

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY

FRANKLIN COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Directors
Columbus-Franklin County Finance Authority
300 Spruce Street
Suite 220
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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, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 12, 2021

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

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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Independent Auditor's Report

To the Board of Directors
Columbus-Franklin County Finance Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Columbus-Franklin County Finance Authority (the "Authority") as of and for the year ended December 31, 2020 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 financial statements referred to above present fairly, in all material respects, the financial position of Columbus-Franklin County Finance Authority as of December 31, 2020 and the changes in its financial position and its cash flows 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 Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability, schedule of authority pension contributions, schedule of the Authority's proportionate share of the net OPEB liability, and schedule of authority OPEB contributions 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 April 7, 2021 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

April 7, 2021

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020. 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 2020 are as follows:

- The Authority issued over \$24 million in debt for five (5) projects through its Central Ohio Bond Fund (COBF). See Note 5 for further detail of bonds issued through the COBF.
- The Authority issued over \$3.6 million in three (3) energy direct loans through the Authority's energy loan program. See Note 8 for further detail on the Authority's energy loan program and loans receivable.
- The Authority issued over \$262 million in debt for eleven (11) projects through its Conduit financing program.
- The Authority received a \$1 million grant from Franklin County for use in the Authority's energy program, a \$232,100 ODSA loan loss reserve contribution for use in the Authority's energy program, and an additional \$1.35 million grant from the City of Columbus restricted for lending.
- The Authority authorized the creation of a new program: the Neighborhood Improvement and Small Business Loan Program. The board authorized up to \$1.5 million be available in 2020. For its first project, \$367,500 was lent to Community Development for All People, a leading local non-profit, to purchase and renovate a building at 911 Parsons. Additionally, the Authority approved setting aside \$1 million to establish a loan loss reserve for affordable housing projects in its Central Ohio Bond Fund.

Using these Basic Financial Statements

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

Reporting the Authority's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2020?" 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 and December 31, 2019.

Net Position		
	2020	2019
<u>Assets</u>		
Current assets	\$ 8,194,620	\$ 8,292,710
Noncurrent assets:		
Unrestricted	1,739,260	1,506,135
Restricted	133,906,669	108,368,433
Total assets	143,840,549	118,167,278
Deferred outflows of resources	135,345	237,494
<u>Liabilities</u>		
Current liabilities:		
Payable from unrestricted assets	59,836	83,242
Noncurrent liabilities:		
Payable from unrestricted assets	676,508	831,587
Payable from restricted assets	111,110,118	89,171,722
Total liabilities	111,846,462	90,086,551
Deferred inflows of resources	131,229	8,483
<u>Net Position</u>		
Investment in capital assets	18,625	-
Restricted	22,815,877	19,188,561
Unrestricted	9,163,701	9,121,177
Total net position	\$ 31,998,203	\$ 28,309,738

Over time, net position can serve as a useful indicator of the Authority's financial position. At December 31, 2020, the Authority's net position totaled \$31,998,203. Current assets decreased primarily in cash and cash equivalents due to less fees generated from financing activities in 2020. Restricted noncurrent assets increased primarily due to the receipt of an energy grant restricted for energy loans, a grant from the City of Columbus restricted for lending, and an increase in pledged receivables associated with the issuance of \$24,270,000 in COBF bonds.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

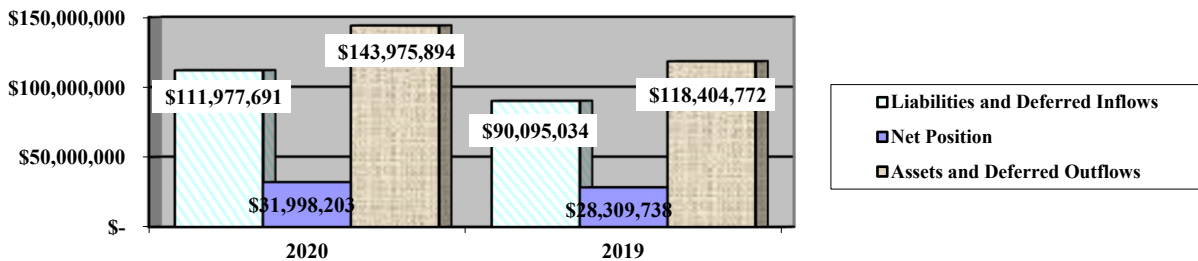
The Authority’s noncurrent liabilities payable from unrestricted assets decreased due to a decrease in the Authority’s net pension liability reported in accordance with Governmental Accounting Standards Board (GASB) No. 68 offset by a slight increase in the Authority’s net OPEB liability reported in accordance with GASB No. 75.

The Authority’s noncurrent liabilities payable from restricted assets increased primarily due to a net increase in bonds payable of \$19,825,000 (issuances less retirements).

A portion of the Authority’s net position, \$22,815,877, 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 (\$833,750) between the original proceeds received from the State loan (\$2,500,000) and the balance of the State loan liability at year end (\$1,666,250). In addition, the Authority reports restricted net position related to amounts restricted by energy program (\$9,165,434), amounts restricted by other financing projects (\$6,555,790), amounts restricted in the COBF (\$2,299,210), amounts restricted by capital and operating reserve requirements (\$111,693), and amounts restricted by a grant provided by the City of Columbus (\$1,350,000) to make a forgivable loan. The Authority’s restricted net position increased \$3,627,316 primarily to the receipt of three grants in 2020, \$1,000,000 from Franklin County restricted for energy programs, \$1,350,000 from City of Columbus restricted for lending, and \$232,100 restricted for energy loan loss reserve. In addition, the Authority transferred \$980,625 of unrestricted funds to provide for a restricted energy direct loan. The Authority reported approximately \$135,000 in restricted interest earnings.

The balance of unrestricted net position is \$9,163,701 and can be used to finance the Authority’s operations. Unrestricted net position increased \$42,524 as operating income of \$817,351 plus unrestricted interest earning and an increase in the fair value of investments exceeded a \$980,625 transfer of unrestricted funds to finance the Trolley Barn direct energy loan.

The chart below illustrates the Authority’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2020 and 2019.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The table below shows the changes in net position for fiscal year 2020 and 2019. Certain amounts for 2019 have been reclassified to conform to 2020 presentation.

Change in Net Position

<u>Operating Revenues:</u>	<u>2020</u>	<u>2019</u>	Increase (Decrease)
Conduit financing and other fees	\$ 1,269,894	\$ 1,972,485	\$ (702,591)
Central Ohio bond fund fees	633,577	847,843	(214,266)
Total operating revenue	<u>1,903,471</u>	<u>2,820,328</u>	<u>(916,857)</u>
<u>Operating Expenses:</u>			
Salaries and benefits	579,304	600,510	(21,206)
Professional services	208,323	129,999	78,324
Depreciation	3,104	-	3,104
Miscellaneous operating expenses	295,389	235,503	59,886
Total operating expenses	<u>1,086,120</u>	<u>966,012</u>	<u>120,108</u>
Operating income	<u>817,351</u>	<u>1,854,316</u>	<u>(1,036,965)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Interest revenue	210,974	347,930	(136,956)
Increase in fair value of investments	26,040	109,404	(83,364)
Grants	1,350,000	-	1,350,000
Forgiveness of loan	(10,000)	-	(10,000)
Other nonoperating revenues	62,000	-	62,000
Energy programs:			
Energy grants	1,232,100	1,500,000	(267,900)
Fiscal charges	-	(135)	135
Other financing projects:			
Grants	-	800,000	(800,000)
Bond fund:			
Pledged revenue	3,782,301	2,970,185	812,116
Interest expense on bonds	(3,262,233)	(2,589,195)	(673,038)
Fiscal charges	(520,068)	(380,990)	(139,078)
Total nonoperating revenues	<u>2,871,114</u>	<u>2,757,199</u>	<u>113,915</u>
Change in net position	3,688,465	4,611,515	(923,050)
Net position at beginning of year	<u>28,309,738</u>	<u>23,698,223</u>	
Net position at end of year	<u>\$ 31,998,203</u>	<u>\$ 28,309,738</u>	

Operating revenues decreased \$916,857 or 32.51%. This decrease is primarily due to decreased fees generated through the Authority's Conduit Financing program and COBF fees. The Authority issued debt for eleven (11) projects compared to eighteen (18) projects through its conduit financing program in 2020 and 2019, respectively. The Authority issued five (5) bonds compared to six (6) bonds through the COBF in 2020 and 2019, respectively.

Operating expenses increased \$120,108 or 12.43%. Despite increasing staff, the Authority reported a decrease in salary and wage expense due to fluctuations in the net pension liability and net OPEB liability. Professional services expense increased primarily in the areas of financial advisor and legal fees. The Authority also saw an increase in miscellaneous expenses primarily in the areas of information technology, rent, and equipping new leased space.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Nonoperating revenues include grants. During 2020, the Authority received a \$1 million grant from Franklin County and a \$232,100 OSDA loan loss reserve contribution which are restricted for use in the Authority's energy program. In addition, the Authority received a \$1,350,000 grant from the City of Columbus that is restricted for lending.

Nonoperating revenues of the bond fund transactions include the collection of pledged revenues supporting the bonds issued through the COBF. Interest payments and fiscal charges related to the debt service on the bonds are reported as nonoperating expenses. Interest expense increased as the Authority has more bonds in the COBF in 2020.

Debt Administration

The Authority obtained a \$2.5 million OSDA loan in 2007. The loan is interest free with a term of 20 years. Principal payments of \$37,500 were made in 2020. Principal payments were paid out of restricted operating funds of the Authority. The OSDA Loan Agreement requires that annual repayment of principal to be based on no more than the interest earned on the \$2.5 million reserve, up to \$125,000. See Note 11 for more detail on the OSDA loan.

In 2020, the Authority issued \$24,270,000 in revenue bonds through the COBF program to finance five projects. The repayments are secured by pledged revenues which will be collected and distributed to the trustee for repayment of the bonds. See Note 5 for more detail on the COBF program.

Current Financial Related Activities

The Authority has the ability to finance projects through its Central Ohio Bond Fund program, Conduit Financing program, Energy Loan Program, Neighborhood Improvement and Small Business Program Loan Program, and through other financing vehicles. At year-end, there were 27 projects financed through the Authority's COBF program. The Authority's goals are to increase the number of projects financed in 2021 and to increase the number of loans through the energy program and the Neighborhood Improvement and Small Business Program Loan Program. The Authority is also looking to increase its presence in the affordable housing financing arena and is looking to develop programming to assist Central Ohio with its affordable housing strategies. Fees generated by financing projects are necessary to support the operations of the Authority.

The Authority continues to navigate through the on-going COVID-19 pandemic (Note 19). Although economic uncertainties exist, the Authority does not anticipate a significant reduction projects financed in 2021 due to the pandemic.

Contacting the Authority's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jean Carter Ryan, President, Columbus-Franklin County Finance Authority, 300 Spruce Street, Suite 220, Columbus, Ohio, 43215.

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

STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS:	
Current:	
Cash, cash equivalents, and investments (Note 3).....	\$ 8,080,021
Other assets.....	114,599
Total current assets.....	8,194,620
Noncurrent:	
Loan receivable (Note 8).....	600,443
Pledged receivable (Note 5 and 7).....	1,120,192
Depreciable capital assets, net (Note 16).....	18,625
Restricted assets:	
Cash, cash equivalents, and investments (Note 3).....	40,435,592
Loans receivable (Note 8).....	6,991,558
Note receivable (Note 9).....	39,587
Pledged receivables (Note 5 and 7):	
Loans receivable (Note 8).....	6,932,273
Other pledged receivables.....	79,507,659
Total pledged receivables.....	86,439,932
Total restricted assets.....	133,906,669
Total noncurrent assets.....	135,645,929
Total assets.....	143,840,549
DEFERRED OUTFLOWS OF RESOURCES:	
Pension - OPERS (Note 13).....	86,889
OPEB - OPERS (Note 14).....	48,456
Total deferred outflows of resources.....	135,345
LIABILITIES:	
Current:	
Accounts and other payables.....	6,727
Accrued salaries and benefits payable.....	53,109
Total current liabilities.....	59,836
Noncurrent:	
Net pension liability (Note 13).....	409,804
Net OPEB liability (Note 14).....	266,704
Payable from restricted assets:	
State loan payable (Note 11).....	1,666,250
Bond fund:	
Revenue bonds (Note 5).....	98,929,422
Accrued interest payable.....	469,798
Due to developer.....	9,136,192
Other liabilities/payables.....	908,456
Total payable from restricted assets.....	111,110,118
Total noncurrent liabilities.....	111,786,626
Total liabilities.....	111,846,462
DEFERRED INFLOWS OF RESOURCES:	
Pension - OPERS (Note 13).....	90,832
OPEB - OPERS (Note 14).....	40,397
Total deferred inflows of resources.....	131,229
NET POSITION:	
Investment in capital assets.....	18,625
Restricted.....	22,815,877
Unrestricted.....	9,163,701
Total net position.....	\$ 31,998,203

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

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

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

Operating revenues:	
Conduit financing and other fees	\$ 1,262,894
Central Ohio bond fund fees	633,577
Other.....	<u>7,000</u>
Total operating revenues.....	<u>1,903,471</u>
Operating expenses:	
Salaries and benefits.....	579,304
Professional services.....	208,323
Depreciation	3,104
Miscellaneous.....	<u>295,389</u>
Total operating expenses.....	<u>1,086,120</u>
Operating income.....	<u>817,351</u>
Nonoperating revenues (expenses):	
Interest revenue.....	210,974
Increase in fair value of investments.....	26,040
Grants	1,350,000
Other nonoperating revenue	62,000
Forgiveness of loan.....	(10,000)
Energy programs:	
Energy grants.....	1,232,100
Bond fund:	
Pledged revenue (Note 5).....	3,782,301
Interest expense on bonds (Note 5).....	(3,262,233)
Fiscal charges.....	<u>(520,068)</u>
Total nonoperating revenues (expenses)	<u>2,871,114</u>
Change in net position.....	3,688,465
Net position, January 1.....	<u>28,309,738</u>
Net position, December 31.....	<u>\$ 31,998,203</u>

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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:	
Cash received from conduit financing and other fees.....	\$ 1,236,131
Cash received from Central Ohio bond fund fees.....	633,577
Cash received from Hubbard parking facility.....	535,252
Cash received from other operations.....	7,000
Cash payments for salaries and benefits.....	(534,925)
Cash payments for other operating expenses.....	(377,329)
Cash payments for Hubbard parking facility management.....	(508,489)
	991,217
Net cash provided by operating activities.....	
Cash flows from capital and related financing activities:	
Acquisition of capital assets.....	(21,729)
Cash flows from noncapital financing activities:	
Payment on State loan - bond fund reserve.....	(37,500)
Grants received.....	2,582,100
Pledged revenue received.....	316,092
Loan disbursements made.....	(5,295,387)
Fiscal charges and other expenses.....	(24,540)
Developer contributions	864,210
Bond fund:	
Pledged revenue received.....	7,173,886
Issuance of revenue bonds.....	24,270,000
Premium/discount of bonds issued, net.....	(111,795)
Developer contribution	3,015,157
Pass through bond proceeds payments.....	(12,797,504)
Developer costs paid.....	(5,318,335)
Principal paid on bonds.....	(4,565,000)
Interest paid on bonds.....	(3,169,604)
Fiscal charges and other payments	(547,637)
Note disbursement.....	(39,587)
Distribution to developer	(544,885)
	5,769,671
Net cash provided by noncapital financing activities.....	
Cash flows from investing activities:	
Sale of investments.....	7,439,278
Interest received.....	356,018
	7,795,296
Net cash provided by investing activities.....	
Net increase in cash and cash equivalents.....	14,534,455
Cash and cash equivalents, January 1.....	32,698,948
Cash and cash equivalents, December 31.....	\$ 47,233,403
Reconciliation of operating income to net cash provided by operating activities:	
Operating income.....	\$ 817,351
Adjustments:.....	
Depreciation expense.....	3,104
Changes in assets and liabilities:	
Decrease in other assets.....	124,352
(Decrease) in accrued salaries and benefits payable.....	(25,437)
Increase in accounts and other payables.....	2,031
Decrease in deferred outflows - pension and OPEB.....	102,149
Increase in deferred inflows - pension and OPEB.....	122,746
(Decrease) in net pension liability.....	(166,373)
Increase in OPEB liability.....	11,294
	991,217
Net cash provided by operating activities.....	

Noncash Transaction:

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

The Authority assigned \$225,000 of prepaid financing payments to the Trustee of the Series 2015G bonds to redeem the bonds.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, Neighborhood Improvement and Small Business Program, and other loan programs which are described in Note 8.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Fund Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

C. Basis of Presentation

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

D. Basis of Accounting/Measurement Focus

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

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

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from servicing fees. Operating expenses for the Authority include the cost of providing these services, including administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues include pledged revenue to support repayment of bonds issued through the COBF, energy and other grants, interest earnings, changes in the fair value of the Authority's investments, and other revenues. Nonoperating expenses include interest payments on bonds and fiscal charges related to projects financed through the COBF. Nonoperating expenses also includes the forgiveness of a loan made by the Authority.

E. Cash, Cash Equivalents, and Investments

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

During 2020, investments were limited to negotiable certificates of deposit (CD's) (insured by the Federal Deposit Insurance Corporation (FDIC)), U.S. government money market mutual funds, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, the Authority measures investments at fair value which is based on quoted market prices.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Restricted assets

Restricted cash, cash equivalents, and investments include: (1) monies held by a trustee in accordance with the bond indentures for the bonds issued through the Authority's COBF, (2) cash and cash equivalents of the COBF bond reserve, (3) program funds restricted to reinvestment in the Rickenbacker area, (4) energy grants and program funds which are restricted for use in the Authority's energy programs, (5) cash and cash equivalents of the Hubbard parking garage operating and capital reserve, and (6) investments of the COBF reserve to the extent that their use is subject to constraints externally imposed by the trust indenture, creditors, grant contributors, or laws or regulations of other governments. The Authority is required to restrict \$5,000,000 (in both cash and cash equivalents and investments) which represents the proceeds of a City of Columbus bond reserve grant, a Franklin County bond reserve grant and proceeds of the Ohio Development Services Agency (OSDA) loan (see Note 11).

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

F. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position includes, but is not limited to, bond reserve grant and loan proceeds that are used in the COBF program (see Note 5). Restricted net position is reduced by the balance of the Ohio Development Services Agency (OSDA) loan payable at year end. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

G. Intergovernmental Revenue

During 2020 the Authority reported a \$1.0 million energy grant from Franklin County, a \$1.35 million grant from the City of Columbus, and a \$232,100 grant from the OSDA. The Franklin County grant is restricted to fund energy improvement projects through the Authority's energy programs. The City of Columbus grant is restricted to make a forgivable loan for a particular project (see Note 8). The OSDA grant is restricted for energy loan loss reserves. Revenues from grants are recognized as nonoperating revenue in the accounting period in which it is earned, essentially the same as the fiscal year.

H. Issuance Costs, Unamortized Bond Discounts and Premiums

In the financial statements, for bonds issued through the Authority's COBF, bond issuance are paid from bond proceeds and are reported as a component of the pledged receivable supporting repayment of the bonds. Bond discounts and premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized bond discounts and premiums are presented as an increase or decrease of the face amount of the bond payable (see Note 5).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

I. Pledged Receivable

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

J. Compensated Absences

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

K. Estimates

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

L. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. See Notes 13 and 14 for detail on the Authority's deferred outflows of resources related to its net pension liability and net Other Postemployment Benefits (OPEB) liability, respectively. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Notes 13 and 14 for detail on the Authority's deferred inflows of resources related to its net pension liability and net OPEB liability, respectively.

M. Pensions/Other Postemployment Benefits (OPEB)

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

N. Due to Developer

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

O. Additional COBF Cash Reserves

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

P. Capital Assets

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

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of the Authority's deposits was \$4,490,481 and the bank balance was \$4,493,088. Of the bank balance, \$1,341,776 was covered by the FDIC and \$3,151,312 was exposed to custodial credit risk described below.

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. All deposits are collateralized with by (1) eligible securities pledged to the Authority's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Investments

As of December 31, 2020, the Authority had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities		
		6 months or less	7 to 12 months	19 to 24 months
Fair Value:				
Negotiable CD's	1,320,598	-	554,348	766,250
U.S government money market mutual funds	35,392,179	35,392,179	-	-
Amortized Cost:				
STAR Ohio	<u>7,312,355</u>	<u>7,312,355</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 44,025,132</u>	<u>\$ 42,704,534</u>	<u>\$ 554,348</u>	<u>\$ 766,250</u>

The weighted average length to maturity of investments are 0.04 years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

Credit Risk: Standard & Poor's has assigned STAR Ohio and the U.S. government money market mutual funds an AAAM money market rating. The negotiable certificates of deposit were not rated but are fully covered by the FDIC.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the custodial agent, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The Authority's investment policy does not specifically address the concentration of credit risk. The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Fair value:		
Negotiable CD's	\$ 1,320,598	3.00
U.S. government money market mutual funds	35,392,179	80.39
Amortized cost:		
STAR Ohio	<u>7,312,355</u>	<u>16.61</u>
Total	<u>\$ 44,025,132</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

C. Schedule of Cash and Investments

The following is a schedule of deposits and investments as reported in the footnote above to cash and investments as reported on the statement of net position as of December 31, 2020:

	Deposits	Investments	Total
Unrestricted:			
Cash, cash equivalents, and investments	\$ 1,793,172	\$ 6,286,849	\$ 8,080,021
Restricted:			
Cash and cash equivalents:			
Operating	\$ 111,693	\$ -	\$ 111,693
Other financing projects	1,445,856	-	1,445,856
Energy	50,913	5,202,994	5,253,907
COBF - reserve	1,088,847	2,628,943	3,717,790
Bonds	-	28,615,344	28,615,344
Manuscript	-	8,792	8,792
Investments:			
COBF - reserve	-	1,282,210	1,282,210
Total restricted	2,697,309	37,738,283	40,435,592
Total	\$ 4,490,481	\$ 44,025,132	\$ 48,515,613

NOTE 4 - HUBBARD PARKING GARAGE

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

The operations of the Hubbard Parking Garage are accounted for as a fiduciary activity that meets the criterion for an exception to custodial fund reporting since assets, upon receipt, are held for three months or less. Monthly parking revenues come into the parking revenue account monthly net of operating expenses paid by the parking garage manager. After making any required deposits to the operating reserve and capital reserve, 95% of the parking revenues are redirected to the developer managing the parking garage with 5% of the parking revenues remaining with the Authority as a fee. During 2020, Authority has reported \$26,763 in conduit and other financing fee revenue related to this arrangement.

NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Under the COBF, debt service requirements on each bond issue are secured by a pledge of amounts to be received under financing agreements, leases, or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to provide 10% of the bond premium in a reserve (which is used to make the final payment on the bonds). Amounts in the COBF reserve account may be used for debt service in the event the borrower is unable to make the required payments under the lease or loan agreements. The amount held in the COBF reserve account at December 31, 2020 of \$5,000,000 is restricted in use and reported as a restricted asset on the statement of net position.

The Authority obtained a \$10 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, 2020. In addition, the Authority's Board has, by resolution, designated \$1 million of unrestricted cash and cash equivalents to build additional cash reserves for the COBF program (see Note 2.O.). The Finance Authority increased its Letter of Credit from \$10 million to \$15 million in February of 2021.

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

During 2020, the following activity occurred in the COBF program:

	Maturity Date	Balance 12/31/19	Issued	Retired	Balance 12/31/20	Amounts Due In One Year
Revenue Bonds:						
2007A - Harrison West, 6.00%	2035	\$ 1,715,000	\$ -	\$ (155,000)	\$ 1,560,000	\$ 90,000
2016G - Bridge Park West, 3.345%	2041	4,780,000	-	(140,000)	4,640,000	145,000
2016H - Vision, 3.025%	2027	3,895,000	-	(385,000)	3,510,000	395,000
2017A - St. Clair Commons, 3.82%	2036	2,245,000	-	(90,000)	2,155,000	95,000
2017B - Rickenbacker Phase II, 4.00%	2038	4,040,000	-	(55,000)	3,985,000	60,000
2017C - One Neighborhood 3, 2.00-4.00%	2040	6,045,000	-	(80,000)	5,965,000	85,000
2018B - 800 N. High Garage, 3.97%	2043	4,800,000	-	-	4,800,000	-
2018C - Long St. Energy, 4.25-4.75%	2038	3,160,000	-	(105,000)	3,055,000	110,000
2019A - Founders Park, 3.00-4.00%	2048	5,520,000	-	-	5,520,000	120,000
2019C - Founders Park 2, 3.90%	2048	5,480,000	-	-	5,480,000	55,000
2019D - Pulsar Place, 3.75%	2038	2,920,000	-	-	2,920,000	110,000
2019E - Beulah Park 4.00%	2049	4,680,000	-	-	4,680,000	-
2019F - Hubbard Garage Refund, 2.76%	2036	4,690,000	-	(235,000)	4,455,000	225,000
2020B - Grandview Crossing 2.00-4.00%	2050	-	8,000,000	-	8,000,000	-
2020D - Scioto Peninsula 2.00-3.00%	2052	-	6,235,000	-	6,235,000	-
2018E - Energy Bond #3, 3.00-4.00%	2045	-	4,800,000	-	4,800,000	55,000
		<u>53,970,000</u>	<u>19,035,000</u>	<u>(1,245,000)</u>	<u>71,760,000</u>	<u>1,545,000</u>
Direct Placements:						
2015E - Rogue Fitness, 3.00%	2023	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	1,000,000
2016A - PNC Tower, 4.47%	2031	2,420,000	-	(2,420,000)	-	-
2016B - Bell Hilliard, 3.00%	2025	1,000,000	-	(1,000,000)	-	-
2016C - University Plaza, 3.00%	2024	1,000,000	-	-	1,000,000	-
2016F - Polaris, 3.00%	2023	1,000,000	-	-	1,000,000	-
2017D - Miranova, 4.50%	2029	3,090,000	-	(215,000)	2,875,000	230,000
2018A - Energy Bond #1, 4.88/4.89%	2032	2,970,000	-	(150,000)	2,820,000	160,000
2018D - Energy Bond #2, 4.56/4.71%	2038	5,140,000	-	(270,000)	4,870,000	275,000
2019B - Fountain Square, 4.65%	2043	7,205,000	-	(140,000)	7,065,000	150,000
2020C - Hamilton Quarter Energy, 3.44%	2045	-	4,385,000	-	4,385,000	-
2020F - 800 N. High Restructure, 3.95%	2043	-	850,000	-	850,000	-
		<u>26,075,000</u>	<u>5,235,000</u>	<u>(4,445,000)</u>	<u>26,865,000</u>	<u>1,815,000</u>
Unamortized premiums		747,888	141,554	(35,240)	854,202	-
Unamortized discounts		(314,543)	(253,349)	18,112	(549,780)	-
Total		<u>\$80,478,345</u>	<u>\$ 24,158,205</u>	<u>\$ (5,707,128)</u>	<u>\$ 98,929,422</u>	<u>\$ 3,360,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

The Authority issued the following COBF bonds during 2020:

Series 2020B – Grandview Crossing

On August 5, 2020, the Authority issued \$8,000,000 in Series 2020B revenue bonds to finance public infrastructure improvements associated with Phase IA of a Grandview Crossing Mixed-Use Development Project to be located in both the cities of Grandview Heights and Columbus. Phase IA of the development will include a 317-unit apartment project and 132,000 square feet of class A office space. The cities of Grandview and Columbus created a 30-year TIF to allow for payments in lieu of property taxes based upon increased values of improved properties within the Grandview Crossing Project to be assigned to the Authority to secure and pay debt service on the Series 2020B bonds. In addition, the bonds will be secured by New Community Authority (NCA) charges levied against the office and apartments. The Series 2020B revenue bonds bear interest rates ranging from 2.00%-4.00% and mature on November 15, 2050. The bonds are payable solely from these pledged revenues.

Series 2020C – Hamilton Quarter Energy Project

On November 5, 2020, the Authority issued \$4,385,000 in Series 2020C revenue bonds, as part of a Property Assessed Clean Energy Bond (PACE) Project. The proceeds will be used for energy improvements to an office development project including a 141,437 square foot building located in the City of Columbus. The energy improvements will include HVAC, windows, lighting, roofing, boilers, and insulation. In conjunction with the bond issue, a Cooperative Agreement was entered into between the City of Columbus, the Columbus Regional Energy Special Improvement District, and the Authority for the assignment of special assessments levied on the tax parcel benefitting from the energy improvements securing repayment. The Series 2020C revenue bonds bear a variable interest rate interest rate and mature on November 15, 2045. The interest rate from inception through November 15, 2028 will be at 3.44%. The interest rate for the period November 16, 2028 through November 15, 2037 will be equal to the U.S. 10-Year Treasury Note rate plus 290 basis points no less than 3.44% and no greater than 4.14%. The interest rate for the period after November 16, 2037 will be equal to the U.S. 10-Year Treasury Note rate plus 300 basis points no less than 3.44% and no greater than 4.61%. The bonds are payable solely from these pledged revenues.

Series 2020D – Scioto Peninsula

On October 28, 2020, the Authority issued \$6,235,000 in Series 2020D revenue bonds to finance public infrastructure improvements (utilities and road improvements) associated with Phase IA of the redevelopment of City of Columbus owned property on Scioto Peninsula. Scioto Peninsula Holdings Ltd. serves as the master developer of the Scioto Peninsula Project. Phase IA of the multi-phased project will include the development of an office building, apartment building, hotel, and parking garage. For years 1 through 15, the Series 2020D Bonds will be secured by New Community Authority (NCA) charges levied by the NCA against the office, apartments, and hotel projects in Phase IA. In years 16 through 30, the Series 2020D bonds will be secured from net TIF service payments. To the extent the net TIF service payments are insufficient to meet the Series 2020D debt service, the NCA will impose fixed NCA charges from the applicable parcel in the amount necessary to address the shortfall. The Series 2020D revenue bonds bear interest rates ranging from 2.00%-3.00% and mature on May 15, 2052.

Series 2020E – Pooled Energy Efficiency Bond 3

On November 24, 2020, the Authority issued \$4,800,000 in Series 2020E-1 and E-2 revenue bonds to fund an Energy Escrow account used to finance individual energy direct loans (see Note 7 and 8). Principal and interest payments begin May 15, 2021 and are due May 15th and November 15th of each year. The bonds will be repaid from the pledged accumulative repayment of the energy direct loans made by the Authority. The Series 2020E revenue bonds bear interest rate of 3.00% and mature on November 15, 2045. The bonds are payable solely from these pledged revenues.

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FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Series 2020F – 800 N. High Garage Restructuring

On November 12, 2020, the Authority issued \$850,000 in Series 2020F revenue bonds to restructure and provide new money for interest due on the Series 2018B N. High Garage bonds in 2021, to pay for interest due on the Series 2020F bonds in 2021, to fund the 10% debt service reserve on the Series 2020F bonds, and to pay for costs of the restructuring. The Series 2018B bonds are secured by first priority pledge of all net receipts of the parking facility. In the event the net receipts are insufficient to pay debt service, a special assessment will be levied on the private improvements. The net receipts and special assessments together serve as the pledged revenues for the Series 2018B bonds. The Series 2020F bonds are secured by the same pledged revenues on a pari passu basis with the original Series 2018B bonds. The Series 2020F revenue bonds bear an interest rate of 3.95% and mature on November 15, 2036. The bonds are payable solely from these pledged revenues.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 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 schedule below shows pledged revenue coverage and cash held by the trustee at year-end:

	Pledged Revenue Coverage				Restricted Cash Held By Trustee at 12/31/20
	Total Principal and Interest Remaining on Bonds at 12/31/20	Principal Paid in 2020	Interest Expense in 2020	Pledged Revenue in 2020	
Revenue Bonds:					
2007A - Harrison West, 6.00%	\$ 2,203,800	\$ (155,000)	\$ (99,818)	\$ 108,825	\$ 3,415,352
2016G - Bridge Park West, 3.345%	6,911,469	(140,000)	(179,138)	210,455	507,970
2016H - Vision, 3.025%	3,974,103	(385,000)	(115,782)	146,856	830,207
2017A - St. Clair Commons, 3.82%	2,917,090	(90,000)	(86,960)	108,294	557,576
2017B - Rickenbacker Phase II, 4.00%	5,798,300	(55,000)	(162,784)	187,767	2,542,808
2017C - One Neighborhood 3, 2.00-4.00%	9,152,904	(80,000)	(224,436)	262,081	803,943
2018B - 800 N. High Garage, 3.97%	7,788,417	-	(190,560)	219,360	733,692
2018C - Long St. Energy, 4.25-4.75%	4,550,343	(105,000)	(144,966)	163,881	531,781
2019A - Founders Park, 3.00-4.00%	8,971,869	-	(209,806)	242,926	565,477
2019C - Founders Park 2, 3.90%	9,541,070	-	(173,500)	211,491	550,496
2019D - Pulsar Place, 3.75%	4,059,719	-	(110,398)	125,296	300,521
2019E - Beulah Park, 4.00%	6,954,000	-	(176,396)	202,447	1,000,568
2019F - Hubbard Garage Refund, 2.76%	5,760,928	(235,000)	(140,699)	140,699	545,168
2020B - Grandview Crossing 2.00-4.00%	12,260,075	-	(97,021)	110,354	1,092,488
2020D - Scioto Peninsula 2.00-3.00%	9,425,001	-	(29,824)	29,824	1,148,156
2018E - Energy Bond #3, 3.00-4.00%	7,051,463	-	(18,730)	18,730	4,621,885
<u>Direct Placements:</u>					
2015E - Rogue Fitness, 3.00%	1,075,000	-	(30,000)	36,000	108,590
2015G - Olympic, 3.00%	-	(250,000) ⁽¹⁾	-	82	-
2015H - StoryPoint, 3.00%	1,015,000	-	(30,000)	36,000	111,645
2016A - PNC Tower, 4.47%	-	(2,420,000)	(92,975)	106,346	-
2016B - Bell Hilliard, 3.00%	-	(1,000,000) ⁽²⁾	(15,000)	20,000	-
2016C - University Plaza, 3.00%	1,105,000	-	(30,000)	36,000	110,440
2016F - Polaris, 3.00%	1,090,000	-	(30,000)	36,000	116,574
2017D - Miranova, 4.50%	3,593,087	(215,000)	(135,459)	153,683	566,433
2018A - Energy Bond #1, 4.88/4.89%	3,829,648	(150,000)	(142,274)	203,542	2,315,382
2018D - Energy Bond #2, 4.56/4.71%	6,681,254	(270,000)	(234,646)	263,416	545,538
2019B - Fountain Square, 4.65%	11,960,984	(140,000)	(332,578)	372,729	749,568
2020C - Hamilton Quarter Energy, 3.44%	7,005,692	-	(23,934)	24,616	4,118,006
2020F - 800 N. High Restructure, 3.95%	1,406,457	-	(4,549)	4,601	125,080
Total	\$ 146,082,673	\$(5,690,000)	\$(3,262,233)	\$ 3,782,301	\$ 28,615,344

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

- (1) During 2020, the Trustee released the \$25,000 bond debt service reserve and assigned \$225,000 of prepaid financing payments to the Trustee to redeem the Series 2015G bonds.
- (2) During 2020, 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 2016B bonds.

Future Debt Service Requirements

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

Year Ending	Revenue Bonds			Revenue Bonds - Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,545,000	\$ 2,637,669	\$ 4,182,669	\$ 1,815,000	\$ 1,101,889	\$ 2,916,889
2022	2,095,000	2,574,164	4,669,164	960,000	1,047,687	2,007,687
2023	2,410,000	2,492,016	4,902,016	3,015,000	988,899	4,003,899
2024	2,635,000	2,399,137	5,034,137	2,055,000	882,464	2,937,464
2024	2,815,000	2,298,777	5,113,777	1,115,000	819,144	1,934,144
2026 - 2030	15,440,000	9,837,354	25,277,354	6,550,000	3,305,531	9,855,531
2031 - 2035	16,175,000	6,896,503	23,071,503	4,110,000	2,070,460	6,180,460
2036 - 2040	14,455,000	3,853,042	18,308,042	3,565,000	1,267,181	4,832,181
2041 - 2045	7,395,000	1,894,596	9,289,596	3,680,000	413,867	4,093,867
2046 - 2050	6,370,000	664,468	7,034,468	-	-	-
2051 - 2052	425,000	12,825	437,825	-	-	-
Total	<u>\$ 71,760,000</u>	<u>\$ 35,560,551</u>	<u>\$ 107,320,551</u>	<u>\$ 26,865,000</u>	<u>\$ 11,897,122</u>	<u>\$ 38,762,122</u>

NOTE 6 - CONDUIT FINANCING PROGRAM

Conduit financing represent bonds and notes for project financings which are collateralized by the related amounts to be received under leases. In accordance with GASB Interpretation No. 2 “Disclosure of Conduit Debt Obligations”, the bonds issued by the Authority under the conduit financing program do not create a liability to the Authority and therefore are not presented on the Authority’s financial statements. The Authority has no responsibility for the payment of the debt issued as the repayment is supported solely by the credit of the borrowing entity (frequently enhanced with a letter of credit). Under the conduit financing program, there is no credit exposure to the Authority. The total amount of conduit debt issued and the outstanding at December 31, 2020 is \$1,094,436,637.

NOTE 7 - OTHER FINANCING PROJECTS

In 2020, the Authority continued to work with the following financing project which was not financed through the COBF or the traditional Conduit Financing program:

Pizzuti

As of December 31, 2020, a total of \$1,927,808 is held by the Authority, of which \$1,445,856 is reported as restricted cash and cash equivalents to be reinvested in the Rickenbacker area and \$481,952 is reported as unrestricted cash and cash equivalents.

The Authority has recorded a \$4,480,770 pledged receivable for future revenues due from the City of Columbus in accordance with the Tax Increment Financing (TIF) agreement between the Authority, Pizzuti, and the City of Columbus. Of the total pledged receivable, 75%, or \$3,360,578, is reported as a noncurrent restricted asset while 25%, or \$1,120,192, is reported as a noncurrent unrestricted asset.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Energy Loan Program

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

On February 2, 2018, the Authority entered into an escrow agreement with Huntington as escrow agent to provide a method of financing energy direct loans made under the Authority's Energy Loan Program. The Authority deposited proceeds from the Pooled Energy Efficiency Bond 1 and Pooled Energy Efficiency Bond 2 into the escrow account (the "Energy Escrow") to be used to finance energy direct loans made by the Authority. The Finance Authority established an escrow account through its Energy Bond 1 trust indenture. The escrow account will be used to hold proceeds from certain energy bonds and make loans for eligible energy efficiency improvements. The escrow account will hold early energy loan payoffs and pay energy bondholders as well. At December 31, 2020, the balance of the Energy Escrow was \$1,973,780. This amount is reported in restricted cash, cash equivalents, and investments reported on the statement of net position.

Neighborhood Improvement and Small Business Loan Program

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

On December 1, 2020, the Authority entered into an escrow agreement with Huntington as escrow agent to provide a method of financing direct loans made under the Authority's NISBP loan program. The Authority deposited \$1,500,000 of unrestricted monies into the escrow account (the "NISBP Escrow") to be used to finance direct loans made by the Authority. At December 31, 2020, the balance of the NISBP Escrow was \$1,132,500. This amount is reported in unrestricted cash, cash equivalents, and investments reported on the statement of net position.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 8 - ENERGY, NEIGHBORHOOD IMPROVEMENT AND SMALL BUSINESS PROGRAM, AND OTHER LOANS RECEIVABLE - (Continued)

The Authority had the following loans receivable activity:

	Balance 12/31/19	Issued	Retired	Adjustment	Balance 12/31/20
Unrestricted:					
MAG	\$ 18,000	\$ -	\$ (10,000)	\$ 62,000	\$ 70,000
Trinity	367,943	-	(55,000)	-	312,943
911 Parsons	-	217,500	-	-	217,500
Total unrestricted loans	<u>385,943</u>	<u>217,500</u>	<u>(65,000)</u>	<u>62,000</u>	<u>600,443</u>
Restricted:					
Long Street Garage	1,007,690	-	(27,660)	-	980,030
Energy Direct Loans:					
PNC Plaza LLC	351,868	-	(351,868)	-	-
Trivium-Worthington	304,153	-	(19,611)	-	284,542
Frantz Investments LLC	487,077	-	(28,043)	-	459,034
Broad Street Partners	1,147,023	-	(64,499)	-	1,082,524
Refugee Road LLC	542,868	-	(542,868)	-	-
Omni Blazer LLC	825,841	-	(33,308)	-	792,533
OH15 Dublin LLC	880,947	114,700 ⁽¹⁾	(69,419)	-	926,228
Worthington Hills Country Club	656,193	-	(46,038)	-	610,155
145 E. Rich Street	560,741	-	(30,515)	-	530,226
Knightsbridge Olentangy LLC	421,899	-	(22,960)	-	398,939
Trivium Grove City LLC	479,386	-	(38,002)	-	441,384
Henderson Partners LLC	991,276	-	(35,031)	-	956,245
145 E. Rich Street #2	215,040	-	(12,041)	-	202,999
Orchard Knoll	1,153,622	136,979 ⁽¹⁾	(35,720)	-	1,254,881
OH14 Columbus LLC	92,048	853,009 ⁽¹⁾	(44,275)	-	900,782
OH15-2 Dublin LLC	20,873	147,483 ⁽¹⁾	-	-	168,356
MND LLC	-	341,809	-	-	341,809
Continental Hills LLC	-	1,237,000	-	-	1,237,000
Trolley Barn LLC	-	256,164	-	-	256,164
Forgivable Loans:					
Fortuity	-	750,000	-	-	750,000
Trolley Master Sublessee LLC	-	1,350,000	-	-	1,350,000
Total restricted loans	<u>10,138,545</u>	<u>5,187,144</u>	<u>(1,401,858)</u>	<u>-</u>	<u>13,923,831</u>
Total loans	<u>\$ 10,524,488</u>	<u>\$ 5,404,644</u>	<u>\$ (1,466,858)</u>	<u>\$ 62,000</u>	<u>\$ 14,524,274</u>

⁽¹⁾ Loan disbursements made in 2020 for loans which originated in 2019.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

MidAmerican Global Ventures, LLC

On March 17, 2014, the Authority disbursed \$100,000 to MidAmerican Global Ventures, LLC (MAG) as a loan. This loan has a repayment formula as outlined in the EB-5 Cooperative Loan Agreement and Term Sheet which states that repayment will occur from net available revenues of MAG. The Authority entered a promissory note with MAG which has a maturity date of October 15, 2033. On December 20, 2017, the Authority and MAG established the First Amendment to EB-5 Cooperative Loan Agreement whereby the Authority agreed that the principal amount of the loan will be forgiven at \$10,000 per year beginning October 14, 2018 and continuing annually on October 14 of each year until October 14, 2027. Previous amounts received under the loan and classified as principal retirement have been adjusted to reflect the proper balance of the loan at December 31, 2020. This loan adjustment has been reflected as other nonoperating revenue in the financial statements. In addition, the \$10,000 forgiven in 2020 has been reflected as a nonoperating forgiveness of loan expense. The original disbursement of the loan was made from general operating funds of the Authority. The loan receivable has been recorded as an unrestricted noncurrent asset on the statement of net position.

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, 2020, the Authority has reported a loan receivable in the amount of \$312,943 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).

911 Parsons Acquisition and Rehabilitation Project

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

Long Street Garage

On August 21, 2017, the Authority made a \$1,000,000 loan to 56 Long Street, LLC to finance the Long Street Garage Rehabilitation Project. The loan bears an interest rate of 2.00% and is scheduled to mature on August 1, 2047. Accrued but unpaid interest in the amount of \$19,053 is included in the receivable balance. The principal loaned is considered a restricted asset and restricted net position. Principal is restricted for loans made in the City of Columbus. During 2020, the Authority received \$27,660 and \$19,900 in principal and interest payments, respectively. Interest received on the loan is unrestricted. Interest earned and deposited on this loan, in the amount of \$67,787, is reported as unrestricted cash, cash equivalents, and investments and unrestricted net position on the statement of net position.

**COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

During 2020, the Authority made the following direct energy loans:

MND LLC

On August 27, 2020, the Authority made a \$481,111 loan to MND LLC to finance energy improvements for a 74,500 SF office building located at 300 W. Spruce Street in Columbus. The loan bears an interest rate of 5.40% and is scheduled to mature on November 15, 2030. Accrued but unpaid interest in the amount of \$5,629 is included in the receivable balance. At December 31, 2020, \$144,931 of the loan proceeds have not been disbursed and are reported in restricted cash, cash equivalents, and investments on the statement of net position.

Continental Hills LLC

On September 22, 2020, the Authority made a \$1,237,000 loan to Continental Hills, LLC to finance energy improvements at a 36,075 square foot shopping center located in Columbus. The loan bears an interest rate of 5.65% and is scheduled to mature on November 15, 2045. As of December 31, 2020, all of the loan proceeds have been disbursed.

Trolley Barn LLC

On March 12, 2020, the Authority made a \$1,961,250 loan to Trolley Barn LLC to finance energy improvements. The loan bears an interest rate of 7.75% and is scheduled to mature on November 15, 2039. Accrued but unpaid interest in the amount of \$103,628 is included in the receivable balance. At December 31, 2020, \$1,808,714 of the loan proceeds have not been disbursed and are reported in restricted cash, cash equivalents, and investments on the statement of net position.

During 2020, the Authority made the following forgivable loans:

Fortuity

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

Trolley Master Sublessee LLC

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

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

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NOTE 9 - NOTE RECEIVABLE

On June 23, 2020, Worthington Hills Country Club, Inc. signed a \$39,586 promissory note to the Authority for special assessments paid on-behalf of Worthington Hills Country Club, Inc. by the Authority. The note bears no interest and matures January 31, 2031. The Authority made the on-behalf payment from the Energy Escrow account. The note receivable is reported as a restricted noncurrent asset on the statement of net position.

NOTE 10 - MANUSCRIPT BONDS

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

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2020 was \$8,792. This amount is reported as restricted cash and cash equivalents on the statement of net position. In addition, the Authority had \$72,057 in cash and cash equivalents held by the trustee which are considered unrestricted cash and cash equivalents as unrestricted operating funds were used to deposit the monies with the trustee.

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

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

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

NOTE 11 - OHIO DEVELOPMENT SERVICES AGENCY (ODSA) LOAN

On May 8, 2007, the Authority received a \$2,500,000 loan from the ODSA. The loan proceeds were deposited into the COBF reserve account. The loan has a 20-year term, matures on June 1, 2027 and bears a 0% interest rate. The loan does charge an annual service fee of .25% based upon the outstanding balance of the loan. Payments of principal and the servicing fees are made each June 10. Loan principal payments are paid from restricted operating funds of the Authority and loan servicing fees are paid from unrestricted operating funds of the Authority.

The following is a schedule of the ODSA loan activity in 2020:

	Balance 12/31/19	Issued	Retired	Balance 12/31/20
<i>Direct Borrowing:</i>				
State loan payable	\$ 1,703,750	\$ -	\$ (37,500)	\$ 1,666,250

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - OHIO DEVELOPMENT SERVICES AGENCY (ODSA) LOAN - (Continued)

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.

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

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

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

NOTE 12 - RELATED PARTY TRANSACTIONS

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

In addition, the Authority received a \$1,350,000 grant from the City of Columbus to make a forgivable loan to Trolley Master Sublessee LLC to finance various improvements and operate a Public Market. The forgivable loan was disbursed to Trolley Master Sublessee LLC in 2020 (see Note 8).

NOTE 13 - DEFINED BENEFIT PENSION PLAN

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

Net Pension Liability and Net OPEB Liability

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

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NOTE 13 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension 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 and modified accrual bases of accounting.

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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NOTE 13 - 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 in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

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

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NOTE 13 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits *****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

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

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

The Authority's contractually required contribution for the Traditional Pension Plan was \$55,135 for 2020. Of this amount, \$1,751 is reported as accrued salaries and benefits payable.

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NOTE 13 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

The net pension liability for the OPERS were measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional
Proportion of the net pension liability/asset prior measurement date	0.00210400%
Proportion of the net pension liability/asset current measurement date	0.00207300%
Change in proportionate share	-0.00003100%
Proportionate share of the net pension liability	\$ 409,804
Pension expense	87,637

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional
Deferred outflows of resources	
Changes of assumptions	\$ 21,889
Changes in employer's proportionate percentage/ difference between employer contributions	9,865
Contributions subsequent to the measurement date	55,135
Total deferred outflows of resources	\$ 86,889
	OPERS - Traditional
Deferred inflows of resources	
Differences between expected and actual experience	\$ 5,181
Net difference between projected and actual earnings on pension plan investments	81,746
Changes in employer's proportionate percentage/ difference between employer contributions	3,905
Total deferred inflows of resources	\$ 90,832

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NOTE 13 - DEFINED BENEFIT PENSION PLAN - (Continued)

\$55,135 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, 2021.

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

Year Ending December 31:	OPERS - Traditional
2021	\$ (2,209)
2022	(27,796)
2023	3,385
2024	(32,458)
Total	\$ (59,078)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

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NOTE 13 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

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NOTE 13 - DEFINED BENEFIT PENSION PLAN - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net pension liability:			
Traditional Pension Plan	\$ 675,899	\$ 409,804	\$ 170,592

NOTE 14 - DEFINED BENEFIT OPEB PLAN

Net OPEB Liability

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Financial Report referenced below for additional information.

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NOTE 14 - DEFINED BENEFIT OPEB PLAN - (Continued)

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Authority was not required to make a contribution to fund health care during 2020.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Authority's proportion of the net OPEB liability was based on the Authority's share of contributions to the retirement plan relative to the contributions of all participating entities.

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NOTE 14 - DEFINED BENEFIT OPEB PLAN - (Continued)

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

	OPERS
Proportion of the net OPEB liability prior measurement date	0.00195900%
Proportion of the net OPEB liability current measurement date	<u>0.00193100%</u>
Change in proportionate share	<u><u>-0.00002800%</u></u>
Proportionate share of the net OPEB liability	\$ 266,704
OPEB expense	\$ 37,314

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Differences between expected and actual experience	\$ 7
Changes of assumptions	42,217
Changes in employer's proportionate percentage/difference between employer contributions	<u>6,232</u>
Total deferred outflows of resources	<u><u>\$ 48,456</u></u>

	OPERS
Deferred inflows of resources	
Differences between expected and actual experience	\$ 24,392
Net difference between projected and actual earnings on OPEB plan investments	13,580
Changes in employer's proportionate percentage/difference between employer contributions	<u>2,425</u>
Total deferred inflows of resources	<u><u>\$ 40,397</u></u>

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NOTE 14 - DEFINED BENEFIT OPEB PLAN - (Continued)

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

Year Ending December 31:	OPERS
2021	\$ 11,459
2022	2,392
2023	11
2024	(5,803)
Total	\$ 8,059

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.50% ultimate in 2030
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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NOTE 14 - DEFINED BENEFIT OPEB PLAN - (Continued)

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

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

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NOTE 14 - DEFINED BENEFIT OPEB PLAN - (Continued)

For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 349,026	\$ 266,704	\$ 200,792

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLAN - (Continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Authority's proportionate share of the net OPEB liability	\$ 258,834	\$ 266,704	\$ 274,474

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

NOTE 15 - RISK MANAGEMENT

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

NOTE 16 - CAPITAL ASSETS

The Authority's capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/19	Additions	Disposals	Balance 12/31/20
<i>Capital assets being depreciated:</i>				
Furniture and equipment	\$ -	\$ 6,686	\$ -	\$ 6,686
Leasehold improvements	-	15,043	-	15,043
Total capital assets being depreciated	-	21,729	-	21,729
<i>Less: accumulated depreciation:</i>				
Furniture and equipment	-	(955)	-	(955)
Leasehold improvements	-	(2,149)	-	(2,149)
Total accumulated depreciation	-	(3,104)	-	(3,104)
Total capital assets being depreciated, net	\$ -	\$ 18,625	\$ -	\$ 18,625

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 17 - ACCOUNTABILITY AND COMPLIANCE

For 2020, the Authority has implemented GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance.” GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended December 31, 2020. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed. The following pronouncement is postponed by one year and the Authority has elected delaying implementation until the year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the Authority has elected delaying implementation until the year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

NOTE 18 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

In June 2018, the GASB issued Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”, which addresses accounting and financial reporting for interest cost incurred before the end of a construction period and requires these costs be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB 89 increases the usefulness of governments’ financial statements by enhancing the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifying accounting for interest cost incurred before the end of a construction period. The Authority is evaluating the impact this standard will have on the financial statements when adopted for the year ending December 31, 2021.

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. The Authority’s investment portfolio and the investments of the pension and other employee benefit plans in which the Authority participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Authority's proportion of the net pension liability.....	0.002073%	0.002104%	0.001922%	0.001682%
Authority's proportionate share of the net pension liability.....	\$ 409,804	\$ 576,177	\$ 301,474	\$ 381,999
Authority's covered payroll.....	\$ 293,507	\$ 285,657	\$ 257,192	\$ 218,767
Authority's proportionate share of the net pension liability as a percentage of its covered payroll.....	139.62%	201.70%	117.22%	174.61%
Plan fiduciary net position as a percentage of the total pension liability.....	82.17%	74.70%	77.25%	77.25%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2016	2015	2014
	0.001747%	0.001679%	0.001679%
\$	302,640	\$ 202,450	\$ 197,877
\$	204,400	\$ 208,825	\$ 175,308
	148.06%	96.95%	112.87%
	81.08%	86.45%	86.36%

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	2020	2019	2018	2017
<i>Traditional Plan:</i>				
Contractually required contribution.....	\$ 55,135	\$ 41,091	\$ 39,992	\$ 33,435
Contributions in relation to the contractually required contribution.....	(55,135)	(41,091)	(39,992)	(33,435)
Contribution deficiency (excess).....	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll.....	\$ 393,821	\$ 293,507	\$ 285,657	\$ 257,192
Contributions as a percentage of covered payroll.....	14.00%	14.00%	14.00%	13.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's proportion of the net OPEB liability.....	0.001931%	0.001959%	0.001793%	0.001682%
Authority's proportionate share of the net OPEB liability.....	\$ 266,704	\$ 255,410	\$ 194,692	\$ 169,888
Authority's covered payroll.....	\$ 293,507	\$ 285,657	\$ 257,192	\$ 218,767
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll.....	90.87%	89.41%	75.70%	77.66%
Plan fiduciary net position as a percentage of the total OPEB liability.....	47.80%	46.33%	77.25%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution.....	\$ -	\$ -	\$ -	\$ 2,572
Contributions in relation to the contractually required contribution.....	-	-	-	(2,572)
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll.....	\$ 393,821	\$ 293,507	\$ 285,657	\$ 257,192
Contributions as a percentage of covered payroll.....	0.00%	0.00%	0.00%	1.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Columbus-Franklin County Finance Authority (the "Authority"), as of December 31, 2020 and the related notes to the financial statements and have issued our report thereon dated April 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

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

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

Purpose of This Report

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

Plante & Moreau, PLLC

April 7, 2021

OHIO AUDITOR OF STATE KEITH FABER



COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/25/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov