NEW ALBANY COMMUNITY AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

BRENT BRADBURY, TREASURER

Dave Yost • Auditor of State

Board of Trustees
New Albany Community Authority
8000 Walton Parkway, Suite 120
New Albany, Ohio 43054

We have reviewed the *Independent Auditor's Report* of the New Albany Community Authority, Franklin County, prepared by Julian & Grube, 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 New Albany Community Authority is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

August 28, 2014

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NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY

BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

New Albany Community Authority
Franklin County
8000 Walton Parkway, Suite 120
New Albany, Ohio 43054

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the New Albany Community Authority, Franklin County, Ohio, as of and for the years ended December 31, 2013 and December 31, 2012 and the related notes to the financial statements, which collectively comprise the New Albany Community 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 New Albany Community 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 New Albany Community 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 opinion.

Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during fiscal year 2012, the New Albany Community Authority adopted new guidance in Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to 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 July 28, 2014, on our consideration of the New Albany Community 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 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 New Albany Community Authority's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
July 28, 2014

NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY

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

The discussion and analysis of the New Albany Community Authority's financial performance provides an overview of the Authority's financial performance as a whole for the years ended December 31, 2013 and 2012. The intention of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Authority's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. Certain comparative information between the current years and prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

Key financial highlights for 2013 and 2012 follow:

- Total assets increased $1,663,305, or 6.45%, between 2013 and 2012 and decreased $215,255 or 0.83%, between 2012 and 2011. Total liabilities decreased $3,323,730 or 7.80%, between 2013 and 2012 and $4,695,545, or 10.22%, between 2012 and 2011. Total net position increased $4,928,876 or 34.69%, between 2013 and 2012 and increased $5,514,792, or 28.82%, between 2012 and 2011.

- Total revenues decreased $772,543, or 9.58%, between 2013 and 2012 and increased $237,156, or 2.68%, between 2012 and 2011. Total expenditures decreased $186,627, or 5.95%, between 2013 and 2012 and $1,898,054, or 57.13%, between 2012 and 2011.

Using this Annual Financial Report

This financial report contains the basic financial statements of the Authority, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and change in net assets, and a statement of cash flows. As the Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Statement of Net Position

The statement of net position answers the question, "How did we do financially during the year?" This statement include all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by private sector companies. This basis of accounting takes into account all revenues and expenses during the year regardless of when the cash is received or paid.

This statement reports the Authority's net assets, however, in evaluating the overall position and financial viability of the Authority, non-financial information, such as the condition of Authority's capital assets, will also need to be evaluated.

Summary Statement of Net Position

	2013	2012	2011
Assets:			
Other assets	$ 27,454,153	$ 25,790,848	$ 26,006,103
Total assets	27,454,153	25,790,848	26,006,103
Deferred outflows of resources:	1,032,443	1,126,302	-
Liabilities:			
Current liabilities	388,047	397,248	993,148
Long-term debt	42,248,811	45,563,340	49,662,985
Total Liabilities	42,636,858	45,960,588	50,656,133
Deferred inflows of resources:	56,100	91,800	-
Net Position:			
Unrestricted	(14,206,362)	(19,135,238)	(24,650,030)
Total Net Position	$ (14,206,362)	$ (19,135,238)	$ (24,650,030)

The increase in total assets between 2013 and 2012 was due to an increase in cash and equivalents of $21,793 that was offset by a decrease in accounts receivable of $10,743, related to the community development charge, income tax and lease receivable. The decrease in liabilities between 2013 and 2012 was due to principal payments on outstanding bonds of $3,314,529, and a decrease in accounts payable of $9,201.

The increase in total assets between 2012 and 2011 was due to an increase in cash with fiscal and escrow agents of $786,409 offset by a decrease in accounts receivable of $114,916. The decrease in liabilities between 2012 and 2011 was due to principal payments on outstanding bonds of $4,099,645.

Summary Statement of Revenues, Expenses, and Changes in Net Position

	2013	2012	2011
Operating Revenues	$ 8,062,096	$ 8,834,182	$ 8,596,018
Operating Expenses	64,226	76,381	359,324
Operating Income (Loss)	7,997,870	8,757,801	8,236,694
Non-operating Revenue (Expenses)	(3,068,994)	(3,243,009)	(4,857,112)
Change in Net Position	$ 4,928,876	$ 5,514,792	$ 3,379,582

The decrease in operating revenues between 2013 and 2012 was due largely to a decrease in income taxes of $636,918 and $127,368 in the Community Development Charge. The decrease in total expenses between 2013 and 2012 was due a decrease in interest expense of $274,072.

The increase in operating revenues between 2012 and 2011 was due largely to an increase in income taxes of $205,603 and $39,761 in the Community Development Charge. The decrease in total expenses between 2012 and 2011 was due a decrease in donation of assets of $869,726 and a decrease in interest expense of $745,385.

Debt Administration

The Authority finances construction in progress primarily through the issuance of bonds. At December 31, 2013 and 2012, debt outstanding was $42,248,811 and $45,563,340, respectively. See Note 9 of the notes to the basic financial statements for more detailed information on the Authority's debt obligations.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives spends and invests. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Brent Bradbury, Chief Financial Officer, 8000 Walton Parkway, Suite 120, New Albany, Ohio, 43054.

NEW ALBANY COMMUNITY AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2013

Assets:		
Equity in pooled cash and cash equivalents . .	$	48,142
Cash with fiscal and escrow agents.		22,482,934
Receivables:		
Community development charge		3,651,801
Income taxes.		754,191
Lease		516,100
Infrastructure reimbursement		985
Total assets		27,454,153
Deferred outflows of resources:		
Unamortized deferred charges on debt refunding .		1,032,443
Total deferred outflows of resources		1,032,443
Liabilities:		
Accounts payable.		25,607
Interest payable.		362,440
Long-term liabilities:		
Due within one year		4,906,883
Due in more than one year.		37,341,928
Total liabilities		42,636,858
Deferred inflows of resources:		
Unearned income		56,100
Total deferred inflows of resources		56,100
Total liabilities and deferred inflows of resources.		42,692,958
Net position:		
Unrestricted (deficit)		(14,206,362)
Total net position	$	(14,206,362)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
DECEMBER 31, 2013

	Total
Operating revenues:	
Community development charge	$ 3,684,964
Lease interest income	35,700
City of New Albany income tax	4,341,432
Total operating revenues.	8,062,096
Operating expenses:	
Bank charges	939
Insurance	5,355
Accounting fees	22,239
Legal fees.	29,068
Professional fees	1,500
Bond trustee fees	5,125
Total operating expenses.	64,226
Operating income (loss)	7,997,870
Nonoperating revenues (expenses):	
Interest income.	2,263
Interest expense	(1,406,227)
Donations	(1,665,030)
Total nonoperating revenues (expenses). . . .	(3,068,994)
Change in net position	4,928,876
Net position at beginning of year	(19,135,238)
Net position at end of year	(14,206,362)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY

STATEMENT OF CASH FLOWS
DECEMBER 31, 2013

Cash flows from operating activities:	
Cash received from community development charge . .	$ 3,746,788
Cash received from city income tax	4,117,974
Cash received from other lease.	170,700
Cash payments for administrative expenses.	(50,769)
Cash payments for trustee fees.	(5,125)
Net cash provided by (used in) operating activities	7,979,568
Cash flows from capital and related financing activities:	
Notes issued	1,750,000
Premium on notes issued	11,305
Principal retirement on debt service.	(4,745,000)
Interest and fiscal charges	(1,659,058)
Cash donations	(1,665,030)
Net cash used in capital and related financing activities.	(6,307,783)
Cash flows from investing activities:	
Interest received	2,263
Net cash provided by investing activities	2,263
Net increase (decrease) in cash and cash equivalents	1,674,048
Cash and cash equivalents at beginning of year . . .	20,857,028
Cash and cash equivalents at end of year	$ 22,531,076

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	$ 7,997,870
Changes in assets and liabilities:	
Decrease in community development charge receivable . .	63,502
Increase in income tax receivable.	(223,459)
Decrease in lease receivable. . . .	170,700
Increase in accounts payable	8,333
Decrease in assessment	(1,678)
Decrease in unearned revenue	(35,700)
Net cash provided by (used in) operating activities	$ 7,979,568

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2012

Assets:		
Equity in pooled cash and cash equivalents . .	$	26,349
Cash with fiscal and escrow agents.		20,830,679
Receivables:		
Community development charge		3,715,303
Income taxes.		530,732
Lease		686,800
Infrastructure reimbursement		985
Total assets		25,790,848
Deferred outflows of resources:		
Unamortized deferred charges on debt refunding .		1,126,302
Total deferred outflows of resources		1,126,302
Liabilities:		
Accounts payable.		17,274
Interest payable.		378,296
Assessment credits		1,678
Long-term liabilities:		
Due within one year		5,069,240
Due in more than one year.		40,494,100
Total liabilities		45,960,588
Deferred inflows of resources:		
Unearned income		91,800
Total deferred inflows of resources		91,800
Total liabilities and deferred inflows of resources.		46,052,388
Net position:		
Unrestricted (deficit)		(19,135,238)
Total net position	$	(19,135,238)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
DECEMBER 31, 2012

		Total
Operating revenues:		
Community development charge	$	3,812,332
Lease interest income		43,500
City of New Albany income tax		4,978,350
Total operating revenues.		8,834,182
Operating expenses:		
Bank charges		857
Insurance		6,079
Accounting fees		29,367
Legal fees.		28,752
Professional fees		1,500
Letter of credit fees.		9,826
Total operating expenses.		76,381
Operating income (loss)		8,757,801
Nonoperating revenues (expenses):		
Interest income.		2,720
Interest expense		(1,680,299)
Donations		(1,565,430)
Total nonoperating revenues (expenses). . . .		(3,243,009)
Change in net position		5,514,792
Net position at beginning of year		(24,650,030)
Net position at end of year		(19,135,238)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY
STATEMENT OF CASH FLOWS
DECEMBER 31, 2012

Cash flows from operating activities:	
Cash received from community development charge . .	$ 3,852,932
Cash received from city income tax	4,796,414
Cash received from other lease.	173,500
Cash payments for administrative expenses.	(57,595)
Cash payments for trustee fees	(21,047)
Net cash provided by (used in) operating activities	8,744,204
Cash flows from capital and related financing activities:	
Notes issued	2,000,000
Premium on notes issued	4,960
Bonds issued	35,610,000
Premium on bonds issued	4,089,988
Principal retirement on debt service.	(4,675,000)
Payment to refunded bond escrow agent	(41,971,302)
Bond issuance costs	(360,514)
Interest and fiscal charges	(1,108,582)
Cash donations	(1,565,430)
Net cash used in capital and related financing activities.	(7,975,880)
Cash flows from investing activities:	
Interest received	2,707
Net cash provided by investing activities	2,707
Net increase (decrease) in cash and cash equivalents	771,031
Cash and cash equivalents at beginning of year . . .	20,085,997
Cash and cash equivalents at end of year	$ 20,857,028
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	$ 8,757,801
Changes in assets and liabilities:	
Decrease (increase) in community development charge receivable . .	123,352
Decrease (increase) in income tax receivable.	(181,936)
Decrease (increase) in lease receivable. . . .	173,500
Increase (decrease) in accounts payable	(2,261)
Increase (decrease) in assessment	(82,752)
Increase (decrease) in unearned revenue	(43,500)
Net cash provided by (used in) operating activities	$ 8,744,204

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - DESCRIPTION OF THE ENTITY

The New Albany Community Authority is a "community authority" created pursuant to Chapter 349 of the Ohio Revised Code (the Act). On July 7, 1992, the New Albany Company Limited Partnership (the Developer) filed a petition (the Petition) for the creation of the Authority with the Board of County Commissioners of the County of Franklin, Ohio. The Petition, which may be subject to amendment or other change, allows the Authority to finance up to $41,450,000 of "costs" of publicly owned and operated community facilities including, but not limited to, the acquisition or construction of a new school, roads, a fire station, and a fire truck. In accordance with the Act, the Petition was accepted by the County Commissioners' Resolution No. 699-92, adopted July 7, 1992. By its Resolution on August 24, 1992, the County Commissioners determined that the new community district 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 organized as a body corporate and politic in the State. On July 7, 1996, the County Commissioners, by their Resolution amended the Petition to increase the "costs" from $41,450,000 to $43,450,000.

The Authority is governed by a seven member Board of Trustees. The Franklin County Board of County Commissioners, a related organization, appoints four of the Trustees. The remaining three Trustees are appointed by the Developer.

The New Albany New Community District is currently comprised of approximately 5,000 acres of land located in Northeast Franklin County, Ohio.

In accordance with the Act and the Petition, the Authority can levy a community development charge of up to 9.75 mills on the assessed value of the land and improvements within the District. 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 SIGNFICANT ACCOUNTING POLICIES

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

GASB has issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which directly incorporates the applicable provisions in Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued on or before November 30, 1989, into the state and local government accounting and financial reporting standards. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The Authority has implemented this pronouncement by removing the verbiage related to FASB statements and disclosing the implementation of GASB 62.

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

GASB has issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position,* which amends the reporting of deferred outflows of resources in a separate section following assets and deferred inflows of resources in a separate section following liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The Authority has implemented this pronouncement by changing presentation of the financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB has issued Statement 65, *Items Previously Reported as Assets and Liabilities,* which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged, and the Authority has elected to implement this statement as of January 1, 2012.

The more significant of the Authority's accounting policies are described below.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses the flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. The difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources are defined as net position. The statement of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Community Development Charge Receivable

The Community Development Charge is recognized as a receivable in the financial statements. The receivable represents charges that have been assessed as of December 31.

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

D. Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred inflow of resources is an acquisition of net position by the Authority that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the Authority that is applicable to a future reporting period.

Lease interest income that is applicable to the Wellness Center lease was deferred upon issuance and is amortized over the life of the lease agreement.

E. Unamortized Deferred Loss/Bond Issuance Costs

Bond losses are deferred and amortized over the term of the bonds using the bond outstanding method, which approximates the effective interest method. Unamortized deferred losses on refundings are reported as a deferred outflow of resources on the statement of net position. Bond issuance costs are expensed when they occur.

NOTE 3 - ACCUMULATED DEFICIT

At December 31, 2013 and 2012, the Authority had accumulated deficits of $14,206,362 and $19,135,238, respectively. This deficit is a result of how the Authority is structured and its basic operations. The Authority was established to finance the costs of publicly owned and operated community facilities. The Authority incurs the costs of constructing community facilities. The titles to these assets are then transferred to the community and the related costs are recorded as an expense. This deficit will be reduced and eliminated as outstanding debt is paid. See Note 9 for further discussion of debt repayment.

NOTE 4 - CASH AND CASH EQUIVALENTS

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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees 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 which 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.

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (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.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,

6. The State Treasurer's investment pool (STAR Ohio).

The Authority may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State as to which there is no default of principal, interest, or coupons; and,

3. Obligations of the Authority.

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity.

NOTE 4 - CASH AND CASH EQUIVALENTS - (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.

Deposits

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Authority has no deposit policy for custodial credit risk.

At year end December 31, 2013 and 2012, the carrying amounts, as well as the bank balances of the Authority's deposits were $48,142 and $26,349, respectively. The total bank balances were federally insured up to $250,000.

Investments

The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at year end. Category 1 includes investments that are insured or registered for which the securities are held by the Authority or the Authority's agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Authority's name.

	Category 2	Carrying/Fair Value	Weighted Average Maturity (Years)
2013			
U.S. Government Securities	22,482,934	22,482,934	< 1 year
Total	22,482,934	22,482,934	
2012			
U.S. Government Securities	20,830,679	20,830,679	< 1 year
Total	20,830,679	20,830,679	

Interest Rate Risk - Interest rate risk is that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Authority manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority limits its investments to U.S. Government Securities. Investments in U.S. Government Securities was rated AAA by Standard and Poor's.

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority's investment policy allows investments in money market accounts, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. For the years ended December 31, 2013 and 2012, the Authority has invested 100% of its investments in U.S. Government Securities.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. All of the Authority's investments are either insured and registered in the name of the Authority or at least registered in the name of the Authority.

NOTE 5 - CASH WITH FISCAL AND ESCROW AGENTS

At year end December 31, 2013 and 2012, the carrying amounts of the Authority's cash with fiscal and escrow agents were $22,482,934 and $20,830,679, respectively. These amounts are held in escrow for projects funded by bond issuances. These funds are held in Money Market Accounts invested in U.S. Government Securities.

NOTE 6 - COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 9.75 mills on the assessed value of all property within the District. The charge was levied at 4.5 mills and 4.75 mills for 2013 and 2012, respectively. Charge revenue recognized represents the amount levied as of October 1 of the preceding year.

Charge assessments are levied October 1 on the assessed values as of July 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Market values are determined by the Authority based on the County Auditor's appraisal, lot values, or a calculated cost for occupied homes that have not yet been appraised by the County Auditor.

The 2013 and 2012 assessed values of all property within the District were $811,982,140 and $782,168,540, respectively. The 2013 and 2012 receivables recognized based on these figures were $3,651,801 and $3,715,303, respectively.

NOTE 7 - DIRECT FINANCING LEASE

The Authority entered into a lease agreement with Mount Carmel Health Systems, Inc. in December of 1996 for the lease of the Wellness Center. The lease payments under the lease agreement are equal to the bond service charges due on the Wellness Center Bonds. The lease has been classified as a direct financing lease. The Authority has recorded a lease receivable for the gross proceeds of the lease agreement and unearned income for the amount representing interest due on bonds.

The amortization of the lease payments as of December 31, 2013 was as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 145,000	$ 27,600	$ 172,600
2015	155,000	18,900	173,900
2016	160,000	9,600	169,600
Total	$ 460,000	$ 56,100	$ 516,100

NOTE 8 - CITY OF NEW ALBANY INCOME TAX

The Authority receives 30% and 50%, respectively, from Phase I and Phase II of the gross income tax revenues collected by the City of New Albany for the Economic Opportunity Zone. The Economic Opportunity Zone is approximately 950 acres of land that the New Albany Company is developing into a business campus. The City of New Albany Income Tax is used to make payments on the Multi-Purpose Infrastructure Bonds described in Note 9.

NOTE 9 - DEBT

Changes in the Authority's long-term liabilities during 2013 and 2012 consisted of the following:

	Outstanding 12/31/2012	Additions	Reductions	Outstanding 12/31/2013	Amounts Due Within One Year
Community Facilities Refunding Bonds, Series C, 2012, $35,610,000, 2-5%	$ 33,575,000	$ -	$ (2,085,000)	$ 31,490,000	$ 2,145,000
Multi-Purpose Infrastructure Improvement and Refunding Bonds, Series D, $5,900,000, 1.25-3.81%	5,390,000	-	(525,000)	4,865,000	540,000
Multi-Purpose Infrastructure Improvement and Refunding Notes, Series D, $2,000,000, 1%	2,000,000	-	(2,000,000)	-	-
Multi-Purpose Infrastructure Improvement and Refunding Notes, Series 2013D, $2,000,000, 1.25%	-	1,750,000	-	1,750,000	1,750,000
Premium on Refunding Bond Issued	163,753		(19,211)	144,542	19,211
Premium on Refunding Bond Issued	3,837,520		(302,962)	3,534,558	302,961
Premium on Refunding Note Issued	2,067		(2,067)	-	
Premium on Refunding Note Issued	-	11,305	(6,594)	4,711	4,711
Wellness Center Revenue Bonds, 1996, $2,000,000, 4-6%	595,000	-	(135,000)	460,000	145,000
Total	$ 45,563,340	$ 1,761,305	$ (5,075,834)	$ 42,248,811	$ 4,906,883

NOTE 9 - DEBT - (Continued)

	Outstanding 12/31/2011	Additions	Reductions	Outstanding 12/31/2012	Amounts Due Within One Year
Community Facilities Refunding Bonds, Series B, 2001, $52,965,000, 3-5.5%	$ 40,845,000	$ -	$ (40,845,000)	$ -	$ -
Community Facilities Refunding Bonds, Series C, 2012, $35,610,000, 2-5%	-	35,610,000	(2,035,000)	33,575,000	2,085,000
Multi-Purpose Infrastructure Improvement and Refunding Bonds, Series D, $5,900,000, 1.25-3.81%	5,900,000	-	(510,000)	5,390,000	525,000
Multi-Purpose Infrastructure Improvement and Refunding Notes, Series D, $2,000,000, 1%	2,000,000	-	(2,000,000)	-	-
Multi-Purpose Infrastructure Improvement and Refunding Notes, Series 2012D, $2,000,000, 1%	-	2,000,000	-	2,000,000	2,000,000
Premium on Refunding Notes Issued	10,020	-	(10,020)	-	
Premium on Refunding Bond Issued	182,965	-	(19,212)	163,753	19,211
Premium on Refunding Bond Issued	-	4,089,988	(252,468)	3,837,520	302,962
Premium on Refunding Note Issued	-	4,960	(2,893)	2,067	2,067
Wellness Center Revenue Bonds, 1996, $2,000,000, 4-6%	725,000	-	(130,000)	595,000	135,000
Total	$ 49,662,985	$ 41,704,948	$ (45,804,593)	$ 45,563,340	$ 5,069,240

Community Facilities Refunding Bonds, Series B: In 2001, the Authority issued Community Facilities Refunding Bonds, Series B in the amount of $52,965,000. The proceeds of the bonds were used to advance refund Community Facilities Bonds, Series A and current refund Subordinated Notes held by the New Albany Company. During 2012, the Community Facilities Refunding Bonds, Series B was refunded by the Community Facilities Refunding Bonds, Series C.

NOTE 9 - DEBT - (Continued)

Community Facilities Refunding Bonds, Series C: In 2012, the Authority issued Community Facilities Refunding Bonds, Series C in the amount of $35,610,000. The proceeds of the bonds were used to advance refund Community Facilities Bonds, Series B and current refund Subordinated Notes held by the New Albany Company. The bonds have a final stated principal maturity of October 1, 2024, with mandatory principal redemptions on December 1 in the years 2012 through 2024. Except for bond service reserve referred to below, the Authority's Community Development Charge is the sole source of funds for principal and interest payments. The reserve account for the bonds was initially funded at $1,877,375. As of December 31, 2013 and 2012, the reserve account carrying amounts were $1,922,851 and $2,572,635, respectively.

Multi-Purpose Infrastructure Improvement and Refunding Bonds, Series C: In 2000, the Authority issued the Multi-Purpose Infrastructure Improvement Bonds, Series B in the amount of $16,700,000. The proceeds of the bonds were used to currently refund Multi-Purpose Infrastructure Improvement Bonds, Series A and for the construction of infrastructure in the New Albany Economic Opportunity Zone. In 2004, the Authority current refunded Series B bonds with a Series C issuance of $16,100,000. Interest rates range from 2 to 4%. The bonds have a final stated principal maturity of February 1, 2025, with mandatory principal redemptions on February 1 in the years 2004 through 2024. In 2011, the Authority current refunded Series C bonds with a combination of Series D bonds issued at $5,900,000 and a Series D note of $2,000,000 plus $800,000 in cash. The fixed rate bonds have a net interest cost of 3.45%, are callable after five years and are scheduled to be retired in December 2021. In 2012, the Authority issued a $2,000,000 Series 2012D note, whose proceeds were used to retire the Series D note previously issued in 2011. In 2013, the Authority issued a $1,750,000 Series 2013D note to retire the Series 2012D note issued in 2012. The note was issued with a 1.25% interest rate and will mature on May30, 2014. The Authority's sole source of repayment for these bonds is from income taxes on businesses in Phase I and Phase II of the gross income tax revenues collected by the City of New Albany for the Economic Opportunity Zone. The Authority initially had credit and liquidity support for the bonds in an irrevocable standby letter of credit in the amount of $16,219,979 with Key Bank. On May 20, 2011, the letter of credit was canceled by the Authority.

Wellness Center Revenue Bonds: In 1996, the Authority issued the Wellness Center Revenue Bonds in the amount of $2,000,000. The proceeds of the bonds were to pay the costs of acquiring and constructing facilities for providing day care and other community health and wellness programs and related services. The issue included $480,000 serial bonds maturing annually from 1997 through 2003, $450,000 term bonds maturing in 2008, and $1,070,000 term bonds maturing in 2016. The term bonds are subject to prior mandatory sinking fund redemption. The Authority's source of repayment for these bonds is lease rental income from the Mount Carmel Health System, pursuant to a lease agreement. The Authority also has as credit enhancement for the bonds an irrevocable standby letter of credit in the amount of $2,070,000 with PNC Bank (formerly National City Bank of Columbus).

NOTE 9 - DEBT - (Continued)

Long-term debt requirements for the Community Facilities Refunding Bonds as of December 31, 2013 are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 2,145,000	$ 1,339,200	$ 3,484,200
2015	2,220,000	1,274,850	3,494,850
2016	2,295,000	1,208,250	3,503,250
2017	2,365,000	1,139,400	3,504,400
2018	2,500,000	1,044,800	3,544,800
2019 - 2023	14,640,000	3,537,250	18,177,250
2024	5,325,000	266,250	5,591,250
Total	$ 31,490,000	$ 9,810,000	$ 41,300,000

Long-term debt requirements for the Wellness Center Revenue Bonds as of December 31, 2013 are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 145,000	$ 27,600	$ 172,600
2015	155,000	18,900	173,900
2016	160,000	9,600	169,600
Total	$ 460,000	$ 56,100	$ 516,100

Long-term debt requirements for the Multi-Purpose Infrastructure Improvement Bonds as of December 31, 2013 are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	$ 540,000	$ 178,550	$ 718,550
2015	560,000	162,350	722,350
2016	575,000	145,550	720,550
2017	595,000	128,300	723,300
2018	615,000	104,500	719,500
2019 - 2021	1,980,000	180,950	2,160,950
Total	$ 4,865,000	$ 900,200	$ 5,765,200

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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*

New Albany Community Authority
Franklin County
8000 Walton Parkway, Suite 120
New Albany, Ohio 43054

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 New Albany Community Authority, as of and for the years ended December 31, 2013 and December 31, 2012 and the related notes to the financial statements, which collectively comprise the New Albany Community Authority's basic financial statements and have issued our report thereon dated July 28, 2014, wherein we noted as discussed in Note 2, the New Albany Community Authority adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the New Albany Community 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 New Albany Community 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 New Albany Community 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control. We consider finding NACA-2013-001 to be a significant deficiency.

Board of Trustees
New Albany Community Authority

Compliance and Other Matters

As part of reasonably assuring whether the New Albany Community 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*.

Entity's Response to Finding

The New Albany Community Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the New Albany Community Authority's response and, accordingly, we express no opinion on it.

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 New Albany Community Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the New Albany Community Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julian & Grube, Inc.
July 28, 2014

NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2013-NACA-001

Significant Deficiency - Financial Statement Presentation

Accurate financial reporting is an important part of the Authority's overall purpose. Financial reporting requires internal controls in place to help ensure accuracy of reporting.

The following adjustment was identified by the Authority and was recorded to properly state the Authority's financial statements for the fiscal year ended December 31, 2013:

An adjustment was necessary in fiscal year ending December 31, 2012 to increase interest expense by $1,243,581, decrease amortization expense by $717,409, and to decrease unamortized issuance costs by $526,172. An adjustment was also made in 2012 to increase the unamortized deferred charges on debt refunding by $1,126,302 and to decrease interest expense by $1,126,302. As of December 31, 2013, an adjustment was necessary to increase interest expense by $93,859 and decrease unamortized issuance costs by $93,859.

The audited financial statements have been adjusted for the misstatement above.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management.

We recommend that the Authority implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements prior to presenting to the auditors.

Client's Response: The Authority will implement controls including obtaining information on changes in accounting standards for non-reoccurring transactions.

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Dave Yost • Auditor of State

NEW ALBANY COMMUNITY 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
SEPTEMBER 11, 2014