Columbus-Franklin County Finance Authority

Basic Financial Statements

Year Ended December 31, 2011

with Independent Auditors' Report

Clark Schaefer Hackett

STRENGTH IN NUMBERS

Dave Yost · Auditor of State

Board of Directors
Columbus-Franklin County Finance Authority
150 South Front Street, Suite 200
Columbus, Ohio 43215

We have reviewed the *Independent Auditors' Report* of the Columbus-Franklin County Finance Authority, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

May 2, 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of the Columbus-Franklin County Finance Authority (the "Authority"), as of December 31, 2011 and the related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 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, who 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.

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Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements as a whole. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
February 22, 2012

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

The discussion and analysis of the Columbus-Franklin County Finance Authority (the Authority) financial performance provides an overall review of the Authority's financial activities for the fiscal year ended December 31, 2011. 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 2011 are as follows:

- In total, net assets were $4,767,806 at December 31, 2011. This represents an increase of $572,994 or 13.66% from December 31, 2010.

- The Authority had operating revenues of $526,073, operating expenses of $326,727, nonoperating revenues of $7,090,001 and nonoperating expenses of $6,716,353 for fiscal year 2011.

- During 2011, the Authority issued $5 million in financing for two projects, down from nine projects in 2010. In addition, on July 11, 2011, the Authority was awarded a $2,342,190 grant from the Ohio Department of Development's Clean Ohio Revitalization Fund in conjunction with its project partner, Klingbeil Capital Management. The first draw of the grant, $780,568, was disbursed in November of 2011. Additionally, $195,719 has been recorded as a receivable and payable for monies disbursed in 2012 for work performed in 2011. The receipt and subsequent disbursement is reported as a nonoperating revenue and expense on the Authority's finance statements.

Using these Basic Financial Statements

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

Reporting the Authority's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2011?" The Statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Authority's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 9 and 10 of this report.

The statement of cash flows provides information about how the Authority finances and meets the cash flow needs of its operations, projects financed through the Central Ohio Bond Fund (COBF) and other financing projects. The statement of cash flows can be found on page 11 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 12-32 of this report.

The Authority has provided supplementary information on pages 33-35 of this report to break down the Authority's operations between those that are unrestricted, those that are restricted, other financing projects and those pertaining to the COBF.

The table below provides a summary of the Authority's net assets at December 31, 2011 and 2010.

Net Assets

	2011	2010
Assets		
Current assets:		
Unrestricted	$ 1,416,090	$ 1,306,700
Restricted	195,719	-
Noncurrent assets:		
Unrestricted	26,980	28,730
Restricted	15,281,235	14,866,065
Total assets	16,920,024	16,201,495
Liabilities		
Current liabilities:		
Payable from unrestricted assets	24,971	13,118
Payable from restricted assets	515,443	234,573
Noncurrent liabilities:		
Payable from restricted assets	11,611,804	11,758,992
Total liabilities	12,152,218	12,006,683
Net Assets		
Restricted	3,349,707	2,872,500
Unrestricted	1,418,099	1,322,312
Total net assets	$ 4,767,806	$ 4,194,812

Over time, net assets can serve as a useful indicator of the Authority's financial position. At December 31, 2011, the Authority's net assets totaled $4,767,806. Non-current assets consisted of cash and investments of the Central Ohio Bond Fund (COBF) reserve, cash and investments held by the Authority's fiscal agent related to bond issuances for the Harrison West Project and the One Neighborhood Project, cash and cash equivalents and a pledged receivable related to the Rickenbacker Project, a pledged tax increment financing (TIF) receivable from the City of Columbus to support the Harrison West Project and a pledged community authority financing payments and TIF revenues to support the One Neighborhood Project. The Harrison West Project and the One Neighborhood Project were financed through the Authority's COBF program.

Current liabilities consist of accruals related to the operations of the Authority plus the current portion of the Authority's loan payable to the State of Ohio Department of Development (ODOD). The principal amount and service fees paid on this loan in 2011 was $122,500 and $5,319, respectively, of which the principal amount was paid out of restricted operating funds of the Authority and the service fees were paid out of unrestricted operating funds of the Authority. Current liabilities also include a payable related to the Klingbeil state grant for work performed in 2011 that was not disbursed until 2012. Additionally, the bond fund transactions including bond costs payable, developer costs payable, accrued interest on bonds and the current portion of revenue bonds payable related to the Harrison West Project and One Neighborhood Project are included in current liabilities payable from restricted assets.

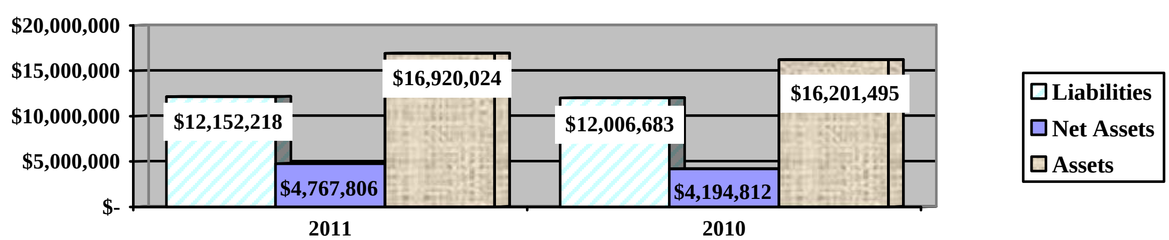
Non-current liabilities include the long-term portion of the ODOD loan, the long-term portion of the Rickenbacker Project loan and the balance of the revenue bonds issued to finance the Harrison West Project and One Neighborhood Project through the COBF program. The bonds are payable from restricted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

A portion of the Authority's net assets, $3,349,707, represents resources that are subject to external restriction on how they may be used. $2,995,000 of the restricted net assets consist of City of Columbus and Franklin County grants ($2,500,000) which were used to establish the COBF reserve account and the difference between the original proceeds received from the State loan ($2,500,000) and the balance of the State loan liability at year end ($2,005,000). The remaining balance of restricted net assets ($354,707) consist of tax increment financing payments collected related to the Rickenbacker project that are restricted for project-related costs within ten miles of Rickenbacker.

The balance of unrestricted net assets is $1,418,099 can be used to finance the Authority's operations.

The chart below illustrates the Authority's assets, liabilities and net assets at December 31, 2011 and 2010:

Governmental Activities



COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

The table below shows the changes in net assets for fiscal year 2011 and 2010.

Change in Net Assets

Operating Revenues:	2011	2010	Increase (Decrease)
Conduit financing and other fees	$ 200,938	$ 194,450	$ 6,488
Central Ohio bond fund fees	25,135	30,288	(5,153)
City of Columbus operating grant	150,000	137,218	12,782
Franklin County operating grant	150,000	137,218	12,782
Total operating revenue	526,073	499,174	26,899
Operating Expenses:			
Salaries and benefits	244,081	237,930	6,151
Professional services	40,497	39,010	1,487
Miscellaneous operating expenses	42,149	46,599	(4,450)
Total operating expenses	326,727	323,539	3,188
Operating income	199,346	175,635	23,711
Nonoperating Revenues (Expenses):			
Interest revenue	94,804	227,409	(132,605)
Decrease in fair value of investments	(75,863)	(154,244)	78,381
Other financing projects transactions:			
Interest revenue	61	-	61
State loan proceeds	5,000,000	2,000,000	3,000,000
State loan pass through payments	(5,000,000)	(2,000,000)	(3,000,000)
State grant proceeds - Klingbeil	976,287	-	976,287
State grant pass through payments - Klingbeil	(976,287)	-	(976,287)
Tax increment financing revenues	472,911	-	472,911
Fiscal charges	(39)	-	(39)
Pass through payments to Pizzuti	(118,226)	-	(118,226)
Bond fund transactions:			
Tax increment /community authority financing revenue	545,938	2,443,631	(1,897,693)
Contribution revenue	-	280,000	(280,000)
Pass through bond proceeds	-	(2,111,228)	2,111,228
Interest expense on bonds	(338,277)	(214,974)	(123,303)
Fiscal charges	(22,081)	(16,816)	(5,265)
Legal fees	(472)	-	(472)
Bond costs	-	(23,060)	23,060
Developer costs	(185,108)	(357,553)	172,445
Total nonoperating revenues	373,648	73,165	300,483
Change in net assets	572,994	248,800	324,194
Net assets at beginning of year	4,194,812	3,946,012	
Net assets at end of year	$ 4,767,806	$ 4,194,812	

Operating revenues increased $26,899 or 5.39%. This increase is due to an increase in conduit financing and other fees coupled with an increase in grant funding from the City of Columbus and Franklin County. The increase in conduit financing and other fees is primarily due to $118,220 in revenues derived from financing agreements related to the Rickenbacker project.

Operating expenses increased $3,188 or 0.99% primarily in the area of salaries and benefits.

Nonoperating revenues, net increased $300,483 from the prior year. Interest revenue decreased due to lower interest rates on investments. The most significant fluctuation was in the area of the fair value of investments. Under GAAP, certain investments are required to be reported at their fair value rather than cost. Although the Authority intends to hold investments to maturity, the change in the fair value of the investments is reflected in the financial statements. At December 31, 2010, the Authority has recorded a fair value adjustment for investments in a Federal Farm Credit Bank security, Federal Home Loan Bank securities and negotiable certificates of deposit. At December 31, 2011, the Authority has recorded a fair value adjustment for investments in negotiable certificates of deposit. Interest earned and fluctuations in the fair value of COBF investments may be used by the Authority for general operations.

During 2011, the Authority continued receiving TIF payments for the Harrison West Project. These TIF payments were used to make debt service payments (both principal and interest) on the Harrison West Bonds. TIF payments received that are restricted for bond principal payments are reported as a reduction to the TIF receivable from the City of Columbus. A portion of the TIF payments received in excess of required debt service payments may be used to make additional principal payments on the bonds. TIF payments received that are due to the developer for project costs are reported as developer costs expense.

During 2011, the Authority began receiving community authority financing payments for the One Neighborhood Project. The New Community Authority has pledged financing payments and future TIF payments to make debt service payments on the One Neighborhood Bonds. Payments received that are restricted for bond principal payments are reported as a reduction to the pledged receivable from the New Community Authority.

During 2011, the Authority entered into financing agreements with STAR Dynamics and Kern. Under these agreements, the Authority received and passed through State of Ohio loans totaling $3,000,000 and $2,000,000 to STAR Dynamics and Kern, respectively. The Authority has no obligation for repayment of the State of Ohio loan. The receipt and subsequent disbursement of the loan proceeds are reported as nonoperating activities of the Authority.

On July 11, 2011, the Authority was awarded a $2,342,190 grant from the Ohio Department of Development's Clean Ohio Revitalization Fund in conjunction with its project partner, Klingbeil Capital Management. The first draw of the grant, $780,568, was disbursed in November of 2011. Additionally, $195,719 has been recorded as a receivable and payable for monies disbursed in 2012 for work performed in 2011. The receipt and subsequent disbursement is reported as a nonoperating revenue and expense on the Authority's finance statements.

Capital Assets

The Authority did not possess any capital assets at December 31, 2011.

Debt Administration

The Authority obtained a $2,500,000 ODOD loan in 2007. The loan is interest free with a term of 20 years. Principal and servicing payments of $127,819 were made in 2011. Principal payments were paid out of restricted operating funds of the Authority and the service fees were paid out of unrestricted operating funds of the Authority. The State Loan Agreement requires that annual repayment of principal to be based on no more than the interest earned on the $2,500,000 reserve, up to $125,000. See Note 8 for more detail on the ODOD loan.

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

In 2010, the Authority received and passed through a portion of a $6,695,855 State of Ohio loan to fund a project at Rickenbacker. The State of Ohio loan is expected to be forgiven in 2012; however, the Authority has reported a liability and pledged receivable at December 31, 2011 in the amount of $4,510,788 which represents the loan proceeds received and disbursed as of December 31, 2011. No loan proceeds were disbursed in 2011.

Current Financial Related Activities

Currently, the Authority is reliant upon operating grants from the City of Columbus and from Franklin County to support its operations. The Authority has the ability to finance projects through its Central Ohio Bond Fund program, through a Conduit Financing program and through other financing vehicles. At year-end there were two projects financed through the Authority's COBF program. The Harrison West Project began in 2007 and the One Neighborhood Project began in 2010. In 2011, the Authority financed two new projects totaling $5 million. The Authority's goals are to increase the number of projects financed in 2012. Fees generated by financing the projects are necessary to support the operations of the Authority. On July 11, 2011, the Authority was awarded a $2,342,190 grant from the Ohio Department of Development's Clean Ohio Revitalization Fund in conjunction with its project partner, Klingbeil Capital Management. The first draw of the grant, $780,568, was disbursed in November of 2011. Additionally, $195,719 has been recorded as a receivable and payable for monies disbursed in 2012 for work performed in 2011. The receipt and subsequent disbursement is reported as a nonoperating revenue and expense on the Authority's finance statements.

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, 150 South Front Street, Suite 200, Columbus, Ohio, 43215.

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

ASSETS:	
Current:	
Cash and cash equivalents	$ 919,906
Investments	485,313
Accrued interest receivable	5,224
Prepayments	5,647
Restricted assets:	
Other financing projects transactions:	
State grant receivable - Klingbeil	195,719
Total current assets	1,611,809
Noncurrent:	
Unamortized loan closing costs	26,980
Restricted assets:	
Cash and cash equivalents	3,267,000
Investments	1,733,000
Other financing projects transactions:	
Cash and cash equivalents	354,707
Pledged receivable	4,510,788
Bond fund transactions:	
Cash equivalents with fiscal agent	1,322,721
Pledged receivable	3,903,654
Unamortized bond issue costs	189,365
Total restricted assets	15,281,235
Total noncurrent assets	15,308,215
Total assets	16,920,024
LIABILITIES:	
Current:	
Accounts payable	2,751
Accrued salaries and benefits payable	19,296
Accrued service fees payable	2,924
Payable from restricted assets:	
State loan payable - bond fund reserve	24,350
Other financing projects transactions:	
State grant payable - Klingbeil	195,719
Bond fund transactions:	
Bond costs payable	18,911
Due to developer	185,108
Accrued interest payable	41,355
Revenue bonds - due in following year	50,000
Total current liabilities	540,414
Noncurrent:	
Payable from restricted assets:	
State loan payable - bond fund reserve	1,980,650
Other financing projects transactions:	
State loan payable - Rickenbacker project	4,510,788
Bond fund transactions:	
Revenue bonds	5,120,366
Total noncurrent liabilities	11,611,804
Total liabilities	12,152,218
NET ASSETS:	
Restricted	3,349,707
Unrestricted	1,418,099
Total net assets	$ 4,767,806

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

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Operating revenues:	
Conduit financing and other fees	$ 200,938
Central Ohio bond fund fees	25,135
City of Columbus operating grant	150,000
Franklin County operating grant	150,000
Total operating revenues	526,073
Operating expenses:	
Salaries and benefits	244,081
Professional services	40,497
Miscellaneous	42,149
Total operating expenses	326,727
Operating income	199,346
Nonoperating revenues (expenses):	
Interest revenue	94,804
Decrease in fair value of investments	(75,863)
Other financing projects transactions:	
Interest revenue	61
State loan proceeds - STAR Dynamics and Kern	5,000,000
State loan pass through payments - STAR Dynamics and Kern	(5,000,000)
State grant proceeds - Klingbeil	976,287
State grant pass through payments - Klingbeil	(976,287)
Tax increment financing revenues	472,911
Fiscal charges	(39)
Pass through payments to Pizzuti	(118,226)
Bond fund transactions:	
Tax increment/community authority financing revenues	545,938
Interest expense on bonds	(338,277)
Fiscal charges	(22,081)
Developer costs	(185,108)
Legal fees	(472)
Total nonoperating revenues (expenses)	373,648
Change in net assets	572,994
Net assets, January 1	4,194,812
Net assets, December 31	$ 4,767,806

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

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:	
Cash received from conduit financing and other fees	$ 200,938
Cash received from Central Ohio bond fund fees	25,135
Cash received from operating grants	300,000
Cash payments for salaries and benefits	(231,800)
Cash payments for professional services	(40,497)
Cash payments for miscellaneous operating expenses	(40,790)
Net cash provided by operating activities	212,986
Cash flows from noncapital financing activities:	
Payment on State loan - bond fund reserve	(122,500)
Other financing projects transactions:	
State loan proceeds - STAR Dynamics and Kern	5,000,000
State loan pass through payments - STAR Dynamics and Kern	(5,000,000)
State grant proceeds - Klingbeil	780,568
State grant pass through payments - Klingbeil	(780,568)
Tax increment financing payments received	472,911
Fiscal charges paid	(39)
Pass through payments to Pizzuti	(118,226)
Bond fund transactions:	
Tax increment/community authority financing payments received	692,077
Principal paid on bonds	(120,000)
Interest paid on bonds	(339,667)
Fiscal charges paid	(22,081)
Legal fees paid	(472)
Net cash provided by noncapital financing activities	442,003
Cash flows from investing activities:	
Purchase of investments	(2,603,000)
Sale of investments	6,250,000
Interest received	122,910
Other financing projects transactions:	
Interest received	61
Bond fund transactions:	
Sale of investments	312,019
Interest received restricted for bond costs	4,030
Net cash provided by investing activities	4,086,020
Net increase in cash and cash equivalents	4,741,009
Cash and cash equivalents, January 1	1,123,325
Cash and cash equivalents, December 31	$ 5,864,334
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 199,346
Adjustments to reconcile operating income to net cash provided by operating activities:	
Amortization of loan closing costs	1,750
Changes in assets and liabilities:	
Decrease in prepayments	37
(Decrease) in accounts payable	(249)
Increase in accrued salaries and benefits payable	12,281
(Decrease) in accrued service fees payable	(179)
Net cash provided by operating activities	$ 212,986

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

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NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority adopted GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements" during the fiscal year ended December 31, 2011. The Authority also has the option to apply Financial Accounting Standards Board (FASB) guidance issued after November 30, 1989, provided this guidance does not conflict with or contradict GASB pronouncements. The Authority has elected not to apply this FASB guidance.

The Authority's significant accounting policies are described below.

A. Reporting Entity

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

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

B. Fund Accounting

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

C. Basis of Presentation

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

D. Basis of Accounting/Measurement Focus

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

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

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

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

E. Cash and Investments

During fiscal year 2011, investments were limited to negotiable and nonnegotiable certificates of deposit (CDs) (either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized), U.S. government money market mutual funds (Trust Public Funds Deposit), money market accounts and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on December 31, 2011.

Investments of the COBF reserve are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by creditors, grant contributors, or laws or regulations of other governments. The Authority is required to restrict $5,000,000 which represents the proceeds of a City of Columbus bond reserve grant, a Franklin County bond reserve grant and proceeds of the State loan. Interest earnings on these cash and investments, including fluctuations in the fair value of the investments, in excess of the $5,000,000 may be used for general operations of the Authority. For 2011, the investments of the COBF reserve had a fair value of $4,687 under their cost basis. This amount is recorded as an unrestricted investment at year end. The unrestricted cash and cash equivalents and investments reported on the statement of net assets are used for the general operations of the Authority. The fair value of investments was $71,176 greater than their cost basis at December 31, 2010 and was $4,687 less than their cost basis at December 31, 2011. The fluctuation in the fair values of investments of $75,863 is reported as a nonoperating expense in the Authority's financial statements.

Cash equivalents and investments with fiscal agent represents monies held by a trustee in accordance with the bond indenture for the bonds issued through the Authority's COBF during fiscal year 2011.

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

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

F. Prepayments

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

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

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets have been restricted for grant and loan proceeds that are used in the COBF program. The Authority has received a $1,250,000 grant from the City of Columbus, a $1,250,000 grant from Franklin County and $2,500,000 in proceeds from a State loan to establish the COBF reserve. Restricted net assets are reduced by the balance of the State loan payable at year end. In addition, the Authority has reported restricted net assets for tax increment financing payments received and maintained in a separate depository account for the Rickenbacker Project. The amount of restricted funds is determined by 75 percent of TIF revenues received for Authority purposes. These monies must be used for project-related costs within 10 miles of the Rickenbacker. Twenty-five percent of the TIF revenues received for Authority purposes may be used for operations.

H. Budgetary Process

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

I. Intergovernmental Revenue

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

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

In the financial statements, closing costs related on the State of Ohio Department of Development loan (see Note 8), bond issue costs related to bonds issued through the COBF program and bond discounts and premiums related to bonds issued through the COBF program, are deferred and amortized over the term of the loan/bond using the straight line method, which approximates the effective interest method. Unamortized loan closing costs and unamortized bond issue costs are reported on separate line items on the financial statements. Unamortized bond discounts and premiums are presented as an increase or decrease of the face amount of the bond payable (see Note 5).

K. Capital Assets

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

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

L. Receivables

At December 31, 2011, the Authority has a $195,719 receivable related to the $2,342,190 grant from the Ohio Department of Development's Clean Ohio Revitalization Fund in conjunction with its project partner, Klingbeil Capital Management. The receivable represents a draw for work performed in 2011 that was not received until 2012. The receivable is offset by a corresponding payable to Klingbeil Capital Management for the pass through grant proceeds.

M. Compensated Absences

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

N. Estimates

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

A. Investment Policy Statement and Scope of Policy

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

The Authority has two different types of funds:

1. Operating funds which are subject to all the public fund requirements pursuant to Chapter 135 of the Ohio Revised Code (ORC), and

2. Funds held in trust for the purpose of securing the Bond Fund program, which are not required to be invested as public funds.

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

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investment Objective

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

C. Investment Responsibilities and Procedures

1. Investment Officer

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

2. Investment Advisors, Qualified Dealers and Financial Institutions

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

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

3. Transaction Journal

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

4. Payment for Securities

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

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

5. **Safekeeping and Custody**

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

6. **Annual Review**

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

7. **Investment Oversight Committee**

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

D. Investments

1. **Investment Strategy - Operating Funds**

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

2. **Eligible Investments – Operating Funds**

   Operating funds may be invested in the following:

   a. Treasury Bills, notes, bonds, or any other obligations or securities issued by the US Treasury or any other obligations guaranteed as to principal and interest by the United States government (except stripped principal or interest obligations of such eligible obligations);

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

b. Federal Agency/Instrumentality Securities (including, but not limited to):
   - Federal National Mortgage Association (FNMA)
   - Federal Farm Credit Bank (FFC)
   - Federal Home Loan Bank (FHLB)
   - Federal Home Loan Mortgage Corporation (FHLMC)
   - Government National Mortgage Association (GNMA)
   - Student Loan Marketing Association (SLMA);

c. Certificates of Deposit or savings or deposit accounts in eligible depositories that have 100% coverage from the FDIC or are fully collateralized under the requirements of the ORC;

d. General obligations of the State of Ohio or any political subdivision of the State of Ohio;

e. No-Load Money Market Mutual Funds consisting exclusively of Treasury or Federal Agency/Instrumentality obligations and Repurchase Agreements secured by Treasury, or Federal Agency/Instrumentality obligations made through eligible institutions;

f. STAR Ohio (State Treasury Asset Reserve of Ohio); but only at any time at which STAR Ohio maintains the highest letter or numerical rating provided by at least one nationally recognized rating service; or

g. Repurchase Agreement(s) collateralized as required by the Ohio Revised Code with Treasury or Federal Agency/Instrumentality obligations and made through eligible institutions and for no longer than thirty (30) days.

3. Investment Strategy - Bond Fund Reserves

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

4. Eligible Investments – Bond Fund Reserves

Bond fund reserves may be invested in the following:

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

b. obligations issued or guaranteed by any state or political subdivision thereof (including stripped obligations the principal of and interest on which have been separated and offered for sale separately from each other) and long-term debt obligations of other Persons, in any case rated at the time of purchase, if Fitch is then rating the Bonds and rates such obligations, by Fitch, and otherwise by any Rating Service, in the highest category (without distinction as to number or symbol assigned within a category) if rated as short term obligations or not lower than the third highest category (without distinction as to number or symbol assigned within a category) if rated as long term obligations;

c. commercial or finance paper which is rated at the time of purchase, if Fitch is then rating the Bonds and rates such obligations, by Fitch and otherwise by any Rating Service in its highest rating category (without distinction as to number or symbol assigned within a category);

d. deposit accounts, bankers' acceptances, trust accounts, certificates of deposit or bearer deposit notes in one or more banks, trust companies or savings and loan associations (including without limitation, the Trustee or any bank affiliated with the Trustee) organized under the laws of Canada or the United States of America or any state or province thereof, each bank or trust company having a reported shareholder equity of at least $500,000,000 in dollars of the United States of America and being insured by the Federal Deposit Insurance Corporation and each savings and loan association having a reported shareholder equity of at least $500,000,000 in dollars of the United States of America and being insured by the Federal Deposit Insurance Corporation;

e. investment agreements (which term shall not include repurchase agreements) with a bank or bank holding company, an insurance company or any other financial institution (including the Trustee and any of its affiliates) rated in at least the third highest rating category by any Rating Service, without distinction as to number or symbol assigned within a category, if rated as long-term debt, and if rated as short-term debt, in the highest rating category by any Rating Service;

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

f. repurchase agreements with a financial institution (including the Trustee or any of its affiliates) insured by the F DIC, or any broker or dealer (as defined in the Securities Exchange Act of 1934 as amended), that is a dealer in government bonds and that is recognized by, trades with and reports to, a Federal Reserve Bank as a primary dealer in government securities, provided in any case: (a) the collateral for the repurchase agreement is described in paragraph (1) above, (b) the current market value of the collateral securing the repurchase agreement is at least equal to the amount of the repurchase agreement and is determined not less frequently than monthly, (c) the Trustee, or an agent acting solely on its behalf, has possession of the collateral, (d) the Trustee has a first priority perfected security interest in the collateral, and (e) the collateral is free and clear of any third party claims; provided that, the Trustee may rely on the certificate of its agent as to possession, priority of the security interest and absence of third party claims; and

g. investments in money market funds which are principally composed of obligations described in paragraphs (1), (2), (3), (4) or (5) of this section (including, without limitation, funds for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder, servicing agent, and/or custodian or subcustodian, notwithstanding that (a) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (b) the Trustee charges and collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates);

h. provided further that any investment or deposit described above in connection with a Series of Tax-Free Bonds does not constitute a “prohibited payment” within the meaning of the applicable Regulations or other similar applicable provisions. Except to the extent set forth in an Opinion of Bond Counsel, investments or deposits in certificates of deposit or pursuant to investment contracts shall not be made in connection with a Series of Tax-Free Bonds without compliance, at or prior to such investment or deposit, with the requirements of the applicable Regulations or with other similar applicable provisions.

E. Ethics and Conflict of Interest

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

F. Investment Education

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

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

The Authority had the following deposits and investments at December 31, 2011 with detailed information in Sections G, H and I:

	Amount	Classification on Statement of Net Assets
Deposits with Financial Institutions:		
Operating funds;		
Checking account	$ 891,566	Unrestricted - cash and cash equivalents
Nonnegotiable CDs	490,000	Unrestricted - investment
Project funds:		
Checking account	354,707	Restricted - cash and cash equivalents
Subtotal "Deposits with Financial Institutions"	1,736,273	
Investments:		
Operating funds;		
STAR Ohio	$ 1,807	Unrestricted - cash and cash equivalents
U.S. government money market mutual funds (Trust Public Funds Deposit)	26,321	Unrestricted - cash and cash equivalents
COBF reserve:		
U.S. government money market mutual funds (Trust Public Funds Deposit)	3,019,000	Restricted - cash and cash equivalents
Money market accounts	248,000	Restricted - cash and cash equivalents
Money market accounts - interest	212	Unrestricted - cash and cash equivalents
Negotiable CDs	1,733,000	Restricted - investment
Fair value adjustment - negotiable CDs	(4,687)	Unrestricted - investment
Bond funds with fiscal agent:		
U.S. government money market mutual funds (Trust Public Funds Deposit)	1,322,721	Restricted - cash equivalents with fiscal agent
Subtotal "Investments"	6,346,374	
Total deposits and investments	$ 8,082,647	

G. Cash Equivalents and Investments with Fiscal Agent

At December 31, 2011, the Authority had $1,322,721 in cash equivalents and investments held by a fiscal agent as trustee in accordance with the bond indenture for the Harrison West Project and the One Neighborhood Project financed through the COBF Program. The monies were invested by the fiscal agent in the Trust Public Funds Deposit accounts, which are invested in U.S. government money market mutual funds, are included in "Investments" below.

H. Deposits with Financial Institutions

At December 31, 2011, the carrying amount and bank balance of the Authority's deposits (both restricted and unrestricted) was $1,736,273 (this number excludes investments referenced in Note 3(I)). The carrying value and the bank balance include $891,566 in an operating checking account (unrestricted), $490,000 in nonnegotiable certificates of deposit (unrestricted) and $354,707 in a project checking account (restricted). $740,000 of the bank balance was covered by the Federal Deposit Insurance Corporation and the remaining balance was collateralized.

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

I. Investments

As of December 31, 2011, the Authority had the following investments and maturities:

		Investment Maturities	
Investment type	Fair Value	6 months or less	Greater than 24 months
Negotiable CDs	$ 1,728,313	$ -	$ 1,728,313
U.S government money market mutual funds (Trust Public Funds Deposit)	4,368,042	4,368,042	-
Money market accounts	248,212	248,212	
STAR Ohio	1,807	1,807	-
	$ 6,346,374	$ 4,618,061	$ 1,728,313

The weighted average length to maturity of investment is .95 years.

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

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

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, 2011:

Investment type	Fair Value	% of Total
Negotiable CDs	$ 1,728,313	27.23
U.S. government money market mutual funds (Trust Public Funds Deposit)	4,368,042	68.83
Money market accounts	248,212	3.91
STAR Ohio	1,807	0.03
	$ 6,346,374	100.00

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

	Insured/ Collateralized	Uninsured/ Uncollateralized	Total
Deposits:			
Checking accounts	$ 1,246,273	$ -	$ 1,246,273
Nonnegotiable CDs	490,000	-	490,000
Investments:			
U.S government money market mutual funds (Trust Public Funds Deposit)	-	4,368,042	4,368,042
Money market accounts	248,212	-	248,212
Negotiable CDs	1,728,313	-	1,728,313
STAR Ohio	-	1,807	1,807
	$ 3,712,798	$ 4,369,849	$ 8,082,647

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2011:

Cash and Investments per footnote	
Carrying amount of deposits	$ 1,736,273
Investments	6,346,374
Total	$ 8,082,647
Cash and investments on Statement of Net Assets	
Unrestricted:	
Cash and cash equivalents	$ 919,906
Investments	485,313
Restricted:	
Cash and cash equivalents	3,621,707
Investments	1,733,000
Cash equivalents with fiscal agent	1,322,721
Total	$ 8,082,647

NOTE 4 - RISK MANAGEMENT

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

NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM

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

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

Under the COBF, debt service requirements on each bond issue are secured by a pledge of amounts to be received under lease or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to provide 10% of the bond premium in a reserve (which is used to make the final payment on the bonds). Amounts in the COBF reserve account may be used for debt service in the event the borrower is unable to make the required payments under the lease or loan agreements. The amount held in the COBF reserve account at December 31, 2011 of $5,000,000 is restricted in use and reported as a restricted asset on the statement of net assets.

The following activity has occurred in the COBF program:

Harrison West Project
On December 19, 2007, the Authority issued $3,080,000 in Series 2007A revenue bonds, as part of the Harrison West Project. The proceeds of these bonds are used to purchase land for a four-acre park in the Harrison Park residential development and for development of park amenities. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues from the City of Columbus in accordance with the Cooperative Agreement between the Authority and the City of Columbus. The revenues to repay the bonds will be generated through the increased real estate taxes from the TIF District. Principal and interest payments are due May 15 and November 15 of each year. During fiscal year 2011, the Authority was required to make a $45,000 principal payment on the bonds. The Authority made principal payments totaling $120,000 during 2011 due to excess revenues received from the project. The bonds bear an interest rate of 6.00%.

The following is a schedule of the bond activity in fiscal year 2011:

	Balance 12/31/10	Issued	Retired	Balance 12/31/11	Amount due within one year
Harrison West Project:					
Revenue Bonds	$ 2,890,000	$ -	$ (120,000)	$ 2,770,000	$ 50,000
Unamortized discount	(68,750)	-	2,750	(66,000)	-
Total	$ 2,821,250	$ -	$ (117,250)	$ 2,704,000	$ 50,000

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

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2011 was $818,596. This amount is reported as restricted cash equivalents with fiscal agent on the statement of net assets. Of this total, $185,108 is due to the developer of the Harrison West Project for project costs as year-end. This amount has been reported as a current liability payable from restricted assets on the statement of net assets. In addition, $17,932 of the $818,596 represents interest earned on the investments which is restricted to be used for future bond costs. This amount has also been reported as a current liability payable from restricted assets on the statement of net assets.

The Authority may make accelerated principal payments on the Harrison West revenue bonds should revenues from the project exceed scheduled debt service requirements. The original bonds were scheduled to mature May 15, 2035; however, the bonds may be retired sooner based upon anticipated accelerated principal payments. During 2010 and 2011, the Authority made additional principal payments of $145,000 and $75,000, respectively, beyond the required principal payments. The following is a projected schedule of the estimated future debt service requirements to maturity for the Harrison West revenue bonds. These amounts may vary due to the Authority's ability to accelerate principal payments:

	Harrison West Revenue Bonds		
Year Ending	Principal	Interest	Total
2012	$ 50,000	$ 164,700	$ 214,700
2013	55,000	161,550	216,550
2014	55,000	158,250	213,250
2015	60,000	154,800	214,800
2016	65,000	151,050	216,050
2017 - 2021	400,000	688,500	1,088,500
2022 - 2026	535,000	549,150	1,084,150
2027 - 2031	735,000	359,850	1,094,850
2032 - 2035	815,000	118,350	933,350
Total	$ 2,770,000	$ 2,506,200	$ 5,276,200

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

The Authority has pledged TIF revenues from the City of Columbus in accordance with the Cooperative Agreement between the Authority and the City of Columbus for repayment of the Harrison West revenue bonds. The Harrison West revenue bonds are payable solely from these pledged revenues. The total principal and anticipated interest remaining on the bonds is $5,276,200, payable through 2035. For the current year, principal and interest paid and total tax increment financing payments received were $289,800 and $517,072, respectively.

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

One Neighborhood Project

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

The following is a schedule of the bond activity in fiscal year 2011:

	Balance 12/31/10	Issued	Retired	Balance 12/31/11	Amount due within one year
One Neighborhood Project:					
Revenue Bonds	$ 2,450,000	$ -	$ -	$ 2,450,000	$ -
Unamortized premium	16,954	-	(588)	16,366	-
Total	$ 2,466,954	$ -	$ (588)	$ 2,466,366	$ -

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, 2011 was $504,125. This amount is reported as restricted cash and investments with fiscal agent on the statement of net assets. Included in this total is $979 of interest earned on the investments which is restricted to be used for future bond costs. This amount has been reported as a current liability payable from restricted assets on the statement of net assets.

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

One Neighborhood Revenue Bonds

Year Ending	Principal	Interest	Total
2012	$ -	$ 159,250	$ 159,250
2013	-	159,250	159,250
2014	-	159,250	159,250
2015	-	159,250	159,250
2016	-	159,250	159,250
2017 - 2021	-	796,250	796,250
2022 - 2026	325,000	762,450	1,087,450
2027 - 2031	535,000	625,300	1,160,300
2032 - 2036	755,000	425,750	1,180,750
2037 - 2039	835,000	126,100	961,100
Total	$ 2,450,000	$ 3,532,100	$ 5,982,100

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

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

The Authority has pledged New Community Authority charges imposed on the residents of the neighborhood (25 mills) along with TIF revenues for repayment of the One Neighborhood revenue bonds. The One Neighborhood revenue bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $5,982,100, payable through 2039. For the current year, interest paid and total tax increment/community authority financing payments received were $169,867 and $175,005, respectively.

NOTE 6 - CONDUIT FINANCING PROGRAM

Conduit financing represent bonds and notes for project financings which are collateralized by the related amounts to be received under leases. In accordance with GASB Interpretation No. 2 "Disclosure of Conduit Debt Obligations", the bonds issued by the Authority under conduit financing program do not create a liability to the Authority and therefore are not presented on the Authority's financial statements. The Authority has no responsibility for the payment of the debt issued as the repayment is supported solely by the credit of the borrowing entity (frequently enhanced with a letter of credit). Under the conduit financing program, there is no credit exposure to the Authority. The total amount of conduit debt issued and the outstanding at December 31, 2011 is $258,186,413. Two projects financed through the Authority's conduit financing program had additional benefits as described below:

Nationwide Children's Hospital and 3MX Project
In 2010, the Authority issued $2.2 million Recovery Zone Facility Bonds on behalf of 3MX (developer) to make building improvements to accommodate an expansion of Nationwide Children's Hospital for its behavioral health group. Under the financing transaction, the Authority obtained title to the building for $1 and entered into a triple-net capital lease with 3MX. The bonds are a 12 year term based on the term of the lease between 3MX and Children's Hospital. At the end of the term, the building title will revert back to the developer for $1. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

Grandview Yard Project
In 2009, the Authority issued $11 million in revenue bonds for a 40-year term to finance road improvements, utility extensions and parking at Grandview Yard. Grandview Yard is a 90- acre mixed-use development at the eastern edge of Grandview Heights between Goodale and West Third Ave. The developer of the project is Nationwide Realty Investors (NRI). Under the financing transaction, the Authority obtained title to a parking structure for the 40-year term of the financing. The land under the parking structure is leased to the Authority as a ground lease for 99 years; fee title is held by NRI. Either the Authority or NRI can terminate the ground lease with 10 days notice after the bonds are paid off. Once the ground lease has matured or is terminated, title to the parking structure will revert to NRI. A maintenance and management agreement has been structured with NRI to manage the facility. The Authority does not receive any lease payments or any other form of compensation under this arrangement beyond the conduit financing fees generated and the Authority has no responsibility for repayment of the bonds.

NOTE 7 – OTHER FINANCING PROJECTS

In 2011, the Authority had the following financing projects which were not made through the COBF or conduit bond financing program:

STAR Dynamics
On April 6, 2011, the Authority closed on a $3,000,000 loan with the State of Ohio on behalf of STAR Dynamics. In the event of a default, the State of Ohio will pursue repayment directly from STAR Dynamics, thus the Authority has no credit or financial risk in the project. As such, the Authority has not reported a liability of the loan proceeds received and disbursed. The receipt and subsequent disbursement of the $3,000,000 State of Ohio loan proceeds to STAR Dynamics is reported as a nonoperating revenue and expense on the Authority's financial statements.

Kern
On March 23, 2011, the Authority closed on a $2,000,000 loan with the State of Ohio on behalf of Kern. In the event of a default, the State of Ohio will pursue repayment directly from Kern, thus the Authority has no credit or financial risk in the project. As such, the Authority has not reported a liability of the loan proceeds received and disbursed. The receipt and subsequent disbursement of the $2,000,000 State of Ohio loan proceeds to Kern is reported as a nonoperating revenue and expense on the Authority's financial statements.

Pizzuti
In 2011, the first tax increment financing payment was received from the City of Columbus in the amount of $591,131. Twenty percent of those funds ($118,226) were disbursed to Pizzuti per the Authority's legal agreement with Pizzuti and twenty-five percent of the remaining balance ($118,220) was reported as "conduit and other financing fees" in the Authority's unrestricted operating funds. The remaining funds ($354,685) are to be used for project-related costs within ten miles of Rickenbacker for at least one loan cycle. The remaining funds, plus $61 in interest earnings less $39 in bank charges, amounted to $354,707 at December 31, 2011. This amount has been reported as restricted cash and cash equivalents in the financial statements.

On July 22, 2010, the Authority received a $6,695,855 state forgivable loan in conjunction with Pizzuti for a project in the Rickenbacker area. It is anticipated that the loan will be forgiven in the fourth quarter of 2012 as the project meets certain agreed criteria. If the loan is not forgiven, the Authority only owes what it receives from pledged tax increment financing payments from the district. During 2010, the Authority received and disbursed $4,510,788 of the $6,695,855 loan. During 2011, no additional loan proceeds were received or disbursed. The Authority has recorded a receivable and noncurrent liability for the amount of the loan proceeds received and disbursed for the project.

Klingbeil
On July 11, 2011 the Authority was awarded a $2,342,190 grant from the Ohio Department of Development's Clean Ohio Revitalization Fund in conjunction with its project partner, Klingbeil Capital Management. The first draw of the grant, $780,568, was disbursed in November of 2011. Additionally, $195,719 has been recorded as a receivable and payable for monies disbursed in 2012 for work performed in 2011. The receipt and subsequent disbursement is reported as a nonoperating revenue and expense on the Authority's finance statements.

NOTE 8 - STATE OF OHIO DEPARTMENT OF DEVELOPMENT LOAN

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

The following is a schedule of the State loan activity in fiscal year 2011:

	Balance 12/31/10	Issued	Retired	Balance 12/31/11	Amount due within one year
State loan payable	$ 2,127,500	$ -	$ (122,500)	$ 2,005,000	$ 24,350

The Authority will repay the ODOD loan using interest earnings on the investments purchased with the loan proceeds. The Authority is only required to remit interest earned as repayment. Since repayment is contingent upon interest earnings which fluctuates annually, an amortization schedule for repayment the ODOD loan is not presented. The Authority anticipates it will repay $24,350 of the ODOD loan in 2012.

NOTE 9 - RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE

The Authority received operating grants from the City of Columbus and Franklin County in the amounts of $150,000 each to support operations of the Authority for fiscal year 2011.

NOTE 10 - LETTER OF CREDIT

The Authority obtained a $5 million, unsecured letter of credit in order to support issuance of development bonds via the Authority's COBF program. No amounts were outstanding on the letter of credit at December 31, 2011.

NOTE 11 - OPERATING FUNDS

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

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

NOTE 12 - CONTINGENCIES

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

NOTE 13 - PENSION PLAN

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2011 member contribution rates were 10.00% for members in State and local classifications.

The Authority's contribution rate for 2011 was 14.00% of covered payroll. Of this total, 9.00% was allocated to fund pension benefits and 5.00% was allocated to fund the post-employment health care plan.

The Authority's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010 and 2009 were $16,865, $16,692, and $15,175, respectively; equal to their required contribution for each year.

NOTE 14 - POST-RETIREMENT BENEFIT PLAN

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

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

NOTE 14 - POST-RETIREMENT BENEFIT PLAN - (Continued)

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14.00% of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2011 was 5.00% of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan. The Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010 and 2009 were $9,369, $10,800, and $10,973, respectively; equal to their required contribution for each year.

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

NOTE 15 - ACCOUNTABILITY

For 2011, the Authority has implemented GASB Statement No. 59, "Financial Instruments Omnibus", and GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements."

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the Authority.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for state and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Authority.

SUPPLEMENTARY INFORMATION

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Operating Funds		Other Financing	Central Ohio Bond Fund		
	Unrestricted	Restricted	Projects	Harrison West Project	One Neighborhood Project	Total
ASSETS:						
Current:						
Cash and cash equivalents	$ 919,906	$ -	$ -	$ -	$ -	$ 919,906
Investments	485,313	-	-	-	-	485,313
Accrued interest receivable	5,224	-	-	-	-	5,224
Prepayments	5,647	-	-	-	-	5,647
Restricted assets:						
Other financing projects transactions:						
State grant receivable - Klingbeil	-	-	195,719	-	-	195,719
Total current assets	1,416,090	-	195,719	-	-	1,611,809
Noncurrent:						
Unamortized loan closing costs	26,980	-	-	-	-	26,980
Restricted assets:						
Cash and cash equivalents	-	3,267,000	-	-	-	3,267,000
Investments	-	1,733,000	-	-	-	1,733,000
Other financing projects transactions:						
Cash and cash equivalents	-	-	354,707	-	-	354,707
Pledged receivable	-	-	4,510,788	-	-	4,510,788
Bond fund transactions:						
Cash equivalents with fiscal agent	-	-	-	818,596	504,125	1,322,721
Pledged receivable	-	-	-	2,025,585	1,878,069	3,903,654
Unamortized bond issue costs	-	-	-	83,978	105,387	189,365
Total restricted assets	-	5,000,000	4,865,495	2,928,159	2,487,581	15,281,235
Total noncurrent assets	26,980	5,000,000	4,865,495	2,928,159	2,487,581	15,308,215
Total assets	1,443,070	5,000,000	5,061,214	2,928,159	2,487,581	16,920,024
LIABILITIES:						
Current:						
Accounts payable	2,751	-	-	-	-	2,751
Accrued salaries and benefits payable	19,296	-	-	-	-	19,296
Accrued service fees payable	2,924	-	-	-	-	2,924
Payable from restricted assets:						
State loan payable - bond fund reserve	-	24,350	-	-	-	24,350
Other financing projects transactions:						
State grant payable - Klingbeil	-	-	195,719	-	-	195,719
Bond fund transactions:						
Bond costs payable	-	-	-	17,932	979	18,911
Due to developer	-	-	-	185,108	-	185,108
Accrued interest payable	-	-	-	21,119	20,236	41,355
Revenue bonds - due in following year	-	-	-	50,000	-	50,000
Total current liabilities	24,971	24,350	195,719	274,159	21,215	540,414
Noncurrent:						
Payable from restricted assets:						
State loan payable - bond fund reserve	-	1,980,650	-	-	-	1,980,650
Other financing projects transactions:						
State loan payable - Rickenbacker project	-	-	4,510,788	-	-	4,510,788
Bond fund transactions:						
Revenue bonds	-	-	-	2,654,000	2,466,366	5,120,366
Total noncurrent liabilities	-	1,980,650	4,510,788	2,654,000	2,466,366	11,611,804
Total liabilities	24,971	2,005,000	4,706,507	2,928,159	2,487,581	12,152,218
NET ASSETS:						
Restricted	-	2,995,000	354,707	-	-	3,349,707
Unrestricted	1,418,099	-	-	-	-	1,418,099
Total net assets	$ 1,418,099	$ 2,995,000	$ 354,707	$ -	$ -	$ 4,767,806

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Operating Funds		Other Financing	Central Ohio Bond Fund		
	Unrestricted	Restricted	Projects	Harrison West Project	One Neighborhood Project	Total
Operating revenues:						
Conduit financing and other fees	$ 200,938	$ -	$ -	$ -	$ -	$ 200,938
Central Ohio bond fund fees	25,135	-	-	-	-	25,135
City of Columbus operating grant	150,000	-	-	-	-	150,000
Franklin County operating grant	150,000	-	-	-	-	150,000
Total operating revenues	526,073	-	-	-	-	526,073
Operating expenses:						
Salaries and benefits	244,081	-	-	-	-	244,081
Professional services	40,497	-	-	-	-	40,497
Miscellaneous	42,149	-	-	-	-	42,149
Total operating expenses	326,727	-	-	-	-	326,727
Operating income	199,346	-	-	-	-	199,346
Nonoperating revenues (expenses):						
Interest revenue (expense)	(27,696)	122,500	-	-	-	94,804
Decrease in fair value of investments	(75,863)	-	-	-	-	(75,863)
Other financing projects transactions:						
Interest revenue	-	-	61	-	-	61
State loan proceeds - STAR Dynamics and Kern	-	-	5,000,000	-	-	5,000,000
State loan pass through payments - STAR Dynamics and Kern	-	-	(5,000,000)	-	-	(5,000,000)
State grant proceeds - Klingbeil	-	-	976,287	-	-	976,287
State grant pass through payments - Klingbeil	-	-	(976,287)	-	-	(976,287)
Tax increment financing revenues	-	-	472,911	-	-	472,911
Fiscal charges	-	-	(39)	-	-	(39)
Pass through payments to Pizzuti	-	-	(118,226)	-	-	(118,226)
Bond fund transactions:						
Tax increment/community authority financing revenues	-	-	-	377,939	167,999	545,938
Interest expense on bonds	-	-	-	(175,790)	(162,487)	(338,277)
Fiscal charges	-	-	-	(16,569)	(5,512)	(22,081)
Developer costs	-	-	-	(185,108)	-	(185,108)
Legal fees	-	-	-	(472)	-	(472)
Total nonoperating revenues (expenses)	(103,559)	122,500	354,707	-	-	373,648
Change in net assets	95,787	122,500	354,707	-	-	572,994
Net assets, January 1	1,322,312	2,872,500	-	-	-	4,194,812
Net assets, December 31	$ 1,418,099	$ 2,995,000	$ 354,707	$ -	$ -	$ 4,767,806

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

	Operating Funds		Other Financing Projects	Central Ohio Bond Fund		Total
	Unrestricted	Restricted		Harrison West Project	One Neighborhood Project	
Cash flows from operating activities:						
Cash received from conduit financing and other fees	$ 200,938	$ -	$ -	$ -	$ -	200,938
Cash received from Central Ohio bond fund fees	25,135	-	-	-	-	25,135
Cash received from operating grants	300,000	-	-	-	-	300,000
Cash payments for salaries and benefits	(231,800)	-	-	-	-	(231,800)
Cash payments for professional services	(40,497)	-	-	-	-	(40,497)
Cash payments for miscellaneous operating expenses	(40,790)	-	-	-	-	(40,790)
Net cash provided by operating activities	212,986	-	-	-	-	212,986
Cash flows from noncapital financing activities:						
Payment on State loan - bond fund reserve	-	(122,500)	-	-	-	(122,500)
Other financing projects transactions:						
State loan proceeds - STAR Dynamics and Kern	-	-	5,000,000	-	-	5,000,000
State loan pass through payments - STAR Dynamics and Kern	-	-	(5,000,000)	-	-	(5,000,000)
State grant proceeds - Klingbeil	-	-	780,568	-	-	780,568
State grant pass through payments - Klingbeil	-	-	(780,568)	-	-	(780,568)
Tax increment financing payments received	-	-	472,911	-	-	472,911
Fiscal charges paid	-	-	(39)	-	-	(39)
Pass through payments to Pizzuti	-	-	(118,226)	-	-	(118,226)
Bond fund transactions:						
Tax increment/community authority financing payments received	-	-	-	517,072	175,005	692,077
Principal paid on bonds	-	-	-	(120,000)	-	(120,000)
Interest paid on bonds	-	-	-	(169,800)	(169,867)	(339,667)
Fiscal charges paid	-	-	-	(16,569)	(5,512)	(22,081)
Legal fees paid	-	-	-	(472)	-	(472)
Net cash provided by (used in) noncapital financing activities	-	(122,500)	354,646	210,231	(374)	442,003
Cash flows from investing activities:						
Purchase of investments	(870,000)	(1,733,000)	-	-	-	(2,603,000)
Sale of investments	1,250,000	5,000,000	-	-	-	6,250,000
Interest received	410	122,500	-	-	-	122,910
Other financing projects transactions:						
Interest received	-	-	61	-	-	61
Bond fund transactions:						
Sale of investments	-	-	-	312,019	-	312,019
Interest received restricted for bond costs	-	-	-	3,208	822	4,030
Net cash provided by investing activities	380,410	3,389,500	61	315,227	822	4,086,020
Net increase in cash and cash equivalents	593,396	3,267,000	354,707	525,458	448	4,741,009
Cash and cash equivalents, January 1	326,510	-	-	293,138	503,677	1,123,325
Cash and cash equivalents, December 31	$ 919,906	$ 3,267,000	$ 354,707	$ 818,596	$ 504,125	$ 5,864,334
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 199,346	$ -	$ -	$ -	$ -	$ 199,346
Adjustments to reconcile operating income to net cash provided by operating activities:						
Amortization of loan closing costs	1,750	-	-	-	-	1,750
Changes in assets and liabilities:						
Decrease in prepayments	37	-	-	-	-	37
(Decrease) in accounts payable	(249)	-	-	-	-	(249)
Increase in accrued salaries and benefits payable	12,281	-	-	-	-	12,281
(Decrease) in accrued service fees payable	(179)	-	-	-	-	(179)
Net cash provided by operating activities	$ 212,986	$ -	$ -	$ -	$ -	$ 212,986

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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

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

We have audited the financial statements of the Columbus-Franklin County Finance Authority (the "Authority") as of and for the year ended December 31, 2011, and have issued our report thereon dated February 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance And Other Matters

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
February 22, 2012

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Dave Yost • Auditor of State

COLUMBUS-FRANKLIN FINANCE AUTHORITY

FRANKLIN COUNTY

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 15, 2012

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