COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY

FRANKLIN COUNTY, OHIO

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2016

JEAN CARTER RYAN, PRESIDENT

Board Directors
Columbus-Franklin County Finance Authority
350 East 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, 2016 through December 31, 2016. 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.

Dave Yost
Auditor of State

May 15, 2017

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

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FRANKLIN COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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plante moran

Plante & Moran, PLLC
Suite 100
250 High Street
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Columbus-Franklin County Finance Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of Columbus-Franklin County Finance Authority (the "Authority"), as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Columbus-Franklin County Finance Authority as of December 31, 2016 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Columbus-Franklin County Finance Authority

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2017 on our consideration of Columbus-Franklin County Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbus-Franklin County Finance Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

February 22, 2017

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016. 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 2016 are as follows:

- The Authority issued $16,045,000 in debt for eight (8) projects through its Central Ohio Bond Fund. See Note 5 for further detail of bonds issued through the COBF. The types of projects included energy, tax increment financing and for-profit investments.

- At December 31, 2016, the Authority has reported an unrestricted loan receivable from Trinity Lutheran Seminary in the amount of $512,943 for energy improvements financed by the Authority. See Note 8 for further detail on this unrestricted loans receivable.

- The Authority issued two (2) loans totaling $755,173 through its energy loan program. See Note 8 for further detail on the Authority's energy loans receivable. One of the energy loans also received support through the Central Ohio Bond Fund.

- The Authority issued $443 million in debt for fourteen (14) projects through its Conduit financing program. As of December 31, 2016, total drawn downs on these borrowings were $110 million. Six of the projects receiving conduit financing also received support through the Central Ohio Bond Fund.

- The Authority received a $919,985 grant from the Ohio Development Services Agency (ODSA) and accrued an additional $150,000 grant from the ODSA as additional energy loan loss reserves.

Using these Basic Financial Statements

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

Reporting the Authority's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2016?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

The table below provides a summary of the Authority's net position at December 31, 2016 and December 31, 2015.

Net Position

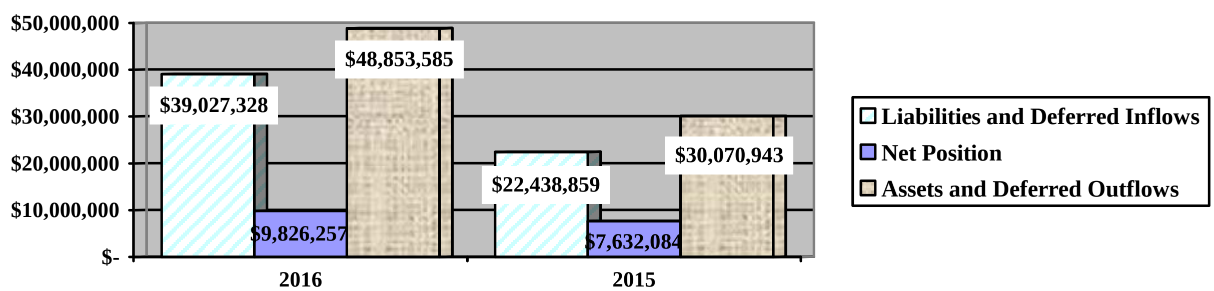
	2016	2015
Assets		
Current assets	$ 3,427,705	$ 2,423,024
Noncurrent assets:		
Unrestricted	612,943	531,913
Restricted	44,693,372	27,080,676
Total assets	48,734,020	30,035,613
Deferred outflows of resources	119,565	35,330
Liabilities		
Current liabilities:		
Payable from unrestricted assets	79,775	69,240
Noncurrent liabilities:		
Payable from unrestricted assets	302,640	202,450
Payable from restricted assets	38,638,931	22,163,363
Total liabilities	39,021,346	22,435,053
Deferred inflows of resources	5,982	3,806
Net Position		
Restricted	6,054,441	4,917,313
Unrestricted	3,771,816	2,714,771
Total net position	$ 9,826,257	$ 7,632,084

Over time, net position can serve as a useful indicator of the Authority's financial position. At December 31, 2016, the Authority's net position totaled $9,826,257. Current assets increased primarily in the area of cash and cash equivalents which increased due to increased financing activity. Both restricted noncurrent assets and noncurrent liabilities payable from restricted assets increased due to the Authority issuing eight new bonds totaling $16,045,000 through the COBF during 2016. Restricted net position increased due to the receipt or accrual of $1,069,985 in energy loan loss reserve grants restricted for the Authority's energy programs. The Authority made two energy loans in 2016 through the energy program. The Authority's noncurrent liabilities payable from unrestricted assets increased due to an increase in the Authority's net pension liability reported under GASB 68.

A portion of the Authority's net position, $6,054,441, represents resources that are subject to external restriction on how they may be used. The restricted net position consists of the City of Columbus and Franklin County grants ($2,500,000) which were used to establish the COBF reserve account and the difference ($651,000) between the original proceeds received from the State loan ($2,500,000) and the balance of the State loan liability at year end ($1,849,000). In addition, the Authority reports restricted net position for the balance of energy grants received and energy loans made that are restricted to support the Authority's energy programs ($2,903,441).

The balance of unrestricted net position is $3,771,816 and can be used to finance the Authority's operations.

The chart below illustrates the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2016 and 2015.



The table below shows the changes in net position for fiscal year 2016 and 2015.

Change in Net Position

Operating Revenues:	2016	2015	Increase (Decrease)
Conduit financing and other fees	$ 757,785	$ 173,841	$ 583,944
Central Ohio bond fund fees	553,011	742,174	(189,163)
Operating grants	200,000	200,000	-
Total operating revenue	1,510,796	1,116,015	394,781
Operating Expenses:			
Salaries and benefits	326,689	284,346	42,343
Professional services	71,093	96,639	(25,546)
Miscellaneous operating expenses	131,083	126,740	4,343
Total operating expenses	528,865	507,725	21,140
Operating income	981,931	608,290	373,641
Nonoperating Revenues (Expenses):			
Interest revenue	143,782	103,523	40,259
(Decrease) in fair value of investments	(1,525)	(19,271)	17,746
Energy grants	1,069,985	1,801,050	(731,065)
Fiscal charges	-	(256)	256
Other financing projects:			
Assigned tax increment financing revenues	461,456	303,348	158,108
Pass through payments to Pizzuti	(461,456)	(303,348)	(158,108)
Bond fund:			
Pledged revenue	1,593,501	886,754	706,747
Contribution revenue	331,327	636,000	(304,673)
Interest expense on bonds	(657,686)	(426,354)	(231,332)
Fiscal charges	(119,207)	(45,651)	(73,556)
Developer costs	(878,220)	(414,749)	(463,471)
Bond issuance costs	(269,715)	(636,000)	366,285
Total nonoperating revenues	1,212,242	1,885,046	(672,804)
Change in net position	2,194,173	2,493,336	(299,163)
Net position at beginning of year	7,632,084	5,138,748	
Net position at end of year	$ 9,826,257	$ 7,632,084	

Operating revenues increased $394,781 or 35.37%. This increase is primarily due to $583,944 in conduit financing and other fees generated through the Authority's COBF program. The Authority issued fourteen (14) bonds through the conduit financing program in 2016 versus ten (10) bonds in 2015 generating increased fees over 2015. In addition, the Authority generated fees through its energy program in 2016.

Operating expenses increased $21,140 or 4.16% primarily in the area of salaries and benefits expenses. The increase is primarily due to pension expense related to the Authority's net pension liability under GASB 68.

Net nonoperating revenues, excluding those associated with other financing projects and bond fund, decreased $822,804 primarily due to fewer energy grants being received in 2016. The energy grant revenues are restricted in use to the Authority's energy programs. In 2015, the Authority received a $301,505 loan loss reserve from the State of Ohio and a $1.5 million grant from Franklin County to be used to finance energy improvements in the county. In 2016, the Authority received an additional $1,069,985 of energy loan loss reserve from ODSA. Interest revenue increased due to interest being received in energy loans.

Nonoperating revenues of the bond fund transactions include the collection of pledged revenues supporting the bonds issued through the COBF. Interest payments and fiscal charges related to the debt service on the bonds are reported a nonoperating expenses. During 2016, capital contributions used to pay bond issue costs decreased which accounts for the decrease in these items. Interest expense increased as the Authority has more bonds in the COBF in 2016. Pledged TIF payments received that are due to the developer for project costs are reported as developer costs expense. These expenses relate to the Harrison West Project and increased $463,471 from 2015.

Debt Administration

The Authority obtained a $2,500,000 ODSA loan in 2007. The loan is interest free with a term of 20 years. Principal and servicing payments of $39,209 were made in 2016. Principal payments were paid out of restricted operating funds of the Authority and the service fees were paid out of unrestricted operating funds of the Authority. The ODSA Loan Agreement requires that annual repayment of principal to be based on no more than the interest earned on the $2,500,000 reserve, up to $125,00. See Note 9 for more detail on the ODSA loan.

In 2016, the Authority has issued $16,045,000 in revenue bonds through the COBF program to finance eight (8) projects. The repayments are secured by pledged revenues which will be collected and distributed to the trustee for repayment of the bonds. See Note 5 for more detail on the COBF program.

Between 2010 and 2016, the Authority received and passed through $6,407,934 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 2017; however, the Authority has reported a liability at December 31, 2016 in the amount of $6,407,934 which represents the loan proceeds received and disbursed as of December 31, 2016. See Note 7 for more detail on State of Ohio forgivable loan.

Current Financial Related Activities

The Authority has the ability to finance projects through its Central Ohio Bond Fund program, through a Conduit Financing program, through an energy program and through other financing vehicles. At year-end there were eighteen projects financed through the Authority's COBF program. The Authority's goals are to increase the number of projects financed in 2017 and to increase the number of loans through the energy program. 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, 2016

ASSETS:		
Current:		
Cash and cash equivalents (Note 3)	$	3,365,061
Investments (Note 3)		7,448
Other assets		55,196
Total current assets		3,427,705
Noncurrent:		
Loan receivable (Note 8)		612,943
Restricted assets:		
Cash and cash equivalents (Note 3)		11,407,573
Investments (Note 3)		4,525,893
Pledged receivable (Note 5 and 7)		27,854,733
Loans receivable (Note 8)		755,173
Intergovernmental receivable (Note 11)		150,000
Total restricted assets		44,693,372
Total noncurrent assets		45,306,315
Total assets		48,734,020
DEFERRED OUTFLOWS OF RESOURCES:		
Pension - OPERS (Note 12)		119,565
LIABILITIES:		
Current:		
Accounts and other payables		27,942
Accrued salaries and benefits payable		51,833
Total current liabilities		79,775
Noncurrent:		
Net pension liability (Note 12)		302,640
Payable from restricted assets:		
State loan payable (Note 10)		1,849,000
Other financing projects:		
State loan payable - Rickenbacker project (Note 7)		6,407,934
Deposit held in ecrow (Note 7)		100,000
Due to others		130
Bond fund:		
Revenue bonds (Note 5)		28,208,117
Accrued interest payable		112,531
Due to developer		1,909,435
Other payables		51,784
Total noncurrent liabilities		38,941,571
Total liabilities		39,021,346
DEFERRED INFLOWS OF RESOURCES:		
Pension - OPERS (Note 12)		5,982
NET POSITION:		
Restricted		6,054,441
Unrestricted		3,771,816
Total net position	$	9,826,257

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, 2016

Operating revenues:		
Conduit financing and other fees	$	757,785
Central Ohio bond fund fees		553,011
City of Columbus operating grant.		100,000
Franklin County operating grant.		100,000
Total operating revenues		1,510,796
Operating expenses:		
Salaries and benefits		326,689
Professional services		71,093
Miscellaneous		131,083
Total operating expenses		528,865
Operating income		981,931
Nonoperating revenues (expenses):		
Interest revenue.		143,782
(Decrease) in fair value of investments		(1,525)
Energy grants (Note 11).		1,069,985
Other financing projects:		
Assigned tax increment financing revenues (Note 7)		461,456
Pass through payments to Pizzuti (Note 7).		(461,456)
Bond fund:		
Pledged revenue (Note 5)		1,593,501
Contribution revenue		331,327
Interest expense on bonds		(657,686)
Fiscal charges		(119,207)
Developer costs		(878,220)
Bond issuance costs		(269,715)
Total nonoperating revenues (expenses)		1,212,242
Change in net position		2,194,173
Net position, January 1		7,632,084
Net position, December 31.	$	9,826,257

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, 2016

Cash flows from operating activities:		
Cash received from conduit financing and other fees.	$	764,517
Cash received from Central Ohio bond fund fees.		553,011
Cash received from operating grants.		200,000
Cash payments for salaries and benefits		(270,928)
Cash payments for other operating expenses		(263,982)
Net cash provided by operating activities.		982,618
Cash flows from noncapital financing activities:		
Payment on State loan - bond fund reserve		(34,500)
Energy grants received		919,985
Loan principal payments received		45,000
Loan disbursements		(851,030)
Other financing projects:		
Assigned tax increment financing revenue received.		576,820
Pass through payments to Pizzuti		(461,456)
Bond fund:		
Pledged revenue received.		1,200,309
Security deposits received		17
Issuance of revenue bonds		16,045,000
Premium/discount of bonds issued, net		289,659
Bond issue costs paid		(1,100,529)
Contributions received		331,327
Pass through bond proceeds payment.		(11,426,373)
Principal paid on bonds		(315,000)
Interest paid on bonds		(602,304)
Fiscal charges paid		(119,401)
Net cash provided by noncapital financing activities		4,497,524
Cash flows from investing activities:		
Purchase of investments		(3,290,893)
Sale of investments		3,045,000
Interest received		120,108
Other financing projects:		
Interest received		130
Bond fund:		
Interest received restricted for bond costs		10,813
Net cash (used in) provided by investing activities.		(114,842)
Net increase in cash and cash equivalents		5,365,300
Cash and cash equivalents, January 1		9,407,334
Cash and cash equivalents, December 31.	$	14,772,634
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	981,931
Reconciliation of operating income to net cash provioded by operating activities:		
Changes in assets and liabilities:		
(Increase) in other assets		(27,979)
Inecrease in accrued salaries and benefits payable.		37,630
(Decrease) in accounts and other payables.		(27,095)
(Increase) in deferred outflows - pension		(84,235)
Increase in deferred intflows - pension		2,176
Increase in net pension liability		100,190
Net cash provided by operating activities.	$	982,618

<u>Noncash Transaction:</u>
The Authority assigned $900,000 of prepaid financing payments to the Trustee of the Series 2015C bonds to redeem the bonds.

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

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

The Authority is considered a joint venture of the City of Columbus and Franklin County. The Authority provides financing primarily through its Central Ohio Bond Fund (COBF) (See Note 5) and its Conduit Financing programs (See Note 6). The Authority is also involved in certain other financing projects which are described in Note 7 and energy loan programs which are described in Note 8.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Authority's significant accounting policies are described below.

A. Reporting Entity

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

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

B. Fund Accounting

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

C. Basis of Presentation

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

D. Basis of Accounting/Measurement Focus

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

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

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from operating grants 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 pledged revenue to support repayment of bonds issued through the COBF, assigned tax increment financing payments revenues related to other financing projects, energy grants, contribution revenues, loan financing revenues and interest earnings. Nonoperating expenses include pass through tax increment financing payments related to other financing projects, interest payments on bonds, bond issuance costs, fiscal charges and developer expenses related to projects financed through the COBF. Nonoperating expenses also include changes in the fair value of the Authority's investments.

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

E. Cash and Investments

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

Investments
During 2016, investments were limited to negotiable certificates of deposit (CD's) (insured by the Federal Deposit Insurance Corporation (FDIC)), Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, commercial paper, U.S. government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). The Authority reports investments at fair value based on quoted market prices.

During 2016, the Authority invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, "Certain External Investment Pools and Pool Participants". The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Restricted assets - Cash and Cash Equivalents
Restricted cash and cash equivalents include: (1) monies held by a trustee in accordance with the bond indentures for the bonds issued through the Authority's COBF, (2) cash and cash equivalents of the COBF bond reserve, (3) program funds restricted to the Pizzuti TIF project, and (4) energy grants which are restricted for use in the Authority's energy programs.

Restricted assets - Investments
Investments of the COBF reserve are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by the trust indenture, creditors, grant contributors, or laws or regulations of other governments. The Authority is required to restrict $5,000,000 (in both cash and cash equivalents and investments) which represents the proceeds of a City of Columbus bond reserve grant, a Franklin County bond reserve grant and proceeds of the Ohio Development Services Agency (OSDA) loan (see Note 10).

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.

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

F. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position has been restricted for grant and loan proceeds that are used in the COBF program (see Note 5) and for energy grants received from the OSDA and Franklin County which are restricted to be used in the Authority's energy programs (see Note 8). Restricted net position is reduced by the balance of the ODSA loan payable at year end. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

G. Intergovernmental Revenue

The Authority currently receives operating grants through the City of Columbus and Franklin County. Revenues from these grants are recognized as operating revenue in the accounting period in which it is earned, essentially the same as the fiscal year. During 2016, the Authority reported $1,069,985 in energy grant revenue related to loan loss reserve grants. Of this total, $150,000 has been reported as an intergovernmental receivable. Energy loan loss reserve grants are restricted to fund energy improvement projects through the Authority's energy programs.

H. Issuance Costs, Unamortized Bond Discounts and Premiums

In the financial statements, for bonds issued through the Authority's COBF, bond issuance costs are reported as an expense in the year incurred. Bond discounts and premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized bond discounts and premiums are presented as an increase or decrease of the face amount of the bond payable (See Note 5).

I. Pledged Receivable

The Authority has reported a pledged receivable for contractually obligated future revenues due to the Authority that are considered under GASB Statement No. 48 "<u>Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues</u>" 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).

J. Compensated Absences

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

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

K. Estimates

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

L. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. See Note 12 for detail on the Authority’s deferred outflows of resources related to its net pension liability.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Note 12 for detail on the Authority’s deferred inflows of resources related to its net pension liability.

M. Pension

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

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At December 31, 2016, the carrying amount of the Authority’s deposits was $11,998,713 and the bank balance was $12,000,603. Of the bank balance, $1,219,083 was covered by the FDIC, $10,256,776 was collateralized, and $524,744 was exposed to custodial credit risk described below.

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

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of December 31, 2016, the Authority had the following investments and maturities:

		Investment Maturities				
Investment type	Fair Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Negotiable CD's	$ 2,156,200	$ 247,262	$ -	$ -	$ 125,900	$ 1,783,038
FHLB	637,670	-	-	-	-	637,670
FHLMC	814,471	-	-	-	-	814,471
Commercial paper	925,000	425,000	500,000	-	-	-
U.S. government money market mutual funds	8,490	8,490	-	-	-	-
STAR Ohio	2,765,431	2,765,431	-	-	-	-
Total	$ 7,307,262	$ 3,446,183	$ 500,000	$ -	$ 125,900	$ 3,235,179

The weighted average length to maturity of investment is 1.95 years.

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

The Authority's investments in negotiable CDs, federal agency securities, and commercial paper are valued using quoted market prices (Level 1 inputs). The U.S. government money market mutual fund is valued at the daily redemption value as reported by the underlying fund and are categorized as a Level 1 input of the fair value hierarchy. As discussed in Note 2.E, investments in STAR Ohio are reported at the net asset value (NAV) per share as provided by STAR Ohio.

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

Credit Risk: The Authority's investments in FHLB and FHLMC securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The Authority's investments in commercial paper were rated A1 and P1 by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. government money market mutual funds an AAAm money market rating. The negotiable certificates of deposit are fully covered by the FDIC.

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The Authority's investment policy does not specifically address the concentration of credit risk. The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2016:

Investment type	Fair Value	% of Total
Negotiable CD's	$ 2,156,200	29.51
FHLB	637,670	8.73
FHLMC	814,471	11.15
Commercial paper	925,000	12.66
U.S. government money market mutual funds	8,490	0.12
STAR Ohio	2,765,431	37.83
Total	$ 7,307,262	100.00

D. Schedule of Cash and Investments

The following is a schedule of deposits and investments as reported in the footnote above to cash and investments as reported on the statement of net position as of December 31, 2016:

	Cash and Cash Equivalents	Investments	Total
Unrestricted:			
Deposits	$ 868,918	$ 2,496,143	$ 3,365,061
Investments	-	7,448	7,448
Restricted deposits:			
Other financing projects	1,153,144	269,288	1,422,432
Energy	1,998,268	-	1,998,268
COBF - reserve	465,617	8,490	474,107
Bonds	7,507,663	-	7,507,663
Manuscript	5,103	-	5,103
Restricted investments:			
COBF - reserve	-	4,525,893	4,525,893
Total	$ 11,998,713	$ 7,307,262	$ 19,305,975

NOTE 4 - RISK MANAGEMENT

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

NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM

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

To fund the COBF reserve account, the Authority received $5,000,000 in grants and loans. On December 21, 2006, the Authority received a $1,250,000 grant from Franklin County. On March 15, 2007, the Authority received a $1,250,000 grant from the City of Columbus. On May 8, 2007, the Authority received a $2,500,000 loan from the ODSA (See Note 10). 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, 2016 of $5,000,000 is restricted in use and reported as a restricted asset on the statement of net position.

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, 2016.

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

All revenue bonds are special obligations and not general obligations of the Authority. The bonds do not represent or constitute a debt or pledge of the faith and credit of the Authority. The Authority has reported assets for a pledged receivables and cash equivalents held by the fiscal agent which is dedicated to the project. These assets are reported as noncurrent restricted assets on the statement of net position.

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

During 2016, the following activity occurred in the COBF program:

	Maturity Date	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Amounts Due In One Year
Revenue Bonds:						
2007A - Harrison West, 6.00%	2035	$ 2,340,000	$ -	$ (205,000)	$ 2,135,000	$ 70,000
2010A - One Neighborhood 1, 6.50%	2039	2,450,000	-	-	2,450,000	-
2012A - One Neighborhood 2, 5.375%	2039	2,090,000	-	(10,000)	2,080,000	10,000
2015B - Tuller Flats, 3.00%	2022	1,000,000	-	-	1,000,000	-
2015C - NorthPoint, 3.00%	2022	1,000,000	-	(1,000,000)	-	-
2015D - Wendell, 3.00%	2022	1,000,000	-	-	1,000,000	-
2015E - Rogue Fitness, 3.00%	2023	1,000,000	-	-	1,000,000	-
2015F - Dublin Bridge Park C3/C4 Block, 3.00%	2021	1,000,000	-	-	1,000,000	-
2015G - Olympic, 3.00%	2024	250,000	-	-	250,000	-
2015H - StoryPoint, 3.00%	2021	1,000,000	-	-	1,000,000	-
2016A - PNC Tower, 4.47%	2031	-	2,785,000	-	2,785,000	115,000
2016B - Bell Hilliard, 3.00%	2025	-	1,000,000	-	1,000,000	-
2016C - University Plaza, 3.00%	2024	-	1,000,000	-	1,000,000	-
2016D - H2 Hotel, 3.00%	2025	-	250,000	-	250,000	-
2016E - Landmark Lofts, 3.00%	2026	-	1,000,000	-	1,000,000	-
2016F - Polaris, 3.00%	2023	-	1,000,000	-	1,000,000	-
2016G - Bridge Park West, 3.345%	2041	-	4,915,000	-	4,915,000	-
2016H - Vision, 3.025%	2027	-	4,095,000	-	4,095,000	-
Total bonds		13,130,000	16,045,000	(1,215,000)	27,960,000	195,000
Unamortized premiums		14,014	291,349	(3,306)	302,057	-
Unamortized discounts		(55,000)	(1,690)	2,750	(53,940)	-
Total		$13,089,014	$ 16,334,659	$ (1,215,556)	$ 28,208,117	$ 195,000

The Authority issued the following COBF bonds during 2016:

Series 2016A - PNC Tower Project
On January 29, 2016, the Authority issued $2,785,000 in Series 2016A revenue bonds, as part of the PNC Tower PACE Project. The proceeds of these bonds are to pay for energy improvements including lighting retrofits, roof improvements, water supply pump acquisition and installation, controls and related improvements. The bonds will be repaid from loan payments received from the Columbus Regional Special Improvement District (the "Contracting Party") in accordance with the Loan Agreement between the Authority and the Contracting Party. Interest payments began May 15, 2016 and are due May 15th and November 15th of each year. Principal payments begin May 15, 2017 and are due May 15th and November 15th of each year. The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Contracting Party to secure repayment of the Series 2016A revenue bonds. The bonds are payable solely from these pledged revenues.

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

Series 2016B - Bell Hilliard Project
On May 17, 2016, the Authority issued $1,000,000 in Series 2016B revenue bonds, as part of the Bell Hilliard, LLC Project. The proceeds of the bonds were used to finance a portion of the construction of a 470-unit residential development in the City of Hilliard. The bonds will be repaid from loan payments received from Bell Hilliard, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments began on November 15, 2016 and are due May 15th and November 15th of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on November 15, 2025. The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2016B revenue bonds. The bonds are payable solely from these pledged revenues.

Series 2016C - University Plaza Project
On March 3, 2016, the Authority issued $1,000,000 in Series 2016C revenue bonds, as part of the University Plaza Hotel Project. The proceeds of the bonds were used to finance a portion of the construction of full service Marriott hotel with approximately 250 rooms and a Residence Inn hotel with approximately 114 rooms and ancillary facilities in the City of Columbus. The bonds will be repaid from loan payments received from UPH Holdings, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on May 15, 2018 and are due May 15th and November 15th of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on May 15, 2024. The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2016C revenue bonds. The bonds are payable solely from these pledged revenues.

Series 2016D - H2 Hotel Project
On March 22, 2016, the Authority issued $250,000 in Series 2016D revenue bonds, as part of the H2 Hotel Project. The proceeds of the bonds were used to finance a portion of the construction of an approximately 129-bed, 80,000 square foot hotel building and ancillary facilities in the City of Dublin. The bonds will be repaid from loan payments received from Noble Park Properties, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on November 15, 2017 and are due May 15th and November 15th of each year. One principal payment, in the amount of the $250,000, is due at maturity on May 15, 2025. The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2016D revenue bonds. The bonds are payable solely from these pledged revenues.

Series 2016E - Landmark Lofts Project
On April 28, 2016, the Authority issued $1,000,000 in Series 2016E revenue bonds, as part of the Landmark Lofts Project. The proceeds of the bonds were used to finance a portion of the construction of a multi-family residential development containing approximately 204 units and ancillary facilities in the City of Hilliard. The bonds will be repaid from loan payments received from WRK Development, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments began on November 15, 2016 and are due May 15th and November 15th of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on May 15, 2026. The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2016E revenue bonds. The bonds are payable solely from these pledged revenues.

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

Series 2016F - Polaris Project

On December 29, 2016, the Authority issued $1,000,000 in Series 2016F revenue bonds, as part of the Polaris Mixed Use Project. The proceeds of the bonds were used to finance office space, retail space and apartments. The bonds will be repaid from loan payments received from Pointe at Polaris I, LLC (the "Developer") in accordance with the Loan Agreement between the Authority and the Developer. Interest payments begin on May 15, 2017 and are due May 15th and November 15th of each year. One principal payment, in the amount of the $1,000,000, is due at maturity on November 15, 2023. The Authority has pledged the loan payments derived from the Loan Agreement between the Authority and the Developer to secure repayment of the Series 2016F revenue bonds. The bonds are payable solely from these pledged revenues.

Series 2016G - Bridge Park West Project

On August 11, 2016, the Authority issued $4,915,000 in Series 2016G revenue bonds, as part of the Bridge Park West Garage Project. The proceeds of these bonds were used to construct a 215-space parking facility located on the Z Block in the Bridge Park development project. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues from the City of Dublin, minimum service payments and NCA charges in accordance with the Cooperative Agreement. Interest payments began November 15, 2016 and are due May 15th and November 15th of each year. Principal payments begin May 15, 2019 and are due May 15th and November 15th of each year. The Authority has pledged TIF revenues from the City of Dublin, NCA charges from the New Community Authority, and minimum service payments from the developer in accordance with the Cooperative Agreement for repayment of the Series 2016G revenue bonds. The bonds are payable solely from these pledged revenues.

Series 2016H - Vision Development Project

On November 2, 2016, the Authority issued $4,095,000 in Series 2016H revenue bonds, as part of the Vision Development Project. The proceeds of these bonds were used to construct public infrastructure improvements. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues from the City of Hilliard and minimum service payments from the developer in accordance with the Cooperative Agreement. Interest payments begin May 15, 2017 and are due May 15th and November 15th of each year. The Authority has pledged TIF revenues from the City of Hilliard and minimum service payments from the developer in accordance with the Cooperative Agreement for repayment of the Series 2016H revenue bonds. The bonds are payable solely from these pledged revenues.

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

Pledged Revenue and Cash Held by Trustee

All COBF revenue bonds are secured by pledged revenues. The pledged revenue coverage is reported below. In accordance with the bond indentures, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2016 are disclosed in the table below. The amounts held by the trustee are reported as restricted cash and cash equivalents on the statement of net position. The following is a schedule of the pledged revenue coverage and cash held by the trustee at year-end:

	Pledged Revenue Coverage				
	Total Principal and Interest Remaining on Bonds at 12/31/16	Principal Paid in 2016	Interest Expense in 2016	Pledged Revenue in 2016	Restricted Cash Held By Trustee at 12/31/16
Revenue Bonds:					
2007A - Harrison West, 6.00%	$ 3,489,950	$ 205,000	$ 135,437	$ 1,026,543	$ 2,220,533
2010A - One Neighborhood 1, 6.50%	5,185,850	-	158,662	169,687	506,064
2012A - One Neighborhood 2, 5.375%	3,858,048	10,000	112,270	123,765	206,546
2015B - Tuller Flats, 3.00%	1,150,000	-	-	6,000	100,685
2015C - NorthPoint, 3.00%	-	100,000 (1)	-	15,000	-
2015D - Wendell, 3.00%	1,150,000	-	-	6,000	101,181
2015E - Rogue Fitness, 3.00%	1,195,000	-	15,000	21,000	103,220
2015F - Dublin Bridge Park C3/C4 Block, 3.00%	1,135,000	-	-	8,150	103,212
2015G - Olympic, 3.00%	302,500	-	-	2,559	25,505
2015H - StoryPoint, 3.00%	1,120,000	-	-	5,583	100,717
2016A - PNC Tower, 4.47%	3,941,500	-	114,719 (2)	66,902	950,007
2016B - Bell Hilliard, 3.00%	1,270,000	-	15,417	18,500	103,014
2016C - University Plaza, 3.00%	1,195,000	-	-	4,183	101,011
2016D - H2 Hotel, 3.00%	310,000	-	-	1,780	25,463
2016E - Landmark Lofts, 3.00%	1,285,000	-	16,417	19,700	106,010
2016F - Polaris, 3.00%	1,206,333	-	-	-	100,000
2016G - Bridge Park West, 3.345%	7,959,241	-	72,703	81,088	1,541,467
2016H - Vision, 3.025%	5,056,875	-	17,061	17,061	1,113,028
Total	$ 40,810,297	$ 315,000	$ 657,686	$ 1,593,501	$ 7,507,663

(1) During 2016, the Trustee released the $100,000 bond debt service reserve and assigned $900,000 of prepaid financing payments to the Trustee to redeem the Series 2015C bonds.

(2) During 2016, the Trustee made cash-basis interest payments of $98,900 from the capitalized interest account financed by the bond proceeds.

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

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

Year Ending	Principal	Interest	Total
2017	$ 195,000	$ 1,043,178	$ 1,238,178
2018	215,000	1,114,682	1,329,682
2019	570,000	1,101,832	1,671,832
2020	775,000	1,080,999	1,855,999
2021	2,805,000	1,022,768	3,827,768
2022 - 2026	12,430,000	3,820,531	16,250,531
2027 - 2031	4,990,000	2,162,018	7,152,018
2032 - 2036	3,110,000	1,163,849	4,273,849
2037 - 2041	2,870,000	340,440	3,210,440
Total	$ 27,960,000	$ 12,850,297	$ 40,810,297

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, 2016 is $597,330,489.

NOTE 7 - OTHER FINANCING PROJECTS

In 2016, 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 2016, tax increment financing payments were received from the City of Columbus in the amount of $576,820. Eighty percent of those funds ($461,456) 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, 2016, a total of $1,322,302 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 2017 as the project meets certain agreed upon criteria. If the loan is not forgiven, the Authority only owes what it receives from pledged tax increment financing payments from the district. Since inception through December 31, 2016, the Authority has accrued and disbursed a total of $6,407,934 of the $6,695,855 loan. Loan disbursements in the amount of $487,266 were accrued in 2016.

NOTE 7 - OTHER FINANCING PROJECTS - (Continued)

The Authority has recorded a $6,407,934 noncurrent liability for the total amount of the loan proceeds that have been accrued and disbursed for the project through December 31, 2016. The Authority has also recorded a $5,085,632 pledged receivable for future revenues due from the City of Columbus in accordance with the TIF agreement between the Authority and the City of Columbus.

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

NOTE 8 - ENERGY PROGRAM AND OTHER LOANS RECEIVABLE

The Authority had the following loans receivable activity:

	Balance 12/31/15	Issued	Retired	Balance 12/31/16
Unrestricted:				
MAG	$ 100,000	$ -	$ -	$ 100,000
Trinity	431,913	126,030	(45,000)	512,943
Total unrestricted loans	531,913	126,030	(45,000)	612,943
Restricted:				
PNC Plaza	-	414,322	-	414,322
Trivium	-	340,851	-	340,851
Total restricted loans	-	755,173	-	755,173
Total loans	$ 531,913	$ 881,203	$ (45,000)	$ 1,368,116

MidAmerican Global Ventures, LLC
On March 17, 2014, the Authority disbursed $100,000 to MidAmerican Global Ventures, LLC (MAG) as a loan. This loan has a repayment formula as outlined in the EB-5 Cooperative Loan Agreement and Term Sheet which states that repayment will occur from net available revenues of MAG. The Authority entered into a promissory note with MAG which has a maturity date of October 15, 2033. The Authority did not receive any repayment in 2016 and does not anticipate receiving any repayment in 2017. The disbursement of the loan was made from general operating funds of the Authority. The loan receivable has been recorded as an unrestricted noncurrent asset on the statement of net position.

NOTE 8 - ENERGY PROGRAM AND OTHER LOANS RECEIVABLE - (Continued)

Trinity Lutheran Seminary

During 2015 and 2016, the Authority disbursed monies to Trinity Lutheran Seminary (Trinity) to finance energy improvements. An unrestricted loan receivable has been reported in the financials for loan disbursements made by the Authority to contractors. In addition, the loan balance includes bond issuance costs (net of Trinity contributions received) incurred as part of the bond issue through the COBF and the loan receivable has been reduced for any principal payments made on the loan by Trinity.

The total available to be drawn on the loan by Trinity is $603,925. Requested draws are paid to contractors by the Authority. At December 31, 2016, the Authority has reported a loan receivable in the amount of $512,943 for the monies disbursed. Monies used for the loan came from the unrestricted general operating account of the Authority. The loan bears an interest rate of 4.35% and is scheduled to mature in November 15, 2026. Trinity makes monthly principal and interest payments to the Authority as required by the Loan Agreement. The loan receivable has been recorded as an unrestricted noncurrent asset on the statement of net position (see Note 9).

PNC Plaza

On January 29, 2016, the Authority made a $400,000 loan to NC Plaza, LLC to finance energy improvements. The loan bears an interest rate of 4.47% and is scheduled to mature in November 15, 2031. Accrued but unpaid interest in the amount of $14,322 is included in the receivable balance.

Trivium

On October 20, 2016, the Authority made a $325,000 loan to finance Trivium Office Building energy improvements. The loan bears an interest rate of 4.50% and is scheduled to mature in November 15, 2031. Accrued but unpaid interest in the amount of $15,851 is included in the receivable balance.

NOTE 9 - MANUSCRIPT BONDS

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

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2016 was $5,103. This amount is reported as restricted cash and cash equivalents on the statement of net position. In addition, the Authority had $72,057 in cash and cash equivalents held by the trustee which are considered unrestricted cash and cash equivalents as the as unrestricted operating funds were used to deposit the monies with the trustee.

The Authority has pledged the loan payments derived from a Loan Agreement between the Authority and the Trinity to secure repayment of the Series 2015A revenue bonds. The bonds are payable solely from these pledged revenues.

On a GAAP basis, the manuscript debt is reported as an internal transaction rather than as an investment (asset) and bond payable (liability). As such, the investment (asset) and bond payable (liability) are eliminated for reporting on the statement of net position. In addition, loan financing payments, fiscal charges and interest expense related to the manuscript debt has been eliminated on the statement of revenues, expenses and changes in net position and on the statement of cash flows.

NOTE 10 - OHIO DEVELOPMENT SERVICES AGENCY (ODSA) LOAN

On May 8, 2007, the Authority received a $2,500,000 loan from the ODSA. The loan proceeds were deposited into the COBF reserve account. The loan has a 20-year term, matures on June 1, 2027 and bears a 0% interest rate. The loan does charge an annual service fee of .25% based upon the outstanding balance of the loan. Payments of principal and the servicing fees are made each June 1. Loan principal payments are paid from restricted operating funds of the Authority and loan servicing fees are paid from unrestricted operating funds of the Authority. The following is a schedule of the ODSA loan activity in fiscal year 2016:

	Balance 12/31/15	Issued	Retired	Balance 12/31/16
State loan payable	$ 1,883,500	$ -	$ (34,500)	$ 1,849,000

The Authority will repay the ODSA loan using interest earnings on the investments purchased with the loan proceeds. The Authority is only required to remit interest earned as repayment. Since repayment is contingent upon interest earnings which fluctuate annually, an amortization schedule for repayment the ODSA loan is not presented.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Authority received operating grants from the City of Columbus and Franklin County in the amounts of $100,000 and $100,000, respectively, to support operations of the Authority for fiscal year 2016. In addition, the Authority received a $919,985 energy loan loss reserve grant and accrued an additional $150,000 energy loan loss reserve grant from the ODSA restricted for use in the Authority’s energy programs.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Authority employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Authority employees) may elect the Member-Directed Plan and the Combined Plan, all Authority employees are in OPERS' Traditional Pension Plan.

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

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

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

The Authority's contractually required contribution for both the Traditional Pension Plan was $26,252 for 2016. Of this amount, $1,773 is reported as accrued salaries and benefits payable.

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

The net pension liability for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

	OPERS
Proportion of the net pension liability prior measurement date	0.00167900%
Proportion of the net pension liability current measurement date	0.00174700%
Change in proportionate share	0.00006800%
Proportionate share of the net pension liability	$ 302,640
Pension expense	44,383

At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred outflows of resources	
Net difference between projected and actual earnings on pension plan investments	$ 88,957
Changes in employer's proportionate percentage/ difference between employer contributions	4,356
Authority contributions subsequent to the measurement date	26,252
Total deferred outflows of resources	$ 119,565
Deferred inflows of resources	
Differences between expected and actual experience	5,848
Changes in employer's proportionate percentage/ difference between employer contributions	134
Total deferred inflows of resources	$ 5,982

$26,252 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017.

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

		OPERS
Year Ending December 31:		
2017	$	21,351
2018		22,869
2019		22,980
2020		20,131
Total	$	87,331

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 401 (h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	20.70	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate **-** The discount rate used to measure the total pension liability was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **-** The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Authority's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's proportionate share of the net pension liability:			
Traditional Pension Plan	$ 482,179	$ 302,640	$ 151,204

NOTE 13 - POSTRETIREMENT BENEFIT PLAN

Ohio Public Employees Retirement System

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 Plan and the Combined Plan. 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/financial/reports.shtml, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (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 2016, 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 portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 was 2.00%.

NOTE 13 - POSTRETIREMENT BENEFIT PLAN - (Continued)

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

The Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were $4,375, $4,088, and $4,117, respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

NOTE 14 - ACCOUNTABILITY

A. For 2016, the Authority has implemented GASB Statement No. 72, "Fair Value Measurement and Application." GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 added certain new note disclosures regarding fair value measurements to Note 3 of the Authority's financial statements.

B. Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Authority to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the OPERS OPEB plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending December 31, 2018

REQUIRED SUPPLEMENTARY INFORMATION

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	2016	2015	2014
Traditional Plan:			
Authority's proportion of the net pension liability	0.00174700%	0.00167900%	0.00167900%
Authority's proportionate share of the net pension liability	$ 302,640	$ 202,450	$ 197,877
Authority's covered-employee payroll	$ 204,400	$ 208,825	$ 175,308
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	148.06%	96.95%	112.87%
Plan fiduciary net position as a percentage of the total pension liability	81.08%	86.45%	74.70%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	2016	2015	2014	2013
Traditional Plan:				
Contractually required contribution	$ 26,252	$ 24,528	$ 25,059	$ 22,790
Contributions in relation to the contractually required contribution	(26,252)	(24,528)	(25,059)	(22,790)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 218,767	$ 204,400	$ 208,825	$ 175,308
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%

Note: Information prior to 2013 was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014, 2015 and 2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014, 2015 and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

plante moran

Plante & Moran, PLLC
Suite 100
250 High Street
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Columbus-Franklin County Finance Authority (the "Authority"), which comprise the statement of net position as of December 31, 2016 and the related statements of revenue, 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 22, 2017.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Plante & Moran, PLLC

February 22, 2017

Section II - Financial Statement Audit Findings

None

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 25, 2017

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov