



Dave Yost • Auditor of State

**AUSTIN LANDING COMMUNITY AUTHORITY
MONTGOMERY COUNTY
DECEMBER 31, 2015 AND 2014**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Austin Landing Community Authority
Montgomery County
10050 Innovation Drive, Suite 150
Dayton, Ohio 45342

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Austin Landing Community Authority, Montgomery County, Ohio, (the Authority) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Authority prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Authority does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Austin Landing Community Authority, Montgomery County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2017, 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 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.



Dave Yost
Auditor of State
Columbus, Ohio

August 22, 2017

**AUSTIN LANDING COMMUNITY AUTHORITY
MONTGOMERY COUNTY
Statement of Receipts, Disbursements and
Changes in Fund Balance (Regulatory Cash Basis)
For the Year Ended December 31, 2015**

Operating Receipts:

Community development charges	\$ 403,040
Farmer's market receipts	8,235
Winter market receipts	3,240
Special event receipts	<u>24,396</u>
Total operating receipts	<u>438,911</u>

Operating Disbursements:

Advertising	215,205
Building and grounds	145,323
Utilities	6,683
Office supplies	21,319
Professional fees	31,817
Events	130,613
Other operating disbursements	<u>27,941</u>
Total operating disbursements	<u>578,901</u>

Operating Loss (139,990)

Non-operating receipts (disbursements):

Cash advance receipts	123,000
Cash advance repayments	<u>(108,000)</u>
Total non-operating receipts (disbursements)	<u>15,000</u>

Change in fund cash balance (124,990)

Fund cash balance - beginning of year 130,380

Fund cash balance - end of year \$ 5,390

See accompanying notes to the financial statements.

**AUSTIN LANDING COMMUNITY AUTHORITY
MONTGOMERY COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2015**

1. REPORTING ENTITY

The Austin Landing Community Authority, Montgomery County, Ohio (the "Authority") is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). Austin Landing II Ltd., Innovation Pointe I Ltd., RG Properties, Inc., and Austin Landing Associates, Ltd. (collectively, the "Developers") filed a petition (the Petition) for creation of the Authority with Miami Township, Ohio, and the Petition was accepted by Resolution No. 12-1963 of the Montgomery County Board of Commissioners in October 2013. The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated improvements and community facilities with Community Development Charges.

By its Resolution, the Montgomery County Board of Commissioners determined the 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 ORC. The Authority thereby was organized as a body corporate and politic in the State. While the Authority was formed in 2012, no financial activity occurred until the collection of charges in February 2014.

By law, the Authority is governed by a seven member board of trustees. At inception, the Board of County Commissioners of Montgomery County appointed four of the trustees and the remaining three trustees were appointed by the Developer.

The Authority includes approximately 53.1461 acres of land located in Miami Township, Montgomery County, Ohio with a mixed use commercial project known as Austin Landing including retail space, office space, hospitality components and residential units. Austin Landing's grand opening was in May 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis – The financial statements follow the accounting basis permitted by the financial reporting provisions of ORC Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. All transactions are accounted for in a single enterprise fund.

These statements include adequate disclosure of material matters, as the financial reporting provisions of ORC Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Operating receipts are those revenues that are generated from the primary activity of the Authority and consist of community development charges and receipts from events. Operating disbursements consist of advertising, building and grounds, utilities, office supplies, professional fees, events and other operating costs. All receipts and disbursements not meeting these definitions are reported as non-operating receipts and disbursements.

Property, Plant and Equipment – The Authority records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

3. DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a custodial risk policy. As of December 31, 2015, the carrying amount and bank balance of the Authority's deposits was \$5,390 and \$48,180.

**AUSTIN LANDING COMMUNITY AUTHORITY
MONTGOMERY COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2015**

4. COMMUNITY DEVELOPMENT CHARGES

The Authority can levy community development charges, as defined, for the benefit and use of the Authority to cover all or part of lease, development, construction, operation and maintenance of land, land development and community facilities, the debt service therefor and any other cost incurred by the Authority.

The Community Development Charge is an annual charge assessed on each place of business, based on one-half (0.5%) of gross receipts.

5. ADVANCES

During 2015, the Authority received cash advances of \$123,000 from Austin Landing North Properties, Ltd., owned by RG Properties, Inc. (see Note 7) to assist with cash flows. In November 2015, the Authority repaid \$108,000, leaving \$15,000 remaining to be repaid in 2016.

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; and natural disasters. The Authority maintains comprehensive insurance coverage with private carriers for property and general liability insurance. Claim payments have not exceeded coverage in the past two years.

7. RELATED PARTY TRANSACTIONS

The Authority Chair of the Board of Trustees is also an employee of RG Properties, Inc. (RGP) and is related to the owner of RGP. RGP provided property management services to the Authority, but did not charge for these services in 2015. Payment made for direct custodial and miscellaneous repairs totaled \$26,904 in 2015. Additional transactions between the Authority and RGP consisted of expense reimbursements amounting to \$5,758 in 2015.

The owner of RGP is also owner of Austin Landing North Properties, Ltd. Austin Landing North Properties, Ltd. reimbursed the Authority \$200,446 during 2015 for its share of expenses that were initially paid by the Authority.

8. SUBSEQUENT EVENT

In August 2016, the Authority established a \$125,000 revolving note with Austin Landing North Property, Ltd. The purpose of this note is to manage the Authority's cash flow. The note bears interest at an annual rate of 0.56%, and is payable monthly beginning October 1, 2016. The note is unsecured, and matures on September 30, 2017.

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**AUSTIN LANDING COMMUNITY AUTHORITY
MONTGOMERY COUNTY
Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended December 31, 2014**

Operating Receipts:

Community development charges	\$ 335,526
Total operating receipts	<u>335,526</u>

Operating Disbursements:

Advertising	181
Building and grounds	122,947
Office supplies	278
Professional fees	20,265
Events	<u>61,475</u>
Total operating disbursements	<u>205,146</u>

Change in fund cash balance	130,380
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Fund cash balance - beginning of year	<u>-</u>
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Fund cash balance - end of year	<u>\$ 130,380</u>
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See accompanying notes to the financial statements.

**AUSTIN LANDING COMMUNITY AUTHORITY
MONTGOMERY COUNTY
Notes to Financial Statements
For the Year Ended December 31, 2014**

1. REPORTING ENTITY

The Austin Landing Community Authority, Montgomery County, Ohio (the "Authority") is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). Austin Landing II Ltd., Innovation Pointe I Ltd., RG Properties, Inc., and Austin Landing Associates, Ltd. (collectively, the "Developers") filed a petition (the Petition) for creation of the Authority with Miami Township, Ohio, and the Petition was accepted by Resolution No. 149-1963 of the Montgomery County Board of Commissioners in October 2013. The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated improvements and community facilities with Community Development Charges.

By its Resolution, the Montgomery County Board of Commissioners determined the 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 ORC. The Authority thereby was organized as a body corporate and politic in the State. While the Authority was formed in 2012, no financial activity occurred until the collection of charges in February 2014.

By law, the Authority is governed by a seven member board of trustees. At inception, the Board of County Commissioners of Montgomery County appointed four of the trustees and the remaining three trustees were appointed by the Developer.

The Authority includes approximately 53.1461 acres of land located in Miami Township, Montgomery County, Ohio with a mixed use commercial project known as Austin Landing including retail space, office space, hospitality components and residential units. Austin Landing's grand opening was in May 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis – The financial statements follow the accounting basis permitted by the financial reporting provisions of ORC Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Authority recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. All transactions are accounted for in a single enterprise fund.

These statements include adequate disclosure of material matters, as the financial reporting provisions of ORC Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Operating receipts are those revenues that are generated from the primary activity of the Authority and consist of community development charges. Operating disbursements consist of advertising, building and grounds, utilities, office supplies, professional fees, events and other operating costs. All receipts and disbursements not meeting these definitions are reported as non-operating receipts and disbursements.

Property, Plant and Equipment – The Authority records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

3. DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a custodial risk policy. As of December 31, 2014, the carrying amount and bank balance of the Authority's deposits was \$130,380 and \$39,723.

4. COMMUNITY DEVELOPMENT CHARGES

The Authority can levy community development charges, as defined, for the benefit and use of the Authority to cover all or part of lease, development, construction, operation and maintenance of land, land development and community facilities, the debt service therefore and any other cost incurred by the Authority.

The Community Development Charge is an annual charge assessed on each place of business, based on one-half (0.5%) of gross receipts.

5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; and natural disasters. The Authority maintains comprehensive insurance coverage with private carriers for property and general liability insurance. Claim payments have not exceeded coverage in the past year.

6. RELATED PARTY TRANSACTIONS

The Authority Chair of the Board of Trustees is also an employee of RG Properties, Inc. (RGP) and is related to the owner of RGP. RGP provided property management services to Authority, but did not charge for these services in 2014. Payments made for direct custodial and miscellaneous repairs totaled \$2,843 in 2014. Additional transactions between the Authority and RGP consisted of expense reimbursements of \$2,912 in 2014.

The owner of RGP is also owner of Austin Landing North Properties, Ltd. Austin Landing North Properties, Ltd. reimbursed the Authority \$91,455 during 2014 for its share of expenses that were initially paid by the Authority.

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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

Austin Landing Community Authority
Montgomery County
10050 Innovation Drive, Suite 150
Dayton, Ohio 45342

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 cash balances, receipts, and disbursements of the Austin Landing Community Authority, Montgomery County, (the Authority) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 22, 2017 wherein we noted the Authority followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

August 22, 2017



Dave Yost • Auditor of State

AUSTIN LANDING COMMUNITY AUTHORITY

MONTGOMERY 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 19, 2017**