



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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CONCORD/SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2013 and 2012
Fiscal Years Audited Under GAGAS: 2013 and 2012



Dave Yost • Auditor of State

Board of Trustees
Concord/Scioto Community Authority
585 South Front Street, Suite 220
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Concord/Scioto Community Authority, Delaware County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 Concord/Scioto Community Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 4, 2014

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Concord/Scioto Community Authority
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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Concord/Scioto Community Authority
Delaware County, Ohio
585 South Front Street, Suite 220
Columbus, Ohio 43215

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Concord/Scioto Community Authority, Delaware County, Ohio, (the Authority), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Concord/Scioto Community Authority, Delaware County, Ohio as of December 31, 2013 and 2012, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during the year ended December 31, 2012, the Authority adopted the provisions of Government Accounting Standards Board Statements (GASB) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2014, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and on compliance, and the results of that testing and does not opine on 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 the Authority's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
May 15, 2014

**CONCORD/SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 and 2012
(UNAUDITED)**

The management's discussion and analysis of the Concord/Scioto Community Authority, Delaware County, Ohio, (the Authority), financial performance provides an overall review of the Authority's financial activities for the fiscal years ended December 31, 2013 and 2012. 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

1. Net position at December 31, 2013 was \$223,454. Net position at December 31, 2012 was \$21,576,168. The positive net position is caused by continual contribution by Delaware County to the construction of the waste-water treatment plant for capital assets acquired and improved, which were donated upon completion or acquisition. The Authority accumulates infrastructure improvement costs that are reflected in the Statements of Net Position, upon closing, as capital assets.
2. The Authority's debt was paid in full in October 2013. Also, in the October 2013, the waste water treatment plant was transferred to Delaware County. The Authority did not have sufficient cash to make the normal scheduled bond principal payment in 2012.

Overview of the 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 and financial position. The *Statement of Net Position* and *Statement of Revenues, Expenses, and Changes in Net Position* provide information about the activities of the Authority, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Authority. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

**CONCORD/SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 and 2012
(UNAUDITED)
(Continued)**

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

These financials look at all financial transactions and asks the question, How did we do financially? The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position 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. The basis of accounting takes 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 those assets. 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. These statements can be found on pages 7 and 8 of this report.

The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 9 of this report.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis

Table 1 provides a summary of Authority's net position for fiscal years 2013, 2012 and 2011.

Table 1
Net Position

	2013	2012	2011
Assets:			
Current Assets	\$ 249,064	\$ 1,197,029	\$ 1,306,723
Capital Assets	<u>-</u>	<u>37,211,117</u>	<u>34,685,974</u>
Total Assets	249,064	38,408,146	35,992,697
Liabilities:			
Current Liabilities	25,610	4,301,978	2,354,957
Long Term Liabilities	<u>-</u>	<u>12,530,000</u>	<u>13,050,000</u>
Total Liabilities	25,610	16,831,978	15,404,957
Net Position:			
Investment in capital assets, net of related debt	-	23,221,117	20,174,919
Unrestricted	<u>223,454</u>	<u>(1,644,949)</u>	<u>412,821</u>
Total Net Position	\$ <u>223,454</u>	\$ <u>21,576,168</u>	\$ <u>20,587,740</u>

**CONCORD/SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 and 2012
(UNAUDITED)
(Continued)**

Net Position: Net position represents the difference between assets and liabilities. The Authority had a net position of \$223,454 in 2013 and \$21,576,168 in 2012, and \$20,587,743 in 2011.

Table 2 reflects the changes in net position for fiscal years 2013, 2012, and 2011.

Table 2
Change in Net Position

	2013	2012	2011
Operating Revenue	\$ 1,264,100	\$1,084,536	\$1,016,460
Operating Expenses	230,791	105,325	50,454
Non-Operating Revenues/Expenses			
Earnings on Investments/Other Income	480	180	393
Change in Net Position Before Transfers	1,033,789	979,391	966,399
Intergovernmental Transfers In/Out			
Transfers from Delaware County	15,551,729	9,034	2,986,386
Transfers to Delaware County	(37,938,232)	-	-
Total Change in Net Position	\$(21,352,714)	\$ 988,425	\$3,952,785

Change in Net Position: The Authority had an increase in net position for fiscal years 2012 and 2011. The increase is due to advances made by Delaware County to the construction of the Lower Scioto Water Reclamation Facility (a waste water treatment plant). The County contributed \$15,551,729, \$9,034 and \$2,986,386 for the years 2013, 2012 and 2011, respectively to the Authority primarily to assist with payment of construction and debt service costs. The County's contributions were necessary to cover shortfalls in previously expected sales of sewer tap fees. Sewer tap fees did not generate expected revenues because of the downturn in home construction and the related development it generates. In 2013, the Authority transferred the waster water treatment plant to Delaware County. As a result, the Authority's net position decreased \$21,352,714.

Budgeting

The Authority is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

**CONCORD/SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 and 2012
(UNAUDITED)
(Continued)**

Capital Assets

The Authority's capital assets consist of community infrastructure facilities in the form of roads, water lines, and sewer lines. These assets are not capitalized or depreciated because upon completion or acquisition, and upon approval by the receiving local government, these assets are donated and are recognized as contributed capital on the financial statements of the Authority. In October 2013 the Authority found the waste water treatment plant to be final and complete. Delaware County accepted the plant and assumed all legal responsibility. More detailed information concerning the Authority's capital assets can be found in Note 7 of the notes to the financial statements.

Debt

The Authority issued Community Facilities Bonds to finance part of the construction of community infrastructure facilities more specifically the Lower Scioto Water Reclamation Facility. The debt service has an annual payment requirement and will be paid from revenues generated from the sale of sewer tap fees, the Community Development Charges and County contributions. During construction of the Lower Scioto Water Reclamation Facility, note interest is accrued to the cost of the plant. During 2013 and 2012, \$736,779 and \$979,300 respectively, were added to capitalized construction interest. During the year ended December 31, 2013, there was no increase to principle balances due to unpaid interest. The Authority's debt was paid in full in October of 2013. More detailed information concerning the Authority's debt can be found in Note 9 of the notes to the financial statements.

Contacting Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to reflect the Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to John Parns, Treasurer, Concord/Scioto Community Authority, 585 South Front Street, Suite 220, Columbus, Ohio 43215, 614 224-3078.

Concord/Scioto Community Authority
Statements of Net Position
As of December 31, 2013 and 2012

	2013	2012
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 249,064	\$ 1,197,029
Total Current Assets	249,064	1,197,029
Non-Current Assets		
Land	-	1,502,774
Construction in Progress	-	28,106,127
Capitalized Interest Cost	-	5,132,468
Construction Management Cost	-	2,469,748
Total Non-Current Assets	-	37,211,117
TOTAL ASSETS	\$ 249,064	\$ 38,408,146
LIABILITIES		
Current Liabilities		
Payables	\$ 25,610	\$ 2,376,086
Unpaid Interest	-	465,892
Bonds Payable - Current Portion	-	1,460,000
Total Current Liabilities	25,610	4,301,978
Long Term Liabilities		
Bonds Payable - Long Term Portion	-	12,530,000
Total Long Term Liabilities	-	12,530,000
TOTAL LIABILITIES	\$ 25,610	\$ 16,831,978
NET POSITION		
Investment in Capital Assets, Net of Related Debt	\$ -	\$ 23,221,117
Unrestricted Net Position	223,454	(1,644,949)
TOTAL NET POSITION	\$ 223,454	\$ 21,576,168

See accompanying notes to the basic financial statements.

Concord/Scioto Community Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2013 and 2012

	2013	2012
Operating Revenue/Expense		
Operating Revenue		
Tap Fees	\$ 1,264,100	\$ 1,084,536
Total Operating Revenue	1,264,100	1,084,536
Operating Expense		
Trustee Fees	3,335	3,335
Treasurer Fees - Fin. Mgmt. Services	10,591	19,124
Administrator Expenses	12,500	15,000
Legal Fees	114,056	25,644
Auditor Expense	-	8,960
Sewer Tap Fees	15,720	11,600
Insurance Expense	20,602	21,659
Utility Expense	10,735	-
Title Expenses	39,879	-
Other Expenses	3,372	-
Total Operating Expense	230,791	105,322
Operating Income	1,033,309	979,214
Non-operating Revenues/(Expenses)		
Interest & Dividend Income	480	180
Total Non-operating Revenues/(Expenses)	480	180
Change in Net Position Before Transfers	1,033,789	979,394
Intergovernmental Transfers		
Transfers from Delaware County	15,551,729	9,034
Transfers to Delaware County	(37,938,232)	-
Total Intergovernment Transfers	(22,386,503)	9,034
Total Change in Net Position	(21,352,714)	988,428
Net Position, Beginning of Period	21,576,168	20,587,740
Net Position, End of Period	\$ 223,454	\$ 21,576,168

See accompanying notes to the basic financial statements.

Concord/Scioto Community Authority
Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from payment of tap fees	\$ 1,264,100	\$ 1,084,536
Cash payment for treasurer expenses	(14,314)	(15,404)
Cash payments for administrator expenses	(18,750)	(10,000)
Cash payments for legal fees	(112,508)	(27,571)
Cash payments for auditor expense	-	(8,960)
Cash payments for sewer tap fees	(15,720)	(11,600)
Cash payments for insurance	(39,536)	-
Cash payments for utilities	(10,735)	(2,725)
Cash payments for title expense	(39,879)	-
Cash payment for other expenses	(3,372)	-
Net Cash Provided by Operating Activities	1,009,286	1,008,276
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest, dividends and other revenues	480	180
Net Cash Provided by Investing Activities	480	180
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACT.		
Payments from Delaware County	14,067,791	9,034
Interest paid on bonds	(1,202,671)	(906,853)
Payments to construction contractor	(147,065)	(191,102)
Payments to construction management	(680,329)	-
Payments to other for construction items	(5,457)	(25,894)
Payments of principal to bond holders	(13,990,000)	-
Net Cash Used in Capital and Related Financing Activities	(1,957,731)	(1,114,815)
Net Increase (Decrease) in Cash and Cash Equivalents	(947,965)	(106,359)
Cash and Cash Equivalents, Beginning of Year	1,197,029	1,303,388
Cash and Cash Equivalents, End of Year	\$ 249,064	\$ 1,197,029
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 1,033,309	\$ 979,214
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
(Increase)/Decrease in deposits and prepaid expenses	-	3,335
(Decrease)/Increase in accounts payable	(23,155)	24,860
(Decrease)/Increase in other accrued expenses	(868)	868
Net Cash Provided by Operating Activities	\$ 1,009,286	\$ 1,008,276

See accompanying notes to the basic financial statements.

Concord/Scioto Community Authority
Delaware County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 1 - REPORTING ENTITY

The Concord/Scioto Community Authority, Delaware County, Ohio (the “Authority”) is a “community authority” created pursuant to Chapter 349 of the Ohio Revised Code (the Act). On March 1, 2007, a petition (the Petition) was filed for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio. The Petition was accepted by a resolution of the Board on March 22, 2007. The Petition, which may be subject to amendment or change, allows the Authority to finance the costs of publicly owned and operated community facilities with assessed Community Development Charges. The Petition was adopted by Resolution No. 07-331 on March 22, 2007.

By its Resolution, the County Commissioners determined that the new community authority would be conducive to the public health, safety, convenience and welfare, and that it was intended to result in the development of a new community as described in the Act. The Authority thereby was organized as a body corporate and politic in the State.

The Authority is governed by a seven (7) member board of trustees. At inception, the Board of County Commissioners of Delaware County appointed four (4) of the trustees and the remaining three (3) trustees were appointed by the Developer. All appointed trustees have since been replaced by elected citizen members who are residence of the community authority.

The Authority is comprised of four (4) parcels of property consisting of 1,128 acres of undeveloped land located in the Townships of Concord and Scioto in Delaware County, Ohio. The 1,128 acres of land is generally located East of Russell Road, West of Dublin Road, South of Fry Road, West of State Route 745 and North of Moore Road. The entire project includes the construction of waste-water sanitary treatment plant, waterline, sanitary sewer, main line sanitary sewer, storm sewer, bike path, roads and street improvements.

In accordance with the Act and the Petition, the Authority can levy a community development charge up to 10.25 mills on the assessed value of the land and improvements within the Authority. The need and amount of the charge is determined annually by the Board of Trustees of the Authority.

The Authority’s management believes these financial statements present all activities for which the Authority is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

A. Basis of Presentation

The Authority’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Authority’s basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of

Concord/Scioto Community Authority
Delaware County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

cash flows. The Authority uses enterprise fund accounting to maintain its financial records during the fiscal year. Enterprise fund accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

B. Measurement Focus and the Basis of Accounting

The Authority's financial activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of Authority are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the Authority finances and meets its cash flow needs.

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.

C. Cash and Investments

Cash received by the Authority is deposited with a financial institution or invested. Deposits and investments having an original maturity of three months or less at the time they are purchased are presented on the financial statements as Cash and Cash Equivalents. Investments with an initial maturity of more than three months are reported as Investments. Investments were limited to money market funds held by AIM Management Group Inc. (AIM Funds). Investments held at AIM Funds are valued at AIM's reported share price.

D. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Authority does not maintain a capitalization threshold as all infrastructure assets are capitalized. The Authority does not depreciate capital assets as all assets are donated upon completion or acquisition.

E. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net positions are available. The Authority had no restricted net position at fiscal years end 2013 and 2012.

Concord/Scioto Community Authority
Delaware County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Authority. For the Authority, these revenues are community development charges. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the Authority. All revenues and expenses not meeting this definition are reported as non-operating.

G. Use of Estimates

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

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Authority into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or in withdrawable on demand accounts, including negotiable order of withdrawal (NOW) accounts or money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustee has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

State statutes permits interim monies to be deposited or invested in a variety of securities and investments including US treasury notes, bills, bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.

Statement No. 3 as amended by Statement No. 40 of the Governmental Accounting Standards Board requires the Authority to disclose essential risk information about deposits and investments. The disclosure requirements cover four (4) main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure.

Concord/Scioto Community Authority
Delaware County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 3 - DEPOSITS AND INVESTMENTS - CONTINUED

Deposits

Custodial Credit Risk – Deposits. This is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The carrying amount of the Authority's deposits at December 31, 2013 and 2012 was \$245,729 and \$0, respectively. The bank balances were the same. The Authority's year-end entire bank balance was covered by Federal Deposit Insurance for both fiscal years end 2013 and 2012.

Investments

The Authority's only investments are in money market funds. The fair value of the Authority's money market funds at December 31, 2013 and 2012 were \$3,335 and \$1,197,029, respectively.

The carrying amounts were the same. These amounts are considered cash equivalents and are reflected as cash the Statement of Net Position.

Interest Rate Risk. Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. The Authority does not have a policy to limit its exposure to interest rate risk, however, the Authority's investments in money market funds are able to be withdrawn on demand.

Credit Risk. Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The Authority does not have a policy to limit its exposure to credit risk. The Authority's money market funds were not rated.

NOTE 4 – SEWER TAP FEES

In order to provide for a source of revenues while the Lower Scioto Water Reclamation Facility was under construction, Delaware County conveyed 4,820 sewer taps for the Authority to sell anywhere within the County. The Authority was limited to selling no more than 322 sewer taps in any year. Any unsold sewer taps could be carried over to be sold in the subsequent year. The normal sale price for each sewer tap was \$5,900, although the Authority could discount the price as it saw fit. For the fiscal years ended December 31, 2013 and 2012, the Authority sold sewer taps for a price of \$5,400. The amount of revenue generated for sale of sewer tap fees was \$1,264,100 and \$1,084,536 for the fiscal years ended December 31, 2013 and 2012, respectively. Pursuant to the October 2013 Asset Purchase and Bond Modification and Redemption Agreement, the Authority conveyed to Delaware County 3,493 unsold sewer taps.

Concord/Scioto Community Authority
Delaware County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 5 - CONSTRUCTION IN PROGRESS

Construction-in-progress consists of costs incurred to construct a waste-water treatment plant. See Note 7 - Capital Assets. The accumulation of costs includes the following components at December 31:

	2013		2012
Plant Construction Costs	\$	0	\$ 28,106,127
Capitalized Interest Costs		0	5,132,468
Construction Management Costs		0	2,469,748
		<u>0</u>	<u>\$ 35,708,343</u>

In October 2013 the Authority found the plant to be final and complete. Delaware County accepted the plant and assumed all legal responsibility.

NOTE 6 – COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 10.25 mills on the assessed value of all property within the developed authority. For the fiscal years ended December 31, 2013 and 2012, no community development charge were levied by the Authority.

NOTE 7 – CAPITAL ASSETS

The capital assets at December 31, 2013 and 2012 represent the cost to substantially construct the Lower Scioto Water Reclamation Facility (plant), including accrued interest carrying cost during construction and related land. The plant has been under construction since 2007. In 2013 the facility was considered complete and approved by Delaware County. In October 2013 the Authority found the plant to be final and complete. Delaware County accepted the plant and assumed all legal responsibility.

2012	Balance January 1	Additions	Reductions	Balance December 31
Land	\$ 1,502,774	\$0	\$0	\$ 1,502,774
Construction in Progress	26,847,142	1,258,985	0	28,106,127
Total Non-Depreciable Capital Assets	\$28,349,916	\$1,258,985	\$0	\$29,608,901

2013	Balance January 1	Additions	Reductions	Balance December 31
Land	\$ 1,502,774	\$0	\$1,502,774	\$0
Construction in Progress	28,106,127	18,459	28,124,586	0
Total Non-Depreciable Capital Assets	\$29,608,901	\$18,459	\$29,627,360	\$0

Concord/Scioto Community Authority
Delaware County
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NOTE 8 – RISK POOL MEMBERSHIP

The Authority belongs to the Ohio Plan Risk Management Plan (the Plan) an unincorporated non-profit association of more than 500 public entities from all parts of Ohio jointed together in the largest alternative insurance program in the state.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides general liability (\$1,000,000 per occurrence/\$3,000,000 annual aggregate), employers' liability (\$1,000,000 each accident/\$1,000,000 each employee/\$1,000,000 aggregate limit), public officials' liability (\$1,000,000 each wrongful act/\$3,000,000 annual aggregate) coverage, as well as automobile (\$1,000,000 bodily injury and property damage) and crime (\$25,000 public employee dishonesty/\$10,000 forgery and alteration/\$10,000 theft disappearance and destructive/\$1,000 computer. The plan pays, judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses convention insurance coverage and reinsures this coverage. Effective September 1, 2002, the Ohio Reinsurance Plan collects premium and shares in claims payments for liability (limited to 5% of a covered loss up to \$25,000) and property (limited to 5% of a covered loss up to \$50,000).

There has been no significant reduction noted in insurance coverage from the prior year.

NOTE 9 - LONG-TERM OBLIGATIONS

The Authority's long-term obligations activity for the fiscal years ended December 31, 2013 and 2012 was as follows:

Community Facilities Bonds Series 2007A	Balance January 1	Additions	Reductions	Balance December 31	Due within one year
2012	\$13,990,000	\$0	\$0	\$13,990,000	\$1,460,000
2013	\$13,990,000	\$0	\$13,990,000	\$0	\$0

Concord/Scioto Community Authority
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NOTE 9 - LONG-TERM OBLIGATIONS - CONTINUED

Community Facilities Bonds, Series 2007A

On November 1, 2007, the Authority issued \$14,600,000 in Community Facilities Bonds which were issued for the purpose of acquiring land and construct the Lower Scioto Water Reclamation Facility. The bond agreement was amended through subsequent Amendments.

The community development charges are pledged for repayment. The Financing Authority expects that all of the debt service on the notes will be paid from these revenues. An "Infrastructure Acquisition and Construction Agreement" entered into between the Financing Authority and Developer required the Financing Authority to "draw" from the principal of the note by delivering to the Developer a "Drawing Certificate." The Developer then was required to make an entry on the "Schedule of Advances and Payments" reflecting the amount drawn and the then outstanding principal balance. Unpaid interest, which is added to the principal amount of the note shall be entered on the "Schedule of Advances and Payments", according to the agreement. The third and fourth scheduled principal payments due November 1, 2011 and 2012 of \$455,000 and \$485,000, respectively were not paid by their due dates.

The interest rate on the bonds is 7% and they have a 20 year maturity. Interest is payable on May 1 and November 1 of each year and is based on a 360 day year and twelve 30-day months. Principal payments are due from the mandatory sinking fund on November 1 of each year at a price equal to 100% of each year.

The Series 2007A Bonds are subject to optional redemption prior to their stated maturity on any date on or after November 1, 2017, following thirty (30) days advance written notice to the Trustee, by and at the sole option of the Authority, either in whole or in part at par plus accrued interest to the redemption date; provided that, following such optional redemption, each Holder of Series 2007A Bonds shall hold not less than \$100,000 in principal amounts of Series 2007A Bonds.

The Authority's debt was paid in full in October of 2013.

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NOTE 10 - RELATED PARTY

The Petition for creation of the Authority pursuant to Chapter 349 of the Ohio Revised Code was filed with the Delaware County Commissioners by Triangle Properties, Inc (the Developer).

The Authority has an “Infrastructure Acquisition and Construction Agreement” with the Developer to acquire and construct the infrastructure of the Authority’s territory for which it was established. Under this agreement the Developer selected contractors and signed contracts for the construction of the Authority’s infrastructure. Payments to contractors by the Authority were made directly with contractors. The Developer supervised and approved all construction work including construction company draws of funds.

Community Facilities Bonds, series 2007A totaling \$14,600,000 were issued to provide funds to acquire and construct community facilities and to develop land in connection with the same. Cheryl A. Kenney, the spouse of Donald Kenney, a principal in Triangle Properties, Inc. purchased \$1,400,000 of the bonds. Charles A. Vince, a principal in Triangle Properties, Inc. purchased \$300,000 of the bonds.

NOTE 11 – CHANGES IN ACCOUNTING PRINCIPLES

For 2012, the Authority implemented GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities,”, Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" incorporates certain accounting and financial reporting guidance issued on or before November 30, 1989, into the GASB's authoritative literature that do not conflict with or contradict GASB pronouncements. The implementation of this statement did not have a significant effect on the financial statements of the Authority.

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of this statement changed the classification of certain deferred inflows of resources. It also changed the description of the equity section of the statement to reflect net position.

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities properly classifies certain items previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. GASB 65 also recognizes certain items previously reported as assets or liabilities as deferred outflows of resources (expenses or expenditures) or deferred inflows of resources (revenues).

Concord/Scioto Community Authority
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NOTE 11 – CHANGES IN ACCOUNTING PRINCIPLES – CONTINUED

GASB Statement No. 66, “Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62,” resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively.



Balestra, Harr & Scherer, CPAs, Inc.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Concord/Scioto Community Authority
Delaware County
585 South Front Street, Suite 220
Columbus, Ohio 43215

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of Concord/Scioto Community Authority, Delaware County, (the Authority), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 15, 2014, wherein we noted the Authority adopted the provisions of Governmental Accounting Standards Board statements No. 63 and 65.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Financial Reporting and on Compliance and Other Matters
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Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
May 15, 2014

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Dave Yost • Auditor of State

CONCORD/SCIOTO COMMUNITY AUTHORITY

DELAWARE 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
SEPTEMBER 16, 2014**