

NEW ALBANY COMMUNITY AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

BRENT BRADBURY, TREASURER



Dave Yost • Auditor of State

Board of Trustees
New Albany Community Authority
8000 Walton Parkway, Suite 120
New Albany, Ohio 43054

We have reviewed the *Independent Auditor's Report* of the New Albany Community Authority, Franklin County, prepared by Julian & Grube, 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 New Albany 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

July 15, 2016

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**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

New Albany Community Authority
Franklin County
8000 Walton Parkway, Suite 120
New Albany, Ohio 43054

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the New Albany Community Authority, Franklin County, Ohio, as of and for the years ended December 31, 2015 and December 31, 2014 and the related notes to the financial statements, which collectively comprise the New Albany Community 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 New Albany Community 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 New Albany Community 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Albany Community Authority, Franklin County, Ohio, as of December 31, 2015 and December 31, 2014, and the changes in its financial position and its cash flows thereof 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*, 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 16, 2016, on our consideration of the New Albany Community 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 New Albany Community Authority's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 16, 2016

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

The discussion and analysis of the New Albany Community Authority's financial performance provides an overview of the Authority's financial performance as a whole for the years ended December 31, 2015 and 2014. The intention of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Authority's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. Certain comparative information between the current years and prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

Key financial highlights for 2015 and 2014 follow:

- Total assets increased \$4,443,749, or 20.29%, between 2015 and 2014 and decreased \$5,553,833 or 20.23%, between 2014 and 2013. Total liabilities decreased \$3,280,196 or 8.70%, between 2015 and 2014 and \$4,937,211, or 11.58%, between 2014 and 2013. Total net position increased \$7,648,986 or 51.37%, between 2015 and 2014 and decreased \$682,880, or 4.81%, between 2014 and 2013.
- Total revenues increased \$890,962, or 10.40%, between 2015 and 2014 and increased \$501,704, or 6.22%, between 2014 and 2013. Total expenditures decreased \$7,440,904, or 80.45%, between 2015 and 2014 and increased \$6,113,460 or 194.98%, between 2014 and 2013.

Using this Annual Financial Report

This financial report contains the basic financial statements of the Authority, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and change in net assets, and a statement of cash flows. As the Authority reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Statement of Net Position

The statement of net position answers the question, "How did we do financially during the year?" This statement include all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by private sector companies. This basis of accounting takes into account all revenues and expenses during the year regardless of when the cash is received or paid.

This statement reports the Authority's net assets, however, in evaluating the overall position and financial viability of the Authority, non-financial information, such as the condition of Authority's capital assets, will also need to be evaluated.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

Summary Statement of Net Position

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:			
Other assets	\$ 26,344,069	\$ 21,900,320	\$ 27,454,153
Total assets	<u>26,344,069</u>	<u>21,900,320</u>	<u>27,454,153</u>
Deferred outflows of resources:	<u>844,726</u>	<u>938,585</u>	<u>1,032,443</u>
Liabilities:			
Current liabilities	334,698	357,720	388,047
Long-term debt	34,084,753	37,341,927	42,248,811
Total Liabilities	<u>34,419,451</u>	<u>37,699,647</u>	<u>42,636,858</u>
Deferred inflows of resources:	<u>9,600</u>	<u>28,500</u>	<u>56,100</u>
Net Position:			
Unrestricted	<u>(7,240,256)</u>	<u>(14,889,242)</u>	<u>(14,206,362)</u>
Total Net Position	<u>\$ (7,240,256)</u>	<u>\$ (14,889,242)</u>	<u>\$ (14,206,362)</u>

The increase in total assets between 2015 and 2014 was due to an increase in cash and equivalents of \$7,456,098 that was offset by a decrease in accounts receivable of \$3,012,349, related primarily to repayment of a portion of the loan to the City of New Albany. The decrease in liabilities between 2015 and 2014 was due to principal payments on outstanding bonds and amortization of bond premiums of \$3,257,174, and a decrease in interest and accounts payable of \$23,022.

The decrease in total assets between 2014 and 2013 was due to a decrease in cash with fiscal and escrow agents of \$11,191,888 offset by an increase in accounts receivable of \$5,638,055. The decrease in liabilities between 2014 and 2013 was due to principal payments on outstanding bonds and amortization of bond premiums of \$4,906,884 and a decrease in interest and accounts payable of \$30,327.

Summary Statement of Revenues, Expenses, and Changes in Net Position

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ 9,455,346	\$ 8,564,082	\$ 8,062,096
Operating Expenses	<u>34,625</u>	<u>50,411</u>	<u>64,226</u>
Operating Income (Loss)	9,420,721	8,513,671	7,997,870
Non-operating Revenue (Expenses)	<u>(1,771,735)</u>	<u>(9,196,551)</u>	<u>(3,068,994)</u>
Change in Net Position	<u>\$ 7,648,986</u>	<u>\$ (682,880)</u>	<u>\$ 4,928,876</u>

The increase in operating revenues between 2015 and 2014 was due largely to an increase in income taxes of \$1,038,367 offset by a decrease of \$138,403 in the Community Development Charge. The decrease in total expenses between 2015 and 2014 was due primarily to a decrease in economic development contributions of \$7,331,300 and a decrease in interest expense of \$93,818.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

The increase in operating revenues between 2014 and 2013 was due largely to an increase in income taxes of \$362,775 and \$147,311 in the Community Development Charge. The increase in total expenses between 2014 and 2013 was due primarily to an increase in economic development contributions of \$6,229,500.

Debt Administration

The Authority finances construction in progress primarily through the issuance of bonds. At December 31, 2015 and 2014, debt outstanding including unamortized premium was \$34,084,753 and \$37,341,927, respectively. See Note 13 of the notes to the basic financial statements for more detailed information on the Authority's debt obligations.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives spends and invests. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Brent Bradbury, Chief Financial Officer, 8000 Walton Parkway, Suite 120, New Albany, Ohio, 43054.

NEW ALBANY COMMUNITY AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2015

Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 87,388
Cash with fiscal and escrow agents.	18,707,898
Receivables:	
Community development charge	3,711,668
Income taxes.	497,427
Lease	169,600
Infrastructure reimbursement	985
Loans receivable.	<u>3,169,103</u>
Total assets	<u>26,344,069</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding .	<u>844,726</u>
Total deferred outflows of resources	<u>844,726</u>
Liabilities:	
Accounts payable.	20,057
Interest payable.	314,641
Long-term liabilities:	
Due within one year	3,352,173
Due in more than one year.	<u>30,732,580</u>
Total liabilities	<u>34,419,451</u>
Deferred inflows of resources:	
Unearned income	<u>9,600</u>
Total deferred inflows of resources	<u>9,600</u>
Total liabilities and deferred inflows of resources.	<u>34,429,051</u>
Net position:	
Unrestricted (deficit)	<u>(7,240,256)</u>
Total net position	<u>\$ (7,240,256)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

DECEMBER 31, 2015

	Total
Operating revenues:	
Community development charge	\$ 3,693,872
Lease interest income	18,900
City of New Albany income tax	5,742,574
Total operating revenues.	9,455,346
Operating expenses:	
Bank charges	1,034
Insurance	2,795
Accounting fees	13,877
Legal fees.	10,294
Professional fees	1,500
Bond trustee fees	5,125
Total operating expenses.	34,625
Operating income (loss)	9,420,721
Nonoperating revenues (expenses):	
Interest income.	1,679
Interest expense	(1,210,184)
Economic development contribution	(563,230)
Total nonoperating revenues (expenses).	(1,771,735)
Change in net position	7,648,986
Net position at beginning of year	(14,889,242)
Net position at end of year	(7,240,256)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY

STATEMENT OF CASH FLOWS
DECEMBER 31, 2015

Cash flows from operating activities:	
Cash received from community development charge . . .	\$ 3,815,690
Cash received from city income tax	5,628,308
Cash received from other lease.	173,900
Cash payments for administrative expenses.	(34,921)
Cash payments for trustee fees.	<u>(5,125)</u>
Net cash provided by (used in) operating activities	<u>9,577,852</u>
Cash flows from capital and related financing activities:	
Payments received on loan	2,830,897
Principal retirement on debt service.	(2,935,000)
Interest and fiscal charges	(1,456,100)
Economic development contributions	<u>(563,230)</u>
Net cash used in capital and related financing activities.	<u>(2,123,433)</u>
Cash flows from investing activities:	
Interest received	<u>1,679</u>
Net cash provided by investing activities	<u>1,679</u>
Net increase (decrease) in cash and cash equivalents	7,456,098
Cash and cash equivalents at beginning of year . . .	<u>11,339,188</u>
Cash and cash equivalents at end of year	<u><u>\$ 18,795,286</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 9,420,721
Changes in assets and liabilities:	
Decrease (increase) in community development charge receivable . .	121,818
Decrease (increase) in income tax receivable.	(114,266)
Decrease (increase) in lease receivable.	173,900
Increase (decrease) in accounts payable	(5,421)
Increase (decrease) in unearned revenue	<u>(18,900)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 9,577,852</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2014

Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 1,731
Cash with fiscal and escrow agents.	11,337,457
Receivables:	
Community development charge	3,833,486
Income taxes.	383,161
Lease	343,500
Infrastructure reimbursement	985
Loans receivable.	<u>6,000,000</u>
Total assets	<u>21,900,320</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding .	<u>938,585</u>
Total deferred outflows of resources	<u>938,585</u>
Liabilities:	
Accounts payable.	25,478
Interest payable.	332,242
Long-term liabilities:	
Due within one year	3,257,174
Due in more than one year.	<u>34,084,753</u>
Total liabilities	<u>37,699,647</u>
Deferred inflows of resources:	
Unearned income	<u>28,500</u>
Total deferred inflows of resources	<u>28,500</u>
Total liabilities and deferred inflows of resources.	<u>37,728,147</u>
Net position:	
Unrestricted (deficit)	<u>(14,889,242)</u>
Total net position	<u>\$ (14,889,242)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

DECEMBER 31, 2014

	Total
Operating revenues:	
Community development charge	\$ 3,832,275
Lease interest income	27,600
City of New Albany income tax	4,704,207
Total operating revenues.	8,564,082
Operating expenses:	
Bank charges	1,019
Insurance	6,050
Accounting fees	24,791
Legal fees.	11,904
Professional fees	1,522
Bond trustee fees	5,125
Total operating expenses.	50,411
Operating income (loss)	8,513,671
Nonoperating revenues (expenses):	
Interest income.	1,981
Interest expense	(1,304,002)
Economic development contributions	(7,894,530)
Total nonoperating revenues (expenses).	(9,196,551)
Change in net position	(682,880)
Net position at beginning of year	(14,206,362)
Net position at end of year	(14,889,242)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW ALBANY COMMUNITY AUTHORITY
STATEMENT OF CASH FLOWS
DECEMBER 31, 2014

Cash flows from operating activities:

Cash received from community development charge	\$ 3,650,590
Cash received from city income tax	5,075,237
Cash received from other lease.	172,600
Cash payments for administrative expenses.	(45,415)
Cash payments for trustee fees	<u>(5,125)</u>
 Net cash provided by (used in) operating activities	 <u>8,847,887</u>

Cash flows from capital and related

financing activities:

Loan issued	(6,000,000)
Principal retirement on debt service.	(4,580,000)
Interest and fiscal charges	(1,567,226)
Economic development contributions	<u>(7,894,530)</u>
 Net cash used in capital and related financing activities.	 <u>(20,041,756)</u>

Cash flows from investing activities:

Interest received	<u>1,981</u>
 Net cash provided by investing activities	 <u>1,981</u>

Net increase (decrease) in cash and cash equivalents	(11,191,888)
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Cash and cash equivalents at beginning of year	<u>22,531,076</u>
Cash and cash equivalents at end of year	<u><u>\$ 11,339,188</u></u>

**Reconciliation of operating income (loss) to net
cash provided by (used in) operating activities:**

Operating income (loss)	\$ 8,513,671
 Changes in assets and liabilities:	
Decrease (increase) in community development charge receivable	(181,685)
Decrease (increase) in income tax receivable.	371,030
Decrease (increase) in lease receivable.	172,600
Increase (decrease) in accounts payable	(129)
Increase (decrease) in unearned revenue	<u>(27,600)</u>
 Net cash provided by (used in) operating activities	 <u><u>\$ 8,847,887</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 1 - DESCRIPTION OF THE ENTITY

The New Albany Community Authority is a “community authority” created pursuant to Chapter 349 of the Ohio Revised Code (the Act). On July 7, 1992, the New Albany Company Limited Partnership (the Developer) filed a petition (the Petition) for the creation of the Authority with the Board of County Commissioners of the County of Franklin, Ohio. The Petition, which may be subject to amendment or other change, allows the Authority to finance up to \$41,450,000 of “costs” of publicly owned and operated community facilities including, but not limited to, the acquisition or construction of a new school, roads, a fire station, and a fire truck. In accordance with the Act, the Petition was accepted by the County Commissioners’ Resolution No. 699-92, adopted July 7, 1992. By its Resolution on August 24, 1992, the County Commissioners determined that the new community district 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 organized as a body corporate and politic in the State. On July 7, 1996, the County Commissioners, by their Resolution amended the Petition to increase the “costs” from \$41,450,000 to \$43,450,000.

The Authority is governed by a seven member Board of Trustees. The Franklin County Board of County Commissioners, a related organization, appoints four of the Trustees. The remaining three Trustees are appointed by the Developer.

The New Albany New Community District is currently comprised of approximately 5,000 acres of land located in Northeast Franklin County, Ohio.

In accordance with the Act and the Petition, the Authority can levy a community development charge of up to 9.75 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 financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Authority’s accounting policies are described below.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses the flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. The difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources are defined as net position. The statement of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Community Development Charge Receivable

The Community Development Charge is recognized as a receivable in the financial statements. The receivable represents charges that have been assessed as of December 31.

D. Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred inflow of resources is an acquisition of net position by the Authority that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the Authority that is applicable to a future reporting period.

Lease interest income that is applicable to the Wellness Center lease was deferred upon issuance and is amortized over the life of the lease agreement.

E. Unamortized Deferred Loss/Bond Issuance Costs

Bond losses are deferred and amortized over the term of the bonds using the bond outstanding method, which approximates the effective interest method. Unamortized deferred losses on refundings are reported as a deferred outflow of resources on the statement of net position. Bond issuance costs are expensed when they occur.

NOTE 3 - ACCUMULATED DEFICIT

At December 31, 2015 and 2014, the Authority had accumulated deficits of \$7,240,256 and \$14,889,242, respectively. This deficit is a result of how the Authority is structured and its basic operations. The Authority was established to finance the costs of publicly owned and operated community facilities. The Authority incurs the costs of constructing community facilities. The titles to these assets are then transferred to the community and the related costs are recorded as an expense. This deficit will be reduced and eliminated as outstanding debt is paid. See Note 13 for further discussion of debt repayment.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 4 - CASH AND CASH EQUIVALENTS

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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees 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 which 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.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Authority by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

The Authority may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State as to which there is no default of principal, interest, or coupons; and,
3. Obligations of the Authority.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of bank failure, the Authority will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Authority has no deposit policy for custodial credit risk.

At year end December 31, 2015 and 2014, the carrying amounts, as well as the bank balances of the Authority's deposits were \$87,388 and \$1,731, respectively. The total bank balances were federally insured up to \$250,000.

Investments

The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at year end. Category 1 includes investments that are insured or registered for which the securities are held by the Authority or the Authority's agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Authority's name.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

	Category 2	Carrying/Fair Value	Weighted Average Maturity (Years)
<u>2015</u>			
U.S. Government Securities	\$ 18,707,898	\$ 18,707,898	< 1 year
Total	<u>\$ 18,707,898</u>	<u>\$ 18,707,898</u>	
<u>2014</u>			
U.S. Government Securities	\$ 11,337,457	\$ 11,337,457	< 1 year
Total	<u>\$ 11,337,457</u>	<u>\$ 11,337,457</u>	

Interest Rate Risk - Interest rate risk is that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Authority manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority limits its investments to U.S. Government Securities. Investments in U.S. Government Securities was rated AAA by Standard and Poor's.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority's investment policy allows investments in money market accounts, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. For the years ended December 31, 2015 and 2014, the Authority has invested 100% of its investments in U.S. Government Securities.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. All of the Authority's investments are either insured and registered in the name of the Authority or at least registered in the name of the Authority.

NOTE 5 - CASH WITH FISCAL AND ESCROW AGENTS

At year end December 31, 2015 and 2014, the carrying amounts of the Authority's cash with fiscal and escrow agents were \$18,707,898 and \$11,337,457, respectively. These amounts are held in escrow for projects funded by bond issuances. These funds are held in Money Market Accounts invested in U.S. Government Securities.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 6 - COMMUNITY FACILITIES BOND RESERVE

The refunding of the Community Facilities Bonds (CFB) in March of 2012 required the Authority to create a \$1,877,375 reserve fund for any short fall on the bond payment. The Cash balance of this account at December 31, 2015 and 2014 totaled \$1,878,115 and \$1,877,903, respectively, including the \$1,877,375 for the reserve requirement. The balance of the account is interest earnings to be used for debt service. The reserve requirements amounts to 50% of the largest annual (2022) debt service payment for the new bonds. In addition to the required reserve the Authority has additional cash of \$1,546,495 for a total available of \$3,424,610 as of December 31, 2015. See Note 13 for additional information on the CFB.

NOTE 7 - INFRASTRUCTURE FUND

In 1997, the Village of New Albany created the first of several Economic Opportunity Zones (EOZ) in the Business Campus/Park with other EOZ areas added as development has expanded in New Albany. In addition to the EOZ's the Village and the Authority created a Multi-Purpose Infrastructure Improvement fund to provide funding for certain infrastructure improvements in the Business Campus/Park. In 1997, the Authority issued \$10,000,000 in Multi-Purpose Infrastructure Improvements Bonds for the first phase of projects. In 2000, a second phase of projects created the need for the Authority to refund the bonds and issue an additional \$6,700,000 to bring the total to \$16,700,000 of Infrastructure Bonds outstanding. In 2004, the Authority again refunded the bonds reducing the total to \$16,100,000. In May 2011, the Authority refunded the remaining \$8,800,000 in outstanding bonds by retiring \$800,000 of the bonds with cash, issuing \$5,900,000 in fixed rate bonds payable over ten years and \$2,000,000 in a note that expired on June 1, 2012. In June 2012, the Authority reissued the \$2,000,000 note for an additional 12 months and in June 2013 the Authority issued \$1,750,000 in notes reducing the outstanding balance by \$250,000. On May 30, 2014 the Authority retired the entire \$1,750,000 note. The Authority's sole source of repayment for these notes and bonds is from income taxes collected by New Albany from employees and businesses in the EOZ. The Authority receives 30% and 50%, respectively, from Phase I and Phase II of the gross income tax revenues collected by New Albany within the EOZ. In addition to the refunding in 2004, the Village of New Albany and the Authority, through an Economic Development Agreement, created the Economic Development Fund (EDF) to promote development within the Economic Opportunity Zone. The EDF's sole funding is from the surplus funds in the Infrastructure Bond Service Fund. Each year, New Albany directs the Authority (after meeting certain debt service requirements) to transfer funds to the EDF from the Infrastructure Surplus based on terms defined in the Economic Development Agreement. New Albany also directs the Authority to disburse funds from the EDF for certain New Albany council approved projects.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 7 - INFRASTRUCTURE FUND - (Continued)

As of December 31, 2015 the following is a summary of the Projects that have been approved for disbursement from the fund.

<u>Project Description</u>	<u>Authorized Amount</u>	<u>Amounts Disbursed as of 12/31/14</u>	<u>Authorized Disbursements Remaining</u>
Extension of Forest Drive "Canini Trust Project"	\$ 2,000,000	\$ (2,000,000)	\$ -
Fiber Optic Network (2007, 2009, 2011)	3,150,363	(3,150,363)	-
"Incubator Project" Tech Columbus	1,500,000	(1,500,000)	-
US 62 Project	1,700,000	(1,700,000)	-
Waters Edge Project	300,000	(300,000)	-
Souder Road	1,800,000	(1,800,000)	-
Business Park East Debt Service	6,714,100	(3,295,382)	3,418,718
Business Park Incentives (2010, 2011)	400,900	(400,900)	-
Business Park East - Greywater System	100,000	(100,000)	-
Bob Evans Loan	1,000,000	(1,000,000)	-
2012 Incentives, Zarley Row, Inc.	600,000	(600,000)	-
Beech Road Widening	2,000,000	(2,000,000)	-
Business Campus East Water Tower	1,650,000	(1,650,000)	-
Forrest Drive Connector	930,000	(930,000)	-
Fiber Optic Network 2014	250,000	(250,000)	-
Smith Mill Road Loop Lighting & Street Trees	700,000	(700,000)	-
Smith Mill Road Sanitary Sewer Extension	400,000	(400,000)	-
Smith Mill Loop Grey Water System Extension	200,000	(200,000)	-
COTA Park & Ride Construction	250,000	(250,000)	-
Blacklick Sanitary Trunk Link	900,000	(900,000)	-
Smith Mill Road Loop Fiber Optic Extension	50,000	(50,000)	-
Business Park East Infrastructure Advance**	7,000,000	(6,000,000)	1,000,000
Truck Cul-de-Sac Incentives, Fiber Expansion 2015	1,945,000	-	1,945,000
		-	-
Total	<u>\$ 35,540,363</u>	<u>\$ (29,176,645)</u>	<u>\$ 6,363,718</u>

**\$3,169,103 of this advance remains outstanding at 12/31/15.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 8 - COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 9.75 mills on the assessed value of all property within the District. The charge was levied at 4.0 mills and 4.5 mills for 2015 and 2014, respectively. Charge revenue recognized represents the amount levied as of October 1 of the preceding year.

Charge assessments are levied October 1 on the assessed values as of July 1, the lien date. Assessed values are established by State law at 35% of appraised market value. 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 2015 and 2014 assessed values of all property within the District were \$928,398,374 and \$838,079,139, respectively. The 2015 and 2014 receivables recognized based on these figures were \$3,711,668 and \$3,833,486, respectively.

NOTE 9 - DIRECT FINANCING LEASE

The Authority entered into a lease agreement with Mount Carmel Health Systems, Inc. in December of 1996 for the lease of the Wellness Center. The lease payments under the lease agreement are equal to the bond service charges due on the Wellness Center Bonds. The lease has been classified as a direct financing lease. The Authority has recorded a lease receivable for the gross proceeds of the lease agreement and unearned income for the amount representing interest due on bonds.

The amortization of the lease payments as of December 31, 2015 was as follows:

Year Ending December 31,	Principal	Interest	Total
2016	<u>\$ 160,000</u>	<u>\$ 9,600</u>	<u>\$ 169,600</u>

NOTE 10 - CITY OF NEW ALBANY INCOME TAX

The Authority receives 30% and 50%, respectively, from Phase I and Phase II of the gross income tax revenues collected by the City of New Albany for the Economic Opportunity Zone. The Economic Opportunity Zone is approximately 950 acres of land that the New Albany Company is developing into a business campus. The City of New Albany Income Tax is used to make payments on the Multi-Purpose Infrastructure Bonds described in Note 13.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 11 - CITY OF NEW ALBANY RECEIVABLE

The City of New Albany requested a \$6,000,000 advance from the Economic Development Fund in 2014 for certain projects in the Business Park. The advance was requested for projects that anticipated reimbursement from third parties after completion of the projects. \$2,830,897 was repaid to the Economic Development Fund during 2015.

NOTE 12 - UNAMORTIZED DEFERRED CHARGES

The unamortized deferred charges represent the deferred cost for the Series C Community Bonds that were issued in 2012. These costs are to be amortized over the remaining term of the bond issue or through the year 2024.

NOTE 13 - DEBT

Changes in the Authority's long-term liabilities during 2015 and 2014 consisted of the following:

	<u>Outstanding 12/31/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/2015</u>	<u>Amounts Due Within One Year</u>
Community Facilities Refunding Bonds, Series C, 2012, \$35,610,000, 2-5%	\$ 29,345,000	\$ -	\$ (2,220,000)	\$ 27,125,000	\$ 2,295,000
Multi-Purpose Infrastructure Improvement and Refunding Bonds, Series D, \$5,900,000, 1.25-3.81%	4,325,000	-	(560,000)	3,765,000	575,000
Premium on Refunding Bond Issued	125,331	-	(19,212)	106,119	19,211
Premium on Refunding Bond Issued	3,231,596	-	(302,962)	2,928,634	302,962
Wellness Center Revenue Bonds, 1996, \$2,000,000, 4-6%	<u>315,000</u>	<u>-</u>	<u>(155,000)</u>	<u>160,000</u>	<u>160,000</u>
Total	<u>\$ 37,341,927</u>	<u>\$ -</u>	<u>\$ (3,257,174)</u>	<u>\$ 34,084,753</u>	<u>\$ 3,352,173</u>

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 13 - DEBT - (Continued)

	Outstanding 12/31/2013	Additions	Reductions	Outstanding 12/31/2014	Amounts Due Within One Year
Community Facilities Refunding Bonds, Series C, 2012, \$35,610,000, 2-5%	\$ 31,490,000	\$ -	\$ (2,145,000)	\$ 29,345,000	\$ 2,220,000
Multi-Purpose Infrastructure Improvement and Refunding Bonds, Series D, \$5,900,000, 1.25-3.81%	4,865,000	-	(540,000)	4,325,000	560,000
Multi-Purpose Infrastructure Improvement and Refunding Notes, Series 2012D, \$2,000,000, 1%	1,750,000	-	(1,750,000)	-	-
Premium on Refunding Bond Issued	144,542	-	(19,211)	125,331	19,212
Premium on Refunding Bond Issued	3,534,558	-	(302,962)	3,231,596	302,962
Premium on Refunding Note Issued	4,711	-	(4,711)	-	-
Wellness Center Revenue Bonds, 1996, \$2,000,000, 4-6%	460,000	-	(145,000)	315,000	155,000
Total	<u>\$ 42,248,811</u>	<u>\$ -</u>	<u>\$ (4,906,884)</u>	<u>\$ 37,341,927</u>	<u>\$ 3,257,174</u>

Community Facilities Refunding Bonds, Series C: In December 2001, the Community Facilities Bonds Series "B" (CFB) were issued to refund the \$38,115,000 of Series "A" bonds. In March 2012, the 2001 bonds were called and refunded with Community Facilities Bonds Series "C", \$35,610,000 in new bonds and a premium of \$4,089,988. The final due date for the bonds are December 1, 2024 and the average coupon interest rate on the bonds is 4.51%. The premium is recognized on a straight line basis. In conjunction with the 2012 refunding a reserve account was initially funded at \$1,877,375 from bond proceeds placed in a reserve account (Note 6). The Authority has covenanted that Pledged Receipts received will be deposited as follows: (a) first - to the Rebate Fund until it contains the amount, if any, necessary to discharge any rebate liability to the United States for bonds or notes issued pursuant to the General Bond Resolution, (b) second - up to \$100,000 annually to the General Purpose Fund to the extent necessary to restore the balance of the General Purpose Fund to \$100,000, (c) third - to the Bond Service Account in the Bond Service Fund, until the Bond Service Account contains an amount which will be equal to the Bond Service Charges due in the remainder of the current Fiscal Year on all Bonds outstanding, (d) fourth - to the Series C Reserve Account until it contains the Required Reserve and (e) fifth - any remainder to the Authority for deposit in the General Purpose Fund for the purpose of paying any administrative expenses or for any other lawful purpose.

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 13 - DEBT - (Continued)

Multi-Purpose Infrastructure Improvement and Refunding Bonds, Series D: In 2000, the Authority issued the Multi-Purpose Infrastructure Improvement Bonds, Series B in the amount of \$16,700,000. The \$16,700,000 series B Infrastructure Bonds were refunded in January, 2004, including a principal payment of \$600,000, leaving a total of \$16,100,000 due. Principal payments totaling \$7,300,000 were made since the bonds were issued in 2004 leaving a balance due to \$8,800,000 as of December 31, 2010. In May 2011, the bonds were again refunded with a combination of \$5,900,000 in ten year fixed rate bonds and a \$2,000,000 13 month note plus \$800,000 in cash. The fixed rate bonds have a net interest cost of 3.45%, are callable after five years and are scheduled to be retired in December 2021. The \$2,000,000 note was issued with a 1.2% interest rate and matured on June 1, 2012. On June 1, 2012, \$2,000,000 in notes were issued at a 1% interest rate to retire the maturing 2011 notes. On June 1, 2013 the \$2,000,000 note was retired and a \$1,750,000 12 month note was issued. On May 30, 2014 the \$1,750,000 note was fully retired. The bonds were issued with a premium of \$192,113. The premium is recognized on a straight line basis. The Authority's sole source of repayment for these bonds is from income taxes on businesses in Phase I and Phase II of the gross income tax revenues collected by the City of New Albany for the Economic Opportunity Zone. The Authority initially had credit and liquidity support for the bonds in an irrevocable standby letter of credit in the amount of \$16,219,979 with Key Bank. On May 20, 2011, the letter of credit was canceled by the Authority.

Wellness Center Revenue Bonds: In 1996, the Authority issued the Wellness Center Revenue Bonds in the amount of \$2,000,000. The proceeds of the bonds were to pay the costs of acquiring and constructing facilities for providing day care and other community health and wellness programs and related services. The issue included \$480,000 serial bonds maturing annually from 1997 through 2003, \$450,000 term bonds maturing in 2008, and \$1,070,000 term bonds maturing in 2016. The term bonds are subject to prior mandatory sinking fund redemption. The Authority's source of repayment for these bonds is lease rental income from the Mount Carmel Health System, pursuant to a lease agreement. The Authority also has as credit enhancement for the bonds an irrevocable standby letter of credit in the amount of \$2,070,000 with PNC Bank (formerly National City Bank of Columbus).

Long-term debt requirements for the Community Facilities Refunding Bonds as of December 31, 2015 are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 2,295,000	\$ 1,208,250	\$ 3,503,250
2017	2,365,000	1,139,400	3,504,400
2018	2,500,000	1,044,800	3,544,800
2019	2,615,000	944,800	3,559,800
2020	2,730,000	840,200	3,570,200
2021 - 2024	14,620,000	2,018,500	16,638,500
Total	<u>\$ 27,125,000</u>	<u>\$ 7,195,950</u>	<u>\$ 34,320,950</u>

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY**

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

NOTE 13 - DEBT - (Continued)

Long-term debt requirements for the Wellness Center Revenue Bonds as of December 31, 2015 are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	<u>\$ 160,000</u>	<u>\$ 9,600</u>	<u>\$ 169,600</u>

Long-term debt requirements for the Multi-Purpose Infrastructure Improvement Bonds as of December 31, 2015 are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	\$ 575,000	\$ 145,550	\$ 720,550
2017	595,000	128,300	723,300
2018	615,000	104,500	719,500
2019	635,000	86,050	721,050
2020	660,000	60,650	720,650
2021	<u>685,000</u>	<u>34,250</u>	<u>719,250</u>
Total	<u>\$ 3,765,000</u>	<u>\$ 559,300</u>	<u>\$ 4,324,300</u>

NOTE 14 - UNEARNED INCOME

The Wellness Center lease is recorded as a financing lease and therefore the unearned income on the lease is accounted for as a future obligation. The lease expires with the final debt payment in 2016.

NOTE 15 - ECONOMIC DEVELOPMENT PROJECTS

Project Assets are accumulated as constructed and then recorded as contributions when dedicated to the municipality or other public entity. Economic Development contributions are typically disbursed to the City of New Albany for approved projects. Contributions in 2015 and 2014 included \$563,230 and \$564,530, respectively, for debt service related the Business Park East infrastructure. The remaining \$7,330,000 from 2014 was for contributions for approved projects with the City of New Albany. See Note 7 for details of all projects.



Julian & Grube, Inc.
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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*

New Albany Community Authority
Franklin County
8000 Walton Parkway, Suite 120
New Albany, Ohio 43054

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 New Albany Community Authority, as of and for the years ended December 31, 2015 and December 31, 2014 and the related notes to the financial statements, which collectively comprise the New Albany Community Authority's basic financial statements and have issued our report thereon dated June 16, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the New Albany Community 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 New Albany Community 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 New Albany Community 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.

Board of Trustees
New Albany Community Authority

Compliance and Other Matters

As part of reasonably assuring whether the New Albany Community 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 New Albany Community Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the New Albany Community Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 16, 2016

**NEW ALBANY COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i>
2013-NACA-001	<u>Significant Deficiency - Financial Statement Presentation</u> - Accurate financial reporting is an important part of the Authority's overall purpose. Financial reporting requires internal controls in place to help ensure accuracy of reporting. An adjustment was identified by the Authority and was recorded to properly state the Authority's financial statements for the fiscal year ended December 31, 2013.	Yes	N/A

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Dave Yost • Auditor of State

NEW ALBANY 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
JULY 28, 2016**