Columbus-Franklin County Finance Authority

Basic Financial Statements

Year Ended December 31, 2009

with Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

Board of Directors
Columbus-Franklin County Financing Authority
City Hall Room 106
90 West Broad Street
Columbus, Ohio 43215-4103

We have reviewed the *Independent Auditors' Report* of the Columbus-Franklin County Financing Authority, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 28, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Columbus-Franklin County Finance Authority:

We have audited the accompanying statement of net assets of the Columbus-Franklin County Finance Authority (the "Authority") as of and for the year ended December 31, 2009 and related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2009, and its changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
February 26, 2010

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

The discussion and analysis of the Columbus-Franklin County Finance Authority (the Authority) financial performance provides an overall review of the Authority's financial activities for the fiscal year ended December 31, 2009. 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 2009 are as follows:

- In total, net assets were $3,946,012 at December 31, 2009. This represents an increase of $396,478 or 11.17% from December 31, 2008.

- The Authority had operating revenues of $410,797, operating expenses of $311,022, nonoperating revenues of $520,878 and nonoperating expenses of $224,175 for fiscal year 2009. Total change in net assets for the fiscal year was an increase of $396,478.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Authority's financial activities. The s*tatement of net assets* and s*tatement of revenues, expenses and changes in net assets* 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 assets, statement of revenues, expenses, and changes in net assets and the statement of cash flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2009?" The Statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, 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 assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 8 and 9 of this report.

The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its operations and projects financed through the Central Ohio Bond Fund (COBF). The statement of cash flows can be found on page 10 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-24 of this report.

The Authority has provided supplementary information on pages 25-27 of this report to break down the Authority's operations between those that are unrestricted, those that are restricted and those pertaining to the COBF.

The table below provides a summary of the Authority's net assets at December 31, 2009 and 2008. Certain amounts for 2008 have been reclassified to conform to 2009 presentation.

Net Assets

	2009	2008
Assets		
Current assets	$ 1,180,081	$ 916,888
Noncurrent assets:		
Restricted	8,456,472	8,435,200
Unrestricted	30,480	32,230
Total assets	9,667,033	9,384,318
Liabilities		
Current liabilities:		
Payable from unrestricted assets	14,549	24,584
Payable from restricted assets	617,972	554,450
Noncurrent liabilities:		
Payable from restricted assets	5,088,500	5,255,750
Total liabilities	5,721,021	5,834,784
Net Assets		
Restricted	2,750,000	2,625,000
Unrestricted	1,196,012	924,534
Total net assets	$ 3,946,012	$ 3,549,534

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the Authority's net assets totaled $3,946,012. Non-current assets consisted of cash and investments of the Central Ohio Bond Fund (COBF) reserve, cash and investments held by the Authority's fiscal agent related to the Harrison West Project's bond issuance, and a pledged tax increment financing (TIF) receivable from the City of Columbus to support the Harrison West Project bond issue that was financed through the Authority's COBF program.

Current liabilities consist of accruals related to the operations of the Authority plus the current portion of the Authority's loan payable from the State of Ohio Department of Development (ODOD). The principal amount and service fees paid on this loan in 2009 was $125,000 and $5,938, respectively, of which the principal amount was paid out of restricted operating funds of the Authority and the service fees were paid out of unrestricted operating funds of the Authority. Additionally, the funds due to the developer for the Harrison West project ($416,118) are included in current liabilities payable from restricted assets. Non-current liabilities include the long-term portion of the ODOD loan plus the balance of the revenue bonds issued to finance the Harrison West Project through the COBF program. The bond is payable from a restricted pledged TIF receivable from the City of Columbus securing repayment.

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

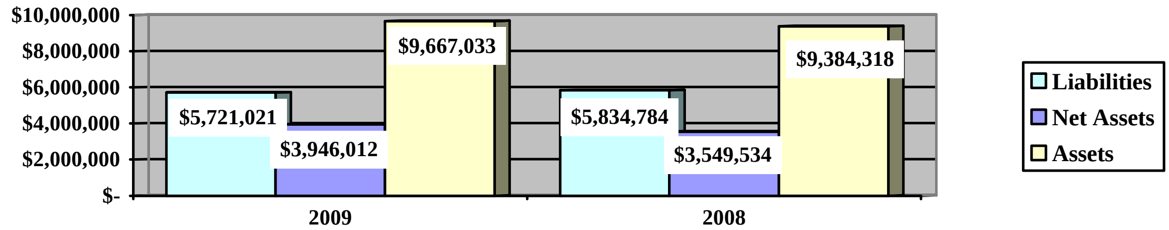
The remaining balance of unrestricted net assets is $1,196,012 can be used to finance the Authority's operations.

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

The chart below illustrates the Authority's assets, liabilities and net assets at December 31, 2009 and 2008:

Governmental Activities



The table below shows the changes in net assets for fiscal year 2009 and 2008. Certain amounts for 2008 have been reclassified to conform to 2009 presentation.

Change in Net Assets

	2009	2008	Increase (Decrease)
Operating Revenues:			
Conduit financing and other fees	$ 114,733	$ 53,871	$ 60,862
Central Ohio bond fund fees	15,400	13,903	1,497
City of Columbus operating grant	140,332	144,538	(4,206)
Franklin County operating grant	140,332	144,538	(4,206)
Other	-	12	(12)
Total operating revenue	410,797	356,862	53,935
Operating Expenses:			
Salaries and benefits	217,208	214,979	2,229
Professional services	44,240	51,013	(6,773)
Miscellaneous operating expenses	49,574	68,402	(18,828)
Total operating expenses	311,022	334,394	(23,372)
Operating income	99,775	22,468	77,307
Nonoperating Revenues (Expenses):			
Interest revenue	261,185	254,196	6,989
Increase in FMV of investments	35,518	151,596	(116,078)
Other nonoperating revenue	-	5,570	(5,570)
Bond fund transactions:			
Tax increment financing payments	224,175	620,907	(396,732)
Interest expense on bonds	(207,235)	(179,996)	(27,239)
Fiscal charges	(16,940)	(15,293)	(1,647)
Bond costs	-	(9,500)	9,500
Developer costs	-	(416,118)	416,118
Total nonoperating revenues (expenses)	296,703	411,362	(114,659)
Change in net assets	396,478	433,830	(37,352)
Net assets at beginning of year	3,549,534	3,115,704	
Net assets at end of year	$ 3,946,012	$ 3,549,534	

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

Operating revenues increased $53,935 or 15.11%. This increase is due to an increase in conduit and other fees. The Authority received fees from eight conduit financing and other projects in 2009 versus five conduit financing and other projects in 2008.

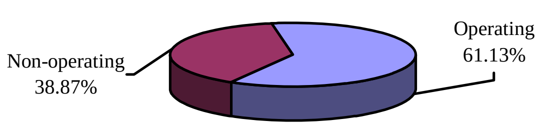
Operating expenses decreased $23,372 or 6.99% primarily in the area of miscellaneous operating expenses. This area includes expenses related to insurance, marketing, rent, training and various other general operations. It also includes expenses for State loan servicing fee payments. The decrease is due to cost reductions and due to fluctuations in accruals required by generally accepted accounting principles (GAAP).

Nonoperating revenues (expenses) decreased $114,659 or 27.87%. Interest revenue increased slightly primarily due to GAAP accruals related to the recording of accrued interest receivable at year end. The Authority had more monies invested in nonnegotiable certificates of deposit at December 31, 2009 than at December 31, 2008. The most significant fluctuation was in the area of the fair market value (FMV) of investments. Under GAAP, certain investments are required to be reported at their FMV. Although the Authority intends to hold investments to maturity, the change in the FMV of the investments is reflected in the financial statements. At December 31, 2009 and 2008, the Authority has recorded a FMV adjustment for investments in a Federal Farm Credit bank security and negotiable certificates of deposit. Interest earned and fluctuations in the FMV of COBF investments may be used by the Authority for general operations.

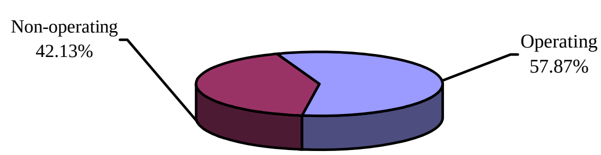
During 2009, the Authority continued receiving TIF payments for the Harrison West Project. These TIF payments were used to make interest and fiscal charge payments on the Harrison West Bonds. Revenues related to the TIF are recorded to the extent they are received above amounts required to be used for repayment of bond principal. TIF payments received that are restricted for bond principal payments are reported as a reduction to the TIF receivable from the City of Columbus.

The charts below illustrate the revenues for the Authority, excluding FMV adjustments and bond fund transactions, during fiscal year 2009 and 2008. Certain 2008 percentages have been revised to conform to 2009 presentation.

2009 Revenues



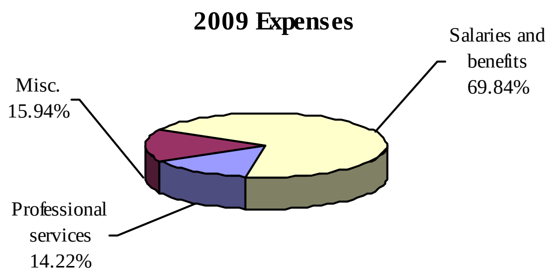
2008 Revenues

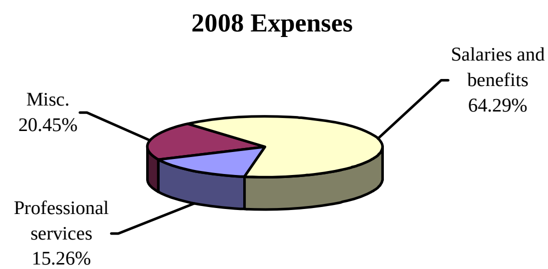


COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)

The charts below illustrate the expenses for the Authority, excluding bond fund transactions, during fiscal year 2009 and 2008. Certain 2008 percentages have been revised to conform to 2009 presentation.





Capital Assets

The Authority did not possess any capital assets at December 31, 2009.

Debt Administration

The Authority obtained a $2,500,000 ODOD loan in 2007. The loan is interest free with a term of 20 years. Principal and servicing payments of $130,938 were made in 2009. Principal payments were paid out of restricted operating funds of the Authority and the service fees were paid out of unrestricted operating funds of the Authority. The State Loan Agreement requires that annual repayment of principal to be based on no more than the interest earned on the $2,500,000 reserve, up to $125,000. See Note 7 for more detail on the ODOD loan.

In 2007, the Authority issued $3,080,000 in revenue bonds through the COBF program to finance the Harrison West Project. The repayment is secured by pledged TIF revenues from the City of Columbus 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

Currently, the Authority is reliant upon operating grants from the City of Columbus and from Franklin County to support its operations. The Authority has the ability to finance projects through its Central Ohio Bond Fund program or through a Conduit Financing program. During 2009, the Authority did not finance any new loans through the COBF program. The Authority has one financing project through the COBF program (Harrison West Project) which began in 2007. In 2009, the Authority financed three new projects through conduit and other financing programs. The Authority's goals are to increase the number of projects financed through both programs in 2010. Fees generated by financing the projects are necessary to support the operations of the Authority.

Contacting the Authority's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jean Carter Ryan, Executive Director, Columbus-Franklin County Finance Authority, 150 South Front Street, Suite 200, Columbus, Ohio, 43215.

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

ASSETS:		
Current:		
Cash and cash equivalents	$	414,198
Investments		715,420
Accrued interest receivable		45,735
Prepayments		4,728
Total current assets		1,180,081
Noncurrent:		
Unamortized loan closing costs		30,480
Restricted assets:		
Cash and cash equivalents		250,000
Investments		4,750,000
Bond fund transactions:		
Cash with fiscal agent		953,117
Investments with fiscal agent		308,000
Pledged receivable from City of Columbus		2,104,379
Unamortized bond issue costs		90,976
Total restricted assets		8,456,472
Total noncurrent assets		8,486,952
Total assets		9,667,033
LIABILITIES:		
Current:		
Accounts payable		842
Accrued salaries and benefits payable		10,426
Accrued service fees payable		3,281
Payable from restricted assets:		
State loan payable - current portion		125,000
Bond fund transactions:		
Bond costs payable		8,754
Accrued interest payable		23,100
Due to developer		416,118
Revenue bonds.		45,000
Total current liabilities		632,521
Noncurrent:		
Payable from restricted assets:		
State loan payable		2,125,000
Bond fund transactions:		
Revenue bonds		2,963,500
Total noncurrent liabilities		5,088,500
Total liabilities		5,721,021
NET ASSETS:		
Restricted		2,750,000
Unrestricted		1,196,012
Total net assets	$	3,946,012

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 ASSETS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

Operating revenues:	
Conduit financing and other fees	$ 114,733
Central Ohio bond fund fees	15,400
City of Columbus operating grant.	140,332
Franklin County operating grant.	140,332
Total operating revenues	410,797
Operating expenses:	
Salaries and benefits	217,208
Professional services	44,240
Miscellaneous operating expenses	49,574
Total operating expenses	311,022
Operating income.	99,775
Nonoperating revenues (expenses):	
Interest revenue.	261,185
Increase in FMV of investments	35,518
Bond fund transactions:	
Tax increment financing payments	224,175
Interest expense on bonds	(207,235)
Fiscal charges	(16,940)
Total nonoperating revenues (expenses)	296,703
Change in net assets	396,478
Net assets, January 1	3,549,534
Net assets, December 31.	$ 3,946,012

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

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

Cash flows from operating activities:	
Cash received from conduit financing and other fees	$ 111,233
Cash received from Central Ohio bond fund fees	15,400
Cash received from operating grants	280,664
Cash payments for salaries and benefits	(221,062)
Cash payments for professional services	(47,278)
Cash payments for miscellaneous operating expenses	(47,320)
Net cash provided by operating activities	91,637
Cash flows from noncapital financing activities:	
Payment on State loan	(125,000)
Bond fund transactions:	
Tax increment financing payments received	501,811
Interest payments on bonds	(184,800)
Fiscal charges paid on bonds	(16,940)
Net cash provided by noncapital financing activities	175,071
Cash flows from investing activities:	
Purchase of investments	(90,000)
Interest received	240,489
Bond fund transactions:	
Purchase of investments	(308,000)
Interest received restricted for bond costs	2,336
Net cash (used in) investing activities	(155,175)
Net increase in cash and cash equivalents	111,533
Cash and cash equivalents, January 1	1,505,782
Cash and cash equivalents, December 31	$ 1,617,315
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 99,775
Adjustments to reconcile operating income to net cash provided by operating activities:	
Amortization of loan closing costs	1,750
Changes in assets and liabilities:	
Decrease in prepayments	147
(Decrease) in accounts payable	(2,499)
(Decrease) in unearned revenue	(3,500)
(Decrease) in accrued salaries and benefits payable	(3,854)
(Decrease) in accrued service fees payable	(182)
Net cash provided by operating activities	$ 91,637

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

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 job creation in the Central Ohio region. The Authority, organized as a port authority under Ohio law, began operations on May 11, 2006.

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

The Authority is considered a joint venture of the City of Columbus and Franklin County. The Authority provides financing primarily through its Central Ohio Bond Fund (COBF) program (see Note 5) and its Conduit Financing program (see Note 6).

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 also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Authority also has the option to apply FASB guidance issued after November 30, 1989, subject to this same limitation. The Authority has elected not to apply this FASB guidance.

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". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Authority are not misleading. The Authority has no component units and no other governmental organizations other than the Authority itself are included in the financial reporting entity.

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

B. Fund Accounting

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

C. Basis of Presentation

The Authority's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, 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. Revenues received in advance are deferred and recognized as earned over the period to which they relate.

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

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from operating grants from the City of Columbus and from Franklin County and loan processing and servicing fees. Operating expenses for the Authority include the cost of providing these services, including administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues include tax increment financing payments received from the City of Columbus related to the Harrison West Project and interest earnings. Nonoperating expenses include interest, fiscal changes, bond costs and developer expenses related to the Harrison West Project whose bonds were issued through the COBF. Nonoperating revenues and expenses also include changes in the fair market value of the Authority's investments.

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

E. Cash and Investments

During fiscal year 2009, investments were limited to federal agency securities, negotiable and nonnegotiable certificates of deposit (either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized), and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair market value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on December 31, 2009.

Cash and investments of the COBF reserve are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by creditors, grant contributors, or laws or regulations of other governments. The Authority is required to restrict $5,000,000 which represents the proceeds of a City of Columbus bond reserve grant, a Franklin County bond reserve grant and proceeds of the State loan. Interest earnings on these cash and investments, including fluctuations in the fair market of the investments, in excess of the $5,000,000 may be used for general operations of the Authority. For 2009, the investments of the COBF reserve had a fair market value of $225,420 over their cost basis. This amount is recorded as an unrestricted investment at year end. The unrestricted cash and cash equivalents and investments reported on the statement of net assets are used for the general operations of the Authority.

Cash and investments with fiscal agent represents monies held by a trustee in accordance with the bond indenture for the bonds issued through the Authority's COBF during fiscal year 2009.

For purposes of the statement of cash flows and for reporting on the statement of net assets, 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 with fiscal agent is reported in the Authority's statement of cash flows.

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

F. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets have been restricted for grant and loan proceeds that are used in the COBF program. The Authority has received a $1,250,000 grant from the City of Columbus, a $1,250,000 grant from Franklin County and $2,500,000 in proceeds from a State loan to establish the COBF reserve. Restricted net assets are reduced by the balance of the State loan payable at year end.

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

G. Prepayments

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

H. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code, and requires an annual budget. This budget includes estimated receipts and appropriations. In addition, the Authority's Formative Agreement with the City of Columbus and Franklin County requires the Board of Directors to adopt an appropriation resolution. The Authority maintains budgetary control by not permitting expenses to exceed their respective appropriations without amendment or appropriations from the Board of Directors.

I. Intergovernmental Revenue

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

J. Unamortized Loan Closing Costs, Bond Issue Costs and Bond Discounts

In the financial statements, closing costs related on the State of Ohio Department of Development loan (see Note 7), bond issue costs related to bonds issued through the COBF program and bond discounts related to bonds issued through the COBF program, are deferred and amortized over the term of the loan/bond using the straight line method, which approximates the effective interest method. Unamortized loan closing costs and unamortized bond issue costs are reported on separate line items on the financial statements. Unamortized bond discounts are presented as a decrease of the face amount of the bond payable (see Note 5).

K. Capital Assets

The Authority maintains a capitalization threshold of $2,500. The Authority does not possess capital assets exceeding this capitalization threshold; therefore, no capital assets are reported on the statement of net assets.

L. 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.

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

M. Estimates

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

NOTE 3 – DEPOSITS AND INVESTMENTS

State statute and the Authority's investment policy allow monies to be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in items (1) or (2) above are made only through eligible institutions;

6. Collateralized certificates of deposit or savings or deposit accounts in eligible institutions; and

7. The State Treasury Asset Reserve of Ohio (STAR Ohio);

Protection of the Authority's deposits is provided by the FDIC, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Authority by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. In accordance with Ohio Revised Code, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. The Authority's investment policy also prohibits the purchase of bankers acceptances, commercial paper and investments in local government investment pools, except STAR Ohio; provided, that STAR Ohio maintains the highest letter or numerical rating provided by at least one nationally recognized rating service.

NOTE 3 – DEPOSITS AND INVESTMENTS – (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority had the following deposits and investments at December 31, 2009 with detailed information in Sections A, B and C:

	Amount
Deposits with Financial Institutions:	
Checking account	$ 62,454
NOW accounts	203,249
Nonnegotiable CDs	740,000
Cash with fiscal agent (NOW accounts)	953,117
Investments with fiscal agent (nonnegotiable CD)	308,000
Subtotal "Deposits with Financial Institutions"	2,266,820
Investments:	
Federal Farm Credit Bank security	1,053,663
Negotiable CD's	3,670,520
STAR Ohio	399,732
Subtotal "Investments"	5,123,915
Total deposits and investments	$ 7,390,735

A. Cash and Investments with Fiscal Agent

At December 31, 2009, the Authority had $1,261,117 in cash and investments held by a fiscal agent as trustee in accordance with the bond indenture for the Harrison West Project financed through the COBF Program. The monies invested by the fiscal agent in nonnegotiable certificates of deposit ($308,000) and interest bearing Negotiable Order of Withdrawal (NOW) deposit accounts ($953,117) are included in “Deposits with Financial Institutions” below.

B. Deposits with Financial Institutions

At December 31, 2009, the carrying amount and bank balance of the Authority’s deposits (both restricted and unrestricted) was $2,266,820 (this number excludes investments referenced in Note 3(C)). The entire bank balance was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Authority’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority. The Authority has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Authority to a successful claim by the FDIC.

NOTE 3 – DEPOSITS AND INVESTMENTS – (Continued)

C. Investments

As of December 31, 2009, the Authority had the following investments and maturities:

		Investment Maturities	
Investment type	Fair Value	6 months or less	13 - 18 months
Federal Farm Credit Bank security	$ 1,053,663	$ -	$ 1,053,663
Negotiable CDs	3,670,520	-	3,670,520
STAR Ohio	399,732	399,732	-
	$ 5,123,915	$ 399,732	$ 4,724,183

The weighted average length to maturity of investment is 1.25 years.

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Authority's investment policy limits the investment of operating funds to a maximum of 18 months. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Authority's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk: The Authority's Federal Farm Credit Bank security investment carries a rating of AAA by Standard & Poor's and Aaa by Moody's. Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

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 Federal Farm Credit Bank security is exposed to custodial credit risk in that it is uninsured, unregistered and held by the custodial agent's trust department or agent but not in the Authority's name. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The Authority's investment policy does not specifically address the concentration of credit risk. The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2009:

Investment type	Fair Value	% of Total
Federal Farm Credit Bank security	$ 1,053,663	20.56
Negotiable CDs	3,670,520	71.64
STAR Ohio	399,732	7.80
	$ 5,123,915	100.00

NOTE 3 – DEPOSITS AND INVESTMENTS – (Continued)

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

	Insured/ Collateralized	Uninsured/ Uncollateralized	Total
Deposits:			
Checking account	$ 62,454	$ -	$ 62,454
NOW accounts	203,249	-	203,249
Cash with fiscal agent (NOW accounts)	953,117	-	953,117
Nonnegotiable CDs	1,048,000	-	1,048,000
Investments:			
Federal Farm Credit Bank security	-	1,053,663	1,053,663
Negotiable CD's	3,670,520	-	3,670,520
STAR Ohio	-	399,732	399,732
	$ 5,937,340	$ 1,453,395	$ 7,390,735

D. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2009:

Cash and Investments per footnote	
Carrying amount of deposits	$ 2,266,820
Investments	5,123,915
Total	$ 7,390,735
Cash and investments on Statement of Net Assets	
Unrestricted:	
Cash and cash equivalents	$ 414,198
Investments	715,420
Restricted:	
Cash and cash equivalents	250,000
Investments	4,750,000
Cash with fiscal agent	953,117
Investments with fiscal agent	308,000
Total	$ 7,390,735

NOTE 4 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. Commercial insurance has been obtained to cover damage or destruction of the Authority's property and for public liability, personal injury, and third-party property damage claims. Settled claims have not exceeded commercial coverage in any of the past three years. There has been no reduction in coverage from the prior year.

NOTE 5 – CENTRAL OHIO BOND FUND PROGRAM

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

To fund the COBF reserve account, the Authority received $5,000,000 in grants and loans. On December 21, 2006, the Authority received a $1,250,000 grant from Franklin County. On March 15, 2007, the Authority received a $1,250,000 grant from the City of Columbus. On May 8, 2007, the Authority received a $2,500,000 loan from the State of Ohio Department of Development (see Note 7). The grant revenues and loan proceeds were deposited into the COBF reserve account and are reported as restricted assets on the statement of net assets. Interest earned on investments purchased by the grant proceeds is not required to be maintained in the COBF reserve and may be used by the Authority for general operations.

Under the COBF, debt service requirements on each bond issue are secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to provide 10% of the bond premium in a reserve (which is used to make the final payment on the bonds). Amounts in the COBF reserve account may be used for debt service in the event the borrower is unable to make the required payments under the lease. The amount held in the COBF reserve account at December 31, 2009 of $5,000,000 is restricted in use and reported as a restricted asset on the statement of net assets.

The following activity has occurred in the COBF program:

<u>Harrison West Project</u>
On December 19, 2007, the Authority issued $3,080,000 in Series 2007A revenue bonds, as part of the Harrison West Project. The proceeds of these bonds are used to purchase land for a four-acre park in the Harrison Park residential development and for development of park amenities. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues from the City of Columbus in accordance with the Cooperative Agreement between the Authority and the City of Columbus. The revenues to repay the bonds will be generated through the increased property values and real estate taxes from the TIF District. Principal and interest payments are due May 15 and November 15 of each year. The bonds bear an interest rate of 6.00% and mature May 15, 2035.

The following is a schedule of the bond activity in fiscal year 2009:

	Balance 12/31/08	Issued	Retired	Balance 12/31/09	Amount due within one year
Harrison West Project:					
Revenue Bonds	$ 3,080,000	$ -	$ -	$ 3,080,000	$ 45,000
Unamortized discount	(74,250)	-	2,750	(71,500)	-
Total	$ 3,005,750	$ -	$ 2,750	$ 3,008,500	$ 45,000

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

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2009 was $1,261,117. This amount is reported as restricted cash and investments with fiscal agent on the statement of net assets. Of this total, $416,118 is due to the developer of the Harrison West Project for project costs. This amount has been reported as a current liability payable from restricted assets on the statement of net assets. In addition, $8,754 of the $1,261,117 represents interest earned on the investments which is restricted to be used for future bond costs. This amount has also been reported as a current liability payable from restricted assets on the statement of net assets.

The following is a schedule of the future debt service requirements to maturity for the Harrison West revenue bonds:

Harrison West Revenue Bonds

Year Ending	Principal	Interest	Total
2010	$ 45,000	$ 183,450	$ 228,450
2011	45,000	180,750	225,750
2012	50,000	177,900	227,900
2013	55,000	174,750	229,750
2014	55,000	171,450	226,450
2015-2019	350,000	799,500	1,149,500
2020-2024	475,000	675,750	1,150,750
2025-2029	650,000	508,800	1,158,800
2030-2034	890,000	279,900	1,169,900
2035	465,000	13,950	478,950
Total	$ 3,080,000	$ 3,166,200	$ 6,246,200

The Harrison West revenue bonds are special obligations and not general obligations of the Authority. The bonds do not represent or constitute a debt or pledge of the faith and credit of the Authority. The revenue bonds and related accrued interest payable are reported as liabilities on the statement of net assets. These liabilities are equally offset by a pledged receivable from the City of Columbus which is reported as a restricted asset on the statement of net assets.

NOTE 6 – CONDUIT FINANCING PROGRAM

Conduit financing represent bonds and notes for project financings which are collateralized by the related amounts to be received under leases. In accordance with GASB Interpretation No. 2 "Disclosure of Conduit Debt Obligations", the bonds issued by the Authority under conduit financing program do not create a liability to the Authority and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the debt issued as the repayment is supported solely by the credit of the borrowing entity (frequently enhanced with a letter of credit). Under the conduit financing program, there is no credit exposure to the Authority. The total amount of conduit debt issued and the outstanding at December 31, 2009 is $71,365,681.

NOTE 7 – STATE OF OHIO DEPARTMENT OF DEVELOPMENT LOAN

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

The following is a schedule of the State loan activity in fiscal year 2009:

	Balance 12/31/08	Issued	Retired	Balance 12/31/09	Amount due within one year
State loan payable	$ 2,375,000	$ -	$ (125,000)	$ 2,250,000	$ 125,000

The following represents the future debt service requirements to retire the State loan payable:

ODOD Loan Payable

Year Ending	Principal	Service Fee	Total Repayment
2010	$ 125,000	$ 5,625	$ 130,625
2011	125,000	5,313	130,313
2012	125,000	5,000	130,000
2013	125,000	4,688	129,688
2014	125,000	4,375	129,375
2015-2019	625,000	17,188	642,188
2020-2024	625,000	9,375	634,375
2025-2027	375,000	1,874	376,874
Total	$ 2,250,000	$ 53,438	$ 2,303,438

The Authority will repay the ODOD loan using interest earnings on the investments purchased with the loan proceeds. In the event that interest earnings from the loan proceeds are not sufficient to make the scheduled payment, the Authority is only required to remit the interest earned as payment. The investments purchased with the ODOD loan proceeds are fixed rate investments whose scheduled interest payments are sufficient to cover repayment.

NOTE 8 – RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE

The Authority received operating grants from the City of Columbus and Franklin County in the amounts of $140,332 each to support operations of the Authority for fiscal year 2009.

NOTE 9 – LETTER OF CREDIT

The Authority obtained a $5 million, unsecured letter of credit in order to support issuance of development bonds via the Authority's COBF program. No amounts were outstanding on the letter of credit at December 31, 2009.

NOTE 10 – OPERATING FUNDS

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

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

NOTE 11 - CONTINGENCIES

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

NOTE 12 - PENSION PLAN

Plan Description - The Authority participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

NOTE 12 - PENSION PLAN - (Continued)

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2009 member contribution rates were 10.00% for members in State and local classifications.

The Authority's contribution rate for 2009 was 14.00% of covered payroll. For the period January 1, 2009 through March 31, 2009, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan. For the period April 1, 2009 through December 31, 2009, a portion equal to 5.50% of covered payroll was allocated to fund the post-employment health care plan.

The Authority's contribution rate for pension benefits for the period January 1, 2009 through March 31, 2009 was 7.00%. The Authority's contribution rate for pension benefits for the period April 1, 2009 through December 31, 2009 was 8.50%. The Authority's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008 and 2007 were $15,175, $12,229 and $9,916, respectively; equal to their required contribution for each year.

NOTE 13 - POST-RETIREMENT BENEFIT PLAN

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00% of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for the period January 1, 2009 through March 31, 2009 was 7.00% of covered payroll and the amount of the employer contributions which was allocated to fund post-employment healthcare for the period April 1, 2009 through December 31, 2009 was 5.50% of covered payroll

NOTE 13 - POST-RETIREMENT BENEFIT PLAN - (Continued)

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

The Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008 and 2007 were $10,973, $12,229 and $6,531, respectively; equal to their required contribution for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 14 – ACCOUNTABILITY

For 2009, the Authority has implemented GASB Statement No. 50, "Pension Disclosures", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Authority.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the Authority.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the Authority.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the Authority.

SUPPLEMENTARY INFORMATION

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Operating Funds		Central Ohio Bond Fund	
	Unrestricted	Restricted	Harrison West Project	Total
ASSETS:				
Current:				
Cash and cash equivalents	$ 414,198	$ -	$ -	$ 414,198
Investments	715,420	-	-	715,420
Accrued interest receivable	45,735	-	-	45,735
Prepayments	4,728	-	-	4,728
Total current assets	1,180,081	-	-	1,180,081
Noncurrent:				
Unamortized loan closing costs	30,480	-	-	30,480
Restricted assets:				
Cash and cash equivalents	-	250,000	-	250,000
Investments	-	4,750,000	-	4,750,000
Bond fund transactions:				
Cash with fiscal agent	-	-	953,117	953,117
Investments with fiscal agent	-	-	308,000	308,000
Pledged receivable from City of Columbus	-	-	2,104,379	2,104,379
Unamortized bond issue costs	-	-	90,976	90,976
Total restricted assets	-	5,000,000	3,456,472	8,456,472
Total noncurrent assets	30,480	5,000,000	3,456,472	8,486,952
Total assets	1,210,561	5,000,000	3,456,472	9,667,033
LIABILITIES:				
Current:				
Accounts payable	842	-	-	842
Accrued salaries and benefits payable	10,426	-	-	10,426
Accrued service fees payable	3,281	-	-	3,281
Payable from restricted assets:				
State loan payable - current portion	-	125,000	-	125,000
Bond fund transactions:				
Bond costs payable	-	-	8,754	8,754
Accrued interest payable	-	-	23,100	23,100
Due to developer	-	-	416,118	416,118
Revenue bonds	-	-	45,000	45,000
Total current liabilities	14,549	125,000	492,972	632,521
Noncurrent:				
Payable from restricted assets:				
State loan payable	-	2,125,000	-	2,125,000
Bond fund transaction:				
Revenue bonds	-	-	2,963,500	2,963,500
Total noncurrent liabilities	-	2,125,000	2,963,500	5,088,500
Total liabilities	14,549	2,250,000	3,456,472	5,721,021
NET ASSETS:				
Restricted	-	2,750,000	-	2,750,000
Unrestricted	1,196,012	-	-	1,196,012
Total net assets	$ 1,196,012	$ 2,750,000	$ -	$ 3,946,012

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Operating Funds		Central Ohio Bond Fund	
	Unrestricted	Restricted	Harrison West Project	Total
Operating revenues:				
Conduit financing and other fees	$ 114,733	$ -	$ -	$ 114,733
Central Ohio bond fund fees	15,400	-	-	15,400
City of Columbus operating grant.	140,332	-	-	140,332
Franklin County operating grant.	140,332	-	-	140,332
Total operating revenues	410,797	-	-	410,797
Operating expenses:				
Salaries and benefits	217,208	-	-	217,208
Professional services	44,240	-	-	44,240
Miscellaneous operating expenses	49,574	-	-	49,574
Total operating expenses	311,022	-	-	311,022
Operating income.	99,775	-	-	99,775
Nonoperating revenues (expenses):				
Interest revenue.	136,185	125,000	-	261,185
Increase in FMV of investments	35,518	-	-	35,518
Bond fund transactions:				
Tax increment financing payments	-	-	224,175	224,175
Interest expense on bonds	-	-	(207,235)	(207,235)
Fiscal charges	-	-	(16,940)	(16,940)
Total nonoperating revenues (expenses)	171,703	125,000	-	296,703
Change in net assets	271,478	125,000	-	396,478
Net assets, January 1	924,534	2,625,000	-	3,549,534
Net assets, December 31.	$ 1,196,012	$ 2,750,000	$ -	$ 3,946,012

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Operating Funds		Central Ohio Bond Fund	
	Unrestricted	Restricted	Harrison West Project	Total
Cash flows from operating activities:				
Cash received from conduit financing and other fees.	$ 111,233	$ -	$ -	111,233
Cash received from Central Ohio bond fund fees.	15,400	-	-	15,400
Cash received from operating grants.	280,664	-	-	280,664
Cash payments for salaries and benefits	(221,062)	-	-	(221,062)
Cash payments for professional services	(47,278)	-	-	(47,278)
Cash payments for miscellaneous operating expenses	(47,320)	-	-	(47,320)
Net cash provided by operating activities.	91,637	-	-	91,637
Cash flows from noncapital financing activities:				
Payment on State loan	-	(125,000)	-	(125,000)
Bond fund transactions:				
Tax increment financing payments received	-	-	501,811	501,811
Interest payments on bonds	-	-	(184,800)	(184,800)
Fiscal charges paid on bonds	-	-	(16,940)	(16,940)
Net cash provided by (used in) noncapital financing activities .	-	(125,000)	300,071	175,071
Cash flows from investing activities:				
Purchase of investments	(90,000)	-	-	(90,000)
Interest received	115,489	125,000	-	240,489
Bond fund transactions:				
Purchase of investments	-	-	(308,000)	(308,000)
Interest received restricted for bond costs	-	-	2,336	2,336
Net cash provided by (used in) investing activities.	25,489	125,000	(305,664)	(155,175)
Net increase (decrease) in cash and cash equivalents	117,126	-	(5,593)	111,533
Cash and cash equivalents, January 1	297,072	250,000	958,710	1,505,782
Cash and cash equivalents, December 31.	$ 414,198	$ 250,000	$ 953,117	$ 1,617,315
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 99,775	$ -	$ -	$ 99,775
Adjustments to reconcile operating income to net cash provided by operating activities:				
Amortization of loan closing costs	1,750	-	-	1,750
Changes in assets and liabilities:				
Decrease in prepayments.	147	-	-	147
(Decrease) in accounts payable.	(2,499)	-	-	(2,499)
(Decrease) in unearned revenue.	(3,500)	-	-	(3,500)
(Decrease) in accrued salaries and benefits payable.	(3,854)	-	-	(3,854)
(Decrease) in accrued service fees payable.	(182)	-	-	(182)
Net cash provided by operating activities.	$ 91,637	$ -	$ -	$ 91,637

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

To the Board of Directors
Columbus-Franklin County Finance Authority:

We have audited the financial statements of the Columbus-Franklin County Finance Authority (the "Authority") as of and for the year ended December 31, 2009, and have issued our report thereon dated February 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

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

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
February 26, 2010

Mary Taylor, CPA
Auditor of State

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 10, 2010

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