



OHIO AUDITOR OF STATE
KEITH FABER



**RANDALL RESIDENCE NEW COMMUNITY AUTHORITY
MONTGOMERY COUNTY
DECEMBER 31, 2020 and 2019**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Randall Residence New Community Authority
Montgomery County
4653 Trueman Boulevard, Suite 100
Hilliard, Ohio 43026

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements as of and for the years ended December 31, 2020, and 2019, and related notes of the Randall Residence New Community Authority, Montgomery County, Ohio (the Authority).

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 such 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.

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, 2020, and 2019, and the respective changes in financial position 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 cash balances, receipts and disbursements for the years ended December 31, 2020, and 2019, and related notes of the Authority, 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.

Emphasis of Matter

As discussed in Note 8 to the fiscal year 2020 and 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio
December 14, 2021

**RANDALL RESIDENCE NEW COMMUNITY AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION (CASH BASIS)
YEAR ENDED DECEMBER 31, 2020**

Operating cash receipts:	
Community development charges	\$ 991,123
Total operating receipts	<u>991,123</u>
Operating cash disbursements:	
Other	<u>27,905</u>
Total operating disbursements	<u>27,905</u>
Operating income	963,218
Non-operating receipts (disbursements):	
Interest revenue	2,534
Pledged revenue to trustee	<u>(1,219,177)</u>
Total non-operating receipts (disbursements)	<u>(1,216,643)</u>
Change in net cash position	(253,425)
Net cash position - beginning of year	<u>406,143</u>
Net cash position - end of year	\$ <u>152,718</u>

See notes to the basic financial statements.

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RANDALL RESIDENCE NEW COMMUNITY AUTHORITY

Notes to Financial Statements Year Ended December 31, 2020

1. REPORTING ENTITY

The Randall Residence New Community Authority, Montgomery County, Ohio (the "Authority") is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). RRYT Holdings, Ltd. (the Developer) filed a petition (the Petition) for creation of the Authority with the City Council of the City of Centerville (City), Ohio, (Council) and the Petition was accepted by Ordinance 21-17 of the Council on August 21, 2017. 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 Ordinance, the Council 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 the ORC. The Authority thereby was organized as a body corporate and politic in the State.

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

The Authority includes approximately 10 acres of land located in the City for which the Developer has planned a 167,585 square foot residential facility offering a continuum of care including 60 independent living units, 56 assisted living units, and a 48-bed memory care unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation –These financial statements follow the accounting basis the Auditor of State (AOS) prescribes or permits. 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. The financial statements are prepared in accordance with 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).

These statements include adequate disclosure of material matters, as the AOS prescribes or permits.

The Authority's financial statements consist of a statement of receipts, disbursements and changes in net position (cash basis). The Authority uses one enterprise fund to maintain its cash basis financial records during the fiscal year.

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 administrative expenses. All receipts and disbursements not meeting these definitions are reported as non-operating receipts and disbursements.

RANDALL RESIDENCE NEW COMMUNITY AUTHORITY

Notes to Financial Statements Year Ended December 31, 2020

3. DEPOSITS

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 beyond the requirements of State statute. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Financial institutions participating in the Ohio Pooled Collateral System (OPCS), a centralized collateral system monitored by the Ohio Treasurer of State, must pledge eligible securities equal to at least 102% of the carrying value of all public deposits held by each institution. Financial institutions choosing not to participate in the OPCS must pledge eligible securities equal to at least 105% of the carrying value of the all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Cash Equivalents - As of December 31, 2020, the Authority had cash on deposit with BNY Mellon (Trustee) in accordance with the Authority’s Master Trust Agreement with the Trustee. The amount on deposit with the Trustee at December 31, 2020 was \$152,718 and consists of a US Treasury money market fund.

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 land acquisitions, 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 on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. Consistent with the Petition, the Authority levied a Community Development Charge which is intended to cover costs of debt service and operations.

Pursuant to the Cooperative Agreement and the Declaration of Covenants, Restrictions and Agreements for Randall Residence New Community Authority (Declaration) in the City of Centerville Ohio, the Authority agreed to pledge community development charges to the trustees for the purpose of paying on the debt issued by the Dayton-Montgomery County Port Authority, Toledo-Lucas County Port Authority and Development Finance Authority of Summit County. These monies are presented on the Statement of Receipts, Disbursements and Changes in Net Position as pledged revenue to trustee.

5. RELATED PARTY TRANSACTIONS

Under an agreement with the Authority, the Developer was responsible for overseeing the construction of the development projects. In addition, the Developer will fulfill certain administrative and operational functions for the Authority on an ongoing basis.

By law, the Authority is governed by a seven-member board of trustees. The City Council appointed four of the trustees and the remaining three trustees were appointed by the Developer.

RANDALL RESIDENCE NEW COMMUNITY AUTHORITY

Notes to Financial Statements Year Ended December 31, 2020

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 insurance coverage with private carriers for property and general liability insurance. Settled claims did not exceed coverage for the years ended December 31, 2020 and there was no significant change in coverage from the prior year.

7. PLEDGED REVENUE AND COOPERATIVE AGREEMENT

In December 2015, the Authority entered a Cooperative Agreement (Agreement) with the County of Montgomery, Ohio, City, the Dayton-Montgomery County Port Authority (Dayton Port), the Toledo-Lucas County Port Authority (Toledo Port) and the Development Finance Authority of Summit County (Summit). The parties have determined to cooperate with each other to assist the Developer in its undertaking and financing of the commercial facilities, roadway improvements, sewer systems and stormwater drainage. The Dayton Port, Toledo Port and Summit all agreed to finance a portion of the project.

Under this agreement, the Authority shall levy and collect community development charges in accordance with the Declaration and transfer certain revenues to a trustee for debt service. Under the agreement, the Authority can use community development charges for administrative disbursements but the remaining revenues are considered pledged.

The debt is payable from revenues consisting primarily of financing payments as defined in the Agreement. The Authority has also recorded a disbursement to the trustee for community development charges pledged and paid.

8. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**RANDALL RESIDENCE NEW COMMUNITY AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION (CASH BASIS)
YEAR ENDED DECEMBER 31, 2019**

Operating cash receipts:	
Community development charges	\$ <u>830,550</u>
Total operating receipts	<u>830,550</u>
Operating cash disbursements:	
Other	<u>6,559</u>
Total operating disbursements	<u>6,559</u>
Operating income	823,991
Non-operating receipts (disbursements):	
Interest revenue	7,212
Pledged revenue to trustee	<u>(581,020)</u>
Total non-operating receipts (disbursements)	<u>(573,808)</u>
Change in net cash position	250,183
Net cash position - beginning of year	<u>155,960</u>
Net cash position - end of year	\$ <u>406,143</u>

See notes to the basic financial statements.

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RANDALL RESIDENCE NEW COMMUNITY AUTHORITY

Notes to Financial Statements Year Ended December 31, 2019

1. REPORTING ENTITY

The Randall Residence New Community Authority, Montgomery County, Ohio (the "Authority") is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). RRYT Holdings, Ltd. (the Developer) filed a petition (the Petition) for creation of the Authority with the City Council of the City of Centerville (City), Ohio, (Council) and the Petition was accepted by Ordinance 21-17 of the Council on August 21, 2017. 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 Ordinance, the Council 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 the ORC. The Authority thereby was organized as a body corporate and politic in the State.

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

The Authority includes approximately 10 acres of land located in the City for which the Developer has planned a 167,585 square foot residential facility offering a continuum of care including 60 independent living units, 56 assisted living units, and a 48-bed memory care unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation –These financial statements follow the accounting basis the Auditor of State (AOS) prescribes or permits. 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. The financial statements are prepared in accordance with 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).

These statements include adequate disclosure of material matters, as the AOS prescribes or permits.

The Authority's financial statements consist of a statement of receipts, disbursements and changes in net position (cash basis). The Authority uses one enterprise fund to maintain its cash basis financial records during the fiscal year.

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 administrative expenses. All receipts and disbursements not meeting these definitions are reported as non-operating receipts and disbursements.

RANDALL RESIDENCE NEW COMMUNITY AUTHORITY

Notes to Financial Statements Year Ended December 31, 2019

3. DEPOSITS

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 beyond the requirements of State statute. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Financial institutions participating in the Ohio Pooled Collateral System (OPCS), a centralized collateral system monitored by the Ohio Treasurer of State, must pledge eligible securities equal to at least 102% of the carrying value of all public deposits held by each institution. Financial institutions choosing not to participate in the OPCS must pledge eligible securities equal to at least 105% of the carrying value of the all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Cash Equivalents - As of December 31, 2019, the Authority had cash on deposit with BNY Mellon (Trustee) in accordance with the Authority’s Master Trust Agreement with the Trustee. The amount on deposit with the Trustee at December 31, 2019 was \$406,143 and consists of a US Treasury money market fund.

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 land acquisitions, 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 on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. Consistent with the Petition, the Authority levied a Community Development Charge which is intended to cover costs of debt service and operations.

Pursuant to the Cooperative Agreement and the Declaration of Covenants, Restrictions and Agreements for Randall Residence New Community Authority (Declaration) in the City of Centerville Ohio, the Authority agreed to pledge community development charges to the trustees for the purpose of paying on the debt issued by the Dayton-Montgomery County Port Authority, Toledo-Lucas County Port Authority and Development Finance Authority of Summit County. These monies are presented on the Statement of Receipts, Disbursements and Changes in Net Position as pledged revenue to trustee.

5. RELATED PARTY TRANSACTIONS

Under an agreement with the Authority, the Developer was responsible for overseeing the construction of the development projects. In addition, the Developer will fulfill certain administrative and operational functions for the Authority on an ongoing basis.

By law, the Authority is governed by a seven-member board of trustees. The City Council appointed four of the trustees and the remaining three trustees were appointed by the Developer.

RANDALL RESIDENCE NEW COMMUNITY AUTHORITY

Notes to Financial Statements Year Ended December 31, 2019

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 insurance coverage with private carriers for property and general liability insurance. Settled claims did not exceed coverage for the years ended December 31, 2019 and there was no significant change in coverage from the prior year.

7. PLEDGED REVENUE AND COOPERATIVE AGREEMENT

In December 2015, the Authority entered a Cooperative Agreement (Agreement) with the County of Montgomery, Ohio, City, the Dayton-Montgomery County Port Authority (Dayton Port), the Toledo-Lucas County Port Authority (Toledo Port) and the Development Finance Authority of Summit County (Summit). The parties have determined to cooperate with each other to assist the Developer in its undertaking and financing of the commercial facilities, roadway improvements, sewer systems and stormwater drainage. The Dayton Port, Toledo Port and Summit all agreed to finance a portion of the project.

Under this agreement, the Authority shall levy and collect community development charges in accordance with the Declaration and transfer certain revenues to a trustee for debt service. Under the agreement, the Authority can use community development charges for administrative disbursements but the remaining revenues are considered pledged.

The debt is payable from revenues consisting primarily of financing payments as defined in the Agreement. The Authority has also recorded a disbursement to the trustee for community development charges pledged and paid.

8. SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Randall Residence New Community Authority
Montgomery County
4653 Trueman Boulevard, Suite 100
Hilliard, Ohio 43026

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 as of and for the years ended December 31, 2020 and 2019, and related notes of the Randall Residence New Community Authority, Montgomery County, (the Authority) and have issued our report thereon dated December 14, 2021, wherein we noted the Authority followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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 financial statements. 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 14, 2021

OHIO AUDITOR OF STATE KEITH FABER



**RANDALL RESIDENCE NEW COMMUNITY AUTHORITY
MONTGOMERY COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/8/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov