

**LIBERTY COMMUNITY
INFRASTRUCTURE FINANCING AUTHORITY**
Delaware County

Financial Statements and
Independent Auditor's Reports

For the Fiscal Years Ended
December 31, 2009 and 2008





Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Liberty Community Infrastructure Financing Authority, Delaware County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2008 through December 31, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 7, 2010

This Page is Intentionally Left Blank.

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	2
Basic Financial Statements	
Statement of Net Assets	6
Statement of Revenues, Expenses, and Changes in Net Assets	7
Statement of Cash Flows	8
Notes to the Basic Financial Statements.....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Prior Audit Findings.....	24

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Liberty Community Infrastructure Financing Authority

We have audited the accompanying basic financial statements of the Liberty Community Infrastructure Financing Authority, Delaware County, Ohio (the Authority), as of and for the years ended December 31, 2009 and December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Liberty Community Infrastructure Financing Authority, Delaware County, Ohio, as of December 31, 2009 and December 31, 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2010 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Kennedy Cottrell Richards
June 24, 2010

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2009 and 2008
(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, 2009 and 2008. 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 assets at December 31, 2009 totaled a negative \$31,496,348. Net assets at December 31, 2008 had a negative net asset balance of \$32,055,509. The negative net asset balance 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 Assets, upon closing, as capital assets.
3. The Authority's debt, including capitalized interest, increased only slightly in 2008 by \$48,948, and decreased in fiscal year 2009 by \$311,988. The Authority previously incurred debt of \$16,389,387 and an intergovernmental payable of \$16,510,143, prior to January 1, 2008. 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 Assets* and *Statement of Revenues, Expenses, and Changes in Net Assets* 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 Assets. The Statement of Net Assets represents the financial position of the Authority. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. 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 Assets, Statement of Revenues, Expenses, and Changes in Net Assets 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 Assets and the Statement of Revenues, Expenses, and Changes in Net Assets 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.

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2009 and 2008
(UNAUDITED)
(Continued)**

These two statements report the Authority's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 9 of this report.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis

Table 1 provides a summary of Authority's net assets for fiscal years 2009, 2008, and 2007.

Table 1 Net Assets			
	2009	2008	2007
Assets:			
Current Assets	\$ 1,259,559	\$ 1,138,027	\$ 1,142,770
Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	1,259,559	1,138,027	1,142,770
Liabilities:			
Current Liabilities	524,417	680,969	870,127
Long Term Liabilities	<u>32,231,490</u>	<u>32,577,567</u>	<u>32,552,221</u>
Total Liabilities	32,755,907	33,193,536	33,422,348
Net Assets:			
Unrestricted	<u>(31,496,348)</u>	<u>(32,055,509)</u>	<u>(32,279,578)</u>
Total Net Assets	<u>\$(31,496,348)</u>	<u>\$(32,055,509)</u>	<u>\$(32,279,578)</u>

Net Assets: Net assets represent the difference between assets and liabilities. The Authority had net assets of negative \$32,279,578 in 2007, negative \$32,055,509 in 2008, and negative \$31,496,348 in 2009.

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2009 and 2008
(UNAUDITED)
(Continued)**

Table 2 reflects the changes in net assets for fiscal years 2009, 2008, and 2007.

Table 2
Change in Net Assets

	2009	2008	2007
Operating Revenue	\$1,932,081	\$1,864,189	\$1,707,912
Non-Operating Revenues/Expenses			
Earnings on Investments/Other Income	840	6,594	12,620
Interest Expense	(524,444)	(734,000)	(809,655)
City of Powell Interest Expenses on Debt	(783,132)	(787,964)	(895,181)
Operating Expenses	(66,184)	(124,750)	(159,315)
Income/(Loss) Before Contributions	559,161	224,069	(143,919)
Total Increase (Decrease) in Net Assets	\$ 559,161	\$ 224,069	\$(143,919)

Change in Net Assets: The Authority had a decrease in net assets for the one of the three years presented. The decrease is due to the fact that the Authority was created for the purpose of financing the cost of community facilities, which upon completion or acquisition, are donated to appropriate local governments. The decrease in net assets for 2007 is not an indicator of deteriorating financial position. Instead, the capital contributions cause the decrease in net assets, which reflects that as assets are completed and approved, they are donated to appropriate local governments.

Revenue from Community Development Charges 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.

Budgeting

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

Capital Assets

The Authority's capital assets consist of community infrastructure facilities in the form of roads, water lines, and sewer lines. These assets are not capitalized or depreciated because upon completion or acquisition, and upon approval by the receiving local government, these assets are donated and are recognized as contributed capital on the financial statements of the Authority.

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2009 and 2008
(UNAUDITED)
(Continued)**

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. Through December 31, 2009 and 2008, accrued interest added to the original note balance was \$756,490 and \$632,567, respectively.

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 Parns, Treasurer, Liberty Community Infrastructure Financing Authority, 585 South Front Street, Suite 220, Columbus, Ohio 43215, 614 224-3078.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2009 AND 2008

	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 134,562	\$ 21,880
Accounts receivable	76,700	94,400
Community development charge receivable	1,048,297	1,021,747
	\$ 1,259,559	\$ 1,138,027
CURRENT LIABILITIES		
Accounts payable	\$ 7,010	\$ 3,350
Accrued interest payable	112,407	241,708
Intergovernmental debt	405,000	435,911
Total Current Liabilities	524,417	680,969
LONG-TERM LIABILITIES		
Intergovernmental debt	15,530,000	15,935,000
Community facilities bond payable	16,701,490	16,577,567
Total Long-Term Liabilities	32,231,490	32,512,567
Total Liabilities	32,755,907	33,193,536
NET ASSETS		
Unrestricted net assets	(31,496,348)	(32,055,509)
Total Net Assets	\$ (31,496,348)	\$ (32,055,509)

See accompanying notes to the basic financial statements.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

OPERATING REVENUES	<u>2009</u>	<u>2008</u>
Community development charges	\$ 1,932,081	\$ 1,864,189
Total Operating Revenues	<u>1,932,081</u>	<u>1,864,189</u>
 OPERATING EXPENSES		
Legal fees	13,552	34,570
Treasurer expenses	22,532	42,863
Auditing fees	-	14,711
Financial management services	3,977	21,935
Insurance	2,699	2,830
Office supplies expense	344	552
Board meeting expense	1,500	3,650
Tap fee write off	17,700	-
Other expenses	3,880	3,639
Total Operating Expenses	<u>66,184</u>	<u>124,750</u>
 OPERATING INCOME	 1,865,897	 1,739,439
 NON-OPERATING REVENUES (EXPENSES)		
Interest and dividend revenues	390	6,594
Other Income	450	-
Interest expense - Developer Bonds	(524,444)	(734,000)
Interest and Finance Costs - City of Powell	(783,132)	(787,964)
Total Non-Operating Revenues (Expenses)	<u>(1,306,736)</u>	<u>(1,515,370)</u>
 Change in Net Assets	 559,161	 224,069
Net Assets, Beginning of Year - Restated for 2008	<u>(32,055,509)</u>	<u>(32,279,578)</u>
Net Assets, End of Year	<u>\$ (31,496,348)</u>	<u>\$ (32,055,509)</u>

See accompanying notes to the basic financial statements.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Community Development Charges	\$ 1,905,531	\$ 1,796,311
Cash payments for legal fees	(10,407)	(39,928)
Cash payment for treasurer expenses	(21,667)	(46,275)
Cash payment for auditing fees	-	(14,711)
Cash payments for financial management services	(3,977)	(33,935)
Cash payments for insurance	(2,699)	(2,830)
Cash payment for board meeting expenses	(1,850)	-
Cash payment for other expenses	(4,224)	(1,344)
Net Cash Provided by Operating Activities	1,860,707	1,657,288
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest, dividends and other revenues	839	6,594
Net Cash Provided by Investing Activities	839	6,594
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACT.		
Tap fees received	-	14,750
Interest paid on bonds	(528,776)	(618,306)
Payments to City of Powell for interest, finance costs, and principal	(1,220,088)	(1,114,750)
Net Cash Used in Capital and Related Financing Activities	(1,748,864)	(1,718,306)
Net Increase (Decrease) in Cash	112,682	(54,424)
Cash and Equivalents, Beginning of Year	21,880	76,304
Cash and Equivalents, End of Year	\$ 134,562	\$ 21,880
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 1,865,897	\$ 1,739,439
Adjustments of Operating Income to Net Cash Provided by Operating Activities:		
Increase in development charge receivable	(26,550)	(61,481)
Decrease in accounts receivable	17,700	-
Increase/(decrease) in accounts payables	3,660	(20,670)
Net Cash Provided by Operating Activities	\$ 1,860,707	\$ 1,657,288

See accompanying notes to the basic financial statements.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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 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, 2009, 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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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 assets; a statement of revenues, expenses, and changes in net assets; 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 assets, financial position, and cash flows.

B. Measurement Focus and Basis of Accounting

The Authority's financial activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs.

Net Assets are comprised of Unrestricted components. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net assets.

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

Pursuant to GASB 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Accounting*, the Authority follows GASB guidance as applicable to its governmental and business-type activities, and Financial Accounting Standards Boards (FASB) guidance issued on or before November 30, 1989 that does not conflict with or contradict GASB Pronouncements. The Authority has elected not to follow FASB guidance issued after November 30, 1989.

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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

E. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are 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 assets are available. The Authority had no restricted net assets at fiscal years end 2009 and 2008.

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 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.

NOTE 3 – NET ASSET DEFICIT

At December 31, 2009 and 2008, the Authority has a net asset deficit of \$31,496,348 and \$32,055,509, 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. This deficit will be reduced and eliminated as outstanding debt is paid with, primarily, future community development charges.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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.

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).

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

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 District's deposits may not be returned. The carrying amount of the Authority's deposits at December 31, 2009 and 2008 was \$3,530 and \$1,609, respectively, and the bank balance was \$3,730 and \$1,859, 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, 2009 and 2008, were \$131,032 and \$20,271, respectively, and the carrying amounts were the same. These amount are considered cash equivalents and are reflected as cash on the statements of net assets.

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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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), and on April 1 for the assessed values as of March 31 (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.

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 the Community Facilities Developer Bonds, Series 2002. The remaining balance is paid to the City of Powell.

The assessed value of real property upon which the October 2009 and 2008 community development charges were based was \$186,020,751 and \$183,105,204, 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, 2009, all awarded taps have been sold. Uncollected tap fees as of December 31, 2009 and 2008 was \$76,700 and \$94,400, respectively.

NOTE 7 – RECEIVABLES

Receivables at December 31, 2009 and 2008 consisted of community development charges and accounts receivable relating to tap fees. All receivables are considered collectible.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 8 – CAPITAL ASSETS

There was no capital asset activity or donations during the years ended December 31, 2009 and 2008.

NOTE 9 – LONG-TERM OBLIGATIONS

The Authority’s long-term obligations activity for the years ended December 31, 2009 and 2008 was as follows:

<u>Community Facilities Adjustable Rate Note</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2008					
Series 2002	6,570,516	-	-	6,570,516	-
Series 2004A	614,605	-	-	614,605	-
Series 2004B	536,902	-	-	536,902	-
Series 2004C	2,834,887	-	-	2,834,887	-
Series 2005A	259,268	-	-	259,268	-
Series 2006A	5,573,209	188,180	-	5,761,389	-
	<u>16,389,387</u>	<u>188,180</u>	<u>-</u>	<u>16,577,567</u>	<u>-</u>
2009					
Series 2002	6,570,516	-	-	6,570,516	-
Series 2004A	614,605	-	-	614,605	-
Series 2004B	536,902	-	-	536,902	-
Series 2004C	2,834,887	-	-	2,834,887	-
Series 2005A	259,268	-	-	259,268	-
Series 2006A	5,761,389	123,923	-	5,885,312	-
	<u>16,577,567</u>	<u>123,923</u>	<u>-</u>	<u>16,701,490</u>	<u>-</u>

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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

The bonds mature on December 1, 2033. The bonds are subject to optional redemption by the Authority at the direction of the City of Powell on any date after December 31, 2012 at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest at the redemption date, upon deposit of monies sufficient to cause such redemption with the Authority from the City of Powell. Community development charges are pledged for repayment of the Notes.

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%. Donald R. 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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

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.

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

Community Facilities Adjustable Rate Note, Series 2004C (Continued)

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%. Donald R. 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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 9 – 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 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. On January 1, 2009 and 2008, \$123,923 and \$188,180, respectively of unpaid interest was added to the principal balance of the note. 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.

Debt Service to Maturity

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

Recap of Principal and Capitalized Interest on Notes

Principal and capitalized interest on balance on notes for the years ended December 31, 2009 and 2008 are as follow:

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

Community Facilities Adjustable Rate Note	Original Note Balance	Capitalized Interest Through 12/31/08	Adj. Principal Balance at 12/31/08	Capitalized Interest Through 12/31/09	Adj. Principal Balance at 12/31/09
Series 2002	\$ 6,545,000	25,516	6,570,516	25,516	\$ 6,570,516
Series 2004A	570,000	44,606	614,606	44,606	614,606
Series 2004B	511,708	25,194	536,902	25,194	536,902
Series 2004C	2,655,000	179,886	2,834,886	179,886	2,834,886
Series 2005A	249,097	10,171	259,268	10,171	259,268
Series 2006A	5,414,195	347,194	5,761,389	471,117	5,885,312
	<u>\$15,945,000</u>	<u>632,567</u>	<u>16,577,567</u>	<u>756,490</u>	<u>\$ 16,701,490</u>

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). Three of the seven Authority Board members are comprised of individuals appointed by the Developer based on the County Commissioners' Resolution and Chapter 349 of the Ohio Revised Code.

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 November 7, 2002, the Authority issued \$6,545,000 in Community Facilities Adjustable Rate Bonds, Series 2002, for the purpose of refunding outstanding Community Facilities Bonds, Series 2001, and Excess Cost Advancement Notes. Triangle Properties, Inc. is the registered owner of the Bonds.

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, members of the Authority's Board of Trustees, at a discounted price of \$256,500.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 10 – RELATED PARTY TRANSACTIONS (Continued)

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, member of the Authority's Board of Trustees.

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, members of the Authority's Board of Trustees, at a discounted price of \$885,000.

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, 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, member of the Authority's Board of Trustees.

NOTE 11 – INTERGOVERNMENTAL PAYABLE

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.

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 off-set to the liability balance with the Authority.

The Authority's intergovernmental payable activity for the years ended December 31, 2009 and 2008 was as follows:

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 11 – INTERGOVERNMENTAL PAYABLE (Continued)

	Beginning Balance *	Accrued Interest	Payments	Ending Balance	Due Within One Year
<u>2008</u>					
Bonds	\$ 16,805,000	\$ 786,964	\$ (1,281,964)	\$ 16,310,000	\$ 375,000
Cash Balance	(294,857)	1,000	354,768	60,911	60,911
	<u>\$ 16,510,143</u>	<u>\$ 787,964</u>	<u>\$ (927,196)</u>	<u>\$ 16,370,911</u>	<u>\$ 435,911</u>
<u>2009</u>					
Bonds	\$ 16,310,000	\$ 783,132	\$ (1,158,132)	\$ 15,935,000	\$ 405,000
Cash Balance	60,911	-	(60,911)	-	-
	<u>\$ 16,370,911</u>	<u>\$ 783,132</u>	<u>\$ (1,219,043)</u>	<u>\$ 15,935,000</u>	<u>\$ 405,000</u>

* As a result of certain adjustments to the 2007 prior period, see note 14, the 2008 beginning cash balance held for intergovernmental payable has been adjusted from (\$147,418) to (\$294,857).

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.

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 – CONTINGENT LIABILITIES

There are no claims or lawsuits pending against the Authority.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The prior year net assets have been restated to account for unrecorded accrued interest expense relating to intergovernmental payables that should have been recognized prior to 2008.

The cumulative effect of the change on beginning net assets of the earliest period presented is as follows:

Previously stated net assets, ending, December 31, 2007	\$ (32,177,150)
Adjustment for restatement of recognition of prior accrued interest expense	<u>(102,428)</u>
Restated net assets, beginning, January 1, 2008	\$ <u>(32,279,578)</u>

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

Board of Trustees
Liberty Community Infrastructure Financing Authority

We have audited the basic financial statements of the Liberty Community Infrastructure Financing Authority, Delaware County, Ohio, (the Authority) as of and for the years ended December 31, 2009 and December 31, 2008, and have issued our report thereon dated June 24, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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 that we must report under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Trustees, and others within the Authority. We intend it for no one other than these specified parties.



Kennedy Cottrell Richards LLC
June 24, 2010

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2007-001	Financial Reporting	Yes	



Mary Taylor, CPA
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
SEPTEMBER 21, 2010**