

**JEROME VILLAGE
COMMUNITY AUTHORITY**
UNION COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Trustees
Jerome Village Community Authority
375 North Front Street, Suite 200
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of Jerome Village Community Authority, Union County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 to December 31, 2021. 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. Jerome Village Community Authority is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 01, 2022

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**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY, OHIO**

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Independent Auditor's Report

Jerome Village Community Authority
Union County
375 North Front Street, Suite 200
Columbus, Ohio 43215

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Jerome Village Community Authority, Union County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Jerome Village Community Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jerome Village Community Authority, as of December 31, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Jerome Village Community Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As described in Note 12 to the financial statements, the Jerome Village Community Authority has an accumulated deficit net position as of December 31, 2021. This deficit is a result of how the Jerome Village Community Authority is structured and its basic operations. As described in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Jerome Village Community Authority. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jerome Village Community Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jerome Village Community Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jerome Village Community Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 13, 2022 on our consideration of the Jerome Village 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 Jerome Village 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 Jerome Village Community Authority's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 13, 2022

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

The management's discussion and analysis of financial performance of the Jerome Village Community Authority, Union County, Ohio, (the Authority), provides an overview of the Authority's financial activities for the year ended December 31, 2021. 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 2,000 acres of land located in Jerome Township, Union County, Ohio.
2. Net Position at December 31, 2021 and 2020 totaled a deficit of \$62.6 million and \$57.0 million, respectively.
3. The Authority approved the issuance of Community Facilities Bonds 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.

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 provides 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 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 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 takes into account all current year revenues and expenses regardless of when cash is received or paid.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, as a whole, has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its operations.

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 years 2021 and 2020.

**Table 1
Net Position at Year End**

	2021	2020	Increase (Decrease)
Assets:			
Current assets	\$ 174,445	\$ 244,360	\$ (69,915)
Capital assets	56,803,593	48,416,698	8,386,895
Total Assets	\$ 56,978,038	\$ 48,661,058	\$ 8,316,980
Liabilities:			
Current liabilities	\$ 1,803,228	\$ 2,709,993	\$ (906,765)
Noncurrent liabilities	117,766,167	102,980,328	14,785,839
Total liabilities	119,569,395	105,690,321	13,879,074
Net position:			
Net investment in capital assets	(2,864,154)	(2,347,809)	(516,345)
Unrestricted	(59,727,203)	(54,681,454)	(5,045,749)
Total net position	\$ (62,591,357)	\$ (57,029,263)	\$ (5,562,094)

The net increase in total liabilities is primarily the result of the Authority drawing on bonds for the acquisition of land and construction of community improvements, as well as the accrual of interest related to all outstanding bonds. The net increase in capital assets is the result of these bond-financed land acquisitions and community improvements, net of current year depreciation.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Table 2 reflects the changes in the Authority's net position for years 2021 and 2020.

**Table 2
Changes in Net Position**

	2021	2020	Increase (Decrease)
Operating revenues:			
Assessed valuation charges	\$ 1,597,774	\$ 1,375,655	\$ 222,119
Sewer charges	748,106	591,925	156,181
Community center, including rent	783,306	637,572	145,734
Other	272,103	86,400	185,703
Total operating revenues	<u>3,401,289</u>	<u>2,691,552</u>	<u>709,737</u>
Operating expenses:			
Total operating expenses	<u>2,841,803</u>	<u>2,513,266</u>	<u>328,537</u>
Operating income (loss)	559,486	178,286	381,200
Non-operating revenues (expenses):			
Community fees	(500,000)	(100,000)	(400,000)
Interest expense	(5,596,976)	(5,236,703)	(360,273)
Other	(24,604)	(38,693)	14,089
Total non-operating revenues (expenses)	<u>(6,121,580)</u>	<u>(5,375,396)</u>	<u>(746,184)</u>
Change in net position	(5,562,094)	(5,197,110)	(364,984)
Net position, beginning of year	<u>(57,029,263)</u>	<u>(51,832,153)</u>	<u>(5,197,110)</u>
Net position, end of the year	<u><u>\$ (62,591,357)</u></u>	<u><u>\$ (57,029,263)</u></u>	<u><u>\$ (5,562,094)</u></u>

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

The increase in community fees is the result of a \$400,000 payment due to Jerome Township in accordance with the Declaration of Covenants, Restrictions and Agreements for the Authority.

Budgeting

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

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)**

Capital Assets

As of December 31, 2021, the Authority had \$56.8 million in capital assets, an increase of \$8.4 million in comparison with the prior year end. The increase represents capital improvements of \$8.9 million net of current year depreciation of \$516,346. See note 5 to the basic financial statements for more detailed information regarding capital assets.

Debt Administration

The Authority has approved the issuance of bonds for the purpose of providing funds to acquire real estate and construct community improvements. As of December 31, 2021, the Authority has issued bonds totaling \$81.9 million, an increase of \$10.4 million in comparison with the prior year end. See note 6 to the basic financial statements for more detailed information regarding debt.

Contacting Authority's Financial Management

This financial report is designed to provide readers 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, 375 North Front Street, Suite 200, Columbus, Ohio 43215.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

Assets:	
Current assets	
Cash	\$ 75,643
Restricted cash with fiscal agent	30,183
Accounts receivable	59,424
Prepaid expenses	3,003
Inventory	6,192
Total current assets	174,445
Noncurrent assets	
Nondepreciable capital assets	43,369,917
Depreciable capital assets, net	13,433,676
Total noncurrent assets	56,803,593
Total assets	\$ 56,978,038
Liabilities:	
Current liabilities	
Accounts payable	\$ 979,577
Retainage payable	277,225
Community fees payable	423,269
Deferred community development charges	10,499
Real estate tax payable	95,937
Other accrued expenses	16,721
Total current liabilities	1,803,228
Noncurrent liabilities	
Developer payable	691,594
Accrued interest payable	35,178,338
Bonds payable	81,896,235
Total noncurrent liabilities	117,766,167
Total liabilities	119,569,395
Net position:	
Net investment in capital assets	(2,864,154)
Unrestricted	(59,727,203)
Total net position	(62,591,357)
Total liabilities and net position	\$ 56,978,038

See accompanying notes to the basic financial statements.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Operating revenues:	
Assessed valuation charges	\$ 1,597,774
Sewer charges	748,106
Community center revenue	783,306
Other	272,103
Total operating revenues	3,401,289
 Operating expenses:	
Common area repair, maintenance and utilities	294,093
Sewer repair, maintenance and utilities	959,790
Community center expenses	859,764
Administrative costs	88,657
Professional fees	31,153
Real estate taxes	92,000
Depreciation	516,346
Total operating expenses	2,841,803
Operating income	559,486
 Non-operating revenue (expenses):	
Township fees	(500,000)
Interest expense	(5,596,976)
Other	(24,604)
Total non-operating expenses	(6,121,580)
Change in net position	(5,562,094)
Net position beginning of year	(57,029,263)
Net position end of year	\$ (62,591,357)

See accompanying notes to the basic financial statements.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash flows for operating activities:	
Proceeds from assessed valuation charges	\$ 1,622,692
Proceeds from sewer charges	748,106
Proceeds from community center	776,500
Proceeds from other	252,925
Payments for operating expenses	<u>(2,344,833)</u>
Net cash provided by operating activities	<u>1,055,390</u>
 Cash flows for noncapital financing activities	
Proceeds from community fees	172,818
Payments for community fees	(193,645)
Payments to township	<u>(100,000)</u>
Net cash used in noncapital financing activities	<u>(120,827)</u>
 Cash flows for capital and related financing activities:	
Payments for capital acquisitions	(10,241,747)
Proceeds from bond	10,367,309
Payments for bond interest	(1,101,125)
Payments for other	<u>(24,604)</u>
Net cash used in capital and related financing activities	<u>(1,000,167)</u>
 Decrease in cash	 (65,604)
Cash at beginning of year	<u>171,430</u>
Cash at end of year	<u>\$ 105,826</u>

See accompanying notes to the basic financial statements.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income	\$ 559,486
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	516,346
Changes in assets and liabilities:	
Accounts receivable	2,987
Prepaid expenses	(2,218)
Inventory	3,542
Accounts payable	40,577
Deferred community development charges	(4,053)
Real estate tax payable	5,218
Other accrued expenses	10,826
Developer payable	(77,321)
Net cash provided by operating activities	<u>\$ 1,055,390</u>

Schedule of noncash transactions:

At the end of 2020, the Authority had capital-related payables totaling \$2,508,133.

At the end of 2021, the Authority had capital-related payables totaling \$1,169,627

See accompanying notes to the basic financial statements.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 - REPORTING ENTITY

The Jerome Village Community Authority, Union County, Ohio (the “Authority”) is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). Jerome Village Company (the Developer) filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Union County, Ohio, and the Petition was accepted by Resolution No. 417-08 of the Board of County Commissioners of Union County on August 4, 2008. The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated improvements and community facilities with assessed Community Development Charges.

By its Resolution, the Board of County Commissioners of Union County determined the Authority would be conducive to the public health, safety, convenience and welfare, and that it was intended to result in the development of a new community as described in the Act. 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 Union County appointed four of the trustees and the remaining three trustees were appointed by the Developer.

The Authority covers approximately 2,000 acres of land located in Jerome Township, Union County, Ohio. Upon completion, the boundaries will contain residential units and commercial office and retail space, along with approximately 800 acres dedicated for trails, parks, nature preserves, schools and community centers. The entire project includes the construction of waterline, sanitary sewer, main line sanitary sewer, storm sewer, bike paths, amenities and road 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 a Statement of Net Position, a Statement of Revenues, Expenses and Change 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.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 Change in Net Position present 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 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.

D. Restricted Cash

Certain cash is classified as restricted cash on the basic financial statements since these funds are held by a fiscal agent as designated by the bond agreements.

E. Capital Assets and Depreciation

Capital assets, including land, land improvements, construction in progress, building and 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 useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Classification</u>	<u>Useful Life</u>
Land improvements	7-15 years
Building and improvements	40 years

F. Noncurrent Liabilities

Bonds payable are reported net of the 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 represents administrative and maintenance expenses funded by the Developer in accordance with the development agreement.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 components as of December 31, 2021.

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 primarily assessed valuation, sewer and community center 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 basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - DEPOSITS

The bank balance of the Authority at December 31, 2021 was \$76,106 and the carrying amount was \$75,643. The Authority's entire balance was covered by the Federal Depository Insurance Corporation (FDIC).

In addition, the Authority had cash on deposit with Bank of New York Mellon (Trustee) in accordance with the Authority's Master Trust Agreement with the Trustee. The amount on deposit with the Trustee at December 31, 2021 was \$30,183. These amounts are reported as restricted cash with fiscal agent on the Statement of Net Position.

NOTE 4 – COMMUNITY DEVELOPMENT CHARGES

The Authority can levy community development charges, as defined, for the benefit and use of the Authority to cover all or part of land acquisitions, development, construction, operation and maintenance of land, land development and community facilities, the debt service thereon and any other cost incurred by the Authority. The community development charges include assessed valuation, sewer service and community center charges.

The Authority can levy an annual assessed valuation charge up to 9.5 mills on the assessed value of all chargeable property, as defined, within the boundaries of the Authority. Assessed valuation charge revenue recognized in the year 2021 represents the amounts levied for the year.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 on a chargeable parcel, then assessed value shall mean 35% of (a) the most recent arms-length sales price, after completion of improvements to that parcel, (b) if there has been no such sale, the then current land value of the chargeable parcel plus the value of the improvements as stated on the building permit(s) for that parcel, or (c) if there is no improvement value stated on the building permit(s), or if the land value or building permit(s) are not available, the market value of the chargeable parcel as reasonably determined by the Treasurer based on an appraisal of the chargeable parcel. Amounts assessed and due are reflected as revenue on the Statement of Revenues, Expenses and Change in Net Position.

The Authority entered into a Service Agreement dated July 23, 2010, and as amended from time to time, with the City of Marysville and Union County whereby the Authority agreed to provide for the connection of certain property to the sanitary sewer system constructed pursuant to that agreement and the collection of certain charges for the use of the sanitary sewer system ("sewer service charges"). Each user of the sanitary sewer system must pay for the privilege of that use. For year 2021, sewer service charges were levied in the amounts specified in Section 925.01 of the Codified Ordinances of Marysville, Ohio. Amounts assessed and due are reflected as revenue on the Statement of Revenues, Expenses and Change in Net Position.

The Authority can levy an annual community center charge on all chargeable parcels, as defined, within the boundaries of the Authority. The amount of the annual charge is equal to the Community Center's budgeted operating expenses for that year, as approved by the Board, divided by the number of Community Center parcels that are chargeable parcels. The maximum annual Community Center charge may be increased each year by a percent not exceeding the Consumer Price Index for that year. Amounts charged and due are reflected as revenue on the Statement of Revenues, Expenses and Change in Net Position.

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**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

Description	Beginning Balance	Additions	Disposals / Dedications	Transfers	Ending Balance
Non-depreciable assets:					
Land	\$ 22,074,506	\$ -	\$ -	\$ -	\$ 22,074,506
Construction in progress	232,457	7,171,409	-	(6,608,516)	795,350
Dedications pending acceptance	13,891,545	-	-	6,608,516	20,500,061
Total nondepreciable assets	<u>36,198,508</u>	<u>7,171,409</u>	<u>-</u>	<u>-</u>	<u>43,369,917</u>
Capital assets, being depreciated:					
Land improvements	1,981,792	53,688	-	-	2,035,480
Building and improvements	12,849,251	1,678,144	-	-	14,527,395
Total depreciable capital assets	<u>14,831,043</u>	<u>1,731,832</u>	<u>-</u>	<u>-</u>	<u>16,562,875</u>
Total capital assets	<u>51,029,551</u>	<u>8,903,241</u>	<u>-</u>	<u>-</u>	<u>59,932,792</u>
Less accumulated depreciation for:					
Land improvements	(1,007,649)	(172,286)	-	-	(1,179,935)
Building and improvements	(1,605,204)	(344,060)	-	-	(1,949,264)
Total accumulated depreciation	<u>(2,612,853)</u>	<u>(516,346)</u>	<u>-</u>	<u>-</u>	<u>(3,129,199)</u>
Total depreciable assets, net	<u>12,218,190</u>	<u>1,215,486</u>	<u>-</u>	<u>-</u>	<u>13,433,676</u>
Total capital assets, net	<u>\$ 48,416,698</u>	<u>\$ 8,386,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,803,593</u>

NOTE 6 – BONDS PAYABLE

The Authority approved the issuance of Community Facilities Bonds (Series A, Series B, Series C and Series D). 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 a related party of the Developer at par.

The Authority has pledged assessed valuation charges, sewer oversizing cost reimbursements, and sewer service charges, net of specific disbursements as defined in the bond agreements, to the payment of interest of Series A, B, C and D 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, then the Series C bonds, and then the Series D bonds.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Bonds payable activity for the year ended December 31, 2021 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, 2010	8/27/2050	8.87%	\$ 22,000,000	\$ -	\$ -	\$ 22,000,000
Series B, 2013	12/15/2053	6.96%	25,000,000	-	-	25,000,000
Series C, 2015	7/15/2055	6.43%	18,375,707	-	-	18,375,707
Series D, 2019	1/18/2059	See Below	6,153,219	10,367,309	-	16,520,528
Total			<u>\$ 71,528,926</u>	<u>\$ 10,367,309</u>	<u>\$ -</u>	<u>\$ 81,896,235</u>

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.

During 2019, the Authority approved the issuance of up to \$30.0 million in Community Facilities, Series D. The interest rate for the first advance of Series D bonds was 8.0% per year. For each subsequent advance, the fixed annual rate is determined at the time of each advance equal to the most recently published Bond Buyer 25 Revenue Bond Muni Index rate for 30 year bonds plus 3.34%.

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

NOTE 7 – LEASES

The Authority leases a barn located on a portion of the property to the Developer. The lease commenced in 2018 for a 60 month initial term and shall automatically renew for successive one-month periods until terminated by either party on 30 days written notice. The lessee pays minimum annual rent in the amount of \$12,000 payable in advance in twelve equal monthly installments. The Authority, as a lessor, has retained substantially all of the risks and benefits of ownership and accounts for the lease as an operating lease. Amounts charged and due are reflected as other revenue on the Statement of Revenues, Expenses and Change in Net Position.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 8 – RISK MANAGEMENT

The Authority has property, casualty, crime, and public official’s liability protection for potential loss or damage resulting from their operations or to their property. Protection is provided through coverage on a risk transfer basis by A-rated companies and extends to all owned, leased, rented or newly acquired property, as well as their business operations. 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 is written with no deductible and public officials coverage is written with a \$5,000 deductible.

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

NOTE 9 - CONTINGENT LIABILITIES

There are no claims and lawsuits pending against the Authority.

NOTE 10 – CONTRACTUAL COMMITMENTS

Land Acquisition Agreement

The Authority entered into a land acquisition agreement with the Developer during 2014. The acquisition agreement, as amended, is to purchase up to 420 acres of land and any and all improvements located thereon. The purchase price is \$55,469 per acre and is payable from proceeds of the Authority’s bonds. To date, the Authority has purchased approximately 372 acres for \$20.6 million. The outside date for closing on the purchase of any remaining parcel(s) is October 2024.

NOTE 11 - RELATED PARTIES

The Developer is responsible for overseeing the construction and development of the Authority’s public infrastructure projects. In addition, the Developer has 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 charges 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 Union County appoints four of the trustees and the Developer appoints the remaining three trustees. The trustees appointed by the Developer are employees of a related party to the Developer.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 12 - ACCUMULATED DEFICIT OF NET POSITION

At December 31, 2021, the Authority has an accumulated deficit net position of \$62.6 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 primarily with future community development charges.

NOTE 13 – 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.

NOTE 14 – ASSET RETIREMENT OBLIGATIONS

Ohio Revised Code (ORC) Section 6111.44 requires the Authority to submit any changes to their sewerage system to the Ohio EPA for approval, including the retirement or abandonment of certain sewer-related assets. Through this permitting process, the Authority would be responsible to address any public safety issues associated with retiring or abandoning these sewer-related assets. In accordance with ORC Section 6111.44, and applicable accounting standards, the Authority believes an asset retirement obligation (ARO) to be present, however, there is significant uncertainty as to what public safety issues would need to be addressed. Based on this uncertainty, the ARO amount is not reasonably estimable at this time and therefore an ARO is not recognized in the Authority's financial statements.

NOTE 15 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended December 31, 2021, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the Authority.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the Authority.

**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 16 – SUBSEQUENT EVENTS

On April 14, 2022, the Authority approved the issuance of up to \$32.0 million in Community Facilities Bonds, Series E, 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 a related party of the Developer at par.

The Series E bonds were issued as one term bond with a stated maturity date of April 20, 2062. The interest rate for the first advance of Series E bonds is 7.1% per year. For each subsequent advance, the fixed annual rate is determined on the date of each advance and will be equal to the then most recent Bond Buyer 25 Revenue Bond Muni Index rate for 30 year bonds plus 3.81%.

The Authority evaluated subsequent events through June 13, 2022, the date the financial statements were available to be issued and determined there were no additional items requiring disclosure. As of this date, the Authority's Series E draws totaled \$1.3 million.

**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***

Jerome Village Community Authority
Union 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 Jerome Village Community Authority, Union County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Jerome Village Community Authority's basic financial statements, and have issued our report thereon dated June 13, 2022, wherein we noted as described in Note 12 to the financial statements, the Jerome Village Community Authority has an accumulated deficit net position. This deficit is a result of how the Jerome Village Community Authority is structured and its basic operations. Furthermore, as described in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jerome Village 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 Jerome Village Community Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jerome Village 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 Jerome Village 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jerome Village 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 Jerome Village 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 Jerome Village Community Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
June 13, 2022

OHIO AUDITOR OF STATE KEITH FABER



JEROME VILLAGE COMMUNITY DEVELOPMENT AUTHORITY

UNION 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 7/14/2022

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