

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

**REGULAR AUDIT**

**JANUARY 1, 2017 – DECEMBER 31, 2018**



**WILSON, SHANNON & SNOW**  
**INC.**  
CPAs & ADVISORS



# OHIO AUDITOR OF STATE KEITH FABER



Governing Board  
Northern New Community Authority  
1 South Sandusky Street  
Delaware, Ohio 43015

We have reviewed the *Independent Auditor's Report* of the Northern New Community Authority, Delaware County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2017 through December 31, 2018. 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 Northern New Community Authority is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

April 19, 2019

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**NORTHERN NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY**

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Northern New Community Authority  
Delaware County  
1 South Sandusky Street  
Delaware, Ohio 43015



## INDEPENDENT AUDITOR'S REPORT

To the Governing Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Northern New Community Authority, Delaware County, Ohio (the Authority), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northern New Community Authority, Delaware County as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

*Wilson, Shuman & Snow, Inc.*

April 10, 2019  
Newark, Ohio



## **NORTHERN NEW COMMUNITY AUTHORITY**

### **DELAWARE COUNTY**

*Management's Discussion and Analysis for the*

*Year Ended December 31, 2018*

*(Unaudited)*

The management's discussion and analysis of the Northern New Community Authority, Delaware County, Ohio, (the Authority), financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

#### **Financial Highlights**

1. The Authority and the City of Delaware [the City] entered into a cooperative agreement in 2013 for the Glenn Parkway Improvement [improve/construct Glenn Parkway from US Route 36/St Route 37 to Curve Road] and the Nutter Farm Lane Improvement [extend the existing Nutter Farms Lane to Glenn Parkway] to provide necessary infrastructure for the further residential development of the City. The planning of this project began in 2006 and to date approximately \$3.1 million has been spent.
2. Between 2005 and 2015, the City issued up to \$640 thousand in bond anticipation notes [BANs] to cover the current costs of the project. These one-year BANs have been re-issued over the years as interest rates for BANs have been significantly less than general obligation bonds. Total interest expense paid, net of any BAN premiums, since 2006 amounts to \$169 thousand. The most recent BANs were paid off in 2015 and general obligation bonds in the amount of \$2,545 million were issued. In 2018, the City paid \$35,000 on the principal of the bonds.
3. Authority charges of 7.5 mils have been assessed and collected upon for all new structures built within the Authority's boundaries. Total collections to date are \$737.7 thousand. All community authority charges in excess of \$10,000 are reimbursed to the City.
4. Other revenues received by the City, including Transportation Impact Fees, Developer Payments, and Interest Income may be used to decrease the amount owed to City for the project. Future revenues by the City are not guaranteed to be collected nor used to offset the project costs. To date, the City has received \$58 thousand from interest income earned on the BANs.
5. Completed public acquisitions on Glenn Parkway totaling \$241 thousand and were capitalized by the Authority and donated to the City in prior years.
6. The Authority's net deficit at December 31 was \$2,306,484 for 2018. What remains of the debt associated with the project is to be paid from future Authority charges assessed on homes and other dwellings constructed within the Authority boundaries, mentioned in #3 above.

#### **Overview of the Financial Statements**

This annual report consists of a series of 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 Changes 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 all liabilities and deferred inflows of

## NORTHERN NEW COMMUNITY AUTHORITY

### DELAWARE COUNTY

Management's Discussion and Analysis for the

Year Ended December 31, 2018

(Unaudited)

[continued]

resources 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 Changes in Net Position presents 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. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

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

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

These two statements report the Authority's net position and changes to total net position. This change in net position is important because it tells the reader that, for the Authority as a whole, the financial position of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 9 of this report. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

#### Financial Analysis

Table 1 provides a comparative analysis summary of Authority's net position for 2018 and 2017.

Table 1; Net Position

	2018	2017
<b>Assets:</b>		
Current Assets	\$ 105,338	\$ 105,348
<b>Total Assets</b>	<u>105,338</u>	<u>105,348</u>
<b>Liabilities:</b>		
Due to Other Governments	2,316,402	2,294,601
<b>Total Liabilities</b>	<u>2,316,402</u>	<u>2,294,601</u>
<b>Deferred Inflows of Resources</b>	<u>95,420</u>	<u>95,418</u>
<b>Net Position:</b>		
Unrestricted	(2,306,484)	(2,284,671)
<b>Total Net Position</b>	<u>\$ (2,306,484)</u>	<u>\$ (2,284,671)</u>

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

*Management's Discussion and Analysis for the*

*Year Ended December 31, 2018*

*(Unaudited)*

*[continued]*

**Net Position:** Net position represents the difference between assets and liabilities and deferred inflows of resources.

Table 2; Change in Net Position

	<u>2018</u>	<u>2017</u>
Operating Revenues	\$ 95,418	\$ 95,061
Operating Expenses	<u>117,231</u>	<u>110,431</u>
Change in Net Position	(21,813)	(15,370)
Beginning Net Position	<u>(2,284,671)</u>	<u>(2,269,301)</u>
Ending Net Position	<u>\$ (2,306,484)</u>	<u>\$ (2,284,671)</u>

Operating revenues were consistent between 2018 and 2017. The Authority's only source of income is community authority charges assessed on landowners. Operating expenses increased in 2018 as more debt service [incurred by the City of Delaware] was paid. In 2015 Nutter Road was improved and construction was completed early in 2016. Design and constructions costs totaled over \$1.8 million. Most of the expenses currently are associated with debt service on the bonds issued by the City of Delaware.

**Change in Net Position**

Going forward, the Authority is expected to show continued increases in community development charge revenues as the growth in housing, albeit slow, continues.

**Community Development Charge**

Revenue from Community Development Charge paid by each owner of a chargeable parcel will be used to pay off the debt incurred to construct the project. The Community Development Charge is calculated on 7.5 mils times thirty-five percent of the assessed value of chargeable property, which includes buildings, structures, and improvements. The amount of revenue will increase in years when available parcels are sold and improvements are made, thus increasing the total assessed value of chargeable property.

**Capital Assets**

The Authority does not report capital assets.

**Debt**

The Authority has no debt issued in its name. The debt secured to fund the Glenn Parkway Project was issued by the City of Delaware by way of short-term bond anticipation notes [BANs] until 2015. These BANs were issued at a very low interest rate and subsequently renewed every year until the Authority

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

*Management's Discussion and Analysis for the*

*Year Ended December 31, 2018*

*(Unaudited)*

*[continued]*

generates enough revenue through the community development charges to secure bonding the BANs in its own name. In 2015, the City of Delaware issued general obligation bonds to pay off the BANs and use for current and future development, which were not in the name of the Authority, but the City. The amount owed to the City is reported as Due to Other Governments within the basic financial statements.

**Budgeting**

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

**Contacting Authority's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors, and creditors 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 Rob Alger, Treasurer, Northern New Community Authority at:

Rob Alger, City of Delaware, 1 South Sandusky St, Delaware OH 43015, 740.203.1203.

NORTHERN NEW COMMUNITY AUTHORITY  
 DELAWARE COUNTY  
 STATEMENT OF NET POSITION  
 AS OF DECEMBER 31, 2018

	<u>2018</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 9,918
Community Charges Receivable	<u>95,420</u>
<i>Total Assets</i>	<u>105,338</u>
 <b>LIABILITIES</b>	
Current Liabilities	
Due to Other Governments	<u>2,316,402</u>
<i>Total Liabilities</i>	<u>2,316,402</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Assessments to be Levied in the Next Year	<u>95,420</u>
<i>Total Deferred Inflows of Resources</i>	<u>95,420</u>
 <b>NET POSITION</b>	
Unrestricted	<u>(2,306,484)</u>
<i>Total Net Position</i>	<u>\$ (2,306,484)</u>

See notes to the basic financial statements

NORTHERN NEW COMMUNITY AUTHORITY  
DELAWARE COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>
<b>OPERATING REVENUES</b>	
Community Authority Charges	\$ 95,418
Total Operating Revenues	<u>95,418</u>
<b>OPERATING EXPENSES</b>	
Services and Charges	<u>117,231</u>
Total Operating Expenses	<u>117,231</u>
<i>Operating Loss/Change in Net Position</i>	(21,813)
Beginning Net Position	<u>(2,284,671)</u>
Ending Net Position	<u>\$ (2,306,484)</u>

See notes to the basic financial statements

NORTHERN NEW COMMUNITY AUTHORITY  
 DELAWARE COUNTY  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received From Community Authority Charges	\$ 95,418
Cash Paid to City	(95,173)
Cash Paid to Others	<u>(257)</u>
Net Cash Used for Operating Activities	<u>(12)</u>
Net Change In Cash and Cash Equivalents	(12)
Cash and Cash Equivalents at Beginning of Year	<u>9,930</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 9,918</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	\$ (21,813)
Adjustment:	
Increase in Due to Other Governments	<u>21,801</u>
Net Cash Used for Operating Activities	<u><u>\$ (12)</u></u>

See notes to the basic financial statements

## **NORTHERN NEW COMMUNITY AUTHORITY**

### **DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

#### **NOTE 1 – REPORTING ENTITY**

The Northern New Community Authority, Delaware County, Ohio (the “Authority”) is a “community authority” created pursuant to Chapter 349 of the Ohio Revised Code (the Act). On October 30, 2007, Zaremba Group, LLC (the Developer) filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio, and the Petition was accepted by a resolution of the Board on December 10, 2007. The Petition was also accepted by resolution of the City Council of the City of Delaware, December 10, 2007. By their Resolutions, the County Commissioners and City Council determined that 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 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. At inception, the City Council appointed four of the trustees, including one representing the local government [City] and the remaining three trustees were appointed by the Developer. The new community authority is comprised of approximately 173.3 acres of land located in the City of Delaware, Ohio and Delaware County, Ohio. The entire project includes the acquisition of property and the improvement of Glenn and Nutter Roads. In accordance with the Act and the Petition, the Authority can levy a community development charge up to 7.5 mills on the assessed value of the land and improvements within the Authority. The need and amount of the charge is determined annually by the Board of Trustees of the Authority. The Authority’s management believes these 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 financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

For financial reporting purposes, the Authority’s basic financial statements would include all funds, agencies, boards, commissions, and departments for which the Authority is financially accountable. Financial accountability, as defined by the GASB, exists if the Authority appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Authority. The Authority may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the Authority. The Authority also took into consideration other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority’s basic financial statements to be misleading or incomplete.

The City of Delaware is considered a jointly governed organization to the Authority as disclosed in Note 8.



## **NORTHERN NEW COMMUNITY AUTHORITY**

### **DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

*(continued)*

#### **A. Basis of Presentation**

The Authority's basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes 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.

#### **B. Measurement Focus and Basis of Accounting**

The Authority's financial activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities and deferred inflows of resources associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents 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 financial statements. Basis of accounting relates to the timing of the measurements made.

#### **C. Cash and Cash Equivalents**

Cash received by the Authority is deposited with a financial institution. Deposits having an original maturity of three months or less at the time they are purchased are presented in the financial statements as Cash and Cash Equivalents.

#### **D. Net Position**

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority 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 position are available. The Authority had no restricted net position at December 31, 2018.

#### **E. 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.

#### **F. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

*(continued)*

assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**G. Subsequent Events**

The Authority has evaluated subsequent events through April 10, 2019, the date which the financial statements were available to be issued.

**NOTE 3 – COMMUNITY DEVELOPMENT CHARGE**

The Authority can levy an annual community authority development charge up to 7.5 mills on the assessed value of all subject property within the Authority. The charge is currently levied at 7.5 mills. Charge revenue recognized represents the amount levied and payable on August 31 of each year. Charge assessments are levied on the assessed values certified by the Delaware County the second Monday in September. The assessed value is established by state law at 35% of the current market value. Property is levied the tax year after the Authority receives a Certificate of Occupancy from the City of Delaware. Market values are determined by the Authority based on the current County Auditor's appraisal values or building permit values on occupied homes that have not yet been appraised by the County Auditor.

The assessed value of real property, upon which the tax year August 2017 community development charges were levied, was sufficient enough to generate community charge revenues of \$95,418 at December 31, 2018.

**NOTE 4 – RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES**

Receivables at December 31, 2018 consisted of community development charges and are considered collectible in full within one year. Amounts assessed and due but not collected, are reflected as both receivable and deferred inflow of resources on the statement of net position. The amount recorded as a receivable and deferred inflow of resources at year-end was \$95,420.

**NOTE 5 – COOPERATION AGREEMENT WITH THE CITY OF DELAWARE**

As stated in Note 3, the Authority levies an annual community development charge of 7.5 mills on the assessed value of all property within the developed authority. The Authority has an agreement with the City of Delaware to remit these payments to the City to reduce the construction costs incurred by the City until the Authority is able to issue bonds and finance the debt on its own. In 2015, general obligation bonds in the amount of \$2.545 million were issued in the name of the City to finance current and future expansion. In 2018, \$35,000 of the principal was paid.

**NOTE 6 – CONTINGENT LIABILITIES**

There are no claims or lawsuits pending against the Authority at December 31, 2018.

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

*(continued)*

**NOTE 7 – RISK MANAGEMENT**

For the year ended December 31, 2018, the Authority has obtained risk coverage for general liability, including theft or loss. The Authority has no assets, other than cash held in a banking institution. Settled claims have not exceeded commercial coverage in the past three years. There was no significant reduction from prior year.

**NOTE 8 – JOINTLY GOVERNED ORGANIZATION**

The Authority was established pursuant to Chapter 349 of the Ohio Revised Code to encourage the orderly development of a well-planned, diversified, and economically sound community; to encourage initiative and participation of private enterprise in this undertaking; and to encourage cooperation between the developer and the Authority to carry out the new community development program.

The Authority is governed by a seven member Board of Trustees. Delaware City Council appoints three citizen members to the Authority Board to represent the interests of present and future residents and one member to serve as a representative of the City. The Developer shall appoint three members to serve on the Board as representatives of the Developer.

As disclosed in Note 5, a cooperative agreement has been established with the City of Delaware specific to repayment of notes issued by the City to construct the related infrastructure within the Authority. Although this agreement is in place, City of Delaware Council cannot impose its will on the Authority and cannot approve current or future Authority operating budgets.

**NOTE 9 – ACCUMULATED DEFICIT**

At December 31, 2018 the Authority has an accumulated deficit of net position of \$2,306,484. 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 facilities. The titles to these assets have been transferred to the City of Delaware. This deficit will be reduced and eliminated as outstanding debt is paid with, primarily, future community development charges.

**NOTE 10 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Authority into three categories. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or withdraw able on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, pass book accounts.

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

*(continued)*

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

State statutes permits interim monies to be deposited or invested in a variety of securities and investments including US treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.

Statement No. 3 as amended by Statement No. 40 of the Governmental Accounting Standards Board requires the Authority to disclose essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure.

**Deposits**

*Custodial Credit Risk – Deposits.* The carrying amount of the Authority's deposits at December 31, 2018 was \$9,918. The bank balance was the same as the carrying value. The Authority's deposits are protected only up to amounts covered by the Federal Depository Insurance Corporation (FDIC). The Authority had no deposits at December 31, 2018 in excess of the FDIC insurance levels.

**Investments**

The Authority had no investments for the year ended December 31, 2018.

Based on the Authority having only demand deposits at December 31, 2018, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.

## **NORTHERN NEW COMMUNITY AUTHORITY**

### **DELAWARE COUNTY**

*Management's Discussion and Analysis for the*

*Year Ended December 31, 2017*

*(Unaudited)*

The management's discussion and analysis of the Northern New Community Authority, Delaware County, Ohio, (the Authority), financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

#### **Financial Highlights**

1. The Authority and the City of Delaware [the City] entered into a cooperative agreement in 2013 for the Glenn Parkway Improvement [improve/construct Glenn Parkway from US Route 36/St Route 37 to Curve Road] and the Nutter Farm Lane Improvement [extend the existing Nutter Farms Lane to Glenn Parkway] to provide necessary infrastructure for the further residential development of the City. The planning of this project began in 2006 and to date approximately \$2.87 million has been spent.
2. Between 2005 and 2015, the City issued up to \$640 thousand in bond anticipation notes [BANs] to cover the current costs of the project. These one-year BANs have been re-issued over the years as interest rates for BANs have been significantly less than general obligation bonds. Total interest expense paid, net of any BAN premiums, since 2006 amounts to \$169 thousand. The most recent BANs were paid off in 2015 and general obligation bonds in the amount of \$2,545 million were issued. In 2017, the City paid \$25,000 on the principal of the bonds.
3. Authority charges of 7.5 mils have been assessed and collected upon for all new structures built within the Authority's boundaries. Total collections to date are \$642.6 thousand. All community authority charges in excess of \$10,000 are reimbursed to the City.
4. Other revenues received by the City, including Transportation Impact Fees, Developer Payments, and Interest Income may be used to decrease the amount owed to City for the project. Future revenues by the City are not guaranteed to be collected nor used to offset the project costs. To date, the City has received \$58 thousand from interest income earned on the BANs.
5. Completed public acquisitions on Glenn Parkway totaling \$241 thousand and were capitalized by the Authority and donated to the City in prior years.
6. The Authority's net deficit at December 31, 2017 totaled \$2,284,671. What remains of the debt associated with the project is to be paid from future Authority charges assessed on homes and other dwellings constructed within the Authority boundaries, mentioned in #3 above.

#### **Overview of the Financial Statements**

This annual report consists of a series of 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 Changes 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 all liabilities and deferred inflows of

## **NORTHERN NEW COMMUNITY AUTHORITY**

### **DELAWARE COUNTY**

*Management's Discussion and Analysis for the*

*Year Ended December 31, 2017*

*(Unaudited)*

*[continued]*

resources 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 Changes in Net Position presents 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. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

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

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

These two statements report the Authority's net position and changes to total net position. This change in net position is important because it tells the reader that, for the Authority as a whole, the financial position of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These 2017 statements can be found on pages 19 and 20 of this report. The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 21 of this report. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

#### **Financial Analysis**

Table 1 provides a comparative analysis summary of Authority's net position for 2017 and 2016.

**NORTHERN NEW COMMUNITY AUTHORITY****DELAWARE COUNTY***Management's Discussion and Analysis for the**Year Ended December 31, 2017**(Unaudited)**[continued]*

Table 1; Net Position

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Current Assets	\$ 105,348	\$ 104,964
<b>Total Assets</b>	<u>105,348</u>	<u>104,964</u>
<b>Liabilities:</b>		
Due to Other Governments	<u>2,294,601</u>	<u>2,279,203</u>
<b>Total Liabilities</b>	<u>2,294,601</u>	<u>2,279,203</u>
<b>Deferred Inflows of Resources</b>	<u>95,418</u>	<u>95,062</u>
<b>Net Position:</b>		
Unrestricted	<u>(2,284,671)</u>	<u>(2,269,301)</u>
<b>Total Net Position</b>	<u>\$ (2,284,671)</u>	<u>\$ (2,269,301)</u>

**Net Position:** Net position represents the difference between assets and liabilities and deferred inflows.

Table 2; Change in Net Position

	<u>2017</u>	<u>2016</u>
Operating Revenues	\$ 95,061	\$ 95,914
Operating Expenses	<u>110,431</u>	<u>356,863</u>
Change in Net Position	(15,370)	(260,949)
<b>Beginning Net Position</b>	<u>(2,269,301)</u>	<u>(2,008,352)</u>
<b>Ending Net Position</b>	<u>\$ (2,284,671)</u>	<u>\$ (2,269,301)</u>

Operating revenues decreased in 2017 as some dwellings were revalued lower than previous years. The Authority's only source of income is community authority charges assessed on landowners. Operating expenses decreased significantly in 2017. In 2015 Nutter Road was improved and construction was completed early in 2016. Design and constructions costs totaled over \$1.8 million. Most of the expenses currently are associated with debt service of the bonds issued.

## **NORTHERN NEW COMMUNITY AUTHORITY**

### **DELAWARE COUNTY**

*Management's Discussion and Analysis for the*

*Year Ended December 31, 2017*

*(Unaudited)*

*[continued]*

### **Change in Net Position**

Going forward, the Authority is expected to show continued increases in community development charge revenues as the growth in housing, albeit slow, continues.

### **Community Development Charge**

Revenue from Community Development Charge paid by each owner of a chargeable parcel will be used to pay off the debt incurred to construct the project. The Community Development Charge is calculated on 7.5 mils times thirty-five percent of the assessed value of chargeable property, which includes buildings, structures, and improvements. The amount of revenue will increase in years when available parcels are sold and improvements are made, thus increasing the total assessed value of chargeable property.

### **Capital Assets**

The Authority does not report capital assets.

### **Debt**

The Authority has no debt issued in its name. The debt secured to fund the Glenn Parkway Project was issued by the City of Delaware by way of short-term bond anticipation notes [BANs] until 2015. These BANs were issued at a very low interest rate and subsequently renewed every year until the Authority generates enough revenue through the community development charges to secure bonding the BANs in its own name. In 2015, the City of Delaware issued general obligation bonds to pay off the BANs and use for current and future development, which were not in the name of the Authority, but the City. The amount owed to the City is reported as Due to Other Governments within the basic financial statements.

### **Budgeting**

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

### **Contacting Authority's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors, and creditors 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 Rob Alger, Treasurer, Northern New Community Authority at:

Rob Alger, City of Delaware, 1 South Sandusky St, Delaware OH 43015, 740.203.1203.



NORTHERN NEW COMMUNITY AUTHORITY  
 DELAWARE COUNTY  
 STATEMENT OF NET POSITION  
 AS OF DECEMBER 31, 2017

	<u>2017</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 9,930
Community Charges Receivable	<u>95,418</u>
<i>Total Assets</i>	<u>105,348</u>
 <b>LIABILITIES</b>	
Current Liabilities	
Due to Other Governments	<u>2,294,601</u>
<i>Total Liabilities</i>	<u>2,294,601</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Assessments to be Levied in the Next Year	<u>95,418</u>
<i>Total Deferred Inflows of Resources</i>	<u>95,418</u>
 <b>NET POSITION</b>	
Unrestricted	<u>(2,284,671)</u>
<i>Total Net Position</i>	<u>\$ (2,284,671)</u>

See notes to the basic financial statements

NORTHERN NEW COMMUNITY AUTHORITY  
 DELAWARE COUNTY  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
<b>OPERATING REVENUES</b>	
Community Authority Charges	\$ 95,061
Total Operating Revenues	<u>95,061</u>
<b>OPERATING EXPENSES</b>	
Services and Charges	<u>110,431</u>
Total Operating Expenses	<u>110,431</u>
<i>Operating Loss/Change in Net Position</i>	(15,370)
Beginning Net Position	<u>(2,269,301)</u>
Ending Net Position	<u>\$ (2,284,671)</u>

See notes to the basic financial statements

NORTHERN NEW COMMUNITY AUTHORITY  
 DELAWARE COUNTY  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received From Community Authority Charges	\$ 95,061
Cash Paid to City	(93,025)
Cash Paid to Others	<u>(2,008)</u>
Net Cash Provided By Operating Activities	<u>28</u>
Net Change In Cash and Cash Equivalents	28
Cash and Cash Equivalents at Beginning of Year	<u>9,902</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 9,930</u></u>
<b>Reconciliation of Operating Loss to Net Cash Provided By Operating Activities</b>	
Operating Loss	\$ (15,370)
Adjustment:	
Increase in Due to Other Governments	<u>15,398</u>
Net Cash Provided By Operating Activities	<u><u>\$ 28</u></u>

See notes to the basic financial statements

## **NORTHERN NEW COMMUNITY AUTHORITY**

### **DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

#### **NOTE 1 – REPORTING ENTITY**

The Northern New Community Authority, Delaware County, Ohio (the “Authority”) is a “community authority” created pursuant to Chapter 349 of the Ohio Revised Code (the Act). On October 30, 2007, Zaremba Group, LLC (the Developer) filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio, and the Petition was accepted by a resolution of the Board on December 10, 2007. The Petition was also accepted by resolution of the City Council of the City of Delaware, December 10, 2007. By their Resolutions, the County Commissioners and City Council determined that 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 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. At inception, the City Council appointed four of the trustees, including one representing the local government [City] and the remaining three trustees were appointed by the Developer. The new community authority is comprised of approximately 173.3 acres of land located in the City of Delaware, Ohio and Delaware County, Ohio. The entire project includes the acquisition of property and the improvement of Glenn and Nutter Roads. In accordance with the Act and the Petition, the Authority can levy a community development charge up to 7.5 mills on the assessed value of the land and improvements within the Authority. The need and amount of the charge is determined annually by the Board of Trustees of the Authority. The Authority’s management believes these 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 financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

For financial reporting purposes, the Authority’s basic financial statements would include all funds, agencies, boards, commissions, and departments for which the Authority is financially accountable. Financial accountability, as defined by the GASB, exists if the Authority appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Authority. The Authority may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the Authority. The Authority also took into consideration other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority’s basic financial statements to be misleading or incomplete.

The City of Delaware is considered a jointly governed organization to the Authority as disclosed in Note 8.

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

*(continued)*

**A. Basis of Presentation**

The Authority's basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes 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.

**B. Measurement Focus and Basis of Accounting**

The Authority's financial activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities and deferred inflows of resources associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents 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 financial statements. Basis of accounting relates to the timing of the measurements made.

**C. Cash and Cash Equivalents**

Cash received by the Authority is deposited with a financial institution. Deposits having an original maturity of three months or less at the time they are purchased are presented in the financial statements as Cash and Cash Equivalents.

**D. Net Position**

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority 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 position are available. The Authority had no restricted net position at December 31, 2017.

**E. 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.

**F. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

*(continued)*

assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**G. Subsequent Events**

The Authority has evaluated subsequent events through April 10, 2019, the date which the financial statements were available to be issued.

**NOTE 3 – COMMUNITY DEVELOPMENT CHARGE**

The Authority can levy an annual community authority development charge up to 7.5 mills on the assessed value of all subject property within the Authority. The charge is currently levied at 7.5 mills. Charge revenue recognized represents the amount levied and payable on August 31 of each year. Charge assessments are levied on the assessed values certified by the Delaware County the second Monday in September. The assessed value is established by state law at 35% of the current market value. Property is levied the tax year after the Authority receives a Certificate of Occupancy from the City of Delaware. Market values are determined by the Authority based on the current County Auditor's appraisal values or building permit values on occupied homes that have not yet been appraised by the County Auditor.

The assessed value of real property, upon which the tax year August 2016 community development charges were levied, was sufficient enough to generate community charge revenues of \$95,061 at December 31, 2017.

**NOTE 4 – RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES**

Receivables at December 31, 2017 consisted of community development charges and are considered collectible in full within one year. Amounts assessed and due but not collected, are reflected as both a receivable and deferred inflow of resources on the statement of net position. The amount recorded as a receivable and deferred inflow of resources at year-end was \$95,418.

**NOTE 5 – COOPERATION AGREEMENT WITH THE CITY OF DELAWARE**

As stated in Note 3, the Authority levies an annual community development charge of 7.5 mills on the assessed value of all property within the developed authority. The Authority has an agreement with the City of Delaware to remit these payments to the City to reduce the construction costs incurred by the City until the Authority is able to issue bonds and finance the debt on its own. In 2015, general obligation bonds in the amount of \$2.545 million were issued in the name of the City to finance current and future expansion. In 2017, \$25,000 of the principal was paid.

**NOTE 6 – CONTINGENT LIABILITIES**

There are no claims or lawsuits pending against the Authority at December 31, 2017.

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

*(continued)*

**NOTE 7 – RISK MANAGEMENT**

For the year ended December 31, 2017, the Authority has obtained risk coverage for general liability, including theft or loss. The Authority has no assets, other than cash held in a banking institution. Settled claims have not exceeded commercial coverage in the past three years. There was no significant reduction from prior year.

**NOTE 8 – JOINTLY GOVERNED ORGANIZATION**

The Authority was established pursuant to Chapter 349 of the Ohio Revised Code to encourage the orderly development of a well-planned, diversified, and economically sound community; to encourage initiative and participation of private enterprise in this undertaking; and to encourage cooperation between the developer and the Authority to carry out the new community development program.

The Authority is governed by a seven member Board of Trustees. Delaware City Council appoints three citizen members to the Authority Board to represent the interests of present and future residents and one member to serve as a representative of the City. The Developer shall appoint three members to serve on the Board as representatives of the Developer.

As disclosed in Note 5, a cooperative agreement has been established with the City of Delaware specific to repayment of notes issued by the City to construct the related infrastructure within the Authority. Although this agreement is in place, City of Delaware Council cannot impose its will on the Authority and cannot approve current or future Authority operating budgets.

**NOTE 9 – ACCUMULATED DEFICIT**

At December 31, 2017 the Authority has an accumulated deficit of net position of \$2,284,671. 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 facilities. The titles to these assets have been transferred to the City of Delaware. This deficit will be reduced and eliminated as outstanding debt is paid with, primarily, future community development charges.

**NOTE 10 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Authority into three categories. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Authority Treasury, in commercial accounts payable or withdraw able on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, pass book accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of

**NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2017*

*(continued)*

depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

State statutes permits interim monies to be deposited or invested in a variety of securities and investments including US treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.

Statement No. 3 as amended by Statement No. 40 of the Governmental Accounting Standards Board requires the Authority to disclose essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure.

**Deposits**

*Custodial Credit Risk – Deposits.* The carrying amount of the Authority's deposits at December 31, 2017 was \$9,930. The bank balance was the same as the carrying value. The Authority's deposits are protected only up to amounts covered by the Federal Depository Insurance Corporation (FDIC). The Authority had no deposits at December 31, 2017 in excess of the FDIC insurance levels.

**Investments**

The Authority had no investments for the year ended December 31, 2017.

Based on the Authority having only demand deposits at December 31, 2017, the Authority is not subject to interest rate, credit, concentration, or custodial credit risks.



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

Northern New Community Authority  
Delaware County  
1 South Sandusky Street  
Delaware, Ohio 43015

To the Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Northern New Community Authority, Delaware County, (the Authority) as of and for the years then ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 10, 2019.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



April 10, 2019  
Newark, Ohio

# OHIO AUDITOR OF STATE KEITH FABER



**DELAWARE NORTHERN NEW COMMUNITY AUTHORITY**

**DELAWARE COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 9, 2019**