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

To fund the COBF reserve account, the Authority received \$5,000,000 in grants and loans. On December 21, 2006, the Authority received a \$1,250,000 grant from Franklin County. On March 15, 2007, the Authority received a \$1,250,000 grant from the City of Columbus. On May 8, 2007, the Authority received a \$2,500,000 loan from the ODSA (See Note 11). The grant revenues and loan proceeds were deposited into the COBF reserve account and are reported as restricted assets on the statement of net position. Interest earned on investments purchased by the grant proceeds is not required to be maintained in the COBF reserve and may be used by the Authority for general operations.

Under the COBF, debt service requirements on each bond issue are secured by a pledge of amounts to be received under financing agreements, leases, 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, 2021 of \$5,000,000 is restricted in use and reported as a restricted asset on the statement of net position.

The Authority obtained a \$15 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, 2021. In addition, the Authority's Board has, by resolution, designated \$1 million of unrestricted cash and cash equivalents to build additional cash reserves for the COBF program (see Note 2.O.).

During 2021, JobsOhio made a \$10 million commitment to assist the Authority's COBF by establishing a JobsOhio Additional Reserve Account (the "Reserve Account") which can be used to secure the repayment of the COBF Bonds. The Reserve Account was established to provide security of the COBF thereby increasing economic development and job creation and preservation opportunities. JobsOhio has funded the Reserve Account with \$2 million and has committed an additional \$8 million. In accordance with the Securities Account and Control Agreement between JobsOhio and the Authority, the Reserve Account is maintained in JobsOhio's name and, therefore, the Reserve Account is not reported on the Authority's financial statements.

Provisions of the master covenant and all of the supplemental covenants securing each individual bond issue provide that events of default would be:

- a. Payment of any interest on any Bond not being made when and as that interest became due and payable;
- b. Payment of the principal of or any premium on any Bond was not made when and as that principal or premium became due and payable; or
- c. The Issuer [the Authority] fails to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the indentures or in the bonds, which failure shall have continued for a period of 60 days after written notice to the Issuer and, if the failure is a result of a Contracting Party (the party for which the Authority is securing financing for a project or projects) being in default under its Agreement, then also to that Contracting Party, specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25 percent in aggregate principal amount of Bonds then outstanding.

If an event of default should occur, the master and supplemental covenants for all of the issuances under the COBF provide for possible acceleration of the payments otherwise due the bondholders:

- a. In the event Bond Service Charges are not paid when due, whether at maturity or by redemption, the Trustee may, and upon the written request of Holders of not less than a majority in aggregate principal amount of outstanding Bonds shall, declare by notice in writing delivered to the Issuer the principal of all Bonds then outstanding and the interest accrued thereon to be due and payable immediately unless otherwise provided in the related Supplemental Indenture.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

- b. Upon the failure of a Contracting Party to pay in full any Financing Payment, the Trustee may declare, and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of outstanding Bonds of the Series related to the Financing Payment which was not made, the Trustee shall declare, by a notice in writing delivered to the Issuer, the principal of all Bonds of that Series then outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately unless otherwise provided in the related Supplemental Indenture; provided that no such notice of acceleration may be given unless there is then on deposit with the Trustee sufficient moneys in the Accounts in the Primary Reserve Fund and Collateral Fund and the Subaccounts in the Prepayment Account, Interest Payment Account, and Principal Payment Account in the Bond Fund for the Series for which such notice is to be given to pay in full the principal of and interest on the outstanding Bonds of that Series on the date selected by the Trustee for tender of payment. Upon that declaration, that principal and interest shall become and be due and payable immediately. Interest on such Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to any declaration of acceleration hereunder; provided, that interest on any unpaid principal of Bonds outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

- c. If the default is cured before action is taken pursuant to these provisions, it is possible that acceleration will not proceed to be enforced.

None of the covenants under the COBF provide for any subjective acceleration.

Since the inception of the COBF in 2007, no Bonds have been in default, and no draw has been made by the Trustee under any of the Primary Reserves or Program Reserve Funds.

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 Authority has reported assets for 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.

Certain of the bonds issued through the Authority's COBF program are direct placements. Direct placements occur when the Authority issues a debt security directly to an investor. Direct placements have terms negotiated directly with the investor and are not offered for public sale.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

During 2021, the following activity occurred in the COBF program:

| | Maturity Date | Balance 12/31/20 | Issued | Retired | Balance 12/31/21 | Amounts Due In One Year |
|----------------------------------------|------------------|---------------------|-------------------|--------------------|---------------------|-------------------------------|
| Revenue Bonds: | | | | | | |
| 2007A - Harrison West, 6.00% | 2035 | \$ 1,560,000 | \$ - | \$ (150,000) | \$ 1,410,000 | \$ 95,000 |
| 2016G - Bridge Park West, 3.345% | 2041 | 4,640,000 | - | (145,000) | 4,495,000 | 145,000 |
| 2016H - Vision, 3.025% | 2027 | 3,510,000 | - | (395,000) | 3,115,000 | 410,000 |
| 2017A - St. Clair Commons, 3.82% | 2036 | 2,155,000 | - | (95,000) | 2,060,000 | 100,000 |
| 2017B - Rickenbacker Phase II, 4.00% | 2038 | 3,985,000 | - | (60,000) | 3,925,000 | 60,000 |
| 2017C - One Neighborhood 3, 2.00-4.00% | 2040 | 5,965,000 | - | (85,000) | 5,880,000 | 85,000 |
| 2018B - 800 N. High Garage, 3.97% | 2043 | 4,800,000 | - | - | 4,800,000 | - |
| 2018C - Long St. Energy, 4.25-4.75% | 2038 | 3,055,000 | - | (110,000) | 2,945,000 | 115,000 |
| 2019A - Founders Park, 3.00-4.00% | 2048 | 5,520,000 | - | (120,000) | 5,400,000 | 145,000 |
| 2019C - Founders Park 2, 3.90% | 2048 | 5,480,000 | - | (55,000) | 5,425,000 | 65,000 |
| 2019D - Pulsar Place, 3.75% | 2038 | 2,920,000 | - | (110,000) | 2,810,000 | 115,000 |
| 2019E - Beulah Park 4.00% | 2049 | 4,680,000 | - | - | 4,680,000 | 120,000 |
| 2019F - Hubbard Garage Refund, 2.76% | 2036 | 4,455,000 | - | (225,000) | 4,230,000 | 240,000 |
| 2020B - Grandview Crossing 2.00-4.00% | 2050 | 8,000,000 | - | - | 8,000,000 | 195,000 |
| 2020D - Scioto Peninsula 2.00-3.00% | 2052 | 6,235,000 | - | - | 6,235,000 | - |
| 2020E - Energy Bond #3, 3.00-4.00% | 2045 | 4,800,000 | - | (55,000) | 4,745,000 | 205,000 |
| 2021A - Quarry Lofts 3.00% | 2045 | - | 1,705,000 | (55,000) | 1,650,000 | 50,000 |
| 2021C - Quarry Trails 2.00-3.00% | 2051 | - | 6,055,000 | - | 6,055,000 | 10,000 |
| 2021D - Gravity 2 PACE 3.63% | 2044 | - | 4,420,000 | - | 4,420,000 | - |
| 2021F - Alvis PACE 2.50% | 2043 | - | 6,300,000 | - | 6,300,000 | - |
| 2021H - Jeffrey Park 2.13% | 2034 | - | 5,935,000 | - | 5,935,000 | 370,000 |
| | | <u>71,760,000</u> | <u>24,415,000</u> | <u>(1,660,000)</u> | <u>94,515,000</u> | <u>2,525,000</u> |

(continued)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

| | Maturity Date | Balance 12/31/20 | Issued | Retired | Balance 12/31/21 | Amounts Due In One Year |
|----------------------------------------|------------------|----------------------|----------------------|-----------------------|-----------------------|-------------------------------|
| Revenue Bonds (continued): | | | | | | |
| <i>Direct Placements:</i> | | | | | | |
| 2015E - Rogue Fitness, 3.00% | 2023 | \$ 1,000,000 | \$ - | \$ - | \$ 1,000,000 | \$ - |
| 2015H - StoryPoint, 3.00% | 2021 | 1,000,000 | - | (1,000,000) | - | - |
| 2016C - University Plaza, 3.00% | 2024 | 1,000,000 | - | - | 1,000,000 | - |
| 2016F - Polaris, 3.00% | 2023 | 1,000,000 | - | - | 1,000,000 | - |
| 2017D - Miranova, 4.50% | 2029 | 2,875,000 | - | (230,000) | 2,645,000 | 240,000 |
| 2018A - Energy Bond #1, 4.88/4.89% | 2032 | 2,820,000 | - | (160,000) | 2,660,000 | 165,000 |
| 2018D - Energy Bond #2, 4.56/4.71% | 2038 | 4,870,000 | - | (275,000) | 4,595,000 | 295,000 |
| 2019B - Fountain Square, 4.65% | 2043 | 7,065,000 | - | (150,000) | 6,915,000 | 155,000 |
| 2020C - Hamilton Quarter Energy, 3.44% | 2045 | 4,385,000 | - | - | 4,385,000 | 105,000 |
| 2020F - 800 N. High Restructure, 3.95% | 2043 | 850,000 | - | - | 850,000 | - |
| 2021B - Crystal Clinic 3.41% | 2042 | - | 3,750,000 | - | 3,750,000 | 100,000 |
| 2021G - Arlington Gateway 3.54-4.65% | 2051 | - | 8,110,000 | - | 8,110,000 | - |
| | | <u>26,865,000</u> | <u>11,860,000</u> | <u>(1,815,000)</u> | <u>36,910,000</u> | <u>1,060,000</u> |
| Unamortized premiums | | 854,202 | 38,328 | (38,760) | 853,770 | - |
| Unamortized discounts | | <u>(549,780)</u> | <u>(262,390)</u> | <u>28,428</u> | <u>(783,742)</u> | - |
| Total | | <u>\$ 98,929,422</u> | <u>\$ 36,050,938</u> | <u>\$ (3,485,332)</u> | <u>\$ 131,495,028</u> | <u>\$ 3,585,000</u> |

The Authority issued the following COBF bonds during 2021:

Series 2021A – Quarry Lofts

On June 17, 2021, the Authority issued \$1,705,000 in Series 2021A revenue bonds to finance public infrastructure improvements associated with the development of a 270-unit for-rent apartment development known as Gateway Lofts (the “Project”) at Dublin Road to be located at 2327 Old Dublin Road, Columbus, Ohio. The bonds were issued at a \$38,328 premium. The City of Columbus created a 30-year TIF to allow for payments in lieu of property taxes based upon increased values of improved properties within the Project to be assigned to the Authority to secure and pay debt service on the Series 2021A bonds. In addition, the bonds will be secured by Minimum Service Payment (MSP) charges levied against the apartment owners. To the extent the net TIF service payments are insufficient to meet the Series 2021A debt service, MSP charges will be imposed on applicable parcels in an amount necessary to address the shortfall. The Series 2021A revenue bonds bear an interest rate of 3.00% and mature on May 15, 2045. The bonds are payable solely from these pledged revenues.

Series 2021B – Crystal Clinic

On April 7, 2021, the Authority issued \$3,750,000 in Series 2021B revenue bonds to finance the construction of a 167,000 square foot surgical specialty hospital facility (the “Project”) to be built on 12.9 acres on Embassy Parkway just west of Cleveland-Massillon Road in Fairlawn, Ohio. The Project will include 60 inpatient beds, 12 operating rooms, urgent orthopedic care services, imaging and other support services. The City of Fairlawn created a 30-year TIF to allow for payments in lieu of property taxes based upon increased values of improved properties within the Project to be assigned to the Authority to secure and pay debt service on the Series 2021B bonds. In addition, the bonds will be secured by Minimum Service Payment (MSP) charges levied against the private development parcels. To the extent the net TIF service payments are insufficient to meet the Series 2021B debt service, MSP charges will be imposed on applicable parcels in an amount necessary to address the shortfall. The Series 2021B revenue bonds bear interest rate of 3.41% and mature on May 15, 2042. The bonds are payable solely from these pledged revenues.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Series 2021C – Quarry Trails Phase I Public Infrastructure Project

On May 18, 2021, the Authority issued \$6,055,000 in Series 2021C revenue bonds to finance Phase I public improvements of the Quarry Trails Mixed-Use Development Project located in Columbus, Ohio. Phase I public improvement construction includes a community center, roads and entryway, parking lot, bridges, environmental site work, engineering, architectural, plans and permitting, legal, greenways, and developer fees (the “Project”). The bonds were issued at a \$53,027 discount. The City of Columbus created a 30-year TIF to allow for payments in lieu of property taxes based upon increased values of improved properties within the Project to be assigned to the Authority to secure and pay debt service on the Series 2021C bonds. In addition, the bonds will be secured by New Community Authority (NCA) charges levied by the NCA against the private development parcels. To the extent the net TIF service payments are insufficient to meet the Series 2021C debt service, NCA charges will be imposed on applicable parcels in an amount necessary to address the shortfall. The Series 2021C revenue bonds bear interest rates ranging from 2.00%-3.00% and mature on May 15, 2051. The bonds are payable solely from these pledged revenues.

Series 2021D – Gravity II PACE

On May 12, 2021, the Authority issued \$4,420,000 in Series 2021D revenue bonds, as part of a Property Assessed Clean Energy Bond (PACE) Project. The proceeds will be used for energy conservation improvements at the Gravity Phase II mixed-use development project consisting of an office building with approximately 180,000 square feet of office space and approximately 9,200 square feet of retail space and a residential mid-rise building with approximately 101 apartment units, townhomes consisting of approximately 24 apartment units, all located on approximately 5 acres on West Broad Street, in Columbus, Ohio. In conjunction with the bond issue, a Cooperative Agreement was entered into between the City of Columbus, the Columbus Regional Energy Special Improvement District, and the Authority for the assignment of special assessments levied on the tax parcel benefitting from the energy improvements securing repayment. The Series 2021D revenue bonds bear interest rate of 3.63% and mature on May 15, 2044. The bonds are payable solely from these pledged revenues.

Series 2021F – Alvis PACE

On August 24, 2021, the Authority issued \$6,300,000 in Series 2021F revenue bonds, as part of a Property Assessed Clean Energy Bond (PACE) Project. The bonds were issued at a \$46,242 discount. The proceeds will be used for energy conservation improvements at community reentry, behavioral health, and a developmental disability services facility in Columbus, Ohio owned and operated by Alvis, Inc., an Ohio nonprofit corporation and 501(c)(3) organization. The energy improvements may include building envelop, HVAC, windows, lighting, roofing, boilers, insulation, and other PACE-eligible expenses. In conjunction with the bond issue, a Cooperative Agreement was entered into between the City of Columbus, the Columbus Regional Energy Special Improvement District, and the Authority for the assignment of special assessments levied on the tax parcel benefitting from the energy improvements securing repayment. The Series 2021F revenue bonds bear an interest rate of 2.50% and mature on May 15, 2043. The bonds are payable solely from these pledged revenues.

Series 2021G – Arlington Gateway PACE

On October 8, 2021, the Authority issued \$8,110,000 in Series 2021G revenue bonds, as part of a Property Assessed Clean Energy Bond (PACE) Project. The bonds were issued at a \$88,399 discount. The proceeds will be used for energy conservation improvements with respect to buildings and improvements on approximately 2.94 acres located on West Lane Avenue, southeast of the intersection of West Lane Avenue and North Star Road in the City of Upper Arlington, Ohio. The energy improvements may include building envelop, HVAC, windows, lighting, roofing, boilers, insulation, and other PACE-eligible expenses. In conjunction with the bond issue, a Cooperative Agreement was entered into between the City of Upper Arlington, the Columbus Regional Energy Special Improvement District, and the Authority for the assignment of special assessments levied on the tax parcel benefitting from the energy improvements securing repayment. The Series 2021G revenue bonds bear interest rates ranging from 3.54-4.50% and mature on May 15, 2051. The bonds are payable solely from these pledged revenues.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Series 2021H – Jeffrey Park Public Infrastructure Project

On October 6, 2021, the Authority issued \$5,935,000 in Series 2021H revenue bonds to finance public infrastructure improvements including public sidewalks, streets, roads and alleys, fire and storm, underground storm, and hardscape and softscape related to the Perry Townhomes and Harris Flats, Phase 8, Phase 9, Phase 10 projects, that include a 70,000 square foot office project, a 497-space parking garage, a 178-unit apartment building, and a 140-unit apartment project in Columbus, Ohio (the “Project”). The bonds were issued at a \$74,722 discount. The City of Columbus created a 30-year TIF to allow for payments in lieu of property taxes based upon increased values of improved properties within the Project to be assigned to the Authority to secure and pay debt service on the Series 2021H bonds. In addition, the bonds will be secured by New Community Authority (NCA) charges levied by the NCA against the private development parcels. To the extent the net TIF service payments are insufficient to meet the Series 2021H debt service, NCA charges will be imposed on applicable parcels in an amount necessary to address the shortfall. The Series 2021H revenue bonds bear an interest rate of 2.13% and mature on May 15, 2034. The bonds are payable solely from these pledged revenues.

Future Debt Service Requirements

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

| Year Ending | Revenue Bonds | | | Revenue Bonds - Direct Placements | | |
|-------------|----------------------|----------------------|-----------------------|-----------------------------------|----------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ 2,525,000 | \$ 3,232,601 | \$ 5,757,601 | \$ 1,060,000 | \$ 1,462,656 | \$ 2,522,656 |
| 2023 | 3,080,000 | 3,127,114 | 6,207,114 | 3,215,000 | 1,398,753 | 4,613,753 |
| 2024 | 3,565,000 | 3,015,162 | 6,580,162 | 2,335,000 | 1,285,413 | 3,620,413 |
| 2025 | 3,790,000 | 2,891,781 | 6,681,781 | 1,480,000 | 1,211,130 | 2,691,130 |
| 2026 | 4,005,000 | 2,764,086 | 6,769,086 | 1,545,000 | 1,147,469 | 2,692,469 |
| 2027 - 2031 | 21,100,000 | 11,717,904 | 32,817,904 | 8,420,000 | 4,764,930 | 13,184,930 |
| 2032 - 2036 | 22,745,000 | 7,979,434 | 30,724,434 | 5,575,000 | 3,420,193 | 8,995,193 |
| 2037 - 2041 | 16,250,000 | 4,391,119 | 20,641,119 | 5,750,000 | 2,288,390 | 8,038,390 |
| 2042 - 2046 | 10,080,000 | 2,058,225 | 12,138,225 | 4,750,000 | 1,129,060 | 5,879,060 |
| 2047 - 2051 | 7,230,000 | 618,100 | 7,848,100 | 2,780,000 | 406,990 | 3,186,990 |
| 2052 | 145,000 | 2,175 | 147,175 | - | - | - |
| Total | <u>\$ 94,515,000</u> | <u>\$ 41,797,701</u> | <u>\$ 136,312,701</u> | <u>\$ 36,910,000</u> | <u>\$ 18,514,984</u> | <u>\$ 55,424,984</u> |

Pledged Revenue and Cash Held by Trustee

All COBF revenue bonds are secured by pledged revenues. The pledged revenue coverage is reported below. In accordance with the bond indentures, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2021 are disclosed in the table on the next page. The amounts held by the trustee are reported as restricted cash and cash equivalents on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

The schedule below shows pledged revenue coverage and cash held by the trustee at year-end:

| | Pledged Revenue Coverage | | | | Restricted Cash Held By Trustee at 12/31/21 |
|----------------------------------------|----------------------------------------------------------------------|------------------------------|--------------------------------|-------------------------------|------------------------------------------------------|
| | Total Principal and Interest Remaining on Bonds at 12/31/21 | Principal Paid in 2021 | Interest Expense in 2021 | Pledged Revenue in 2021 | |
| <u>Revenue Bonds:</u> | | | | | |
| 2007A - Harrison West, 6.00% | \$ 1,918,240 | \$ (150,000) | \$ (90,706) | \$ 99,038 | \$ 4,883,042 |
| 2016G - Bridge Park West, 3.345% | 6,580,201 | (145,000) | (174,845) | 205,222 | 491,622 |
| 2016H - Vision, 3.025% | 3,471,459 | (395,000) | (104,680) | 132,243 | 922,275 |
| 2017A - St. Clair Commons, 3.82% | 2,740,629 | (95,000) | (83,498) | 104,294 | 591,764 |
| 2017B - Rickenbacker Phase II, 4.00% | 5,579,500 | (60,000) | (160,459) | 184,406 | 927,148 |
| 2017C - One Neighborhood 3, 2.00-4.00% | 8,848,217 | (85,000) | (221,942) | 257,598 | 804,125 |
| 2018B - 800 N. High Garage, 3.97% | 7,597,857 | - | (190,560) | 229,360 | 733,714 |
| 2018C - Long St. Energy, 4.25-4.75% | 4,303,199 | (110,000) | (140,370) | 158,682 | 362,403 |
| 2019A - Founders Park, 3.00-4.00% | 8,642,669 | (120,000) | (208,448) | 241,389 | 552,068 |
| 2019C - Founders Park 2, 3.90% | 9,272,837 | (55,000) | (172,852) | 208,147 | 548,062 |
| 2019D - Pulsar Place, 3.75% | 3,841,250 | (110,000) | (108,836) | 126,272 | 312,229 |
| 2019E - Beulah Park, 4.00% | 6,766,800 | - | (176,461) | 206,292 | 786,268 |
| 2019F - Hubbard Garage Refund, 2.76% | 5,386,748 | (225,000) | (138,258) | 140,486 | 903,416 |
| 2020B - Grandview Crossing 2.00-4.00% | 12,015,625 | - | (239,783) | 287,783 | 800,154 |
| 2020D - Scioto Peninsula 2.00-3.00% | 9,252,766 | - | (175,012) | 214,188 | 936,986 |
| 2020E - Energy Bond #3, 3.00-4.00% | 6,815,225 | (55,000) | (185,927) | 212,950 | 482,001 |
| 2021A - Quarry Lofts, 3.00% | 2,320,200 | (55,000) | (26,520) | 34,025 | 263,844 |
| 2021C - Quarry Trails, 2.00-3.00% | 9,001,500 | - | (97,910) | 115,770 | 708,601 |
| 2021D - Gravity II PACE, 3.63% | 6,621,194 | - | (101,808) | 114,390 | 719,491 |
| 2021F - Alvis PACE, 2.50% | 8,446,760 | - | (55,970) | 63,909 | 4,403,970 |
| 2021H - Jeffrey Park, 2.13% | 6,889,825 | - | (20,488) | 20,488 | 807,888 |
| <u>Direct Placements:</u> | | | | | |
| 2015E - Rogue Fitness, 3.00% | 1,045,000 | - | (30,000) | 36,000 | 108,616 |
| 2015H - StoryPoint, 3.00% | - | (100,000) ⁽¹⁾ | - | 3,000 | - |
| 2016C - University Plaza, 3.00% | 1,075,000 | - | (30,000) | 36,000 | 110,451 |
| 2016F - Polaris, 3.00% | 1,060,000 | - | (30,000) | 36,000 | 116,584 |
| 2017D - Miranova, 4.50% | 3,236,299 | (230,000) | (125,473) | 142,377 | 536,071 |
| 2018A - Energy Bond #1, 4.88-4.89% | 3,533,890 | (160,000) | (134,765) | 152,663 | 6,511,854 |
| 2018D - Energy Bond #2, 4.56-4.71% | 6,183,109 | (275,000) | (222,099) | 249,410 | 545,580 |
| 2019B - Fountain Square, 4.65% | 11,484,205 | (150,000) | (325,893) | 365,247 | 730,088 |
| 2020C - Hamilton Quarter Energy, 3.44% | 6,854,848 | - | (154,302) | 178,858 | 967,600 |
| 2020F - 800 N. High Restructure, 3.95% | 1,372,882 | - | (33,830) | 40,078 | 85,010 |
| 2021B - Crystal Clinic, 3.41% | 4,989,791 | - | (93,684) | 107,309 | 453,989 |
| 2021G - Arlington Gateway, 3.54-4.65% | 14,589,960 | - | (66,487) | 71,155 | 7,732,650 |
| Total | \$ 191,737,685 | \$ (2,575,000) | \$ (4,121,866) | \$ 4,775,029 | \$ 39,839,564 |

⁽¹⁾ During 2021, the Trustee released the \$100,000 bond debt service reserve and assigned \$900,000 of prepaid financing payments to the Trustee to redeem the Series 2015H bonds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 the 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 outstanding at December 31, 2021 is \$1,248,833,857.

NOTE 7 - OTHER FINANCING PROJECTS

In 2021, the Authority continued to work with the following financing project which was not financed through the COBF or the traditional Conduit Financing program:

Pizzuti

As of December 31, 2021, a total of \$2,160,042 is held by the Authority, of which \$1,620,031 is reported as restricted cash and cash equivalents to be reinvested in the Rickenbacker area and \$540,011 is reported as unrestricted cash and cash equivalents.

The Authority has recorded a \$4,315,941 pledged receivable for future revenues due from the City of Columbus in accordance with the Tax Increment Financing (TIF) agreement between the Authority, Pizzuti, and the City of Columbus. Of the total pledged receivable, 75%, or \$3,236,956, is reported as a noncurrent restricted asset while 25%, or \$1,078,985, is reported as a noncurrent unrestricted asset.

Shook Road Storage LLC

The Authority has agreed to make a \$1,200,000 subordinate loan to Shook Road Storage LLC. As of December 31, 2021, no monies have been disbursed. The Authority is using money that, under agreements, must be reinvested within 10 miles of Rickenbacker. The loan disbursement and related receivable is expected to occur in 2022.

Gravity 2

On October 20, 2021, the Authority received a \$2,000,000 grant from the City of Columbus to establish an escrow account to support lending for investment in urban redevelopment projects. The Authority may use \$100,000 of the grant for administration costs with the remaining \$1,900,000 used to establish the Columbus-Franklin County Finance Authority Urban Redevelopment Grant Escrow Account (the “Escrow Account”).

The Authority will use the \$1,900,000 Escrow Account balance to support the garage at Gravity 2.0 in the event that the office space is slow to lease up and the Minimum Service Payments required make the project cost prohibitive. The balance of the Escrow Account will be available in the following manner: \$300,000 in 2024, \$800,000 in 2025 and \$800,000 in 2026 to pay NCA payments on the office if needed. These payments will ensure the bonds will be paid. Monies not used in these years by Gravity are not available to Gravity in future years. If the project does not require the monies to be used for bond payments, the Authority may use the funds for lending to support other urban redevelopment projects. The balance of the escrow account including interest (\$1,900,044) is reported as noncurrent restricted cash and cash equivalents on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 - ENERGY, NEIGHBORHOOD IMPROVEMENT AND SMALL BUSINESS PROGRAM, AND OTHER LOANS RECEIVABLE

The Authority has issued unrestricted loans, restricted loans, and energy direct loans. The energy direct loans are issued through the Authority's energy loan program. Direct loans to qualifying small businesses are issued through the Authority's Neighborhood Improvement and Small Business Program.

Energy Loan Program

The Authority has an energy loan program to finance energy improvement projects. The Authority issues direct loans to eligible borrowers to make energy improvements to owner-occupied or to investor-owned real estate projects. Upon reaching a certain threshold of direct loans, the Authority will issue energy bonds through the COBF to take-out the bundle of individual loans to replenish the energy direct loan cash account and allow for additional energy direct loan projects to be originated by the Authority. During 2018 and 2020, the Authority issued three pooled energy bonds through its COBF (see Note 5) to finance individual energy direct loans of the Authority. The energy bonds are secured by the accumulative repayment of the energy direct loans which match the terms and repayment schedule of the energy bonds.

On February 2, 2018, the Authority entered into an escrow agreement with Huntington as escrow agent to provide a method of financing energy direct loans made under the Authority's Energy Loan Program. The Authority deposited proceeds from the Pooled Energy Efficiency Bond 1 and Pooled Energy Efficiency Bond 2 into the escrow account (the "Energy Escrow") to be used to finance energy direct loans made by the Authority. The Finance Authority established an escrow account through its Energy Bond 1 trust indenture. The escrow account will be used to hold proceeds from certain energy bonds and make loans for eligible energy efficiency improvements. The escrow account will hold early energy loan payoffs and pay energy bondholders as well. At December 31, 2021, the balance of the Energy Escrow was \$6,115,532. This amount is reported in restricted cash, cash equivalents, and investments reported on the statement of net position.

Neighborhood Improvement and Small Business Loan Program

The Authority has a Neighborhood Improvement and Small Business Program ("NISB") to assist qualified borrowers in financing the acquisition, construction, furnishing, equipping of facilities. The program was established to support small businesses and facilitate investment by providing low interest, fixed-asset based financing to qualified businesses.

On December 1, 2020, the Authority entered into an escrow agreement with Huntington as escrow agent to provide a method of financing direct loans made under the Authority's NISB loan program. The Authority deposited \$1,500,000 of unrestricted monies into the escrow account (the "NISB Escrow") to be used to finance direct loans made by the Authority. At December 31, 2021, the balance of the NISB Escrow was \$850,058. This amount is reported in unrestricted cash, cash equivalents, and investments reported on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 8 - ENERGY, NEIGHBORHOOD IMPROVEMENT AND SMALL BUSINESS PROGRAM, AND OTHER
LOANS RECEIVABLE - (Continued)**

The Authority had the following loans receivable activity:

| | Balance 12/31/20 | Issued | Retired | Balance 12/31/21 |
|--------------------------------|----------------------|------------------------|---------------------|----------------------|
| Unrestricted: | | | | |
| MAG | \$ 70,000 | \$ - | \$ (10,000) | \$ 60,000 |
| Trinity | 312,943 | - | (55,000) | 257,943 |
| 911 Parsons | 217,500 | 153,043 | (9,140) | 361,403 |
| Distinctive Surfaces | - | 31,057 | - | 31,057 |
| Total unrestricted loans | <u>600,443</u> | <u>184,100</u> | <u>(74,140)</u> | <u>710,403</u> |
| Restricted: | | | | |
| Long Street Garage | 980,030 | - | (28,218) | 951,812 |
| Energy Direct Loans: | | | | |
| Trivium-Worthington | 284,542 | - | (20,504) | 264,038 |
| Frantz Investments LLC | 459,034 | 10,000 ⁽¹⁾ | (29,448) | 439,586 |
| Broad Street Partners | 1,082,524 | - | (67,764) | 1,014,760 |
| Omni Blazer LLC | 792,533 | - | (35,165) | 757,368 |
| OH15 Dublin LLC | 926,228 | - | (71,683) | 854,545 |
| Worthington Hills Country Club | 610,155 | - | (48,369) | 561,786 |
| 145 E. Rich Street | 530,226 | - | (32,218) | 498,008 |
| Knightsbridge Olentangy LLC | 398,939 | - | (24,240) | 374,699 |
| Trivium Grove City LLC | 441,384 | - | (39,927) | 401,457 |
| Henderson Partners LLC | 956,245 | - | (36,805) | 919,440 |
| 145 E. Rich Street #2 | 202,999 | 6,210 ⁽¹⁾ | (12,712) | 196,497 |
| Orchard Knoll | 1,254,881 | - | (37,804) | 1,217,077 |
| OH14 Columbus LLC | 900,782 | - | (39,968) | 860,814 |
| OH15-2 Dublin LLC | 168,356 | 9,796 ⁽¹⁾ | (13,739) | 164,413 |
| MND LLC | 341,809 | 155,435 ⁽¹⁾ | - | 497,244 |
| Continental Hills LLC | 1,237,000 | 81,458 ⁽¹⁾ | - | 1,318,458 |
| Trolley Barn LLC | 256,164 | 964,420 ⁽¹⁾ | - | 1,220,584 |
| Stoneridge Investments LLC | - | 674,439 | - | 674,439 |
| Forgivable Loans: | | | | |
| Fortuity | 750,000 | - | (75,000) | 675,000 |
| Trolley Master Sublessee LLC | 1,350,000 | - | - | 1,350,000 |
| Total restricted loans | <u>13,923,831</u> | <u>1,901,758</u> | <u>(613,564)</u> | <u>15,212,025</u> |
| Total loans | <u>\$ 14,524,274</u> | <u>\$ 2,085,858</u> | <u>\$ (687,704)</u> | <u>\$ 15,922,428</u> |

⁽¹⁾ Loan disbursements made in 2021 for loans which originated in 2020 and prior.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 8 - ENERGY, NEIGHBORHOOD IMPROVEMENT AND SMALL BUSINESS PROGRAM, AND OTHER
LOANS RECEIVABLE - (Continued)**

Unrestricted Loans

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 a promissory note with MAG which has a maturity date of October 15, 2033. On December 20, 2017, the Authority and MAG established the First Amendment to EB-5 Cooperative Loan Agreement whereby the Authority agreed that the principal amount of the loan will be forgiven at \$10,000 per year beginning October 14, 2018 and continuing annually on October 14 of each year until October 14, 2027. During 2021, \$10,000 of the loan was forgiven and have been reflected as a nonoperating expense. The original 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.

During 2021, the Authority made the following small business loan from the NISBP Escrow:

911 Parsons Acquisition and Rehabilitation Project

On December 15, 2020, the Authority made a \$367,500 loan to Community Development for All People to acquire and rehabilitate a commercial building located at 911 Parsons Ave in Columbus. The loan bears an interest rate of 2.50% and is scheduled to mature on December 15, 2035. During 2020 and 2021, a total of \$217,500 and \$148,425 was disbursed for the project, respectively. A total of \$4,618 in capitalized interest in included in the loan balance. Funding for the loan came from the Authority's Neighborhood Improvement and Small Business Program Escrow account. The loan receivable has been recorded as an unrestricted noncurrent asset on the statement of net position.

Distinctive Surfaces

On October 27, 2021, the Authority made a \$296,000 loan to Distinctive Surfaces LLC to finance equipment purchases. The loan bears an interest rate of 2.50% and is scheduled to mature on September 15, 2028. In conjunction with the loan, the borrower made a \$100,108 equity contribution to the project to pay for issuance and other costs. During 2021, a total of \$31,057 of the loan proceeds have been disbursed. Funding for the loan came from the Authority's Neighborhood Improvement and Small Business Program Escrow account. Accrued but unpaid interest in the amount of \$992 is included in the receivable balance. At December 31, 2021, \$265,935 of the loan proceeds have not been disbursed and are reported in unrestricted cash, cash equivalents, and investments on the statement of net position. The loan receivable has been recorded as an unrestricted noncurrent asset on the statement of net position.

Restricted Loans

Long Street Garage

On August 21, 2017, the Authority made a \$1,000,000 loan to 56 Long Street, LLC to finance the Long Street Garage Rehabilitation Project. The loan bears an interest rate of 2.00% and is scheduled to mature on August 1, 2047. Accrued but unpaid interest in the amount of \$19,053 is included in the receivable balance. The principal loaned is considered a restricted asset and restricted net position. Principal is restricted for loans made in the City of Columbus. During 2021, the Authority received \$28,218 and \$19,340 in principal and interest payments, respectively. Interest received on the loan is unrestricted.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 8 - ENERGY, NEIGHBORHOOD IMPROVEMENT AND SMALL BUSINESS PROGRAM, AND OTHER
LOANS RECEIVABLE - (Continued)**

Restricted Loans – Direct Energy Loans

During 2021, the Authority made the following direct energy loan:

Stoneridge Investment LLC

On April 1, 2021, the Authority made a \$918,704 loan to Stoneridge Investment LLC to finance energy improvements for an existing 41,860 SF multi-tenant medical office building located at 4015-4059 West Dublin-Granville Road, Columbus, Ohio. The loan bears an interest rate of 4.50% and is scheduled to mature on May 15, 2041. Accrued but unpaid interest in the amount of \$25,838 is included in the receivable balance. At December 31, 2021, \$270,103 of the loan proceeds have not been disbursed and are reported in restricted cash, cash equivalents, and investments on the statement of net position.

Restricted Loans – Direct Energy Loans

Fortuity

In 2020, the Authority made a \$750,000 no interest, forgivable loan to Fortuity for its \$12.5 million project in Franklinton. The loan is to be forgiven 1/10 per year (\$75,000) over a period of 10 years assuming 150 public parking spaces are maintained at the Fortuity site garage. Fortuity must certify annually that the public parking spots are available to receive the forgiveness. If Fortuity fails to maintain the required public parking spots in any one year, it must pay the Authority \$75,000 for that period. During 2021, \$75,000 of the loan was forgiven and have been reflected as a nonoperating expense.

Trolley Master Sublessee LLC

On March 13, 2020, Trolley Master Sublessee LLC (the “Borrower”) signed a \$1,350,000 promissory note to the Authority to finance the operations of a Public Market at the former Trolley Barn facility located at 212 Kenton Avenue in Columbus. The Authority received and disbursed a \$1,350,000 grant from the City of Columbus to finance a forgivable loan to the Borrower. The promissory note was issued in connection with a loan agreement between the Authority and the Borrower. The note is subject to forgiveness as follows if Trolley Master Sublessee LLC certifies that it is operating a Public Market at this location:

| <u>Forgiveness Date</u> | <u>Amount Forgiven</u> |
|-------------------------|--------------------------------------------------------------------------|
| April 1, 2027 | 80% of principal balance, plus all of interest accrued to April 1, 2027 |
| April 1, 2028 | 33% of principal balance, plus all of interest accrued to April 1, 2028 |
| April 1, 2029 | 50% of principal balance, plus all of interest accrued to April 1, 2029 |
| April 1, 2030 | 100% of principal balance, plus all of interest accrued to April 1, 2030 |

The loan bears an interest rate of 1% with payments due each April 1st commencing April 1, 2021. Any interest payments forgiven under the loan agreement shall be credited against the Borrower’s obligations under the promissory note between the Borrower and the Authority. The interest payment due in 2021 was forgiven by the Authority.

NOTE 9 - NOTE RECEIVABLE

On June 23, 2020, Worthington Hills Country Club, Inc. signed a \$39,587 promissory note to the Authority for special assessments paid on-behalf of Worthington Hills Country Club, Inc. by the Authority. The note bears no interest and matures January 31, 2031. The Authority made the on-behalf payment from the Energy Escrow account. The note receivable is reported as a restricted noncurrent asset on the statement of net position.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - MANUSCRIPT BONDS

On April 23, 2015, the Authority issued \$655,000 in Series 2015A revenue bonds. Principal and interest payments began on November 15, 2015 and are due May 15 and November 15 of each year. The bonds bear an interest rate of 4.35%. These bonds were both issued and purchased by the Authority.

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, 2021 was \$3,664. This amount is reported as restricted cash and cash equivalents on the statement of net position. In addition, the Authority had \$72,057 in cash and cash equivalents held by the trustee which are considered unrestricted cash and cash equivalents as unrestricted operating funds were used to deposit the monies with the trustee.

During 2015 and 2016, the Authority disbursed monies to Trinity Lutheran Seminary (Trinity) to finance energy improvements. A loan receivable has been reported in the financials for loan disbursements made by the Authority to contractors and bond issuance costs (net of Trinity contributions received) incurred as part of the bond issue through the COBF (see Note 8). At December 31, 2021, the Authority has reported an unrestricted loan receivable in the amount of \$257,943. 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 on November 15, 2026. 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.

The Authority has pledged the loan payments derived from a Loan Agreement between the Authority and Trinity to secure repayment of the Series 2015A revenue bonds. During 2017, the Loan Agreement was assigned from Trinity to Capital University, an Ohio nonprofit corporation. The bonds are payable solely from these pledged revenues.

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. In addition, pledged revenues, fiscal charges and interest expense related to the manuscript debt has been eliminated on the statement of revenues, expenses and changes in net position and on the statement of cash flows.

The loan agreements and bond documents related to this issuance provide for the same events of default and remedies as the other debts listed under the COBF in Note 5, above. While there are no stated rights of offset, presently it is unlikely that there would be any net effect on the Authority's financial statements should any such default occur as long as the Authority continues to hold these manuscript bonds.

NOTE 11 - 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 10. 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 2021:

| | Balance 12/31/20 | Issued | Retired | Balance 12/31/21 |
|--------------------------|---------------------|--------|-------------|---------------------|
| <i>Direct Borrowing:</i> | | | | |
| State loan payable | \$ 1,666,250 | \$ - | \$ (34,500) | \$ 1,631,750 |

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - OHIO DEVELOPMENT SERVICES AGENCY (ODSA) LOAN – (Continued)

Significant terms of default for this direct borrowing are as follows:

- a. Failure by the Authority to pay when due any installment of principal, interest service fee, or any combination under the debt agreement or the State Loan Bond on or prior to the date on which such payment is due and payable. Such a failure would not constitute an Event of Default to the extent that the Authority is unable to pay all or any part of an installment at the time when due on account of insufficient Project Revenues.
- b. Failure by the Authority to observe and perform any term, covenant or agreement contained in the loan agreement (other than as required by (a) above), and such failure continued for 30 days (or for any longer period OSDA agrees to) after written notice was given to the Authority by OSDA. Such a failure would not constitute an Event of Default so long as the Authority is proceeding with all reasonable efforts to cure any such failure and diligently pursues that action to completion within 120 days.
- c. Any representation or warranty made by the Authority or any of the Authority's officers in the various related loan documents, proves to have been incorrect in any material respect when made, which may constitute a subjective acceleration clause as defined by generally accepted accounting principles.
- d. Occurrence of an event of default under the Indenture.

If an Event of Default occurs and continues, OSDA may declare that the entire unpaid balance of all amounts owed are immediately due and payable. Various other legal remedies may be exercised, including assessing reasonable attorneys' fees incurred in connection with enforcing other provisions of the loan agreement.

NOTE 12 - RELATED PARTY TRANSACTIONS

The Authority received a \$1,000,000 grant from Franklin County to support energy loans for various projects.

In addition, the Authority received a \$2,000,000 grant from the City of Columbus to establish an urban redevelopment escrow account to support lending for investments in urban redevelopment projects (see Note 7).

NOTE 13 - DEFINED BENEFIT PENSION PLAN

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability/Asset

Pensions and OPEB 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 net pension liability/asset and the net OPEB liability/asset represent the Authority's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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/OPEB are financed; however, the Authority does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued salaries and benefits payable on the accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members (e.g. Authority employees) may elect the Member-Directed Plan and the Combined Plan, all Authority employees are members in OPERS' Traditional Pension Plan.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

| Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Group C Members not in other Groups and members hired on or after January 7, 2013 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 |

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

| | State and Local |
|--------------------------------------------------|--------------------|
| 2021 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee * | 10.0 % |
| 2021 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.0 % |
| Post-employment Health Care Benefits **** | 0.0 % |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

* This rate is determined by OPERS' Board and has no maximum rate es

**** This employer health care rate is for the traditional and combined plan contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Authority's contractually required contribution for the Traditional Pension Plan was \$65,766 for 2021. Of this amount, \$2,714 is reported as accrued salaries and benefits payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

The net pension liability for OPERS was measured as of December 31, 2020, and 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 the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

| | OPERS - Traditional |
|------------------------------------------------------------------|------------------------|
| Proportion of the net pension liability prior measurement date | 0.00207300% |
| Proportion of the net pension liability current measurement date | 0.00284400% |
| Change in proportionate share | 0.00077100% |
| | |
| Proportionate share of the net pension liability | \$ 421,134 |
| Pension expense | 85,060 |

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | OPERS - Traditional |
|------------------------------------------------------------------------------------------|------------------------|
| Deferred outflows of resources | |
| Changes in employer's proportionate percentage/difference between employer contributions | \$ 105,485 |
| Contributions subsequent to the measurement date | 65,766 |
| Total deferred outflows of resources | \$ 171,251 |

| | OPERS - Traditional |
|------------------------------------------------------------------------------------------|------------------------|
| Deferred inflows of resources | |
| Differences between expected and actual experience | \$ 17,616 |
| Net difference between projected and actual earnings on pension plan investments | 164,148 |
| Changes in employer's proportionate percentage/difference between employer contributions | 1,394 |
| Total deferred inflows of resources | \$ 183,158 |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$65,766 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/asset in the year ending December 31, 2022.

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 Ending December 31: | <u>OPERS - Traditional</u> |
|--------------------------|--------------------------------|
| 2022 | \$ (718) |
| 2023 | 12,345 |
| 2024 | (66,911) |
| 2025 | <u>(22,389)</u> |
| Total | <u>\$ (77,673)</u> |

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

| | |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Wage inflation | 3.25% |
| Future salary increases, including inflation COLA or ad hoc COLA | 3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple |
| Investment rate of return | |
| Current measurement date | 7.20% |
| Prior measurement date | 7.20% |
| Actuarial cost method | Individual entry age |

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

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

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|-------------------------------------------------------------------------------|
| Fixed income | 25.00 % | 1.32 % |
| Domestic equities | 21.00 | 5.64 |
| Real estate | 10.00 | 5.39 |
| Private equity | 12.00 | 10.42 |
| International equities | 23.00 | 7.36 |
| Other investments | 9.00 | 4.75 |
| Total | <u>100.00 %</u> | <u>5.43 %</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|------------------------------------------------------------------|-------------|--------------------------|-------------|
| Authority's proportionate share of the net pension liability: | | | |
| Traditional Pension Plan | \$ 803,316 | \$ 421,134 | \$ 103,351 |

NOTE 14 - DEFINED BENEFIT OPEB PLAN

Net OPEB Asset

See Note 13 for a description of the net OPEB asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority was not required to make a contribution to fund health care during 2021.

Net OPEB Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB asset was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

| | OPERS |
|-------------------------------------------------------------------------|---------------------------|
| Proportion of the net OPEB liability/ asset prior measurement date | 0.00193100% |
| Proportion of the net OPEB liability/ asset current measurement date | <u>0.00264800%</u> |
| Change in proportionate share | <u><u>0.00071700%</u></u> |
| Proportionate share of the net OPEB asset | 47,176 |
| OPEB expense | (244,130) |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | OPERS |
|------------------------------------------------------------------------------------------|------------|
| Deferred outflows of resources | |
| Changes of assumptions | 23,193 |
| Changes in employer's proportionate percentage/difference between employer contributions | 60,251 |
| Total deferred outflows of resources | \$ 83,444 |
| | |
| | OPERS |
| Deferred inflows of resources | |
| Differences between expected and actual experience | \$ 42,578 |
| Net difference between projected and actual earning on OPEB plan investments | 25,128 |
| Changes of assumptions | 76,440 |
| Changes in employer's proportionate percentage/difference between employer contributions | 989 |
| Total deferred inflows of resources | \$ 145,135 |

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

| | OPERS |
|--------------------------|-------------|
| Year Ending December 31: | |
| 2021 | \$ (27,654) |
| 2022 | (20,157) |
| 2023 | (10,918) |
| 2024 | (2,962) |
| Total | \$ (61,691) |

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

| | |
|----------------------------------------------------|--------------------------------------------|
| Wage Inflation | 3.25% |
| Projected Salary Increases, including inflation | 3.25 to 10.75% including wage inflation |
| Single Discount Rate: | |
| Current measurement date | 6.00% |
| Prior Measurement date | 3.16% |
| Investment Rate of Return | |
| Current measurement date | 6.00% |
| Prior Measurement date | 6.00% |
| Municipal Bond Rate | |
| Current measurement date | 2.00% |
| Prior Measurement date | 2.75% |
| Health Care Cost Trend Rate | |
| Current measurement date | 8.50% initial, 3.50% ultimate in 2035 |
| Prior Measurement date | 10.00%, initial 3.50%, ultimate in 2030 |
| Actuarial Cost Method | Individual Entry Age Normal |

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------------|----------------------|-------------------------------------------------------------------------------|
| Fixed Income | 34.00 % | 1.07 % |
| Domestic Equities | 25.00 | 5.64 |
| Real Estate Investment Trust | 7.00 | 6.48 |
| International Equities | 25.00 | 7.36 |
| Other investments | 9.00 | 4.02 |
| Total | <u>100.00 %</u> | <u>4.43 %</u> |

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020, measurement date health care valuation which are reported by the Authority at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------------------------------------------|-------------|--------------------------|-------------|
| Authority's proportionate share of the net OPEB asset | \$ 11,731 | \$ 47,176 | \$ 76,315 |

Sensitivity of the Authority's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

| | 1% Decrease | Current Health Care Trend Rate Assumption | 1% Increase |
|----------------------------------------------------------|-------------|-------------------------------------------------|-------------|
| Authority's proportionate share of the net OPEB asset | \$ 48,326 | \$ 47,176 | \$ 45,890 |

NOTE 15 - 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - CAPITAL ASSETS

The Authority's capital asset activity for the year ended December 31, 2021, was as follows:

| | Balance 12/31/20 | Additions | Disposals | Balance 12/31/21 |
|---------------------------------------------|---------------------|-------------------|-------------|---------------------|
| <i>Capital assets being depreciated:</i> | | | | |
| Furniture and equipment | \$ 6,686 | \$ - | \$ - | \$ 6,686 |
| Leasehold improvements | 15,043 | - | - | 15,043 |
| Total capital assets being depreciated | <u>21,729</u> | <u>-</u> | <u>-</u> | <u>21,729</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Furniture and equipment | (955) | (955) | - | (1,910) |
| Leasehold improvements | (2,149) | (2,149) | - | (4,298) |
| Total accumulated depreciation | <u>(3,104)</u> | <u>(3,104)</u> | <u>-</u> | <u>(6,208)</u> |
| Total capital assets being depreciated, net | <u>\$ 18,625</u> | <u>\$ (3,104)</u> | <u>\$ -</u> | <u>\$ 15,521</u> |

NOTE 17 - ACCOUNTABILITY AND COMPLIANCE

For 2020, the Authority has implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB 89 addresses accounting and financial reporting for interest cost incurred before the end of a construction period and requires these costs be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB 89 increases the usefulness of governments' financial statements by enhancing the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifying accounting for interest cost incurred before the end of a construction period. The implementation of GASB 89 did not have an impact on the Authority.

NOTE 18 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, "Leases", which addresses accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority is evaluating the impact this standard will have on the financial statements when adopted for the year ending December 31, 2022.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations", which addresses accounting and financial reporting for conduit debt obligations issued by governments. The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Authority is evaluating the impact this standard will have on the financial statements when adopted for the year ending December 31, 2022.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| <i>Traditional Plan:</i> | | | | |
| Authority's proportion of the net pension liability..... | 0.002844% | 0.002073% | 0.002104% | 0.001922% |
| Authority's proportionate share of the net pension liability..... | \$ 421,134 | \$ 409,804 | \$ 576,177 | \$ 301,474 |
| Authority's covered payroll..... | \$ 393,821 | \$ 293,507 | \$ 285,657 | \$ 257,192 |
| Authority's proportionate share of the net pension liability as a percentage of its covered payroll..... | 106.94% | 139.62% | 201.70% | 117.22% |
| Plan fiduciary net position as a percentage of the total pension liability..... | 86.88% | 82.17% | 74.70% | 77.25% |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Authority's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| | 2017 | 2016 | 2015 | 2014 |
|----|-------------|-------------|-------------|-------------|
| | 0.001682% | 0.001747% | 0.001679% | 0.001679% |
| \$ | 381,999 | \$ 302,640 | \$ 202,450 | \$ 197,877 |
| \$ | 218,767 | \$ 204,400 | \$ 208,825 | \$ 175,308 |
| | 174.61% | 148.06% | 96.95% | 112.87% |
| | 77.25% | 81.08% | 86.45% | 86.36% |

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution..... | \$ 65,766 | \$ 55,135 | \$ 41,091 | \$ 39,992 |
| Contributions in relation to the contractually required contribution..... | <u>(65,766)</u> | <u>(55,135)</u> | <u>(41,091)</u> | <u>(39,992)</u> |
| Contribution deficiency (excess)..... | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Authority's covered payroll..... | \$ 469,757 | \$ 393,821 | \$ 293,507 | \$ 285,657 |
| Contributions as a percentage of covered payroll..... | 14.00% | 14.00% | 14.00% | 14.00% |

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 33,435 | \$ 26,252 | \$ 24,528 | \$ 25,059 | \$ 22,790 |
| <u>(33,435)</u> | <u>(26,252)</u> | <u>(24,528)</u> | <u>(25,059)</u> | <u>(22,790)</u> |
| <u>\$ -</u> |
| \$ 257,192 | \$ 218,767 | \$ 204,400 | \$ 208,825 | \$ 175,308 |
| 13.00% | 12.00% | 12.00% | 12.00% | 13.00% |

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|-------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Authority's proportion of the net OPEB liability/asset..... | 0.002648% | 0.001931% | 0.001959% | 0.001793% |
| Authority's proportionate share of the net OPEB liability/(asset)..... | \$ (47,176) | \$ 266,704 | \$ 255,410 | \$ 194,692 |
| Authority's covered payroll..... | \$ 393,821 | \$ 293,507 | \$ 285,657 | \$ 257,192 |
| Authority's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll..... | 11.98% | 90.87% | 89.41% | 75.70% |
| Plan fiduciary net position as a percentage of the total OPEB liability/asset..... | 115.57% | 47.80% | 46.33% | 77.25% |

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Authority's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.001682%

\$ 169,888

\$ 218,767

77.66%

54.05%

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

| | 2021 | 2020 | 2019 | 2018 |
|------------------------------------------------------------------------------|------------|------------|------------|------------|
| Contractually required contribution..... | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution..... | - | - | - | - |
| Contribution deficiency (excess)..... | \$ - | \$ - | \$ - | \$ - |
| Authority's covered payroll..... | \$ 469,757 | \$ 393,821 | \$ 293,507 | \$ 285,657 |
| Contributions as a percentage of covered payroll..... | 0.00% | 0.00% | 0.00% | 0.00% |

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|----------------|----------------|----------------|----------------|----------------|
| \$ 2,572 | \$ 4,375 | \$ 4,088 | \$ 4,117 | \$ 1,868 |
| <u>(2,572)</u> | <u>(4,375)</u> | <u>(4,088)</u> | <u>(4,117)</u> | <u>(1,868)</u> |
| <u>\$ -</u> |
| \$ 257,192 | \$ 218,767 | \$ 204,400 | \$ 208,825 | \$ 175,308 |
| 1.00% | 2.00% | 2.00% | 1.97% | 1.07% |

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

(Continued)

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020, measurement date health care valuation which are reported by the Authority at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

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") as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 8, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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

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

April 8, 2022