

Columbus-Franklin County Finance Authority

**Financial Report
with Independent Auditors' Report
December 31, 2013**



Dave Yost • Auditor of State

Board of Directors
Columbus-Franklin County Finance Authority
350 E. First Avenue, Suite 120
Columbus, Ohio 43201

We have reviewed the *Independent Auditor's Report* of the Columbus-Franklin County Finance Authority, Franklin County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2013 through December 31, 2013. 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 Finance Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

May 2, 2014

This page intentionally left blank.

Columbus-Franklin County Finance Authority

Table of Contents

Independent Auditor’s Report	3-4
Management’s Discussion and Analysis	5-10
Basic Financial Statements:	
Statement of Net Positions	11
Statement of Revenues, Expenses, and Changes in Net Positions	12
Statement of Cash Flows	13
Notes to the Basic Financial Statements	15-38
Supplementary Information:	
Combining Statement of Net Position	40
Combining Statement of Revenue, Expenses, and Changes in Net Positions	41
Combining Statement of Cash Flows	42
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	43-44
Schedule of Findings and Responses	45

Independent Auditor's Report

To the Board of Directors
Columbus-Franklin County Finance Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of Columbus-Franklin County Finance Authority (the "Authority"), which comprise the statement of net position as of December 31, 2013 and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Columbus-Franklin County Finance Authority as of December 31, 2013 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.

Emphasis of Matter

As discussed in Note 15 to the basic financial statements, the 2013 basic financial statements have been restated to correct a misstatement in the calculation of the pledged receivable. Our opinion is not modified with respect to this matter.

To the Board of Directors
Columbus-Franklin County Finance Authority

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014 on our consideration of the 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, 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* in considering Columbus-Franklin County Finance Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

February 28, 2014

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(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, 2013. 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 2013 are as follows:

- In total, net position was \$4,974,131 at December 31, 2013. This represents an increase of \$247,989 or 5.25% from the net position at December 31, 2012 (as restated – see Note 15) of \$4,726,142.
- The Authority had operating revenues of \$555,211, operating expenses of \$355,761, nonoperating revenues of \$1,463,656 and nonoperating expenses of \$1,415,117 for fiscal year 2013.
- In 2013, the Authority issued debt for two (2) projects through its Conduit Financing program, with a total issuance cost of \$106.7 million. It also entered into a capital lease with ETC Garage, LLC for the \$22 million Gramercy parking garage at Easton.

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 2013?" The Statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Authority's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 11 and 12 of this report.

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 COBF program and other financing projects. The statement of cash flows can be found on page 13 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

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 15-38 of this report.

The Authority has provided supplementary information on pages 39-40 of this report to break down the Authority's operations between those that are unrestricted, those that are restricted, other financing projects and those pertaining to the COBF.

The table below provides a summary of the Authority's net position at December 31, 2013 and the net position at December 31, 2012. Net position and noncurrent assets at December 31, 2012 have been restated as described in Note 15 to the financial statements.

Net Position		
	2013	Restated 2012
<u>Assets</u>		
Current assets:		
Unrestricted	\$ 1,953,573	\$ 1,923,957
Restricted	-	123,602
Noncurrent assets:		
Restricted	18,297,696	17,488,160
Total assets	20,251,269	19,535,719
<u>Liabilities</u>		
Current liabilities:		
Payable from unrestricted assets	22,192	19,086
Payable from restricted assets	439,338	311,702
Noncurrent liabilities:		
Payable from restricted assets	14,815,608	14,478,789
Total liabilities	15,277,138	14,809,577
<u>Net Position</u>		
Restricted	3,042,750	3,016,500
Unrestricted	1,931,381	1,709,642
Total net position	\$ 4,974,131	\$ 4,726,142

Over time, net position can serve as a useful indicator of the Authority's financial position. At December 31, 2013, the Authority's net position totaled \$4,974,131. Non-current assets consisted of cash and investments of the Central Ohio Bond Fund (COBF) reserve, cash equivalents held by the Authority's fiscal agent related to bond issuances for the Harrison West Project, the One Neighborhood Project-Phase 1 and One Neighborhood Project-Phase 2, cash and cash equivalents and a pledged receivable related to the Rickenbacker Project, a pledged tax increment financing (TIF) receivable from the City of Columbus to support the Harrison West Project, a pledged community authority financing payments and TIF receivable to support the One Neighborhood Project-Phase 1 and One Neighborhood Project-Phase 2. The Harrison West Project, One Neighborhood Project-Phase 1 and the One Neighborhood Project-Phase 2 were financed through the Authority's COBF program.

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

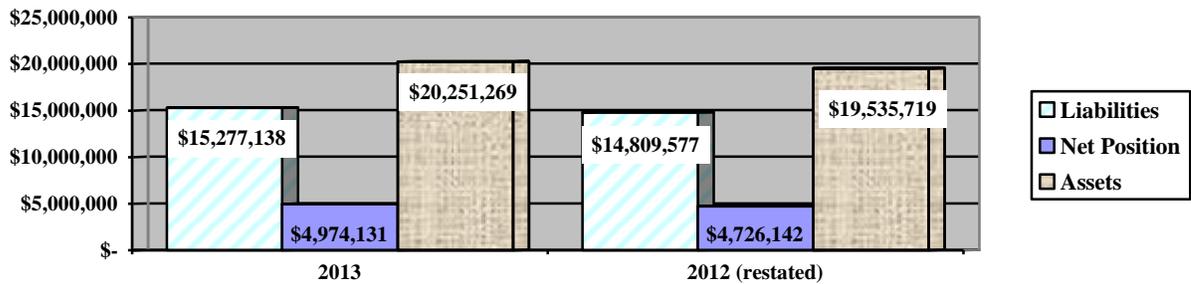
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

Current liabilities consist of accruals related to the operations of the Authority plus the current portion of the Authority's loan payable to the State of Ohio Department of Development (ODOD). The principal amount and service fees paid on this loan in 2013 was \$26,250 and \$4,959, 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 bond fund transactions including bond costs payable, developer costs payable, accrued interest on bonds and the current portion of revenue bonds payable related to the Harrison West Project, One Neighborhood Project-Phase 1 and One Neighborhood Project-Phase 2 are included in current liabilities payable from restricted assets.

Non-current liabilities include the long-term portion of the ODOD loan, the long-term portion of the Rickenbacker Project loan and the balance of the revenue bonds issued to finance the Harrison West Project, One Neighborhood Project-Phase 1 and One Neighborhood Project-Phase 2 through the COBF program. The bonds are payable from restricted pledged TIF and community authority financing payment receivables securing repayment of the bonds.

A portion of the Authority's net position, \$3,042,750, represents resources that are subject to external restriction on how they may be used. The restricted net position consists of City of Columbus and Franklin County grants (\$2,500,000) which were used to establish the COBF reserve account and the difference (\$542,750) between the original proceeds received from the State loan (\$2,500,000) and the balance of the State loan liability at year end (\$1,957,250).

The balance of unrestricted net position is \$1,931,381 can be used to finance the Authority's operations. The chart below illustrates the Authority's assets, liabilities and net position at December 31, 2013 and 2012 (as restated)



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

The table below shows the changes in net position for fiscal year 2013 and 2012 (as restated). Certain amounts for 2012 have been reclassified or restated to conform to 2013 presentation.

Change in Net Position

	<u>2013</u>	<u>Restated 2012</u>	<u>Increase (Decrease)</u>
<u>Operating Revenues:</u>			
Conduit financing and other fees	\$ 222,336	\$ 365,197	\$ (142,861)
Central Ohio bond fund fees	32,875	44,250	(11,375)
City of Columbus operating grant	150,000	150,000	-
Franklin County operating grant	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total operating revenue	<u>555,211</u>	<u>709,447</u>	<u>(154,236)</u>
<u>Operating Expenses:</u>			
Salaries and benefits	248,425	259,661	(11,236)
Professional services	46,734	45,998	736
Miscellaneous operating expenses	<u>60,602</u>	<u>60,892</u>	<u>(290)</u>
Total operating expenses	<u>355,761</u>	<u>366,551</u>	<u>(10,790)</u>
Operating income	<u>199,450</u>	<u>342,896</u>	<u>(143,446)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Interest revenue	56,987	56,623	364
Increase (decrease) in fair value of investments	(8,448)	58,702	(67,150)
Other financing projects transactions:			
Other pass through revenues	34,000	-	34,000
Other pass through payments	(34,000)	-	(34,000)
State grant proceeds - Klingbeil	-	1,365,903	(1,365,903)
State grant pass through payments - Klingbeil	-	(1,365,903)	1,365,903
Assigned tax increment financing revenues	74,046	77,006	(2,960)
Pass through payments to Pizzuti	(74,046)	(77,006)	2,960
Bond fund transactions:			
Tax increment /community authority financing revenue	1,298,623	1,956,115	(657,492)
Bond issue costs	-	(170,416)	170,416
Pass through bond proceeds	(554,874)	(1,159,840)	604,966
Interest expense on bonds	(417,789)	(325,847)	(91,942)
Fiscal charges	(28,436)	(25,930)	(2,506)
Legal fees	(3,500)	-	(3,500)
Developer costs	<u>(294,024)</u>	<u>(274,082)</u>	<u>(19,942)</u>
Total nonoperating revenues	<u>48,539</u>	<u>115,325</u>	<u>(66,786)</u>
Change in net position	247,989	458,221	(210,232)
Net position at beginning of year (restated)	<u>4,726,142</u>	<u>4,267,921</u>	
Net position at end of year	<u>\$ 4,974,131</u>	<u>\$ 4,726,142</u>	

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

Operating revenues decreased \$154,236 or 21.74%. This decrease is due to a decrease in conduit financing and other fees generated because of decreased activity in the Conduit Financing program. Operating expenses decreased \$10,790 or 2.94% primarily in the area of salaries and benefits.

Net nonoperating revenues, excluding those associated with other financing projects transactions and bond fund transactions, decreased \$66,786 primarily due to fluctuations in the fair value of investments. The fair value of investments decreased \$67,150 from the prior year. Under GAAP, the investments held by the Authority are required to be reported at their fair value rather than cost. Although the Authority intends to hold investments to maturity, the change in the fair value of the investments is reflected in the financial statements. At December 31, 2013 and 2012, the Authority has recorded a fair value adjustment for investments in negotiable certificates of deposit that are part of the COBF investments. Interest earned and fluctuations in the fair value of COBF investments may be used by the Authority for general operations. Interest earnings remained comparable to the prior year.

During 2013, the Authority continued receiving TIF payments for the Harrison West Project. These TIF payments were used to make debt service payments (both principal and interest) on the Harrison West Bonds. TIF payments received that are restricted for bond principal payments are reported as a reduction to the TIF receivable from the City of Columbus. A portion of the TIF payments received in excess of required debt service payments may be used to make additional principal payments on the bonds. TIF payments received that are due to the developer for project costs are reported as developer costs expense. TIF payments were also received that were used to pay fiscal charges and legal fees.

During 2013, the Authority continued receiving community authority financing payments for the One Neighborhood Project-Phase 1. The New Community Authority has pledged financing payments and future TIF payments to make debt service payments on the One Neighborhood Project-Phase 1 Bonds. Payments received that are restricted for bond principal payments are reported as a reduction to the pledged receivable from the New Community Authority. The Authority also received financing payments and TIF payments that were used to pay fiscal charges.

During 2013, the Authority began receiving community authority financing payments for the One Neighborhood Project-Phase 2. The New Community Authority has pledged financing payments and future TIF payments to make debt service payments on the One Neighborhood Project-Phase 2 Bonds. Payments received that are restricted for bond principal payments are reported as a reduction to the pledged receivable from the New Community Authority. During 2013, the Authority passed through \$554,874 of bond proceeds to the New Community Authority which represents the final pass through of bond proceeds related to the issue. The Authority also received financing payments and TIF payments that were used to pay fiscal charges.

On July 11, 2011 the Authority was awarded a \$2,342,190 grant from the Ohio Department of Development's Clean Ohio Revitalization Fund in conjunction with its project partner, Klingbeil Capital Management. During 2013, the Authority received and disbursed \$123,602 of draws and disbursements that were accrued at December 31, 2012. These represent the final receipts and disbursements from the grant.

Capital Assets

The Authority did not possess any capital assets at December 31, 2013.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)

Debt Administration

The Authority obtained a \$2,500,000 ODOD loan in 2007. The loan is interest free with a term of 20 years. Principal and servicing payments of \$31,209 were made in 2013. 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 8 for more detail on the ODOD loan.

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

In 2010, the Authority received and passed through a portion of a \$6,695,855 State of Ohio loan to fund a project at Rickenbacker. The State of Ohio loan is expected to be forgiven in 2014; however, the Authority has reported a liability at December 31, 2013 in the amount of \$5,920,668 which represents the loan proceeds received and disbursed as of December 31, 2013.

Current Financial Related Activities

Currently, the Authority is reliant upon operating grants from the City of Columbus and Franklin County to support its operations. The Authority has the ability to finance projects through its Central Ohio Bond Fund program, through a Conduit Financing program and through other financing vehicles. At year-end there were three projects financed through the Authority's COBF program. The Harrison West Project began in 2007, the One Neighborhood Project-Phase 1 began in 2010 and the One Neighborhood Project-Phase 2 began in 2012. The Authority's goals are to increase the number of projects financed in 2014. Fees generated by financing projects are necessary to support the operations of the Authority.

Contacting the Authority's Financial Management

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

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

**STATEMENT OF NET POSITION
DECEMBER 31, 2013**

ASSETS:	
Current:	
Cash and cash equivalents	\$ 1,888,348
Investments	45,567
Accrued interest receivable	10,838
Prepayments	8,820
Total current assets	1,953,573
Noncurrent:	
Restricted assets:	
Cash and cash equivalents	539,000
Investments	4,461,000
Other financing projects transactions:	
Cash and cash equivalents	1,077,114
Pledged receivable	4,843,554
Bond fund transactions:	
Cash equivalents with fiscal agent	1,689,263
Pledged receivable	5,687,765
Total restricted assets	18,297,696
Total noncurrent assets	18,297,696
Total assets	20,251,269
LIABILITIES:	
Current:	
Accounts payable	3,429
Accrued salaries and benefits payable	15,909
Accrued service fees payable	2,854
Payable from restricted assets:	
State loan payable - bond fund reserve	27,000
Bond fund transactions:	
Bond costs payable	20,408
Due to developer	294,029
Accrued interest payable	42,901
Revenue bonds - due in following year	55,000
Total current liabilities	461,530
Noncurrent:	
Payable from restricted assets:	
State loan payable - bond fund reserve	1,930,250
Other financing projects transactions:	
State loan payable - Rickenbacker project	5,920,668
Bond fund transactions:	
Revenue bonds	6,964,690
Total noncurrent liabilities	14,815,608
Total liabilities	15,277,138
NET POSITION:	
Restricted	3,042,750
Unrestricted	1,931,381
Total net position	\$ 4,974,131

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

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

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Operating revenues:	
Conduit financing and other fees	\$ 222,336
Central Ohio bond fund fees	32,875
City of Columbus operating grant.	150,000
Franklin County operating grant.	150,000
	150,000
Total operating revenues	555,211
Operating expenses:	
Salaries and benefits	248,425
Professional services	46,734
Miscellaneous	60,602
	60,602
Total operating expenses	355,761
Operating income	199,450
Nonoperating revenues (expenses):	
Interest revenue.	56,987
(Decrease) in fair value of investments	(8,448)
Other financing projects transactions:	
Assigned tax increment financing revenues	74,046
Pass through payments to Pizzuti	(74,046)
Other pass through revenues	34,000
Other pass through payments	(34,000)
Bond fund transactions:	
Tax increment/community authority financing revenues	1,298,623
Pass through bond proceeds	(554,874)
Interest expense on bonds	(417,789)
Fiscal charges	(28,436)
Legal fees	(3,500)
Developer costs	(294,024)
	(294,024)
Total nonoperating revenues (expenses)	48,539
Change in net position	247,989
Net position, January 1 (restated)	4,726,142
Net position, December 31.	\$ 4,974,131

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, 2013**

Cash flows from operating activities:	
Cash received from conduit financing and other fees.	\$ 222,336
Cash received from Central Ohio bond fund fees.	32,875
Cash received from operating grants.	300,000
Cash payments for salaries and benefits	(246,691)
Cash payments for professional services	(45,652)
Cash payments for miscellaneous operating expenses	(62,634)
	<hr/>
Net cash provided by operating activities.	200,234
Cash flows from noncapital financing activities:	
Payment on State loan - bond fund reserve	(26,250)
Other financing projects transactions:	
State loan proceeds - Pizzuti	482,907
State loan pass through payments - Pizzuti	(482,907)
State grant proceeds - Klingbeil	123,602
State grant pass through payments - Klingbeil	(123,602)
Assigned tax increment financing payments received.	370,231
Pass through payments to Pizzuti	(74,046)
Other pass through receipts	34,000
Other pass through payments	(34,000)
Bond fund transactions:	
Tax increment/community authority financing payments received	896,942
Pass through bond proceeds payment.	(554,874)
Principal paid on bonds	(125,000)
Interest paid on bonds	(415,916)
Fiscal charges paid	(39,452)
Legal fees paid	(3,500)
Revenue consultant fee paid	(29,000)
Reimbursement of bond issue costs received	62,212
	<hr/>
Net cash provided by noncapital financing activities	61,347
Cash flows from investing activities:	
Purchase of investments	(1,241,000)
Sale of investments	744,000
Interest received	56,635
Bond fund transactions:	
Interest received restricted for bond costs	519
	<hr/>
Net cash (used in) investing activities.	(439,846)
Net decrease in cash and cash equivalents	(178,265)
Cash and cash equivalents, January 1	5,371,990
Cash and cash equivalents, December 31.	<hr/> <hr/> \$ 5,193,725
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 199,450
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in prepayments.	(2,322)
Increase in accounts payable.	1,411
Increase in accrued salaries and benefits payable.	1,734
(Decrease) in accrued service fees payable.	(39)
	<hr/>
Net cash provided by operating activities.	<hr/> <hr/> \$ 200,234

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

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Authority's significant accounting policies are described below.

A. Reporting Entity

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

B. Fund Accounting

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

C. Basis of Presentation

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

D. Basis of Accounting/Measurement Focus

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

E. Cash and Investments

During fiscal year 2013, investments were limited to negotiable certificates of deposit (CD's) (insured by the Federal Deposit Insurance Corporation (FDIC)), money market accounts and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on December 31, 2013.

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 value of the investments, in excess of the \$5,000,000 may be used for general operations of the Authority. For 2013, the investments of the COBF reserve had a fair value of \$45,567 over their cost basis. This amount is recorded as an unrestricted investment at year end. The unrestricted cash and cash equivalents and investments reported on the statement of financial position are used for the general operations of the Authority. The fair value of investments was \$54,015 over their cost basis at December 31, 2012 and was \$45,567 greater than their cost basis at December 31, 2013. The fluctuation in the fair values of investments of \$8,448 is reported as nonoperating expense in the Authority's financial statements.

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

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

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

F. Prepayments

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

G. Net Position

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

H. Budgetary Process

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

I. Intergovernmental Revenue

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

J. Unamortized Bond Discounts and Premiums

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

K. Capital Assets

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

L. Pledged Receivable

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

M. Compensated Absences

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

N. Estimates

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

A. Investment Policy Statement and Scope of Policy

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

The Authority has two different types of funds:

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

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

B. Investment Objective

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investment Responsibilities and Procedures

1. Investment Officer

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

2. Investment Advisors, Qualified Dealers and Financial Institutions

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

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

3. Transaction Journal

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

4. Payment for Securities

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

5. Safekeeping and Custody

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

6. Annual Review

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

7. Investment Oversight Committee

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

D. Investments

1. Investment Strategy - Operating Funds

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

2. Eligible Investments - Operating Funds

Operating funds may be invested in the following:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

3. Investment Strategy - Bond Fund Reserves

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

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

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

4. Eligible Investments - Bond Fund Reserves

Bond fund reserves may be invested in the following:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

E. Ethics and Conflict of Interest

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

F. Investment Education

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

The Authority had the following deposits and investments at December 31, 2013 with detailed information in Sections G, H and I:

	<u>Amount</u>	<u>Classification on Statement of Net Position</u>
Deposits with Financial Institutions:		
<u>Operating funds:</u>		
Checking account	\$ 144,719	Unrestricted - cash and cash equivalents
STAR Plus depository accounts	1,433,431	Unrestricted - cash and cash equivalents
Trust Public Funds Deposit account	8,376	Unrestricted - cash and cash equivalents
<u>Program fund:</u>		
Deposit account	807,787	Restricted - cash and cash equivalents
STAR Plus depository accounts	269,327	Restricted - cash and cash equivalents
<u>COBF reserve:</u>		
Trust Public Funds Deposit account	293,504	Restricted - cash and cash equivalents
Money market accounts	245,496	Restricted - cash and cash equivalents
<u>Bond funds with fiscal agent:</u>		
Trust Public Funds Deposit accounts	1,689,263	Restricted - cash equivalents with fiscal agent
Subtotal "Deposits with Financial Institutions"	<u>4,891,903</u>	
Investments:		
<u>Operating funds:</u>		
STAR Ohio	\$ 301,822	Unrestricted - cash and cash equivalents
<u>COBF reserve:</u>		
Negotiable CDs	4,461,000	Restricted - investment
Fair value adjustment - negotiable CDs	45,567	Unrestricted - investment
Subtotal "Investments"	<u>4,808,389</u>	
Total deposits and investments	<u>\$ 9,700,292</u>	

G. Cash Equivalents with Fiscal Agent

At December 31, 2013, the Authority had \$1,689,263 in cash equivalents held by a fiscal agent as trustee in accordance with the bond indenture for the Harrison West Project, the One Neighborhood Project-Phase 1 and the One Neighborhood Project-Phase 2 financed through the COBF Program. The monies were invested by the fiscal agent in the Trust Public Funds Deposit accounts which are included in "Deposits with Financial Institutions" below.

H. Deposits with Financial Institutions

At December 31, 2013, the carrying amount and bank balance of the Authority's deposits (both restricted and unrestricted) was \$4,891,903 (this number excludes investments referenced in Note 3(I)). The carrying value and the bank balance include \$144,719 in an operating checking account (unrestricted), STAR Plus deposits of \$1,702,758 (both restricted and unrestricted), \$8,376 in Trust Public Fund Deposits accounts (unrestricted), \$807,787 in a Program Fund account (restricted), \$245,496 in money market accounts (restricted), \$293,504 in Trust Public Fund deposit accounts related to the COBF reserve (restricted) and \$1,689,263 in Trust Public Fund Deposit accounts held by the fiscal agent related to the Harrison West and One Neighborhood projects (both Phase 1 and Phase 2). \$2,198,254 of the bank balance was covered by the Federal Deposit Insurance Corporation and the remaining balance was collateralized.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

I. Investments

As of December 31, 2013, the Authority had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Negotiable CD's	\$ 4,506,567	\$ 744,804	\$ 1,489,364	\$ 247,787	\$ -	\$ 2,024,612
STAR Ohio	<u>301,822</u>	<u>301,822</u>	-	-	-	-
Total	<u>\$ 4,808,389</u>	<u>\$ 1,046,626</u>	<u>\$ 1,489,364</u>	<u>\$ 247,787</u>	<u>\$ -</u>	<u>\$ 2,024,612</u>

The weighted average length to maturity of investment is 1.53 years.

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

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The negotiable certificates of deposit are fully covered by the FDIC.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the custodial agent, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The 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, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CDs	\$ 4,506,567	93.72
STAR Ohio	<u>301,822</u>	<u>6.28</u>
Total	<u>\$ 4,808,389</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, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

	<u>Insured/ Collateralized</u>	<u>Uninsured/ Uncollateralized</u>	<u>Total</u>
Deposits:			
Checking and Program Fund account	\$ 952,506	\$ -	\$ 952,506
STAR Plus	1,702,758	-	1,702,758
Money Market Accounts	245,496	-	245,496
Trust Public Funds Deposit accounts	1,991,143	-	1,991,143
Investments:			
Negotiable CDs	4,506,567	-	4,506,567
STAR Ohio	-	301,822	301,822
	<u>\$ 9,398,470</u>	<u>\$ 301,822</u>	<u>\$ 9,700,292</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,891,903
Investments	<u>4,808,389</u>
Total	<u>\$ 9,700,292</u>
 <u>Cash and investments on statement of net position</u>	
<u>Unrestricted:</u>	
Cash and cash equivalents	\$ 1,888,348
Investments	45,567
<u>Restricted:</u>	
Cash and cash equivalents	1,616,114
Investments	4,461,000
Cash equivalents with fiscal agent	<u>1,689,263</u>
Total	<u>\$ 9,700,292</u>

NOTE 4 - RISK MANAGEMENT

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 8). The grant revenues and loan proceeds were deposited into the COBF reserve account and are reported as restricted assets on the statement of net position. Interest earned on investments purchased by the grant proceeds is not required to be maintained in the COBF reserve and may be used by the Authority for general operations.

Under the COBF, debt service requirements on each bond issue are secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to provide 10% of the bond premium in a reserve (which is used to make the final payment on the bonds). Amounts in the COBF reserve account may be used for debt service in the event the borrower is unable to make the required payments under the lease or loan agreements. The amount held in the COBF reserve account at December 31, 2013 of \$5,000,000 is restricted in use and reported as a restricted asset on the statement of net position.

The following activity has occurred in the COBF program:

Harrison West Project

On December 19, 2007, the Authority issued \$3,080,000 in Series 2007A revenue bonds, as part of the Harrison West Project. The proceeds of these bonds are used to purchase land for a four-acre park in the Harrison Park residential development and for development of park amenities. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues from the City of Columbus in accordance with the Cooperative Agreement between the Authority and the City of Columbus. The revenues to repay the bonds will be generated through the increased real estate taxes from the TIF District. Principal and interest payments are due May 15 and November 15 of each year. During fiscal year 2013, the Authority was required to make a \$55,000 principal payment on the bonds. The Authority made principal payments totaling \$125,000 during 2013 due to excess revenues received from the project. The bonds bear an interest rate of 6.00%.

The following is a schedule of the bond activity in fiscal year 2013:

	<u>Balance</u> 12/31/12	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> 12/31/13	<u>Amount due</u> within one year
Harrison West Project:					
Revenue Bonds	\$ 2,650,000	\$ -	\$ (125,000)	\$ 2,525,000	\$ 55,000
Unamortized discount	(63,250)	-	2,750	(60,500)	-
Total	<u>\$ 2,586,750</u>	<u>\$ -</u>	<u>\$ (122,250)</u>	<u>\$ 2,464,500</u>	<u>\$ 55,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013 was \$978,500. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position. Of this total, \$294,029 is due to the developer of the Harrison West Project for project costs as year-end. This amount has been reported as a current liability payable from restricted assets on the statement of net position. In addition, \$18,796 of the \$978,500 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 position.

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

Harrison West Revenue Bonds			
Year Ending	Principal	Interest	Total
2014	\$ 55,000	\$ 149,850	\$ 204,850
2015	60,000	146,400	206,400
2016	65,000	142,650	207,650
2017	70,000	138,600	208,600
2018	75,000	134,250	209,250
2019 - 2023	450,000	595,500	1,045,500
2024 - 2028	610,000	438,600	1,048,600
2029 - 2033	675,000	228,450	903,450
2034 - 2035	465,000	41,850	506,850
Total	<u>\$ 2,525,000</u>	<u>\$ 2,016,150</u>	<u>\$ 4,541,150</u>

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

The Authority has pledged TIF revenues from the City of Columbus in accordance with the Cooperative Agreement between the Authority and the City of Columbus for repayment of the Harrison West revenue bonds. The Harrison West revenue bonds are payable solely from these pledged revenues. The total principal and anticipated interest remaining on the bonds is \$4,541,150, payable through 2035. For the current year, principal and interest paid was \$280,250 and total tax increment financing payments received was \$620,593.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

One Neighborhood Project - Phase 1

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

The following is a schedule of the bond activity in fiscal year 2013:

	<u>Balance</u> <u>12/31/12</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/13</u>	<u>Amount due</u> <u>within one year</u>
One Neighborhood Project:					
Revenue Bonds	\$ 2,450,000	\$ -	\$ -	\$ 2,450,000	\$ -
Unamortized premium	15,778	-	(588)	15,190	-
Total	<u>\$ 2,465,778</u>	<u>\$ -</u>	<u>\$ (588)</u>	<u>\$ 2,465,190</u>	<u>\$ -</u>

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2013 was \$504,733. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net position. Included in this total is \$1,586 of interest earned on the investments which is restricted to be used for future bond costs. This amount has been reported as a current liability payable from restricted assets on the statement of net position.

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

Series 2010 One Neighborhood Revenue Bonds			
<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 159,250	\$ 159,250
2015	-	159,250	159,250
2016	-	159,250	159,250
2017	-	159,250	159,250
2018	-	159,250	159,250
2019 - 2023	85,000	793,975	878,975
2024 - 2028	435,000	716,300	1,151,300
2029 - 2033	610,000	553,475	1,163,475
2034 - 2038	865,000	324,025	1,189,025
2039	455,000	29,575	484,575
Total	<u>\$ 2,450,000</u>	<u>\$ 3,213,600</u>	<u>\$ 5,663,600</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

The Authority has pledged New Community Authority charges imposed on the residents of the neighborhood (25 mills) along with TIF revenues for repayment of the One Neighborhood revenue bonds. The Series 2010 One Neighborhood revenue bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is \$5,663,600, payable through 2039. For the current year, interest paid was \$159,250 and total tax increment/community authority financing payments received was \$170,275.

One Neighborhood Project - Phase 2

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

The following is a schedule of the bond activity in fiscal year 2013:

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

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2013 was \$206,030. This amount is reported as restricted cash equivalents with fiscal agent 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, 2013

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

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

Series 2012A One Neighborhood Revenue Bonds			
Year <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 112,338	\$ 112,338
2015	-	112,338	112,338
2016	10,000	112,338	122,338
2017	10,000	111,800	121,800
2018	20,000	111,262	131,262
2019 - 2023	155,000	535,349	690,349
2024 - 2028	385,000	475,688	860,688
2029 - 2033	550,000	349,912	899,912
2034 - 2038	745,000	182,481	927,481
2039	<u>215,000</u>	<u>11,556</u>	<u>226,556</u>
Total	<u>\$ 2,090,000</u>	<u>\$ 2,115,062</u>	<u>\$ 4,205,062</u>

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

The Authority has pledged New Community Authority charges imposed on the residents of the neighborhood (25 mills) along with TIF revenues for repayment of the Series 2012A One Neighborhood revenue bonds. The One Neighborhood revenue bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is \$4,205,062, payable through 2039. For the current year, interest paid was \$101,416 and total tax increment/community authority financing payments received was \$106,074.

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, 2013 is \$334,873,388.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 6 - CONDUIT FINANCING PROGRAM - (Continued)

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

Gramercy Parking Garage

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

Grandview Yard Project

In 2009, the Authority issued \$12,000,000 in revenue bonds for a 40-year term to finance road improvements, utility extensions and parking at Grandview Yard. Grandview Yard is a 90- acre mixed-use development at the eastern edge of Grandview Heights between Goodale and West Third Ave. The developer of the project is Nationwide Realty Investors (NRI). Under the financing transaction, the Authority obtained title to a parking structure for the 40-year term of the financing. The land under the parking structure is leased to the Authority as a ground lease for 99 years; fee title to the land is held by NRI. Either the Authority or NRI can terminate the ground lease with 10 days notice after the bonds are paid off. Once the ground lease has matured or is terminated, title to the parking structure will revert to NRI. A maintenance and management agreement has been structured with NRI to manage the facility. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

Hubbard Parking Garage

In 2012, the Authority issued \$9,830,000 in bonds to finance a 250-space parking garage. The parking garage is located in the Short North district of Columbus on the east side of High Street at East Hubbard Avenue. The developer of the project is E.W. High Street, LLC. Under the financing transaction, the Authority obtained title to a parking structure for the 24-year term of the financing. The land under the parking structure is leased to the Authority as a ground lease for 31 years; fee title to the land is held by E.W. High Street, LLC. Once the ground lease has matured or is terminated, title to the parking structure will revert to E.W. High Street, LLC. A maintenance and management agreement has been structured with E.W. High Street, LLC to manage the facility. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

Sid Tool/MSC Industrial Direct

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 6 - CONDUIT FINANCING PROGRAM - (Continued)

Lane Avenue Mixed Use Development

In 2012, the Authority issued \$18,525,000 in bonds to finance mixed use development located across the street from Lane Avenue shopping center in Upper Arlington. Under the financing transaction, the Authority obtained title to the mixed use development. The mixed use development is leased to the Authority as a ground lease with a termination date of January 13, 2020; fee title on the land is held by Lane Avenue Redevelopment, LLC. Once the ground lease has matured or is terminated, title to the mixed use development will revert to Lane Avenue Redevelopment, LLC. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

Cornerstone Academy

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

NOTE 7 - OTHER FINANCING PROJECTS

In 2013, the Authority continued to work with the following financing projects which were not financed through the COBF or the traditional Conduit Financing program:

Pizzuti

In 2013, tax increment financing payments were received from the City of Columbus in the amount of \$370,231. Twenty percent of those funds (\$74,046) were disbursed to Pizzuti per the Authority's legal agreement with Pizzuti and the remaining amounts received are held by the Authority for repayment of the state forgivable loan described below. As of December 31, 2013, a total of \$1,077,114 is held by the Authority. This amount has been reported as restricted cash and cash equivalents in the financial statements.

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

The Authority has recorded a \$5,920,668 noncurrent liability for the total amount of the loan proceeds that have been received and disbursed for the project through December 31, 2013. The Authority has also recorded a \$4,843,554 pledged receivable for future revenues due from the City of Columbus in accordance with the TIF agreement between the Authority and the City of Columbus.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 7 - OTHER FINANCING PROJECTS - (Continued)

Klingbeil

On July 11, 2011 the Authority was awarded a \$2,342,190 grant from the Ohio Department of Development's Clean Ohio Revitalization Fund in conjunction with its project partner, Klingbeil Capital Management. During 2013, the Authority received and disbursed \$123,602 of draws and disbursements that were accrued at December 31, 2012. These represent the final receipts and disbursements from the grant.

NOTE 8 - 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 2013:

	Balance 12/31/12	Issued	Retired	Balance 12/31/13	Amount due within one year
State loan payable	\$ 1,983,500	\$ -	\$ (26,250)	\$ 1,957,250	\$ 27,000

The Authority will repay the ODOD loan using interest earnings on the investments purchased with the loan proceeds. The Authority is only required to remit interest earned as repayment. Since repayment is contingent upon interest earnings which fluctuate annually, an amortization schedule for repayment the ODOD loan is not presented. The Authority anticipates it will repay \$27,000 of the ODOD loan in 2014.

NOTE 9 - RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE

The Authority received operating grants from the City of Columbus and Franklin County in the amounts of \$150,000 each to support operations of the Authority for fiscal year 2013.

NOTE 10 - 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, 2013.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 12 - 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 13 - PENSION PLAN

Plan Description - The Authority participates in the Ohio Public Employees Retirement System (OPERS) which administers three separate pension plans. OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits.

The 2013 member contribution rates were 10.00% for members in State and local classifications. The Authority's contribution rate for 2013 was 14.00% of covered payroll. Of this total, 13.00% was allocated to fund pension benefits and 1.00% was allocated to fund the post-employment health care plan.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 13 - PENSION PLAN - (Continued)

The Authority's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012 and 2011 were \$24,288, \$19,289, and \$16,865, respectively; equal to their required contribution for each year.

NOTE 14 - 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 not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 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 2013, 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 2013 was 1.00% of covered payroll.

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

The Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012 and 2011 were \$1,868, \$7,716, and \$9,369, respectively; equal to their required contribution for each year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 15 - ACCOUNTABILITY

- A. For fiscal year 2013, the Authority has implemented GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34" and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Authority.

GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements; GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements".

The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Authority.

- B. The Authority has analyzed and reassessed the pledged receivable supporting the state forgivable loan related to the Pizzuti Rickenbacker project. To properly report the receivable in accordance with GAAP, the Authority has elected to restate net position to report a decrease in the pledged receivable. The prior period adjustment had the following effect on net position as previously reported:

Net position as previously reported	\$ 5,507,071
Adjustment to pledged receivable	<u>(780,929)</u>
Restated net position at January 1, 2013	<u>\$ 4,726,142</u>

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

SUPPLEMENTARY INFORMATION

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

**COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Operating Funds		Other Financing Projects	Central Ohio Bond Fund			Total
	Unrestricted	Restricted		Harrison	One	One	
				West Project	Neighborhood Project-Phase 1	Neighborhood Project-Phase 2	
ASSETS:							
Current:							
Cash and cash equivalents	\$ 1,888,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,888,348
Investments	45,567	-	-	-	-	-	45,567
Accrued interest receivable	10,838	-	-	-	-	-	10,838
Prepayments	8,820	-	-	-	-	-	8,820
Total current assets	1,953,573	-	-	-	-	-	1,953,573
Noncurrent:							
Restricted assets:							
Cash and cash equivalents	-	539,000	-	-	-	-	539,000
Investments	-	4,461,000	-	-	-	-	4,461,000
Other financing projects transactions:							
Cash and cash equivalents	-	-	1,077,114	-	-	-	1,077,114
Pledged receivable	-	-	4,843,554	-	-	-	4,843,554
Bond fund transactions:							
Cash equivalents with fiscal agent	-	-	-	978,500	504,733	206,030	1,689,263
Pledged receivable	-	-	-	1,818,076	1,982,279	1,887,410	5,687,765
Total restricted assets	-	5,000,000	5,920,668	2,796,576	2,487,012	2,093,440	18,297,696
Total noncurrent assets	-	5,000,000	5,920,668	2,796,576	2,487,012	2,093,440	18,297,696
Total assets	1,953,573	5,000,000	5,920,668	2,796,576	2,487,012	2,093,440	20,251,269
LIABILITIES:							
Current:							
Accounts payable	3,429	-	-	-	-	-	3,429
Accrued salaries and benefits payable	15,909	-	-	-	-	-	15,909
Accrued service fees payable	2,854	-	-	-	-	-	2,854
Payable from restricted assets:							
State loan payable - bond fund reserve	-	27,000	-	-	-	-	27,000
Bond fund transactions:							
Bond costs payable	-	-	-	18,796	1,586	26	20,408
Due to developer	-	-	-	294,029	-	-	294,029
Accrued interest payable	-	-	-	19,251	20,236	3,414	42,901
Revenue bonds - due in following year	-	-	-	55,000	-	-	55,000
Total current liabilities	22,192	27,000	-	387,076	21,822	3,440	461,530
Noncurrent:							
Payable from restricted assets:							
State loan payable - bond fund reserve	-	1,930,250	-	-	-	-	1,930,250
Other financing projects transactions:							
State loan payable - Rickenbacker project	-	-	5,920,668	-	-	-	5,920,668
Bond fund transactions:							
Revenue bonds	-	-	-	2,409,500	2,465,190	2,090,000	6,964,690
Total noncurrent liabilities	-	1,930,250	5,920,668	2,409,500	2,465,190	2,090,000	14,815,608
Total liabilities	22,192	1,957,250	5,920,668	2,796,576	2,487,012	2,093,440	15,277,138
NET POSITION:							
Restricted	-	3,042,750	-	-	-	-	3,042,750
Unrestricted	1,931,381	-	-	-	-	-	1,931,381
Total net position	\$ 1,931,381	\$ 3,042,750	\$ -	\$ -	\$ -	\$ -	\$ 4,974,131

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

**COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Operating Funds		Other Financing Projects	Central Ohio Bond Fund			Total
	Unrestricted	Restricted		Harrison	One	One	
				West Project	Neighborhood Project-Phase 1	Neighborhood Project-Pahse 2	
Operating revenues:							
Conduit financing and other fees	\$ 222,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,336
Central Ohio bond fund fees	32,875	-	-	-	-	-	32,875
City of Columbus operating grant.	150,000	-	-	-	-	-	150,000
Franklin County operating grant.	150,000	-	-	-	-	-	150,000
Total operating revenues	555,211	-	-	-	-	-	555,211
Operating expenses:							
Salaries and benefits	248,425	-	-	-	-	-	248,425
Professional services	46,734	-	-	-	-	-	46,734
Miscellaneous	60,602	-	-	-	-	-	60,602
Total operating expenses	355,761	-	-	-	-	-	355,761
Operating income	199,450	-	-	-	-	-	199,450
Nonoperating revenues (expenses):							
Interest revenue	30,737	26,250	-	-	-	-	56,987
Decrease in fair value of investments	(8,448)	-	-	-	-	-	(8,448)
Other financing projects transactions:							
Interest revenue	-	-	-	-	-	-	-
Assigned tax increment financing revenues	-	-	74,046	-	-	-	74,046
Pass through payments to Pizzuti	-	-	(74,046)	-	-	-	(74,046)
Other pass through revenues	-	-	34,000	-	-	-	34,000
Other pass through payments	-	-	(34,000)	-	-	-	(34,000)
Bond fund transactions:							
Tax increment/community authority financing revenues	-	-	-	468,458	169,687	660,478	1,298,623
Pass through bond proceeds	-	-	-	-	-	(554,874)	(554,874)
Interest expense on bonds	-	-	-	(157,047)	(158,662)	(102,080)	(417,789)
Fiscal charges	-	-	-	(13,887)	(11,025)	(3,524)	(28,436)
Legal fees	-	-	-	(3,500)	-	-	(3,500)
Developer costs	-	-	-	(294,024)	-	-	(294,024)
Total nonoperating revenues (expenses)	22,289	26,250	-	-	-	-	48,539
Change in net assets	221,739	26,250	-	-	-	-	247,989
Net position, January 1 (restated)	1,709,642	3,016,500	-	-	-	-	4,726,142
Net position, December 31	\$ 1,931,381	\$ 3,042,750	\$ -	\$ -	\$ -	\$ -	\$ 4,974,131

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Operating Funds		Other Financing Projects	Central Ohio Bond Fund			Total
	Unrestricted	Restricted		Harrison	One	One	
				West Project	Neighborhood Project-Phase 1	Neighborhood Project-Phase 2	
Cash flows from operating activities:							
Cash received from conduit financing and other fees	\$ 222,336	\$ -	\$ -	\$ -	\$ -	\$ -	222,336
Cash received from Central Ohio bond fund fees	32,875	-	-	-	-	-	32,875
Cash received from operating grants	300,000	-	-	-	-	-	300,000
Cash payments for salaries and benefits	(246,691)	-	-	-	-	-	(246,691)
Cash payments for professional services	(45,652)	-	-	-	-	-	(45,652)
Cash payments for miscellaneous operating expenses	(62,634)	-	-	-	-	-	(62,634)
Net cash provided by operating activities	200,234	-	-	-	-	-	200,234
Cash flows from noncapital financing activities:							
Payment on State loan - bond fund reserve	-	(26,250)	-	-	-	-	(26,250)
Other financing projects transactions:							
State loan proceeds - Pizzuti	-	-	482,907	-	-	-	482,907
State loan pass through payments - Pizzuti	-	-	(482,907)	-	-	-	(482,907)
State grant proceeds - Klingbeil	-	-	123,602	-	-	-	123,602
State grant pass through payments - Klingbeil	-	-	(123,602)	-	-	-	(123,602)
Assigned tax increment financing payments received	-	-	370,231	-	-	-	370,231
Pass through payments to Pizzuti	-	-	(74,046)	-	-	-	(74,046)
Other pass through receipts	-	-	34,000	-	-	-	34,000
Other pass through payments	-	-	(34,000)	-	-	-	(34,000)
Bond fund transactions:							
Tax increment/community authority financing payments received	-	-	-	620,593	170,275	106,074	896,942
Pass through bond proceeds payment	-	-	-	-	-	(554,874)	(554,874)
Principal paid on bonds	-	-	-	(125,000)	-	-	(125,000)
Interest paid on bonds	-	-	-	(155,250)	(159,250)	(101,416)	(415,916)
Fiscal charges paid	-	-	-	(13,887)	(11,025)	(14,540)	(39,452)
Legal fees paid	-	-	-	(3,500)	-	-	(3,500)
Revenue consultant fee paid	-	-	-	-	-	(29,000)	(29,000)
Reimbursement of bond issue costs received	-	-	-	-	-	62,212	62,212
Net cash provided by (used in) noncapital financing activities	-	(26,250)	296,185	322,956	-	(531,544)	61,347
Cash flows from investing activities:							
Purchase of investments	-	(1,241,000)	-	-	-	-	(1,241,000)
Sale of investments	-	744,000	-	-	-	-	744,000
Interest received	30,385	26,250	-	-	-	-	56,635
Bond fund transactions:							
Interest received restricted for bond costs	-	-	-	301	192	26	519
Net cash provided by (used in) investing activities	30,385	(470,750)	-	301	192	26	(439,846)
Net increase (decrease) in cash and cash equivalents	230,619	(497,000)	296,185	323,257	192	(531,518)	(178,265)
Cash and cash equivalents, January 1 (see (1) below)	1,657,729	1,036,000	780,929	655,243	504,541	737,548	5,371,990
Cash and cash equivalents, December 31	\$ 1,888,348	\$ 539,000	\$ 1,077,114	\$ 978,500	\$ 504,733	\$ 206,030	\$ 5,193,725
Reconciliation of operating income to net cash provided by operating activities:							
Operating income	\$ 199,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,450
Adjustments to reconcile operating income to net cash provided by operating activities:							
Changes in assets and liabilities:							
Increase in prepayments	(2,322)	-	-	-	-	-	(2,322)
Increase in accounts payable	1,411	-	-	-	-	-	1,411
Increase in accrued salaries and benefits payable	1,734	-	-	-	-	-	1,734
(Decrease) in accrued service fees payable	(39)	-	-	-	-	-	(39)
Net cash provided by operating activities	\$ 200,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,234

(1) The Authority has reclassified \$195,229 of cash and cash equivalents from operating - unrestricted to other financing projects.

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Columbus-Franklin County Finance Authority, which comprise the basic statement of net position as of December 31, 2013 and the related basic statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 28, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2013-001).

To the Board of Directors
Columbus-Franklin County Finance Authority

Compliance and Other Matters

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

Columbus-Franklin County Finance Authority's Response to Findings

Columbus-Franklin County Finance Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Columbus-Franklin County Finance Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

This report is intended solely for the information and use of the board of directors and management of Columbus-Franklin County Finance Authority, and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

February 28, 2014

Columbus-Franklin County Finance Authority

Schedule of Findings and Responses Year Ended December 31, 2013

Reference Number	Finding
2013-001	<p>Finding Type - Significant deficiency</p> <p>Criteria - The Governmental Accounting Standards Board (GASB) requires that when an error is found a prior period adjustment should be reported.</p> <p>Condition - In the current year, the Authority analyzed and reassessed the pledge receivable, which resulted in an overstatement of \$780,929. The Authority received TIF revenue payments from the City of Columbus in 2011 and 2012 and recorded TIF revenue for these payments. These payments should have reduced the outstanding pledge receivable balance. The Authority identified the overstatement and provided the documentation for the prior period adjustment required to properly record the receivable.</p> <p>Context - The pledge receivable was overstated in 2012 and 2011 by \$780,929 and \$472,905, respectively.</p> <p>Cause - The pledge receivable was revaluated in the current year by the Authority and was determined to be overstated by the TIF revenues received by the City of Columbus. The adjustment was found internally and communicated to the auditors before the start of audit fieldwork.</p> <p>Effect - As the pledge receivable was a unique and complex transaction, the Authority concluded to review the transaction in the current year and noted that it was overstated by \$780,929.</p> <p>Recommendation - We recommend that the Authority continue to evaluate each unique transaction at it occurs.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Authority spent considerable time this year once again reviewing the transaction in question, and in particular the TIF receivable. We have committed to undertake this type of analysis for complicated transactions that are different than our traditional financings. This commitment to review allowed us to discern that we should have been reducing the receivable by the TIF revenues collected. The transaction is a complex financial transaction, even more so from an accounting perspective. In our deep dive analysis, we looked to the TIF revenue stream, its collectibility, and the probability of forgiveness, among other things. The Authority's diligence in advance of the audit is relevant in that our controls surfaced this issue and allowed us to address and redress it in our 2013 statements. We intend to undertake this type of analysis for other transactions that are not standard fare for the Authority to ensure that they are appropriately accounted for in our statements.</p>



Dave Yost • 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
MAY 15, 2014**