Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2013 and 2012
Fiscal Years Audited Under GAGAS: 2013 and 2012

Dave Yost • Auditor of State

Board of Trustees
Liberty Community Infrastructure Financing Authority
585 South Front Street
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Liberty Community Infrastructure Financing Authority, Delaware County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 Liberty Community Infrastructure Financing Authority is responsible for compliance with these laws and regulations.

Robert R. Hinkle

Robert R. Hinkle, CPA
Chief Deputy Auditor

May 19, 2014

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LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

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Independent Auditor's Report

Board of Trustees
Liberty Community Infrastructure Financing Authority
Delaware County, Ohio
585 South Front Street, Suite 220
Columbus, Ohio 43215

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Liberty Community Infrastructure Financing Authority, Delaware County, Ohio, (the Authority), as of and for the years ended December 31, 2013 and 2012, 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 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 the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Liberty Community Infrastructure Financing Authority, Delaware County as of December 31, 2013 and 2012, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13 to the financial statements, during the year ended December 31, 2012, the Authority adopted provisions of Government Accounting Standards Board Statements (GASB) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

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 March 21, 2014, 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 on 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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
March 21, 2014

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 and 2012
(UNAUDITED)

The management's discussion and analysis of the Liberty Community Infrastructure Financing Authority, Delaware County, Ohio, (the Authority), financial performance provides an overall review of the Authority's financial activities for the fiscal years ended December 31, 2013 and 2012. 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 encourages the orderly development of a well-planned, diversified community of approximately 1,579 acres in Delaware County, including the City of Powell.

2. Net position at December 31, 2013 totaled a negative $30,219,856. Net position at December 31, 2012 totaled a negative $31,082,151. The negative net position is caused by the costs incurred for capital assets acquired and improved, which were donated upon completion or acquisition. The Authority accumulates infrastructure improvement costs that are reflected in the Statements of Net Position, upon closing, as capital assets.

3. The Authority’s debt decreased in fiscal years 2013 by $791,002 and decreased in 2012 by $350,514 including capitalized interest. The Authority previously incurred debt of $16,603,490 and an intergovernmental payable of $15,300,000 prior to January 1, 2012. Both the Authority’s debt and intergovernmental payable will be paid through the collection of community development charges imposed on the residences benefiting from the capital asset.

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 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 net total 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, deferred outflows of resources, 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 in 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 thru 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 summary of Authority's net position for fiscal years 2013, 2012, and 2011.

Table 1
Net Position

	2013	**2012**	**2011***
Assets:			
Current Assets	$ 1,687,391	$ 1,557,790	$ 1,426,816
Deferred Financing Costs	-	-	285,000
Total Assets	1,687,391	1,557,790	1,711,816
Liabilities:			
Current Liabilities	772,038	772,796	578,336
Long Term Liabilities	30,076,974	30,877,976	31,413,490
Total Liabilities	30,849,012	31,650,772	31,991,826
Total Deferred Inflows of Resources	1,058,235	989,169	953,056
Net Position:			
Unrestricted	(30,219,856)	(31,082,151)	(31,233,066)
Total Net Position	$ (30,219,856)	$ (31,082,151)	$ (31,233,066)

*Certain prior year amounts have been reclassified for consistency with the current period presentation

Net Position: Net position represents the difference between assets, deferred inflows of resources and liabilities. The Authority had a net position of negative $30,219,856 in 2013, negative $31,082,151 in 2012, and negative $31,233,066 in 2011.

Table 2 reflects the changes in net position for fiscal years 2013, 2012, and 2011.

Table 2
Change in Net Position

	2013	2012	2011
Operating Revenue	$1,980,940	$1,889,832	$1,931,425
Operating Expenses	(78,586)	(61,634)	(49,683)
Non-Operating Revenues/(Expenses)			
Earnings on Investments/Other Income	273	175	274
Interest Expense	(282,354)	(352,579)	(487,733)
City of Powell Interest Expenses on Debt	(757,978)	(717,506)	(737,058)
Debt Finance Issuance Costs	-	(322,373)	-
Total Change in Net Position	$ 862,295	$ 435,915	$ 657,225

Change in Net Position

Change in net position has fluctuated in the last three years because of several factors. The first factor is in 2012 the Authority refinanced part of its long-term debt and incurred one-time financing costs. The second factor is the Authority's community development charge revenues declined in 2012 when compared to 2011 and 2013. The decrease in revenue was caused by reductions in assessed property values. Community development charge revenues increased in 2013 due to increased building activity, resulting from more development as the housing market began to rebound. Also, in 2013, the Authority paid less interest costs overall. Consequently, 2013 reflected a much larger increase in total change in net position when compared to 2011 and 2012. Going forward, the Authority is expected to show continued increases in community development charge revenues. Interest costs are expected to be moderate in coming years as increased principal payments are made.

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 acquire the asset. The Community Development Charge is calculated on 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.

Debt

The Authority issued Community Facilities Adjustable Rate Notes to finance the purchase or acquisition of community infrastructure facilities. The debt service will be paid annually by the revenue received from the Community Development Charges. Note interest that accrues in any year in excess of the cash available from Community Development Charges will be added to the note's principal balance. Given the sensitivity to variable interest rates, the accrued portion may fluctuate significantly from year to year. In recent years interest costs have been less than revenue so there has been no increase in principal balances due to nonpayment of interest.

Budgeting

The Authority is not required to follow the budgetary 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 John Parms, Treasurer, Liberty Community Infrastructure Financing Authority, 585 South Front Street, Suite 220, Columbus, Ohio 43215, 614 224-3078.

Liberty Community Infrastructure Financing Authority

Statement of Net Position

As of December 31, 2013 and 2012

	2013	2012
Assets:		
Current Assets:		
Cash and cash equivalents	$ 580,264	$ 343,236
Cash held by others	2,950	-
Accounts receivable	14,750	53,100
Community development charge receivable	1,089,427	1,016,454
Prepaid Expenses	-	145,000
Total Current Assets	1,687,391	1,557,790
Total assets:	$ 1,687,391	$ 1,557,790
Liabilities:		
Current Liabilities:		
Accounts payable	$ 4,223	$ 12,802
Accrued interest payable	82,815	84,994
Intergovernmental debt	685,000	675,000
Total Current Liabilities	772,038	772,796
Long-Term Liabilities		
Intergovernmental debt	20,235,000	20,920,000
Community facilities bond payable	9,841,974	9,957,976
Total Long-Term Liabilities	30,076,974	30,877,976
Total liabilities:	30,849,012	31,650,772
Deferred Inflows of Resources:		
Unearned revenue	1,058,235	989,169
Net Position:		
Unrestricted net position (deficit)	(30,219,856)	(31,082,151)
Total liabilities, deferred inflows of resources and net position	$ 1,687,391	$ 1,557,790

See accompanying notes to the basic financial statements.

Liberty Community Infrastructure Financing Authority

Statement of Revenues, Expenses and Change in Net Position

For the Years Ended December 31, 2013 and 2012

	2013	2012
Operating revenues:		
Community development charge	$ 1,980,940	$ 1,889,832
Operating expenses:		
Treasurer expenses	23,730	37,574
Legal fees	13,329	10,081
Auditing fees	62	8,564
Insurance	2,438	2,728
Office supplies expense	750	-
Board meeting expense	1,200	900
Tap fee write off	35,400	-
Other expenses	1,677	1,787
Total operating expenses:	78,586	61,634
Operating income:	1,902,354	1,828,198
Non-operating revenues/(expenses):		
Interest and dividend revenues	273	175
Interest expense - Developer Bonds	(282,354)	(352,579)
Interest and Finance Costs - City of Powell	(757,978)	(717,506)
Bond Finance Issuance Costs	-	(322,373)
Total non-operating revenues/(expenses):	(1,040,059)	(1,392,283)
Change in Net Position	862,295	435,915
Net position at beginning of year - as restated for 2012 (see note 13)	(31,082,151)	(31,518,066)
Net position at end of year	$ (30,219,856)	(31,082,151)

See accompanying notes to the basic financial statements.

Liberty Community Infrastructure Financing Authority
Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from community development charge	$ 1,975,806	$ 1,884,697
Community development charge refunds	(35,400)	-
Cash payment for treasurer expenses	(27,936)	(35,539)
Cash payment for legal fees	(16,296)	(5,114)
Cash payment for auditing fees	(1,906)	(6,720)
Cash payments for insurance	(2,000)	(2,728)
Cash payment for board meeting expenses	(1,200)	(900)
Cash payment for other expenses	(1,200)	(609)
Net cash provided by operating activities:	$ 1,889,868	$ 1,833,087
Cash flows from investing activities:		
Interest, dividends and other revenues	273	175
Cash received from payment of tab fees	38,350	2,950
Net cash provided by investing activities:	38,623	3,125
Cash flows from capital and related financing activities:		
Payment of tap fees to City of Powell	(2,950) .	-
Prepayment of interest	-	(145,000)
Interest paid on bonds	(137,777)	(291,354)
Interest paid on City of Powell notes	(759,736)	(672,465)
Bond proceeds from advanced refunding	-	6,570,515
Bond and note principal payments	(791,000)	(7,319,373)
Net cash used by capital and related financing activities:	(1,691,463)	(1,857,677)
Net increase (decrease) in cash and cash equivalents:	237,028	($21,465)
Cash and cash equivalents at beginning of year	343,236	364,701
Cash and cash equivalents at end of year	$ 580,264	$ 343,236
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,902,354	$ 1,828,198
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase)/decrease in development charge receivable	(72,973)	(40,069)
(Increase)/decrease in Tap Fee Receivable	2,950	-
(Increase)/decrease in Deposit - City of Powell	(2,950)	-
Increase/(decrease) in unearned community charge	69,066	36,113
Increase/(decrease) in accounts payable	(8,579)	8,845
Net cash provided by operating activities:	$ 1,889,868	$ 1,833,087

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 – REPORTING ENTITY

The Liberty Community Infrastructure Financing Authority, Delaware County, Ohio (the Authority) is a "community authority" created pursuant to Chapter 349 of the Ohio Revised Code (the Act). On August 1, 2000, Triangle Real Estate (the Developer) filed a petition (the Petition) for creation of the Authority with the Board of County Commissioners of Delaware County, Ohio. The Petition, which may be subject to amendment or change, allows the Authority to finance the costs of publicly owned and operated community facilities with assessed Community Development Charges. In accordance with the Act, the Petition was accepted by the County Commissioners' Resolution No. 00-748 and approved September 11, 2000. By its Resolution, the County Commissioners determined that the new community district 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 organized as a body corporate and politic in the State. On November 18, 2002, the County Commissioners, by their resolution amended the Petition to add certain territory to the area comprising the Authority.

On December 17, 2003, the Authority, the City of Powell (the City) and the Developer agreed, by a First Amendment to the Pre-Annexation Agreement, to adding land to the District. This application was filed with the Delaware County Commissioners on March 29, 2004. The properties were added on April 29, 2004.

The Authority is governed by a seven member Board of Trustees. At inception, the Board of County Commissioners of Delaware County appointed four of the trustees and the remaining three were appointed by the Developer. All appointed trustees have since been replaced by elected citizen members of who have residence within the community authority.

At December 31, 2013, the Authority is comprised of approximately 1,579 acres of land located in Southern Delaware County, Ohio. In accordance with the Act and the Petition, the Authority can levy a community development charge up to 10.25 mills on the assessed value of the land and improvements within the District. 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 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. 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 fund accounting to maintain its financial records during the fiscal year. Enterprise fund 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. All assets, deferred inflows of resources, deferred outflows of resources and liabilities associated with the operation of 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 Investments

Cash received by the Authority is deposited with a financial institution or invested. Deposits and investments 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. Investments with an initial maturity of more than three months are reported as Investments. Investments were limited to money market funds held by A I M Management Group Inc. (AIM Funds). Investments held at AIM Funds are valued at AIM's reported share price.

D. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Authority does not maintain a capitalization threshold as all infrastructure assets are capitalized. The Authority does not depreciate capital assets as all assets are donated upon completion or acquisition.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Net Position

Net position represents the difference between assets, deferred inflows of resources, deferred outflows of resources and liabilities. 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 positions are available. The Authority had no restricted net position at fiscal years end 2013 and 2012.

F. 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.

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

NOTE 3 – NET POSITION DEFICIT

At December 31, 2013 and 2012, the Authority has a net position deficit of $30,219,856 and $31,082,151, respectively. This deficit is the 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 Authority incurred the costs of acquiring, constructing, or improving community facilities. The titles to these assets have been transferred to other local governments with the related costs recorded as a capital contribution expense to the receiving entity.

NOTE 4 – 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.

NOTE 4– DEPOSITS AND INVESTMENTS (Continued)

Inactive deposits are public deposits that the Board of Trustee 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 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 the following securities:

1. United States 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.

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days.

4. Bonds and other obligations of the State of Ohio.

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreement secured by such obligation, provided that investments in securities described in this division are made only through eligible instructions.

6. The State Treasurer’s investment pool (STAR Ohio).

The Authority may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and

3. Obligations of the Authority

NOTE 4– DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments of the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of the transfer from the custodian.

Deposits

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The carrying amount of the Authority's deposits at December 31, 2013 and 2012 was $391 and $4,785, respectively, and the bank balance was $491 and $4,785, respectively. For both of the reported years, the Authority's year-end entire bank balance was covered by Federal Deposit Insurance.

Investments

The Authority's only investments are in money market funds. The fair value of the Authority's money market funds at December 31, 2011 and 2010, were $359,793 and $323,590, respectively, and the carrying amounts were the same. These amount are considered cash equivalents and are reflected as cash and cash equivalents on the statements of net position.

Interest Rate Risk. Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. The Authority does not have a policy to limit its exposure to interest rate risk, however, the Authority's investments in money market funds are able to be withdrawn on demand.

Credit Risk. Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The Authority does not have a policy to limit its exposure to credit risk. The Authority's money market funds were unrated.

NOTE 5 – COMMUNITY DEVELOPMENT CHARGE

The Authority can levy an annual community development charge up to 10.25 mills on the assessed value of all property within the developed property. The charge is currently levied at 10.25 mills. Charge revenue recognized represents the amount levied on April 1 and October 1 of the current year.

NOTE 5 – COMMUNITY DEVELOPMENT CHARGE (Continued)

Charge assessments are levied October 1 on the assessed values as of September 30 (the lien date). The assessed value is established by state law at 35% of the current market value, the sales price, or the permit value, which ever is the highest. Market values are determined by the Authority based on the County Auditor's appraisal, lot values, or a calculated cost for occupied homes that have not yet been appraised by the County Auditor. The permit values are supplied on a monthly basis from the City of Powell or the Delaware County Building Department. Amounts assessed and due but not collected, are reflected as both a receivable and a deferred inflow of resources on the statement of net position. For the years ended December 31, 2013 and 2012, the amount recorded as deferred inflows of resources and the related receivable was $1,058,235 and $989,169, respectively.

The Pre-annexation agreement with the City of Powell permits the Authority to retain a sufficient amount of the development charge to cover the interest expense on debt owed or facilitated by the City of Powell .

The assessed value of real property upon which the October 2013 and 2012 community development charges were based is proximately $551,804,870 and $526,829,260, respectively.

NOTE 6 – TAP FEE CREDIT

On March 12, 2001, Delaware County granted the Authority the right to sell 763 single-family residential connection (tap) credits in order to enlarge the sanitary sewer trunk line for future development. The Authority may sell the taps to any builder within Delaware County. A 10% discount was offered on taps that were paid in full at the time of the tap permit filing. Tap fee credits are not considered an asset of the Authority. Revenue is recognized when a credit is sold.

Following the annexation of a portion of the Authority's territory by the City of Powell in 2002, all tap fee revenues received after the date of the Pre-Annexation agreement are to be paid to the City of Powell for payment of principal and interests on related debt. All discounts on tap fee credits after the date of annexation also have to be approved by the City of Powell prior to offering.

As of December 31, 2013, all awarded taps have been sold. Uncollected tap fees as of December 31, 2013 and 2012 was $14,750 and $53,100, respectively.

NOTE 7 – RECEIVABLES

Receivables at December 31, 2013 and 2012 consisted of community development charges and accounts receivable relating to tap fees. All receivables are considered collectible.

NOTE 8 – CAPITAL ASSETS

There was no capital asset activity or donations during the years ended December 31, 2013 and 2012.

NOTE 9 – LONG-TERM OBLIGATIONS

The Authority's long-term obligations activity for the years ended December 31, 2013 and 2012 was as follows:

Community Facilitites Adjustable Rate Note	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2012					
Series 2002	6,570,516	-	6,570,516	-	-
Series 2004A	608,660	-	4,547	604,113	-
Series 2004B	531,708	-	4,082	527,626	-
Series 2004C	2,807,464	-	21,183	2,786,281	-
Series 2005A	256,760	-	1,987	254,773	-
Series 2006A	5,828,382	-	43,199	5,785,183	-
	16,603,490	-	6,645,514	9,957,976	-
2013					
Series 2004A	604,113	-	7,039	597,074	-
Series 2004B	527,626	-	6,146	521,480	-
Series 2004C	2,786,281	-	32,458	2,753,823	-
Series 2005A	254,773	-	2,968	251,805	-
Series 2006A	5,785,183	-	67,391	5,717,792	-
	9,957,976	-	116,002	9,841,974	-

Community Facilities Adjustable Rate Bonds, Series 2002
On November 7, 2002, the Authority issued $6,545,000 in Community Facilities Adjustable Rate Bonds to refund outstanding Community Facilities Bonds, Series 2001 and Excess Cost Advancement Notes of the Authority, which were issued for the purpose of providing funds to acquire and construct community facilities, and to acquire and develop land in connection with the same. Triangle Properties, Inc. is the registered owner of the Bonds.

The bonds' interest rate adjusts each Thursday. The interest rate shall be equal to 275 basis points over the Bonds Market Association (BMA) Municipal Swap Index and computed on a basis of 365 days per year. Interest will be paid semi-annually on June 1 and December 1 with development charge revenue.

In 2012, the bond was retired with debt provided by the City of Powell. Please see the intergovernmental debt note below.

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

Community Facilities Adjustable Rate Notes, Series 2004A
On May 4, 2004, the Authority issued $570,000 in Community Facilities Adjustable Rate Notes, Series 2004A, for the purpose of providing funds to acquire and construct community facilities. The interest rate is equal to 275 basis points over the BMA Municipal Swap Index on the Thursday that the interest rate is being adjusted, provided that, (1) through December 31, 2008, the Base Note Rate shall not exceed 4%, and (2) thereafter, the Base Note Rate shall not exceed 6%. Sheryl A. Kenney and Charles A. Vince are the registered owners of the Notes.

Principal of and interest on this Note shall be paid semi-annually on June 1 and December 1 of each year, in the following order: first, any interest which has accrued on the outstanding principal amount of this Note; second, the unpaid principal of this Note. Interest accrued, but not paid by June 1 or December 1 of each year (with respect to interest which has accrued during the prior calendar year), shall be added to the principal balance of the Note as of January 1st of the following year. Interest shall be calculated based on a year of 365 or 366 days, as appropriate, and on the actual number of days elapsed from January 1 to December 31 of each year.

The Note is subject to optional redemption at any time prior to stated maturity in whole, or in part, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest. Community development charges are pledged for repayment of the Notes.

Community Facilities Adjustable Rate Note, Series 2004B
On July 6, 2004, the Authority issued $511,708 in Community Facilities Adjustable Rate Notes, Series 2004B, for the purpose of providing funds to acquire community facilities. The interest rate is equal to 275 basis points over the BMA Municipal Swap Index on the Thursday that the interest rate is being adjusted, provided that, (1) through December 31, 2008, the Base Note Rate shall not exceed 4%, and (2) thereafter, the Base Note Rate shall not exceed 6%. The Village at Scioto Reserve, LLC is the registered owner of the Notes.

Principal of and interest on this Note shall be paid semi-annually on June 1 and December 1 of each year, in the following order: first, any interest which has accrued on the outstanding principal amount of this Note; second, the unpaid principal of this Note. Interest accrued, but not paid by June 1 or December 1 of each year (with respect to interest which has accrued during the prior calendar year), shall be added to the principal balance of the Note as of January 1st of the following year. Interest shall be calculated based on a year of 365 or 366 days, as appropriate, and on the actual number of days elapsed from January 1 to December 31 of each year.

The Note is subject to optional redemption by the Authority at the direction of the City of Powell on any date after December 31, 2015 at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date, upon deposit by the City with the Authority of moneys sufficient to cause such redemption. Community development charges are pledged for repayment of the Notes.

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

Community Facilities Adjustable Rate Note, Series 2004C

On October 8, 2004, the Authority issued $2,655,000 in Community Facilities Adjustable Rate Notes, Series 2004C, for the purpose of providing funds to acquire community facilities. The interest rate is equal to 275 basis points over the BMA Municipal Swap Index on the Thursday that the interest rate is being adjusted, provided that, (1) through December 31, 2008, the Base Note Rate shall not exceed 4%, and (2) thereafter, the Base Note Rate shall not exceed 6%. Sheryl A. Kenney and Charles A. Vince are the registered owners of the Notes.

Principal of and interest on this Note shall be paid semi-annually on June 1 and December 1 of each year, in the following order: first, any interest which has accrued on the outstanding principal amount of this Note; second, the unpaid principal of this Note. Interest accrued, but not paid by June 1 or December 1 of each year (with respect to interest which has accrued during the prior calendar year), shall be added to the principal balance of the Note as of January 1st of the following year. Interest shall be calculated based on a year of 365 or 366 days, as appropriate, and on the actual number of days elapsed from January 1 to December 31 of each year.

The Note is subject to optional redemption at any time prior to stated maturity in whole, or in part, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest. Community development charges are pledged for repayment of the Notes.

Community Facilities Adjustable Rate Note, Series 2005A

On May 5, 2005, the Authority issued $249,097 in Community Facilities Adjustable Rate Notes, Series 2005A, for the purpose of providing funds to acquire community facilities. The interest rate is equal to 275 basis points over the BMA Municipal Swap Index on the Thursday that the interest rate is being adjusted, provided that, (1) through December 31, 2008, the Base Note Rate shall not exceed 4%, and (2) thereafter, the Base Note Rate shall not exceed 6%. The Village at Scioto Reserve, LLC is the registered owner of the Notes.

Principal of and interest on this Note shall be paid on June 1st and December 1st of each year, in the following order: first, any interest which has accrued on the outstanding principal amount of this Note; second, the unpaid principal of this Note.

Interest accrued, but not paid by June 1st and December 1st of each year (with respect to interest which has accrued during the prior calendar year), shall be added to the principal balance of the Note as of January 1st of the following year. Interest shall be calculated based on a year of 365 or 366 days, as appropriate, and on the actual number of days elapsed from January 1 to December 31 of each year.

The Note is subject to optional redemption at any time prior to stated maturity in whole, or in part, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest. Community development charges are pledged for repayment of the Notes.

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

Community Facilities Adjustable Rate Note, Series 2006A
On March 13, 2007, the Authority issued $5,414,195 in Community Facilities Adjustable Rate Notes, Series 2006A, for the purpose of providing funds to acquire community facilities. The interest rate is equal to 275 basis points over the BMA Municipal Swap Index on the Thursday that the interest rate is being adjusted, provided that, (1) through December 31, 2008, the Base Note Rate shall not exceed 4%, and (2) thereafter, the Base Note Rate shall not exceed 6%. Triangle Properties, Inc. is the registered owner of the Bonds.

Principal and interest on this Note shall be paid semi-annually on June 1 and December 1 of each year, in the following order: first, any interest which has accrued on the outstanding principal amount of this Note; second, the unpaid principal of this Note. Interest accrued, but not paid by June 1 or December 1 of each year (with respect to interest which has accrued during the prior calendar year), shall be added to the principal balance of the Note as of January 1st of the following year.

The Note is subject to optional redemption at any time prior to stated maturity in whole, or in part, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest. Community development charges are pledged for repayment of the Notes.

Debt Service to Maturity
Based on fluctuating interest rates and principal payment uncertainty, no debt service to maturity schedule has been presented .

Capitalized Interest on Notes
The Authority issued Community Facilities Adjustable Rate Notes to finance the purchase or acquisition of community infrastructure facilities. The debt service will be paid annually by the revenue received from the Community Development Charges. Note interest that accrues in any year in excess of the cash available from Community Development Charges will be added to the note's principal balance. Given the sensitivity to variable interest rates, the accrued portion may fluctuate significantly from year to year. In 2013 and 2012, interest costs have been less than revenue so there has been no increase in principal balances due to the nonpayment of interest.

NOTE 10 – INTERGOVERNMENTAL DEBT

On November 6, 2002, the City of Powell annexed a portion of the territory of the Authority into the City. In exchange, the City of Powell issued general obligation bonds and notes, the proceeds of which, totaling $16,915,000, were transferred to the Authority to refund a portion of the $22,300,000 in Community Facilities Bonds, Series 2001.

NOTE 10 – INTERGOVERNMENTAL DEBT (Continued)

The Authority has pledged the community development charge receipts generated by the portion annexed, as well as tap fee receipts, to repay the City for the bond principal and related interest costs.

Since 2004, the City of Powell has assumed additional debt totaling $900,000 to cover the shortfall in payments necessary to cover interest carry cost on the bonds and notes. Additionally, there have been other associated costs and fees, including premiums and discounts, related to the issuance of debt since 2004. The City of Powell also maintains a cash balance related to the debt issues, which for reporting purposes is considered an offset to the liability balance with the Authority.

In August 2012, the City of Powell refinanced the 2002 Series Bond. The effect is the City was able to obtain a reduction in the effective interest rates. The bonds have coupon rates between 2% and 5% over the 20-year life of the bonds. The refinance resulted in a $322,373 cost to the Authority, which was expensed as a period cost. Over the life of the new bond, the Authority will save approximately $2 million in interest over what it previously paid on the City of Powell 2002 Series Bond. In addition, the City of Powell maintains a cash fund for the Authority. The cash balance at December 31, 2013 and 2012 was $2,950 and $0 respectively.

Pursuant to a City of Powell ordinance, on April 23, 2012, the City issued $9,915,000 in tax exempt, general obligation bonds to refinance the Community Facilities Adjustable Rate notes. The Liberty Community Infrastructure Financing Authority utilized $6,785,000 of this amount to retire its Community Facilities Adjustable Rate Bonds Series 2002, as mentioned above. The remaining balance of $3,130,000 has been assumed by the Powell Community Infrastructure Financing Authority.

Of the total $9,915,000 issue, approximately 26% or $2,600,000 of the amount consists of a 10-year Serial Bond with an average effective interest rate of approximately 3.2% and payable in full by 2022. The balance of the issue, totaling $7,315,000, consists of Term Bonds carrying an average effective interest rate of 3.24% with maturity dates of December 1, in the years between 2023 and 2036. All of the Bonds have interest payment dates of June 1 and December 1 of each year.

The Bonds maturing after December 1, 2021 are subject to redemption at the option of the City, either in whole or in part, in such order of maturity as the City shall determine, on any date on or after June 1, 2022, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption.

The Bonds maturing on December 1, 2024, 2027, 2030, 2032, 2034, and 2036 are subject to mandatory sinking fund redemption prior to stated maturity.

NOTE 10 – INTERGOVERNMENTAL DEBT (Continued)

The Authority's intergovernmental payable activity for the years ended December 31, 2013 and 2012 was as follows:

	Beginning Balance	Additional Borrowing	Payments	Ending Balance	Due in One Year
2012					
Series 2011	$ 9,215,000	$ -	$ (270,000)	$ 8,945,000	$ 300,000
Series 2008	6,085,000	-	(220,000)	$ 5,865,000	$ 230,000
Series 2012	-	6,785,000	-	$ 6,785,000	$ 145,000
Cash Balance	(29,680)	(74,728)	104,408	-	-
	$ 15,270,320	$ 6,710,272	$ (385,592)	$ 21,595,000	$ 675,000
2013					
Series 2011	$ 8,945,000	$ -	$ (300,000)	$ 8,645,000	$ 300,000
Series 2008	5,865,000	-	(230,000)	5,635,000	240,000
Series 2012	6,785,000	-	(145,000)	6,640,000	145,000
Cash Balance	-	-	(2,950)	(2,950)	-
	$ 21,595,000	$ -	$ (677,950)	$ 20,917,050	$ 685,000

The scheduled principal maturity and interest payments for the refinanced Series 2011 Bonds are as follows:

Year	Principal	Interest	Total
2014	$300,000	$320,294	$ 620,294
2015	300,000	311,294	611,294
2016	325,000	305,294	630,294
2017	325,000	295,544	620,544
2018	345,000	285,794	630,794
2019-2023	1,835,000	1,268,569	3,103,569
2024-2028	2,605,000	928,563	3,533,563
2029-2032	2,610,000	268,600	2,878,600
Total	$8,645,000	$3,983,952	$ 12,628,952

NOTE 10 – INTERGOVERNMENTAL DEBT (Continued)

The scheduled principal maturity and interest payments for the Series 2008 Note are as follows:

Year	Principal	Interest	Total
2014	$ 240,000	$ 226,705	466,705
2015	250,000	217,105	467,105
2016	260,000	207,105	467,105
2017	265,000	198,525	463,525
2018	280,000	187,925	467,925
2019-2023	1,565,000	764,928	2,329,928
2024-2028	1,900,000	426,120	2,326,120
2029-2030	875,000	55,440	930,440
Total	$ 5,635,000	$ 2,283,853	$ 7,918,853

The scheduled principal maturity and interest payments for the Series 2012 Bond are as following:

Year	Principal	Interest	Total
2014	$ 145,000	$ 191,638	336,638
2015	150,000	188,738	338,738
2016	140,000	185,738	325,738
2017	155,000	182,938	337,938
2018	145,000	179,838	324,838
2019-2023	790,000	853,473	1,643,473
2024-2028	875,000	759,685	1,634,685
2029-2033	1,995,000	606,513	2,601,513
2034-2036	2,245,000	153,103	2,398,103
Total	$ 6,640,000	$ 3,301,660	$ 9,941,660

NOTE 10 – INTERGOVERNMENTAL DEBT (Continued)

Total scheduled principal maturity and interest payments are as following:

Year	Principal	Interest	Total
2014	$ 685,000	$ 738,636	1,423,636
2015	700,000	717,136	1,417,136
2016	725,000	698,136	1,423,136
2017	745,000	677,006	1,422,006
2018	770,000	653,556	1,423,556
2019-2022	4,190,000	2,886,969	7,076,969
2023-2027	5,380,000	2,114,368	7,494,368
2028-2032	5,480,000	930,555	6,410,555
2033-2036	2,245,000	153,103	2,398,103
Total	$ 20,920,000	$ 9,569,465	$ 30,489,465

NOTE 11 – RELATED PARTY TRANSACTIONS

The petition for creation of the Authority pursuant to Chapter 349 of the Ohio Revised Code was filed with the Delaware County Commissioners by Triangle Real Estate (the Developer).

The entire original territory of the Authority was encompassed in the Golf Village development that was wholly owned by the Developer prior to the creation of the Authority. The land and infrastructure that was added to the territory by the Authority directly benefited and serviced the Golf Village Development. All land of the Golf Village Development is to be sold to additional developers by the Developer.

The Authority had an Infrastructure Acquisition and Construction Agreement with the Developer to acquire and construct certain community facilities within golf village. Under this agreement, the Developer selected contractors and signed contracts for the construction of the Authority's infrastructure.

Payments to contractors by the Authority were made directly with contractors or to the Developer who paid costs to the contractors. The Developer supervised and approved all construction work including construction company draws of funds.

On May 4, 2004, the Authority issued $570,000 in Community Facilities Adjustable Rate Notes, Series 2004A, for the purpose of providing funds to acquire and construct community facilities from Mid-States

NOTE 11 – RELATED PARTY TRANSACTIONS (Continued)

Development Corporation. On July 6, 2004, in consideration of the timing and uncertainty of the payment of the principal of and interest on the Note, Mid-States Development Corporation assigned and resold the $570,000 Note to Donald R. Kenney and Charles A. Vince, at that time, members of the Authority's Board of Trustees, at a discounted price of $256,500. Mr. Kenney's note was later transferred to his spouse Sheryl A. Kenney and then to the Kenney Asset Management.

On July 6, 2004, the Authority issued $511,708 in Community Facilities Adjustable Rate Notes, Series 2004B, for the purpose of providing funds to acquire community facilities from The Village at Scioto Reserve, LLC, which is owned by Donald R. Kenney, at that time, a member of the Authority's Board of Trustees. Mr. Kenney's note was later transferred to his spouse Sheryl A. Kenney and then to the Kenney Asset Management.

On October 8, 2004, the Authority issued $2,655,000 in Community Facilities Adjustable Rate Notes, Series 2004C, for the purpose of providing funds to acquire community facilities from MI Homes of Central Ohio, LLC. On October 8, 2004, in consideration of the timing and uncertainty of the payment of the principal of and interest on the Note, MI Homes of Central Ohio, LLC assigned and resold the $2,655,000 Note to Donald R. Kenney and Charles A. Vince, at that time, a members of the Authority's Board of Trustees, at a discounted price of $885,000. Mr. Kenney's note was later transferred to his spouse Sheryl A. Kenney and then to the Kenney Asset Management.

On May 5, 2005, the Authority issued $249,097 in Community Facilities Adjustable Rate Notes, Series 2005A, for the purpose of providing funds to acquire community facilities from The Village at Scioto Reserve, LLC, which is owned by Donald R. Kenney, at that time, a member of the Authority's Board of Trustees.

On March 13, 2007, the Authority issued $5,414,195 in Community Facilities Adjustable Rate Notes, Series 2007A, for the purpose of providing funds to acquire community facilities under an acquisition agreement with Triangle Vince, Inc. which is owned by Donald R. Kenney, at that time, a member of the Authority's Board of Trustees.

NOTE 12 – RISK MANAGEMENT

The Authority belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association of more than 500 public entities from all parts of Ohio joined together in the largest alternative insurance program in the state.

NOTE 12 – RISK MANAGEMENT (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides general liability ($1,000,000 per occurrence/$3,000,000 annual aggregate), employers' liability ($1,000,000 each accident/$1,000,000 each employee/$1,000,000 aggregate limit), public officials' liability ($1,000,000 each wrongful act/$3,000,000 annual aggregate) coverage, as well as automobile ($1,000,000 bodily injury and property damage) and crime ($25,000 public employee dishonest/$10,000 forgery and alteration/$10,000 theft disappearance and destruction/$1,000 computer fraud) coverage. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverage and reinsures this coverage. Effective September 1, 2002, the Ohio Reinsurance Plan collects premium and shares in claims payments for liability (limited to 5% of a covered loss up to $25,000) and property (limited to 5% of a covered loss up to $50,000).

There has been no significant reduction noted in insurance coverage from the prior year.

NOTE 13 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF BEGINNING BALANCES

For 2012, the Council implemented GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities,", Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62," GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" incorporates certain accounting and financial reporting guidance issued on or before November 30, 1989, into the GASB's authoritative literature that do not conflict with or contradict GASB pronouncements. The implementation of this statement did not have a significant effect on the financial statements of the Authority.

GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The implementation of this statement changed the classification of certain deferred inflows of resources. It also changed the description of the equity section of the statement to reflect net position.

GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities properly classifies certain items previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. GASB 65 also recognizes certain items previously reported as assets or liabilities as deferred outflows of resources (expenses or expenditures) or deferred inflows of resources (revenues). For the year ended December 31, 2012, the Authority early adopted the provision of GASB 65 and expensed debt finance closing cost totaling $322,373 in the statement of revenues, expenses and changes in net position.

NOTE 13 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF BEGINNING BALANCES (Continued)

GASB Statement No. 66, "Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62," resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively.

As a result of the implementation of GASB Statement No. 65, the Authority restated its 2012 beginning net position to eliminate deferred financing charges.

Net Position, December 31, 2011	($31,233,066)
Restatements	(285,000)
Net Position, Restated, December 31, 2011	($31,518,066)

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

Liberty Community Infrastructure Financing Authority
Delaware County
585 South Front Street, Suite 220
Columbus, Ohio 43215

To the Board of Trustees:

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 business-type activities of Liberty Community Infrastructure Financing Authority, Delaware County, (the Authority), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report theron dated March 21, 2014, wherein we noted the Authority adopted the provisions of Governmental Accounting Standards Board statements No. 63 and 65.

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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
March 21, 2014

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-001	Significant Deficiency – Financial Reporting	Yes	

Dave Yost · Auditor of State

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING 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 29, 2014

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