LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY

Delaware County, Ohio

AUDIT REPORT

For the Years Ended December 31, 2017 and 2016

Charles E. Harris & Associates, Inc.
CPAs and Government Consultants

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Liberty Community Infrastructure Financing Authority, Delaware County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. 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.

Dave Yost
Auditor of State

November 21, 2018

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LIBERTY COMMUNITY INFRASTUCTURE AUTHORITY
DELAWARE COUNTY
AUDIT REPORT
For the Years Ended December 31, 2017 and 2016

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

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, 2017 and 2016, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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, Ohio as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's discussion and analysis* be presented to supplement the basic financial statements. Such information, 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 September 7, 2018, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Charles E. Harris & Associates, Inc.
September 7, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2017 and 2016
(UNAUDITED)

The management's discussion and analysis of the Liberty Community Infrastructure Financing Authority, Delaware, Ohio, (the Authority), financial performance provides an overall review of the Authority's financial activities for the fiscal years ended December 31, 2017 and 2016. 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

- 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.

- Net position at December 31, 2017 totaled a negative $25,151,056. Net position at December 31, 2016 had a negative net position of $26,530,686. 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.

- The Authority's debt decreased in 2017 by $1,023,000 and decreased in 2016 by $1,031,000 including capitalized interest. The Authority previously incurred developer bond debt of $9.064,974 and an intergovernmental payable of $17,060,000 prior to January 1, 2017. 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.

- In July/August 2014, the Authority invested $700,000 in three (3) 3-year certificate of deposits. It purchased a $250,000 Goldman Sachs CD due July 31, 2017, a $200,000 American Express CD due July 31, 2017 and a $250,000 General Electric Capital BK Inc CD due August 1, 2017. On respective dates in 2017, these three CD's matured and were liquidated. On August 10, 2017, the following three 36 months CDs' were purchases: $250,000 from American Express Centurion, $200.00 CD from Capital One National Assn, McLean VA, and $25,000 In March 2016, the Authority invested in a $248,000 Ally Bank CD due March 3, 2018. In December 2016, the Authority invested $400,000 in (2) 2-year certificates of deposits. It purchased a $200,000 Medallion Bank CD due December 14, 2018 and a $200,000 BMW Bank CD due December 14, 2018. As of December 31, 2017 there was an unrealized loss of $8,396 and an unrealized gain of $2,920 as of December 31, 2016. The accrued interest receivable as of December 31, 2017 and 2016 was $6,355 and $4,612, respectively.

- In December 2015, the Authority refinanced $4,340,000 in 2008 Series Notes that resulted in a present value savings of debt services costs of $327,452 over the 14-year life of the new 2015 Bond Series.

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, liabilities, 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 through 9 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 10 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 2017, 2016, and 2015.

Table 1
Net Position

	2017	2016	2015
Assets:			
Current Assets	$ 2,994,857	$ 2,405,977	$ 2,686,834
Investments	1,341,924	1,350,318	699,402
Total Assets	4,336,781	3,756,295	3,386,236
Liabilities:			
Current Liabilities	871,306	852,943	841,674
Long Term Liabilities	25,866,976	26,914,975	27,955,977
Total Liabilities	26,738,282	27,767,918	28,797,651
Total Deferred Inflows of Resources	2,749,555	2,519,063	2,474,872
Net Position:			
Unrestricted	(25,151,056)	(26,530,686)	(27,886,287)
Total Net Position	$ (25,151,056)	$ (26,530,686)	$ (27,886,287)

Net Position: Net position represents the difference between assets and liabilities and deferred inflows. The Authority had a net position of negative $25,151,056 in 2017, negative $26,530,686 in 2016, and negative $27,886,287 in 2015.

Table 2
Change in Net Pos51ion

	2017	2016	2015
Operating Revenue	$2,359,193	$2,336,265	$2, 290,807
Operating Expenses	(34,467)	(56,891)	(35,509)
Non-Operating Revenues/(Expenses)			
Transfers from other authority	5,635	2,733	-
Earnings on Investments/Other Income	21,722	12,196	9,686
Unrealized Gain/(Loss) on Investments	(6,762)	2,920	3,780
Interest Expense	(323,596)	(295,279)	(266,540)
City of Powell Interest Expenses on Debt	(642,094)	(646,343)	(715,553)
Total Change in Net Position	$ 1,379,630	$ 1,335,601	$ 1,286,671

Change in Net Position

Change in net position has increased for the last three years because of several factors. First, the Authority's community development charge revenues has increased each year from 2015 to 2017. During this time, community development charge revenues increased from $2,290,807 to $2,359,193 or an average of over $34,000 each year. This increase was due to continuing increased building activity, resulting from more development as the housing market began to rebound.

While operating cost fluctuated for the last three years, the Authority incurred less interest costs in each year. Consequently, from 2015 to 2017 interest expenses decreased from $982,093 in 2015 to $965,690 in 2017, or an average of over $8,000 each year. Going forward, the Authority is expected to show continued increases in community development charge revenues. Interest costs is expected to be moderate in coming years as increased principal payments are made. Also, in 2015 the Authority refinanced more than $4 million in debt at a lower cost which will result in further moderation of debt finance cost.

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/construct the asset that have subsequently donated to other local governments. 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 construction 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.

In 2015, the Authority refinanced $4,340,000 in existing debt which was owed to the City of Powell. The refinancing reduced the effective interest rate from approximately 4.0% to 2.5% and reduced the payments period from 12 years to 11 years. The net present value of the cost savings at the time of the refinance was $327,452.

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
Statements of Net Position
As of December 31, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Huntington National Bank	$ 1,898	$ 4,470
AIM Fund 1316H Opr. & Maint.	738	300
AIM Fund 1320H-Comm.Dev.	333,172	8,201
Total Cash and Cash Equivalents	335,808	12,971
Other Current Assets		
Community Deve. Charge AR	2,647,058	2,385,661
Amount due from other Authority	5,635	2,733
Interest Receivable	6,356	4,612
Total Other Current Assets	2,659,049	2,393,006
Total Current Assets	2,994,857	2,405,977
Non-Current Assets		
Investments	1,341,924	1,350,318
Total Non-Current Assets	1,341,924	1,350,318
TOTAL ASSETS	$ 4,336,781	$ 3,756,295
LIABILITIES		
Liabilities		
Current Liabilities		
Accounts Payable	$ 1,362	$ 8,659
Other Current Liabilities		
Accrued Interest-Vlg Scioto Res	1,397	1,298
Accrued Interest-Midst. Kenney	959	891
Accrued Interest -Midst. Vince	644	595
Accrued Interest -MI Home Kenney	4,425	4,113
Accrued Interest - MI Homes Vinc	2,952	2,600
Accrued Interest 2007 Expansion	15,916	14,237
Accrued Interest - Vlg Scioto Re	715	627
Accrued Interest City of Powell	52,936	54,923
City of Powell Short-Term Obligations	790,000	765,000
Total Other Current Liabilities	869,944	844,284
Total Current Liabilities	871,306	852,943

See accompanying notes to the financial statements.

Liberty Community Infrastructure Financing Authority
Statements of Net Position
As of December 31, 2017 and 2016

	2017	2016
Non-Current Liabilities		
Dev Bond Payable-Vil @ Scioto R		
Dev Bond Payable- Vil @ Scioto	225,325	224,363
Dev Bond Payable-Vil @ Scioto R - Other	466,640	487,873
Total Dev Bond Payable-Vil @ Scioto R	691,965	712,236
Dev Bond Payable-MidState/Kenney	320,350	329,735
Dev Bond Payable-MidState/Vince	213,936	220,203
Dev Bond Payable-Liberty MI/Kenney	1,477,989	1,521,287
Dev Bond Payable-Liberty MI/Vince	986,238	1,015,129
Dev. Bond Payable - Expansion	5,116,498	5,266,385
Intergovernmental Debt		
City of Powell 2011 Bonds	7,050,000	7,395,000
City of Powell 2012 Bonds	5,905,000	6,050,000
City of Powell 2015 Bonds	4,105,000	4,405,000
Total Intergovernmental Debt	17,060,000	17,850,000
Total Non-Current Liabilities	25,866,976	26,914,975
Total Liabilities	26,738,282	27,767,918
Deferred Inflows of Resources		
Unavailable Community Deve. Charges	2,614,555	2,369,063
Deferred Debt Payments	135,000	150,000
Total Deferred Inflows of Resources	2,749,555	2,519,063
NET POSITION		
Unrestricted Net Position - (Deficit)	(25,151,056)	(26,530,686)
Total Net Position	$ (25,151,056)	$ (26,530,686)

See accompanying notes to the financial statements.

Liberty Community Infrastructure Financing Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2017 and 2016

	2017	2016
OPERATING REVENUE (EXPENSE)		
Operating Revenues		
Community Development Income	$ 2,359,193	$ 2,336,265
Total Operating Revenues	2,359,193	2,336,265
Operating Expense		
Treasurer Office Expense	22,140	31,559
Legal Expense	7,844	9,743
Auditor Expense	-	8,736
Communication Expense	275	277
Office Expense	-	1,500
Bank Fees	468	500
Insurance Expense	2,591	2,560
Board Meeting Expense	600	600
Delaware Collection Fees	549	1,416
Total Operating Expense	34,467	56,891
OPERATING INCOME	2,324,726	2,279,374
NON-OPERATING REVENUE (EXPENSE)		
Other revenues		
Dividend Income	7,417	1,502
Interest Income	14,305	10,694
Unrealized (Loss)/Gain on Investments	(6,762)	2,920
Total Other Revenues	14,960	15,116
Other Expense		
Interest Expense	323,596	295,278
City of Powell Interest	642,094	646,343
Total Other Expenses	965,691	941,622
TOTAL NON-OPERATING REVENUE (EXPENSE)	(950,731)	(926,506)
Change in Net Position Before Intergovernmental Transfers	1,373,995	1,352,868
Intergovernmental Transfers		
Transfers from Powell CIFA	5,635	2,733
Total Change in Net Positions	1,379,630	1,355,601
Beginning Net Position (Deficit)	(26,530,686)	(27,886,287)
Ending Net Position (Deficit)	$ (25,151,056)	$ (26,530,686)

See accompanying notes to the financial statements.

Liberty Community Infrastructure Financing Authority

Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Community Development Charges	$ 2,342,739	$ 2,344,368
Cash payments for treasurer expenses	(32,993)	(26,820)
Cash payments for legal fees	(4,290)	(9,745)
Cash payments for auditing fees	-	(8,735)
Cash payments for insurance	(2,591)	(2,510)
Cash payments for office expense	(275)	(1,500)
Cash payments for board meeting expenses	(600)	(550)
Cash payments for other expenses	(467)	(678)
Net Cash Provided by Operating Activities	2,301,523	2,293,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(700,000)	(648,000)
Investments redemed	700,000	-
Interest, dividends and other revenues	21,610	11,088
Cash received from other Authority	2,733	-
Net Cash Provided by/(Used in) Investing Activities	24,343	(636,912)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACT.		
Bond and note principal payments	(1,023,000)	(1,031,000)
Interest paid on developer bonds	(320,949)	(295,641)
Interest on City of Powell Notes	(659,081)	(664,598)
Net Cash Used in Capital and Related Financing Activities	(2,003,030)	(1,991,239)
Net Increase (Decrease) in Cash	322,837	(334,320)
Cash, Beginning of year	12,971	347,291
Cash, End of year	$ 335,808	$ 12,971
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 2,324,726	$ 2,279,374
Adjustments of Operating Income to Net Cash Provided by Operating Activities:		
(Increase)/Decrease in development charge receivable	(261,398)	(10,210)
(Decrease)Increase in deferred community charge	245,492	19,729
(Decrease)/Increase in accounts payable	(7,297)	4,937
Net Cash Provided by Operating Activities	$ 2,301,523	$ 2,293,830

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 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 who have residence within the community authority.

At December 31, 2017, 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.

The significant accounting policies followed in the preparation of these financial statements are summarized below. The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Basis of Accounting

The Authority's financial statements have been prepared using the accrual basis of accounting in conformity with GAAP.

B. Basis of Presentation

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

The Authority distinguishes operating revenues and expenses from non-operating activities. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with the Authority's primary operations. All revenues and expenses not considered operating are reported as non-operating revenues and expenses

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 certificates of deposits held by banks that provided FDIC protection.

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 acquistion 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.

E. Net Position

Net position represents the difference between assets 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 2017 and 2016.

F. Federal Income Taxes

The Authority is exempt from federal income taxes under IRS regulations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

H. Accounting Pronouncements

The following are pronouncements that either became effective during fiscal year 2017 or will become effective in future fiscal years.

GASB 72 – "Fair Value Measurement and Application" addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 73 – "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The standard became effective for fiscal year 2017. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Authority.

GASB 74 – "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The standard became effective for fiscal year 2017. The implementation of GASB Statement No. 74 did not have an effect on the financial statements of the Authority.

GASB 75 – "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The standard became effective for fiscal year 2017. The implementation of GASB Statement No. 75 did not have an effect on the financial statements of the Authority.

GASB 80 – "Blending Requirements for Certain Component Units-an Amendment of GASB Statement No. 14." The guidance became effective during 2017. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Authority.

GASB 81 – "Irrevocable Split-Interest Agreements. The standard became effective for fiscal year 2017. The standard became effective for fiscal year 2017. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the Authority.

GASB 82 – "Pension Issues – an Amendment of GASB Statement No. 67, No. 68, and No. 73." Effective for reporting periods beginning after June 15, 2016, with certain exceptions where measurement date is on or after June 15, 2017.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Authority.

GASB 83 – “Certain Asset Retirement Obligations.” Effective for reporting periods beginning after June 15, 2018. The implementation of GASB Statement No. 83 is not expected to have an effect on the financial statements of the Authority.

GASB 84 – “Fiduciary Activities.” Effective for reporting periods beginning after December 15, 2018. The implementation of GASB Statement No. 84 is not expected to have an effect on the financial statements of the Authority.

GASB 85 – “Omnibus 2017.” Effective for periods beginning after June 15, 2017. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the Authority.

GASB 86 – “Certain Debt Extinguishment Issues.” Effective for reporting periods beginning after June 15, 2017. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Authority.

GASB 87 – “Leases.” Effective for reporting periods beginning after December 15, 2019. The implementation of GASB Statement No. 87 is not expected to have an effect on the financial statements of the Authority.

GASB 88 – “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.” Effective for reporting periods beginning after June 15, 2018. The effect of the implementation of GASB Statement No. 88 on the financial statements of the Authority is not known.

NOTE 3 – NET POSITION – DEFICIT

At December 31, 2017 and 2016, the Authority has a net position deficit of $25,151,056 and $26,530,686, 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

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned. The carrying amount of the Authority's deposits at December 31, 2017 and 2016 was $1,898 and $4,470, respectively, and the bank balance equaled the reconciled balance. The deposits were covered by FDIC.

Savings
The Authority's also maintains money market savings accounts held by Invesco, the balance of which varies throughout the year based on changing interest rates. The fair value of the Authority's money market funds at December 31, 2017 and 2016, were S333,909 and $8,500, respectively, and the carrying amounts were the same. These amounts are considered cash equivalents and are reflected as cash on the statements of net position.

Investments
Investments in certificates of deposits are carried at fair value at the balance sheet date. As of December 31, 2017 and 2016, investment balances on these certificates of deposit were $1,341,924 and $1,350,318, respectively, with an unrealized loss of $6,076 and an unrealized gain of $2,920, respectively.

GASB establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would rise in pricing an asset or liability.

Assets Measured on a Recurring Basis: Assets and liabilities measured at fair value on a recurring basis are summarized below:

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

	Fair Value Measurements At December 31,			
	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
--2017--				
Certificates of Deposit	$ -	$ 1,341,924	$ -	$ 1,341,924
----2016---				
Certificates of Deposit	$ -	$1,350,318	$ -	$1,350,318

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

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.

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.

NOTE 5 – COMMUNITY DEVELOPMENT CHARGE - CONTINUED

For the years ended December 31, 2017 and 2016, the amount recorded as a receivable and deferred inflows of resources was $2,614,555 and $2,369,064, 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.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2017 and 2016 consisted of community development charges and accrued interest relating to the certificate of deposits. All receivables are considered collectible.

NOTE 7 – CAPITAL ASSETS

There was no capital asset activity or donations during the years ended December 31, 2017 and 2016.

NOTE 8 – LONG-TERM OBLIGATIONS

The Authority's long-term obligations activity for the years ended December 31, 2017 and 2016 was as follows:

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%. Kenny Asset Management 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.

NOTE 8 – LONG-TERM OBLIGATIONS – CONTINUED

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, 2016 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.

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%. Kenney Asset Management 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.

NOTE 8 – LONG-TERM OBLIGATIONS - CONTINUED

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.

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.

NOTE 8 – LONG-TERM OBLIGATIONS – CONTINUED

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. Below is a schedule of all outstanding debt balances:

Community Facilitites Adjustable Rate Note	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
2017					
Series 2004A	$ 549,937	$ -	$ 15,652	$ 534,285	$ -
Series 2004B	480,310	-	13,670	466,640	-
Series 2004C	2,536,417	-	72,189	2,464,228	-
Series 2005A	231,925	-	6,601	225,324	-
Series 2006A	5,266,386	-	149,888	5,116,498	-
	9,064,975	-	258,000	8,806,975	-
2016					
Series 2004A	$ 566,681	$ -	$ 16,744	$ 549,937	-
Series 2004B	494,934	-	14,624	480,310	-
Series 2004C	2,613,643	-	77,226	2,536,417	-
Series 2005A	238,986	-	7,061	231,925	-
Series 2006A	5,426,731	-	160,345	5,266,386	-
	$ 9,340,975	$ -	$ 276,000	$ 9,064,975	$ -

NOTE 9 – 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 (2002 Series Bond) in the amount of $10,365,000 and notes, in the amount of $6,900,000.

NOTE 9 – INTERGOVERNMENTAL DEBT - CONTINUED

The total proceeds of $17,265,000 were transferred to the Authority to refund a portion of the $22,300,000 in Community Facilities Bonds, Series 2001 which were initially issued by the Authority.

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 and note 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.

Since issuance, the Authority has paid the City of Powell both principal and interest initially, based on available resources and more recently, based on an established debt payment schedule.

Series 2011 Bonds

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 which are referred to as Bond Series 2011, 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.

Series 2012 Bonds

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, (Developer Bonds). The remaining balance of $3,130,000 was 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.

NOTE 9 – INTERGOVERNMENTAL DEBT - CONTINUED

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.

Series 2008 – 2016 Bonds
Series 2008 general obligation bonds in the amount of $6,900,000 were issued by the City of Powell on June 1, 2008. The bonds have a maturity date of December 1, 2030. The bonds have an interest rate that varies from approximately 3.85% to 4.2% over the life of the bonds.

On December 22, 2015, the City of Powell issued Series 2015 Bonds in the amount of $4,175,000 to refinance $4,340,000 of the Series 2008 Bonds. This left a remaining balance of the Series 2008 Bonds of $805,000 with remaining principal payments through December 1, 2018. The terms of the refinancing resulted in an initial reduction in the principal balance of $165,000 which is reflected on the statement of financial position as a deferred inflow of resources from the refunding of debt for the year ended December 31, 2016. The deferred balance is amortized over the life of the debt series at an annual amount of $15,000. The deferred inflow of resources had an unamortized balance of $135,000 at December 31, 2017.

The benefit of the refinancing of the Series 2008 Bonds resulted in the reduction of the effective interest rates and debt service savings of $432,760 on a gross basis and $327,452 on a net present value basis as of the date of refinancing. The repayment period was also reduced by one year and now the ending payment date is December 1, 2029 versus 2030.

NOTE 9 – INTERGOVERNMENTAL DEBT - CONTINUED

The Authority's intergovernmental payable activity for the years ended December 31, 2017 and 2016 was as follows:

	Beginning Balance	Addional Borrowing	Payments	Ending Balance	Due In 1 Year
2017					
Series 2011	$ 7,720,000	-	(325,000)	7,395,000	$ 345,000
Series 2008-2015	4,690,000	-	(285,000)	4,405,000	300,000
Series 2012	6,205,000	-	(155,000)	6,050,000	145,000
	$18,615,000	-	(765,000)	17,850,000	$ 790,000
2016					
Series 2011	$ 8,045,000	-	(325,000)	7,720,000	$ 325,000
Series 2008-2015	4,980,000	-	(290,000)	4,690,000	285,000
Series 2012	6,345,000	-	(140,000)	6,205,000	155,000
	$19,370,000	-	(755,000)	18,615,000	$ 765,000

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

Year	**Principal**	**Interest**	**Total**
2018	$ 345,000	$ 285,794	$ 630,794
2019	340,000	275,444	615,444
2020	360,000	265,244	625,244
2021	375,000	254,444	629,444
2022	370,000	243,194	613,194
2023-2027	2,375,000	1,017,006	3,392,006
2028-2032	3,230,000	410,400	3,640,400
Total	$ 7,395,000	$ 2,751,526	$ 10,146,526

NOTE 9 – INTERGOVERNMENTAL DEBT - CONTINUED

The scheduled principal maturity and interest payments for the refinanced Series 2012 Bonds are as follows:

Year	Principal	Interest	Total
2018	$ 145,000	$ 179,838	$ 324,838
2019	160,000	176,937	336,937
2020	150,000	173,737	323,737
2021	165,000	170,888	335,888
2022	155,000	167,505	322,505
2023-2027	850,000	945,671	1,795,671
2028-2032	1,475,000	651,181	2,126,181
2033-2036	2,950,000	251,258	3,201,258
Total	$ 6,050,000	$ 2,717,015	$ 8,767,015

NOTE 9 – INTERGOVERNMENTAL DEBT - CONTINUED

The scheduled principal maturity and interest payments for the Series 2008-2016 Bonds are as follows:

Year	Principal	Interest	Total
2018	$ 300,000	$ 158,400	$ 458,400
2019	310,000	158,000	468,000
2020	315,000	151,800	466,800
2021	325,000	139,200	464,200
2022	345,000	126,200	471,200
2023-2027	1,930,000	413,200	2,343,200
2028-2029	880,000	53,200	933,200
Total	$ 4,405,000	$ 1,200,000	$ 5,605,000

The scheduled principal maturity and interest payments for all Intergovernmental Debt is as follows:

Year	Principal	Interest	Total
2018	$ 790,000	$ 635,232	$ 1,425,232
2019	810,000	610,382	1,420,382
2020	825,000	590,781	1,415,781
2021	865,000	335,531	1,200,531
2022	870,000	536,899	1,406,899
2023-2027	5,155,000	2,211,472	7,366,472
2028-2032	5,585,000	1,114,781	6,699,781
2033-2036	2,950,000	251,257	3,201,257
Total	$ 17,850,000	$ 6,286,335	$ 24,136,335

NOTE 10 – 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 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.

NOTE 10 – RELATED PARTY TRANSACTIONS - CONTINUED

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, 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 and Charles A. Vince, at that time, members of the Authority's Board of Trustees.

NOTE 11 – RISK MANAGEMENT

Risk Membership Pool

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first $250,000 casualty treaty and 10% of the first $1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first $250,000 casualty treaty and 30% of the first $1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

NOTE 11 – RISK MANAGEMENT -CONTINUED

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	2016
Assets	$14,765,712
Liabilities	(9,531,506)
Members' Equity	$5,234,206

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

NOTE 12 – CONTINGENT LIABILITIES

There are no claims or lawsuits pending against the Authority.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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*

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 the Liberty Community Infrastructure Financing Authority, Delaware County, Ohio, (the Authority) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 7, 2018.

Internal Controls Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies 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 weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

We noted certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated September 7, 2018.

Purpose of this Report

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
September 7, 2018

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
DECEMBER 4, 2018

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