



OHIO AUDITOR OF STATE
KEITH FABER



**EVANS FARM NEW COMMUNITY AUTHORITY
DELAWARE COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Evans Farm 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 Evans Farm New Community Authority, Delaware County, Ohio (the Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of 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, of the Authority, as of December 31, 2020 and 2019, and the respective changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Authority. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 6, 2021

**EVANS FARM NCA
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

The management's discussion and analysis of financial performance of the Evans Farm NCA, Delaware County, Ohio, (the Authority), provides an overall review of the Authority's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

1. The Authority encourages the orderly development of a well-planned, diversified community of approximately 1,200 acres in Delaware County, including the Townships of Orange and Berlin.
2. Net Position at December 31, 2020 and 2019 was negative \$9.8 million and \$9,088, respectively.
3. During the year, the Authority approved the issuance of Community Development Charge Bonds, Series 2020, for the purpose of providing funds to pay the costs of community facilities.

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. 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.

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

These financial statements look at all transactions and ask 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, 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 financial statements report the Authority's net position and changes in those assets and liabilities. 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 7 and 8 of this report.

**EVANS FARM NCA
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

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 9 of this report.

The basic financial statements also include notes that provide more detailed explanations of the information in the basic financial statements.

Financial Analysis

Table 1 provides a summary of the Authority's net position for 2020 and 2019.

**Table 1
Net Position at Year End**

	2020	2019
Assets:		
Current assets	\$ 1,808,653	\$ 9,088
Capital assets	1,518,591	-
Total Assets	\$ 3,327,244	\$ 9,088
Liabilities:		
Current liabilities	\$ 82,978	\$ -
Noncurrent liabilities	13,000,000	-
Total liabilities	13,082,978	-
Net position:		
Net investment in capital assets	(11,481,409)	-
Restricted	1,687,462	-
Unrestricted	38,213	9,088
Total net position	\$ (9,755,734)	\$ 9,088

Total assets and total liabilities both increased significantly in comparison with the prior year. These increases are the result of the issuance of Community Development Charge Bonds, Series 2020, in the amount of \$13.0 million. A portion of bond proceeds is being used for debt service and debt service reserves, both of which are reported as current assets and restricted net position at year-end. In addition, some of the bond proceeds were used to purchase nondepreciable assets (i.e. land) from the developer.

**EVANS FARM NCA
DELAWARE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Table 2 reflects the changes in the Authority's net position for 2020 and 2019.

**Table 2
Changes in Net Position**

	2020	2019
Operating revenues:		
Community development charges	\$ 44,554	\$ 9,088
Total operating revenues	<u>44,554</u>	<u>9,088</u>
Operating expenses:		
Purchased Services	5,075	-
Other	2,683	-
Total operating expenses	<u>7,758</u>	<u>-</u>
Operating income and change in net position	<u>36,796</u>	<u>9,088</u>
Non-operating revenues (expenses)		
Interest income	1,340	-
Interest expense	(434,252)	-
Bond issuance costs	(625,605)	-
Capital contributions	(8,743,101)	-
Total non-operating revenues (expenses)	<u>(9,801,618)</u>	<u>-</u>
Change in net position	(9,764,822)	9,088
Net position, beginning of year	9,088	-
Net position, end of the year	<u>\$ (9,755,734)</u>	<u>\$ 9,088</u>

The increase in operating revenues and expenses is primarily the result of an increase in the number of chargeable parcels within the Authority's boundaries.

The significant increase in non-operating expenses is the result of the issuance of Community Development Charge Bonds, Series 2020, in the amount of \$13.0 million. A large portion of the bond proceeds were used to pay interest expense and bond issuance costs, as well as make a capital contribution to the developer.

**EVANS FARM NCA
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Budgeting

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

Capital Assets

At year-end, the Authority has \$1.5 million invested in capital assets, an increase of \$1.5 million in comparison with the prior year-end. This increase represents the amount of capital acquisitions during the year. Detailed information regarding capital asset activity is included in the Note 5 to the basic financial statements.

Debt

At year-end, the Authority had \$13.0 million in bonds payable, an increase of \$13.0 million in comparison with the prior year-end. The increase represents the amount of new bond issuances during the year. Detailed information regarding bonds payable is included in Note 6 to the basic financial statements.

Economic Conditions

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, construction-related costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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 the Authority's Treasurer, 145 North Union Street, 1st Floor, Auditor Office, Delaware, Ohio 43015.

**EVANS FARM NCA
DELAWARE COUNTY**

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2020

Assets:

Current assets

Cash and cash equivalents	\$ 11,963
Restricted cash with fiscal agent	1,796,690
Total current assets	<u>1,808,653</u>

Noncurrent assets

Nondepreciable capital assets	1,518,591
Total noncurrent assets	<u>1,518,591</u>

Total assets	<u><u>3,327,244</u></u>
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Liabilities:

Current liabilities

Accrued interest payable	82,978
Total current liabilities	<u>82,978</u>

Noncurrent liabilities

Bonds payable	13,000,000
Total noncurrent liabilities	<u>13,000,000</u>

Total liabilities	<u>13,082,978</u>
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Net position:

Restricted for Debt Service	1,687,462
Unrestricted	(11,443,196)
Total net position	<u><u>\$ (9,755,734)</u></u>

See accompanying notes to the basic financial statements.

**EVANS FARM NCA
DELAWARE COUNTY**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

Operating revenues:	
Community development charges	\$ 44,554
Total operating revenues	<u>44,554</u>
Operating expenses:	
Purchased Services	5,075
Other	2,683
Total operating expenses	<u>7,758</u>
Operating income	<u>36,796</u>
Non-operating expenses:	
Interest income	1,340
Interest expense	(434,252)
Bond issuance costs	(625,605)
Total non-operating expenses	<u>(1,058,517)</u>
Operating loss before capital contributions	<u>(1,021,721)</u>
Capital Contributions	(8,743,101)
Change in net position	<u>(9,764,822)</u>
Net position beginning of year	9,088
Net position end of year	<u><u>\$ (9,755,734)</u></u>

See accompanying notes to the basic financial statements.

**EVANS FARM NCA
DELAWARE COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Cash flows from operating activities:	
Cash received from community development charges	\$ 44,996
Cash payments to suppliers for goods and services	(5,075)
Cash payments for other operating expenses	<u>(2,683)</u>
Net cash provided by operating activities	<u>37,238</u>
Cash flows from capital and related financing activities:	
Payments for capital acquisitions	(1,518,591)
Payments for capital contributions	(8,743,101)
Cash received from bond proceeds	13,000,000
Payments for bond issuance costs	(625,605)
Payments for bond interest	<u>(351,274)</u>
Net cash provided by capital and related financing activities	<u>1,761,429</u>
Cash flows from investing activities:	
Interest on cash and cash equivalents	<u>1,340</u>
Net cash provided by investing activities	<u>1,340</u>
Increase in cash and cash equivalents	1,800,007
Cash and cash equivalents at beginning of year	<u>8,646</u>
Cash and cash equivalents at end of year	<u>\$ 1,808,653</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 36,796
Adjustments to reconcile operating income to net cash from operating activities:	
Changes in assets and liabilities:	
Community development charge receivable	<u>442</u>
Net cash provided by operating activities	<u>\$ 37,238</u>

See accompanying notes to the basic financial statements.

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**EVANS FARM NCA
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 - REPORTING ENTITY

The Evans Farm NCA, Delaware County, Ohio (the “Authority”) is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). In May 2017, Evans Farm Land Development Company, LLC (the Developer) filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio. 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 community improvements with assessed community development charges of up to 10 mills on the assessed value of the land and improvements within the Authority. The Petition was adopted by the Board of County Commissioners with Resolution No. 17-492 on May 11, 2017.

By its Resolution, the Board of County Commissioners of Delaware County determined 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 ORC. The Authority thereby was organized as a body corporate and politic in the State. By law, the Authority is governed by a seven member board of trustees. At inception, the Board of County Commissioners of Delaware County appointed four of the trustees and the remaining three trustees were appointed by the Developer. At December 31, 2020, all board positions were filled.

The new community authority is comprised of approximately 1,200 acres of land located within the boundaries of Orange Township and Berlin Township and Delaware County, Ohio. The land is located in the southern portion of Delaware County and south of the City of Delaware, Ohio and north of the City of Columbus, Ohio and approximately four miles north of the interchange at Interstate 270 and State Route 23. Upon completion, the boundaries will include the development of a first class, new urbanism styled, walkable, residential development and town centers to serve the surrounding community. In addition, the development will include a number of public spaces throughout and open space for community events, community farm markets and recreation fields. The development includes the acquisition and/or construction of roads, curbs, gutters, sidewalks, lighting, landscaping, and storm-water retention and recreation basins.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**EVANS FARM NCA
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Authority uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

B. Measurement Focus and the Basis of Accounting

The Authority's financial activity is accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs.

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

C. Cash and Cash Equivalents

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 and cash equivalents.

D. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

E. Capital Assets and Depreciation

Capital assets, including land, land improvements, buildings, building improvements and infrastructure assets are reported in the Statement of Net Position. Capital assets acquired or constructed by the Authority are recorded at historical cost. The Authority does not maintain a formal capitalization threshold.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the life of an asset are expensed as incurred. Improvements are capitalized and depreciated using the straight-line method over the remaining useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**EVANS FARM NCA
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Noncurrent Liabilities

Bonds payable are reported net of the applicable bond premium or discount which are deferred and amortized over the life of the bonds, if applicable. Issuance costs are expensed as incurred.

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, less any outstanding related debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation 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.

H. Operating Revenues and Expenses

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

I. 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.

NOTE 3 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. The carrying amount of the Authority's deposits at year-end was \$8,646 and the bank balance was the same. The Authority's entire bank balance was covered by the Federal Depository Insurance Corporation (FDIC).

In addition, the Authority had cash on deposit with US Bank (Trustee) in accordance with the Authority's Trust Agreement with the Trustee. The amount on deposit with the Trustee at December 31, 2020 was \$1,796,690. These amounts are reported as restricted cash with fiscal agent on the Statement of Net Position.

**EVANS FARM NCA
DELAWARE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 – COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 10 mills on the assessed value of all chargeable property, as defined, within the boundaries of the Authority. Community development charge revenue recognized in 2020 represents the amount levied for 2020.

These charges were levied based on the County Auditor’s assessed value as of January 1 of each year. The assessed value is established by state law at 35 % of the current market value based on the County Auditor’s tax duplicate. If the County Auditor’s tax duplicate does not reflect the completed value on a chargeable parcel and a building permit has been issued for that parcel, then, solely at the Authority’s discretion, the assessed valuation shall mean the cost stated on the building permit.

NOTE 5 – CAPITAL ASSETS

A summary of capital asset activity for the fiscal year follows:

Description	Beginning Balance	Additions	Disposals/ Dedications	Ending Balance
Nondepreciable capital assets:				
Land	\$ -	\$ 1,518,591	\$ -	\$ 1,518,591
Total nondepreciable capital assets	<u>-</u>	<u>1,518,591</u>	<u>-</u>	<u>1,518,591</u>

NOTE 6 – BONDS PAYABLE

The Authority approved the issuance of Community Development Charge Bonds, Series 2020, for the purpose of providing funds to pay the costs of community facilities. The term bonds have interest rates ranging from 3.75 percent to 4.0 percent and mature on December 1, 2046.

Bonds payable activity during the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Repayments	Ending Balance	Due Within One Year
Series 2020	\$ -	\$ 13,000,000	\$ -	\$ 13,000,000	\$ -

The bonds are secured under a trust agreement, dated March 1, 2020, between the Authority and US Bank (Trustee). The bonds are payable from revenues, receipts and other monies assigned under that trust agreement to secure the payment of bonds, which include pledged revenues primarily composed of community development charges levied by the Board of Trustees of the Authority.

**EVANS FARM NCA
DELAWARE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 – BONDS PAYABLE (Continued)

The Authority has pledged future community development charges, net of specific operating expenses, to repay \$13.0 million in Community Development Charge Bonds issued in 2020. Proceeds from the bonds providing financing for the construction of community facilities. The bonds are payable solely from community development charges and are payable through December 1, 2046. Annual principal and interest payments on the bonds, and other debt service related payments, are expected to require 90 percent (nine out of 10 mills) of community development charges. The total principal and interest remaining to be paid on the bonds is \$21,981,069. Principal and interest paid and total community development charges received during the year were \$351,274 and \$44,996, respectively.

NOTE 7 – RISK MANAGEMENT

The Authority has property, casualty, crime, and public officials liability protection for potential loss or damage resulting from their operations or to their property. Protection is provided by A-rated companies and extends to all owned, leased, rented or newly acquired property, as well as their business operations. Coverage is on a risk transfer basis. In the event of a covered claim payment, limits are automatically reinstated up to the Annual Aggregate, if applicable. Coverage for property and crime are written on a deductible basis. Casualty and public officials coverage is written with no deductible.

NOTE 8 - RELATED PARTIES

The Developer is responsible for overseeing the construction and development of the Authority's public infrastructure projects. By law, the Authority is governed by a seven member board of trustees. At inception, 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 related parties of the Developer.

NOTE 9 - CONTINGENT LIABILITIES

There are no claims and lawsuits pending against the Authority.

NOTE 10 – DEVELOPMENT AGREEMENT

On March 8, 2018, the Authority entered into a three-party development agreement among the Board of County Commissioners of Delaware County, Ohio (the County) and Evans Farm Land Development Company (the Developer). In accordance with the development agreement, the Developer shall acquire, install and construct or cause to be constructed infrastructure improvements, at its sole cost and expense, and the Developer will seek payment of, or reimbursement of, or financing of such costs, from the community development charge collected by the Authority. Amounts paid or advanced by the Developer may also be reimbursed with the proceeds of the Authority's bonds.

**EVANS FARM NCA
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 10 – DEVELOPMENT AGREEMENT (Continued)

The County has agreed to consider creation of other commercial tax increment financing areas on commercial parcels within the Authorities boundaries and consider contributing tax increment financing service payments as an additional source of revenue to pay the costs of infrastructure improvements.

The County, the Authority and the Developer agree that the costs of infrastructure improvements shall be financed, paid or reimbursed from tax increment financing service payments and one mill of the Authority's ten mill community development charge. The three parties also agree that the Authority will be reimbursed for any use of the community development charge to finance, pay or reimburse costs of the infrastructure improvements from any excess tax increment financing service payments, but such reimbursement to the Authority shall not exceed, unless agreed to in writing by the County, the total amount of \$18,349,808.

NOTE 11 – ACCUMULATED DEFICIT OF NET POSITION

At December 31, 2020, the Authority has an accumulated deficit net position of \$9.8 million. This deficit is a result of how the Authority is structured and its basic operations. The Authority was established to finance the costs of publicly owned and operated community land and facilities and has incurred such costs. The related deficit will be reduced and eliminated as outstanding debt is paid with future community development charges.

NOTE 12 – COVID-19

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, construction-related costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**EVANS FARM NCA
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

The management's discussion and analysis of financial performance of the Evans Farm NCA, Delaware County, Ohio, (the Authority), provides an overall review of the Authority's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

1. The Authority encourages the orderly development of a well-planned, diversified community of approximately 1,200 acres in Delaware County, including the Townships of Orange and Berlin.
2. Net Position at December 31, 2019 was \$9,088.
3. The Authority's first year of operation was 2019 and no capital activity occurred during this year. In 2020, bonds were issued and capital activity commenced.

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. 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.

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These two financial statements report the Authority's net position and changes in those assets and liabilities. 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 7 and 8 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 9 of this report.

**EVANS FARM NCA
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

The basic financial statements also include notes that provide more detailed explanations of the information in the basic financial statements.

Financial Analysis

Table 1 provides a summary of the Authority's net position for 2019.

**Table 1
Net Position at Year End**

Assets:	
Current assets	\$ 9,088
Total Assets	<u>9,088</u>
Liabilities:	
Current liabilities	-
Noncurrent liabilities	-
Total liabilities	<u>-</u>
Net position:	
Unrestricted	<u>9,088</u>
Total net position	<u>\$ 9,088</u>

The year ended December 31, 2019 was the Authority's first year of operations. A comparative analysis will be provided in future years.

**EVANS FARM NCA
DELAWARE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

Table 2 reflects the changes in the Authority's net position for 2019.

**Table 2
Changes in Net Position**

	<u>2019</u>
Operating revenues:	
Community development charges	\$ 9,088
Total operating revenues	<u>9,088</u>
Operating expenses:	
Total operating expenses	<u>-</u>
Operating income and change in net position	<u>9,088</u>
Net position, beginning of year	<u>-</u>
Net position, end of the year	<u><u>\$ 9,088</u></u>

The year ended December 31, 2019 was the Authority's first year of operations. A comparative analysis will be provided in future years.

Budgeting

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

Capital Assets

As of December 31, 2019, the Authority did not have any capital assets.

Debt Administration

As of December 31, 2019, the Authority did not have any debt.

**EVANS FARM NCA
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

Economic Conditions

On March 17, 2020, the Authority issued Community Development Charge Bonds, Series 2020, in the amount of \$13.0 million for the purpose of providing funds to pay costs of community facilities.

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 the Authority's Treasurer, 145 North Union Street, 1st Floor, Auditor Office, Delaware, Ohio 43015.

**EVANS FARM NCA
DELAWARE COUNTY**

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

Assets:	
Current assets	
Cash and cash equivalents	\$ 8,646
Community development charge receivable	442
Total current assets	<u>9,088</u>
Total assets	<u><u>\$ 9,088</u></u>
Net position:	
Unrestricted	<u>9,088</u>
Total net position	<u><u>9,088</u></u>
Total liabilities and net position	<u><u>\$ 9,088</u></u>

See accompanying notes to the basic financial statements.

**EVANS FARM NCA
DELAWARE COUNTY**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

Operating revenues:	
Community development charges	\$ 9,088
Total operating revenues	<u>9,088</u>
Operating expenses:	
Total operating expenses	<u>-</u>
Operating income and change in net position	<u>9,088</u>
Net position beginning of year	-
Net position end of year	<u><u>\$ 9,088</u></u>

See accompanying notes to the basic financial statements.

**EVANS FARM NCA
DELAWARE COUNTY**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities:	
Cash received from community development charges	\$ 8,646
Net cash from operating activities	<u>8,646</u>
Increase in cash and cash equivalents	8,646
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	<u>\$ 8,646</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 9,088
Adjustments to reconcile operating income to net cash from operating activities:	
Changes in assets and liabilities:	
Community development charge receivable	(442)
Net cash provided by (used in) operating activities	<u>\$ 8,646</u>

See accompanying notes to the basic financial statements.

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**EVANS FARM NCA
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1 - REPORTING ENTITY

The Evans Farm NCA, Delaware County, Ohio (the “Authority”) is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). In May 2017, Evans Farm Land Development Company, LLC (the Developer) filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio. 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 community improvements with assessed community development charges of up to 10 mills on the assessed value of the land and improvements within the Authority. The Petition was adopted by the Board of County Commissioners with Resolution No. 17-492 on May 11, 2017.

By its Resolution, the Board of County Commissioners of Delaware County determined 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 ORC. The Authority thereby was organized as a body corporate and politic in the State. By law, the Authority is governed by a seven member board of trustees. At inception, the Board of County Commissioners of Delaware County appointed four of the trustees and the remaining three trustees were appointed by the Developer. At December 31, 2019, all board positions were filled.

The new community authority is comprised of approximately 1,200 acres of land located within the boundaries of Orange Township and Berlin Township and Delaware County, Ohio. The land is located in the southern portion of Delaware County and south of the City of Delaware, Ohio and north of the City of Columbus, Ohio and approximately four miles north of the interchange at Interstate 270 and State Route 23. Upon completion, the boundaries will include the development of a first class, new urbanism styled, walkable, residential development and town centers to serve the surrounding community. In addition, the development will include a number of public spaces throughout and open space for community events, community farm markets and recreation fields. The development includes the acquisition and/or construction of roads, curbs, gutters, sidewalks, lighting, landscaping, and storm-water retention and recreation basins.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**EVANS FARM NCA
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The Authority uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

B. Measurement Focus and the Basis of Accounting

The Authority's financial activity is accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs.

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

C. Cash and Cash Equivalents

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 and cash equivalents.

D. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

E. Capital Assets and Depreciation

Capital assets, including land, land improvements, buildings, building improvements and infrastructure assets are reported in the Statement of Net Position. Capital assets acquired or constructed by the Authority are recorded at historical cost. The Authority does not maintain a formal capitalization threshold.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the life of an asset are expensed as incurred. Improvements are capitalized and depreciated using the straight-line method over the remaining useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed.

As of December 31, 2019, the Authority did not have any capital assets.

**EVANS FARM NCA
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

F. Noncurrent Liabilities

Bonds payable are reported net of the applicable bond premium or discount which are deferred and amortized over the life of the bonds, if applicable. Issuance costs are expensed as incurred.

As of December 31, 2019, the Authority did not have any noncurrent liabilities.

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, less any outstanding related debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation 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 did not have any restricted net position at fiscal year-end.

H. Operating Revenues and Expenses

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

I. 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.

NOTE 3 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. The carrying amount of the Authority's deposits at year-end was \$8,646 and the bank balance was the same. The Authority's entire bank balance was covered by the Federal Depository Insurance Corporation (FDIC).

**EVANS FARM NCA
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 4 – COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 10 mills on the assessed value of all chargeable property, as defined, within the boundaries of the Authority. Community development charge revenue recognized in 2019 represents the amount levied for 2019.

These charges were levied based on the County Auditor's assessed value as of January 1 of each year. The assessed value is established by state law at 35 % of the current market value based on the County Auditor's tax duplicate. If the County Auditor's tax duplicate does not reflect the completed value on a chargeable parcel and a building permit has been issued for that parcel, then, solely at the Authority's discretion, the assessed valuation shall mean the cost stated on the building permit.

NOTE 5 – RISK MANAGEMENT

The Authority has property, casualty, crime, and public officials liability protection for potential loss or damage resulting from their operations or to their property. Protection is provided by A-rated companies and extends to all owned, leased, rented or newly acquired property, as well as their business operations. Coverage is on a risk transfer basis. In the event of a covered claim payment, limits are automatically reinstated up to the Annual Aggregate, if applicable. Coverage for property and crime are written on a deductible basis. Casualty and public officials coverage is written with no deductible.

NOTE 6 - RELATED PARTIES

The Developer is responsible for overseeing the construction and development of the Authority's public infrastructure projects. By law, the Authority is governed by a seven member board of trustees. At inception, 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 related parties of the Developer.

NOTE 7 - CONTINGENT LIABILITIES

There are no claims and lawsuits pending against the Authority.

NOTE 8 – DEVELOPMENT AGREEMENT

On March 8, 2018, the Authority entered into a three-party development agreement among the Board of County Commissioners of Delaware County, Ohio (the County) and Evans Farm Land Development Company (the Developer). In accordance with the development agreement, the Developer shall acquire, install and construct or cause to be constructed infrastructure improvements, at its sole cost and expense, and the Developer will seek payment of, or reimbursement of, or financing of such costs, from the community development charge collected by the Authority. Amounts paid or advanced by the Developer may also be reimbursed with the proceeds of the Authority's bonds.

**EVANS FARM NCA
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 8 – DEVELOPMENT AGREEMENT (Continued)

The County has agreed to consider creation of other commercial tax increment financing areas on commercial parcels within the Authorities boundaries and consider contributing tax increment financing service payments as an additional source of revenue to pay the costs of infrastructure improvements.

The County, the Authority and the Developer agree that the costs of infrastructure improvements shall be financed, paid or reimbursed from tax increment financing service payments and one mill of the Authority's ten mill community development charge. The three parties also agree that the Authority will be reimbursed for any use of the community development charge to finance, pay or reimburse costs of the infrastructure improvements from any excess tax increment financing service payments, but such reimbursement to the Authority shall not exceed, unless agreed to in writing by the County, the total amount of \$18,349,808.

NOTE 9 - SUBSEQUENT EVENT

On March 17, 2020, the Authority issued Community Development Charge Bonds, Series 2020, in the amount of \$13.0 million for the purpose of providing funds to pay costs of community facilities.

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Evans Farm 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 Evans Farm New Community Authority, Delaware County, (the Authority) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated December 6, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 6, 2021

OHIO AUDITOR OF STATE KEITH FABER



EVANS FARM 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 12/21/2021

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