

**HAYDEN RUN
COMMUNITY DEVELOPMENT AUTHORITY**
Franklin County

Financial Statements and
Independent Accountants' Reports

For the Fiscal Years Ended
December 31, 2012 and 2011





Dave Yost • Auditor of State

Board of Trustees
Hayden Run Community Development Authority
585 South Front Street
Suite 220
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Hayden Run Community Development Authority, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2011 through December 31, 2012. 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 Hayden Run Community Development Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 23, 2013

**HAYDEN RUN COMMUNITY DEVELOPMENT AUTHORITY
FRANKLIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Hayden Run Community Development Authority
Franklin County
585 South Front Street, Suite 220
Columbus, Ohio 432145

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Hayden Run Community Development Authority, Franklin County, Ohio (the Authority), as of and for the years ended December 31, 2012 and December 31, 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing those risks of financial statement material 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 overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hayden Run Community Development Authority, Franklin County as of December 31, 2012 and December 31, 2011, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

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*, as 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 June 26, 2013, 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.



Kennedy Cottrell Richards LLC
June 26, 2013

**HAYDEN RUN COMMUNITY DEVELOPMENT AUTHORITY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012 and 2011**

The management's discussion and analysis of the Hayden Run Community Development Authority, Franklin County, Ohio, (the Authority), financial performance provides an overall review of the Authority's financial activities for the fiscal years ended December 31, 2012 and 2011. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

1. The Authority encourages the orderly development of a well-planned, diversified community initially of approximately 28 acres in Franklin County, including the City of Columbus.
2. Net position at December 31, 2012 totaled \$6,997. Net position at December 31, 2011 was \$5,151. Since inception, the construction of the infrastructure improvements have been managed by the City of Columbus. The Authority has an agreement with the City of Columbus whereby the Authority provides the City with all its resources collected from the bi-annual community charge, except amounts needed to pay the Authority's operating expenses. The City of Columbus also issues any long-term debt needed to finance the infrastructure improvements. Accordingly, these long-term bonds are financed partially with the proceeds received from Authority payments to the City of Columbus.

Overview of the Financial Statements

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

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

These financials look at all financial transactions and asks the question, how did we do financially? The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position answer this question. These statements include *all assets, liabilities, revenues, and expenses* using the *accrual basis of accounting*, similar to the accounting used by most private-sector companies. The basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Authority's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

**HAYDEN RUN COMMUNITY DEVELOPMENT AUTHORITY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012 and 2011**

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

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

Financial Analysis

Table 1 provides a summary of Authority's net position for fiscal years 2012, 2011, and 2010.

Table 1 Net Position			
	2012	2011	2010
Assets:			
Current Assets	\$ 341,105	\$ 303,486	\$ 304,431
Total Assets	341,105	303,486	304,431
Liabilities:			
Current Liabilities	334,108	298,335	284,617
Total Liabilities	334,108	298,335	284,617
Net Position:			
Unrestricted	\$ 6,997	\$ 5,151	\$ 19,814

The increases in current assets and current liabilities are the result is due to continued development in the Authority, which results in growing receivables and unearned revenue from an increase in Community Development Charges..

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**HAYDEN RUN COMMUNITY DEVELOPMENT AUTHORITY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012 and 2011**

Table 2 reflects the changes in net position for fiscal years 2012, 2011, and 2010.

Table 2
Change in Net Position

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenue:			
Community Development Income	\$ 298,334	\$ 277,469	\$ 237,778
Total Operating Revenue	<u>298,334</u>	<u>277,469</u>	<u>237,778</u>
Operating Expenses			
Financial Management Services	6,094	11,592	1,850
Legal Expense	8,730	13,557	8,137
Auditor Expense	-	5,169	-
Office Expense	-	1,251	-
Bank Fees	30	-	75
Insurance	100	100	-
Franklin County Collection Fees	175	95	-
Total Operating Expenses	<u>15,129</u>	<u>31,764</u>	<u>10,062</u>
Operating Income	283,205	245,705	227,716
Non-Operating Revenues (Expense)			
Dividend Income	147	167	431
Payment to City of Columbus	<u>(281,506)</u>	<u>(260,535)</u>	<u>(247,936)</u>
Total Non-Operating Revenues (Expense)	<u>(281,359)</u>	<u>(260,368)</u>	<u>(247,505)</u>
Change in Net Position	\$1,846	\$(14,663)	\$ (19,789)
Net position, beginning	<u>5,151</u>	<u>19,814</u>	<u>39,603</u>
Net position, ending	<u>\$ 6,997</u>	<u>\$ 5,151</u>	<u>\$ 19,814</u>

Change in Net Position: The Authority had increases in net position for all three years presented. The increases are due to continued development in the Authority, which has resulted in growing revenues from the an increase in Community Development Charges.

Revenues from Community Development Charges paid by each owner of a chargeable parcel will be used to pay the cost to construct needed infrastructure located within the Authority. The Community Development Charge is calculated on thirty-five percent of the assessed value of chargeable property, which includes buildings, structures, and improvements. The Community Development Charge is currently levied at 4 mills. The amount of revenue will increase in years when available parcels are sold and improvements are made, thus increasing the total assessed value of chargeable property.

Cooperation Agreement with the City of Columbus

The Authority has an agreement with the City of Columbus to transfer all of the Authority Funds, except amounts to pay for reasonable administrative costs, to the City of Columbus. These transfers are made to help fund the costs of road improvements, described as HR-2, which the City of Columbus is making within the Authority. During the fiscal years 2012 and 2011, the Authority transferred \$281,506 and \$260,535, respectively to the City of Columbus as provided by this agreement.

**HAYDEN RUN COMMUNITY DEVELOPMENT AUTHORITY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2012 and 2011**

Budgeting

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

Contacting Authority's Financial Management

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

**Hayden Run Community Development Authority
Franklin County**

**Statements of Net Position
As of December 31, 2012 and 2011**

	2012	2011
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Huntington National Bank	\$ 5,562	\$ 2,523
Total Cash and Cash Equivalents	5,562	2,523
Other Current Assets		
A/R Community Development	335,543	300,963
Total Other Current Assets	335,543	300,963
Total Current Assets	341,105	303,486
TOTAL ASSETS	\$ 341,105	\$ 303,486
LIABILITIES		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 440	\$ -
Total Accounts Payable	440	-
Other Current Liabilities		
Unearned Revenues	333,668	298,335
Total Other Current Liabilities	333,668	298,335
Total Current Liabilities	334,108	298,335
TOTAL LIABILITIES	334,108	298,335
NET POSITION		
Unrestricted Net Position	6,997	5,151
TOTAL NET POSITION	\$ 6,997	\$ 5,151

See Notes to the Financial Statements.

**Hayden Run Community Development Authority
Franklin County**

**Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2012 and 2011**

	2012	2011
OPERATING REVENUES		
Community Development Income	\$ 298,334	277,469
TOTAL OPERATING REVENUES	298,334	277,469
OPERATING EXPENSES		
Financial Management Services	6,094	11,592
Legal Expense	8,730	13,557
Auditor Expense	-	5,169
Office Expense	-	1,251
Bank Fees	30	-
Insurance	100	100
Franklin County Collection Fees	175	95
TOTAL OPERATING EXPENSES	15,129	31,764
OPERATING INCOME	283,205	245,705
NON-OPERATING REVENUE (EXPENSE)		
Dividend Income	147	167
Payment to City of Columbus	(281,506)	(260,535)
TOTAL NON-OPERATING REVENUE (EXPENSE)	(281,359)	(260,368)
CHANGE IN NET POSITION	1,846	(14,663)
NET POSITION, BEGINNING OF PERIOD	5,151	19,814
NET POSITION, END OF PERIOD	\$ 6,997	5,151

See Notes to the Financial Statements.

**Hayden Run Community Development Authority
Franklin County**

**Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Community Development Charges	\$ 298,912	\$ 283,943
Cash payments for legal fees	(8,730)	(13,557)
Cash payments for financial management services	(5,654)	(12,025)
Cash payments for audit fees	-	(5,169)
Cash payment for insurance	(100)	(100)
Cash payments for office expenses	-	(1,251)
Cash payments for bank fees	(30)	-
Net Cash Provided by Operating Activities	284,398	251,841
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest, dividends and other revenues	147	167
Net Cash Provided by Investing Activities	147	167
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACT.		
Payment to City of Columbus	(281,506)	(260,535)
Net Cash Used in Capital and Related Financing Activities	(281,506)	(260,535)
Net Increase (Decrease) in Cash	3,039	(8,527)
Cash and Equivalents, Beginning of Year	2,523	11,050
Cash and Equivalents, End of Year	\$ 5,562	\$ 2,523
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 283,205	\$ 245,705
Adjustments of Operating Income to Net Cash Provided by Operating Activities:		
Increase/(Decrease) in accounts receivable	(34,580)	(7,582)
Increase/(Decrease) in accounts payable	440	(434)
Increase/(Decrease) in unearned revenues	35,333	14,152
Net Cash Provided by Operating Activities	\$ 284,398	\$ 251,841

See Notes to the Financial Statements.

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**HAYDEN RUN COMMUNITY DEVELOPMENT AUTHORITY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 – REPORTING ENTITY

The Hayden Run Community Development Authority, Franklin County, Ohio (the Authority) is a “community authority” created pursuant to Chapter 349 of the Ohio Revised Code (the Act). On June 24, 2009, the City, Franklin County Engineer, M/I Homes of Central Ohio, LLC Dominion Homes, Inc., Huntington Tower Associates, LLC, and Lifestyle Communities, Ltd. (collectively, the Developers), the Authority was established as a new community authority under Chapter 349 and the CITY OF COLUMBUS, OHIO, a municipal corporation duly organized and validly existing under and by virtue of the constitution and the laws of the State of Ohio (the “City”), to govern the Hayden Run Community Development district (the “District”), a new community district under Chapter 349.

The amended and restated declaration of covenants, restrictions and agreements for the Hayden Run Community Development Authority in the City of Columbus, Ohio (the “Declaration”), filed with the offices of the Franklin County Recorder and the Franklin County Auditor on September 7, 2007, establishing and attaching, among other things, the Community Development charge (the “Charge”) on the property within the District to be used to cover all or part of the cost of the acquisition, development, construction, operation and maintenance of land, land development and Community Facilities (as defined in Chapter 349), the debt service thereof and any other cost incurred by the Authority under chapter 349.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The Authority’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Authority’s basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. The Authority uses enterprise fund accounting to maintain its financial records during the fiscal year. Enterprise fund accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

B. Measurement Focus and Basis of Accounting

The Authority’s financial activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position.

The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs.

**HAYDEN RUN COMMUNITY DEVELOPMENT AUTHORITY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position is comprised of unrestricted components. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net position.

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

For 2012, the Authority implemented the following Governmental Accounting Standards Board (GASB) Statements:

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

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. The implementation of this statement did not have a significant effect on the financial statements of the Authority.

C. Cash and Investments

Cash received by the Authority is deposited with a financial institution. Deposits having an original maturity of three months or less at the time they are purchased are presented in the financial statements as Cash and Cash Equivalents.

D. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net position are available. The Authority had no restricted net position at fiscal years end 2012 and 2011.

E. Operating Revenues and Expenses

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

F. Use of Estimates

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

**HAYDEN RUN COMMUNITY DEVELOPMENT AUTHORITY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to December 31, 2012 to determine the need for any adjustments to and/or disclosures within the financial statements. Management has performed this analysis through the financial statements report date of December 31, 2012.

NOTE 3 – COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 4 mills on the assessed value of all subject property within the Authority. The charge is currently levied at 4 mills. Charge revenue recognized represents the amount levied and payable on August 31 of each year.

Charge assessments are levied in August on the assessed values certified by the Franklin County the second Monday in September. The assessed value is established by state law at 35% of the current market value. Property is levied the tax 1 year after the Authority receives a Certificate of Occupancy from the City of Columbus. Market values are determined by the Authority based on the current County Auditor's appraisal values or building permit values on occupied homes that have not yet been appraised by the County Auditor.

The assessed value of real property upon which the August 2012 and 2011 community development charges were sufficient enough to generate community charge revenues of \$298,334 and \$277,469 for the years ended December 31, 2012 and 2011, respectively.

NOTE 4 – RECEIVABLES

Receivables at December 31, 2012 and 2011 consisted of levied but not yet assessed community development charges and delinquent community development charges. All receivables are considered collectible.

NOTE 5 - COOPERATION AGREEMENT WITH THE CITY OF COLUMBUS

The Authority has an agreement with the City of Columbus effective June 24, 2009 to transfer all of the Authority Funds to the City of Columbus except for amounts to pay for reasonable administrative costs and to maintain a yearly cash balance of \$2,500. These transfers are made to help fund the costs of road improvements, described as HR-2, which the City of Columbus is making within the Authority. During the fiscal years 2012 and 2011, the Authority transferred \$281,506 and \$260,535, respectively to the City of Columbus as provided by this agreement.

NOTE 6 – CONTINGENT LIABILITIES

There are no claims or lawsuits pending against the Authority.

NOTE 7 – RISK MANAGEMENT

For the years ended December 31, 2012 and 2011, the Authority had not obtained risk coverage to cover various malfeasance, errors and/or omissions.

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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**

Hayden Run Community Development Authority
Franklin County
585 South Front Street, Suite 220
Columbus, Ohio 432145

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 Hayden Run Community Development Authority, Franklin County, (the Authority) as of and for the years ended December 31, 2012 and December 31, 2011, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 26, 2013.

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.



Kennedy Cottrell Richards LLC
June 26, 2013



Dave Yost • Auditor of State

HAYDEN RUN COMMUNITY DEVELOPMENT 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 5, 2013