

DELAWARE COUNTY FINANCE
AUTHORITY
DELAWARE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2023



www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Directors
Delaware County Finance Authority
91 North Sandusky Street
Delaware, Ohio 43015

We have reviewed the *Independent Auditor's Report* of the Delaware County Finance Authority, Delaware County, prepared by Rea & Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. 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 Delaware County Finance 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 17, 2024

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**DELAWARE COUNTY FINANCE AUTHORITY
DELAWARE COUNTY, OHIO**

FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Delaware County Finance Authority
Delaware County, Ohio
91 N. Sandusky Street
Delaware, Ohio 43015

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Delaware County Finance Authority, Delaware County, Ohio (the Authority), a component unit of Delaware County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Delaware County Finance Authority, Delaware County, Ohio, as of December 31, 2023, and the respective changes in financial position and its cash flows 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 Matter

As described in Note 3 to the financial statements, beginning cash and cash equivalents as of January 1, 2023 has been restated to account for transactions in the Bond Fund. Our opinion is not modified with respect to this matter.

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 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 opinions. 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 GAAS 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 GAAS 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 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 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 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 GAAS, 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 12, 2024 on our consideration of the 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 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 Authority's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
June 12, 2024

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

The management’s discussion and analysis of the Delaware County Finance Authority’s (the “Authority”) financial performance provides an overall review of the Authority’s financial activities for the year ended December 31, 2023. 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.

On April 24, 2006, the Board of Commissioners of Delaware County, Ohio created the Delaware County Finance Authority which became a legal entity pursuant to Ohio Revised Code Section 4582.21 through Section 4582.59.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The Authority’s net position was \$4,373,618 as of December 31, 2023 according to the Statement of Net Position. This represents an increase of \$893,342 from last year’s restated net position of \$3,480,276.
- Operating revenues for 2023 were \$1,123,827, which represents a decrease of \$215,587, or 16% from 2022.
- The net increase in cash and cash equivalents was \$11,794,175 from 2022 which is primarily attributed to the Authority recognizing transactions recorded through its Delaware County Finance Authority (DCFA) Bond Fund program.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Authority as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The statement of net position and statement of revenues, expenses, and changes in net position provide information about the activities of the Authority as a whole, presenting both an aggregate view of the Authority’s finances and a longer-term view of those finances.

Reporting the Authority as a Whole

Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position

The Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position answer the question, “How did we do financially during 2023?” These statements present all assets and liabilities using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private – sector companies.

The accrual basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid. These two statements report the Authority’s net position and changes in overall financial position. This change in net position is important because it tells the reader that, for the Authority as a whole, 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.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Reporting the Authority's Most Significant Fund

Proprietary Fund

The Authority maintains one proprietary fund, an enterprise fund.

Summary of Net Position

The table below provides a summary of the Authority's net position for 2023 noting 2022 was restated to account for DCFA Bond Fund program transactions:

	2023	(Restated) 2022
<u>Assets</u>		
Current assets	\$ 3,317,648	\$ 2,561,026
Noncurrent assets - unrestricted	549,547	549,547
Noncurrent assets - restricted	<u>36,217,976</u>	<u>17,316,235</u>
Total assets	<u>40,085,171</u>	<u>20,426,808</u>
<u>Liabilities</u>		
Current liabilities - unrestricted	41,058	5,200
Current liabilities - payable from restricted assets	5,738	5,769
Noncurrent liabilities - payable from restricted assets	<u>35,664,757</u>	<u>16,935,563</u>
Total liabilities	<u>35,711,553</u>	<u>16,946,532</u>
<u>Net position</u>		
Investment in capital assets	549,547	549,547
Restricted	18,875,868	7,960,918
Unrestricted	<u>(15,051,797)</u>	<u>(5,030,189)</u>
Total net position	<u>\$ 4,373,618</u>	<u>\$ 3,480,276</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2023, the Authority's assets exceeded liabilities by \$4,373,618.

The increase in total assets and total liabilities is primarily associated with two DCFA Bond Fund program transactions that were entered into during December 2023, the Addison Farms 2023A and Mill on Flax 2023B debt issuances. Revenue bonds totaling \$11,414,000 were issued to fund development projects within Delaware County.

Summary of Revenues and Expenses

The table on the next page provides a summary of the Authority's revenues and expenses for 2023 noting 2022 was restated to account for Authority Bond Fund transactions:

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

	<u>2023</u>	<u>(Restated) 2022</u>
Operating Revenues:		
Conduit, bond fund & other financing fees	\$ 1,123,720	\$ 1,189,142
Contributions and donations	-	150,000
Other operating Revenues	107	272
Total Operating Revenues	<u>1,123,827</u>	<u>1,339,414</u>
Operating Expenses:		
Professional services	206,760	187,765
Other	3,236	14,973
Grants	-	10,000
Materials and Supplies	4,051	4,780
Total Operating Expenses	<u>214,047</u>	<u>217,518</u>
Operating Income	<u>909,780</u>	<u>1,121,896</u>
Nonoperating Revenues (Expenses):		
Investment earnings	128,424	31,134
Intergovernmental	2,460	-
Investment earnings - program reserve bond	145,318	13,433
Investment earnings - revolving loan fund	27,229	60,466
Interest expense - program reserve bond	(69,969)	(59,124)
Bond fund contribution	(249,900)	-
<i>Bond Fund:</i>		
Pledged revenue	260,893	213,442
Interest expense on bonds	(236,369)	(190,776)
Fiscal charges and other expenses	(24,524)	(22,666)
Total Nonoperating Revenues (Expenses)	<u>(16,438)</u>	<u>45,909</u>
Change in net position	893,342	1,167,805
Beginning Net Position	<u>3,480,276</u>	<u>2,312,471</u>
Ending Net Position	<u>\$ 4,373,618</u>	<u>\$ 3,480,276</u>

Operating revenues decreased \$215,587 and operating expenses decreased \$3,471 from 2022. The decrease in operating revenues is attributed to the timing of sales tax exemption projects as well as no contributions needed from Delaware County for operations. The increase in operating expenses is primarily attributed to the accrual of professional services expenses.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

Capital Assets and Debt Administration

Capital Assets

At the end of 2023, the Authority's capital assets were limited to land in the amount of \$549,547. The following table shows 2023 balances compared to 2022:

	<u>2023</u>	<u>2022</u>
Land	<u>\$ 549,547</u>	<u>\$ 549,547</u>

See Note 5 to the basic financial statements for more detail on the Authority's capital assets.

Debt Administration

The Authority has issued one revenue bond to fund its program reserve and a total of five revenue bonds through the DCFA Bond Fund program to finance projects within Delaware County. During 2023, the Authority issued \$11,414,000 in revenue bonds through its Bond Fund program to finance two projects. Excluding the Authority's program reserve bond, all revenue bonds are secured by pledged revenues which will be collected and distributed to the trustee for repayment of the bonds. See Note 6 for more detail on the DCFA Bond Fund program.

Economic Conditions and Outlook

The Authority has the ability to finance projects through its DCFA Bond Fund program which encompasses not only the surrounding Delaware county area but throughout central Ohio. The Authority's goals are to increase the number of projects financed through its DCFA Bond Fund program as evidenced by the two new projects financed during 2023. Fees generated by financing projects are necessary to support the operations of the Authority.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer of the Delaware County Finance Authority, 91 North Sandusky Street, Delaware, Ohio 43015.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2023

Assets:

Current assets:

Cash and cash equivalents	\$ 3,117,667
Accounts receivable	198,970
Prepaid items	1,011
Total current assets	3,317,648

Noncurrent assets:

Capital assets:

Land	549,547
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Restricted assets:

Cash equivalents and investments - program bond reserve	3,658,761
Cash - revolving loan fund	3,394,458

Bond Fund:

Cash, cash equivalents and investments	11,822,649
Pledged receivables	17,342,108

Total restricted assets	36,217,976
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Total noncurrent assets	36,767,523
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Total assets	40,085,171
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Liabilities:

Current liabilities:

Accounts payable	41,058
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Payable from restricted assets:

Accrued interest payable - program reserve bond	5,738
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Total current liabilities	46,796
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Noncurrent liabilities:

Payable from restricted assets:

Due to Delaware County - RLF	3,000,000
Program reserve bonds	3,500,000

Bond Fund:

Revenue bonds	21,001,569
Accrued interest payable	68,198

Due to developer	7,811,189
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Other payables	283,801
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Total noncurrent liabilities	35,664,757
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Total liabilities	35,711,553
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Net Position:

Investment in capital assets	549,547
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Restricted	18,875,868
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Unrestricted	(15,051,797)
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Total net position	\$ 4,373,618
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

Operating revenues:	
Conduit financing, bond fund and other fees	\$ 1,123,720
Other operating revenues	107
	1,123,827
Total operating revenues	1,123,827
Operating expenses:	
Professional services	206,760
Other	3,236
Material and supplies	4,051
	214,047
Total operating expenses	214,047
Operating income	909,780
Nonoperating revenues (expenses):	
Investment earnings	128,424
Intergovernmental	2,460
Investment earnings - program reserve bond	145,318
Investment earnings - revolving loan fund	27,229
Interest expense - program reserve bond	(69,969)
Bond fund contribution	(249,900)
<i>Bond Fund:</i>	
Pledged revenue	260,893
Interest expense on bonds	(236,369)
Fiscal charges and other expenses	(24,524)
Total nonoperating revenues (expenses)	(16,438)
Change in net position	893,342
Net position at beginning of year	3,480,276
Net position at end of year	\$ 4,373,618

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

Cash flows from operating activities:	
Cash received from conduit financing, bond fund and other fees	\$ 1,247,334
Cash received from other operating receipts	107
Cash payments to professional and grant services	(171,513)
Cash payments to supplies for goods and other services	(7,687)
	<hr/>
Net cash provided by operating activities	1,068,241
	<hr/>
Cash flows from noncapital financing activities:	
Intergovernmental receipts	2,460
Interest paid on program reserve bonds	(70,000)
<i>Bond Fund:</i>	
Pledge revenue received	884,722
Issuance of revenue bonds	11,414,000
Discount of bonds issued	(182,431)
Pass through bond proceeds payments	(799,431)
Developer costs paid	(10)
Principal paid on bonds	(640,000)
Interest paid on bonds	(193,724)
Fiscal charges and other payments	(24,524)
	<hr/>
Net cash provided by noncapital financing activities	10,391,062
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Cash flows from investing activities:	
Interest received	334,872
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Net cash provided by investing activities	334,872
	<hr/>
Net increase in cash and cash equivalents	11,794,175
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Cash and cash equivalents at beginning of year - See Note 3	10,199,360
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Cash and cash equivalents at end of year	<u><u>\$ 21,993,535</u></u>
	<hr/>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 909,780
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	123,614
(Increase) decrease in prepaid items	(1,011)
Increase (decrease) in accounts payable	35,858
	<hr/>
Net cash provided by operating activities	<u><u>\$ 1,068,241</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Delaware County Finance Authority (the "Authority") was created on April 24, 2006 under the authority of Ohio Revised Section 4582.21 through 4582.59 for the purpose of engaging in activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within Delaware County, Ohio.

The Board of Directors (the Board) is the governing body of the Authority. The Board consists of seven members each of whom shall serve for a term of four years and are appointed by the Board of Delaware County Commissioners. The officers of the Board consist of the Chair, Vice-chair, Treasurer/CFO and Secretary. The officers are elected annually by the Board. All the powers of the Authority are exercised at the discretion of an by or under the direction of the Board. The Board promulgates and approves, all polices and enters into contracts, intergovernmental agreements, and other agreements that further the authorized purposes of the Authority.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Authority.

Component units are legally separate organizations for which the Authority is financially accountable. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's Governing Board and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; or (3) the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Authority is a component unit of Delaware County, Ohio.

B. Basis of Presentation

The Authority operates as a self-supporting governmental enterprise and uses accounting policies applicable to governmental enterprise funds. All transactions are accounted for in a single enterprise fund.

The financial statements are presented as of December 31, 2023 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting: and Financial Reporting: Standards (GASB Codification).

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting/Measurement Focus

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, regardless of the measurement focus applied. For financial statement presentation purposes, the Authority utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The Authority's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities of resources associated with the Authority's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Authority finances and meets the cash flows of its enterprise activity.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from servicing fees. Operating expenses for the Authority include the cost of providing these services, including administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues include pledged revenue to support repayment of bonds issued through the DCFA Bond Fund program, intergovernmental revenues, and interest earnings. Nonoperating expenses include interest payments on bonds and fiscal charges related to projects financed through the DCFA Bond Fund program and other nonoperating expenses.

D. Budgetary Process

The budgetary process is prescribed by the provisions of Ohio Revised Code Section 4582.39. The major document prepared is the appropriation resolution which is prepared on the budgetary basis of accounting. The appropriation resolution is subject to amendment throughout the year. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within its fund. Budgetary modifications may only be made by resolution of the Board of Directors.

1. **Budget**

The Treasurer will submit an annual budget and appropriations resolution for the following year to the Board of Trustees for consideration and passage. The adopted budget shall not exceed the total of the estimated revenues available for expenditure.

2. **Estimated Resources**

The Treasurer will prepare estimated revenues prior to consideration of the annual appropriation resolution. The Authority must revise its budget so that the total contemplated expenditures during the ensuing year do not exceed the amount of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations

An annual appropriation resolution must be passed by the Board of Trustees for the following year. The appropriation resolution establishes spending controls at the fund and object level (i.e. materials and supplies, contractual services, and capital outlay). The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources. The allocation of appropriations among objects within the fund may be modified during the year by a resolution of the Board of Trustees.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority for the year ended December 31, 2023.

E. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less.

During 2023, investments were limited to U.S. government money market mutual funds, U.S. Treasury notes, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, the Authority measures investments at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, "Certain External Investment Pools and Pool Participants". The Authority measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Restricted assets

Restricted cash, cash equivalents, and investments include: (1) monies held by a trustee in accordance with the bond indentures for the bonds issued through the Authority's Bond Fund program, (2) cash and cash equivalents of the Bond Fund program reserve, (3) cash and cash equivalents of the revolving loan fund, and (4) investments of the Bond Fund program reserve to the extent that their use is subject to constraints externally imposed by the trust indenture, creditors, grant contributors, or laws or regulations of other governments. The Authority is required to restrict \$3,500,000 (in both cash and cash equivalents and investments) which represents the proceeds from the program reserve bond in accordance with the DCFA Bond Fund program Master Indenture.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
(A COMPONENT UNIT OF DELAWARE COUNTY)**

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of the statement of cash flows, investments with original maturities of three months or less at the time they are purchased by the Authority are considered to be “cash equivalents”. Investments with an initial maturity of more than three months are considered to be “investments”. The cash activity related to the restricted cash equivalents with fiscal agent is reported in the Authority’s statement of cash flows.

F. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

G. Capital Assets and Depreciation

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000. Property, plant and equipment acquired by the enterprise funds are stated at cost (or estimated historical cost), including architectural and engineering fees where applicable. Donated capital assets are recorded at their acquisition value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Infrastructure	20 – 50
Buildings	20 – 50
Building Improvements	10 – 50
Improvements Other than Buildings	10 – 20
Vehicles	3 – 15
Furniture & Equipment	3 – 25
Computer Equipment	3 – 15

H. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position includes, but is not limited to, bond reserve proceeds that are used in the DCFA Bond Fund program. The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

I. Intergovernmental Revenue

The Authority is party to a Joint Economic Development District contract with the Village of Shawnee Hills, Orange Township and Concord Township (aka Evans Farm JEDD) of which a proportionate share of revenues is distributed to the Authority. For 2023, this amount was limited to \$2,460.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Issuance Costs, Unamortized Bond Discounts and Premiums

In the financial statements, for bonds issued through the DCFA Bond Fund program, bond issuance costs are paid from bond proceeds and are reported as a component of the pledged receivable supporting repayment of the bonds. Bond discounts and premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized bond discounts and premiums are presented as an increase or decrease of the face amount of the bond payable.

K. Pledged Receivable

The Authority has reported a pledged receivable for contractually obligated future revenues due to the Authority that are considered under GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" to be collateralized borrowings. Pledged receivables have been reported in conjunction with activities of the DCFA Bond Fund program.

L. Estimates

The preparation of the basic financial statements in conformity with GAAP 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.

M. Due to Developer

The Authority reports bonds proceeds and other revenues received through the DCFA Bond Fund program that are collected and held by the Trustee at year-end as due to developer on the statement of net position.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Deposits with Financial Institutions

At December 31, 2023, the carrying amount was \$3,744,311 and the bank balance of the Authority's deposits was \$3,747,611. Of the bank balance, \$3,747,293 was covered by the FDIC and \$318 was exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. All deposits are collateralized with by (1) eligible securities pledged to the Authority's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

As of December 31, 2023, the Authority had the following investments and maturities:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
<i>Fair value:</i>			
U.S. Treasury Note	\$ 4,550,500	\$ -	\$ 4,550,500
US Government Obligations	10,676,393	10,676,393	-
<i>Amortized cost:</i>			
STAR Ohio	3,022,331	3,022,331	-
Total	\$ 18,249,224	\$ 13,698,724	\$ 4,550,500

The weighted average length to maturity of investments is 0.23 years.

Fair Value Measurements: The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority’s investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Authority’s investments in U.S. Treasury notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 1 inputs). As discussed in Note 2, investments in STAR Ohio are reported at the net asset value (NAV) per share as provided by STAR Ohio.

Interest Rate Risk: The Authority’s investment policy limits the investment of operating funds and limits the investment of bond fund reserves. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Authority’s investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk: Standard & Poor’s has assigned STAR Ohio and the U.S. government money market mutual funds an AAAM money market rating. The Authority’s investments U.S. Treasury notes were rated Aaa by Moody’s Investor Services, respectively.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the custodial agent, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Authority’s investment policy does not specifically address the concentration of credit risk. The Authority places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Authority at December 31, 2023:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair value:</i>		
U.S. Treasury Notes	\$ 4,550,500	24.92
U.S. Government Obligations	10,676,393	58.47
<i>Amortized cost:</i>		
STAR Ohio	<u>3,022,331</u>	<u>16.61</u>
Total	<u>\$ 18,249,224</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,744,311
Investments	<u>18,249,224</u>
Total	<u>\$ 21,993,535</u>
 <u>Cash and investments per statement of net position</u>	
Cash and cash equivalents	\$ 3,117,667
Cash and cash equivalents - bond fund	254,517
Investments - bond fund	15,226,893
Cash and cash equivalents - revolving loan fund	<u>3,394,458</u>
Total	<u>\$ 21,993,535</u>

NOTE 3 – ACCOUNTABILITY AND CHANGE IN ACCOUNTING PRINCIPLES

A. ACCOUNTABILITY

Beginning cash and cash equivalents reported on the Statement of Cash Flows has been restated from \$9,119,114 to \$10,199,360 based on accounting for the DCFA Bond Fund program cash and cash equivalents balance at December 31, 2022.

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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 – ACCOUNTABILITY AND CHANGE IN ACCOUNTING PRINCIPLES (Continued)

B. CHANGE IN ACCOUNTING PRINCIPLES

For 2023, the Authority has implemented GASB Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”, GASB Statement No. 96, “*Subscription Based Information Technology Arrangements*”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Authority.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Authority.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Authority.

NOTE 4 – RECEIVABLES

Receivables at December 31, 2023 consisted of intergovernmental receivable totaling \$198,970 related to conduit and financing fees. This receivable is considered collectible in full.

**DELAWARE COUNTY FINANCE AUTHORITY, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 - CAPITAL ASSETS

A summary of capital assets at December 31, 2023:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Nondepreciable Capital Assets				
Land	\$549,547	\$0	\$0	\$549,547
Total Nondepreciable Capital Assets	<u>\$549,547</u>	<u>\$0</u>	<u>\$0</u>	<u>\$549,547</u>

NOTE 6 – DCFA BOND FUND PROGRAM

The Authority has established the Delaware County Finance Authority (DCFA) Bond Fund program to provide long-term, fixed interest rate financing for qualified industrial, commercial and public projects. The primary objective of the DCFA Bond Fund program is to further economic development efforts and investment in Delaware and throughout central Ohio.

To fund the DCFA Bond Fund program reserve, the Authority issued \$3,500,000 taxable revenue bonds which were purchased by the Delaware County Treasurer. The bond proceeds were deposited into the DCFA Bond Fund program reserve and are reported as restricted assets on the statement of net position. Interest earned on investments purchased by the DCFA Bond Fund program reserve proceeds are reinvested and provide additional reserves for future DCFA Bond Fund program debt issuances. During 2023, the DCFA Bond Fund program reserve had the following activity:

<i>Direct Placement:</i>	Outstanding 12/31/2022	Additions	Reductions	Outstanding 12/31/2023	Due in One Year
Program Reserve Bond	\$ 3,500,000	\$ -	\$ -	\$ 3,500,000	\$ -
Total	<u>\$ 3,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,500,000</u>	<u>\$ -</u>

Excluding the bonds issued to fund the initial DCFA Bond Fund program reserve noted in the previous paragraph, bonds issued through the DCFA Bond Fund program provide that debt service requirements on each bond issue are secured by a pledge of amounts to be received under financing agreements, leases, or loan agreements with borrowers who utilize the financed facilities. In addition, all borrowers are required to provide 10% of the bond premium in a reserve (which is used to make the final payment on the bonds). Amounts in the DCFA Bond Fund program reserve account may be used for debt service in the event the borrower is unable to make the required payments under the lease or loan agreements. Provisions of the master covenant and all of the supplemental covenants securing each individual bond issue provide that events of default would be:

1. Payment of any interest on any Bond not being made when and as that interest became due and payable;
2. Payment of the principal of or any premium on any Bond was not made when and as that principal or premium became due and payable; or

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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – DCFA BOND FUND PROGRAM (Continued)

3. The Issuer [the Authority] fails to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the indentures or in the bonds, which failure shall have continued for a period of 60 days after written notice to the Issuer and, if the failure is a result of a Contracting Party (the party for which the Authority is securing financing for a project or projects) being in default under its Agreement, then also to that Contracting Party, specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25 percent in aggregate principal amount of Bonds then outstanding.

If an event of default should occur, the master and supplemental covenants for all of the issuances under the Bond Fund program provide for possible acceleration of the payments otherwise due the bondholders:

1. In the event Bond Service Charges are not paid when due, whether at maturity or by redemption, the Trustee may, and upon the written request of Holders of not less than a majority in aggregate principal amount of outstanding Bonds shall, declare by notice in writing delivered to the Issuer the principal of all Bonds then outstanding and the interest accrued thereon to be due and payable immediately unless otherwise provided in the related Supplemental Indenture.
2. Upon the failure of a Contracting Party to pay in full any Financing Payment, the Trustee may declare, and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of outstanding Bonds of the Series related to the Financing Payment which was not made, the Trustee shall declare, by a notice in writing delivered to the Issuer, the principal of all Bonds of that Series then outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately unless otherwise provided in the related Supplemental Indenture; provided that no such notice of acceleration may be given unless there is then on deposit with the Trustee sufficient moneys in the Accounts in the Primary Reserve Fund and Collateral Fund and the Subaccounts in the Prepayment Account, Interest Payment Account, and Principal Payment Account in the Bond Fund for the Series for which such notice is to be given to pay in full the principal of and interest on the outstanding Bonds of that Series on the date selected by the Trustee for tender of payment. Upon that declaration, that principal and interest shall become and be due and payable immediately. Interest on such Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to any declaration of acceleration hereunder; provided, that interest on any unpaid principal of Bonds outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.
3. If the default is cured before action is taken pursuant to these provisions, it is possible that acceleration will not proceed to be enforced.

None of the covenants under the Bond Fund program provide for any subjective acceleration.

Since the inception of the DCFA Bond Fund program on December 20, 2021, no Bonds have been in default, and no draw has been made by the Trustee under any of the Primary Reserves or Program Reserve Funds.

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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – DCFA BOND FUND PROGRAM (Continued)

All DCFA Bond Fund program revenue bonds are special obligations and not general obligations of the Authority. The bonds do not represent or constitute a debt or pledge of the faith and credit of the Authority. The Authority has reported assets for pledged receivables and cash equivalents held by the fiscal agent which is dedicated to the project. These assets are reported as noncurrent restricted assets on the statement of net position.

Certain of the bonds issued through the DCFA Bond Fund program are direct placements. Direct placements occur when the Authority issues a debt security directly to an investor. Direct placements have terms negotiated directly with the investor and are not offered for public sale.

The following activity occurred during 2023 through the DCFA Bond Fund program:

	(Restated) Balance Outstanding 12/31/2022	Additions	Reductions	Balance Outstanding 12/31/2023	Amounts Due in One Year
<i>Direct Placements:</i>					
2021A Liberty Township	\$ 1,915,000	\$ -	\$ (115,000)	\$ 1,800,000	\$ 115,000
2022A Liberty Township	6,190,000	-	(380,000)	5,810,000	385,000
2022B Liberty Township	2,305,000	-	(145,000)	2,160,000	145,000
2023B Mill on Flax	-	2,499,000	-	2,499,000	-
<i>Total direct placements</i>	<u>10,410,000</u>	<u>2,499,000</u>	<u>(640,000)</u>	<u>12,269,000</u>	<u>645,000</u>
2023 Addison Farms	-	8,915,000	-	8,915,000	-
<i>Total</i>	<u>10,410,000</u>	<u>11,414,000</u>	<u>(640,000)</u>	<u>21,184,000</u>	<u>645,000</u>
Unamortized discount	-	(182,431)	-	(182,431)	-
Total Long-Term Obligations	<u>\$ 10,410,000</u>	<u>\$ 11,231,569</u>	<u>\$ (640,000)</u>	<u>\$ 21,001,569</u>	<u>\$ 645,000</u>

The Authority issued the following bonds through the DCFA Bond Fund program:

Series 2021A – Liberty Township Administrative Office Building Project

On December 13, 2021, the Authority issued \$1,970,000 in Series 2021A special obligation revenue bonds to finance the Liberty Township Administrative Office Building Project. The aggregate principal of these bonds consisted of a term bond maturing on December 1, 2031 in the principal amount of \$675,000 at an interest rate of 1.75% and a term bond maturing on December 1, 2035 in the principal amount of \$1,295,000 at an interest rate of 1.87%. The bonds are payable solely from these pledged revenues.

Series 2022A – Liberty Township Fire Station Project

On February 1, 2022, the Authority issued \$6,370,000 in Series 2022A special obligation revenue bonds to finance the Liberty Township Fire Station Project. The aggregate principal of these bonds consisted of a term bond maturing on December 1, 2031 in the principal amount of \$2,250,000 at an interest rate of 1.75% and a term bond maturing on December 1, 2035 in the principal amount of \$4,120,000 at an interest rate of 2.00%. The bonds are payable solely from these pledged revenues.

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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – DCFA BOND FUND PROGRAM (Continued)

Series 2022B – Liberty Township Road Maintenance Facility Project

On February 10, 2022, the Authority issued \$2,375,000 in Series 2022B special obligation revenue bonds to finance the Liberty Township Road Maintenance Facility Project. The aggregate principal of these bonds consisted of a term bond maturing on December 1, 2031 in the principal amount of \$830,000 at an interest rate of 1.75% and a term bond maturing on December 1, 2035 in the principal amount of \$1,545,000 at an interest rate of 1.94%. The bonds are payable solely from these pledged revenues.

Series 2023A - Addison Farms Public Infrastructure Project

On December 14, 2023, the Authority issued \$8,915,000 in Series 2023A revenue bonds to finance public infrastructure improvements associated with the private development of approximately 161 homes on 60 acres north of the City of Delaware. The bonds were issued at a \$133,725 discount. The bonds will be secured by the Authority’s right to receive service payments in lieu of taxes and community development charges which are to be made pursuant to the terms of a certain Cooperative Agreement dated as of December 1, 2023 by and among the Authority, the City of Delaware, the Developer, the Delaware Northwest New Community Authority and the Trustee. The bonds are also payable from pledged revenues. The Series 2023A revenue bonds bear an interest rate of 6.25% and mature on December 1, 2037.

Series 2023B – Mill on Flax Public Infrastructure Project

On December 8, 2023, the Authority issued \$2,499,000 in Series 2023B revenue bonds to finance public infrastructure improvements which will build 162 apartment units plus a 10,000-square-foot commercial and amenity building on a 5-acre site near the Olentangy River’s east bank in downtown Delaware. The site’s history dates from 1863 when various manufacturing plants, including the famous Delaware Chair Company, based their operations there. One of the historic buildings still on the property will be renovated as part of the project. The bonds were issued at a \$48,706 discount. The bonds will be secured by a Tax Incentive Finance Agreement between the Authority, the Developer and the City of Delaware. The bonds are also payable from pledged revenues. The Series 2023B revenue bonds bear an interest rate of 6.02% and mature December 1, 2055.

In accordance with the bond indenture, the Authority elected to fund the 10% reserve (which is used to make the final payment on the bonds) in the amount of \$249,900 which was held in an account by the trustee. This amount is reported as restricted cash and cash equivalents on the statement of net position and any interest earned is considered unrestricted and may be used for general operations.

The following is a schedule of future debt service principal and interest payments:

<u>Year Ending December 31,</u>	Program Reserve Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$0	\$ 70,000	\$ 70,000
2025	0	70,000	70,000
2026	0	70,000	70,000
2027	0	70,000	70,000
2028	0	70,000	70,000
2029-2031	3,500,000	210,000	3,710,000
Total	\$ 3,500,000	\$ 560,000	\$ 4,060,000

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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – DCFA BOND FUND PROGRAM (Continued)

Year Ending December 31,	DCFA Bond Fund Program		
	Principal	Interest	Total
2024	\$645,000	\$ 854,582	\$ 1,499,582
2025	662,000	877,461	1,539,461
2026	672,000	865,148	1,537,148
2027	852,000	850,116	1,702,116
2028	1,252,000	821,205	2,073,205
2029-2033	8,060,000	3,201,976	11,261,976
2034-2038	6,570,000	1,365,702	7,935,702
2039-2043	331,000	719,149	1,050,149
2044-2048	701,000	554,532	1,255,532
2049-2053	960,000	310,271	1,270,271
2054-2055	479,000	36,541	515,541
Total	<u>\$ 21,184,000</u>	<u>\$ 10,456,683</u>	<u>\$ 31,640,683</u>

Pledged Revenue and Cash Held by Trustee

All DCFA Bond Fund program revenue bonds are secured by pledged revenues. The pledged revenue coverage is reported below. In accordance with the bond indentures, certain bond proceeds were used to fund various accounts with a trustee. The balance of the amounts held by the trustee at December 31, 2023 are disclosed in the table below. The amounts held by the trustee are reported as restricted cash, cash equivalents and investments on the statement of net position.

	Total Principal & Interest Remaining on Bonds at 12/31/2023	Principal Paid in 2023	Interest Expense in 2023	Pledged Revenue in 2023	Restricted Cash Held by Trustee at 12/31/2023
2021A Liberty Township	\$ 2,035,577	\$ (115,000)	\$ (28,936)	\$ 34,514	\$ 209,917
2022A Liberty Township	6,612,818	(380,000)	(113,072)	125,866	679,184
2022B Liberty Township	2,451,634	(145,000)	(41,492)	47,644	251,149
2023A Addison Farms	14,181,374	-	(41,302)	41,302	8,191,183
2023B Mill on Flax	6,359,280	-	(11,567)	11,567	2,491,216
Obligations	<u>\$ 31,640,683</u>	<u>\$ (640,000)</u>	<u>\$ (236,369)</u>	<u>\$ 260,893</u>	<u>\$ 11,822,649</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 – REVOLVING LOAN FUND

On June 18, 2020, the Authority entered the Delaware County Revolving Loan Fund Cooperative Agreement by and between the Delaware County and Buckeye State Bank. During 2020, the County contributed \$2,500,000 and received contributions to the fund from Liberty Township and Orange Township, each in the amount of \$250,000 to assist small businesses experiencing significant cash flow and operating fund shortages and struggling to remain in operation. The Buckeye State Bank administered loans to recipients. Terms of the loans are 6 monthly interest only payments followed by 54 monthly principal and interest payments.

As of December 31, 2023, there is no expected loan loss. On the basic financial statements, the Authority reports a non-current liability “Due to Delaware County – RLF” in the amount of \$3,000,000 as the Authority does not expect to repay Delaware County for at least five years from the date of issuance.

Based on the terms of the Cooperative Agreement, the Authority is not responsible for management of the Revolving Loan Program which also includes investing available cash and accounting for new and outstanding loans.

NOTE 8 - RISK MANAGEMENT – RISK POOL MEMBERSHIP

The County Risk Sharing Authority, Inc., (CORSA) is an Ohio not-for-profit corporation established by sixty-one counties for establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in the coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board. No county may have more than one representative on the Board at any time. Each member county’s control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

Through Delaware County, the Authority participates in this risk-sharing pool, for property, casualty, and public officials’ insurance coverage. The Authority retains the risk for property, casualty, and public officials’ insurance coverage for up to \$100,000 per occurrence. Following these deductibles, the pool retains the risk per occurrence up to \$1,000,000. An excess policy insures claims exceeding this self-insured retention up to \$10,000,000. The Authority would retain any losses above the excess policy level. Settlement amounts have not exceeded insurance coverage for the last three years. Coverage remains consistent with the previous years.

NOTE 9 - CONDUIT DEBT

Conduit financing represent bonds and notes for project financings which are collateralized by the related amounts to be received. In accordance with GASB Interpretation No. 91 “Conduit Debt Obligations”, the bonds issued by the Authority under the conduit financing program may or may not create a liability to the Authority and therefore are not presented on the Authority’s financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - CONDUIT DEBT (Continued)

In December 2017, the Authority issued Community Facilities Revenue Bonds pursuant to a Trust Indenture dated as of December 1, 2017 between the Authority and U.S. Bank National Association as Trustee (Trustee). Principal and interest on the Series 2017 Bonds will be payable solely by the Authority from the revenues received pursuant to the Cooperative Agreement among the Authority, the Berkshire Landing New Community Authority, Delaware County, Berkshire Township, and the Developer. The Series 2017 Bonds are payable from revenues consisting solely of financing payments as defined in the Cooperative Agreement and pursuant to the Cooperative Agreement, the Berkshire Landing New Community Authority is obligated to make financing payments, solely from the TIF Payments received by the Authority. The balance of these bonds outstanding at December 31, 2023 was \$4,345,000.

NOTE 10 – RELATED PARTY TRANSACTION

The Delaware County Treasurer purchased the Authority's Program Reserve Bonds totaling \$3,500,000 as an investment.

NOTE 11 – SUBSEQUENT EVENTS

On March 13, 2024, the Board of Directors approved Resolution 24-003 authorizing the execution of documents in connection with the termination of the Delaware County Revolving Loan Fund.

On June 4, 2024, the Authority issued \$2,451,000 special obligation bonds, Series 2024A, through the Bond Fund Program. These bonds were issued at an interest rate of 3.99%, mature on June 1, 2034, and proceeds will be used to finance the construction of a new maintenance building located in Brown Township, Delaware County.

On June 5, 2024, the Authority issued \$6,800,000 special obligation bonds, Series 2024, through the Conduit Financing Debt Program. These bonds were issued at an interest rate of 4.96%, mature on June 1, 2034, and proceeds will be used to finance the Jennings Sports Park Project.

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*

Delaware County Finance Authority
Delaware County, Ohio
91 N. Sandusky Street
Delaware, Ohio 43015

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 (*Government Auditing Standards*), the financial statements of Delaware County Finance Authority, Delaware County, Ohio (the Authority), a component unit of Delaware County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 12, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-001.

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Authority's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
June 12, 2024

Delaware County Finance Authority
Delaware County, Ohio
Schedule of Findings and Responses
December 31, 2023

Finding Number: 2023-001
Material Noncompliance – Appropriation and Expenditure of Money

Criteria: Ohio Revised Code §5705.41(B) provides in part that no subdivision or taxing unit is to expend money unless it has been appropriated.

Condition: The Authority had expenditures in excess of appropriations of \$1,366,255 as of December 31, 2023.

Context/Cause: The Authority did not have proper controls in place for budgeting to ensure that the total expenditures did not exceed the total appropriations.

Effect: Failure to properly budget appropriations and actual expenditures could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Recommendation: We recommend the Authority closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations.

Management's Response: The Board of Directors timely approved all appropriation resolutions and expenditures for the period under audit. However, during the preparation of the unaudited financial statements in 2024, it was determined the Authority's Bond Fund Program and all related transactions should be recorded and presented in the 2023 basic financial statements. Based on this timing, the 2023 Bond Fund Program transactions were not budgeted which caused the non-compliance identified in Finding 2023-001. For 2024 and subsequent years, appropriation resolutions adopted by the Board of Directors will include all transactions, including the Authority's Bond Fund Program.

OHIO AUDITOR OF STATE KEITH FABER



DELAWARE COUNTY FINANCE 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 7/30/2024

65 East State 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