

CONCORD SCIOTO COMMUNITY AUTHORITY
Delaware County, Ohio

AUDIT REPORT

For the Years ended December 31, 2015 and 2014





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Concord Scioto Community Authority, Delaware County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Concord Scioto Community Authority is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 12, 2016

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CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY
AUDIT REPORT
For the Years Ended December 31, 2015 and 2014

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Concord Scioto Community Authority, Delaware County, Ohio, (the Authority), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Concord Scioto Community Authority, Delaware, Ohio as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with 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* 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 17, 2016 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.



Charles E. Harris & Associates, Inc.
June 17, 2016

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 and 2014
(UNAUDITED)**

The management's discussion and analysis of the Concord/Scioto Community Authority, Delaware, Ohio, (the Authority), financial performance provides an overall review of the Authority's financial activities for the fiscal years ended December 31, 2015 and 2014. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

1. Net position at December 31, 2015 was \$1,978,390. Net position at December 31, 2014 was \$186,139. The positive net position is caused by the continual contribution by Delaware County to the construction of the water treatment facility and the pump station. The Authority accumulates infrastructure improvement costs that are reflected in the Statements of Net Position, upon closing, as capital assets. These capital assets are donated to the County upon completion or acquisition.
2. In 2014, an intergovernmental cooperation agreement was executed between the Authority and Delaware County for the construction of the O'Shaughnessy Pump Station to support the water treatment facility which was previously constructed by the Authority and transferred to the County in 2013. Delaware County assumed the responsibility of financing the design and construction of the pump station. Construction began in November 2014, and incurred accumulated construction and management costs as of December 31, 2015 and 2014 of \$2,254,858 and \$123,319, respectively.

Overview of the Financial Statements

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

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, deferred inflows of resources, revenues, and expenses* using the *accrual basis of accounting*, similar to the accounting used by most private-sector companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 and 2014
(UNAUDITED)
(Continued)**

These two statements report the Authority's *net position* and changes in those assets. This change in net position is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 6 and 7 of this report.

The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 8 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 the Authority's net position for fiscal years 2015, 2014 and 2013.

	Table 1 Net Position		
	2015	2014	2013
Assets:			
Current Assets	\$ 313,522	\$ 299,868	\$ 249,064
Capital Assets	<u>2,254,858</u>	<u>123,919</u>	<u>-</u>
Total Assets	2,568,380	423,187	249,064
Liabilities:			
Current Liabilities	<u>362,510</u>	<u>142,548</u>	<u>25,610</u>
Total Liabilities	362,510	142,548	25,610
Total Deferred Inflows of Resources	<u>227,480</u>	<u>94,500</u>	<u>-</u>
Net Position:			
Unrestricted	<u>1,978,390</u>	<u>186,139</u>	<u>223,454</u>
Total Net Position	<u>\$1,978,390</u>	<u>\$ 186,139</u>	<u>\$ 223,454</u>

Net Position: Net position represents the difference between assets and liabilities. The Authority had a net position of \$1,978,390 in 2015, \$186,139 in 2014, and \$223,454 in 2013.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 and 2014
(UNAUDITED)
(Continued)**

Table 2 reflects the changes in net position for fiscal years 2015, 2014, and 2013.

Table 2
Change in Net Position

	2015	2014	2013
Operating Revenue	\$ -	\$ 16,579	\$ 1,264,100
Operating Expenses	77,978	101,132	230,791
Non-Operating Revenues/Expenses			
Earnings on Investments/Other Income	-	-	480
Change in Net Position Before Transfers	(77,978)	(84,553)	1,033,789
Intergovernmental Transfers In/Out			
Transfers from Delaware County	1,870,229	47,238	15,551,729
Transfers to Delaware County	-	-	(37,938,232)
Total Change in Net Position	<u>\$ 1,792,251</u>	<u>\$ (37,315)</u>	<u>\$ (21,352,714)</u>

Change in Net Position: The Authority experienced an increase in net position for fiscal years 2015 of \$1,792,251 primarily as a result of Delaware County contributing \$1,870,229 towards the construction of the O'Shaughnessey Pump Station. There was a loss from changes in net position before transfer of \$77,978. There were no sources of revenues during 2015.

The Authority experienced a decrease in net positions for fiscal years 2014 and 2013. The Authority experienced a decrease in net position for fiscal year 2014 of \$37,315. The change in net position before transfers resulted in a decrease of \$84,553 resulting from operations, and the transfers from Delaware County of \$47,238 to cover construction costs were not sufficient enough to prevent a net operating loss for the fiscal year. In 2013, the Authority transferred the waste water treatment plant to Delaware County. All unsold sewer taps which were used as a source of income up to that time were returned to the County. As a result, the Authority net position decreased by \$21,352,714.

Budgeting

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

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2015 and 2014
(UNAUDITED)
(Continued)**

Capital Assets

The Authority's capital assets consist of community infrastructure facilities in the form of roads, water lines, and sewer lines. These assets are not capitalized or depreciated because upon completion or acquisition, and upon approval by the receiving local government, these assets are donated and are recognized as contributed capital on the financial statements of the Authority. There were no assets contributed to local governments in fiscal years 2015 and 2014.

Contacting Authority's Financial Management

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

Concord Scioto Community Authority

Statements of Net Position

As of December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 86,042	\$ 205,368
Accounts receivable	227,480	94,500
Total Current Assets	<u>313,522</u>	<u>299,868</u>
Non-Depreciable Capital Assets		
Construction in progress	2,254,858	123,319
Total Non-Current Assets	<u>2,254,858</u>	<u>123,319</u>
TOTAL ASSETS	<u>\$ 2,568,380</u>	<u>\$ 423,187</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 233,002	\$ 136,878
Retainage payables	129,508	5,670
Total Current Liabilities	<u>362,510</u>	<u>142,548</u>
TOTAL LIABILITIES	<u>362,510</u>	<u>142,548</u>
DEFERRED INFLOWS OF RESOURCES		
Transfer from Delaware County	<u>227,480</u>	<u>94,500</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	227,480	94,500
NET POSITION		
Net investment in capital assets	2,027,378	28,819
Unrestricted net position	<u>(48,988)</u>	<u>157,320</u>
TOTAL NET POSITION	<u>\$ 1,978,390</u>	<u>\$ 186,139</u>

See accompanying notes to the basic financial statements.

Concord Scioto Community Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenue/Expense		
Operating Revenue		
Miscellaneous revenue	\$ -	\$ 16,579
Total Operating Revenue	<u>-</u>	<u>16,579</u>
Operating Expense		
Treasurer fees - fin. mgmt. services	9,145	12,296
Administrator expenses	15,000	16,250
Legal fees	52,492	51,813
Auditor expense	156	8,728
Insurance expense	945	2,425
Other expenses	240	9,620
Total Operating Expense	<u>77,978</u>	<u>101,132</u>
Operating Income	(77,978)	(84,553)
Intergovernmental Transfers		
Transfers from Delaware County	1,870,229	47,238
Total Intergovernment Transfers	<u>1,870,229</u>	<u>47,238</u>
Total Change in Net Position	1,792,251	(37,315)
Net Position, Beginning of Period	<u>186,139</u>	<u>223,454</u>
Net Position, End of Period	<u>\$ 1,978,390</u>	<u>\$ 186,139</u>

See accompanying notes to the basic financial statements.

Concord Scioto Community Authority
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Cash received from insurance premiums refund	\$ -	\$ 16,579
Cash payment for trustee fees	-	(3,335)
Cash payment for treasurer expenses	(8,365)	(12,296)
Cash payments for administrator expenses	(17,500)	(13,750)
Cash payments for legal fees	(93,770)	(10,121)
Cash payments for auditor expense	-	(8,728)
Cash payments for insurance	(945)	(2,425)
Cash payment for other expenses	(240)	(9,620)
Net Cash Used in Operating Activities	(120,820)	(43,696)
Cash Flows From Capital and Related Financing Activities		
Payments from Delaware County	1,870,229	47,238
Payments to others for construction items	(1,868,735)	(47,238)
Net Cash Provided by Capital and Related Financing Activities	1,494	-
Net Change in Cash	(119,326)	(43,696)
Cash, Beginning of year	205,368	249,064
Cash, End of year	\$ 86,042	\$ 205,368
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ (77,978)	\$ (84,553)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Decrease/(Increase) in accounts receivable	(132,980)	(94,500)
(Decrease)/Increase in accounts payable	(42,842)	40,857
(Decrease)/Increase in transfer from Delaware County	132,980	94,500
Net Cash Provided by Operating Activities	\$ (120,820)	\$ (43,696)

See accompanying notes to the basic financial statements.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIALS STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 - REPORTING ENTITY

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIALS STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

B. Measurement Focus and the Basis of Accounting

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

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

C. Cash and Investments

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

D. Capital Assets

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

E. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net positions are available. The Authority had no restricted net position at fiscal years ending 2015 and 2014.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIALS STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Operating Revenues and Expenses

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

G. Use of Estimates

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

H. Subsequent Events

The Authority has evaluated subsequent events for potential recognition and/or disclosures through June 17, 2016, the date the financial statements were available to be issued.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIALS STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 - DEPOSITS AND INVESTMENTS - CONTINUED

Deposits

Custodial Credit Risk – Deposits. This is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The carrying amount of the Authority's deposits at December 31, 2015 and 2014 was \$86,042 and \$205,368, respectively. The bank balances were \$375,897 and \$205,368, respectively. As of December 31, 2015, the Authority had \$125,897 in unsecured deposits. As of December 31, 2014, all cash balances were fully insured and secured.

Investments

There were no investments for fiscal years ended December 31, 2015 and 2014.

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

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

NOTE 4 - CONSTRUCTION IN PROGRESS

Construction-in-progress consists of costs incurred to construct the O'Shaughnessey pump station. See Note 6 - Capital Assets. The accumulation of costs includes the following components at December 31:

	2015	2014
Plant Construction Costs	\$ 2,193,674	\$ 123,319
Construction Management Costs	<u>61,184</u>	<u>-</u>
	<u>\$ 2,254,858</u>	<u>\$ 123,319</u>

NOTE 5 – COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 10.25 mills on the assessed value of all property within the developed authority. For the fiscal years ended December 31, 2015 and 2014, no community development charge were levied by the Authority.

NOTE 6 – CAPITAL ASSETS

The capital assets at December 31, 2015 and 2014, represent the cost to substantially construct the O'Shaughnessey Reservoir Regional Pump Station. Construction on the pump station began in November 2014. Below represents the amount of change for the years ended December 31, 2015 and 2014:

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIALS STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 6 – CAPITAL ASSETS-CONTINUED

2015	Balance January 1	Additions	Reductions	Balance December 31
Construction in Progress	\$ 123,319	\$2,070,355	\$ 0	\$ 2,193,674
Construction Management Costs	\$ 0	61,184	\$ 0	61,184
Total Non-Depreciable Capital Assets	\$ 123,319	\$2,131,539	\$ 0	\$ 2,254,858

2014	Balance January 1	Additions	Reductions	Balance December 31
Construction in Progress	\$ 0	\$ 123,319	\$ 0	\$ 123,319
Total Non-Depreciable Capital Assets	\$ 0	\$ 123,319	\$ 0	\$ 123,319

NOTE 7 – RISK POOL MEMBERSHIP

The Authority belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members sold through sixteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 50% (50% effective November 1, 2012, 41.5% effective November 1, 2011 and 40% effective November 1, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2013. You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

	<u>2014</u>	<u>2013</u>
Assets	\$14,830,185	\$13,774,304
Liabilities	(8,942,504)	(7,968,395)
Members' Equity	<u>\$ 5,887,681</u>	<u>\$ 5,805,909</u>

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIALS STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8 - RELATED PARTY

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

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

NOTE 9 – INTERGOVERNMENTAL TRANSFERS & DEFERRED INFLOWS OF RESOURCES

On October 1, 2013, an intergovernmental cooperation agreement was executed between the Authority, Delaware County, and the Developer for the construction of the O'Shaughnessy Pump Station to support the water treatment plant that was previously constructed by the Authority and transferred to Delaware County in 2013. The agreement, which was subsequently amended, provides that Delaware County assumed the responsibility for financing the design and construction of the pump station for a price not to exceed \$4,000,000. Upon approval by the County of each Application and Certificate for Payment submitted by the Developer, the County will transfer into the Authority’s account an amount equal to the payment request. For the years ended December 31, 2015 and 2014, Delaware County transferred \$1,870,229 and \$47,238, respectively, to the Authority to fund the construction project costs. Construction costs incurred and payable but not yet transferred to the Authority at December 31, 2015 and 2014 was \$227,480 and \$94,500, respectively. This balance is reported on the Statements of Net Position as both an accounts receivable and a deferred inflow of resources.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the business-type activities of the Concord Scioto Community Authority, Delaware County, Ohio, (the Authority) as of and for the years ended December 31, 2015 and 2014, 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 17, 2016.

Internal Controls 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, 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 over financial reporting 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.



Charles E. Harris & Associates, Inc.

June 17, 2016

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended December 31, 2015 and 2014**

The prior report, for the two years ending December 31, 2013, reported no material citations or recommendations.



Dave Yost • Auditor of State

CONCORD SCIOTO COMMUNITY AUTHORITY

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 22, 2016**