



OHIO AUDITOR OF STATE
KEITH FABER



**JEROME VILLAGE COMMUNITY AUTHORITY
UNION COUNTY
DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Jerome Village Community Authority, Union County, Ohio (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 Jerome Village Community Authority, Union 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.

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 January 27, 2025, 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.

A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 27, 2025

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Jerome Village Community Authority
Union County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

The management's discussion and analysis of financial performance of the Jerome Village Community Authority, Union County, Ohio, (the Authority), provides an overview of the Authority's financial activities for the year ended December 31, 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 2,000 acres of land located in Jerome Township, Union County, Ohio.
- Net Position at December 31, 2023 and 2022 totaled a deficit of \$83.8 million and \$68.7 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 public infrastructure improvements along with greenspace and community facilities.

Overview of the Basic Financial Statements

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

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

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

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

Jerome Village Community Authority
Union County, Ohio
Management's Discussion and 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 for years 2023 and 2022.

Table 1
Net Position at Year End

	2023	2022	Change
Assets:			
Current assets	\$ 1,559,396	\$ 765,105	\$ 794,291
Capital assets, net	68,409,435	66,577,089	1,832,346
Total Assets	<u>69,968,831</u>	<u>67,342,194</u>	<u>2,626,637</u>
Liabilities:			
Current liabilities	1,079,357	1,344,967	(265,610)
Noncurrent liabilities	152,731,004	134,690,630	18,040,374
Total liabilities	<u>153,810,361</u>	<u>136,035,597</u>	<u>17,774,764</u>
Net position:			
Net investment in capital assets	(3,926,265)	(3,415,068)	(511,197)
Unrestricted	(79,915,265)	(65,278,335)	(14,636,930)
Total net position	<u>\$ (83,841,530)</u>	<u>\$ (68,693,403)</u>	<u>\$ (15,148,127)</u>

The net increase in capital assets is the result of bond-financed community improvements, net of current year dedications and depreciation.

The net increase in total liabilities is primarily the result of the Authority drawing on the Series E bond for the construction of community improvements, as well as the accrual of interest related to all outstanding bonds.

Jerome Village Community Authority
Union County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Table 2 reflects the changes in the Authority's net position for years 2023 and 2022.

Table 2
Changes in Net Position

	2023	2022	Change
Operating revenues:			
Assessed valuation charges	\$ 3,042,022	\$ 2,028,533	\$ 1,013,489
Sewer charges	1,191,272	863,745	327,527
Community center	1,235,583	1,000,956	234,627
Community fee	91,272	134,756	(43,484)
Other	222,104	117,589	104,515
Total operating revenues	<u>5,782,253</u>	<u>4,145,579</u>	<u>1,636,674</u>
Operating expenses:			
Total operating expenses	<u>3,969,068</u>	<u>3,036,409</u>	<u>932,659</u>
Operating income	1,813,185	1,109,170	704,015
Non-operating revenues (expenses):			
Interest expense	(7,113,685)	(6,190,221)	(923,464)
Capital dedications	(9,839,101)	(914,057)	(8,925,044)
Other	(8,526)	(106,938)	98,412
Total non-operating revenues (expenses)	<u>(16,961,312)</u>	<u>(7,211,216)</u>	<u>(9,750,096)</u>
Change in net position	(15,148,127)	(6,102,046)	
Net position, beginning of year	<u>(68,693,403)</u>	<u>(62,591,357)</u>	
Net position, end of the year	<u><u>\$ (83,841,530)</u></u>	<u><u>\$ (68,693,403)</u></u>	

The increase in assessed valuation charges is primarily a result of an increase in the assessed value and the number of chargeable parcels within the Authority's boundaries. The increased number of occupied homes within the boundaries also results in an increase in the other operating revenue categories and operating expenses.

Jerome Village Community Authority
Union County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Budgeting

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

Capital Assets

As of December 31, 2023, the Authority had \$68.4 million in capital assets, an increase of \$1.8 million in comparison with the prior year end. See note 5 to the basic financial statements for more detailed information regarding capital assets.

Debt

The Authority has approved the issuance of bonds for the purpose of providing funds to acquire real estate and construct community improvements. As of December 31, 2023, the Authority has issued bonds totaling \$106.5 million, an increase of \$12.8 million in comparison with the prior year end. See note 6 to the basic financial statements for more detailed information regarding debt.

Contacting Authority's Financial Management

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

Jerome Village Community Authority
Union County
Statement of Net Position
As of December 31, 2023

Assets	
Current assets	
Cash	\$ 727,417
Restricted cash with Trustee	559,254
Accounts receivable	261,494
Inventory	11,231
Total current assets	<u>1,559,396</u>
Noncurrent assets	
Nondepreciable capital assets	54,895,520
Depreciable capital assets, net	13,513,915
Total noncurrent assets	<u>68,409,435</u>
Total assets	<u><u>\$ 69,968,831</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 363,734
Retainage payable	388,104
Community fees payable	47,407
Deferred community development charges	15,708
Real estate tax payable	53,217
Other accrued expenses	211,187
Total current liabilities	<u>1,079,357</u>
Noncurrent liabilities	
Bonds payable	106,485,637
Accrued interest payable	46,245,367
Total noncurrent liabilities	<u>152,731,004</u>
Total liabilities	<u>153,810,361</u>
Net position	
Net investment in capital assets	(3,926,265)
Unrestricted	(79,915,265)
Total net position	<u>(83,841,530)</u>
Total liabilities and net position	<u><u>\$ 69,968,831</u></u>

See accompanying notes to the basic financial statements.

Jerome Village Community Authority
Union County
Statement of Revenues, Expenses and
Change in Net Position
For the Year Ended December 31, 2023

Operating revenues	
Assessed valuation charges	\$ 3,042,022
Sewer charges	1,191,272
Community center revenue	1,235,583
Community fee	91,272
Other	222,104
Total operating revenues	<u>5,782,253</u>
Operating expenses	
Common area repair, maintenance and utilities	529,910
Sewer repair, maintenance and utilities	1,365,046
Community center expenses	1,284,427
Township fees	175,472
Real estate taxes	45,630
Other, including administrative costs	57,385
Depreciation	511,198
Total operating expenses	<u>3,969,068</u>
Operating income	1,813,185
Non-operating revenue (expenses)	
Interest expense	(7,113,685)
Capital dedications	(9,839,101)
Other	(8,526)
Total non-operating expenses	<u>(16,961,312)</u>
Change in net position	(15,148,127)
Net position beginning of year	(68,693,403)
Net position end of year	<u><u>\$ (83,841,530)</u></u>

See accompanying notes to the basic financial statements.

Jerome Village Community Authority
Union County
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows for operating activities:	
Proceeds from assessed valuation charges	\$ 2,998,865
Proceeds from sewer charges	1,178,965
Proceeds from community center	1,239,926
Proceeds from community fees	105,135
Payments to Township for community fee	(60,609)
Proceeds from other	106,920
Payments to developer	(257,567)
Payments for operating expenses	(3,224,638)
Net cash provided by operating activities	<u>2,086,998</u>
 Cash flows for capital and related financing activities:	
Payments for capital acquisitions	(12,647,782)
Proceeds from bond	12,793,064
Payments for bond interest	(1,608,808)
Payments for other	(8,526)
Net cash used in capital and related financing activities	<u>(1,472,052)</u>
 Increase in cash	 614,946
 Cash at beginning of year	 <u>671,725</u>
Cash at end of year	<u><u>\$ 1,286,671</u></u>

See accompanying notes to the basic financial statements.

Jerome Village Community Authority
Union County
Statement of Cash Flows
For the Year Ended December 31, 2023

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

Operating income	\$ 1,813,185
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	511,198
Changes in assets and liabilities:	
Accounts receivable	(179,334)
Inventory	(11)
Accounts payable	47,170
Community fee payable	13,863
Deferred community development charges	192
Real estate tax payable	8,097
Other accrued expenses	130,205
Developer payable	(257,567)
Net cash provided by operating activities	\$ 2,086,998

Schedule of noncash transactions:

At the end of 2023, the Authority had capital-related payables totaling \$653,556.

At the end of 2022, the Authority had capital-related payables totaling \$1,118,693.

See accompanying notes to the basic financial statements.

Jerome Village Community Authority
Union County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1 - REPORTING ENTITY

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

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

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

The Authority covers approximately 2,000 acres of land located in Jerome Township, Union County, Ohio. Upon completion, the boundaries will contain residential units and commercial office and retail space, along with approximately 800 acres dedicated for trails, parks, nature preserves, schools and community centers.

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

Jerome Village Community Authority
Union County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Measurement Focus and the Basis of Accounting

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

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

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 a fiscal agent as designated in the bond agreements.

Inventory

Inventory consists of expendable supplies held for consumption. Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Capital Assets and Depreciation

Capital assets, including land, land improvements, construction in progress, building and improvements and dedications 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.

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

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

Noncurrent Liabilities

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

Jerome Village Community Authority
Union County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, less any outstanding related debt. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net positions are available. The Authority did not have any restricted net position components as of December 31, 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 primarily assessed valuation, sewer and community center charges. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the Authority. All revenues and expenses not meeting this definition are reported as non-operating.

Use of Estimates

The preparation of 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. 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

Jerome Village Community Authority
Union County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

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 cash balance and carrying amount at December 31, 2023 was \$0.7 million. The Authority's balance is above the Federal Depository Insurance Corporation (FDIC) limit.

In addition, the Authority had cash on deposit with Bank of New York Mellon (Trustee) in accordance with the Authority's Master Trust Agreement. The amount on deposit with the Trustee at December 31, 2023 was \$0.6 million. These amounts are reported as restricted cash with Trustee on the Statement of Net Position.

NOTE 4 – OPERATING REVENUES

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

The Authority levies an annual assessed valuation charge of 9.5 mills on the assessed value of all residential chargeable property and 12.5 mills on the assessed value of all commercial chargeable property, as defined, within the boundaries of the Authority. Assessed valuation 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 assessed value shall mean 35% of (a) the most recent arms-length sales price, after completion of improvements to that parcel, (b) if there has been no such sale, the then current land value of the chargeable parcel plus the value of the improvements as stated on the building permit(s) for that parcel, or (c) if there is no improvement value stated on the building permit(s), or if the land value or building permit(s) are not available, the market value of the chargeable parcel as reasonably determined by the Treasurer based on an appraisal of the chargeable parcel. Amounts assessed and due are reflected as revenue on the Statement of Revenues, Expenses and Change in Net Position.

Jerome Village Community Authority
Union County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

The Authority levies an annual community center charge on all chargeable parcels, as defined, within the boundaries of the Authority. The amount of the annual charge is based on the community center’s budgeted operating expenses for that year, as approved by the Board, and cannot increase over the prior year’s charge by more than the Consumer Price Index. Amounts charged and due are reflected as revenue on the Statement of Revenues, Expenses and Change in Net Position.

The Authority has established a one-time community fee against each parcel owner which is paid prior to construction of a dwelling or commercial structure. The amount of the fixed fee is dependent on the type of construction and whether the parcel is within or outside the initial boundaries of the Authority. Upon collection, a portion of the community fee is paid to Jerome Township as a credit toward the Authority’s obligation to fund the Jerome Village General Township Contribution or the Jerome Village Fire Safety Contribution (see Note 9). Once the maximum contribution is funded, all additional receipts from the community fee are available to the Authority. Amounts charged and collected are reflected as revenue on the Statement of Revenues, Expenses and Change in Net Position.

The Authority has established a facilities charge of 0.5% of gross receipts of all taxable retail sales by a business within the commercial portions of the New Community District, as defined. The Authority will begin levying and collecting this facility charges once retail activity commences within the defined boundaries. As of December 31, 2023, no such activity had commenced.

The Authority can levy an income-based charge on the taxable income of residents and businesses located within the Authority’s boundaries. The maximum rate that can be levied is 2%; however, the charge can only be levied after all Developer appointed members of the board of trustees are replaced with board members elected by the community. The board can only levy up to 1%, with the second 1% being levied after majority approval by impacted landowners at a public election. As of December 31, 2023, there are still Developer appointed members on the board.

Jerome Village Community Authority
Union 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	Transfers	Ending Balance
Non-depreciable assets:					
Land	\$ 22,335,094	\$ -	\$ -	\$ -	\$ 22,335,094
Construction in progress	2,701,296	9,004,011	-	(78,214)	11,627,093
Dedications pending acceptance	27,493,123	3,201,097	(9,839,101)	78,214	20,933,333
Total nondepreciable assets	52,529,513	12,205,108	(9,839,101)	-	54,895,520
Capital assets, being depreciated:					
Land improvements	2,489,001	14,503	-	-	2,503,504
Building and improvements	15,238,687	6,834	(43,800)	-	15,201,721
Total depreciable capital assets	17,727,688	21,337	(43,800)	-	17,705,225
Less accumulated depreciation for:					
Land improvements	(1,339,673)	(133,452)	-	-	(1,473,125)
Building and improvements	(2,340,439)	(377,746)	-	-	(2,718,185)
Total accumulated depreciation	(3,680,112)	(511,198)	-	-	(4,191,310)
Total depreciable assets, net	14,047,576	(489,861)	(43,800)	-	13,513,915
Total capital assets, net	\$ 66,577,089	\$ 11,715,247	\$ (9,882,901)	\$ -	\$ 68,409,435

NOTE 6 – BONDS PAYABLE

The Authority previously approved the issuance of Community Facilities Bonds (Series A, Series B, Series C, Series D and Series E). The bonds were issued for the purpose of providing funds to pay the costs of public infrastructure improvements including water, sewer, storm sewer, roadways, sidewalks and streetscape, along with greenspace and community facilities, and the acquisition of real estate and site preparation for such improvements. The bonds were sold to a related party of the Developer at par.

The Authority has pledged all community development charges (excluding the community center charge), net of specific disbursements as defined in the bond agreements, as well as all other revenue of the Authority to the payment of interest of Series A, B, C, D and E 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, C, D and E bonds in order. So long as the Community Facilities Bonds are outstanding, the Authority must implement, maintain and collect the assessed valuation charge and the 1% income-based charge, from and after the first date that it may be collected, and shall not waive, reduce, provide credits or terminate those charges below the stated amounts.

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.

Jerome Village Community Authority
Union 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:

	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Beginning</u> <u>Balance</u>	<u>Advances</u>	<u>Repayments</u>	<u>Ending</u> <u>Balance</u>
Series A, 2010	8/27/2050	8.87%	\$ 22,000,000	\$ -	\$ -	\$ 22,000,000
Series B, 2013	12/15/2053	6.96%	25,000,000	-	-	25,000,000
Series C, 2015	7/15/2055	6.43%	18,375,707	-	-	18,375,707
Series D, 2019	1/18/2059	6.14%	17,182,529	-	-	17,182,529
Series E, 2022	4/20/2062	See below	11,134,337	12,793,064	-	23,927,401
Total			<u>\$ 93,692,573</u>	<u>\$ 12,793,064</u>	<u>\$ -</u>	<u>\$ 106,485,637</u>

During 2022, the Authority approved the issuance of up to \$32.0 million in Community Facilities Bonds, Series E. The interest rate for the first advance of Series E bonds was 7.1% per year. For each subsequent advance, the fixed annual rate is determined on the date of each advance and is equal to the then most recent Bond Buyer 25 Revenue Bond Muni Index rate for 30-year bonds plus 3.81%.

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

NOTE 7 – RISK MANAGEMENT

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

There has been no material change in coverage from the prior year and there have been three sewer back-up claims in the past three years that were adequately covered by insurance.

NOTE 8 - CONTINGENT LIABILITIES

There are no claims or lawsuits pending against the Authority.

NOTE 9 – CONTRACTUAL COMMITMENTS

The Authority entered into a land acquisition agreement with the Developer during 2014, which agreement was amended and restated in April 2022. The acquisition agreement, as amended and restated, is to purchase land within the Eversole Run Master Sewer District and any and all improvements located thereon. The purchase price is \$55,469 per acre and is payable from proceeds of the Authority's bonds. The outside date for closing on the purchase of any parcel(s) is April 2027.

Jerome Village Community Authority
Union County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The Authority entered into an agreement with the Developer and Jerome Township to fund the Jerome Village General Township Contribution and the Jerome Village Fire Safety Contribution, as defined, in recognition of the increased need for fire and safety services and other additional costs incurred as a consequence of the development within the Authority's boundaries. To date, the Authority has funded \$7.3 million of the total \$9.9 million obligation.

NOTE 10 – ASSET RETIREMENT OBLIGATIONS

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

NOTE 11 - RELATED PARTIES

The Developer is responsible for overseeing the construction and development of the Authority's public infrastructure projects and has guaranteed the full payment of the Authority's obligation to fund the Jerome Village General Township Contribution and the Jerome Village Fire Safety Contribution, as defined.

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 a related party to the Developer.

NOTE 12 - ACCUMULATED DEFICIT OF NET POSITION

At December 31, 2023, the Authority has an accumulated deficit net position of \$83.8 million. This deficit is a result of how the Authority is structured and its basic operations. The Authority was established to finance the costs of publicly owned and operated community land and facilities and has incurred such costs. The related deficit will be reduced and eliminated as outstanding debt is paid primarily with future community development charges.

NOTE 13 – SUBSEQUENT EVENTS

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.



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

Jerome Village Community Authority
Union 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 Jerome Village Community Authority, Union 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 and have issued our report thereon dated January 27, 2025.

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

January 27, 2025

OHIO AUDITOR OF STATE KEITH FABER



JEROME VILLAGE COMMUNITY AUTHORITY

UNION COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/27/2025

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