

**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY**  
**DELAWARE COUNTY, OHIO**

**Basic Financial Statements**  
**(Audited)**

**For the Years Ended**  
**December 31, 2019 and 2018**





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Board of Trustees  
Berkshire Landing New Community Authority  
140 North Sandusky Street  
Delaware, Ohio 43015

We have reviewed the *Independent Auditor's Report* of the Berkshire Landing New Community Authority, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Berkshire Landing New Community Authority is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

September 21, 2020

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**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY, OHIO**

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## **Independent Auditor's Report**

Berkshire Landing New Community Authority  
Delaware County  
140 North Sandusky Street  
Delaware, Ohio 43015

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Berkshire Landing New Community Authority, Delaware County, Ohio, as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements, which collectively comprise the Berkshire Landing New 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 Berkshire Landing New 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 Berkshire Landing New Community Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berkshire Landing New Community Authority, Delaware County, Ohio, as of December 31, 2019 and December 31, 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matters***

As discussed in Note 9, for the year ended December 31, 2018, a prior period restatement was required due to the Authority over accruing amounts due to other governments. As described in Note 9, for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Berkshire Landing New Community Authority. We did not modify our opinion regarding these matters.

***Other Matters***

***Prior Period Financial Statements Audited by a Predecessor Auditor***

The financial statements of the Berkshire Landing New Community Authority, Delaware County, Ohio, as of and for the year ended December 31, 2017, were audited by a predecessor auditor whose report dated October 31, 2018, expressed an unmodified opinion on those statements.

***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 July 24, 2020, on our consideration of the Berkshire Landing New 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 Berkshire Landing New Community Authority's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 24, 2020



## **BERKSHIRE LANDING NEW COMMUNITY AUTHORITY**

### **Management's Discussion and Analysis**

Years Ended December 31, 2019 and 2018

Unaudited

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The management's discussion and analysis of the Berkshire Landing New Community Authority's (Authority) financial performance provides an overall review of the Authority's financial activities for the years ended December 31, 2019 and 2018. While the intent of this discussion and analysis is to look at the Authority's financial performance, readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Authority's fiscal performance.

### **Financial Highlights**

Key highlights for 2019:

- Tanger Outlets commenced business in June 2016 and began collecting community development charges. The Authority experienced a 1% increase in these charges in 2019.
- The Authority's total net position increased \$27,894 and \$51,561 in 2019 and 2018, respectively.

### **Overview of the Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Authority's financial activities and financial position. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Authority, including all short-term and long-term financial resources and obligations.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Authority. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided on the basic financial statements.

These financial statements look at all financial transactions and ask the question, "How did we do financially?" These statements provide answers to that question. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenues and expenses of the Authority using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Authority's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the Authority has improved or diminished. However, in evaluating this position, non-financial information such as occupancy will also need to be evaluated. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided.

## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Unaudited

#### Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Authority assets exceeded liabilities and deferred inflows by \$221,001 and \$193,107 as of December 31, 2019 and 2018.

The following table provides a summary of the Authority's net position for the years ended December 31, 2019, 2018 and 2017:

	2019	2018	2017
<b>Assets</b>			
Current and other assets	\$ 2,789,168	\$ 2,608,541	\$ 2,793,377
<b>Total Assets</b>	<u>2,789,168</u>	<u>2,608,541</u>	<u>2,793,377</u>
<b>Liabilities</b>			
Current liabilities	1,144,868	1,047,699	1,284,096
<b>Total Liabilities</b>	<u>1,144,868</u>	<u>1,047,699</u>	<u>1,284,096</u>
<b>Deferred Inflows of Resources</b>	<u>1,423,299</u>	<u>1,367,735</u>	<u>1,367,735</u>
<b>Net Position</b>			
Unrestricted	221,001	193,107	141,546
<b>Total Net Position</b>	<u>\$ 221,001</u>	<u>\$ 193,107</u>	<u>\$ 141,546</u>

In 2016, Tanger Outlets opened for business, so the Authority began collecting community development charges which will be used to pay operating costs and debt service.

As discussed in Note 8 to the financial statements, the Authority is party to a Cooperative Agreement with Delaware County Finance Authority, Delaware County and Berkshire Township. The Finance Authority has issued revenue bonds to pay for construction of certain improvements. The sources for repayment of bonds and related interest are tax increment financing (TIF) Payments which have been assigned by Berkshire Township to the Authority and the Authority's own facility charge revenues collected. In 2018, current liabilities decreased primarily due to catching up on the assessed valuation charge distributions owed to the City of Delaware, Berkshire Township, and the B.S.T & G. Fire District. In 2019, current liabilities increased due to timing of payments of the assessed valuation charge distributions owed to the City of Delaware, Berkshire Township, and the B.S.T & G. Fire District (2018 distributions were paid in November 2018, whereas 2019 distributions were paid in January 2020).

The Authority's net position increased in both 2019 and 2018. The reasons for these increases are discussed in the following section.

## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Unaudited

The following table provides a summary of the changes in the Authority's net position for the years ended December 31, 2019, 2018 and 2017:

**Table 2**  
**Changes in Net Position**

	2019	2018	2017
<b>Operating revenues:</b>			
Assessed valuation charges	\$ 315,053	\$ 315,053	\$ 271,023
Facility charges	641,955	635,659	620,885
<i>Total operating revenues</i>	<u>957,008</u>	<u>950,712</u>	<u>891,908</u>
<b>Operating expenses:</b>			
Professional services	20,173	25,520	16,039
School compensation	100,000	100,000	70,000
Other operating expenses	32,996	71,179	6,775
<i>Total operating expenses</i>	<u>153,169</u>	<u>196,699</u>	<u>92,814</u>
<i>Operating income</i>	<u>803,839</u>	<u>754,013</u>	<u>799,094</u>
<b>Nonoperating revenues (expenses):</b>			
Assessed valuation charges	(233,990)	(166,793)	(166,792)
Pledged revenue	1,367,735	1,367,735	476,862
Pass-through distributions to trustee	(1,367,735)	(1,367,735)	(476,862)
Pledged revenue to trustee	(541,955)	(535,659)	(620,885)
<i>Total nonoperating revenues (expenses)</i>	<u>(775,945)</u>	<u>(702,452)</u>	<u>(787,677)</u>
<i>Change in net position</i>	27,894	51,561	11,417
<i>Net position, beginning of year</i>	<u>193,107</u>	<u>141,546</u>	<u>130,129</u>
<i>Net position, end of year</i>	<u>\$ 221,001</u>	<u>\$ 193,107</u>	<u>\$ 141,546</u>

As noted above, the Authority began collecting its community development charges in the form of Assessed Valuation Charges and Facility Charges in 2016. The assessed valuation charges assessed by the Authority were increased slightly from 2017 to 2018 and remained the same in 2019. Facility charges collections have been steady, increasing by 2% in 2018 and 1% in 2019.

In accordance with the Cooperative Agreement discussed above, the Authority recorded the assigned TIF payments as both a nonoperating revenue and a corresponding expense. The Authority also recorded a nonoperating expense for its pledge of facility charges revenue recognized in 2017, 2018 and 2019 for debt service.

### Capital Assets and Debt Administration

As of December 31, 2019 and 2018, the Authority owns no capital assets and has no outstanding debt issued in its name.

## **BERKSHIRE LANDING NEW COMMUNITY AUTHORITY**

### **Management's Discussion and Analysis**

Years Ended December 31, 2019 and 2018

Unaudited

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#### **Economic Factors and Future Trends**

As noted above, Tanger Outlets is open for business. The Authority is collecting community development charges as expected and monitoring its ability to pay future pledged debt service as well as ongoing operational costs.

#### **Requests for Information**

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the Authority's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Authority's Treasurer, 101 North Sandusky Street, Delaware, Ohio 43015.

**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2019 AND 2018**

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 1,279,197	1,152,798
Pledged revenue receivable	1,423,299	1,367,735
Facility charges receivable	<u>86,672</u>	<u>88,008</u>
Total current assets	<u>2,789,168</u>	<u>2,608,541</u>
Total assets	<u>2,789,168</u>	<u>2,608,541</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	27,836	1,000
Pledged revenue payable to trustee	950,239	1,046,699
Due to other governments	<u>166,793</u>	<u>-</u>
Total current liabilities	<u>1,144,868</u>	<u>1,047,699</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pledged revenue	<u>1,423,299</u>	<u>1,367,735</u>
<b>NET POSITION</b>		
Unrestricted	<u>221,001</u>	<u>193,107</u>
Total net position	<u>\$ 221,001</u>	<u>193,107</u>

**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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	<u>2019</u>	<u>2018</u>
<b>Operating revenues:</b>		
Assessed valuation charges	\$ 315,053	315,053
Facility charges	<u>641,955</u>	<u>635,659</u>
Total operating revenues	<u>957,008</u>	<u>950,712</u>
<b>Operating expenses:</b>		
Professional services	20,173	25,520
Bank charges	6,758	7,040
Maintenance	25,388	52,783
Insurance	350	350
Other	500	11,006
School district compensation	<u>100,000</u>	<u>100,000</u>
Total operating expenses	<u>153,169</u>	<u>196,699</u>
Operating income	803,839	754,013
<b>Non-operating revenues (expenses):</b>		
Pledged revenue	1,367,735	1,367,735
Pass-through distributions to trustee	(1,367,735)	(1,367,735)
Assessed valuation charge distributions	(233,990)	(166,793)
Pledged revenue to trustee	<u>(541,955)</u>	<u>(535,659)</u>
Total non-operating revenues (expenses)	<u>(775,945)</u>	<u>(702,452)</u>
Change in net position	27,894	51,561
Net position - beginning of year	<u>193,107</u>	<u>141,546</u>
Net position - end of year	\$ <u>221,001</u>	<u>193,107</u>

**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Cash received from tenants and land owners	\$ 958,344	942,273
Cash paid for goods and services	<u>(126,333)</u>	<u>(197,699)</u>
Net cash provided by operating activities	<u>832,011</u>	<u>744,574</u>
<b>Cash flows from noncapital financing activities:</b>		
Payments to trustee	(638,415)	(542,712)
Payments to other governments	<u>(67,197)</u>	<u>(395,137)</u>
Net cash used for noncapital financing activities	<u>(705,612)</u>	<u>(937,849)</u>
Net change in cash	126,399	(193,275)
Cash at beginning of year	<u>1,152,798</u>	<u>1,346,073</u>
Cash at end of year	\$ <u>1,279,197</u>	<u>1,152,798</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 803,839	754,013
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Facility charges receivable	1,336	(8,439)
Accounts payable	<u>26,836</u>	<u>(1,000)</u>
Net cash provided by operating activities	\$ <u>832,011</u>	<u>744,574</u>

Non-cash activity from capital and related financing activities:

In 2019 and 2018, the Authority received \$1,367,735, respectively, in pledged revenue from Berkshire Township.

## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Notes to Basic Financial Statements Years Ended December 31, 2019 and 2018

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#### 1. REPORTING ENTITY

The Berkshire Landing New Community Authority, Delaware County, Ohio (the "Authority") is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). Berkshire Crossing Development, LLC (the Developer) filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio, (Commissioners) and the Petition was accepted by Resolution No. 15-147 of the Commissioners on February 5, 2015. The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated improvements and community facilities with Community Development Charges.

By its Resolution, the Commissioners determined the 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 ORC. The Authority thereby was organized as a body corporate and politic in the State. While the Authority was formed in 2015, no financial activity occurred until 2016.

By law, the Authority is governed by a seven-member board of trustees. At inception, the Commissioners appointed four of the trustees and the remaining three trustees were appointed by the Developer.

The Authority includes approximately 60 acres of land located in Berkshire Township, Delaware, Ohio with a development of an approximately 350,000 square foot outlet center known as Tanger Outlets. The Tanger Outlets' grand opening was in June 2016.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus, Basis of Accounting and Basis of Presentation** – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues are those revenues that are generated from the primary activity of the Authority and consist of both assessed valuation charges and facility charges. Operating expenses consist primary of administrative expenses and school district compensation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**Cash** – The Authority considers all highly liquid investments with an original maturity of three months or less at the time they are purchased to be cash.

**Deferred Inflows of Resources** – In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources include tax increment financing (TIF) receipts. Receivables for TIF receipts represent amounts that are measurable as of year-end, but are intended to finance the subsequent year activities.



## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Notes to Basic Financial Statements Years Ended December 31, 2019 and 2018

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**Net Position** – Net position represents the difference between assets, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Use of Estimates** – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### 3. DEPOSITS

**Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a custodial risk policy beyond the requirements of State statute. As of December 31, 2019 and 2018, the bank balance of the Authority's deposits was \$1,279,197 and \$1,168,437, respectively. This balance was covered by the Federal Depository Insurance Corporation (FDIC) or pooled collateral as discussed below. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Authority or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured, unless the financial institution participates in the Ohio Treasurer of State's Ohio Collateral Pool System, which reduces the market value to one hundred two percent of the deposits being secured.

#### 4. COMMUNITY DEVELOPMENT CHARGES

The Authority can levy community development charges, as defined, for the benefit and use of the Authority to cover all or part of land acquisitions, development, construction, operation and maintenance of land, land development and community facilities, the debt service therefor and any other cost incurred by the Authority. The Authority levies both an Assessed Valuation Charge and Facilities Charge.

##### **Assessed Valuation Charge**

The Assessed Valuation Charge is an annual charge on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. Consistent with the Petition, the Authority levied an Assessed Valuation Charge of 4.5 mills which is intended to cover costs of acquisition, development and maintenance of land as well as debt service and operations. For 2019 and 2018, the Authority also levied a supplemental Assessed Valuation Charge of 4 mills on the total Assessed Valuation. Assessed Valuation Charge revenue of \$315,053 recognized in 2019 and 2018, respectively, represents the total monies levied for each year.

## **BERKSHIRE LANDING NEW COMMUNITY AUTHORITY**

### **Notes to Basic Financial Statements Years Ended December 31, 2019 and 2018**

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The Authority passed a resolution to pay amounts collected from the Assessed Valuation Charge in equal amounts to the City of Delaware, Berkshire Township and the B.S.T & G. Fire District. These distributions have been recorded as assessed valuation expenses in the amount of \$233,990 and \$166,793 in 2019 and 2018, respectively.

#### ***Facility Charge***

The Authority has levied a Facility Charge upon all retail sales conducted within the Authority of one-half one percent (0.5%) of the price paid by each consumer in connection with such retail sales. The Facility Charge is collected by tenants from consumers and remitted on a monthly basis. Facility charges revenues in 2019 and 2018 were \$641,955 and \$635,659, respectively.

Pursuant to the Cooperative Agreement and the Declaration of Covenants, Restrictions and Agreements for Berkshire Landing New Community Authority (Columbus Outlets Property) in the County of Delaware Ohio, recorded June 29, 2015, the Authority agreed to pledge 100% of facilities charges to the trustees for the purpose of paying on the Community Facilities Revenue Bonds, Series 2017. These monies on the Statement of Net Position are presented as Pledged revenue payable to trustee.

#### **5. RELATED PARTY TRANSACTIONS**

Under an agreement with the Authority, the Developer was responsible for overseeing the construction and development of the public infrastructure projects. In addition, the Developer will fulfill certain administrative and operational functions for the Authority on an ongoing basis. The Developer has paid operating costs on behalf of the Authority for which it is eligible for reimbursement.

By law, the Authority is governed by a seven-member board of trustees. The Board of County Commissioners of Delaware County appointed four of the trustees and the remaining three trustees were appointed by the Developer. The trustees appointed by the Developer are employees of a related party to the Developer.

#### **6. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; and natural disasters. The Authority maintains insurance coverage with private carriers for property and general liability insurance. Settled claims did not exceed coverage for the years ended December 31, 2019 and 2018 and there was no significant change in coverage from the prior year.

#### **7. PLEDGED REVENUE, COOPERATIVE AGREEMENT AND REVENUE BONDS**

In December 2017, the Delaware County Finance Authority (Finance Authority) issued Community Facilities Revenue Bonds pursuant to a Trust Indenture dated as of December 1, 2017 between the Finance Authority and U.S. Bank National Association, as Trustee (Trustee). Principal and interest on the Series 2017 Bonds will be payable solely by the Finance Authority from the revenues received pursuant to a Cooperative Agreement (Agreement) among the Finance Authority, the Authority, Delaware County, Berkshire Township, and the Developer.

The Revenue Bonds of \$9,980,000 have a final maturity of December 1, 2026 and bear interest at rates ranging from 4% to 5%. The bonds were issued to pay costs of certain

## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Notes to Basic Financial Statements Years Ended December 31, 2019 and 2018

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public improvements constructed by the Developer in accordance with the requirements of the Development Agreement dated April 6, 2015 by and among the County, the Developer, the Authority, and the Township, with the approval of the Ohio Department of Transportation.

The Bonds are payable from revenues consisting primarily of financing payments as defined in the Agreement. Pursuant to the Agreement, the Authority is obligated to make financing payments, solely from the TIF Payments received by the Authority or County Treasurer on behalf of the Authority and the Facilities Charges received by the Authority. The Township has assigned TIF Payments to the Authority and directed those to be paid directly to the Trustee on behalf of the Authority. The Authority has recorded the TIF receipts assigned by the Township in 2019 and 2018 as nonoperating revenue and corresponding pass-through distribution to the Trustee as those receipts were sent directly to the Trustee. The Authority has also recorded an expense and liability due to the Trustee for facility charges recognized as revenue and pledged in accordance with GASB Statement No. 48, *Sales and Pledges of Receivable and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

Principal and interest payments to retire the Bonds as of December 31, 2019 are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$	880,000	393,550	1,273,550
2021		940,000	358,350	1,298,350
2022		1,000,000	320,750	1,320,750
2023		1,070,000	270,750	1,340,750
2024		1,145,000	217,250	1,362,250
2025-2026		<u>3,200,000</u>	<u>258,500</u>	<u>3,458,500</u>
Total	\$	<u>8,235,000</u>	<u>1,819,150</u>	<u>10,054,150</u>

#### 8. TAX INCREMENT FINANCING AGREEMENT

On December 1, 2017, the Authority along with the Berkshire Township, Delaware County, Delaware County Finance Authority, and Columbus Outlets, LLC entered into a cooperative agreement. Under the Development Agreement, the Developer agreed to incur certain upfront costs of the initial construction and completion of the Project on behalf of the County, the New Community Authority and the Township, provided that upon the completion such costs of the Project (in excess of the County Contribution, as defined herein) would be reimbursed to the Developer from TIF Payments (defined below) contributed by the Township and facility charges levied by the Authority.

## **BERKSHIRE LANDING NEW COMMUNITY AUTHORITY**

### **Notes to Basic Financial Statements Years Ended December 31, 2019 and 2018**

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In order to provide funding for the Project, the County contributed \$8 million to provide a portion of the cost of the Project, the Township agreed to provide an exemption from 75% of real property taxes of the improvements (as defined in Section 5709.73 of the Ohio Revised Code) associated with the Development, and to require the owner of the Development to make payments in lieu of taxes ("TIF Payments") in an amount equal to the real property taxes so exempted, and to make such TIF Payments available to pay costs of the Project and the New Community Authority agreed to levy a facility charge, in accordance with Chapter 349 of the Ohio Revised Code equal to 1/2 of 1% of all sales at retail occurring at the Development and contribute such amounts towards the costs of the Project.

#### **9. SUBSEQUENT EVENT**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

## **BERKSHIRE LANDING NEW COMMUNITY AUTHORITY**

### **Management's Discussion and Analysis**

Years Ended December 31, 2018

Unaudited

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The management's discussion and analysis of the Berkshire Landing New Community Authority's (Authority) financial performance provides an overall review of the Authority's financial activities for the years ended December 31, 2018 and 2017. While the intent of this discussion and analysis is to look at the Authority's financial performance, readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Authority's fiscal performance.

### **Financial Highlights**

Key highlights for 2018:

- The Authority experienced its first full year of collecting community development charges in 2017 as the Tanger Outlets commenced business in June 2016. The Authority experienced a 7% increase in these charges in 2018.
- The Authority's total net position increased \$51,561 and \$11,417 in 2018 and 2017, respectively.

### **Overview of the Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Authority's financial activities and financial position. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Authority, including all short-term and long-term financial resources and obligations.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Authority. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided on the basic financial statements.

These financial statements look at all financial transactions and ask the question, "How did we do financially?" These statements provide answers to that question. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenues and expenses of the Authority using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Authority's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the Authority has improved or diminished. However, in evaluating this position, non-financial information such as occupancy will also need to be evaluated. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided.

## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Management's Discussion and Analysis

Years Ended December 31, 2018

Unaudited

#### Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Authority assets exceeded liabilities and deferred inflows by \$193,107 and \$141,546 as of December 31, 2018 and 2017.

The following table provides a summary of the Authority's net position for the years ended December 31, 2018, 2017 and 2016:

**Table 1**  
**Net Position**

	2018	Restated 2017	Restated 2016
<b>Assets</b>			
Current and other assets	\$ 2,608,541	\$ 2,793,377	\$ 1,180,752
<b>Total Assets</b>	<u>2,608,541</u>	<u>2,793,377</u>	<u>1,180,752</u>
<b>Liabilities</b>			
Current liabilities	1,047,699	1,284,096	573,761
<b>Total Liabilities</b>	<u>1,047,699</u>	<u>1,284,096</u>	<u>573,761</u>
<b>Deferred Inflows of Resources</b>	<u>1,367,735</u>	<u>1,367,735</u>	<u>476,862</u>
<b>Net Position</b>			
Unrestricted	193,107	141,546	130,129
<b>Total Net Position</b>	<u>\$ 193,107</u>	<u>\$ 141,546</u>	<u>\$ 130,129</u>

In 2016, Tanger Outlets opened for business, so the Authority began collecting community development charges which will be used to pay operating costs and debt service.

As discussed in Note 8 to the financial statements, the Authority is party to a Cooperative Agreement with Delaware County Finance Authority, Delaware County and Berkshire Township. The Finance Authority has issued revenue bonds to pay for construction of certain improvements. The sources for repayment of bonds and related interest are tax increment financing (TIF) Payments which have been assigned by Berkshire Township to the Authority and the Authority's own facility charge revenues collected. In 2017, current liabilities increased primarily due to recording the Authority's obligation for the revenues pledged to make debt service payments. In 2018, current liabilities decreased primarily due to catching up on the assessed valuation charge distributions owed to the City of Delaware, Berkshire Township, and the B.S.T & G. Fire District.

Cash increased by \$746,011 during 2017, because the Authority was holding both 2016 and 2017 facility charge collections as of December 31, 2017, and operating expenses have been significantly less than the collected assessed valuation charges. In 2018, the net position increased due to remitting pledged revenues to the trustee for debt repayment and assessed valuation distributions due to other governments.

## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Management's Discussion and Analysis

Years Ended December 31, 2018

Unaudited

The following table provides a summary of the changes in the Authority's net position for the years ended December 31, 2018, 2017 and 2016:

**Table 2**  
**Changes in Net Position**

	2018	Restated 2017	Restated 2016
<b>Operating revenues:</b>			
Assessed valuation charges	\$ 315,053	\$ 271,023	\$ 271,023
Facility charges	635,659	620,885	432,867
<b>Total operating revenues</b>	<b>950,712</b>	<b>891,908</b>	<b>703,890</b>
<b>Operating expenses:</b>			
Professional services	25,520	16,039	19,033
School compensation	100,000	70,000	30,000
Other operating expenses	71,179	6,775	30,309
<b>Total operating expenses</b>	<b>196,699</b>	<b>92,814</b>	<b>79,342</b>
<b>Operating income</b>	<b>754,013</b>	<b>799,094</b>	<b>624,548</b>
<b>Nonoperating revenues (expenses):</b>			
Assessed valuation charges	(166,793)	(166,792)	(61,552)
Pledged revenue	1,367,735	476,862	-
Pass-through distributions to trustee	(1,367,735)	(476,862)	-
Pledged revenue to trustee	(535,659)	(620,885)	(432,867)
<b>Total nonoperating revenues (expenses)</b>	<b>(702,452)</b>	<b>(787,677)</b>	<b>(494,419)</b>
<b>Change in net position</b>	<b>51,561</b>	<b>11,417</b>	<b>130,129</b>
<b>Net position, beginning of year</b>	<b>141,546</b>	<b>130,129</b>	<b>-</b>
<b>Net position, end of year</b>	<b>\$ 193,107</b>	<b>\$ 141,546</b>	<b>\$ 130,129</b>

As noted above, the Authority began collecting its community development charges in the form of Assessed Valuation Charges and Facility Charges in 2016. The assessed valuation charges assessed by the Authority were the same in both 2016 and 2017 and increased slightly in 2018. Facility charges increased significantly in 2017 as the Tanger Outlets were in operation for a full year as opposed to seven months in 2016. Facility charges increased 2% in 2018.

In accordance with the Cooperative Agreement discussed above, the Authority recorded the assigned TIF payments as both a nonoperating revenue and a corresponding expense. The Authority also recorded a nonoperating expense for its pledge of facility charges revenue recognized in 2016, 2017 and 2018 for debt service.

### Capital Assets and Debt Administration

As of December 31, 2018 and 2017, the Authority owns no capital assets and has no outstanding debt issued in its name.

## **BERKSHIRE LANDING NEW COMMUNITY AUTHORITY**

### **Management's Discussion and Analysis**

Years Ended December 31, 2018

Unaudited

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#### **Economic Factors and Future Trends**

As noted above, Tanger Outlets is open for business. The Authority is collecting community development charges as expected and monitoring its ability to pay future pledged debt service as well as ongoing operational costs.

#### **Requests for Information**

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the Authority's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Authority's Treasurer, 101 North Sandusky Street, Delaware, Ohio 43015.



**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR 2017)**

	<u>2018</u>	<i>Restated</i> <u>2017</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 1,152,798	1,346,073
Pledged revenue receivable	1,367,735	1,367,735
Facility charges receivable	<u>88,008</u>	<u>79,569</u>
Total current assets	<u>2,608,541</u>	<u>2,793,377</u>
Total assets	<u>2,608,541</u>	<u>2,793,377</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,000	2,000
Pledged revenue payable to trustee	1,046,699	1,053,752
Due to other governments	<u>-</u>	<u>228,344</u>
Total current liabilities	<u>1,047,699</u>	<u>1,284,096</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pledged revenue	<u>1,367,735</u>	<u>1,367,735</u>
<b>NET POSITION</b>		
Unrestricted	<u>193,107</u>	<u>141,546</u>
Total net position	<u>\$ 193,107</u>	<u>141,546</u>

**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 YEAR ENDED DECEMBER 31, 2018  
 (WITH COMPARATIVE AMOUNTS FOR 2017)**

	<u>2018</u>	<i>Restated</i> <u>2017</u>
<b>Operating revenues:</b>		
Assessed valuation charges	\$ 315,053	271,023
Facility charges	<u>635,659</u>	<u>620,885</u>
Total operating revenues	<u>950,712</u>	<u>891,908</u>
<b>Operating expenses:</b>		
Professional services	25,520	16,039
Bank charges	7,040	6,235
Maintenance	52,783	-
Insurance	350	350
Other	11,006	190
School district compensation	<u>100,000</u>	<u>70,000</u>
Total operating expenses	<u>196,699</u>	<u>92,814</u>
Operating income	754,013	799,094
<b>Non-operating revenues (expenses):</b>		
Pledged revenue	1,367,735	476,862
Pass-through distributions to trustee	(1,367,735)	(476,862)
Assessed valuation charge distributions	(166,793)	(166,792)
Pledged revenue to trustee	<u>(535,659)</u>	<u>(620,885)</u>
Total non-operating revenues (expenses)	<u>(702,452)</u>	<u>(787,677)</u>
Change in net position	51,561	11,417
Net position - beginning of year, <i>restated</i>	<u>141,546</u>	<u>130,129</u>
Net position - end of year	\$ <u><u>193,107</u></u>	<u><u>141,546</u></u>

**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY  
STATEMENTS OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018  
(WITH COMPARATIVE AMOUNTS FOR 2017)**

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	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Cash received from tenants and land owners	\$ 942,273	916,167
Cash paid for goods and services	<u>(197,699)</u>	<u>(170,156)</u>
Net cash provided by operating activities	<u>744,574</u>	<u>746,011</u>
<b>Cash flows from noncapital financing activities:</b>		
Payments to trustee	(542,712)	-
Payments to other governments	<u>(395,137)</u>	<u>-</u>
Net cash used for noncapital financing activities	<u>(937,849)</u>	<u>-</u>
Net change in cash	(193,275)	746,011
Cash at beginning of year	<u>1,346,073</u>	<u>600,062</u>
Cash at end of year	<u>\$ 1,152,798</u>	<u>1,346,073</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 754,013	799,094
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Facility charges receivable	(8,439)	24,259
Accounts payable	(1,000)	(14,070)
Due to developer	<u>-</u>	<u>(63,272)</u>
Net cash provided by operating activities	<u>\$ 744,574</u>	<u>746,011</u>

Non-cash activity from capital and related financing activities:

In 2018, the Authority received \$1,367,735 in pledged revenue from Berkshire Township.  
In 2017, the Authority received \$476,862 in pledged revenue from Berkshire Township.

## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Notes to Basic Financial Statements Year Ended December 31, 2018 (With Comparative Amounts for 2017)

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#### 1. REPORTING ENTITY

The Berkshire Landing New Community Authority, Delaware County, Ohio (the "Authority") is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). Berkshire Crossing Development, LLC (the Developer) filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio, (Commissioners) and the Petition was accepted by Resolution No. 15-147 of the Commissioners on February 5, 2015. The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated improvements and community facilities with Community Development Charges.

By its Resolution, the Commissioners determined the 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 ORC. The Authority thereby was organized as a body corporate and politic in the State. While the Authority was formed in 2015, no financial activity occurred until 2016.

By law, the Authority is governed by a seven-member board of trustees. At inception, the Commissioners appointed four of the trustees and the remaining three trustees were appointed by the Developer.

The Authority includes approximately 60 acres of land located in Berkshire Township, Delaware, Ohio with a development of an approximately 350,000 square foot outlet center known as Tanger Outlets. The Tanger Outlets' grand opening was in June 2016.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Measurement Focus, Basis of Accounting and Basis of Presentation** – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues are those revenues that are generated from the primary activity of the Authority and consist of both assessed valuation charges and facility charges. Operating expenses consist primary of administrative expenses and school district compensation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**Cash** – The Authority considers all highly liquid investments with an original maturity of three months or less at the time they are purchased to be cash.

**Deferred Inflows of Resources** – In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the Authority, deferred inflows of resources include tax increment financing (TIF) receipts. Receivables for TIF receipts represent amounts that are measurable as of year-end, but are intended to finance the subsequent year activities.

## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Notes to Basic Financial Statements Year Ended December 31, 2018 (With Comparative Amounts for 2017)

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**Net Position** – Net position represents the difference between assets, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Use of Estimates** – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### 3. DEPOSITS

**Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a custodial risk policy beyond the requirements of State statute. As of December 31, 2018 and 2017, the bank balance of the Authority's deposits was \$1,168,437 and \$1,346,073, respectively. This balance was covered by the Federal Depository Insurance Corporation (FDIC) or pooled collateral as discussed below. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Authority or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured, unless the financial institution participates in the Ohio Treasurer of State's Ohio Collateral Pool System, which reduces the market value to one hundred two percent of the deposits being secured.

#### 4. COMMUNITY DEVELOPMENT CHARGES

The Authority can levy community development charges, as defined, for the benefit and use of the Authority to cover all or part of land acquisitions, development, construction, operation and maintenance of land, land development and community facilities, the debt service therefor and any other cost incurred by the Authority. The Authority levies both an Assessed Valuation Charge and Facilities Charge.

##### **Assessed Valuation Charge**

The Assessed Valuation Charge is an annual charge on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. Consistent with the Petition, the Authority levied an Assessed Valuation Charge of 4.5 mills which is intended to cover costs of acquisition, development and maintenance of land as well as debt service and operations. For 2018 and 2017, the Authority also levied a supplemental Assessed Valuation Charge of 4 mills on the total Assessed Valuation. Assessed Valuation Charge revenue of \$315,053 and \$271,023 recognized in 2018 and 2017, respectively, represents the total monies levied for each year.

## **BERKSHIRE LANDING NEW COMMUNITY AUTHORITY**

### **Notes to Basic Financial Statements Year Ended December 31, 2018 (With Comparative Amounts for 2017)**

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The Authority passed a resolution to pay amounts collected from the Assessed Valuation Charge in equal amounts to the City of Delaware, Berkshire Township and the B.S.T & G. Fire District. These distributions have been recorded as assessed valuation expenses in the amount of \$166,793 and \$166,792 in 2018 and 2017, respectively.

#### ***Facility Charge***

The Authority has levied a Facility Charge upon all retail sales conducted within the Authority of one half one percent (0.5%) of the price paid by each consumer in connection with such retail sales. The Facility Charge is collected by tenants from consumers and remitted on a monthly basis. Facility charges collected in 2018 and 2017 were \$635,659 and \$620,885, respectively.

Pursuant to the Cooperative Agreement and the Declaration of Covenants, Restrictions and Agreements for Berkshire Landing New Community Authority (Columbus Outlets Property) in the County of Delaware Ohio, recorded June 29, 2015, the Authority agreed to pledge 100% of facilities charges to the trustees for the purpose of paying on the Community Facilities Revenue Bonds, Series 2017. These monies on the Statement of Net Position are presented as Pledged revenue payable to trustee.

#### **5. RELATED PARTY TRANSACTIONS**

Under an agreement with the Authority, the Developer was responsible for overseeing the construction and development of the public infrastructure projects. In addition, the Developer will fulfill certain administrative and operational functions for the Authority on an ongoing basis. The Developer has paid operating costs on behalf of the Authority for which it is eligible for reimbursement.

By law, the Authority is governed by a seven-member board of trustees. The Board of County Commissioners of Delaware County appointed four of the trustees and the remaining three trustees were appointed by the Developer. The trustees appointed by the Developer are employees of a related party to the Developer.

#### **6. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; and natural disasters. The Authority maintains insurance coverage with private carriers for property and general liability insurance. Settled claims did not exceed coverage for the years ended December 31, 2018 and 2017 and there was no significant change in coverage from the prior year.

#### **7. PLEDGED REVENUE, COOPERATIVE AGREEMENT AND REVENUE BONDS**

In December 2017, the Delaware County Finance Authority (Finance Authority) issued Community Facilities Revenue Bonds pursuant to a Trust Indenture dated as of December 1, 2017 between the Finance Authority and U.S. Bank National Association, as Trustee (Trustee). Principal and interest on the Series 2017 Bonds will be payable solely by the Finance Authority from the revenues received pursuant to a Cooperative Agreement (Agreement) among the Finance Authority, the Authority, Delaware County, Berkshire Township, and the Developer.

## BERKSHIRE LANDING NEW COMMUNITY AUTHORITY

### Notes to Basic Financial Statements Year Ended December 31, 2018 (With Comparative Amounts for 2017)

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The Revenue Bonds of \$9,980,000 have a final maturity of December 1, 2026 and bear interest at rates ranging from 4% to 5%. The bonds were issued to pay costs of certain public improvements constructed by the Developer in accordance with the requirements of the Development Agreement dated April 6, 2015 by and among the County, the Developer, the Authority, and the Township, with the approval of the Ohio Department of Transportation.

The Bonds are payable from revenues consisting primarily of financing payments as defined in the Agreement. Pursuant to the Agreement, the Authority is obligated to make financing payments, solely from the TIF Payments received by the Authority or County Treasurer on behalf of the Authority and the Facilities Charges received by the Authority. The Township has assigned TIF Payments to the Authority and directed those to be paid directly to the Trustee on behalf of the Authority. The Authority has recorded the TIF receipts assigned by the Township in 2018 and 2017 as nonoperating revenue and corresponding pass-through distribution to the Trustee as those receipts were sent directly to the Trustee. The Authority has also recorded an expense and liability due to the Trustee for facility charges recognized as revenue and pledged in accordance with GASB Statement No. 48, *Sales and Pledges of Receivable and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

Principal and interest payments to retire the Bonds as of December 31, 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 825,000	426,550	1,251,550
2020	880,000	393,550	1,273,550
2021	940,000	358,350	1,298,350
2022	1,000,000	320,750	1,320,750
2023	1,070,000	270,750	1,340,750
2024-2026	<u>4,345,000</u>	<u>475,750</u>	<u>4,820,750</u>
Total	\$ <u>9,060,000</u>	<u>2,245,700</u>	<u>11,305,700</u>

#### 8. TAX INCREMENT FINANCING AGREEMENT

On December 1, 2017, the Authority along with the Berkshire Township, Delaware County, Delaware County Finance Authority, and Columbus Outlets, LLC entered into a cooperative agreement. Under the Development Agreement, the Developer agreed to incur certain upfront costs of the initial construction and completion of the Project on behalf of the County, the New Community Authority and the Township, provided that upon the completion such costs of the Project (in excess of the County Contribution, as defined herein) would be reimbursed to the Developer from TIF Payments (defined below) contributed by the Township and facility charges levied by the Authority.

**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY**

**Notes to Basic Financial Statements  
Year Ended December 31, 2018  
(With Comparative Amounts for 2017)**

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In order to provide funding for the Project, the County contributed \$8 million to provide a portion of the cost of the Project, the Township agreed to provide an exemption from 75% of real property taxes of the improvements (as defined in Section 5709.73 of the Ohio Revised Code) associated with the Development, and to require the owner of the Development to make payments in lieu of taxes ("TIF Payments") in an amount equal to the real property taxes so exempted, and to make such TIF Payments available to pay costs of the Project and the New Community Authority agreed to levy a facility charge, in accordance with Chapter 349 of the Ohio Revised Code equal to 1/2 of 1% of all sales at retail occurring at the Development and contribute such amounts towards the costs of the Project.

**9. RESTATEMENT OF NET POSITION**

During 2018, it was determined that the Authority over accrued amounts due to other governments as of December 31, 2017 and 2016. Net position has been restated as follows:

Net position as of December 31, 2016, as previously reported	\$ 48,199
2016 adjustment for over accrual	<u>81,930</u>
Restated net position as of December 31, 2016	<u>\$ 130,129</u>
Restated net position as of January 1, 2017	\$ 130,129
2017 change in net position, as previously reported	34,727
2017 adjustment for over accrual	<u>(23,310)</u>
Restated net position as of December 31, 2017	<u>\$ 141,546</u>



**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards***

Berkshire Landing New Community Authority  
Delaware County  
140 North Sandusky Street  
Delaware, Ohio 43015

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 Berkshire Landing New Community Authority, Delaware County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Berkshire Landing New Community Authority's basic financial statements and have issued our report thereon dated July 24, 2020, wherein we noted, as discussed in Note 9 for the year ended December 31, 2018, a prior period restatement was required due to the Authority over accruing amounts due to other governments. In addition, as discussed in Note 9 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods. Furthermore, our report refers to other auditors, who audited the financial statements of the Berkshire Landing New Community Authority as of and for the year ended December 31, 2017, as described in our report on the Berkshire Landing New Community Authority's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those other auditors separately reported.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Berkshire Landing New 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Berkshire Landing New 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 Berkshire Landing New 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.

***Compliance and Other Matters***

As part of reasonably assuring whether the Berkshire Landing New 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 Berkshire Landing New 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 Berkshire Landing New Community Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
July 24, 2020

**BERKSHIRE LANDING NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	2017	<u>Material Weakness and Noncompliance – Insufficient Board Oversight</u> – The Authority had a lack of internal controls for Board Oversight for reviews and approvals of various activities such as financial statements, transactions, reconciliations, reports, bills, and an inadequate segregation of duties.	Corrected	N/A
2017-002	2017	<u>Material Weakness - Financial Statement Presentation</u> – The Authority had multiple adjustments made on their financial statements for the audit period.	Corrected	N/A
2017-003	2017	<u>Significant Deficiency – Monthly Reconciliations</u> – The Authority did not perform monthly bank-to-book reconciliations or Facility Charge reconciliations, resulting in financial reporting errors.	Corrected	N/A
2017-004	2017	<u>Noncompliance/Material Weakness – Valuation Charges and Distributions</u> – The Authority neglected to send the first request for payment until May 22, 2017 for Valuation Charges and Distributions.	Corrected	N/A

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# OHIO AUDITOR OF STATE KEITH FABER



**BERKSHIRE LANDING NEW 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 10/6/2020**

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

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