Balestra, Harr & Scherer, CPAs, Inc.

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

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LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2011 and 2010
Fiscal Years Audited Under GAGAS: 2011 and 2010

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Liberty Community Infrastructure Financing Authority, Delaware County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Liberty Community Infrastructure Financing Authority is responsible for compliance with these laws and regulations.

Robert R. Hinkle

Robert R. Hinkle, CPA
Chief Deputy Auditor

January 7, 2013

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Liberty Community Infrastructure Financing Authority
Delaware County

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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments
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Independent Auditor's Report

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

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, 2011 and 2010, which collectively comprise the Authority's basic financial statements 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 the 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 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, as of December 31, 2011 and 2010, and the changes in financial position and cash flows thereof 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 August 10, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table on contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 other assurance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
August 10, 2012

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2011 and 2010
(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, 2011 and 2010. 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, 2011 totaled a negative $31,233,066. Net assets at December 31, 2010 had a negative net asset balance of $31,890,291. 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 decreased in fiscal years 2011 by $328,000 and decreased in 2010 by $405,000 including capitalized interest. The Authority previously incurred debt of $16,701,490 and an intergovernmental payable of $15,935,000 prior to January 1, 2010. 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.

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 2011, 2010, and 2009.

Table 1
Net Assets

	2011	2010	2009*
Assets:			
Current Assets	$ 1,426,816	$ 1,437,687	$ 1,259,559
Non Current Assets	285,000	0	0
Total Assets	1,711,816	1,437,687	1,259,559
Liabilities:			
Current Liabilities	1,531,392	1,611,488	1,488,267
Long Term Liabilities	31,413,490	31,716,490	32,231,490
Total Liabilities	32,944,882	33,327,978	33,719,757
Net Assets:			
Unrestricted	(31,233,066)	(31,890,291)	(32,460,198)
Total Net Assets	$(31,233,066)	$(31,890,291)	$(32,460,198)

*- 2009 balances were restated – see note 14

Net Assets: Net assets represent the difference between assets and liabilities. The Authority had net assets of negative $31,233,066 in 2011, negative $31,890,291 in 2010, and negative $32,460,198 in 2009.

Table 2 reflects the changes in net assets for fiscal years 2011, 2010, and 2009.

Table 2
Change in Net Assets

	2011	**2010**	**2009***
Operating Revenue	$1,931,425	$1,943,588	$968,231
Operating Expenses	(49,683)	(101,718)	(66,184)
Non-Operating Revenues/(Expenses)			
Earnings on Investments/Other Income	274	155	840
Interest Expense	(487,733)	(501,513)	(524,444)
City of Powell Interest Expenses on Debt	(737,058)	(770,605)	(783,132)
Total Increase (Decrease) in Net Assets	$ 657,225	$ 569,907	$ (404,689)

*-2009 balances were restated – see note 14

Change in Net Assets

The Authority had an increase in net assets for 2010 and 2011. The increase was due to continued property development which increases revenues from community development charges and lower interest expenses.

While the increase in property development has been offset to some degree by lower property values, increases in community development charge revenue did occur in 2010 and 2009. In 2011, the Authority did see a reduction in community development charge revenues and this was because of reductions in assessed property values. Beginning in 2009, the Authority had reductions in interest expenses for each year presented as a result of lower interest rate on the developer bonds. Lower interest costs for the City of Powell debt was due to reductions in principal balance.

Community Development Charge

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

Debt

The Authority issued Community Facilities Adjustable Rate Notes to finance the purchase or acquisition of community infrastructure facilities. The debt service will be paid annually by the revenue received from the Community Development Charges. Note interest that accrues in any year in excess of the cash available from Community Development Charges will be added to the note's principal balance. Given the sensitivity to variable interest rates, the accrued portion may fluctuate significantly from year to year. Through December 31, 2011 and 2010, accrued interest added to the original note balance was $756,490 for both years.

Budgeting

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

Contacting Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to reflect the Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to John Parms, Treasurer, Liberty Community Infrastructure Financing Authority, 585 South Front Street, Suite 220, Columbus, Ohio 43215, 614 224-3078.

Liberty Community Infrastructure Financing Authority

Statement of Net Assets

As of December 31, 2011 and 2010

	2011	2010
Assets:		
Current Assets:		
Cash and cash equivalents	$ 364,701	$ 324,503
Cash held by others	29,680	11,800
Accounts receivable	56,050	64,900
Community development charge receivable	976,385	1,036,484
Total Current Assets	1,426,816	1,437,687
Non-Current Assets:		
Deferred financing costs	285,000	-
Total assets:	$ 1,711,816	$ 1,437,687
Liabilities:		
Current Liabilities:		
Accounts payable	$ 3,957	$ 2,972
Deferred revenues	953,056	981,046
Accrued interest payable	84,379	112,470
Intergovernmental debt	490,000	515,000
Total Current Liabilities	1,531,392	1,611,488
Long-Term Liabilities		
Intergovernmental debt	14,810,000	15,015,000
Community facilities bond payable	16,603,490	16,701,490
Total Long-Term Liabilities	31,413,490	31,716,490
Total liabilities:	32,944,882	33,327,978
Net Assets:		
Unrestricted net assets	$ (31,233,066)	$ (31,890,291)
Total net assets:	($31,233,066)	($31,890,291)

See accompanying notes to the basic financial statements.

Liberty Community Infrastructure Financing Authority
Statement of Revenues, Expenses and Change in Net Assets
For the Years Ended December 31, 2011 and 2010

	2011	2010
Operating revenues:		
Community development charge	$ 1,931,425	$ 1,943,588
Total operating revenues:	1,931,425	1,943,588
Operating expenses:		
Legal fees	16,581	50,050
Treasurer expenses	25,093	26,335
Auditing fees	-	15,679
Financial management services	-	2,090
Insurance	3,160	2,798
Office supplies expense	900	-
Board meeting expense	1,100	1,450
Other expenses	2,849	3,316
Total operating expenses:	49,683	101,718
Operating income:	1,881,742	1,841,870
Non-operating revenues/(expenses):		
Interest and divident revenues	274	155
Interest expense - Developer Bonds	(487,733)	(501,513)
Interest and Finance Costs - City of Powell	(737,058)	(770,605)
Total non-operating revenues/(expenses):	(1,224,517)	(1,271,963)
Net income:	657,225	569,907
Net assets at beginning of year - restated for 2010 (see note 14)	(31,890,291)	(32,460,198)
Net assets at end of year	$ (31,233,066)	(31,890,291)

See accompanying notes to the basic financial statements.

Liberty Community Infrastructure Financing Authority
Statement of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Cash received from community development charge	$ 1,962,834	$ 1,970,332
Community development charge refunds	(1,435)	$0
Cash payment for legal fees	(18,591)	($51,185)
Cash payment for treasurer expenses	(22,098)	($29,238)
Cash payment for auditing fees	0	($15,679)
Cash payments for financial management services	0	($2,090)
Cash payments for insurance	(3,160)	($2,777)
Cash payment for board meeting expenses	(1,100)	($1,450)
Cash payment for other expenses	(1,614)	($1,071)
Net cash provided by operating activities:	1,914,836	$1,866,842
Cash flows from investing activities:		
Interest, dividends and other revenues	274	$155
Cash received from payment of tab fees	8,850	$11,800
Net cash provided by investing activities:	9,124	$11,955
Cash flows from capital and related financing activities:		
Payment of tap fees to City of Powell	(17,880) .	($11,800)
Interest paid on bonds	(499,557)	($501,450)
Interest paid on City of Powell notes	(753,325)	($770,606)
Bond and note principal payments	(613,000)	($405,000)
Net cash used by capital and related financing activities:	(1,883,762)	($1,688,856)
Net increase in cash and cash equivalents:	40,198	$189,941
Cash and cash equivalents at beginning of year	324,503	134,562
Cash and cash equivalents at end of year	$ 364,701	$ 324,503
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,881,742	$ 1,841,870
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Decrease in development charge receivable	60,099	11,814
Increase/(decrease) in deferred revenues	(27,990)	17,196
Increase/(decrease) in accounts payable	985	(4,038)
Net cash provided by operating activities:	$ 1,914,836	$ 1,866,842

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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, 2011, the Authority is comprised of approximately 1,579 acres of land located in Southern Delaware County, Ohio. In accordance with the Act and the Petition, the Authority can levy a community development charge up to 10.25 mills on the assessed value of the land and improvements within the District. The need and amount of the charge is determined annually by the Board of Trustees of the Authority.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Authority's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The Authority's basic financial statements consist of a statement of net 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.

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 2011 and 2010.

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, 2011 and 2010, the Authority has a net asset deficit of $31,233,066 and $31,890,291, respectively. This deficit is the result of how the Authority is structured and its basic operations. The Authority was established to finance the costs of publicly owned and operated community facilities. The Authority incurred the costs of acquiring, constructing, or improving community facilities. The titles to these assets have been transferred to other local governments with the related costs recorded as a capital contribution expense to the receiving entity.

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Authority into three categories.

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

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).

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 Authority's deposits may not be returned. The carrying amount of the Authority's deposits at December 31, 2011 and 2010 was $4,908 and $913, respectively, and the bank balance was $4,908 and $11,631, respectively. For both of the reported year's, the Authority's year-end entire bank balance was covered by Federal Deposit Insurance. At December 31, 2011 and 2010, the Authority had cash balances of $29,680 and $11,800, respectively, help by other entities as described in note 11.

Investments

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

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 2011 and 2010 community development charges were based is proximately $131,418,800 and $137,603,100, 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, 2011, all awarded taps have been sold. Uncollected tap fees as of December 31, 2011 and 2010 was $56,050 and $64,900, respectively.

NOTE 7 – RECEIVABLES

Receivables at December 31, 2011 and 2010 consisted of community development charges and accounts receivable relating to tap fees. All receivables are considered collectible.

NOTE 8 – CAPITAL ASSETS

There was no capital asset activity or donations during the years ended December 31, 2011 and 2010.

NOTE 9 – LONG-TERM OBLIGATIONS

The Authority's long-term obligations activity for the years ended December 31, 2011 and 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2010					
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	5,885,312	-	-	5,885,312	-
	16,701,490		-	16,701,490	-
2011					
Series 2002	6,570,516	-	-	6,570,516	-
Series 2004A	614,605	-	5,945	608,660	-
Series 2004B	536,902	-	5,194	531,708	-
Series 2004C	2,834,887	-	27,423	2,807,464	-
Series 2005A	259,268	-	2,508	256,760	-
Series 2006A	5,885,312	-	56,930	5,828,382	-
	16,701,490	-	98,000	16,603,490	-

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.

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. In May 2012, the 2002 Series Bonds were refinanced by the City of Powell and the bond holders were paid off.

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

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

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

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

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

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

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

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

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

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

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

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

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

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

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

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

Community Facilities Adjustable Rate Note, Series 2006A

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

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

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

Debt Service to Maturity

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

Recap of Principal and Capitalized Interest on Notes

Principal and capitalized interest on balance on notes for the years ended December 31, 2011 and 2010 are as follows:

	Original Note Balance	Capitalized Interest Through 12/31/2010	Adj. Principal Balance at 12/31/2010	Capitalized Interest Through 12/31/2011	2011 Payments	Adj. Principal Balance at 12/31/2011
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	(5,945)	608,661
Series 2004B	511,708	25,194	536,902	25,194	(5,194)	531,708
Series 2004C	2,655,000	179,886	2,834,886	179,886	(27,423)	2,807,463
Series 2005A	249,097	10,171	259,268	10,171	(2,508)	256,760
Series 2006A	5,414,195	471,117	5,885,312	471,117	(56,930)	5,828,382
	$ 15,945,000	756,490	16,701,490	756,490	(98,000)	$ 16,603,490

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, 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.

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.

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

NOTE 10 – RELATED PARTY TRANSACTIONS (Continued)

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

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

NOTE 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, 2011 and 2010 was as follows:

	Beginning Balance	Additional Borrowing	Payments	Ending Balance
2010				
Bonds	$ 15,935,000	$ -	$ (405,000)	$ 15,530,000
Cash Balance	-	(11,800)	-	$ (11,800)
	$ 15,935,000	$ (11,800)	$ (405,000)	$ 15,518,200
2011				
Bonds	$ 15,530,000	$ 9,015,000	$ (9,245,000)	$ 15,300,000
Cash Balance	(11,800)	(17,880)		(29,680)
	$ 15,518,200	$ 8,997,120	$ (9,245,000)	$ 15,270,320

NOTE 11 – INTERGOVERNMENTAL PAYABLE (Continued)

In August 2011, the City of Powell refinanced the 2002 Series Bond. The effect is that the City was able to obtain a reduction in the effective interest rates. The bonds have coupon rates of between 2% and 5% over the 20-year life of the bonds. The amount of cost associated with the refinance resulted in $285,000 cost to the Authority. The refinance costs is recorded on the statement of net assets as deferred finance costs and will be capitalized over the life of the bonds. Over the life of the new bond, its is estimated that the Authority will save approximately $2 million in interest over what it was previously paying on the City of Powell 2002 Series Bond. In addition, the City of Powell maintains a cash fund for the Authority. The cash balance at December 31, 2011 and 2010 was $29,680 and $11,800 respectively.

The scheduled principal maturity payments for both the new 2011 Bond and the 2008 Bond is as following:

	2011 Bond	2008 Bond	Total
2012	$ 270,000	$ 220,000	$ 490,000
2013	300,000	230,000	530,000
2014	300,000	240,000	540,000
2015	300,000	250,000	550,000
2016	325,000	260,000	585,000

NOTE 12 – RISK MANAGEMENT

Prior to 2009, the Authority belonged to the Ohio Government Risk Management Plan (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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

NOTE 12 – RISK MANAGEMENT (Continued)

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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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, except OPRM retains 41.5% (40% through November 1, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first $250,000 casualty treaty and 10% 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 782 and 761 members as of December 31, 2011 and 2010 respectively. The Authority participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 74 and 65 members as of December 31, 2011 and 2010 respectively. The Authority does not participate in this coverage.

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 retained earnings at December 31: 2011 and 2010, and include amounts for both OPRRM and OPHC:

	2011		2010	
	OPRM	**OPHC**	**OPRM**	**OPHC**
Assets	$12,501,280	$1,459,791	$12,036,541	$1,355,131
Liabilities	(5,328,761)	(1,283,527)	(4,845,056)	(1,055,096)
Members' Equity	$7,172,519	$176,264	$7,191,485	$300,035

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

NOTE 13 – CONTINGENT LIABILITIES

There are no claims or lawsuits pending against the Authority.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

The prior year net assets have been restated to account for the correction of the recognition of community development charge revenues. Previously, one-half of the yearly assessments were accrued and recognized as revenues in the year assessed. The correction provides that amounts are recorded as revenues in the year received and the one-half amount is recognized as deferred revenues on the statement of net assets.

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, 2009	$ (31,496,348)
Adjustment for restatement of recognition of community development charge revenues.	(963,850)
Restated net assets, beginning, January 1, 2010	$ (32,460,198)

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Board of Trustees:

We have audited the financial statements of the business-type activities of Liberty Community Infrastructure Financing Authority, Delaware County, (the Authority), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 10, 2012. 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 audit 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 combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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 would not necessarily identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-01 to be a significant deficiency. 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.

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 or other matters we must report under *Government Auditing Standards*.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Authority's response and, accordingly, we express no opinion on it.

We intend this report 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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
August 10, 2012

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

FINDING NUMBER 2011-01

Significant Deficiency – Financial Reporting

Sound financial reporting is the responsibility of the Authority's Treasurer and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Authority had a prior period adjustment to account for the correction of the recognition of community development charge revenues. The accompanying financial statements were adjusted to reflect the correction of net assets.

The Authority should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Client's response:

The recognition of community development charge revenue is not consistently applied among community authorities because the accounting guidance is not always clear. We decided to make a change in how the community development charge revenue is recorded because we believe that the guidance is stronger in deferring the charge.

Essentially, the year-end community development charge is known and billed to the property owner by the County before the end of the year and the amount is due for payment at that time. Previously, one-help of the annual charge was accrued as revenues at the end of the year to reflect the billed amounts. It came to our attention that this treatment may not be completely in accordance with generally accepted accounting principles and we made a change to the financial statements.

It is our understanding that the treatment of community development charge revenues has not been consistently applied by all entities. In other words, some entities accrue the community development charge as revenues at year-end and others, as we have done, treat the amount as a deferred charge. After some thought, we believe there is stronger guidance to record the community development charge as a deferred charge instead of as revenues. Our change in position is the basis under which the prior period adjustment was made and under the circumstances, we do not believe it represents a significant or major weakness in internal controls.

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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
JANUARY 17, 2013

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