Columbus-Franklin County Finance Authority

Basic Financial Statements

Year Ended December 31, 2010

with Independent Auditors' Report

CLARK SCHAEFER HACKETT

STRENGTH IN NUMBERS

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Columbus-Franklin County Finance Authority, Franklin County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2010 through December 31, 2010. 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

Dave Yost
Auditor of State

May 23, 2011

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets of the Columbus-Franklin County Finance Authority (the "Authority"), as of December 31, 2010 and the related statements of revenues, expenses and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2010, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2011, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
March 2, 2011

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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, 2010. 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 2010 are as follows:

- In total, net assets were $4,194,812 at December 31, 2010. This represents an increase of $248,800 or 6.31% from December 31, 2009.

- The Authority had operating revenues of $499,174, operating expenses of $323,539, nonoperating revenues of $4,951,040 and nonoperating expenses of $4,877,875 for fiscal year 2010.

- 2010 was a record year for the Authority. The Authority issued $204 million in financing for nine projects, up from three projects in 2009, a threefold increase.

Using these Basic Financial Statements

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

Reporting the Authority's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2010?" The Statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 12-28 of this report.

The Authority has provided supplementary information on pages 29-31 of this report to break down the Authority's operations between those that are unrestricted, those that are restricted, other financing projects and those pertaining to the COBF.

The table below provides a summary of the Authority's net assets at December 31, 2010 and 2009.

Net Assets

	2010	2009
Assets		
Current assets	$ 1,306,700	$ 1,180,081
Noncurrent assets:		
Restricted	14,866,065	8,456,472
Unrestricted	28,730	30,480
Total assets	16,201,495	9,667,033
Liabilities		
Current liabilities:		
Payable from unrestricted assets	13,118	14,549
Payable from restricted assets	234,573	617,972
Noncurrent liabilities:		
Payable from restricted assets	11,758,992	5,088,500
Total liabilities	12,006,683	5,721,021
Net Assets		
Restricted	2,872,500	2,750,000
Unrestricted	1,322,312	1,196,012
Total net assets	$ 4,194,812	$ 3,946,012

Over time, net assets can serve as a useful indicator of the Authority's financial position. At December 31, 2010, the Authority's net assets totaled $4,194,812. Non-current assets consisted of cash and investments of the Central Ohio Bond Fund (COBF) reserve, cash and investments held by the Authority's fiscal agent related to bond issuances for the Harrison West Project and the One Neighborhood Project, a pledged receivable from the Rickenbacker Project, pledged tax increment financing (TIF) receivable from the City of Columbus to support the Harrison West Project and pledged community authority financing payments and TIF revenues to support the One Neighborhood Project. The Harrison West Project and the One Neighborhood Project were financed through the Authority's COBF program.

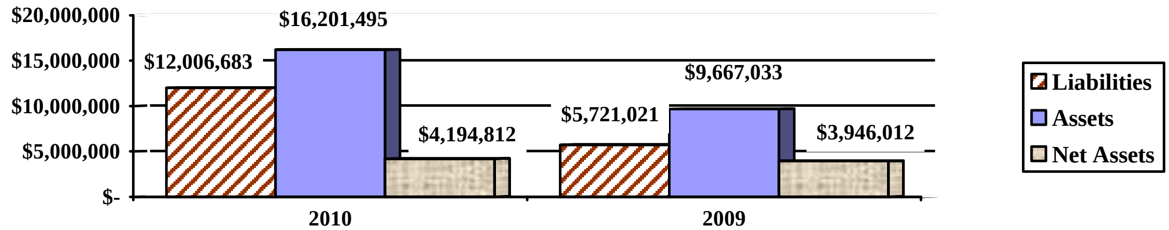
Current liabilities consist of accruals related to the operations of the Authority plus the current portion of the Authority's loan payable to the State of Ohio Department of Development (ODOD). The principal amount and service fees paid on this loan in 2010 was $122,500 and $5,625, respectively, of which the principal amount was paid out of restricted operating funds of the Authority and the service fees were paid out of unrestricted operating funds of the Authority. Additionally, the bond fund transactions including bond costs payable, accrued interest on bonds and the current portion of revenue bonds payable related to the Harrison West Project and One Neighborhood Project are included in current liabilities payable from restricted assets. Non-current liabilities include the long-term portion of the ODOD loan, the long term portion of the Rickenbacker Project loan and the balance of the revenue bonds issued to finance the Harrison West Project and One Neighborhood Project through the COBF program. The bonds are payable from restricted pledged TIF and community authority financing payment receivables securing repayment of the bonds.

A portion of the Authority's net assets, $2,872,500, represents resources that are subject to external restriction on how they may be used. The restricted net assets consist of City of Columbus and Franklin County grants ($2,500,000) which were used to establish the COBF reserve account and the difference between the original proceeds received from the State loan ($2,500,000) and the balance of the State loan liability at year end ($2,127,500).

The remaining balance of unrestricted net assets is $1,322,312 can be used to finance the Authority's operations.

The chart below illustrates the Authority's assets, liabilities and net assets at December 31, 2010 and 2009:

Governmental Activities



COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

The table below shows the changes in net assets for fiscal year 2010 and 2009.

Change in Net Assets

	2010	2009	Increase (Decrease)
Operating Revenues:			
Conduit financing and other fees	$ 194,450	$ 114,733	$ 79,717
Central Ohio bond fund fees	30,288	15,400	14,888
City of Columbus operating grant	137,218	140,332	(3,114)
Franklin County operating grant	137,218	140,332	(3,114)
Total operating revenue	499,174	410,797	88,377
Operating Expenses:			
Salaries and benefits	237,930	217,208	20,722
Professional services	39,010	44,240	(5,230)
Miscellaneous operating expenses	46,599	49,574	(2,975)
Total operating expenses	323,539	311,022	12,517
Operating income	175,635	99,775	75,860
Nonoperating Revenues (Expenses):			
Interest revenue	227,409	261,185	(33,776)
Increase (decrease) in fair value of investments	(154,244)	35,518	(189,762)
State loan proceeds - entrotech	2,000,000	-	2,000,000
State loan pass through payments - entrotech	(2,000,000)	-	(2,000,000)
Bond fund transactions:			
Tax increment /community authority financing revenue	2,443,631	224,175	2,219,456
Contribution revenue	280,000	-	280,000
Pass through bond proceeds	(2,111,228)	-	(2,111,228)
Interest expense on bonds	(214,974)	(207,235)	(7,739)
Fiscal charges	(16,816)	(16,940)	124
Bond costs	(23,060)	-	(23,060)
Developer costs	(357,553)	-	(357,553)
Total nonoperating revenues	73,165	296,703	(223,538)
Change in net assets	248,800	396,478	(147,678)
Net assets at beginning of year	3,946,012	3,549,534	
Net assets at end of year	$ 4,194,812	$ 3,946,012	

Operating revenues increased $88,377 or 21.51%. This increase is due to an increase in conduit and other fees and COBF fees. The Authority received fees from 16 projects in 2010 versus eight projects in 2009. Operating expenses increased $12,517 or 4.02% primarily in the area of salaries and benefits.

Nonoperating revenues, net decreased $223,538 from the prior year. Interest revenue decreased slightly primarily due to lower interest rates earned on investments. The most significant fluctuation was in the area of the fair value of investments. Under GAAP, certain investments are required to be reported at their fair value rather than cost. Although the Authority intends to hold investments to maturity, the change in the fair value of the investments is reflected in the financial statements. At December 31, 2010 and 2009, the Authority has recorded a fair value adjustment for investments in a Federal Farm Credit Bank security, Federal Home Loan Bank securities and negotiable certificates of deposit. Interest earned and fluctuations in the fair value of COBF investments may be used by the Authority for general operations.

During 2010, the Authority continued receiving TIF payments for the Harrison West Project. These TIF payments were used to make debt service payments (both principal and interest) on the Harrison West Bonds. TIF payments received that are restricted for bond principal payments are reported as a reduction to the TIF receivable from the City of Columbus. A portion of the TIF payments received in excess of required debt service payments may be used to make additional principal payments on the bonds.

During 2010, the Authority issued bonds to finance the One Neighborhood Project. The New Community Authority has pledged financing payments and future TIF payments to make debt service payments on the bond. A receivable and nonoperating revenue has been recorded to the extent of the outstanding balance of the bond and related costs. No New Community Authority financing payments have been received in 2010; however, when New Community Authority payments are received that are restricted for bond principal payments, they will be reported as a reduction to the pledged receivable.

During 2010, the Authority entered into a financing agreement with entrotech. Under this agreement, the Authority received and passed through a $2,000,000 State of Ohio loan to entrotech. The Authority has no obligation for repayment of the State of Ohio loan. The receipt and subsequent disbursement of the loan proceeds are reported as nonoperating activities of the Authority.

Capital Assets

The Authority did not possess any capital assets at December 31, 2010.

Debt Administration

The Authority obtained a $2,500,000 ODOD loan in 2007. The loan is interest free with a term of 20 years. Principal and servicing payments of $128,125 were made in 2010. Principal payments were paid out of restricted operating funds of the Authority and the service fees were paid out of unrestricted operating funds of the Authority. The State Loan Agreement requires that annual repayment of principal to be based on no more than the interest earned on the $2,500,000 reserve, up to $125,000. See Note 8 for more detail on the ODOD loan.

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

In 2010, the Authority received and passed through a portion of a $6,695,855 State of Ohio loan to fund a project at Rickenbacker. The State of Ohio loan is expected to be forgiven in 2012; however, the Authority has reported a liability and pledged receivable at December 31, 2010 in the amount of $4,510,788 which represents the loan proceeds received and disbursed as of year-end. The balance of the State of Ohio loan is expected to be received and disbursed in 2011.

Current Financial Related Activities

Currently, the Authority is reliant upon operating grants from the City of Columbus and from Franklin County to support its operations. The Authority has the ability to finance projects through its Central Ohio Bond Fund program, through a Conduit Financing program and through other financing vehicles. During 2010, the Authority financed a new loan for the One Neighborhood Project through the COBF program. The Authority has one previous financing project through the COBF program (Harrison West Project) which began in 2007. In 2010, the Authority financed nine new projects. The Authority's goals are to increase the number of projects financed in 2011. Fees generated by financing the 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, Executive Director, Columbus-Franklin County Finance Authority, 150 South Front Street, Suite 200, Columbus, Ohio, 43215.

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

ASSETS:		
Current:		
Cash and cash equivalents	$	326,510
Investments		941,176
Accrued interest receivable		33,330
Prepayments		5,684
Total current assets		1,306,700
Noncurrent:		
Unamortized loan closing costs		28,730
Restricted assets:		
Investments		5,000,000
Pledged receivable - Rickenbacker project		4,510,788
Bond fund transactions:		
Cash equivalents with fiscal agent		796,815
Investments with fiscal agent		312,019
Pledged receivable		4,049,793
Unamortized bond issue costs		196,650
Total restricted assets		14,866,065
Total noncurrent assets		14,894,795
Total assets		16,201,495
LIABILITIES:		
Current:		
Accounts payable		3,000
Accrued salaries and benefits payable		7,015
Accrued service fees payable		3,103
Payable from restricted assets:		
State loan payable - bond fund reserve		122,500
Bond fund transactions:		
Bond costs payable		14,881
Accrued interest payable		52,192
Revenue bonds - due in following year		45,000
Total current liabilities		247,691
Noncurrent:		
Payable from restricted assets:		
State loan payable - bond fund reserve		2,005,000
State loan payable - Rickenbacker project		4,510,788
Bond fund transactions:		
Revenue bonds		5,243,204
Total noncurrent liabilities		11,758,992
Total liabilities		12,006,683
NET ASSETS:		
Restricted		2,872,500
Unrestricted		1,322,312
Total net assets	$	4,194,812

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

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Operating revenues:	
Conduit financing and other fees	$ 194,450
Central Ohio bond fund fees	30,288
City of Columbus operating grant.	137,218
Franklin County operating grant.	137,218
Total operating revenues	499,174
Operating expenses:	
Salaries and benefits	237,930
Professional services	39,010
Miscellaneous operating expenses	46,599
Total operating expenses	323,539
Operating income.	175,635
Nonoperating revenues (expenses):	
Interest revenue.	227,409
Decrease in fair value of investments	(154,244)
State loan proceeds - entrotech.	2,000,000
State loan pass through payments - entrotech .	(2,000,000)
Bond fund transactions:	
Tax increment/community authority financing revenues	2,443,631
Contribution revenue	280,000
Pass through bond proceeds	(2,111,228)
Interest expense on bonds	(214,974)
Fiscal charges	(16,816)
Developer costs	(357,553)
Legal and closing costs	(23,060)
Total nonoperating revenues	73,165
Change in net assets	248,800
Net assets, January 1	3,946,012
Net assets, December 31.	$ 4,194,812

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, 2010

Cash flows from operating activities:	
Cash received from conduit financing and other fees.	$ 194,450
Cash received from Central Ohio bond fund fees.	30,288
Cash received from operating grants.	274,436
Cash payments for salaries and benefits	(241,341)
Cash payments for professional services	(37,010)
Cash payments for miscellaneous operating expenses	(45,825)
Net cash provided by operating activities.	174,998
Cash flows from noncapital financing activities:	
Payment on State loan - bond fund reserve	(122,500)
State loan proceeds - entrotech and Rickenbacker project.	6,510,788
State loan pass through payments - entrotech.	
and Rickenbacker project	(6,510,788)
Bond fund transactions:	
Tax increment/community authority	
financing payments received	498,217
Proceeds of revenue bonds	2,450,000
Premium on bonds sold	17,052
Contributions received	280,000
Pass through bond proceeds payment	(2,111,228)
Principal paid on bonds	(190,000)
Interest paid on bonds	(179,100)
Fiscal charges paid on bonds	(16,816)
Developer costs paid	(773,671)
Legal and closing costs paid	(23,060)
Bond issuance costs paid	(109,804)
Net cash (used in) noncapital financing activities	(280,910)
Cash flows from investing activities:	
Purchase of investments	(1,370,000)
Sale of investments	740,000
Interest received	239,814
Bond fund transactions:	
Purchase of investments	(4,019)
Interest received restricted for bond costs	6,127
Net cash (used in) investing activities.	(388,078)
Net decrease in cash and cash equivalents	(493,990)
Cash and cash equivalents, January 1	1,617,315
Cash and cash equivalents, December 31.	$ 1,123,325
Reconciliation of operating income to	
net cash provided by operating activities:	
Operating income	$ 175,635
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Amortization of loan closing costs	1,750
Changes in assets and liabilities:	
(Increase) in prepayments.	(956)
Increase in accounts payable.	2,158
(Decrease) in accrued salaries and benefits payable.	(3,411)
(Decrease) in accrued service fees payable.	(178)
Net cash provided by operating activities.	$ 174,998

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

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Authority also has the option to apply FASB guidance issued after November 30, 1989, subject to this same limitation. The Authority has elected not to apply this FASB guidance.

The Authority's significant accounting policies are described below.

A. Reporting Entity

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

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

B. Fund Accounting

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

C. Basis of Presentation

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

D. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

For financial statement presentation purposes, the Authority utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred. Revenues received in advance are deferred and recognized as earned over the period to which they relate.

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

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

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

E. Cash and Investments

During fiscal year 2010, investments were limited to federal agency securities, negotiable and nonnegotiable certificates of deposit (either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized), and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on December 31, 2010.

Investments of the COBF reserve are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by creditors, grant contributors, or laws or regulations of other governments. The Authority is required to restrict $5,000,000 which represents the proceeds of a City of Columbus bond reserve grant, a Franklin County bond reserve grant and proceeds of the State loan. Interest earnings on these cash and investments, including fluctuations in the fair value of the investments, in excess of the $5,000,000 may be used for general operations of the Authority. For 2010, the investments of the COBF reserve had a fair value of $71,256 over their cost basis and general operating investments had a fair value of $80 under their cost basis. These amounts are recorded as an unrestricted investment at year end. The unrestricted cash and cash equivalents and investments reported on the statement of net assets are used for the general operations of the Authority.

Cash equivalents and investments with fiscal agent represents monies held by a trustee in accordance with the bond indenture for the bonds issued through the Authority's COBF during fiscal year 2010.

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

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

F. Net Assets

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

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

G. Prepayments

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

H. Budgetary Process

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

I. Intergovernmental Revenue

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

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

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

K. Capital Assets

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

L. 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)

M. Estimates

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

NOTE 3 - DEPOSITS AND INVESTMENTS

State statute and the Authority's investment policy allow monies to be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in items (1) or (2) above are made only through eligible institutions;

6. Collateralized certificates of deposit or savings or deposit accounts in eligible institutions; and

7. The State Treasury Asset Reserve of Ohio (STAR Ohio);

Protection of the Authority's deposits is provided by the FDIC, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Authority by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. The Authority's investment policy requires that operating investments must mature within five years from the date of purchase and that investments of the bond fund reserve must mature within seven years from the date of purchase. The Authority's investment policy also prohibits the purchase of bankers acceptances, commercial paper and investments in local government investment pools, except STAR Ohio; provided, that STAR Ohio maintains the highest letter or numerical rating provided by at least one nationally recognized rating service.

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Authority had the following deposits and investments at December 31, 2010 with detailed information in Sections A, B and C:

		Amount	Classification on Statement of Net Assets
Deposits with Financial Institutions:			
Operating funds;			
Checking account	$	190,439	Unrestricted - cash and cash equivalents
Nonnegotiable CDs		490,000	Unrestricted - investment
Bond funds with fiscal agent:			
Nonnegotiable CD		312,019	Restricted - investment with fiscal agent
Subtotal "Deposits with Financial Institutions"		992,458	
Investments:			
Operating funds;			
STAR Ohio	$	29,993	Unrestricted - cash and cash equivalents
U.S. government money market mutual funds (Trust Public Funds Deposit)		106,078	Unrestricted - cash and cash equivalents
Federal Home Loan Bank security		379,920	Unrestricted - investment
COBF reserve:			
Federal Farm Credit Bank security		1,016,258	Restricted - investment
Federal Home Loan Bank securities		499,628	Restricted - investment
Negotiable CDs		3,555,370	Restricted - investment
Bond funds with fiscal agent:			
U.S. government money market mutual funds (Trust Public Funds Deposit)		796,815	Restricted - cash equivalents with fiscal agent
Subtotal "Investments"		6,384,062	
Total deposits and investments	$	7,376,520	

A. Cash Equivalents and Investments with Fiscal Agent

At December 31, 2010, the Authority had $1,108,834 in cash equivalents and investments held by a fiscal agent as trustee in accordance with the bond indenture for the Harrison West Project and the One Neighborhood Project financed through the COBF Program. The monies invested by the fiscal agent in the nonnegotiable certificates of deposit ($312,019) are included in “Deposits with Financial Institutions” below. The monies invested by the fiscal agent in the Trust Public Funds Deposit accounts ($796,815), which are invested in U.S. government money market mutual funds, are included in “Investments” below.

B. Deposits with Financial Institutions

At December 31, 2010, the carrying amount and bank balance of the Authority’s deposits (both restricted and unrestricted) was $992,458 (this number excludes investments referenced in Note 3(C)). The entire bank balance was covered by the Federal Deposit Insurance Corporation.

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2010, the Authority had the following investments and maturities:

		Investment Maturities	
Investment type	Fair Value	6 months or less	Greater than 24 months
Federal Farm Credit Bank security	$ 1,016,258	$ 1,016,258	$ -
Federal Home Loan Bank securities	879,548	-	879,548
Negotiable CDs	3,555,370	3,555,370	-
U.S government money market mutual funds (Trust Public Funds Deposit)	902,893	902,893	-
STAR Ohio	29,993	29,993	-
	$ 6,384,062	$ 5,504,514	$ 879,548

The weighted average length to maturity of investment is .59 years.

Interest Rate Risk: The Authority's investment policy limits the investment of operating funds to the greater of (1) 3-months operating expenses or (2) 12-months projected net cash flow in eligible investments which provide immediate liquidity, such as bank money market accounts or STAR Ohio. The investment policy further requires that any excess liquidity above this amount be maintained in eligible investments of (1) less than or equal to 18 months or (2) with a maturity of not greater than 30 months and is immediately saleable. 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 Federal Farm Credit Bank and Federal Home Loan Bank securities carry a rating of AAA by Standard & Poor's and Aaa by Moody's. Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the custodial agent, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Farm Credit Bank security and the Federal Home Loan Bank securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the custodial agent'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.

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2010:

Investment type	Fair Value	% of Total
Federal Farm Credit Bank security	$ 1,016,258	15.92
Federal Home Loan Bank securities	879,548	13.78
Negotiable CDs	3,555,370	55.69
U.S. government money market mutual funds (Trust Public Funds Deposit)	902,893	14.14
STAR Ohio	29,993	0.47
	$ 6,384,062	100.00

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

	Insured/ Collateralized	Uninsured/ Uncollateralized	Total
Deposits:			
Checking account	$ 190,439	$ -	$ 190,439
Nonnegotiable CDs	802,019	-	802,019
Investments:			
Federal Farm Credit Bank security	-	1,016,258	1,016,258
Federal Home Loan Bank securities	-	879,548	879,548
U.S government money market mutual funds (Trust Public Funds Deposit)	-	902,893	902,893
Negotiable CDs	3,555,370	-	3,555,370
STAR Ohio	-	29,993	29,993
	$ 4,547,828	$ 2,828,692	$ 7,376,520

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2010:

Cash and Investments per footnote	
Carrying amount of deposits	$ 992,458
Investments	6,384,062
Total	$ 7,376,520
Cash and investments on Statement of Net Assets	
Unrestricted:	
Cash and cash equivalents	$ 326,510
Investments	941,176
Restricted:	
Investments	5,000,000
Cash equivalents with fiscal agent	796,815
Investments with fiscal agent	312,019
Total	$ 7,376,520

NOTE 4 - RISK MANAGEMENT

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

NOTE 5 - CENTRAL OHIO BOND FUND PROGRAM

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

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

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. The amount held in the COBF reserve account at December 31, 2010 of $5,000,000 is restricted in use and reported as a restricted asset on the statement of net assets.

The following activity has occurred in the COBF program:

Harrison West Project
On December 19, 2007, the Authority issued $3,080,000 in Series 2007A revenue bonds, as part of the Harrison West Project. The proceeds of these bonds are used to purchase land for a four-acre park in the Harrison Park residential development and for development of park amenities. The bonds will be repaid from pledged Tax Increment Financing (TIF) revenues from the City of Columbus in accordance with the Cooperative Agreement between the Authority and the City of Columbus. The revenues to repay the bonds will be generated through the increased real estate taxes from the TIF District. Principal and interest payments are due May 15 and November 15 of each year. During fiscal year 2010, the Authority was required to make a $45,000 principal payment on the bonds. The Authority made principal payments totaling $190,000 during 2010 due to excess revenues received from the project. The bonds bear an interest rate of 6.00%.

The following is a schedule of the bond activity in fiscal year 2010:

	Balance 12/31/09	Issued	Retired	Balance 12/31/10	Amount due within one year
Harrison West Project:					
Revenue Bonds	$ 3,080,000	$ -	$ (190,000)	$ 2,890,000	$ 45,000
Unamortized discount	(71,500)	-	2,750	(68,750)	-
Total	$ 3,008,500	$ -	$ (187,250)	$ 2,821,250	$ 45,000

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, 2010 was $605,157. This amount is reported as restricted cash and investments with fiscal agent on the statement of net assets. Included in this total is $14,724 of interest earned on the investments which is restricted to be used for future bond costs. This amount has been reported as a current liability payable from restricted assets on the statement of net assets.

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

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

Harrison West Revenue Bonds

Year Ending	Scheduled Principal	Anticipated Additional Principal	Anticipated Total Principal	Anticipated Interest	Anticipated Total
2011	$ 45,000	$ 80,191	$ 125,191	$ 173,400	$ 298,591
2012	50,000	76,146	126,146	165,889	292,035
2013	55,000	75,106	130,106	158,320	288,426
2014	55,000	74,046	129,046	150,513	279,559
2015	60,000	71,276	131,276	142,771	274,047
2016 - 2020	375,000	338,254	713,254	591,105	1,304,359
2021 - 2025	505,000	301,052	806,052	366,362	1,172,414
2026 - 2030	690,000	38,929	728,929	107,913	836,842
2031 - 2035	1,200,000	-	-	-	-
Total	$ 3,035,000	$ 1,055,000	$ 2,890,000	$ 1,856,273	$ 4,746,273

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

The Authority has pledged TIF revenues from the City of Columbus in accordance with the Cooperative Agreement between the Authority and the City of Columbus for repayment of the Harrison West revenue bonds. The Harrison West revenue bonds are payable solely from these pledged revenues. The total principal and anticipated interest remaining on the bonds is $4,746,273, payable through 2029. For the current year, principal and interest paid and total tax increment financing payments received were $369,100 and $498,217, respectively.

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

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

The following is a schedule of the bond activity in fiscal year 2010:

	Balance 12/31/09	Issued	Retired	Balance 12/31/10	Amount due within one year
One Neighborhood Project:					
Revenue Bonds	$ -	$ 2,450,000	$ -	$ 2,450,000	$ -
Unamortized premium	-	17,052	(98)	16,954	-
Total	$ -	$ 2,467,052	$ (98)	$ 2,466,954	$ -

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, 2010 was $503,677. This amount is reported as restricted cash and investments with fiscal agent on the statement of net assets. Included in this total is $157 of interest earned on the investments which is restricted to be used for future bond costs. This amount has been reported as a current liability payable from restricted assets on the statement of net assets.

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

One Neighborhood Revenue Bonds

Year Ending	Principal	Interest	Total
2011	$ -	$ 169,867	$ 169,867
2012	-	159,250	159,250
2013	-	159,250	159,250
2014	-	159,250	159,250
2015	-	159,250	159,250
2016 - 2020	-	796,250	796,250
2021 - 2025	240,000	778,050	1,018,050
2026 - 2030	500,000	657,800	1,157,800
2031 - 2035	700,000	471,250	1,171,250
2036 - 2039	1,010,000	191,750	1,201,750
Total	$ 2,450,000	$ 3,701,967	$ 6,151,967

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

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

The Authority has pledged New Community Authority charges imposed on the residents of the neighborhood (25 mills) along with TIF revenues for repayment of the One Neighborhood revenue bonds. The One Neighborhood revenue bonds are payable solely from these pledged revenues. The total principal and interest remaining on the bonds is $6,151,967, payable through 2039. For the current year, no principal or interest payments were made and no tax increment/community authority financing payments were received.

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, 2010 is $256,479,287. Two projects financed through Authority's conduit financing program had additional financing transaction described below:

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

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

NOTE 7 – OTHER FINANCING PROJECTS

In 2010, the Authority had the following financing projects which were not made through the COBF or conduit bond financing program:

entrotech
On September 24, 2010, the Authority entered into a $2,000,000 loan with the State of Ohio on behalf of entrotech, a growing technology company. In the event of a default, the State of Ohio will pursue repayment directly from entrotech, thus the Authority has no credit or financial risk in the project. As such, the Authority has not reported a liability of the loan proceeds received and disbursed. The receipt and subsequent disbursement of the $2,000,000 State of Ohio loan proceeds to entrotech is reported as a nonoperating revenue and expense on the Authority's financial statements.

Pizzuti
On July 22, 2010, the Authority received a $6,695,855 state forgivable loan in conjunction with Pizzuti for a project in the Rickenbacker area. It is anticipated that the loan will be forgiven in the fourth quarter of 2012 as the project meets certain agreed criteria. If the loan is not forgiven, the Authority only owes what it receives from pledged tax increment financing payments from the district. During 2010, the Authority received and disbursed $4,510,788 of the $6,695,855 loan. The Authority has recorded a receivable and noncurrent liability for the amount of the loan proceeds received and disbursed for the project.

NOTE 8 - STATE OF OHIO DEPARTMENT OF DEVELOPMENT LOAN

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

The following is a schedule of the State loan activity in fiscal year 2010:

	Balance 12/31/09	Issued	Retired	Balance 12/31/10	Amount due within one year
State loan payable	$ 2,250,000	$ -	$ (122,500)	$ 2,127,500	$ 122,500

NOTE 8 - STATE OF OHIO DEPARTMENT OF DEVELOPMENT LOAN - (Continued)

The following represents the future debt service requirements to retire the State loan payable:

ODOD Loan Payable

Year Ending	Principal	Service Fee	Total Repayment
2011	$ 122,500	$ 5,319	$ 127,819
2012	122,500	5,013	127,513
2013	122,500	4,706	127,206
2014	122,500	4,400	126,900
2015	122,500	4,094	126,594
2016 - 2020	612,500	15,875	628,375
2021 - 2025	612,500	8,219	620,719
2026 - 2028	290,000	1,256	291,256
Total	$ 2,127,500	$ 48,882	$ 2,176,382

The Authority will repay the ODOD loan using interest earnings on the investments purchased with the loan proceeds. In the event that interest earnings from the loan proceeds are not sufficient to make the scheduled payment, the Authority is only required to remit the interest earned as payment. The investments purchased with the ODOD loan proceeds are fixed rate investments whose interest is used for repayment of the loan.

NOTE 9 - RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE

The Authority received operating grants from the City of Columbus and Franklin County in the amounts of $137,218 each to support operations of the Authority for fiscal year 2010.

NOTE 10 - LETTER OF CREDIT

The Authority obtained a $5 million, unsecured letter of credit in order to support issuance of development bonds via the Authority's COBF program. No amounts were outstanding on the letter of credit at December 31, 2010.

NOTE 11 - OPERATING FUNDS

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

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

NOTE 12 - CONTINGENCIES

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

NOTE 13 - PENSION PLAN

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2010 member contribution rates were 10.00% for members in State and local classifications.

The Authority's contribution rate for 2010 was 14.00% of covered payroll. Of this total, 8.50% was allocated to fund pension benefits and 5.50% was allocated to fund the post-employment health care plan.

The Authority's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009 and 2008 were $16,692, $15,175 and $12,229, respectively; equal to their required contribution for each year.

NOTE 14 - POST-RETIREMENT BENEFIT PLAN

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14.00% of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2010 was 5.50% of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan. The Authority's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009 and 2008 were $10,800, $10,973 and $12,229, respectively; equal to their required contribution for each year.

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

NOTE 15 - ACCOUNTABILITY

For fiscal year 2010, the Authority has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the Authority.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the Authority.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the Authority.

SUPPLEMENTARY INFORMATION

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Operating Funds		Other Financing	Central Ohio Bond Fund		
	Unrestricted	Restricted	Projects	Harrison West Project	One Neighborhood Project	Total
ASSETS:						
Current:						
Cash and cash equivalents	$ 326,510	$ -	$ -	$ -	$ -	$ 326,510
Investments	941,176	-	-	-	-	941,176
Accrued interest receivable	33,330	-	-	-	-	33,330
Prepayments	5,684	-	-	-	-	5,684
Total current assets	1,306,700	-	-	-	-	1,306,700
Noncurrent:						
Unamortized loan closing costs	28,730	-	-	-	-	28,730
Restricted assets:						
Investments	-	5,000,000	-	-	-	5,000,000
Pledged receivable - Rickenbacker project	-	-	4,510,788	-	-	4,510,788
Bond fund transactions:						
Cash equivalents with fiscal agent	-	-	-	293,138	503,677	796,815
Investments with fiscal agent	-	-	-	312,019	-	312,019
Pledged receivable	-	-	-	2,164,718	1,885,075	4,049,793
Unamortized bond issue costs	-	-	-	87,477	109,173	196,650
Total restricted assets	-	5,000,000	4,510,788	2,857,352	2,497,925	14,866,065
Total noncurrent assets	28,730	5,000,000	4,510,788	2,857,352	2,497,925	14,894,795
Total assets	1,335,430	5,000,000	4,510,788	2,857,352	2,497,925	16,201,495
LIABILITIES:						
Current:						
Accounts payable	3,000	-	-	-	-	3,000
Accrued salaries and benefits payable	7,015	-	-	-	-	7,015
Accrued service fees payable	3,103	-	-	-	-	3,103
Payable from restricted assets:						
State loan payable - bond fund reserve	-	122,500	-	-	-	122,500
Bond fund transactions:						
Bond costs payable	-	-	-	14,724	157	14,881
Accrued interest payable	-	-	-	21,378	30,814	52,192
Revenue bonds - due in following year	-	-	-	45,000	-	45,000
Total current liabilities	13,118	122,500	-	81,102	30,971	247,691
Noncurrent:						
Payable from restricted assets:						
State loan payable - bond fund reserve	-	2,005,000	-	-	-	2,005,000
State loan payable - Rickenbacker project	-	-	4,510,788	-	-	4,510,788
Bond fund transaction:						
Revenue bonds	-	-	-	2,776,250	2,466,954	5,243,204
Total noncurrent liabilities	-	2,005,000	4,510,788	2,776,250	2,466,954	11,758,992
Total liabilities	13,118	2,127,500	4,510,788	2,857,352	2,497,925	12,006,683
NET ASSETS:						
Restricted	-	2,872,500	-	-	-	2,872,500
Unrestricted	1,322,312	-	-	-	-	1,322,312
Total net assets	$ 1,322,312	$ 2,872,500	$ -	$ -	$ -	$ 4,194,812

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Operating Funds		Other Financing Projects	Central Ohio Bond Fund		
	Unrestricted	Restricted		Harrison West Project	One Neighborhood Project	Total
Operating revenues:						
Conduit financing and other fees	$ 194,450	$ -	$ -	$ -	$ -	$ 194,450
Central Ohio bond fund fees	30,288	-	-	-	-	30,288
City of Columbus operating grant	137,218	-	-	-	-	137,218
Franklin County operating grant	137,218	-	-	-	-	137,218
Total operating revenues	499,174	-	-	-	-	499,174
Operating expenses:						
Salaries and benefits	237,930	-	-	-	-	237,930
Professional services	39,010	-	-	-	-	39,010
Miscellaneous	46,599	-	-	-	-	46,599
Total operating expenses	323,539	-	-	-	-	323,539
Operating income	175,635	-	-	-	-	175,635
Nonoperating revenues (expenses):						
Interest revenue	104,909	122,500	-	-	-	227,409
Decrease in fair value of investments	(154,244)	-	-	-	-	(154,244)
State loan proceeds - entrotech	-	-	2,000,000	-	-	2,000,000
State loan pass through payments - entrotech	-	-	(2,000,000)	-	-	(2,000,000)
Bond fund transactions:						
Tax increment/community authority financing revenues	-	-	-	558,556	1,885,075	2,443,631
Contribution revenue	-	-	-	-	280,000	280,000
Pass through bond proceeds	-	-	-	-	(2,111,228)	(2,111,228)
Interest expense on bonds	-	-	-	(183,627)	(31,347)	(214,974)
Fiscal charges	-	-	-	(16,816)	-	(16,816)
Developer costs	-	-	-	(357,553)	-	(357,553)
Legal and closing costs	-	-	-	(560)	(22,500)	(23,060)
Total nonoperating revenues (expenses)	(49,335)	122,500	-	-	-	73,165
Change in net assets	126,300	122,500	-	-	-	248,800
Net assets, January 1	1,196,012	2,750,000	-	-	-	3,946,012
Net assets, December 31	$ 1,322,312	$ 2,872,500	$ -	$ -	$ -	$ 4,194,812

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY
FRANKLIN COUNTY, OHIO

COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Operating Funds		Other Financing Projects	Central Ohio Bond Fund		
	Unrestricted	Restricted		Harrison West Project	One Neighborhood Project	Total
Cash flows from operating activities:						
Cash received from conduit financing and other fees	$ 194,450	$ -	$ -	$ -	$ -	194,450
Cash received from Central Ohio bond fund fees	30,288	-	-	-	-	30,288
Cash received from operating grants	274,436	-	-	-	-	274,436
Cash payments for salaries and benefits	(241,341)	-	-	-	-	(241,341)
Cash payments for professional services	(37,010)	-	-	-	-	(37,010)
Cash payments for miscellaneous operating expenses	(45,825)	-	-	-	-	(45,825)
Net cash provided by operating activities	174,998	-	-	-	-	174,998
Cash flows from noncapital financing activities:						
Payment on State loan - bond fund reserve	-	(122,500)	-	-	-	(122,500)
State loan proceeds - entrotech and Rickenbacker project	-	-	6,510,788	-	-	6,510,788
State loan pass through payments - entrotech and Rickenbacker project	-	-	(6,510,788)	-	-	(6,510,788)
Bond fund transactions:						
Tax increment/community authority financing payments received	-	-	-	498,217	-	498,217
Proceeds of revenue bonds	-	-	-	-	2,450,000	2,450,000
Premium on bonds sold	-	-	-	-	17,052	17,052
Contributions received	-	-	-	-	280,000	280,000
Pass through bond proceeds payment	-	-	-	-	(2,111,228)	(2,111,228)
Principal paid on bonds	-	-	-	(190,000)	-	(190,000)
Interest paid on bonds	-	-	-	(179,100)	-	(179,100)
Fiscal charges paid on bonds	-	-	-	(16,816)	-	(16,816)
Developer costs paid	-	-	-	(773,671)	-	(773,671)
Legal and closing costs paid	-	-	-	(560)	(22,500)	(23,060)
Bond issuance costs paid	-	-	-	-	(109,804)	(109,804)
Net cash provided by (used in) noncapital financing activities	-	(122,500)	-	(661,930)	503,520	(280,910)
Cash flows from investing activities:						
Purchase of investments	(870,000)	(500,000)	-	-	-	(1,370,000)
Sale of investments	490,000	250,000	-	-	-	740,000
Interest received	117,314	122,500	-	-	-	239,814
Bond fund transactions:						
Purchase of investments	-	-	-	(4,019)	-	(4,019)
Interest received restricted for bond costs	-	-	-	5,970	157	6,127
Net cash provided by (used in) investing activities	(262,686)	(127,500)	-	1,951	157	(388,078)
Net increase (decrease) in cash and cash equivalents	(87,688)	(250,000)	-	(659,979)	503,677	(493,990)
Cash and cash equivalents, January 1	414,198	250,000	-	953,117	-	1,617,315
Cash and cash equivalents, December 31	$ 326,510	$ -	$ -	$ 293,138	$ 503,677	$ 1,123,325
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	$ 175,635	$ -	$ -	$ -	$ -	$ 175,635
Adjustments to reconcile operating income to net cash provided by operating activities:						
Amortization of loan closing costs	1,750	-	-	-	-	1,750
Changes in assets and liabilities:						
(Increase) in prepayments	(956)	-	-	-	-	(956)
Increase in accounts payable	2,158	-	-	-	-	2,158
(Decrease) in accrued salaries and benefits payable	(3,411)	-	-	-	-	(3,411)
(Decrease) in accrued service fees payable	(178)	-	-	-	-	(178)
Net cash provided by operating activities	$ 174,998	$ -	$ -	$ -	$ -	$ 174,998

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

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

We have audited the financial statements of the Columbus-Franklin County Finance Authority (the "Authority") as of and for the year ended December 31, 2010, and have issued our report thereon dated March 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

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

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
March 2, 2011

Dave Yost • Auditor of State

COLUMBUS-FRANKLIN COUNTY FINANCE AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 2, 2011

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