

CONCORD SCIOTO COMMUNITY AUTHORITY
Delaware County, Ohio

AUDIT REPORT

For the Years ended December 31, 2018 and 2017





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

We have reviewed the *Independent Auditor's Report* of the Concord-Scioto Community Authority, Delaware County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

December 3, 2020

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CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY
AUDIT REPORT
For the Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Concord Scioto Community Authority, Delaware County, Ohio, (the Authority), as of and for the years ended December 31, 2018 and 2017, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Concord Scioto Community Authority, Delaware, Ohio as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's discussion and analysis* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
October 8, 2020

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 and 2017
(UNAUDITED)**

The management's discussion and analysis of the Concord/Scioto Community Authority, Delaware, Ohio, (the Authority), financial performance provides an overall review of the Authority's financial activities for the fiscal years ended December 31, 2018 and 2017. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

1. Net position at December 31, 2018 was a negative \$6,548,356. Net position at December 31, 2017 was a negative \$953,305. In recent years there was a continual contribution by Delaware County to finance the construction of the water treatment facility, and the pump station. The Authority accumulates infrastructure improvement costs that are reflected in the Statements of Net Position, upon closing, as capital assets. These capital assets are donated to Delaware County upon completion of construction projects or asset acquisition and this is the cause of increase in negative net position during 2018.
2. In 2007, an intergovernmental cooperation agreement was executed between the Authority and Delaware County for the construction of the O'Shaughnessy Pump Station to support the water treatment facility which was previously constructed by the Authority and transferred to the County in 2013. Delaware County assumed the responsibility of financing the design and construction of the pump station. Construction began in November 2014, and incurred accumulated construction and management costs as of December 31, 2018 and 2017 of \$4,439,252 and \$2,254,858, respectively. In accordance with the intergovernmental cooperation agreement, the Authority agreed to transfer the pump station to Delaware County upon completion. On November 9, 2017, assets costing \$4,439,252 for Projects 1 and 3 were transferred to Delaware County. In addition, in 2017, the Harvest Point subdivision was also included in the Authority financed assets with a total costs of \$727,114 which were donated to Delaware County as part of the expansion of the Authority.

Overview of the Financial Statements

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

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 and 2017
(UNAUDITED)
(Continued)**

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

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

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

The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 8 of this report.

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

Financial Analysis

Table 1 provides a summary of the Authority's net position for fiscal years 2018, 2017 and 2016.

	Table 1 Net Position		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:			
Current Assets	\$ 83,043	\$ 11,323	\$ 9,921
Capital Assets	<u>-</u>	<u>-</u>	<u>173,235</u>
Total Assets	83,043	11,323	183,124
Liabilities:			
Current Liabilities	336,399	177,555	82,525
Long Term Liabilities	<u>6,281,927</u>	<u>777,143</u>	<u>-</u>
Total Liabilities	6,618,326	954,698	82,525
Total Deferred Inflows of Resources	<u>13,073</u>	<u>9,930</u>	<u>227,480</u>
Net Position:			
Unrestricted	<u>(6,548,356)</u>	<u>(953,305)</u>	<u>(636,866)</u>
Total Net Position	\$(<u>6,548,356</u>)	\$(<u>953,305</u>)	\$(<u>636,866</u>)

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 and 2017
(UNAUDITED)
(Continued)**

Table 2 reflects the changes in net position for fiscal years 2018, 2017, and 2016.

Table 2
Change in Net Position

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenue	\$ 269,930	\$ -	\$ -
Operating Expenses	141,737	98,259	153,439
Non-Operating Revenues/Expenses			
Interest on bonds	<u>(319,803)</u>	<u>(45,145)</u>	<u>(10,183)</u>
Change in Net Position Before Transfers	(191,610)	(143,404)	(163,622)
Intergovernmental Transfers In/Out			
Transfers from Delaware County	308,680	4,266,217	620,914
Transfers to Delaware County	<u>(5,712,122)</u>	<u>(4,439,252)</u>	<u>(3,072,548)</u>
Total Change in Net Position	<u>\$ (5,595,051)</u>	<u>(316,439)</u>	<u>\$(2,615,256)</u>

Change in Net Position: The Authority experienced a decrease in net position for fiscal years 2018 of \$5,595,051 primarily as a result of the Authority donating \$5,712,122 of capital assets in 2018 pertaining to construction Projects 2 and 3 including infrastructure constructed in the Price Farms subdivision which costs were financed by developers and upon completion were subsequently donated back to Delaware County. The Authority experienced a decrease in net position for fiscal years 2017 of \$316,439, primarily as a result of the Delaware County donating \$4,266,217 in 2017 to pay for construction costs of projects 1 which upon completion were subsequently donated back to Delaware County with a total cost of \$4,439,252. For fiscal year 2016, the Authority experienced a decrease in net position of \$2,615,633 primarily as a result of the Authority donating the completed O'Shaughnessy Pump Station with a cost value of \$2,345,434 and the Harvest Point Development costing \$727,114 to Delaware County in 2016. The County in turn donated \$620,915 toward the cost of O'Shaughnessy in 2016 which helped to offset the decrease in net position.

The Authority also experienced an increase in both operating revenues and expenses. In 2018, the Authority began to realize revenues for the first time from community development charges of nearly \$10,000 and \$260,000 in surcharge fees from increased development activities within the Authority. Additionally, there were increase in operating expenses from 2017 to 2018 of over \$40,000 as a result of increased professional services and audit costs. There was also a substantial increase in interest expense in 2018 as a result of more than \$5,000,000 of additional debt that came on line in 2018 resulting in nearly a \$274,000 increase in interest expenses.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 and 2017
(UNAUDITED)
(Continued)**

Capital Assets

The Authority's capital assets consist of community infrastructure facilities in the form of roads, water lines, and sewer lines. These assets are not capitalized or depreciated because upon completion or acquisition, and upon approval by the receiving local government, these assets are donated and are not recognized as contributed capital on the financial statements of the Authority. There were a total of over \$10,000,000 in capital assets donated to Delaware County between 2016 and 2018.

Budgeting

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

Contacting Authority's Financial Management

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

Concord Scioto Community Authority
Statements of Net Position
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Huntington #7961	\$ 1,495	\$ 1,393
Cash Debt Svc.Fund #2005	10,975	-
Cash and cash equivalents	<u>12,470</u>	<u>1,393</u>
Community charge receivable	13,073	9,930
Other Receivable - Surcharge	<u>57,500</u>	<u>-</u>
Total Other Current Assets	<u>70,573</u>	<u>9,930</u>
Total Current Assets	<u>83,043</u>	<u>11,323</u>
TOTAL ASSETS	<u>\$ 83,043</u>	<u>\$ 11,323</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 8,442	\$ 51,128
Community Charge Rev. due Delaware County	1,938	-
Loan from Metro Development	305,653	121,128
Accrued interest - Metro Loan	<u>20,366</u>	<u>5,299</u>
Total Current Liabilities	<u>336,399</u>	<u>177,555</u>
Long Term Liabilities		
Accrued interest	151,372	50,029
Bonds payable	<u>6,130,555</u>	<u>727,114</u>
Total Long Term Liabilities	<u>6,281,927</u>	<u>777,143</u>
TOTAL LIABILITIES	<u>6,618,326</u>	<u>954,698</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned Revenues	<u>13,073</u>	<u>9,930</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>13,073</u>	<u>9,930</u>
NET POSITION		
Unrestricted net position	<u>(6,548,356)</u>	<u>(953,305)</u>
TOTAL NET(DEFICIT) POSITION	<u>\$ (6,548,356)</u>	<u>\$ (953,305)</u>

See accompanying notes to the financial statements.

Concord Scioto Community Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenue/Expense		
Operating Revenue		
Community development charges	\$ 9,930	\$ -
Revenue from surcharge fees	260,000	-
Total Operating Revenue	269,930	-
Operating Expense		
Treasurer fees - fin. mgmt. services	23,734	19,617
Administrator expenses	15,000	12,500
Legal fees	84,070	56,962
Trustee fees	7,500	5,750
Auditing expenses	8,654	-
Insurance expense	2,295	3,130
Other expenses	484	300
Total Operating Expense	141,737	98,259
Operating Gain (Loss)	128,193	(98,259)
Non-operating Revenues/(Expenses)		
Revenue sharing with Delaware County	(1,938)	-
Interest revenues	1,045	-
Interest expense	(318,910)	(45,145)
Total Non-operating Revenues/(Expenses)	(319,803)	(45,145)
Change in Net Position Before Transfers	(191,610)	(143,404)
Intergovernmental Transfers		
Transfers from Delaware County	308,680	4,266,217
Transfers to Delaware County	(5,712,121)	(4,439,252)
Net Intergovernmental Transfers	(5,403,441)	(173,035)
Total Change in Net Position	(5,595,051)	(316,439)
Net Position, Beginning of Period	(953,305)	(636,866)
Net Position, End of Period	\$ (6,548,356)	\$ (953,305)

See accompanying notes to the financial statements.

Concord Scioto Community Authority
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activates		
Cash received from community development charges	\$ 9,930	\$ -
Cash received from surcharge fees	202,500	-
Cash payment for treasurer expenses	(25,971)	(10,006)
Cash payments for administrator expenses	(17,500)	(18,750)
Cash payments for legal fees	(122,019)	(85,840)
Cash payments for auditing expense	(8,654)	-
Cash payments for trustee fee	(7,500)	(5,750)
Cash payments for insurance	(2,295)	(3,130)
Cash payment for other expenses	(484)	(300)
Net Cash Used in Operating Activities	28,008	(123,776)
Cash Flows From Capital and Related Financing Activities		
Receipts from interest revenue	1,045	-
Payments from Delaware County	308,680	4,266,217
Loans from developer	184,524	121,128
Payments to construction contractor	(308,680)	(4,063,064)
Payments to others for construction related items	-	(203,283)
Payments of interest to bond holders	(202,500)	-
Net Cash Provided by Capital and Related Financing Activities	(16,931)	120,998
Net Change in Cash	11,077	(2,778)
Cash, Beginning of year	1,393	4,171
Cash, End of year	\$ 12,470	\$ 1,393
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 128,193	\$ (98,259)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
(Decrease)/Increase in accounts payable	(42,685)	(31,267)
(Decrease)/Increase in prepaid expenses	-	5,750
Increase in other receivables	(57,500)	-
Net Cash Provided by Operating Activities	\$ 28,008	\$ (123,776)

See accompanying notes to the financial statements.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 - REPORTING ENTITY

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

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

The Authority is governed by a seven (7) member board of trustees. At inception, the Board of County Commissioners of Delaware County appointed four (4) of the trustees and the remaining three (3) trustees were appointed by the Developer.

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

Since inception, the Authority has added the following additional tracks of land for development:

	<u>Acres</u>	<u>Units</u>
Rockford Homes – Track 1	35.6	38
Rockford Homes – Track 2	36.5	38
Price Farms	26.6	66
Court Yards at River Bluff	49.3	125
Clark-Shaw <u>Moors</u>	116.8	232
Triken Property	<u>80.9</u>	<u>162</u>
 Total	 <u>345.7</u>	 <u>661</u>

In accordance with the Act and the Petition, the Authority can levy a community development charge up to 10.25 mills on the assessed value of the land and improvements within the Authority for 30 years. The need and amount of the charge is determined annually by the Board of Trustees of the Authority.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 - REPORTING ENTITY – CONTINUED

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principals.

A. Basis of Accounting

The Authority’s financial statements have been prepared using the accrual basis of accounting in conformity with GAAP.

B. Basis of Presentation

The Authority’s basic financial statements consist of a statement of net position, statement of revenues, expenses and changes in net position and a statement of cash flows.

The Authority distinguishes operating revenues and expenses from non-operating activities. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with the Authority’s primary operations. All revenues and expenses not considered operating are reported as non-operating revenues and expenses.

C. Cash and Investments

Cash received by the Authority is deposited with a financial institution or invested. Deposits and investments having an original maturity of three months or less at the time they are purchased are presented in the financial statements as Cash and Cash Equivalents. Investments with an initial maturity of more than three months are reported as Investments. Investments were limited to certificates of deposits held by banks that provided FDIC protection.

D. Capital Assets

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

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net positions are available. The Authority had no restricted net position at fiscal years end 2018 and 2017.

F. Federal Income Taxes

The Authority is exempt from federal income taxes under IRS regulations.

G. Use of Estimates

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

H. Accounting Pronouncements

The following are pronouncements that either became effective during fiscal year 2018 or will become effective in future fiscal years.

The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Authority.

GASB 83 – “Certain Asset Retirement Obligations.” Effective for reporting periods beginning after June 15, 2019. The implementation of GASB Statement No. 83 is not expected to have an effect on the financial statements of the Authority.

GASB 84 – “Fiduciary Activities.” Effective for reporting periods beginning after December 15, 2019. The implementation of GASB Statement No. 84 is not expected to have an effect on the financial statements of the Authority.

GASB 85 – “Omnibus 2018.” Effective for periods beginning after June 15, 2017. The implementation of GASB Statement No. 85 is not expected to have an on the financial statements of the Authority.

GASB 86 – “Certain Debt Extinguishment Issues.” Effective for reporting periods beginning after June 15, 2017. The implementation of GASB Statement No. 86 is not expected to have an effect on the financial statements of the Authority.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

GASB 87 – “Leases.” Effective for reporting periods beginning after June 15, 2021. The implementation of GASB Statement No. 87 is not expected to have an effect on the financial statements of the Authority.

GASB 88 – “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.” Effective for reporting periods beginning after June 15, 2019. The effect of the implementation of GASB Statement No. 88 on the financial statements of the Authority is currently not known.

GASB 89 – “Accounting for Interest Cost Incurred before the End of a Construction Period.” Effective for reporting periods beginning after December 15, 2020. The effect of the implementation of GASB Statement No. 89 on the financial statements of the Authority is currently not known.

GASB 90 – “Majority Equity Interests – an amendment of GASB Statements No. 14 and Jo.61” Effective for reporting periods beginning after December 15, 2019. The implementation of GASB Statement No. 90 is not expected to have an effect on the financial statements of the Authority.

GASB 91 – “Conduit Debt Obligations.” Effective for reporting periods beginning after December 15, 2020. The implementation of GASB Statement No. 91 is not expected to have an effect on the financial statements of the Authority.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury.

Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or in withdrawable on demand accounts, including negotiable order of withdrawal (NOW) accounts or money market deposit accounts.

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

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

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 3 - DEPOSITS AND INVESTMENTS - CONTINUED

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

Deposits

Custodial Credit Risk – Deposits. This is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The carrying amount of the Authority's deposits at December 31, 2018 and 2017 was \$12,470 and \$1,393, respectively. As of December 31, 2018 and 2017, all cash balances were fully insured and secured.

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

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

Investments

There were no investments for fiscal years ended December 31, 2018 and 2017.

NOTE 4 – COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 10.25 mills on the assessed value of all property within the affected area of the Authority. The charge is currently levied at 10.25 mills. Charge revenue recognized represents the amount levied on April 1 and October 1 of 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, which is normally determined by the County.

To help offset the cost of sanitary sewer system paid by Delaware County, the Authority has agreed to revenue sharing consisting of 2 mills of the 10.25 mills of community development charge collected on property located within with Delaware County. Community development charges collected are to be remitted to the County within 45 days of the semi-annual payments. For the fiscal years ended December 31, 2018, \$9,930 in community development charges were collected and \$1,938 is owed to Delaware County as of year-end. There were no community development charges levied and collected by the Authority for the year ended December 31, 2017.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 4 – COMMUNITY DEVELOPMENT CHARGE- CONTINUED

Amounts assessed and due but not collected, are reflected as both a receivable and a deferred revenue on the statement of net position. For the years ended December 31, 2018 and 2017, the amount recorded as a receivable and deferred revenue was \$13,073 and \$9,930, respectively.

NOTE 5 – OTHER FEES AND CHARGES

Also, as provided by the Second Amendment to the Restated Intergovernmental Cooperation Agreement dated May 28, 2015, and later revised by the Third Amendment to the Restated Intergovernmental Cooperation Agreement dated June 23, 2017, to help finance the cost to plan, design, and construct additional sanitary sewer improvements within the Authority, there is a property surcharge amount of \$2,500 charged on each newly developed parcel within the Clark-Shaw Sanitary Surcharge Area. This property surcharge is collected by Delaware County and is remitted to the Authority on a quarterly basis within 15 business days of the end of each calendar quarter. During the year ended December 31, 2018, there was \$260,000 charged on property developed within the Surcharge Area, of which \$202,500 was collected during the year. There were no surcharge amount collected or remitted by the Delaware County for the years ended December 31, 2017.

NOTE 6 – LOAN FROM DEVELOPER

The Authority enter into an three-party agreement dated June 1, 2017 with the Administrator and the Trustee that governs certain operating matters related to the Authority. Section 8 of the Development Agreement, provides that “If the funds on deposit in the Administrative Expense Fund are insufficient to satisfy the Administrative Expenses of the Authority as they come due and payable, the Developer, the County, or any other Person may make one or more advances of Money to the Authority to the credit of the Administrative Expense Fund to cover any shortfall in the Administrative Expense Fund...” Section 8 further states that ”the party making such Advance shall be entitled to full reimbursement by the Authority of the amount of the Advance, plus interest from the date of the Advance, at the rate of the Bond Buyers Revenue Bond Index in effect on the date of the Advance plus two and a quarter percent (2.25%). For the period ending December 31, 2018 and 2017, Metro Development, LLC has advances to the Authority amounts that resulted in unpaid principal balance of \$305,653 and \$121,127, respectively and accrued and unpaid interest expense of \$20,366 and \$5,299 for the years ended December 31, 2018 and 2017, respectively.

NOTE 7 – CAPITAL ASSETS

The Authority entered into the Amended and Restated Intergovernmental Cooperating Agreement dated October 1, 2013 with Delaware County (IGA). In accordance with the IGA, the Authority and Developer has acquired, construct and installed certain improvements including, but not limited to, the Lower Scioto Water Reclamation Facility and associated sanitary sewer collection and conveyance systems, lift station, forcemain and effluent lines.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 7 – CAPITAL ASSETS - CONTINUED

Per the agreement, once the capital asset has been constructed and approved by Delaware County, the asset is transferred from the Authority to the County.

In some instances, Delaware County has directly paid for the infrastructure cost through cash transfers to the Authority. In other instances, the construction projects have been approved by Delaware County but constructed by the Developer. When the Developer constructs the assets, the costs are not reported on the financial statements of the Authority although the debt assumed by the Authority to pay for the construction costs is recorded once the capital asset has been approved by the Authority in accordance with the Master Trust Indenture dated September 1, 2016.

In addition to sewer infrastructure, the Developer will incur construction cost to build various home subdivisions infrastructure. This cost relates to the installation of streets, curbs and other related infrastructure needed so home can be built by home builders. As with all other infrastructure, once completed, the capital assets are transferred to Delaware County. Per the IGA, bonds are issued on behalf of the developer to pay for the construction costs in accordance with the Master Indenture Agreement and subsequent amendments.

The capital assets built and transferred to Delaware County during 2018 and 2017, represent the Clark-Shaw Trunk Sewer Projects 1, 2 and 3 and development costs associated with the installation of infrastructure for the completion of two subdivisions. Capital Assets completed and transferred to Delaware County during the years ended December 31, 2018 and 2017 follows:

2018	Beginning Balance January 1	Additional Costs	Transferred to Delaware County	Ending Balance December 31
Construction in Progress	\$ -	\$5,712,121	\$5,712,121	\$ -
Total Non-Depreciable Capital Assets	\$ -	\$5,712,121	\$5,712,121	\$ -

2017	Beginning Balance January 1	Additional Costs	Transferred to Delaware County	Ending Balance December 31
Construction in Progress	\$ 164,795	\$8,637,863	\$8,808,658	\$ -
Construction Management Costs	8,240	203,153	211,393	-
Total Non-Depreciable Capital Assets	\$ 173,035	\$8,841,016	\$ 9,014,051	\$ -

The current development plans provide for the construction of the five (5) subdivisions as listed below:

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 7 – CAPITAL ASSETS - CONTINUED

	<u>Addition Name</u>	<u>Home Builder</u>	<u>Dwellings</u>	<u>Associated Debt</u>
1	Harvest Point	Rockford Homes	38 SF Homes	\$ 727,114
2	Clark-Shaw Moors A	M/I Homes	111 SF Homes	1,168,955
3	Clark-Shaw Moors B	Rockford Homes	121 SF Homes	1,411,711
4	Price Farms	Epcon	65 Condo Units	684,523
5	River Bluff	Epcon	120 Condo Units	1,393,825
			5 SF Homes	
		Total Debt		<u>\$ 5,386,128</u>

As of December 31, 2018 and 2017, the completed subdivisions are Harvest Point and Price Farms developments. Accordingly, there is a long-term debt balance of \$727,114, and associated accrued interest payable, on the statement of net position related to the Harvest Point development and a long-term debt balance of \$903,441 and associated accrued interest on the Price Farms development. (See Note 8 Long-Term Obligations)

NOTE 8 – LONG-TERM OBLIGATIONS

2016A Bond

On September 28, 2017, the Authority issued \$727,114 in Community Facilities Bonds, Series 2016A, to pay the Developer for construction of community improvement facilities in the Harvest Point Subdivision.

The bonds have a fixed interest rate of 5.48% and are due December 1, 2046. Interest on this Bond shall be paid on June 1st and December 1st of each year, beginning June 1, 2018 and interest is computed on a 360 day year and twelve 30 day months in the following order: first, any interest which has accrued on the outstanding principal amount of this Bond; second, the unpaid principal of this Bond.

This Series 2016A Bond is a limited special obligation of the Authority, and the debt service charges (being the principal or premium, if any, and interest) are payable solely from the pledged community development charge receipts generated from the Harvest Point Subdivision. Any unpaid interest due and unpaid at the interest payment dates accumulates until paid and is not added to the principal balance.

The bonds are subject to optional redemption on any date on or after December 1, 2026, following forty-five (45) day notice. The bonds registered owners are Donald R. Kenney, Sr, Charles A. Vince, and the Infrastructure Administrative Services, LLC.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 – LONG-TERM OBLIGATIONS - CONTINUED

The scheduled mandatory principal maturity and interest payments for the Series 2016A Bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$0	\$39,846	\$39,846
2018	0	39,846	39,846
2019	0	39,846	39,846
2020	12,364	39,846	52,210
2021	13,042	39,168	52,210
2022-2026	76,744	184,305	261,049
2027-2031	100,207	160,843	261,050
2032-2036	130,841	130,207	261,048
2037-2041	170,843	90,206	261,049
2042-2046	223,073	37,976	261,049
Total	\$727,114	\$685,552	\$ 1,412,666

This Series 2016A Bond is a limited special obligation of the Authority, and the debt service charges (being the principal or premium, if any, and interest) are payable from 10.25 Mills community development charge collected on property located within the Harvest Point Subdivision located within the Authority. There have been insufficient funds to pay any accrued interest earned since inception. Accrued interest earned but not paid on the 2016A Bonds as of December 31, 2018 and 2017, was \$86,554 and \$50,029, respectively.

2018A Bond

On February 14,, 2018, the Authority issued \$4,500,000 in Community Facilities Bonds, Series 2018A, issued to Metro Development, LLC to finance the construction costs of the Clark-Shaw Trunk Sewer Project.

The bonds have a fixed interest rate of 6.46% and are due December 1, 2037. Interest on this Bond shall be paid on June 1st and December 1st of each year, beginning December 1, 2018 and interest is computed on a 360 day year and twelve 30 day months in the following order: first, any interest which has accrued on the outstanding principal amount of this Bond; second, the unpaid principal of this Bond.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 – LONG-TERM OBLIGATIONS - CONTINUED

This Series 2018A Bond is a limited special obligation of the Authority, and the debt service charges (being the principal or premium, if any, and interest) are payable from a \$2,500 Surcharge applied to all new construction within the Clark-Shaw Sanitary Sewer Area of the Authority. Further, these bonds are not a general obligation, debt or bonded indebtedness of the Authority, and neither the faith and credit nor taxing power of the Authority, the State, or any other any other political subdivision.

The Bonds are not subject to mandatory redemption or mandatory sinking fund redemptions prior to maturity. The Bonds are subject to optional redemption on any date on or after December 1, 2028, following a forty-five (45) day notice. Any unpaid interest due and unpaid at the interest payment dates accumulates until paid and is not added to the principal balance. Accrued interest incurred but not paid at December 31, 2018 was \$53,477.

2018B Bonds

On November 14, 2018, the Authority issued \$903,441 in Community Facilities Bonds, Series 2018B, issued to Concord/Scioto Development, LLC to finance the construction costs of infrastructure costs (streets, curbs, utilities) in the Price Farms Subdivision.

The bonds have a fixed interest rate of 7.10% and are due December 1, 2046. Interest on this Bond shall be paid on June 1st and December 1st of each year, beginning December 1, 2020 and interest is computed on a 360 day year and twelve 30 day months in the following order: first, any interest which has accrued on the outstanding principal amount of this Bond; second, the unpaid principal of this Bond.

This Series 2018B Bond is a limited special obligation of the Authority, and the debt service charges (being the principal or premium, if any, and interest) are payable from 10.25 Mills community development charge collected on property located within the Price Farms Subdivision. Further, these bonds are not a general obligation, debt or bonded indebtedness of the Authority, and neither the faith and credit nor taxing power of the Authority, the State, or any other any other political subdivision. Any unpaid interest due and unpaid at the interest payment dates accumulates until paid and is not added to the principal balance. Accrued interest incurred but not paid at December 31, 2018 was \$8,021.

The Bonds are subject to a mandatory redemption and mandatory sinking fund redemptions prior to maturity as follows:

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 8 – LONG-TERM OBLIGATIONS - CONTINUED

<u>Year(s)</u>	<u>Principal</u>
2022	14,080
2023	15,080
2024	16,150
2025	17,297
2026	18,525
2027-2031	114,325
2032-2036	161,098
2037-2041	227,007
2042-2046	319,879
2042-2046	223,073
Total	<u>\$903,441</u>

The Bonds are subject to optional redemption on any date on or after December 1, 2028, following forty-five (45) day notice.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 9 – RISK POOL MEMBERSHIP

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

NOTE 10- RELATED PARTY

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

The Authority has an "Infrastructure Acquisition and Construction Agreements" with the Developer Concord/Scioto Development, LLC. and Metro Development, LLC to acquire and construct the infrastructure within the Authority's territory for which it was established.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 10- RELATED PARTY - CONTINUED

Under previous agreements, Developer owned companies receive a 5% management fee for managing the construction process which includes among other activities, the selection of contractors and signing contracts for the construction of the Authority's infrastructure. The Developer supervised and approved all construction work including construction company draws of funds. Concord/Scioto Development, LLC and Metro Development, LLC has Triangle Properties, Inc. as its sole owner. Triangle Properties is owned by Donald R. Kenney, and Charles A Vince who are currently the chairperson and vice-chairperson of the Authority's Board of Trustees.

Since February of 2017, Metro Development, LLC has loaned the Authority a total of \$305,653 with accrued and unpaid interest of \$19,220 through the period ended December 31, 2018 to finance the Authority's ongoing administrative expenses. These amounts will be reimbursed to Metro Development, LLC once the Authority receive sufficient funds from community development charges for the various subdivisions within the Authority.

On September 28, 2017, the Authority issued \$727,114 in Community Facilities Bonds, Series 201BA, for the purpose of providing funds to acquire community facilities located in the Harvest Point Project from Rockford Homes. On September 28, 2017 in consideration of the timing and uncertainty of the payment of the principal and interest on the Note, Rockford Homes assigned and sold the Note to Concord/Scioto Development LLC which as mentioned above is owned by Donald R. Kenney and Charles A. Vince, members of the Authority's Board of Trustees.

On February 14, 2018, the Authority issued Bond Series 2018A for \$4,500,000 to finance the cost of construction for the Clark-Shaw Trunk Sewer Project. Bond Series 2018A was issued to Metro Development, LLC, which as mentioned above is owned by Donald R. Kenney and Charles A. Vince, members of the Authority's Board of Trustees.

On November 14, 2018, the Authority issued Bond Series 2018B for \$903,441 to finance the construction costs of infrastructure costs in the Price Farms Subdivision. Bond Series 2018B was issued to Concord/Scioto Development, LLC, which as mentioned above is owned by Donald R. Kenney and Charles A. Vince, members of the Authority's Board of Trustees.

NOTE 11-INTERGOVERNMENTAL TRANSFERS & DEFERRED INFLOWS OF RESOURCES

On October 1, 2013, the Restated Intergovernmental Cooperation Agreement (IGA) was executed between the Authority, Delaware County, and the Developer for the construction of the O'Shaughnessy Pump Station to support the water treatment plant that was previously constructed by the Authority and transferred to Delaware County in 2013. The agreement, which was subsequently amended, provides that Delaware County assumed the responsibility for financing the design and construction of the pump station for a price not to exceed \$4,000,000.

**CONCORD SCIOTO COMMUNITY AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 11—INTERGOVERNMENTAL TRANSFERS & DEFERRED INFLOWS OF RESOURCES - CONTINUED

In addition, as provided by IGA and later amendments, Delaware County agreed to construct infrastructure for the Clark-Shaw Sewer Projects 1 and 3 at a price not to exceed \$4,000,000 with subsequent modifications to exceed \$4,500,000. Upon approval by the County of each Application and Certificate for Payment submitted by the Developer, the County transferred into the Authority's account an amount equal to the payment request. For the years ended December 31, 2018 and 2017, Delaware County transferred \$308,680 and \$4,266,217 respectively, to the Authority to fund construction project costs for Projects 1 and 3.

On November 16, 2017 the Authority's Board of Trustees approved the Fourth Amendment to the Amended and Restated Intergovernmental Cooperation Agreement for the purpose of approving Project #4, the design and construction of a .94 mile extension of the Steitz Road.

Under the Fourth Amendment, Delaware County agreed to contribute up to \$2,100,000 towards the cost of Project #4 and the Authority agreed to contribute the balance of the cost to complete Project #4. The current estimated cost to complete Project #4 is \$4,818,822, so the County's portion represents 43.5% of the likely total cost. There were no cost incurred under Project #4 as of December 31, 2018.

NOTE 12 – CONTINGENT LIABILITIES

There are no claims or lawsuits pending against the Authority.

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Concord Scioto Community Authority, Delaware County, Ohio, (the Authority) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated October 8, 2020.

Internal Controls Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *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, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

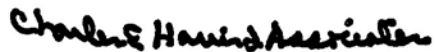
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted a certain matter not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated October 8, 2020.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

October 8, 2020

OHIO AUDITOR OF STATE KEITH FABER



CONCORD SCIOTO COMMUNITY AUTHORITY

DELAWARE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/15/2020

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

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