COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY

FRANKLIN COUNTY, OHIO

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2017

JEAN CARTER RYAN, PRESIDENT

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Columbus-Franklin County Finance Authority, Franklin County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2017 through December 31, 2017. 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

April 18, 2018

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FRANKLIN COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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Independent Auditor's Report

To the Board of Directors
Columbus-Franklin County Finance Authority

Report on the Financial Statements

We have audited the accompanying basic financial statements of Columbus-Franklin County Finance Authority (the "Authority") as of and for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the net position of Columbus-Franklin County Finance Authority as of December 31, 2017 and the changes in its net position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Columbus-Franklin County Finance Authority

Required Supplemental Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2018 on our consideration of Columbus-Franklin County Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Columbus-Franklin County Finance Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 9, 2018

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017. 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 2017 are as follows:

- The Authority issued $17,580,000 in debt for four (4) projects through its Central Ohio Bond Fund. See Note 5 for further detail of bonds issued through the COBF.

- The Authority issued four loans. Three of these loans were issued through the Authority's energy loan program. See Note 8 for further detail on the Authority's loans receivable.

- The Authority issued $208.3 million in debt for six (6) projects through its Conduit financing program. As of December 31, 2017, total drawn downs on these borrowings were $53.7 million.

- The Authority received a $1 million grant from the City of Columbus for loan programs, a $1.5 million grant from Franklin County for use in the Authority's energy program, and an additional $846,597 grant from the Ohio Development Services Agency (ODSA) as additional energy loan loss reserves.

- The Authority recognized a $6.4 million gain on the forgiveness of a ODSA state loan related to the Pizzuti Rickenbacker project (see Note 7).

Using these Basic Financial Statements

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

Reporting the Authority's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2017?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's net pension liability.

The table below provides a summary of the Authority's net position at December 31, 2017 and December 31, 2016.

Net Position

	2017	2016
Assets		
Current assets	$ 4,192,895	$ 3,427,705
Noncurrent assets:		
Unrestricted	616,943	612,943
Restricted	63,283,848	44,693,372
Total assets	68,093,686	48,734,020
Deferred outflows of resources	153,779	119,565
Liabilities		
Current liabilities:		
Payable from unrestricted assets	73,625	79,775
Noncurrent liabilities:		
Payable from unrestricted assets	381,999	302,640
Payable from restricted assets	47,376,324	38,638,931
Total liabilities	47,831,948	39,021,346
Deferred inflows of resources	7,748	5,982
Net Position		
Restricted	15,907,524	6,054,441
Unrestricted	4,500,245	3,771,816
Total net position	$ 20,407,769	$ 9,826,257

Over time, net position can serve as a useful indicator of the Authority's financial position. At December 31, 2017, the Authority's net position totaled $20,407,769. Current assets increased primarily in the area of cash and cash equivalents which increased due to increased financing activity. Restricted noncurrent assets increased due to the receipt of additional loan loss reserves, energy grants restricted for loans, a City of Columbus grant restricted for loan, an increase in pledged receivables associated with the issuance of $17,580,000 in COBF bonds less $6,780,000 of bonds which were retired, and an increase in restricted cash and cash equivalents of approximately $5.3 million primarily related to amounts collected and due to developers.

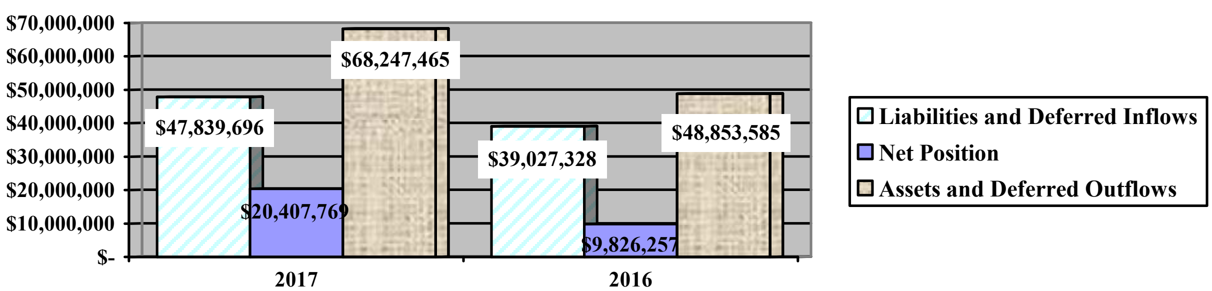
The Authority's noncurrent liabilities payable from unrestricted assets increased due to an increase in the Authority's net pension liability reported under GASB 68.

The Authority's noncurrent liabilities payable from restricted assets increased due to a net increase in bonds payable of $10,800,000 (issuances less retirements) and an increase in amounts collected and due to developers of approximately $4.5 million. These increases were offset by the forgiveness of the $6,407,934 ODSA loan related to the Pizzuti Rickenbacker project (see Note 7).

A portion of the Authority's net position, $15,907,524, represents resources that are subject to external restriction on how they may be used. The restricted net position consists of the City of Columbus and Franklin County grants ($2,500,000) which were used to establish the COBF reserve account and the difference ($694,000) between the original proceeds received from the State loan ($2,500,000) and the balance of the State loan liability at year end ($1,806,000). In addition, the Authority reports restricted net position for the balance of energy grants received and energy loans made that are restricted to support the Authority's energy programs ($5,300,023) and amounts restricted by other financing projects ($7,413,501).

The balance of unrestricted net position is $4,500,245 and can be used to finance the Authority's operations.

The chart below illustrates the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at December 31, 2017 and 2016.



The table below shows the changes in net position for fiscal year 2017 and 2016. Certain noncurrent revenues and expenses for 2016 have been reclassified to conform to current year presentation.

Change in Net Position

	2017	2016	Increase (Decrease)
Operating Revenues:			
Conduit financing and other fees	$ 1,064,565	$ 757,785	$ 306,780
Central Ohio bond fund fees	262,111	553,011	(290,900)
Operating grants	100,000	200,000	(100,000)
Total operating revenue	1,426,676	1,510,796	(84,120)
Operating Expenses:			
Salaries and benefits	434,903	326,689	108,214
Professional services	171,047	71,093	99,954
Miscellaneous operating expenses	155,256	131,083	24,173
Total operating expenses	761,206	528,865	232,341
Operating income	665,470	981,931	(316,461)
Nonoperating Revenues (Expenses):			
Interest revenue	216,403	143,782	72,621
(Decrease) in fair value of investments	(58,269)	(1,525)	(56,744)
Energy grants	2,346,597	1,069,985	1,276,612
Energy fees	3,377	-	3,377
Other financing projects:			
Assigned tax increment financing revenues	169,727	461,456	(291,729)
Pass through payments to Pizzuti	(169,727)	(461,456)	291,729
Grants	1,000,000	-	1,000,000
Developer contribution	10,000	-	10,000
Fiscal charges	(10,000)	-	(10,000)
Gain on forgiveness of debt	6,407,934	-	6,407,934
Bond fund:			
Pledged revenue	3,913,916	1,593,501	2,320,415
Contribution revenue	-	61,612	(61,612)
Interest expense on bonds	(1,148,412)	(657,686)	(490,726)
Fiscal charges	(178,923)	(119,207)	(59,716)
Developer costs	(2,586,581)	(878,220)	(1,708,361)
Total nonoperating revenues	9,916,042	1,212,242	8,703,800
Change in net position	10,581,512	2,194,173	8,387,339
Net position at beginning of year	9,826,257	7,632,084	
Net position at end of year	$ 20,407,769	$ 9,826,257	

Operating revenues decreased $84,120 or 5.57%. This decrease is primarily due to less projects financed through the Central Ohio bond fund and the loss of the Franklin County operating grant. The Authority issued four bonds through the COBF in 2017 versus eight in 2016. Conduit and other financing fees increased as the Authority generated additional fees through its energy program in 2017.

Operating expenses increased $232,341 or 43.93% primarily in the area of salaries and benefits expenses. The increase is primarily due to pension expense related to the Authority's net pension liability under GASB 68. In addition, the Authority increased professional services primarily due to expenses related to new market tax credit application.

Net nonoperating revenues increased primarily due to the receipt of a $1.5 million grant from Franklin County used to finance energy improvements (see Notes 8 and 11), a $1.0 million grant from City of Columbus to finance the Long Street garage rehabilitation project (see Notes 8 and 11), a $846,597 grant from the ODSA for loan loss reserves (see Note 11), and a gain of $6,407,934 on the forgiveness of the ODSA loan related to the Pizzuti Rickenbacker project (see Note 7).

Nonoperating revenues of the bond fund transactions include the collection of pledged revenues supporting the bonds issued through the COBF. Interest payments and fiscal charges related to the debt service on the bonds are reported a nonoperating expenses. Interest expense increased as the Authority has more bonds in the COBF in 2017. Developer costs consist of monies disbursed from Pledged TIF payments and bond proceeds to developers to perform projects.

Debt Administration

The Authority obtained a $2.5 million ODSA loan in 2007. The loan is interest free with a term of 20 years. Principal payments of $43,000 were made in 2017. Principal payments were paid out of restricted operating funds of the Authority. The ODSA Loan Agreement requires that annual repayment of principal to be based on no more than the interest earned on the $2.5 million reserve, up to $125,000. See Note 10 for more detail on the ODSA loan.

In 2017, the Authority issued $17,580,000 in revenue bonds through the COBF program to finance four projects. The repayments are secured by pledged revenues which will be collected and distributed to the trustee for repayment of the bonds. See Note 5 for more detail on the COBF program.

Between 2010 and 2017, the Authority received and passed through $6,407,934 of a $6,695,855 State of Ohio loan to fund a project at Rickenbacker. This loan was forgiven on July 22, 2017. A gain on the forgiveness of this debt, in the amount of $6,407,934 has been reflected in the financial statements. See Note 7 for more detail on State of Ohio forgivable loan.

Current Financial Related Activities

The Authority has the ability to finance projects through its Central Ohio Bond Fund program, through a Conduit Financing program, through an energy program and through other financing vehicles. At year-end there were 17 projects financed through the Authority's COBF program. The Authority's goals are to increase the number of projects financed in 2018 and to increase the number of loans through the energy program. Fees generated by financing projects are necessary to support the operations of the Authority.

Contacting the Authority's Financial Management

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

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COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS:		
Current:		
Cash and cash equivalents (Note 3)	$	4,113,418
Other assets		79,477
Total current assets		4,192,895
Noncurrent:		
Loan receivable (Note 8)		616,943
Restricted assets:		
Cash and cash equivalents (Note 3)		16,712,990
Investments (Note 3)		4,520,210
Pledged receivable (Note 5 and 7)		39,658,596
Loans receivable (Note 8)		2,392,052
Total restricted assets		63,283,848
Total noncurrent assets		63,900,791
Total assets		68,093,686
DEFERRED OUTFLOWS OF RESOURCES:		
Pension - OPERS (Note 12)		153,779
LIABILITIES:		
Current:		
Accounts and other payables		14,816
Accrued salaries and benefits payable		58,809
Total current liabilities		73,625
Noncurrent:		
Net pension liability (Note 12)		381,999
Payable from restricted assets:		
State loan payable (Note 10)		1,806,000
Other financing projects:		
Due to others		195
Bond fund:		
Revenue bonds (Note 5)		38,840,629
Accrued interest payable		156,003
Due to developer		6,447,993
Other payables		125,504
Total noncurrent liabilities		47,758,323
Total liabilities		47,831,948
DEFERRED INFLOWS OF RESOURCES:		
Pension - OPERS (Note 12)		7,748
NET POSITION:		
Restricted		15,907,524
Unrestricted		4,500,245
Total net position	$	20,407,769

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

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Operating revenues:		
Conduit financing and other fees	$	1,064,565
Central Ohio bond fund fees		262,111
City of Columbus operating grant.		100,000
Total operating revenues		1,426,676
Operating expenses:		
Salaries and benefits		434,903
Professional services		171,047
Miscellaneous		155,256
Total operating expenses		761,206
Operating income		665,470
Nonoperating revenues (expenses):		
Interest revenue.		216,403
(Decrease) in fair value of investments		(58,269)
Energy programs:		
Energy grants (Note 11).		2,346,597
Energy fees		3,377
Other financing projects:		
Assigned tax increment financing revenues (Note 7)		169,727
Pass through payments to Pizzuti (Note 7).		(169,727)
Grants (Note 11)		1,000,000
Developer contribution		10,000
Fiscal changes		(10,000)
Gain on forgiveness of debt (Note 7)		6,407,934
Bond fund:		
Pledged revenue (Note 5)		3,913,916
Interest expense on bonds (Note 5)		(1,148,412)
Fiscal charges		(178,923)
Developer costs		(2,586,581)
Total nonoperating revenues (expenses)		9,916,042
Change in net position		10,581,512
Net position, January 1		9,826,257
Net position, December 31.	$	20,407,769

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, 2017

Cash flows from operating activities:	
Cash received from conduit financing and other fees	$ 1,065,815
Cash received from Central Ohio bond fund fees	262,111
Cash received from operating grants	100,000
Cash payments for salaries and benefits	(381,016)
Cash payments for other operating expenses	(353,294)
Net cash provided by operating activities	693,616
Cash flows from noncapital financing activities:	
Payment on State loan - bond fund reserve	(43,000)
Grants received	3,496,597
Pledged revenue, fees and contributions received	61,708
Loan principal payments received	108,000
Loan disbursements	(1,756,927)
Fiscal charges paid	(10,000)
Assigned tax increment financing revenue received	212,159
Pass through payments to Pizzuti	(656,993)
State loan proceeds	487,266
Return of escrow deposit	(100,000)
Bond fund:	
Pledged revenue received	1,760,418
Issuance of revenue bonds	17,580,000
Premium/discount of bonds issued, net	(148,002)
Pass through bond proceeds payment	(7,728,014)
Developer costs paid	(1,764,362)
Principal paid on bonds	(460,000)
Interest paid on bonds	(1,110,674)
Fiscal charges paid	(178,923)
Payment to refunded bond escrow agent	(4,539,539)
Distribution to developer and other payments	(18,858)
Net cash provided by noncapital financing activities	5,190,856
Cash flows from investing activities:	
Purchase of investments	(1,157,440)
Sale of investments	1,112,302
Interest received	214,440
Net cash provided by investing activities	169,302
Net increase in cash and cash equivalents	6,053,774
Cash and cash equivalents, January 1	14,772,634
Cash and cash equivalents, December 31	$ 20,826,408
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 665,470
Reconciliation of operating income to net cash provioded by operating activities:	
Changes in assets and liabilities:	
(Increase) in other assets	(12,615)
Inecrease in accrued salaries and benefits payable	6,976
(Decrease) in accounts and other payables	(13,126)
(Increase) in deferred outflows - pension	(34,214)
Increase in deferred inflows - pension	1,766
Increase in net pension liability	79,359
Net cash provided by operating activities	$ 693,616

<u>Noncash Transaction:</u>
The Authority assigned $900,000 of prepaid financing payments to the Trustee of the Series 2015D bonds to redeem the bonds.
The Authority assigned $900,000 of prepaid financing payments to the Trustee of the Series 2015F bonds to redeem the bonds.
The Authority recognized a $6,407,934 gain on the forgiveness of debt.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Authority's significant accounting policies are described below.

A. Reporting Entity

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

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

B. Fund Accounting

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

C. Basis of Presentation

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

D. Basis of Accounting/Measurement Focus

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

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

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

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

E. Cash and Investments

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

Investments
During 2017, investments were limited to negotiable certificates of deposit (CD's) (insured by the Federal Deposit Insurance Corporation (FDIC)), Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, U.S. government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, the Authority measures investments at fair value which is based on quoted market prices.

During 2017, the Authority invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, "Certain External Investment Pools and Pool Participants". The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

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

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

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

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

F. Net Position

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

G. Intergovernmental Revenue

The Authority currently receives an operating grant through the City of Columbus. Revenues from this grant is recognized as operating revenue in the accounting period in which it is earned, essentially the same as the fiscal year. During 2017, the Authority reported $846,597 in energy grant revenue related to loan loss reserve grants and a $1.5 million grant from Franklin County. Energy loan loss reserve grants and the Franklin County grant are restricted to fund energy improvement projects through the Authority's energy programs. In addition, the Authority received a $1 million grant from the City of Columbus to finance a loan for a rehabilitation project. Revenues from energy grants and the City of Columbus grants are recognized as nonoperating revenue in the accounting period in which it is earned, essentially the same as the fiscal year.

H. Issuance Costs, Unamortized Bond Discounts and Premiums

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

I. Pledged Receivable

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

J. Compensated Absences

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

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

K. Estimates

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

L. Deferred Outflows of Resources and Deferred Inflows of Resources

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

M. Pension

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

N. Due to Developer

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

NOTE 3 - DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At December 31, 2017, the carrying amount of the Authority's deposits was $18,032,353 and the bank balance was $18,061,732. Of the bank balance, $1,003,849 was covered by the FDIC and $17,057,883 was exposed to custodial credit risk described below.

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

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of December 31, 2017, the Authority had the following investments and maturities:

		Investment Maturities				
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FHLB	$ 1,049,609	$ -	$ -	$ -	$ -	$ 1,049,609
FHLMC	805,112	-	-	-	-	805,112
Negotiable CD's	2,614,668	-	124,834	-	493,524	1,996,310
U.S government money market mutual funds	49,795	49,795	-	-	-	-
Amortized Cost:						
STAR Ohio	2,795,081	2,795,081	-	-	-	-
Total	$ 7,314,265	$ 2,844,876	$ 124,834	$ -	$ 493,524	$ 3,851,031

The weighted average length to maturity of investment is 2.14 years.

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

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

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

Credit Risk: The Authority's investments in FHLB and FHLMC securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. government money market mutual funds an AAAm money market rating. The negotiable certificates of deposit were not rated but are fully covered by the FDIC.

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The Authority's investment policy does not specifically address the concentration of credit risk. The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2017:

Measurement/ Investment type	Measurement Value	% of Total
Fair value:		
FHLB	$ 1,049,609	14.35
FHLMC	805,112	11.01
Negotiable CD's	2,614,668	35.75
U.S. government money manrket mutual funds	49,795	0.68
Amortized cost:		
STAR Ohio	2,795,081	38.21
Total	$ 7,314,265	100.00

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

D. Schedule of Cash and Investments

The following is a schedule of deposits and investments as reported in the footnote above to cash and investments as reported on the statement of net position as of December 31, 2017:

	Cash and Cash Equivalents	Investments	Total
Unrestricted:			
Deposits	$ 1,638,446	$ 2,474,972	$ 4,113,418
Restricted deposits:			
Other financing projects	1,095,641	269,288	1,364,929
Energy	3,913,538	-	3,913,538
COBF - reserve	429,995	49,795	479,790
Bonds	10,947,893	-	10,947,893
Manuscript	6,840	-	6,840
Restricted investments:			
COBF - reserve	-	4,520,210	4,520,210
Total	$ 18,032,353	$ 7,314,265	$ 25,346,618

NOTE 4 - RISK MANAGEMENT

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

NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM

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

To fund the COBF reserve account, the Authority received $5,000,000 in grants and loans. On December 21, 2006, the Authority received a $1,250,000 grant from Franklin County. On March 15, 2007, the Authority received a $1,250,000 grant from the City of Columbus. On May 8, 2007, the Authority received a $2,500,000 loan from the ODSA (See Note 10). The grant revenues and loan proceeds were deposited into the COBF reserve account and are reported as restricted assets on the statement of net position. Interest earned on investments purchased by the grant proceeds is not required to be maintained in the COBF reserve and may be used by the Authority for general operations.

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

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, 2017 of $5,000,000 is restricted in use and reported as a restricted asset on the statement of net position.

The Authority obtained a $5 million, unsecured letter of credit in order to support issuance of development bonds via the Authority's COBF program. No amounts were outstanding on the letter of credit at December 31, 2017.

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

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

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

During 2017, the following activity occurred in the COBF program:

	Maturity Date	Balance 12/31/16	Issued	Retired	Balance 12/31/17	Amounts Due In One Year
Revenue Bonds:						
2007A - Harrison West, 6.00%	2035	$ 2,135,000	$ -	$ (135,000)	$ 2,000,000	$ 75,000
2010A - One Neighborhood 1, 6.50%	2039	2,450,000	-	(2,450,000)	-	-
2012A - One Neighborhood 2, 5.375%	2039	2,080,000	-	(2,080,000)	-	-
2015B - Tuller Flats, 3.00%	2022	1,000,000	-	-	1,000,000	-
2015D - Wendell, 3.00%	2022	1,000,000	-	(1,000,000)	-	-
2015E - Rogue Fitness, 3.00%	2023	1,000,000	-		1,000,000	-
2015F - Dublin Bridge Park C3/C4 Block, 3.00%	2021	1,000,000	-	(1,000,000)	-	-
2015G - Olympic, 3.00%	2024	250,000	-		250,000	-
2015H - StoryPoint, 3.00%	2021	1,000,000	-		1,000,000	-
2016A - PNC Tower, 4.47%	2031	2,785,000	-	(115,000)	2,670,000	120,000
2016B - Bell Hilliard, 3.00%	2025	1,000,000	-		1,000,000	-
2016C - University Plaza, 3.00%	2024	1,000,000	-		1,000,000	-
2016D - H2 Hotel, 3.00%	2025	250,000	-		250,000	-
2016E - Landmark Lofts, 3.00%	2026	1,000,000	-		1,000,000	-
2016F - Polaris, 3.00%	2023	1,000,000	-		1,000,000	-
2016G - Bridge Park West, 3.345%	2041	4,915,000	-		4,915,000	-
2016H - Vision, 3.025%	2027	4,095,000			4,095,000	-
2017A - St. Clair Commons, 3.82%	2036	-	2,335,000	-	2,335,000	-
2017B - Rickenbacker Phase II, 4.00%	2038	-	4,140,000	-	4,140,000	50,000
2017C - One Neighborhood 3, 2.00-4.00%	2040	-	7,595,000	-	7,595,000	110,000
2016D - Miranova, 4.50%	2029	-	3,510,000	-	3,510,000	215,000
Total bonds		27,960,000	17,580,000	(6,780,000)	38,760,000	570,000
Unamortized premiums		302,057	-	(25,910)	276,147	-
Unamortized discounts		(53,940)	(148,002)	6,424	(195,518)	-
Total		$28,208,117	$ 17,431,998	$ (6,799,486)	$ 38,840,629	$ 570,000

The Authority issued the following COBF bonds during 2017:

Series 2017A – St. Clair Commons Public Infrastructure Project
On April 13, 2017, the Authority issued $2,335,000 in Series 2017A revenue bonds, as part of the St. Clair Commons Public Infrastructure Project. The proceeds of these bonds were used to construct various public improvements, including utilities, public roadway and a sanitary lift station and related lines, landscaping and signage and related design costs in connection with a 94-acre mixed use development on real property located in St. Clairsville, Ohio. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues. Interest payments began November 15, 2017 and are due May 15th and November 15th of each year. Principal payments begin May 15, 2019 and are due May 15th and November 15th of each year.

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

The Authority has pledged TIF revenues from the City of St. Clairsville in accordance with the Cooperative Agreement for repayment of the Series 2017A revenue bonds. The bonds are payable solely from these pledged revenues.

Series 2017B – Rickenbacker West Phase II Public Improvement Project
On August 3, 2017, the Authority issued \$4,140,000 in Series 2017B revenue bonds, as part of the Rickenbacker West Phase II Public Improvement Project. The proceeds of these bonds were used to construct public infrastructure improvements to support the construction of three additional buildings in the Rickenbacker area by the developer. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues. Interest payments began November 15, 2017 and are due May 15th and November 15th of each year. Principal payments begin May 15, 2018 and are due May 15th and November 15th of each year. The Authority has pledged TIF revenues from the City of Columbus in accordance with the Cooperative Agreement for repayment of the Series 2017B revenue bonds. The bonds are payable solely from these pledged revenues.

Series 2017C – One Neighborhood Project
On November 22, 2017, the Authority issued \$7,595,000 in Series 2017C revenue bonds, as part of the One Neighborhood Refunding and Construction Project. The proceeds were used to refund the One Neighborhood Phase 1 Series 2010A bonds, refund the One Neighborhood Phase 2 Series 2012A bonds, and fund public infrastructure improvements associated with residential development bounded by Long Street and 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 along with TIF revenues. Interest payments begin May 15, 2018 and are due May 15th and November 15th of each year. Principal payments begin May 15, 2018 and are due May 15th and November 15th of each year. The Authority has pledged New Community Authority charges imposed on the residents of the neighborhood along with TIF revenues from the City of Columbus in accordance with the Cooperative Agreement for repayment of the Series 2017C revenue bonds. The bonds are payable solely from these pledged revenues.

Series 2017D – Miranova TIF Refinancing Project
On December 28, 2017, the Authority issued \$3,510,000 in Series 2017D revenue bonds, as part of the Miranova TIF Refinancing Project. The proceeds of these bonds were used to advance fund remaining reimbursements from scheduled TIF service payments of private improvements constructed by the Developer in connection with the Miranova Development. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues. Interest payments begin May 15, 2018 and are due May 15th and November 15th of each year. Principal payments begin May 15, 2018 and are due May 15th and November 15th of each year. The Authority has pledged TIF revenues from the City of Columbus in accordance with the Cooperative Agreement for repayment of the Series 2017D revenue bonds. The bonds are payable solely from these pledged revenues.

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

Pledged Revenue and Cash Held by Trustee

All COBF revenue bonds are secured by pledged revenues. The pledged revenue coverage is reported below. In accordance with the bond indentures, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2017 are disclosed in the table below. The amounts held by the trustee are reported as restricted cash and cash equivalents on the statement of net position. The following is a schedule of the pledged revenue coverage and cash held by the trustee at year-end:

	Pledged Revenue Coverage				
	Total Principal and Interest Remaining on Bonds at 12/31/17	Principal Paid in 2017	Interest Expense in 2017	Pledged Revenue in 2017	Restricted Cash Held By Trustee at 12/31/17
Revenue Bonds:					
2007A - Harrison West, 6.00%	$ 3,160,700	$ 135,000	$ 125,771	$ 763,547	$ 2,851,290
2010A - One Neighborhood 1, 6.50%	-	2,450,000 (2)	139,014	150,039	5,343
2012A - One Neighborhood 2, 5.375%	-	2,080,000 (2)	97,593	109,089	6,057
2015B - Tuller Flats, 3.00%	1,135,000	-	15,000	21,000	103,750
2015D - Wendell, 3.00%	-	1,000,000 (1)	-	5,000	-
2015E - Rogue Fitness, 3.00%	1,165,000	-	30,000	36,000	103,962
2015F - Dublin Bridge Park C3/C4 Block, 3.00%	-	1,000,000 (1)	15,000	19,500	-
2015G - Olympic, 3.00%	298,750	-	3,750	6,500	26,898
2015H - StoryPoint, 3.00%	1,105,000	-	15,000	21,000	103,952
2016A - PNC Tower, 4.47%	3,703,239	115,000	122,608	811,022	452,402
2016B - Bell Hilliard, 3.00%	1,240,000	-	30,000	36,000	103,508
2016C - University Plaza, 3.00%	1,195,000	-	-	6,000	106,436
2016D - H2 Hotel, 3.00%	306,250	-	3,750	6,500	26,835
2016E - Landmark Lofts, 3.00%	1,255,000	-	30,000	36,000	106,469
2016F - Polaris, 3.00%	1,180,000	-	26,333	31,600	112,471
2016G - Bridge Park West, 3.345%	7,764,948	-	183,421	1,040,920	674,038
2016H - Vision, 3.025%	4,927,134	-	127,133	614,079	655,190
2017A - St. Clair Commons, 3.82%	3,359,525	-	65,111	74,154	703,909
2017B - Rickenbacker Phase II, 4.00%	6,442,600	-	68,944	75,982	3,507,916
2017C - One Neighborhood 3, 2.00-4.00%	11,875,698	-	34,708	34,708	760,434
2017D - Miranova, 4.50%	4,647,296	-	15,276	15,276	537,033
Total	$ 54,761,140	$ 6,780,000	$ 1,148,412	$ 3,913,916	$ 10,947,893

(1) During 2017, the Trustee released the $100,000 bond debt service reserve and assigned $900,000 of prepaid financing payments to the Trustee to redeem the Series 2015D bonds and Series 2015F bonds.

(2) During 2017, the Series 2010A and Series 2012A bonds were refunded through the issuance of the Series 2017C bonds. The amount of bonds refunded by the issuance of the Series 2017C was $2,450,000 and $2,070,0000 (a $10,000 principal payment was made on the Series 2012A bonds prior to the refunding), respectively, for the Series 2010A and 2012A bonds.

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

Future Debt Service Requirements

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

Year Ending	Principal	Interest	Total
2018	$ 570,000	$ 1,438,618	$ 2,008,618
2019	995,000	1,435,532	2,430,532
2020	1,265,000	1,397,669	2,662,669
2021	2,320,000	1,335,611	3,655,611
2022	2,375,000	1,255,755	3,630,755
2023 - 2027	14,255,000	4,823,530	19,078,530
2028 - 2032	7,465,000	2,699,346	10,164,346
2033 - 2037	5,760,000	1,329,624	7,089,624
2038 - 2041	3,755,000	285,455	4,040,455
Total	$ 38,760,000	$ 16,001,140	$ 54,761,140

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, 2017 is $757,775,152.

NOTE 7 - OTHER FINANCING PROJECTS

In 2017, the Authority continued to work with the following financing projects which were not financed through the COBF or the traditional Conduit Financing program:

Pizzuti

In 2017, tax increment financing payments were received from the City of Columbus in the amount of $212,159. Eighty percent of those funds ($169,727) were disbursed to Pizzuti per the Authority's legal agreement with Pizzuti and the remaining amounts received are held by the Authority restricted for reinvestment in the Rickenbacker area. As of December 31, 2017, a total of $1,364,734 is held by the Authority. This amount has been reported as restricted cash and cash equivalents in the financial statements.

The Authority has recorded a $5,043,200 pledged receivable for future revenues due from the City of Columbus in accordance with the TIF agreement between the Authority and the City of Columbus. The Authority's portion of these pledged revenues are restricted for reinvestment in the Rickenbacker area.

NOTE 7 - OTHER FINANCING PROJECTS - (Continued)

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. On June 23, 2017, the Ohio Development Services Agency forgave this loan as the development project meet certain agreed upon criteria. As of the date of forgiveness, the balance of the state forgivable loan was $6,407,934. A gain on debt forgiveness has been recognized in the financial statements.

Lane Avenue Mixed Use Development
On October 31, 2014, Lane Avenue Redevelopment, LLC executed a Reserve Account Agreement with the Authority and deposited $100,000 with the Authority to be held in escrow for a period of six years. All amounts deposited to the Reserve Account shall be used by the Authority solely to pay State sales and use taxes or State sales and use tax audit expenses incurred with respect to the project facilities. During 2017, the Authority returned the escrow deposit to Lane Avenue Redevelopment, Inc. in accordance with the Indemnity Agreement between the Authority and Lane Avenue Redevelopment, Inc.

NOTE 8 - ENERGY PROGRAM AND OTHER LOANS RECEIVABLE

The Authority had the following loans receivable activity:

	Balance 12/31/16	Issued	Retired	Balance 12/31/17
Unrestricted:				
MAG	$ 100,000	$ -	$ (63,000)	$ 37,000
Trinity	512,943	-	(45,000)	467,943
Refugee	-	112,000	-	112,000
Total unrestricted loans	612,943	112,000	(108,000)	616,943
Restricted:				
PNC Plaza	414,322	-	(19,905)	394,417
Trivium	340,851	-	-	340,851
Frantz	-	126,506	-	126,506
Wasserstrom	-	40,847	-	40,847
Refugee	-	488,000	(4,136)	483,864
Long Street Garage	-	1,005,567	-	1,005,567
Total restricted loans	755,173	1,660,920	(24,041)	2,392,052
Total loans	$ 1,368,116	$ 1,772,920	$ (132,041)	$ 3,008,995

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

MidAmerican Global Ventures, LLC
On March 17, 2014, the Authority disbursed $100,000 to MidAmerican Global Ventures, LLC (MAG) as a loan. This loan has a repayment formula as outlined in the EB-5 Cooperative Loan Agreement and Term Sheet which states that repayment will occur from net available revenues of MAG. The Authority entered into a promissory note with MAG which has a maturity date of October 15, 2033. The Authority received $63,000 in principal and $12,000 in interest payments during 2017. The Authority does not anticipate receiving any repayment in 2018. The disbursement of the loan was made from general operating funds of the Authority. The loan receivable has been recorded as an unrestricted noncurrent asset on the statement of net position.

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

The total available to be drawn on the loan by Trinity is $603,925. Requested draws are paid to contractors by the Authority. At December 31, 2017, the Authority has reported a loan receivable in the amount of $467,943 for the monies disbursed. Monies used for the loan came from the unrestricted general operating account of the Authority. The loan bears an interest rate of 4.35% and is scheduled to mature in November 15, 2026. Trinity makes monthly principal and interest payments to the Authority as required by the Loan Agreement. The loan receivable has been recorded as an unrestricted noncurrent asset on the statement of net position (see Note 9).

Refugee
On October 12, 2017, the Authority made a $600,000 loan to 1939 Refugee Road, LLC to finance energy improvements. The Authority used $112,000 of unrestricted monies and $488,000 of restricted funds to make the loan. The loan bears an interest rate of 6.00% and is scheduled to mature on October 12, 2032. During 2017, the Authority received $4,136 and $5,990 in principal and interest payments, respectively, on the loan.

PNC Plaza
On January 29, 2016, the Authority made a $400,000 loan to NC Plaza, LLC in conjunction with the issuance of of $2,785,000 in Series 2016A revenue bonds through the COBF to finance energy improvements. The loan bears an interest rate of 4.47% and is scheduled to mature in November 15, 2031. Accrued but unpaid interest in the amount of $14,322 is included in the receivable balance. During 2017, the Authority received $19,905 and $18,300 in principal and interest payments, respectively, on the loan.

Trivium
On October 20, 2016, the Authority made a $325,000 loan to finance Trivium Office Building energy improvements. The loan bears an interest rate of 4.50% and is scheduled to mature in November 15, 2031. Accrued but unpaid interest in the amount of $15,851 is included in the receivable balance. Payments of principal and interest are scheduled to begin in 2018.

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

Frantz
On October 4, 2017, the Authority made a $546,133 loan to 1939 Frantz Investments, LLC to finance energy improvements. The loan bears an interest rate of 4.95% and is scheduled to mature on November 15, 2032. Accrued but unpaid interest in the amount of $3,079 is included in the receivable balance. Payments of principal and interest are scheduled to begin in 2018. At December 31, 2017, $422,706 of the loan proceeds have not been disbursed and are reported as restricted cash with fiscal agent on the financial statements.

Wasserstrom
On October 3, 2017, the Authority made a $1,259,500 loan to Broad Street Partners to finance energy improvements. The loan bears an interest rate of 5.00% and is scheduled to mature on November 15, 2032. Accrued but unpaid interest in the amount of $7,347 is included in the receivable balance. Payments of principal and interest are scheduled to begin in 2018. At December 31, 2017, $1,226,000 of the loan proceeds have not been disbursed and are reported as restricted cash with fiscal agent on the financial statements.

Long Street Garage
On August 21, 2017, the Authority made a $1,000,000 loan to 56 Long Street, LLC to finance the Long Street Garage Rehabilitation Project. The loan bears an interest rate of 2.00% and is scheduled to mature on August 1, 2047. Accrued but unpaid interest in the amount of $5,567 is included in the receivable balance. Payments of interest are scheduled to begin in 2018 while payments of principal are scheduled to begin in 2019.

NOTE 9 - MANUSCRIPT BONDS

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

In accordance with the bond indenture, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2017 was $6,840. This amount is reported as restricted cash and cash equivalents on the statement of net position. In addition, the Authority had $72,057 in cash and cash equivalents held by the trustee which are considered unrestricted cash and cash equivalents as the as unrestricted operating funds were used to deposit the monies with the trustee.

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

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

NOTE 10 - OHIO DEVELOPMENT SERVICES AGENCY (ODSA) LOAN

On May 8, 2007, the Authority received a $2,500,000 loan from the ODSA. The loan proceeds were deposited into the COBF reserve account. The loan has a 20-year term, matures on June 1, 2027 and bears a 0% interest rate. The loan does charge an annual service fee of .25% based upon the outstanding balance of the loan. Payments of principal and the servicing fees are made each June 1. Loan principal payments are paid from restricted operating funds of the Authority and loan servicing fees are paid from unrestricted operating funds of the Authority. The following is a schedule of the ODSA loan activity in fiscal year 2017:

	Balance 12/31/16	Issued	Retired	Balance 12/31/17
State loan payable	$ 1,849,000	$ -	$ (43,000)	$ 1,806,000

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

NOTE 11 - RELATED PARTY TRANSACTIONS

The Authority received an operating grant from the City of Columbus in the amounts of $100,000 to support operations of the Authority for fiscal year 2017. The Authority received a $1,000,000 grant from the City of Columbus to support a loan for the Long Street Garage Rehabilitation Project and a $1,500,000 grant from Franklin County to support energy loans for various projects. In addition, the Authority received a $846,597 energy loan loss reserve grant from the ODSA restricted for use in the Authority's energy programs.

NOTE 12 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
Total Employer	14.0 %
Employee	10.0 %

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

The Authority's contractually required contribution for the Traditional Pension Plan was $33,435 for 2017. Of this amount, $2,227 is reported as accrued salaries and benefits payable.

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

The net pension liability for the OPERS Traditional Pension Plan was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS - Traditional
Proportion of the net pension liability/ asset prior measurement date	0.00174700%
Proportion of the net pension liability/ asset current measurement date	0.00168200%
Change in proportionate share	-0.00006500%
Proportionate share of the net pension liability	$ 381,999
Pension expense	80,346

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional
Deferred outflows of resources	
Differences between expected and actual experience	$ 518
Net difference between projected and actual earnings on pension plan investments	56,890
Changes of assumptions	60,590
Changes in employer's proportionated percentage/ difference between employer contributions	2,346
Authority's contributions subsequent to the measurement date	33,435
Total deferred outflows of resources	$ 153,779
Deferred inflows of resources	
Differences between expected and actual experience	$ 2,272
Changes in employer's proportionated percentage/ difference between employer contributions	5,476
Total deferred inflows of resources	$ 7,748

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

$33,435 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018.

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

	OPERS - Traditional
Year Ending December 31:	
2018	$ 47,108
2019	47,153
2020	20,001
2021	(1,666)
Total	$ 112,596

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

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

NOTE 12 - DEFINED BENEFIT PENSION PLAN - (Continued)

The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate - The discount rate used to measure the total pension liability was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. A discount rate of 8.00% was used in the previous measurement period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability:			
Traditional Pension Plan	$ 583,589	$ 381,999	$ 214,009

NOTE 13 - POSTRETIREMENT BENEFIT PLAN

A. Ohio Public Employees Retirement System

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/financial/reports.shtml, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

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, 2017, 2016, and 2015 were $2,572, $4,375, and $4,088, respectively; 93.82% has been contributed for 2017 and 100% has been contributed for 2016 and 2017. The remaining 2017 post-employment health care benefits liability has been reported as accrued salaries and benefits payable on the basic financial statements.

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

NOTE 14 - ACCOUNTABILITY

Upcoming Accounting Pronouncements

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

REQUIRED SUPPLEMENTARY INFORMATION

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	2017	2016	2015	2014
Traditional Plan:				
Authority's proportion of the net pension liability	0.00168200%	0.00174700%	0.00167900%	0.00167900%
Authority's proportionate share of the net pension liability	$ 381,999	$ 302,640	$ 202,450	$ 197,877
Authority's covered payroll	$ 218,767	$ 204,400	$ 208,825	$ 175,308
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	174.61%	148.06%	96.95%	112.87%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	74.70%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	2017	2016	2015	2014	2013
Traditional Plan:					
Contractually required contribution	$ 33,435	$ 26,252	$ 24,528	$ 25,059	$ 22,790
Contributions in relation to the contractually required contribution	(33,435)	(26,252)	(24,528)	(25,059)	(22,790)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 257,192	$ 218,767	$ 204,400	$ 208,825	$ 175,308
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%	13.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Columbus-Franklin County Finance Authority (the "Authority"), which comprise the statement of net position as of December 31, 2017 and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Plante & Moran, PLLC

March 9, 2018

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2018