



Dave Yost • Auditor of State

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

One Neighborhood New Community Authority
Franklin County
495 S. High Street, Suite 150
Columbus, OH 43215

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of One Neighborhood New Community Authority, Franklin 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 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 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 the One Neighborhood New Community Authority, Franklin County, Ohio as of December 31, 2015 and 2014, and the respective 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.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the 2014 financial statements have been restated to properly reflect capital assets and intangible assets. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

January 26, 2017

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

The management's discussion and analysis of the One Neighborhood New Community Authority, Franklin County, Ohio, (the Authority), financial performance provides an overall summary 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. The Authority encourages the orderly development of the One Neighborhood, a residential community of approximately nine city blocks. The area begins at the corner of Fourth and Gay and extends east to the corner of Milton Alley and Long Street, in Franklin County.
2. Net position at December 31, 2015 totaled a negative \$4,024,507. Net position at December 31, 2014 totaled a negative \$3,880,481. The negative net position is due to the costs incurred in prior years for development costs, operating expenses and bond interest.
3. The Authority's debt is paid through the collection of community development charges imposed on the residences benefiting from the improvements.

Overview of 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. 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 a 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, deferred inflows of resources, 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 revenue 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.

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its operations.

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

Financial Analysis

Table 1 provides a summary of the Authority's net position for fiscal years 2015 and 2014.

Table 1

| | 2014 | 2015 |
|--------------------------------------|----------------------|----------------------|
| Assets | | |
| Current Assets | \$ 457,864 | \$ 440,747 |
| Non-Current Assets | 900,007 | 893,406 |
| Total Assets | 1,357,871 | 1,334,153 |
| Liabilities | | |
| Current Liabilities | 366,248 | 427,206 |
| Non-Current Liabilities | 4,554,700 | 4,554,112 |
| Total Liabilities | 4,920,948 | 4,981,318 |
| Deferred Inflows of Resources | 317,404 | 377,342 |
| Unrestricted Net Position | \$(3,880,481) | \$(4,024,507) |

The decrease in current assets is due to payment of the bond interest out of an escrow interest account. The increase in non-current liabilities is due to interest accrued on the note payable.

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

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

Table 2

| | 2014 | 2015 |
|--------------------------------------|---------------|---------------|
| Operating Revenue | | |
| Community Development Income | \$217,226 | \$323,412 |
| Sales Tax Refund | 8,388 | - |
| Total Operating Revenue | 225,614 | 323,412 |
| Non-Operating Revenue | | |
| Interest Revenue | 39 | 51 |
| Total Non-Operating Revenue | 39 | 51 |
| Total Revenues | 225,653 | 323,463 |
| Operating Expenses | | |
| Community Development Expense | 79,761 | 100,611 |
| Legal | 10,593 | 28,791 |
| Trustee Fees/Insurance and Other | 1,983 | 5,478 |
| Depreciation | 6,601 | 6,601 |
| Total Operating Expenses | 98,938 | 141,481 |
| Non-Operating Expenses | | |
| Developer Interest Expense | - | 33,534 |
| Interest Expense | 292,474 | 292,474 |
| Total Non-Operating Expenses | 292,474 | 325,957 |
| Total Expenses | 391,412 | 467,489 |
| <i>Change in Net Position</i> | (165,759) | (144,026) |
| Net Position, Beginning | (3,714,722) | (3,880,481) |
| Net Position, Ending | \$(3,880,481) | \$(4,024,507) |

Change in Net Position

The Authority had decreases in net position for both years presented. The decreases are due to continued development and maintenance expenses of authority property.

Revenues from Community Development Charges paid by each owner of chargeable parcels 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 25 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.

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

Debt Obligations

The Authority has \$377,342 and \$317,404 of note obligations at December 31, 2015 and 2014, respectively. The Authority has Bond Obligations of \$4,554,112 and \$4,554,700 at December 31, 2015 and 2014. Note 6 summarizes the debt obligations.

Capital Assets

At fiscal year-end 2015 and 2014, the Authority had \$448,311 and \$454,912 (net of accumulated depreciation) invested in land and land improvements. There were no additions or deletions to capital asset balances during fiscal years 2015 and 2014, other than depreciation. See note 12 to the basic financial statements for additional information on capital assets.

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 request for additional information should be directed to Kimberly A. Ulle, Treasurer, One Neighborhood New Community Authority, 495 South High Street, Suite 150, Columbus, Ohio 43215, 614-463-1999.

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

**STATEMENT OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

| | 2015 | 2014 |
|---|----------------|----------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents with Fiscal Agent | \$ 61,621 | \$ 139,469 |
| Community Development Charges Receivable | 379,126 | 318,395 |
| <i>Total Current Assets</i> | 440,747 | 457,864 |
| Non-Current Assets: | | |
| Restricted Assets: Cash with Trustee | 445,095 | 445,095 |
| Capital Assets: | | |
| Land | 369,100 | 369,100 |
| Land Improvements, Net | 79,211 | 85,812 |
| <i>Total Non-Current Assets</i> | 893,406 | 900,007 |
| Total Assets | 1,334,153 | 1,357,871 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 50 | - |
| Accrued Payable | 970 | - |
| Accrued Interest Payable | 48,844 | 48,844 |
| Note Payable | 377,342 | 317,404 |
| <i>Total Current Liabilities</i> | 427,206 | 366,248 |
| Long-Term Liabilities | | |
| Due Within One Year | 10,000 | - |
| Due in More Than One Year | 4,544,112 | 4,554,700 |
| <i>Total Long-Term Liabilities</i> | 4,554,112 | 4,554,700 |
| Total Liabilities | 4,981,318 | 4,920,948 |
| DEFERRED INFLOWS OF RESOURCES | 377,342 | 317,404 |
| NET POSITION | | |
| Unrestricted | \$ (4,024,507) | \$ (3,880,481) |

See accompanying notes to the basic financial statements

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

| | 2015 | 2014 |
|---|-----------------------|-----------------------|
| Operating Revenue | | |
| Community Development Income | \$ 323,412 | \$ 217,226 |
| Sales Tax Refund | - | 8,388 |
| Total Operating Revenue | 323,412 | 225,614 |
| Operating Expenses | | |
| Community Development Expense | 100,611 | 79,761 |
| Legal | 28,791 | 10,593 |
| Trustee Fees/Insurance and Other | 5,478 | 1,983 |
| Depreciation | 6,601 | 6,601 |
| Total Operating Expenses | 141,481 | 98,938 |
| Operating Income | 181,931 | 126,676 |
| Non Operating Expenses (Revenue) | | |
| Interest Income | (51) | (39) |
| Developer Interest Expense | 33,534 | - |
| Interest Expense | 292,474 | 292,474 |
| Total Non Operating Expenses (Revenue) | 325,957 | 292,435 |
| Change in Net Position | (144,026) | (165,759) |
| Net Position, Beginning | (3,880,481) | (3,714,722) |
| Net Position Ending | <u>\$ (4,024,507)</u> | <u>\$ (3,880,481)</u> |

See accompanying notes to the basic financial statements

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Cash Received from Property Owners | \$ 312,489 | \$ 217,147 |
| Other Cash Receipts | - | 8,388 |
| Cash Payments for Goods and Services | (108,426) | (63,164) |
| <i>Net Cash Provided by Operating Activities</i> | <u>204,063</u> | <u>162,371</u> |
| Cash Flows from Noncapital Financing Activities | | |
| Note Proceeds | 11,100 | - |
| <i>Net Cash Provided by Noncapital Financing Activities</i> | <u>11,100</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Interest Paid on Revenue Bonds | (293,062) | (293,062) |
| <i>Net Cash Used in Capital and Related Financing Activities</i> | <u>(293,062)</u> | <u>(293,062)</u> |
| Cash Flows from Investing Activities | | |
| Interest on Investments | 51 | 39 |
| <i>Net Cash Provided by Investing Activities</i> | <u>51</u> | <u>39</u> |
| <i>Net Decrease in Cash and Cash Equivalents</i> | (77,848) | (130,652) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | <u>139,469</u> | <u>270,121</u> |
| <i>Cash and Cash Equivalents End of Year</i> | <u>\$ 61,621</u> | <u>\$ 139,469</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating Income | \$ 181,931 | \$ 126,676 |
| Adjustments: | | |
| Depreciation | 6,601 | 6,601 |
| (Increase) in Assets: | | |
| Community Development Charges Receivable | (60,731) | (317,483) |
| Increase (Decrease) in Liabilities and Deferred Inflows of Resources: | | |
| Accounts Payable | 50 | (1,873) |
| Accrued Payable | 970 | - |
| Note Payable Developer | 15,304 | 31,046 |
| Deferred Inflows of Resources | 59,938 | 317,404 |
| <i>Net Increase in Liabilities and Deferred Inflows of Resources</i> | <u>76,262</u> | <u>346,577</u> |
| <i>Net Cash Provided by Operating Activities</i> | <u>\$ 204,063</u> | <u>\$ 162,371</u> |

Non-Cash Transaction

During 2015 and 2014, the Developer paid \$48,838 and \$31,406, respectively, of operating expenses on-behalf of the Authority. This is reflected in the Note Payable balance.

See accompanying notes to the basic financial statements

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**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO**

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

NOTE 1 – REPORTING ENTITY

The One Neighborhood New Community Authority (the Authority) is a “community authority” created pursuant to Chapter 349 of the Ohio Revised Code (the Act). On March 17, 2008, the City Council for the City of Columbus, Ohio approved the petition (the Petition) filed by Gay Street Condominiums, LLC (the Developer) for creation of the Authority. The Petition, which may be subject to amendment or change, allows the Authority to finance the costs of publicly owned and operate community facilities with assessed community development charges.

The Authority is governed by a seven member Board of Trustees. At inception, the City of Columbus appointed four of the trustees and the remaining three were appointed by the Developer.

At December 31, 2015 the Authority is comprised of 6.85 acres of land located in Franklin County, Ohio. In accordance with the Act and the Petition, the Authority can levy a community development charge up to 25 mills on the assessed value of the land and improvements within the District. The need and amount of the charge is determined annually by the Board of Trustees of the Authority.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in 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 estimated resources measurement focus. All assets, liabilities and deferred inflows or resources 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.

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash

Cash received by the Authority is deposited with a financial institution.

Custodial Credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. At December 31, 2015 and 2014, the carrying and bank balance amount of the Authority's deposits were \$61,621 and \$139,469, respectively. Federal Deposit Insurance Corporation (FDIC) covered the entire bank balance, and thus none of the Authority's cash is subject to custodial risk.

D. 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 the definition are reported as non-operating.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of American 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.

F. Net Position

Net position represents the difference between assets, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its 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 has no restricted net position at fiscal year-end 2015 or 2014.

G. Capital Assets

Acquisitions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost or, if donated, at the approximate fair value on the date of donation.

Depreciation is computed using the straight-line method. All reported capital assets, except land, are depreciated. Depreciation on the land improvements is calculated over a useful life of 15 years. See Note 12 for further information on capital assets.

NOTE 3 – NET POSITION DEFICIT

At December 31, 2015 and 2014, the Authority has a net position deficit of \$ 4,024,507 and \$3,880,481, respectively. This deficit is the result of how the Authority is structured and its basic operations. The Authority was established to finance the costs of publically owned and operated community facilities. The Authority incurred the costs of acquiring, constructing, or improving community facilities. The titles to these assets have been transferred to other local governments.

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

NOTE 4 – COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 25 mills on the assessed value of all property within the developed property. The charge is currently levied at 25 mills. Charge revenue recognized represents the amount levied on the current year.

Charge assessments are levied October 1 on the assessed values as of September 30 (the lien date). The assessed value is established by state law at 35% of the current market value, the sales price, or the permit value, whichever is the highest. Market values are determined by the Authority based on the County Auditor's appraisal, lot values, or a calculated cost for occupied homes that have not yet been appraised by the County Auditor. The permit values are supplied by the City of Columbus.

NOTE 5 – CONTINGENT LIABILITIES

There are no claims or lawsuits pending against the Authority.

NOTE 6 – DEBT OBLIGATIONS

A. Short Term - Current

The changes in the Authority's Note Payable during fiscal years 2015 and 2014 were as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|-------------------------|--------------------------|------------------|-------------------|-----------------------|
| Fiscal Year 2014 | \$286,358 | \$31,046 | \$- | \$317,404 |
| Fiscal Year 2015 | 317,404 | 59,938 | - | 377,342 |

The amount represents costs paid by the Developer from 2010 through 2015. Interest is calculated per the Development Agreement. The interest rate is equal to the 11 bond GO Rate in effect on the interest determination date, divided by the result of one minus the highest marginal federal income tax rate in effect during the period for which interest is calculated. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months.

B. Long Term

The changes in the Authority's long-term obligations during fiscal year 2014 were as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---------------------------------|--------------------------|------------------|-------------------|-----------------------|----------------------------|
| 2010A Development Revenue Bonds | \$2,450,000 | \$- | \$- | \$2,450,000 | \$- |
| Unamortized Premium | 15,288 | - | 588 | 14,700 | |
| 2012A Development Revenue Bonds | 2,090,000 | - | - | 2,090,000 | - |
| Total | \$4,555,288 | \$- | \$588 | \$4,554,700 | \$- |

The changes in the Authority's long-term obligations during fiscal year 2015 were as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---------------------------------|--------------------------|------------------|-------------------|-----------------------|----------------------------|
| 2010A Development Revenue Bonds | \$2,450,000 | \$- | \$- | \$2,450,000 | \$- |
| Unamortized Premium | 14,700 | - | 588 | 14,112 | |
| 2012A Development Revenue Bonds | 2,090,000 | - | - | 2,090,000 | 10,000 |
| Total | \$4,554,700 | \$- | \$588 | \$4,554,112 | \$10,000 |

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

NOTE 6 – DEBT OBLIGATIONS (Continued)

The 2012A Series bond has a final maturity date of November 15, 2039 at an interest rate of 5.375%. The 2010A Series bond has a final maturity date of November 15, 2039 at an interest rate of 6.5%.

The annual obligations of the revenue bonds as of December 31, 2015 and related interest payments are as follows:

| <u>Year Ending December 31,</u> | <u>Principal</u> | <u>Interest</u> |
|---------------------------------|--------------------|--------------------|
| 2016 | \$10,000 | \$293,062 |
| 2017 | 10,000 | 292,475 |
| 2018 | 20,000 | 291,888 |
| 2019 | 25,000 | 290,713 |
| 2020 | 30,000 | 289,244 |
| 2021 – 2025 | 440,000 | 1,397,971 |
| 2026 – 2030 | 990,000 | 1,174,515 |
| 2031 – 2035 | 1,320,000 | 819,656 |
| 2036 – 2039 | 1,695,000 | 312,244 |
| Totals | <u>\$4,540,000</u> | <u>\$5,161,768</u> |

NOTE 7 – RELATED PARTY TRANSACTION

Gay Street Condominiums, LLC paid for services for development for the Authority. The Authority entered into a development agreement with Gay Street Condominiums, LLC. The total outstanding owed, including interest to Gay Street Condominiums, LLC at December 31, 2015 and 2014 of \$377,342 and \$317,404 respectively. Further, the Authority purchased land valued at \$369,100 from Gay Street Condominiums, LLC in 2012.

Gay Street Condominiums, LLC is a subsidiary of Edwards Companies, Inc. Three Board of Trustee members are employed by Edwards Companies, Inc.

NOTE 8 – RESTATEMENT OF NET POSITION

During fiscal year 2014, accounting changes were noted in the prior year calculation of Intangible Assets and Capital Assets. The restatements had the following effect on net position at December 31, 2013.

| | |
|---|-----------------------|
| Net Position December 31, 2013 | \$ (3,679,479) |
| Intangible Asset Restatement | (496,756) |
| Capital Asset Restatement | 461,513 |
| Restated Net Position December 31, 2013 | <u>\$ (3,714,722)</u> |

NOTE 9 – RESTRICTED ASSETS

Restricted assets consist of cash with trustee. The cash with trustee has been restricted for repayment of long-term liabilities. Cash with trustee at December 31, 2015 and 2014 was \$445,095.

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

NOTE 10 – RISK MANAGEMENT

The Authority is subject to certain types of risk in the performance of its normal functions. The Authority manages these types of risk through commercial insurance. The amount of settlements has not exceeded coverage for any of the past three years. There has not been a significant reduction in coverage since the prior year in any of the major categories of risk.

NOTE 11 – SUBSEQUENT EVENT

On July 18, 2016, the Developer completed two additional projects which were approved by the Board and added to the Note Payable balance. This consisted of \$601,960 for the Bishop Walk Phase II project and \$1,129,723 for the Normandy project.

NOTE 12 – CAPITAL ASSETS

The changes in the Authority’s capital assets during fiscal year 2014 were as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---------------------------------|------------------------------|------------------|-------------------|---------------------------|
| Non-Depreciable Capital Assets: | | | | |
| Land | \$369,100 | \$- | \$- | \$369,100 |
| Depreciable Capital Assets | | | | |
| Land Improvements | 99,014 | - | - | 99,014 |
| Accumulated Depreciation | (6,601) | (6,601) | - | (13,202) |
| Depreciable Capital Assets, Net | 92,413 | (6,601) | - | 85,812 |
| Total Capital Assets, Net | \$461,513 | \$(6,601) | \$- | \$454,912 |

The changes in the Authority’s capital assets during fiscal year 2015 were as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---------------------------------|------------------------------|------------------|-------------------|---------------------------|
| Non-Depreciable Capital Assets: | | | | |
| Land | \$369,100 | \$- | \$- | \$369,100 |
| Depreciable Capital Assets | | | | |
| Land Improvements | 99,014 | - | - | 99,014 |
| Accumulated Depreciation | (13,202) | (6,601) | - | (19,803) |
| Depreciable Capital Assets, Net | 85,812 | (6,601) | - | 79,211 |
| Total Capital Assets, Net | \$454,912 | \$(6,601) | \$- | \$448,311 |

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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

One Neighborhood New Community Authority
Franklin County
495 S. High Street, Suite 150
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 One Neighborhood New Community Authority, Franklin 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 January 26, 2017, wherein we noted the 2014 financial statements have been restated to properly reflect capital assets and intangible assets.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-002 to be a material weakness.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Authority's Responses to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State
Columbus, Ohio

January 26, 2017

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2015-001

Annual Financial Report – Noncompliance

Ohio Rev. Code § 117.38 requires public offices reporting pursuant to generally accepted accounting principles to file annual reports with the Auditor of State within 150 days following the close of fiscal year end. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Also, at the time the report is filed with the Auditor of State, the chief fiscal officer shall publish notice in a newspaper published in the political subdivision or taxing district. The notice shall state that the financial report has been completed by the public office and is available for public inspection at the office of the chief fiscal officer.

The Authority did not file its annual GAAP financial report to the Auditor of State for 2014. Also, the Authority did not file a substantially complete set of financial of statements for 2015. The 2015 statements filed did not include the Statement of Cash Flows, the Notes to the Basic Financial Statements, and the Management's Discussion and Analysis.

Failure to file the complete annual financial report within 150 days of the fiscal year-end can result in fines and penalties and result in lack of transparency for the Authority's constituents.

We recommend the Authority file their annual GAAP financial report to the Auditor of State within 150 days of fiscal year end and ensure the filing is accurate and complete.

Official's Response: The Authority will comply

FINDING NUMBER 2015-002

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Authority's Treasurer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustments were made to the Authority's financial statements and ledgers at December 31, 2015 and 2014:

- Adjustment of Beginning Net Position for 2014 totaling \$496,756 to remove bond issuance costs classified as Intangible Assets and record a bond premium.
- Adjustment of Accumulated Amortization and Amortization of Bond Issuance Costs totaling \$18,647 in 2015 and 2014 to remove amortization related to the Intangible Assets.
- Reclassification of Restricted Cash and Non-Restricted Cash to Cash and Cash Equivalents with Fiscal Agent totaling \$61,621 and \$139,469 in 2015 and 2014, respectively, due to all Authority funds being held by a Fiscal Agent.

**ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2015-002 (Continued)

- Reclassification of Retained Earnings and Current Year Earnings to Unrestricted Net Position totaling \$4,014,532 and \$3,857,872 in 2015 and 2014, respectively to comply with Governmental Accounting Standards Board (GASB) Statement No. 34.
- Adjustment to increase Community Development Charge Receivable and the related Deferred Inflow by \$317,404 for 2014 and \$377,342 for 2015 to record a receivable equal to the amount of the Note Payable to the Developer. This is due to the operating structure of the Authority.
- Adjustment to increase Non-Depreciable Capital Assets for 2014 and 2015 for \$369,100 to record land owned by the Authority.
- Adjustment to increase Depreciable Capital Assets, net for 2014 and 2015 for \$85,812 and \$79,211, respectively, to record land improvements owned by the Authority.
- Reclassification of Long-Term Liability Due in More Than One Year to Long-Term Liability Due Within One Year for \$10,000 to properly report the principal payment due in fiscal year 2016.
- Adjustment to record 48,838 and \$31,406, respectfully for 2015 and 2014 noncash transactions on the Statement of Cash Flows.

The following were not material to the financial statements and were not adjusted on the financial statements or to the Authority's ledgers at December 31, 2015 and 2014:

- Adjustment to increase Accrued Interest Payable for \$19,562 for 2014 to record interest owed on the Note Payable to the Developer.
- Reclassification of Operating Revenue to Non-Operating Revenue of \$8,388 for 2014 to properly classify the sales tax refund.
- Reclassification of Note Payable to Accrued Interest Payable of \$32,564 for 2015 to properly record interest owed on the Note Payable to the Developer.
- Adjustment to increase Operating Receipts and Operating Expenses by \$10,130 within the Statement of Cash Flows for 2015 to properly reflect receipts and payments made during the year.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Authority continue to develop and enhance policies and procedures over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Authority and thereby increases the reliability of the financial data throughout the year.

Official's Response: The Authority will ensure books comply with GASB's.



Dave Yost • Auditor of State

ONE NEIGHBORHOOD NEW COMMUNITY AUTHORITY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 23, 2017