



OHIO AUDITOR OF STATE
KEITH FABER



**NORTHSTAR NEW COMMUNITY AUTHORITY
DELAWARE COUNTY
DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the NorthStar New Community Authority, Delaware County, Ohio (the Authority), 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 financial position of the NorthStar New Community Authority, Delaware County, Ohio as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the 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. 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 discussed in Note 11 to the financial statements, the Authority has an accumulated deficit net position as of December 31, 2023. This deficit is a result of how the Authority is structured and its basic operations. Note 11 also describes management's evaluation of the events and conditions and their plans to mitigate these matters. 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 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 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 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 November 21, 2024, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 the Authority's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 21, 2024

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North Star New Community Authority
Delaware County, Ohio
Management's Discussion & Analysis
For The Year Ended December 31, 2023
(Unaudited)

The management's discussion and analysis of financial performance of the North Star New Community Authority, Delaware County, Ohio (the Authority), provides an overview of the Authority's financial activities for the year ended December 31, 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 related notes to enhance their understanding of the Authority's financial performance.

Financial Highlights

- The Authority encourages the orderly development of a well-planned, diversified community of approximately 1,800 acres in Delaware County, including the Townships of Berkshire and Kingston.
- Net position at December 31, 2023 and 2022 totaled a deficit of \$16.6 million and \$13.8 million, respectively.
- The Authority approved the issuance of Community Facilities Bonds for the purpose of providing funds to pay the costs of land acquisition and the further development and construction of community facilities.

Overview of the Basic Financial Statements

This annual report consists of basic financial statements and notes to those statements. The statements are organized so the reader can understand the Authority's financial activities and financial position. The Statement of Net Position and Statement of Revenues, Expenses and Change in Net Position provide information about the activities of the Authority, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Authority. The Statement of Revenues, Expenses and Change in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflect how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements.

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

These basic financial statements look at all transactions and ask the question, how did we do financially? The Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position answer this question. These statements include all assets, liabilities, revenues, and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. The accrual basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two financial statements report the Authority's net position and changes in those assets and liabilities. This change in net position is important because it tells the reader whether the financial position of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

North Star New Community Authority
Delaware County, Ohio
Management's Discussion & Analysis
For The Year Ended December 31, 2023
(Unaudited)

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 at December 31, 2023 and 2022.

Table 1
Net Position at Year End

	2023	2022	Change
Assets:			
Current assets	\$ 180,817	\$ 178,119	\$ 2,698
Capital assets, net	16,331,438	12,743,342	3,588,096
Total Assets	16,512,255	12,921,461	3,590,794
Liabilities:			
Current liabilities	5,294,056	50,940	5,243,116
Noncurrent liabilities	27,842,128	26,691,294	1,150,834
Total liabilities	33,136,184	26,742,234	6,393,950
Net position:			
Net investment in capital assets	(1,950,375)	(1,781,343)	(169,032)
Unrestricted	(14,673,554)	(12,039,430)	(2,634,124)
Total net position	\$ (16,623,929)	\$ (13,820,773)	\$ (2,803,156)

The net increase in capital assets and current liabilities is primarily related to construction in progress for certain public infrastructure improvements. The Authority intends to issue a bond to pay for these costs.

The net increase in capital assets described above is offset by the current year capital dedication and depreciation on the Authority's depreciable capital assets.

The increase in noncurrent liabilities is the result of an increase in the accrued interest payable offset by a payment towards the developer payable.

North Star New Community Authority
Delaware County, Ohio
Management's Discussion & Analysis
For The Year Ended December 31, 2023
(Unaudited)

Table 2 reflects the changes in net position for the fiscal years ended December 31, 2023 and 2022.

Table 2
Changes in Net Position

	2023	2022	Change
Operating revenues:			
Total operating revenues	\$ 390,552	\$ 305,019	\$ 85,533
Operating expenses:			
Total operating expenses	339,262	367,958	(28,696)
Operating income (loss)	51,290	(62,939)	114,229
Non-operating expenses			
Interest expense	(1,338,253)	(1,336,184)	(2,069)
Capital dedications	(1,516,193)	-	(1,516,193)
Other expenses	-	(90)	90
Total non-operating expenses	(2,854,446)	(1,336,274)	(1,518,172)
Change in net position	(2,803,156)	(1,399,213)	
Net position, beginning of year	(13,820,773)	(12,421,560)	
Net position, end of the year	\$ (16,623,929)	\$ (13,820,773)	

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

The capital dedication is of certain public improvements including a pavilion for the benefit of Kingston Township.

Budget Information

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

Capital Assets

At year-end, the Authority has \$16.3 million (net of accumulated depreciation) in capital assets, including land and land improvements and construction in progress, an increase of \$3.6 million in comparison with the prior year-end. The annual net increase is primarily related to construction in progress for certain public infrastructure improvements offset by the current year capital dedication and depreciation on the

North Star New Community Authority
Delaware County, Ohio
Management's Discussion & Analysis
For The Year Ended December 31, 2023
(Unaudited)

Authority's depreciable capital assets. Detailed information regarding capital asset activity is included in the Note 5 to the basic financial statements.

Debt

At year-end, the Authority had \$16.7 million of bonds payable, an amount consistent in comparison with the prior year-end. Detailed information regarding bonds payable is included in Note 6 to the basic financial statements.

Contacting the Authority's Financial Management

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

North Star New Community Authority
Delaware County, Ohio
Statement of Net Position
As of December 31, 2023

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Assets	
Current assets	
Cash	\$ 4,335
Restricted cash with Trustee	156,704
Accounts receivable	19,778
Total current assets	<u>180,817</u>
Noncurrent assets	
Nondepreciable capital assets	15,762,911
Depreciable capital assets, net	568,527
Total noncurrent assets	<u>16,331,438</u>
Total assets	<u><u>\$ 16,512,255</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 5,182,647
Retainage payable	100,944
Unearned community development charges	2,718
Other accrued expenses	7,747
Total current liabilities	<u>5,294,056</u>
Noncurrent liabilities	
Developer payable	301,426
Accrued interest payable	10,852,091
Bonds payable	16,688,611
Total noncurrent liabilities	<u>27,842,128</u>
Total liabilities	<u><u>33,136,184</u></u>
Net position	
Net investment in capital assets	(1,950,375)
Unrestricted	(14,673,554)
Total net position	<u><u>(16,623,929)</u></u>
Total liabilities and net position	<u><u>\$ 16,512,255</u></u>

See accompanying notes to the basic financial statements.

North Star New Community Authority
Delaware County, Ohio
Statement of Revenues, Expenses, and
Change in Net Position
For the Year Ended December 31, 2023

Operating revenues	
Community development charges	\$ 390,552
Total operating revenues	390,552
Operating expenses	
Common area repair, maintenance and utilities	122,437
Professional fees	17,780
Real estate taxes	7,580
Other, including administrative costs	22,433
Depreciation	169,032
Total operating expenses	339,262
Operating income	51,290
Non-operating expenses	
Interest expense	(1,338,253)
Capital dedications	(1,516,193)
Total non-operating expenses	(2,854,446)
Change in net position	(2,803,156)
Net position beginning of year	(13,820,773)
Net position end of year	\$ (16,623,929)

See accompanying notes to the basic financial statements.

North Star New Community Authority
Delaware County, Ohio
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows for operating activities	
Cash received from community development charges	\$ 383,132
Cash payments to developer	(187,419)
Cash payments for operating expenses	(199,700)
Net cash used in operating activities	<u>(3,987)</u>
Net change in cash	(3,987)
Cash, beginning of year	165,025
Cash, end of year	<u>\$ 161,039</u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 51,290
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	169,032
Changes in assets and liabilities	
Accounts receivable	(6,684)
Accounts payable	638
Unearned community development charges	1,806
Other accrued expenses	(32,650)
Developer payable	(187,419)
Net cash used in operating activities	<u>\$ (3,987)</u>

Schedule of noncash transactions:

The Authority had capital-related payables totaling \$0 and \$5,273,321 at the end of years 2022 and 2023, respectively.

During 2023, the Authority dedicated capital assets totaling \$1,516,193.

See accompanying notes to the basic financial statements.

**North Star New Community Authority
Delaware County, Ohio**

*Notes to the Basic Financial Statements
For The Year Ended December 31, 2023*

NOTE 1 – REPORTING ENTITY

The North Star New Community Authority, Delaware County, Ohio (the “Authority”) is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). During July 2007, North Star Land, LLC filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio. All rights of the Developer have since been assigned to and assumed by Northstar Residential, LLC (the Developer). The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated community improvements with assessed community development charges of up to 9 mills on the assessed value of the land and improvements within the Authority. The Petition was adopted by the Board of County Commissioners with Resolution No. 07-985 on August 16, 2007.

By its Resolution, the Board of County Commissioners of Delaware County determined the new community authority would be conducive to the public health, safety, convenience and welfare, and that it was intended to result in the development of a new community as described in the ORC. The Authority thereby was organized as a body corporate and politic in the State.

By law, the Authority is governed by a seven-member board of trustees. The Board of County Commissioners of Delaware County appointed four of the trustees and the remaining three trustees were appointed by the Developer. As of December 31, 2023, all board positions were filled.

The Northstar community is comprised of approximately 1,800 acres of land located in the townships of Berkshire and Kingston, Delaware County, Ohio. The land is located in the northeast quadrant of Interstate 71 and U.S. Route 36/State Route 37, approximately 10 miles north of Interstate 270. Upon completion, the boundaries will contain an 18-hole golf course, residential units, commercial office and retail space, a school site, and 800 acres of open space.

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.

Basis of Presentation

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

North Star New Community Authority
Delaware County, Ohio

Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

Measurement Focus and Basis of Accounting

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

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

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.

Restricted Cash

Certain cash is classified as restricted cash on the basic financial statements since these funds are held and used by the Trustee as designated in the bond agreements.

Capital Assets and Depreciation

Capital assets, which include construction in progress, land and land improvements, are reported in the Statement of Net Position and 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.

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

<u>Classification</u>	<u>Estimated Useful Life</u>
Land improvements	7-15 yrs

Noncurrent Liabilities

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

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

North Star New Community Authority
Delaware County, Ohio

Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

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 as of December 31, 2023.

Operating Revenues and Expenses

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

Estimates

The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The most significant estimates include useful lives of capital assets and recoverable amounts of receivables. Actual results may differ from those estimates.

Implementation of New Accounting Principles

For the year ended December 31, 2023, the Authority has implemented GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the Authority.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Authority.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Authority.

North Star New Community Authority
Delaware County, Ohio

Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves 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 certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the Authority.

NOTE 3 - CASH

The Authority's cash balance and carrying amount at December 31, 2023 was \$4,335. The Authority's entire balance was covered by the Federal Depository Insurance Corporation (FDIC).

In addition, the Authority had cash on deposit with US Bank (Trustee) in accordance with the Authority's Master Trust Agreement with the Trustee. The amount on deposit with the Trustee at December 31, 2023 was \$156,704. This amount is reported as restricted cash with Trustee on the Statement of Net Position.

NOTE 4 – OPERATING REVENUE

The Authority can levy an annual community development charge up to 9 mills on the assessed value of all chargeable property, as defined, within the boundaries of the Authority. Community development charge revenue recognized in the year 2023 represents the amounts levied for the year.

These charges are generally levied based on the County Auditor's assessed value as of January 1. The assessed value is established by state law at 35% of the current market value based on the County Auditor's tax duplicate. If the County Auditor's tax duplicate does not reflect the completed value of a chargeable parcel, then, solely at the Board's discretion, the assessed valuation shall be 35% of (1) the County Auditor's current market value of land plus (2) the value of improvements as stated on the building permit for that parcel. Amounts assessed and due are reflected as revenue on the Statement of Revenues, Expenses and Change in Net Position.

In addition, the Berkshire Landing New Community Authority has committed, upon request of the Authority, to levy and collect a facilities charge on all commercial parcels in an amount equal to (i) up to 1% of gross receipts of all taxable retail sales by a businesses, (ii) up to 10% of gross receipts from transactions in connection with providing hotel lodging to a guest, and (iii) up to 10% of all gross receipts on charges for performances, events or entertainment. Upon receipt, all such amounts shall be forwarded to the Authority. These facility charges will be requested by the Authority once the related activity commences within the Authority's boundaries. As of December 31, 2023, no such activity had commenced.

**North Star New Community Authority
Delaware County, Ohio**

*Notes to the Basic Financial Statements
For The Year Ended December 31, 2023*

NOTE 5 – CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2023 follows:

Description	Beginning Balance	Additions	Disposals / Dedications	Ending Balance
Non-depreciated capital assets:				
Land	\$ 11,436,260	\$ -	\$ -	\$ 11,436,260
Construction in progress	569,523	5,273,321	(1,516,193)	4,326,651
Total nondepreciable capital assets	12,005,783	5,273,321	(1,516,193)	15,762,911
Capital assets, depreciable:				
Land improvements	2,292,588	-	-	2,292,588
Total depreciable capital assets	2,292,588	-	-	2,292,588
Less accumulated depreciation for:				
Land improvements	(1,555,029)	(169,032)	-	(1,724,061)
Total accumulated depreciation	(1,555,029)	(169,032)	-	(1,724,061)
Total depreciable assets, net	737,559	(169,032)	-	568,527
Total capital assets, net	<u>\$ 12,743,342</u>	<u>\$ 5,104,289</u>	<u>\$ (1,516,193)</u>	<u>\$ 16,331,438</u>

NOTE 6 – BONDS PAYABLE

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

The Authority has pledged community development charges, net of specific disbursements as outlined in the bond agreements, to the payment of interest of Series A, B, and C bonds, pro rata, to the extent amounts are sufficient. Once accrued interest has been made current, these receipts are pledged to the principal payment of the Series A bonds, followed by the Series B bonds, and then the Series C bonds.

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

**North Star New Community Authority
Delaware County, Ohio**

*Notes to the Basic Financial Statements
For The Year Ended December 31, 2023*

Bonds payable activity for the year ended December 31, 2023 was as follows:

	Maturity Date	Interest Rate	Beginning Balance	Draws	Repayments	Ending Balance
Series A, 2014	9/24/2054	9.00%	\$ 7,515,000	\$ -	\$ -	\$ 7,515,000
Series B, 2014	9/24/2054	7.14%	6,312,298	-	-	6,312,298
Series C, 2019	4/24/2059	7.39%	2,861,313	-	-	2,861,313
Total			\$ 16,688,611	\$ -	\$ -	\$ 16,688,611

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

NOTE 7 – RISK MANAGEMENT

The Authority has casualty, crime, and public official’s liability protection for potential loss or damage resulting from their operations or to their property. Protection is provided by A-rated companies and extends to all owned, leased, rented or newly acquired property, as well as any business operations. Coverage is on a risk transfer basis. In the event of a covered claim payment, limits are automatically reinstated up to the Annual Aggregate, if applicable. Coverage for crime is written on a deductible basis. Casualty coverage is written with a \$250 property damage deductible. Public officials’ coverage is written with a \$5,000 retention.

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

NOTE 8 – CONTRACTUAL COMMITMENTS

The Authority entered into a land acquisition agreement with the Developer during 2014, which agreement was amended and restated in January 2024. The acquisition agreement, as amended and restated, is to purchase up to approximately 582 acres within the District, as defined in the Petition, and any and all improvements located thereon. The purchase price is \$36,527 per acre and payable from proceeds of the Authority’s bonds. To date, the Authority has purchased approximately 313 acres for \$11.4 million. The remaining balance of 269 acres, totaling \$9.8 million, will be purchased in future years. The outside date for closing on the purchase of any parcel(s) is January 2029.

NOTE 9 – RELATED PARTIES

The Developer is responsible for overseeing the construction and development of the Authority’s public infrastructure projects. In addition, the Developer guaranteed to fulfill any administrative and maintenance operating deficit held by the Authority until the Authority stabilized in accordance with the development agreement. The Authority is obligated to reimburse the Developer for these funds through future cash flows generated by the community development charge in accordance with the bond agreements.

As disclosed in Note 1, the Authority is governed by a seven-member board of trustees. The three trustees appointed by the Developer are employees of related parties of the Developer.

North Star New Community Authority
Delaware County, Ohio

Notes to the Basic Financial Statements
For The Year Ended December 31, 2023

NOTE 10 – CONTINGENT LIABILITIES

There are no claims and lawsuits pending against the Authority.

NOTE 11 – ACCUMULATED DEFICIT OF NET POSITION

At December 31, 2023, the Authority has an accumulated deficit net position of \$16.6 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 with future community development charges.

NOTE 12 – SUBSEQUENT EVENTS

On January 10, 2024, the Authority approved the issuance of up to \$24.5 million in Community Facilities Bonds, Series D, for the purpose of providing funds to pay the costs of certain public infrastructure improvements and the acquisition of land. The bonds were sold to related parties of the Developer at par.

The Series D bonds were issued as one term bond with a stated maturity date of January 31, 2064. The interest rate for the first advance of Series D bonds is 7.5% 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 3.79%

The Authority evaluated subsequent events through May 17, 2024, 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 D draws total \$5.3 million.

OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To 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 (*Government Auditing Standards*), the financial statements of the NorthStar New Community Authority, Delaware County, (the Authority) 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 November 21, 2024, wherein we noted Note 11 to the financial statements described the Authority has an accumulated deficit net position as of December 31, 2023.

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



Keith Faber
Auditor of State
Columbus, Ohio

November 21, 2024

OHIO AUDITOR OF STATE KEITH FABER



NORTHSTAR NEW COMMUNITY AUTHORITY

DELAWARE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/3/2024

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