

**NORTH STAR  
NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**





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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
North Star New Community Authority  
375 North Front Street, Suite 200  
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the North Star New Community Authority, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. 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 North Star New Community Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 27, 2021

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**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY, OHIO**

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## Independent Auditor's Report

North Star New Community Authority  
Delaware County  
375 North Front Street, Suite 200  
Columbus, Ohio 43215

To the Members of the Board of Trustees:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the North Star New Community Authority, Delaware County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the North Star 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Star New Community Authority, Delaware County, Ohio, as of December 31, 2020, and the changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matters***

As described in Note 11 to the financial statements, the North Star New Community Authority has an accumulated deficit net position as of December 31, 2020. This deficit is a result of how the North Star New Community Authority is structured and its basic operations. As described in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the North Star New Community Authority. Our opinion is not modified with respect to these matters.

***Other Matters***

***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of the North Star New Community Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Star New Community Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Star New Community Authority's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 28, 2021



**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

The management's discussion and analysis of financial performance of the North Star New Community Authority, Delaware County, Ohio (the Authority), provides an overview 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 related notes 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 1,800 acres in Delaware County, including the Townships of Berkshire and Kingston.
2. Net position at December 31, 2020 and 2019 totaled a deficit of \$10.8 million and \$9.3 million, respectively.
3. The Authority approved the issuance of Community Facilities Bonds for the purpose of providing funds to pay the costs of land acquisition and the further development and construction of community facilities.

**Overview of the Basic Financial Statements**

This annual report consists of a series of basic 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 Change 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 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 Change in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflect 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 in the basic financial statements.

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

These basic 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 Change 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 considers all of the current year's revenues and expenses regardless of when cash is received or paid.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

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 whether 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.

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 at December 31, 2020 and 2019.

**Table 1  
Net Position at Year End**

	2020	2019
Assets:		
Current assets	\$ 18,643	\$ 28,361
Capital assets, net	12,723,225	12,578,061
Total Assets	\$ 12,741,868	\$ 12,606,422
Liabilities:		
Current liabilities	\$ 16,551	\$ 59,187
Noncurrent liabilities	23,555,081	21,843,826
Total liabilities	23,571,632	21,903,013
Net position:		
Net investment in capital assets	(1,306,390)	(1,083,269)
Unrestricted	(9,523,374)	(8,213,322)
Total net position	\$ (10,829,764)	\$ (9,296,591)

The increase in noncurrent liabilities is the result of current year draws on the Series C bonds and the accrual of interest related to all outstanding bonds.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

Table 2 reflects the changes in net position for the fiscal years ended December 31, 2020 and 2019.

**Table 2  
Changes in Net Position**

	2020	2019
<b>Operating revenues:</b>		
Total operating revenues	\$ 175,194	\$ 129,832
<b>Operating expenses:</b>		
Total operating expenses	402,255	513,181
Operating loss	(227,061)	(383,349)
<b>Non-operating expenses</b>		
Interest expense	(1,295,942)	(1,404,657)
Capital dedications	-	(607,810)
Other	(10,170)	-
Total non-operating expenses	(1,306,112)	(2,012,467)
Change in net position	(1,533,173)	(2,395,816)
Net position, beginning of year	(9,296,591)	(6,900,775)
Net position, end of the year	\$ (10,829,764)	\$ (9,296,591)

The growth in operating revenues is the result of an increase in the number of chargeable parcels within the boundaries of the Authority.

The decrease in operating expense is primarily the result of a decrease in legal fees. The Authority incurred legal fees in 2019 associated with the issuance of the Series C bond.

The increase in interest expense is the result of draws on the Series C bonds to construct community improvements.

The capital dedications during 2019 relate to the Wilson Road expansion and Galena Road widening projects. The Authority did not have any capital dedication during 2020.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

**Budget Information**

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 \$12.7 million (net of accumulated depreciation) invested in capital assets, including land and land improvements, an increase of \$145,164 in comparison with the prior year-end. The annual net increase represents the amount in which capital acquisitions exceeded depreciation 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 \$16.2 million in bonds payable, an increase of \$407,880 in comparison with the prior year-end. The annual net increase represents new Series C bonds issued. 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 extent to which the pandemic may have a financial impact on the Authority will depend on future developments which are evolving and uncertain. The impact on the Authority's future operating costs, construction-related costs, and revenues, cannot be estimated.

**Contacting the Authority's Financial Management**

This financial report is designed to provide readers with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Authority's Treasurer, 375 North Front Street, Suite 200, Columbus, Ohio 43215.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY, OHIO**

STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2020

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 6,799
Accounts receivable	11,844
Total current assets	<u>18,643</u>
Noncurrent assets	
Nondepreciable capital assets	11,983,763
Depreciable capital assets, net	739,462
Total noncurrent assets	<u>12,723,225</u>
Total assets	<u>\$ 12,741,868</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 13,169
Other accrued expenses	3,382
Total current liabilities	<u>16,551</u>
Noncurrent liabilities	
Developer payable	516,347
Accrued interest payable	6,855,377
Bonds payable	16,183,357
Total noncurrent liabilities	<u>23,555,081</u>
Total liabilities	<u>23,571,632</u>
<b>Net position</b>	
Net investment in capital assets	(1,306,390)
Unrestricted	(9,523,374)
Total net position	<u>(10,829,764)</u>
Total liabilities and net position	<u>\$ 12,741,868</u>

See accompanying notes to the basic financial statements.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY, OHIO**

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

<b>Operating revenues</b>	
Community development charges	\$ 175,194
Total operating revenues	<u>175,194</u>
<b>Operating expenses</b>	
Common area repair, maintenance, and utilities	138,965
Administrative costs	1,974
Management fees	15,417
Professional fees	17,082
Insurance	12,882
Depreciation	215,935
Total operating expenses	<u>402,255</u>
Operating loss	(227,061)
<b>Non-operating revenues (expenses)</b>	
Interest expense	(1,295,942)
Other	(10,170)
Total non-operating revenues (expenses)	<u>(1,306,112)</u>
Change in net position	(1,533,173)
Net position, beginning of year	<u>(9,296,591)</u>
Net position, end of year	<u>\$ (10,829,764)</u>

See accompanying notes to the basic financial statements.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY, OHIO**

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

**Cash flows from operating activities**

Cash received from community development charges	\$ 163,842
Cash received from developer	7,433
Cash payments to suppliers for goods and services	<u>(180,511)</u>
Net cash flows used for operating activities	<u>(9,236)</u>

**Cash flows from capital related financing activities**

Cash payments for capital acquisitions	(400,694)
Cash received from bond proceeds	407,880
Cash payments for other	<u>(7,186)</u>
Net cash flows used for capital related financing activities	<u>-</u>

Net change in cash (9,236)

Cash, beginning of year 16,035  
Cash, end of year \$ 6,799

**Reconciliation of operating loss to net cash  
used for operating activities:**

Operating loss	\$ (227,061)
Depreciation	215,935
Changes in asset and liabilities	
Accounts receivable	482
Deferred community development charges	(2,834)
Other accrued expenses	(3,191)
Developer payable	7,433
Net cash flows used for operating activities	<u>\$ (9,236)</u>

**Schedule of noncash transactions:**

At the end of 2019, the Authority had capital-related payables totaling \$49,780.

At the end of 2020, the Authority had capital-related payables totaling \$10,185.

See accompanying notes to the basic financial statements.

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**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

**NOTE 1 – REPORTING ENTITY**

The North Star New Community Authority, Delaware County, Ohio (the “Authority”) is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). During July 2007, North Star Land, LLC filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio. All rights of the Developer have since been assigned to and assumed by North Star Residential, LLC (the Developer). 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 9 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. 07-985 on August 16, 2007.

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. 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 1,800 acres of land located in the Townships of Berkshire and Kingston, Delaware County, Ohio. The land is located in the northeast quadrant of Interstate 71 and U.S. Route 36/State Route 37, approximately 10 miles north of Interstate 270. Upon completion, the boundaries will contain an 18-hole golf course, residential units and commercial office and retail space, along with a site for elementary and middle schools, and 400 acres of open space. The entire project includes the acquisition and/or construction of waterline, sanitary sewer, main line sanitary sewer, storm sewer, bike path, roads and street improvements.

The Authority’s management believes these basic 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 basic financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

***(a) Basis of Presentation***

The Authority’s basic financial statements consist of Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position, and 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.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

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

***(b) Measurement Focus and 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 Change in Net Position present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows reflect 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 basic financial statements. Basis of accounting relates to the timing of the measurements made.

***(c) 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 and cash equivalents.

***(d) Capital Assets and Depreciation***

Capital assets, which include construction in progress, land and land improvements, 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 useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Donated capital assets are recorded at their acquisition values as of the date received.

Depreciation lives used for property items within each property classification are as follows:

<u>Classification</u>	<u>Estimated Useful Life (Years)</u>
Land improvements	7-15

***(e) 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.

The developer payable balance represents administrative and maintenance expenses funded by the Developer in accordance with the development agreement.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

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

***(f) 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 year-end.

***(g) 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.

***(h) Estimates***

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

**NOTE 3 - DEPOSITS**

The carrying amount of the Authority's deposits at December 31, 2020 was \$6,799. The Authority's entire balance was covered by the Federal Depository Insurance Corporation (FDIC).

In addition, throughout the year, the Authority had cash on deposit with US Bank (Trustee) in accordance with the Authority's Master Trust Agreement with the Trustee. The amount on deposit with the Trustee at December 31, 2020 was \$0.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

**NOTE 4 – COMMUNITY DEVELOPMENT CHARGE**

The Authority can levy an annual community development charge up to 9 mills on the assessed value of all chargeable property, as defined, within the boundaries of the Authority. Community development charge revenue recognized in the year 2020 represents the amounts levied for the year.

These charges are generally levied based on the County Auditor’s assessed value as of January 1. 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 of a chargeable parcel and a building permit for the chargeable parcel has been issued, then, solely at the Board’s discretion, the assessed valuation shall include the cost of the chargeable parcel stated on the building permit. Amounts assessed and due are reflected as revenue on the Statement of Revenues, Expenses and Change in Net Position.

**NOTE 5 – CAPITAL ASSETS**

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

Description	Beginning Balance	Additions	Disposals/ Dedications	Ending Balance
Non-depreciated capital assets:				
Land	\$ 11,436,260	\$ -	\$ -	\$ 11,436,260
Construction in progress	186,404	361,099	-	547,503
Total nondepreciable capital assets	<u>11,622,664</u>	<u>361,099</u>	<u>-</u>	<u>11,983,763</u>
Capital assets, depreciable:				
Land improvements	1,841,448	-	-	1,841,448
Total depreciable capital assets	<u>1,841,448</u>	<u>-</u>	<u>-</u>	<u>1,841,448</u>
Total capital assets	<u>13,464,112</u>	<u>361,099</u>	<u>-</u>	<u>13,825,211</u>
Less accumulated depreciation for:				
Land improvements	(886,051)	(215,935)	-	(1,101,986)
Total accumulated depreciation	<u>(886,051)</u>	<u>(215,935)</u>	<u>-</u>	<u>(1,101,986)</u>
Total depreciable assets, net	<u>955,397</u>	<u>(215,935)</u>	<u>-</u>	<u>739,462</u>
Total capital assets, net	<u>\$ 12,578,061</u>	<u>\$ 145,164</u>	<u>\$ -</u>	<u>\$ 12,723,225</u>

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

**NOTE 6 – BONDS PAYABLE**

The Authority approved the issuance of Community Facilities Bonds (Series A, Series B, and Series C). The bonds were issued for the purpose of providing funds to pay the costs of public infrastructure improvements including water, sewer and storm sewer improvements, and road, sidewalk and streetscape improvements, along with parks and community facility improvements, and the acquisition of real estate and site preparation for such improvements. The bonds were sold to related parties of the Developer, with each purchasing 50% of the par amount of the bonds.

The Authority’s assessed valuation charges received from residents are pledged to the payment of interest of Series A, B, and C bonds, pro rata, to the extent amounts are sufficient. Once accrued interest has been made current, these receipts are pledged to the principal payment of the Series A bonds, followed by the Series B bonds, and then the Series C bonds.

Interest on each of the outstanding bonds is accrued monthly. Principal and interest payments are made in accordance with the bond agreements. Current cash flow projections for the Authority estimate the bonds will be fully paid prior to maturity.

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

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Balance</u>
Series A, 2014	9/24/2054	9.00%	\$ 7,515,000	\$ -	\$ -	\$ 7,515,000
Series B, 2014	9/24/2054	7.14%	6,312,298	-	-	6,312,298
Series C, 2019	4/24/2059	See Below	1,948,179	407,880	-	2,356,059
<b>Total</b>			<u>\$ 15,775,477</u>	<u>\$ 407,880</u>	<u>\$ -</u>	<u>\$ 16,183,357</u>

During 2019, the Authority approved the issuance of up to \$6.8 million in Community Facilities Bonds, Series C. The interest rate for the first advance of Series C bonds was 8.0% per year. For each subsequent advance, the fixed annual rate is determined at the time of each advance equal to (i) the most recently published Bond Buyer 25 Revenue Bond Muni Index rate for 30 year bonds plus (ii) 3.67%.

There are no amounts due on any of the outstanding bonds within one year.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

**NOTE 7 – RISK MANAGEMENT**

The Authority has casualty, crime, and public official's 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 crime is written on a deductible basis. Casualty coverage is written with no deductible. Public officials' coverage is written with a \$100,000 retention.

There has been no change in coverage from the prior year and there have been no claims in the past three years.

**NOTE 8 – CONTRACTUAL COMMITMENTS**

The Authority entered into a land acquisition agreement with the Developer to purchase parcels of real property consisting of approximately 582 acres and any and all improvements located thereon. The purchase price is \$36,527 per acre and payable from proceeds of the Authority's bonds. To date, the Authority has purchased approximately 313 acres for \$11.4 million. The remaining balance of 269 acres, totaling \$9.8 million, will be purchased in future years.

**NOTE 9 – RELATED PARTIES**

The Developer is responsible for overseeing the construction and development of the Authority's public infrastructure projects. In addition, the Developer guaranteed to fulfill any administrative and maintenance operating deficit held by the Authority until the Authority has stabilized, in accordance with the development agreement. Any required administrative and maintenance expenses unable to be paid by the Authority due to inadequate cash flow are fulfilled by the Developer through a cash payment to the Authority upon request. The Authority is obligated to reimburse the Developer for these funds through future cash flows generated by the community development charge in accordance with the bond agreements.

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 related parties of the Developer.

**NOTE 10 – CONTINGENT LIABILITIES**

There are no claims and lawsuits pending against the Authority.

**NORTH STAR NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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

**NOTE 11 – ACCUMULATED DEFICIT OF NET POSITION**

At December 31, 2020, the Authority has an accumulated deficit net position of \$10.8 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 extent to which the pandemic may have a financial impact on the Authority will depend on future developments which are evolving and uncertain. The impact on the Authority's future operating costs, construction-related costs, and revenues cannot be estimated.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

North Star New Community Authority  
Delaware County  
375 North Front Street, Suite 200  
Columbus, Ohio 43215

To the Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the North Star New Community Authority, Delaware County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the North Star New Community Authority's basic financial statements, and have issued our report thereon dated June 28, 2021, wherein we noted as described in Note 11 to the financial statements, the North Star New Community Authority has an accumulated deficit net position. This deficit is a result of how the North Star New Community Authority is structured and its basic operations. Furthermore, as described in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the North Star New Community Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Star New Community Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Star New Community Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



***Compliance and Other Matters***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
June 28, 2021

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# OHIO AUDITOR OF STATE KEITH FABER



**NORTHSTAR 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 9/9/2021**

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](http://www.ohioauditor.gov)