

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

**REGULAR AUDIT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**





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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Jerome Village Community Authority  
375 N. Front St. Ste 200  
Columbus, OH 43215

We have reviewed the *Independent Auditor's Report* of the Jerome Village Community Authority, Union County, prepared by Julian & Grube, Inc., for the audit period January 1, 2022 through December 31, 2022. 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 Jerome Village Community Authority is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 12, 2023

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

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## Independent Auditor's Report

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

To the Members of the Board of Trustees:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Jerome Village Community Authority, Union County, Ohio, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Jerome Village Community Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jerome Village Community Authority, as of December 31, 2022, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Jerome Village Community Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As described in Note 11 to the financial statements, the Jerome Village Community Authority has an accumulated deficit net position as of December 31, 2022. This deficit is a result of how the Jerome Village Community Authority is structured and its basic operations. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jerome Village Community Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jerome Village Community Authority's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2023 on our consideration of the Jerome Village Community Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jerome Village Community Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jerome Village Community Authority's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 12, 2023

**Jerome Village Community Authority**  
**Union County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*(Unaudited)*

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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, 2022. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements and the related notes to enhance their understanding of the Authority's financial performance.

**Financial Highlights**

- The Authority encourages the orderly development of a well-planned, diversified community of approximately 1,900 acres of land located in Jerome Township, Union County, Ohio.
- Net Position at December 31, 2022 and 2021 totaled a deficit of \$68.7 million and \$62.6 million, respectively.
- The Authority approved the issuance of Community Facilities Bonds for the purpose of providing funds to pay the costs of public infrastructure improvements including water, sewer, storm sewer, roadways, sidewalks and streetscape, along with greenspace and community facilities, and the acquisition of real estate and site preparation for such improvements.

**Overview of the Basic Financial Statements**

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

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

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

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, 2022*  
*(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 2022 and 2021.

**Table 1**  
**Net Position at Year End**

	2022	2021	Change
<b>Assets:</b>			
Current assets	\$ 765,105	\$ 174,445	\$ 590,660
Capital assets	66,577,089	56,803,593	9,773,496
<b>Total Assets</b>	<b>67,342,194</b>	<b>56,978,038</b>	<b>10,364,156</b>
<b>Liabilities:</b>			
Current liabilities	1,344,967	1,803,228	(458,261)
Noncurrent liabilities	134,690,630	117,766,167	16,924,463
<b>Total liabilities</b>	<b>136,035,597</b>	<b>119,569,395</b>	<b>16,466,202</b>
<b>Net position:</b>			
Net investment in capital assets	(3,415,068)	(2,864,154)	(550,914)
Unrestricted	(65,278,335)	(59,727,203)	(5,551,132)
<b>Total net position</b>	<b>\$ (68,693,403)</b>	<b>\$ (62,591,357)</b>	<b>\$ (6,102,046)</b>

The decrease in current liabilities is primarily due to the payment of the prior year community fees payable during year 2022.

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

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

**Jerome Village Community Authority**  
**Union County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*(Unaudited)*

Table 2 reflects the changes in the Authority's net position for years 2022 and 2021.

**Table 2**  
**Changes in Net Position**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Operating revenues:</b>			
Assessed valuation charges	\$ 2,028,533	\$ 1,597,774	\$ 430,759
Sewer charges	863,745	748,106	115,639
Community center, including rent	1,000,956	783,306	217,650
Community fee	134,756	172,818	(38,062)
Other	117,589	164,103	(46,514)
Total operating revenues	<u>4,145,579</u>	<u>3,466,107</u>	<u>679,472</u>
<b>Operating expenses:</b>			
Total operating expenses	<u>3,036,409</u>	<u>3,406,621</u>	<u>(370,212)</u>
Operating income (loss)	1,109,170	59,486	1,049,684
<b>Non-operating revenues (expenses):</b>			
Interest expense	(6,190,221)	(5,596,976)	(593,245)
Capital dedications	(914,057)	-	(914,057)
Other	(106,938)	(24,604)	(82,334)
Total non-operating revenues (expenses)	<u>(7,211,216)</u>	<u>(6,121,580)</u>	<u>(1,589,636)</u>
Change in net position	(6,102,046)	(5,562,094)	
Net position, beginning of year	<u>(62,591,357)</u>	<u>(57,029,263)</u>	
Net position, end of the year	<u><u>\$ (68,693,403)</u></u>	<u><u>\$ (62,591,357)</u></u>	

The prior year presentation has been adjusted to be consistent with the current year.

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

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

**Jerome Village Community Authority**  
**Union County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2022*  
*(Unaudited)*

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**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, 2022, the Authority had \$66.6 million in capital assets, an increase of \$9.8 million in comparison with the prior year end. The annual net increase represents the amount in which capital acquisitions exceeded depreciation during the year. See note 5 to the basic financial statements for more detailed information regarding capital assets.

**Debt Administration**

The Authority has approved the issuance of bonds for the purpose of providing funds to acquire real estate and construct community improvements. As of December 31, 2022, the Authority has issued bonds totaling \$93.7 million, an increase of \$11.8 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, Ohio**  
*Statement of Net Position*  
*As of December 31, 2022*

<b>Assets:</b>	
Current assets	
Cash	\$ 183,738
Restricted cash with trustee	487,987
Accounts receivable	82,160
Inventory	11,220
Total current assets	765,105
Noncurrent assets	
Nondepreciable capital assets	52,529,513
Depreciable capital assets, net	14,047,576
Total noncurrent assets	66,577,089
Total assets	\$ 67,342,194
<b>Liabilities:</b>	
Current liabilities	
Accounts payable	\$ 455,768
Retainage payable	714,037
Community fees payable	33,544
Deferred community development charges	15,516
Real estate tax payable	45,120
Other accrued expenses	80,982
Total current liabilities	1,344,967
Noncurrent liabilities	
Developer payable	257,567
Accrued interest payable	40,740,490
Bonds payable	93,692,573
Total noncurrent liabilities	134,690,630
Total liabilities	136,035,597
<b>Net position:</b>	
Net investment in capital assets	(3,415,068)
Unrestricted	(65,278,335)
Total net position	(68,693,403)
Total liabilities and net position	\$ 67,342,194

See accompanying notes to the basic financial statements.

**Jerome Village Community Authority**  
**Union County, Ohio**  
*Statement of Revenues, Expenses and*  
*Change in Net Position*  
*For the Year Ended December 31, 2022*

<b>Operating revenues:</b>	
Assessed valuation charges	\$ 2,028,533
Sewer charges	863,745
Community center revenue	1,000,956
Community fee	134,756
Other	117,589
Total operating revenues	4,145,579
 <b>Operating expenses:</b>	
Common area repair, maintenance and utilities	282,233
Sewer repair, maintenance and utilities	1,036,785
Community center expenses	956,759
Township fees	66,756
Administrative costs	108,528
Professional fees	33,777
Real estate taxes	658
Depreciation	550,913
Total operating expenses	3,036,409
Operating income	1,109,170
 <b>Non-operating expenses:</b>	
Interest expense	(6,190,221)
Loss on capital dedications	(914,057)
Other	(106,938)
Total non-operating expenses	(7,211,216)
Change in net position	(6,102,046)
Net position beginning of year	(62,591,357)
Net position end of year	\$ (68,693,403)

See accompanying notes to the basic financial statements.

**Jerome Village Community Authority**  
**Union County, Ohio**  
*Statement of Cash Flows*  
For the Year Ended December 31, 2022

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<b>Cash flows for operating activities:</b>	
Proceeds from assessed valuation charges	\$ 1,997,868
Proceeds from sewer charges	863,745
Proceeds from community center	1,013,902
Proceeds from community fees	134,756
Payments for community fees	(456,481)
Proceeds from other	117,589
Cash received from developer	99,633
Cash payments to developer	(533,660)
Payments for operating expenses	(2,443,384)
Net cash provided by operating activities	<u>793,968</u>
<b>Cash flows for capital and related financing activities:</b>	
Payments for capital acquisitions	(11,289,400)
Proceeds from bond	11,796,338
Payments for bond interest	(628,069)
Payments for other	(106,938)
Net cash used in capital and related financing activities	<u>(228,069)</u>
<b>Increase in cash</b>	565,899
Cash at beginning of year	105,826
Cash at end of year	<u>\$ 671,725</u>

See accompanying notes to the basic financial statements.



**Jerome Village Community Authority**  
**Union County, Ohio**  
*Statement of Cash Flows*  
*For the Year Ended December 31, 2022*

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

Operating income	\$ 1,109,170
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	550,913
Changes in assets and liabilities:	
Accounts receivable	(22,736)
Prepaid expenses	3,003
Inventory	(5,028)
Accounts payable	(36,063)
Community fees payable	(389,725)
Deferred community development charges	5,017
Real estate tax payable	(50,817)
Other accrued expenses	64,261
Developer payable	(434,027)
<b>Net cash provided by operating activities</b>	<b>\$ 793,968</b>

**Schedule of noncash transactions:**

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

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

**Jerome Village Community Authority**  
**Union County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2022*

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**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. At December 31, 2022, one of the positions appointed by the County Commissioners was vacant.

The Authority covers approximately 1,900 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 700 acres dedicated for trails, parks, nature preserves, schools and community centers. The entire project includes the construction of waterline, sanitary sewer, main line sanitary sewer, storm sewer, bike paths, amenities and road and street improvements.

The Authority’s management believes these basic financial statements present all activities for which the Authority is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these basic financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

**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, 2022*

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**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 trustee as designated in the bond agreements.

**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.

The developer payable represents administrative and maintenance expenses funded by the Developer in accordance with the development agreement (see Note 10).

**Jerome Village Community Authority**  
**Union County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2022*

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### **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, 2022.

### **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, 2022, the Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, certain provisions of GASB Statement No. 97, *Certain Component Unit Criteria*, and *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the Authority.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Authority.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the Authority.

**Jerome Village Community Authority**  
**Union County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2022*

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GASB Statement No. 97 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of certain provisions of GASB Statement No. 97 (all except paragraphs 4 and 5) 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 - DEPOSITS**

The bank balance and carrying amount at December 31, 2022 was \$183,738. The Authority's entire balance was covered by the Federal Depository Insurance Corporation (FDIC).

In addition, the Authority had cash on deposit with Bank of New York Mellon (Trustee) in accordance with the Authority's Master Trust Agreement with the Trustee. The amount on deposit with the Trustee at December 31, 2022 was \$487,987. 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 can levy an annual assessed valuation charge up to 9.5 mills on the assessed value of all residential chargeable property and up to 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 2022 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 on a chargeable parcel, then assessed value shall mean 35% of (a) the most recent arms-length sales price, after completion of improvements to that parcel, (b) if there has been no such sale, the then current land value of the chargeable parcel plus the value of the improvements as stated on the building permit(s) for that parcel, or (c) if there is no improvement value stated on the building permit(s), or if the land value or building permit(s) are not available, the market value of the chargeable parcel as reasonably determined by the Treasurer based on an appraisal of the chargeable parcel. Amounts assessed and due are reflected as revenue on the Statement of Revenues, Expenses and Change in Net Position.

**Jerome Village Community Authority  
Union County, Ohio**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2022*

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

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, 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. 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.

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**Jerome Village Community Authority**  
**Union County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2022*

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 was as follows:

Description	Beginning Balance	Additions	Disposals / Dedications	Transfers	Ending Balance
Non-depreciable assets:					
Land	\$ 22,074,506	\$ 260,588	\$ -	\$ -	\$ 22,335,094
Construction in progress	795,350	10,977,643	-	(9,071,697)	2,701,296
Dedications pending acceptance	20,500,061	-	(914,057)	7,907,119	27,493,123
Total nondepreciable assets	<u>43,369,917</u>	<u>11,238,231</u>	<u>(914,057)</u>	<u>(1,164,578)</u>	<u>52,529,513</u>
Capital assets, being depreciated:					
Land improvements	2,035,480	-	-	453,521	2,489,001
Building and improvements	14,527,395	235	-	711,057	15,238,687
Total depreciable capital assets	<u>16,562,875</u>	<u>235</u>	<u>-</u>	<u>1,164,578</u>	<u>17,727,688</u>
Total capital assets	<u>59,932,792</u>	<u>11,238,466</u>	<u>(914,057)</u>	<u>-</u>	<u>70,257,201</u>
Less accumulated depreciation for:					
Land improvements	(1,179,935)	(159,738)	-	-	(1,339,673)
Building and improvements	(1,949,264)	(391,175)	-	-	(2,340,439)
Total accumulated depreciation	<u>(3,129,199)</u>	<u>(550,913)</u>	<u>-</u>	<u>-</u>	<u>(3,680,112)</u>
Total depreciable assets, net	<u>13,433,676</u>	<u>(550,678)</u>	<u>-</u>	<u>1,164,578</u>	<u>14,047,576</u>
Total capital assets, net	<u>\$ 56,803,593</u>	<u>\$ 10,687,553</u>	<u>\$ (914,057)</u>	<u>\$ -</u>	<u>\$ 66,577,089</u>

**NOTE 6 – BONDS PAYABLE**

The Authority previously approved the issuance of Community Facilities Bonds (Series A, Series B, Series C, and Series D). 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 will be equal to the then most recent Bond Buyer 25 Revenue Bond Muni Index rate for 30 year bonds plus 3.81%.

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.

**Jerome Village Community Authority**  
**Union County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2022*

The Authority has pledged the assessed valuation charges and sewer service charges, 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 bonds, then the Series C bonds, then the Series D bonds, and then the E series bonds.

Bonds payable activity for the year ended December 31, 2022 was as follows:

	Maturity Date	Interest Rate	Beginning Balance	Advances	Repayments	Ending Balance
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%	16,520,528	662,001	-	17,182,529
Series E, 2022	4/20/2062	Varies	-	11,134,337	-	11,134,337
<b>Total</b>			<u>\$ 81,896,235</u>	<u>\$ 11,796,338</u>	<u>\$ -</u>	<u>\$ 93,692,573</u>

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

There are no amounts due on any of the outstanding bonds within one year. Amortization schedules are not included because there is no established repayment schedule for these bonds.

**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 no deductible and public officials coverage is written with a \$5,000 deductible.

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

**NOTE 8 - CONTINGENT LIABILITIES**

There are no claims or lawsuits pending against the Authority.



**Jerome Village Community Authority**  
**Union County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2022*

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**NOTE 9 – CONTRACTUAL COMMITMENTS**

*Land Acquisition Agreement*

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.

**NOTE 10 - RELATED PARTIES**

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

The Developer 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.

By law, the Authority is governed by a seven member board of trustees. The Board of County Commissioners of Union County appoints four of the trustees and the Developer appoints the remaining three trustees. The trustees appointed by the Developer are employees of a related party to the Developer.

**NOTE 11 - ACCUMULATED DEFICIT OF NET POSITION**

At December 31, 2022, the Authority has an accumulated deficit net position of \$68.7 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 12 – 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.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

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

To the Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Jerome Village Community Authority, Union County, Ohio, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Jerome Village Community Authority's basic financial statements, and have issued our report thereon dated June 12, 2023, wherein we noted as described in Note 11 to the financial statements, the Jerome Village Community Authority has an accumulated deficit net position. This deficit is a result of how the Jerome Village Community Authority is structured and its basic operations.

**Report on Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Jerome Village Community Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Jerome Village Community Authority  
Union County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Jerome Village Community Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jerome Village Community Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jerome Village Community Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
June 12, 2023

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# OHIO AUDITOR OF STATE KEITH FABER



**JEROME VILLAGE COMMUNITY DEVELOPMENT AUTHORITY**

**UNION COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/25/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)