Compilation Report

Liberty Community Infrastructure Financing Authority

Financial Statements

For the Years Ended December 31, 2018 and 2017

PARMS + COMPANY

LIBERTY COMMUNITY INFRASTRUCTURE
FINANCING AUTHORITY
DELAWARE COUNTY

FINANCIAL STATEMENTS
For The Years Ended December 31, 2018 and 2017

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PARMS
+ COMPANY

ACCOUNTANTS + CONSULTANTS

585 South Front Street
Suite 220
Columbus, Ohio 43215

ACCOUNTANTS' COMPILATION REPORT

To the Board of Trustees
Liberty Community Infrastructure Financing Authority
Delaware, Ohio

Management is responsible for the accompanying financial statements of the Liberty Community Infrastructure Financing Authority, which comprise the statement of net position as of December 31, 2018 and 2017 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 to 5 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statement in an appropriate operational, economic, or historical context. Such information is the representation of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such information.

We are not independent with respect to the Authority.

Parms & Company, LLC

May 30, 2019
Columbus, Ohio

MAIN 614.224.3078 ■ FACSIMILE 614.224.4616 ■ WEB www.parms.com ■ E-MAIL info@parms.com

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2018 and 2017
(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, 2018 and 2017. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

- The Authority encourages the orderly development of a well-planned, diversified community of approximately 1,579 acres in Delaware County, including the City of Powell.

- Net position at December 31, 2018 totaled a negative $23,521,044. Net position at December 31, 2017 had a negative net position of $25,151,056. The negative net position is caused by the costs incurred for capital assets acquired and improved, which were donated upon completion or acquisition. The Authority accumulates infrastructure improvement costs that are reflected in the Statements of Net Position, upon closing, as capital assets.

- The Authority's debt decreased in 2018 by $1,059,500 and decreased in 2017 by $1,023,000 including capitalized interest. The Authority previously incurred developer bond debt of $8,806,974 and an intergovernmental payable of $17,060,000 prior to January 1, 2017. Both the Authority's debt and intergovernmental payable will be paid through the collection of community development charges imposed on the residences benefiting from the capital asset.

- It has been the Authority's policy to invest excess funds in Federally-backed investments, primary in certificate of deposits. For periods 2018 and 2017 the Authority had the following activity as it relates to investments in certificate deposits:

Certificates of Deposits	Beginning Balance	Purchases	Matured	Ending Balance	Accrued Int. Rev
2018					
3-year CD's	$ 700,000	1,200,000	-	1,900,000	$ 6,288
Two-year CD's	648,000	325,000	648,000	325,000	2,990
Less than One-Year CD's	-	1,000,000	1,000,000	-	-
Unrealized Gain/(Loss)	(6,076)	-	-	(14,102)	-
Total	$ 1,341,924	2,525,000	1,648,000	2,210,898	$ 9,278
2017					
3-year CD's	$ 700,000	700,000	700,000	700,000	5,296
Two-year CD's	648,000	-		648,000	1,059
Less than One-Year CD's	-	-		-	-
Unrealized Gain/(Loss)	2,318	-		(6,076)	-
Total	$ 1,350,318	700,000	700,000	1,341,924	$ 6,355

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Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Authority's financial activities and financial position. The *Statement of Net Position* and *Statement of Revenues, Expenses, and Changes in Net 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 Position.

The Statement of Net Position 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 Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

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

These two statements report the Authority's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 6 thru 9 of this report.

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

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

Financial Analysis

Table 1 provides a summary of Authority's net position for fiscal years 2018, 2017, and 2016.

Table 1
Net Position

	2018	2017	2016
Assets:			
Current Assets	$ 2,691,660	$ 2,994,857	$ 2,405,977
Investments	2,210,898	1,341,924	1,350,318
Total Assets	4,902,558	4,336,781	3,756,295
Liabilities:			
Current Liabilities	892,291	871,306	852,943

Financial Analysis -Continued

Table 1
Net Position

	2018	2017	2016
Long Term Liabilities	24,787,475	25,866,976	26,914,974
Total Liabilities	25,679,766	26,738,282	27,767,918
Total Deferred Inflows of Resources	2,743,836	2,749,555	2,519,064
Net Position:			
Unrestricted	(23,521,044)	(25,151,056)	(26,530,686)
Total Net Position	$ (23,521,044)	$ (25,151,056)	$ (26,530,686)

Net Position: Net position represents the difference between assets and liabilities. The Authority had a net position of negative $23,541,044 in 2018, negative $25,151,056 in 2017, and negative $23,530,686 in 2016.

Table 2
Change in Net Position

	2018	2017	2016
Operating Revenue	$2,625,736	$2,359,193	$2,336,265
Operating Expenses	(63,804)	(34,467)	(56,891)
Non-Operating Revenues/(Expenses)			
Transfers from other authority	10,107	5,635	2,733
Earnings on Investments/Other Income	36,758	21,722	12,196
Unrealized Gain/(Loss) on Investments	5,752	(6,762)	2,920
Interest Expense	(366,377)	(323,596)	(295,278)
City of Powell Interest Expenses on Debt	(638,160)	(642,094)	(646,343)
Total Change in Net Position	$ 1,610,012	$ 1,379,630	$ 1,355,601

Change in Net Position

Change in net position has increased for the last three years because of several factors. First, the Authority's community development charge revenues has increased each year from 2016 to 2018. During this time, community development charge revenues increased from $$2,336,265 to $2,625,736 for an average increase of over $144,736 each year. This increase was due to continuing increased building activity, resulting from more development as the housing market began to rebound.

While operating cost fluctuated for the last three years, the Authority incurred overall increase in interest costs in each year. Consequently, from 2016 to 2018 interest expenses increased from $941,622 to $1,004,537, respectively, or an average of over $31,000 each year. The increase was actually caused by increasing interest rates on the Developer Bonds. Intergovernmental interest costs decreased from $646,343 in 2016 to $638,160 in 2018. Finally, non-operating revenues increased from $17,849 to $42,510, primarily from interest revenues from increased investments. Going forward, the Authority is expected to show continued increases in community development charge revenues. Interest costs is expected to be moderate in coming years as increased principal payments are made.

Change in Net Position - Continued

Also, in 2016 the Authority refinanced more than $4 million in debt at a lower cost which will result in further moderation of debt finance cost going forward. The one interest rate risk for the Authority is the possibility of increased interest rates on the Developer Bonds which could increase to a maximum rate of 6%. For the years ended 2018 and 2017 the average yearly interest rates on the Developer Bonds were 4.01% and 3.58%, respectively.

Community Development Charge

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

Debt

The Authority issued Community Facilities Adjustable Rate Notes to finance the construction or acquisition of community infrastructure facilities. The debt service will be paid annually by the revenue received from the Community Development Charges. Note interest that accrues in any year in excess of the cash available from Community Development Charges will be added to the note's principal balance.

Given the sensitivity to variable interest rates, the accrued portion may fluctuate significantly from year to year. In recent years interest costs have been less than revenue so there has been no increase in principal balances due to nonpayment of interest.

In 2016, the Authority refinanced $4,340,000 in existing debt which was owed to the City of Powell. The refinancing reduced the effective interest rate from approximately 4.0% to 2.5% and reduced the payments period from 12 years to 11 years. The net present value of the cost savings at the time of the refinance was $327,452.

Budgeting

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

Contacting Authority's Financial Management

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

Liberty Community Infrastructure Financing Authority

Statements of Net Position

As of December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and Cash Equivalents		
Huntington National Bank	$ 568	$ 1,898
AIM Fund 1316H Opr. & Maint.	626	737
AIM Fund 1320H-Comm.Dev.	18,688	333,172
Total Cash and Cash Equivalents	19,883	335,808
Other Current Assets		
Community Deve. Charge AR	2,652,392	2,647,058
Amount due from other Authority	10,107	5,635
Interest Receivable	9,278	6,356
Total Other Current Assets	2,671,777	2,659,049
Total Current Assets	2,691,660	2,994,857
Non-Current Assets		
Investments	2,210,898	1,341,924
Total Non-Current Assets	2,210,898	1,341,924
TOTAL ASSETS	$ 4,902,558	$ 4,336,781
LIABILITIES		
Liabilities		
Current Liabilities		
Accounts Payable	$ 1,742	$ 1,362
Other Current Liabilities		
Accrued Interest-Vlg Scioto Res	1,570	1,397
Accrued Interest-Midst. Kenney	1,078	959
Accrued Interest -Midst. Vince	720	644
Accrued Interest -MI Home Kenney	4,973	4,425
Accrued Interest - MI Homes Vinc	3,318	2,952
Accrued Interest 2007 Expansion	17,215	15,916
Accrued Interest - Vlg Scioto Re	810	715
Accrued Interest City of Powell	50,865	52,936
City of Powell Short-Term Obligations	810,000	790,000
Total Other Current Liabilities	890,549	869,944

See accountants' compilation report.

Liberty Community Infrastructure Financing Authority
Statements of Net Position
As of December 31, 2018 and 2017

	2018	2017
Total Current Liabilities	892,291	871,306
Non-Current Liabilities		
Dev Bond Payable-Vil @ Scioto R		
Dev Bond Payable- Vil @ Scioto	218,430	225,325
Dev Bond Payable-Vil @ Scioto R - Other	452,360	466,640
Total Dev Bond Payable-Vil @ Scioto R	670,790	691,965
Dev Bond Payable-MidState/Kenney	310,547	320,350
Dev Bond Payable-MidState/Vince	178,497	213,936
Dev Bond Payable-Liberty MI/Kenney	1,432,762	1,477,989
Dev Bond Payable-Liberty MI/Vince	984,950	986,238
Dev. Bond Payable - Expansion	4,959,929	5,116,498
Intergovernmental Debt		
City of Powell 2011 Bonds	6,710,000	7,050,000
City of Powell 2012 Bonds	5,745,000	5,905,000
City of Powell 2015 Bonds	3,795,000	4,105,000
Total Intergovernmental Debt	16,250,000	17,060,000
Total Non-Current Liabilities	24,787,475	25,866,976
Total Liabilities	25,679,766	26,738,282
Deferred Inflows of Resources		
Deferred Revenues	2,623,836	2,614,555
Deferred Debt Payments	120,000	135,000
Total Deferred Inflows of Resources	2,743,836	2,749,555
NET POSITION		
Unrestricted Net Position - (Deficit)	(23,521,044)	(25,151,056)
Total Net Position	$ (23,521,044)	$ (25,151,056)

See accountants' compilation report.

Liberty Community Infrastructure Financing Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUE (EXPENSE)		
Operating Revenues		
Community Development Income	$ 2,625,736	$ 2,359,193
Total Operating Revenues	2,625,736	2,359,193
Operating Expense		
Treasurer Office Expense	25,956	22,140
Legal Expense	22,484	7,844
Auditor Expense	8,686	-
Communication Expense	274	275
Office Expense	750	-
Bank Fees	289	468
Insurance Expense	2,622	2,591
Board Meeting Expense	500	600
Delaware Collection Fees	2,243	549
Total Operating Expense	63,804	34,467
OPERATING INCOME	2,561,932	2,324,726
NON-OPERATING REVENUE (EXPENSE)		
Otherrevenues		
Dividend Income	8,494	7,417
Interest Income	28,264	14,305
Unrealized (Loss)/Gain on Investments	5,752	(6,762)
Total Other Revenues	42,510	14,960
Other Expense		
Interest Expense	366,377	323,596
City of Powell Interest	618,160	642,094
Total Other Expenses	984,537	965,691
TOTAL NON-OPERATING REVENUE (EXPENSE)	(942,027)	(950,731)
Change in Net Position Before Intergovernmental Transfers	1,619,905	1,373,995
Intergovernmental Transfers		
Transfers from Powell CIFA	10,107	5,635
Total Change in Net Positions	1,630,012	1,379,630
Beginning Net Position (Deficit)	(25,151,056)	(26,530,686)
Ending Net Position (Deficit)	$ (23,521,044)	$ (25,151,056)

See accountants' compilation report

Liberty Community Infrastructure Financing Authority
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from Community Development Charges	$	2,627,654	$	2,342,739
Cash payments for treasurer expenses		(25,570)		(32,993)
Cash payments for legal fees		(22,484)		(4,290)
Cash payments for auditing fees		(8,686)		-
Cash payments for insurance		(2,622)		(2,591)
Cash payments for office expense		(750)		(275)
Cash payments for board meeting expenses		(500)		(600)
Cash payments for other expenses		(563)		(468)
Net Cash Provided by Operating Activities		2,566,479		2,301,522
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchases		(2,775,000)		(700,000)
Investments redemed		1,908,000		700,000
Interest, dividends and other revenues		37,394		21,610
Cash received from other Authority		5,635		2,733
Net Cash Provided by/(Used in) Investing Activities		(823,971)		24,343
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACT.				
Bond and note principle payments		(1,059,500)		(1,045,000)
Interest paid on developer bonds		(363,702)		(298,949)
Interest on City of Powell Notes		(635,231)		(659,081)
Net Cash Used in Capital and Related Financing Activities		(2,058,433)		(2,003,030)
Net Increase (Decrease) in Cash		(315,925)		322,836
Cash, Beginning of year		335,808		12,972
Cash, End of year	$	19,883	$	335,808
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$	2,561,932	$	2,324,726
Adjustments of Operating Income to Net Cash Provided by Operating Activities:				
(Increase)/Decrease in receivables		(12,728)		(15,907)
(Decrease)/Increase in unearned revenue		16,895		-
(Decrease)/Increase in accounts payable		380		(7,297)
Net Cash Provided by Operating Activities	$	2,566,479	$	2,301,522

See accountants' compilation report.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 allows the Authority to finance the costs of publicly owned and operated community facilities with assessed Community Development Charges. In accordance with the Act, the Petition was accepted by the County Commissioners' Resolution No. 00-748 and approved September 11, 2000. By its Resolution, the County Commissioners determined that the new community district would be conducive to the public health, safety, convenience and welfare, and that it was intended to result in the development of a new community as described in the Act. The Authority thereby organized as a body corporate and politic in the State. On November 18, 2002, the County Commissioners, by their resolution amended the Petition to add certain territory to the area comprising the Authority.

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

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

At December 31, 2018, 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. The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principals.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Basis of Accounting

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

B. Basis of Presentation

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

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

C. Cash and Investments

Cash received by the Authority is deposited with a financial institution or invested. Deposits and investments having an original maturity of three months or less at the time they are purchased are presented in the financial statements as Cash and Cash Equivalents. Investments with an initial maturity of more than three months are reported as Investments. Investments were limited to certificates of deposits held by banks that provided FDIC protection.

D. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their 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 Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net positions are available. The Authority had no restricted net position at fiscal years end 2018 and 2017.

F. Federal Income Taxes

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Accounting Pronouncements

The following are pronouncements that either became effective during fiscal year 2018 or will become effective in future fiscal years.

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

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

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

GASB 85 – “Omnibus 2018.” Effective for periods beginning after June 15, 2018. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the Authority.

GASB 86 – “Certain Debt Extinguishment Issues.” Effective for reporting periods beginning after June 15, 2018. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Authority.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

GASB 89 – "Accounting for Interest Cost Incurred before the End of a Construction Period." Effective for reporting periods beginning after December 15, 2019. The effect of the implementation of GASB Statement No. 89 on the financial statements of the Authority is not known.

GASB 90 – "Majority Equity Interests – an amendment of GASB Statements No. 14 and Jo.61" Effective for reporting periods beginning after December 15, 2018. The implementation of GASB Statement No. 90 is not expected to have an effect on the financial statements of the Authority.

GASB 91 – "Conduit Debt Obligations." Effective for reporting periods beginning after December 15, 2020. The implementation of GASB Statement No. 91 is not expected to have an effect on the financial statements of the Authority.

NOTE 3 – NET POSITION – DEFICIT

At December 31, 2018 and 2017, the Authority has a net position deficit of $23,541,044 and $25,151,056, respectively. This deficit is the result of how the Authority is structured and its basic operations. The Authority was established to finance the costs of publicly owned and operated community facilities. The Authority incurred the costs of acquiring, constructing, or improving community facilities. The titles to these assets have been transferred to other local governments with the related costs recorded as a capital contribution expense to the receiving entity.

NOTE 4 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned. The carrying amount of the Authority's deposits at December 31, 2018 and 2017 was $568 and $1,898, respectively, and the bank balance equaled the reconciled balance.

Savings
The Authority's also maintains money market savings accounts held by Invesco, the balance of which varies throughout the year based on changing interest rates. The fair value of the Authority's money market funds at December 31, 2018 and 2017, were S19,315 and S333,909, respectively, and the carrying amounts were the same amount as reported. These amount are considered cash equivalents and are reflected as cash on the statements of net assets.

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

Investments

Investments in certificates of deposits are carried at fair value at the balance sheet date. As of December 31, 2018 and 2017, investment balances on these certificates of deposit were $2,210,898 and $1,341,924, respectively, with an unrealized gain of $5,752 and an unrealized loss of $6,762, respectively.

GASB 72 defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GASB establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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

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

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

	Fair Value Measurements At December 31,			
	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
--2018--				
Certificates of Deposit	$ -	$ 2,210,898	$ -	$ 2,210,898
----2017---				
Certificates of	$ -	$1,341,924	$ -	$1,341,924

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

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

NOTE 5 – COMMUNITY DEVELOPMENT CHARGE

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

Charge assessments are levied October 1 on the assessed values as of September 30 (the lien date). The assessed value is established by state law at 35% of the current market value, the sales price, or the permit value, which ever is the highest.

Market values are determined by the Authority based on the County Auditor's appraisal, lot values, or a calculated cost for occupied homes that have not yet been appraised by the County Auditor.

The permit values are supplied on a monthly basis from the City of Powell or the Delaware County Building Department. Amounts assessed and due but not collected, are reflected as both a receivable and a deferred revenue on the statement of net position.

For the years ended December 31, 2018 and 2017, the amount recorded as a receivable and deferred revenue was $2,623,836 and $2,614,555 respectively.

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

NOTE 6 – RECEIVABLES

Receivables at December 31, 2018 and 2017 consisted of community development charges and accrued interest relating to the certificate of deposits. All receivables balances are considered collectible.

NOTE 7 – CAPITAL ASSETS

There was no capital asset activity or donations during the years ended December 31, 2018 and 2017.

NOTE 8 – LONG-TERM OBLIGATIONS

The Authority's long-term obligations activity for the years ended December 31, 2018 and 2017 was as follows:

Community Facilities Adjustable Rate Notes, Series 2004A
On May 4, 2004, the Authority issued $570,000 in Community Facilities Adjustable Rate Notes, Series 2004A, for the purpose of providing funds to acquire and construct community facilities. The interest rate is equal to 275 basis points over the BMA Municipal Swap Index on the Thursday that the interest rate is being adjusted, provided that, (1) through December 31, 2008, the Base Note Rate shall not exceed 4%, and (2) thereafter, the Base Note Rate shall not exceed 6%. Kenny Asset Management and Charles A. Vince are the registered owners of the Notes.
Principal of and interest on this Note shall be paid semi-annually on June 1 and December 1 of each year, in the following order: first, any interest which has accrued on the outstanding principal amount of this Note; second, the unpaid principal of this Note. Interest accrued, but not paid by June 1 or December 1 of each year (with respect to interest which has accrued during the prior calendar year), shall be added to the principal balance of the Note as of January 1st of the following year. Interest shall be calculated based on a year of 365 or 366 days, as appropriate, and on the actual number of days elapsed from January 1 to December 31 of each year. 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.

NOTE 8 – LONG-TERM OBLIGATIONS – CONTINUED

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

The Note is subject to optional redemption by the Authority at the direction of the City of Powell on any date after December 31, 2017 at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date, upon deposit by the City with the Authority of moneys sufficient to cause such redemption. Community development charges are pledged for repayment of the Notes.

Community Facilities Adjustable Rate Note, Series 2004C

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

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

NOTE 8 – LONG-TERM OBLIGATIONS - CONTINUED

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

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

Community Facilities Adjustable Rate Note, Series 2006A

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

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

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

Debt Service to Maturity

Based on fluctuating interest rates and principal payment uncertainty, no debt service to maturity schedule has been presented. Below is a schedule of all outstanding debt balances:

NOTE 8 – LONG-TERM OBLIGATIONS – CONTINUED

Community Facilitites Adjustable Rate Note	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
2018					
Series 2004A	$ 534,285	$ -	$ 16,350	$ 517,935	$ -
Series 2004B	466,640	-	14,279	452,361	-
Series 2004C	2,464,228	-	75,407	2,388,821	-
Series 2005A	225,324	-	6,895	218,429	-
Series 2006A	5,116,498	-	156,569	4,959,929	-
	8,806,975	-	269,500	8,537,475	-
2017					
Series 2004A	$ 549,937	$ -	$ 15,652	$ 534,285	-
Series 2004B	480,310	-	13,670	466,640	-
Series 2004C	2,536,417	-	72,189	2,464,228	-
Series 2005A	231,925	-	6,601	225,324	-
Series 2006A	5,266,386	-	149,888	5,116,498	-
	9,064,975	-	258,000	8,806,975	$ -

NOTE 9 – INTERGOVERNMENTAL DEBT

On November 6, 2002, the City of Powell annexed a portion of the territory of the Authority into the City. In exchange, the City of Powell issued general obligation bonds (2002 Series Bond) in the amount of $10,365,000 and notes, in the amount of $6,900,000.

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

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

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

NOTE 9 – INTERGOVERNMENTAL DEBT - CONTINUED

Series 2011 Bonds

In August 2012, the City of Powell refinanced the 2002 Series Bond. The effect is the City was able to obtain a reduction in the effective interest rates. The bonds which are referred to as Bond Series 2011, have coupon rates between 2% and 5% over the 20-year life of the bonds. The refinance resulted in a $322,373 cost to the Authority, which was expensed as a period cost. Over the life of the new bond, the Authority will save approximately $2 million in interest over what it previously paid on the City of Powell 2002 Series Bond.

Series 2012 Bonds

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

Of the total $9,915,000 issue, approximately 26% or $2,600,000 of the amount consists of a 10-year Serial Bond with an average effective interest rate of approximately 3.2% and payable in full by 2022.

The balance of the issue, totaling $7,315,000, consists of Term Bonds carrying an average effective interest rate of 3.24% with maturity dates of December 1, in the years between 2023 and 2036. All of the Bonds have interest payment dates of June 1 and December 1 of each year. The Bonds maturing after December 1, 2021 are subject to redemption at the option of the City, either in whole or in part, in such order of maturity as the City shall determine, on any date on or after June 1, 2022, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption. The Bonds maturing on December 1, 2024, 2027, 2030, 2032, 2034, and 2036 are subject to mandatory sinking fund redemption prior to stated maturity.

Series 2008 – 2017 Bonds

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

On December 22, 2015, the City of Powell issued Series 2015 Bonds in the amount of $4,175,000 to refinance $4,340,000 of the Series 2008 Bonds. This left a remaining balance of the Series 2008 Bonds of $805,000 with remaining principal payments through December 1, 2018. The terms of the refinancing resulted in an initial reduction in the principal balance of $165,000 which is reflected on the statement of financial position as a deferred inflows of resources from the refunding of debt for the year ended December 31, 2017. The deferred balance is amortize over the life of the debt series at an annual amount of $15,000. The deferred inflow of resources had an unamortized balance at December 31, 2018 and 2017 of $120,000 and $135,000, respectively.

NOTE 9 – INTERGOVERNMENTAL DEBT - CONTINUED

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

The Authority's intergovernmental payable activity for the years ended December 31, 2018 and 2017 was as follows:

	Beginning Balance	Addional Borrowing	Payments	Ending Balance	Due in 1 Year
2018					
Series 2011	$ 7,395,000	-	345,000	7,050,000	$ 340,000
Series 2008-2015	4,405,000	-	300,000	4,105,000	310,000
Series 2012	6,050,000	-	145,000	5,905,000	160,000
	$ 17,850,000	-	790,000	17,060,000	810,000
2017					
Series 2011	$ 7,720,000	-	325,000	7,395,000	$ 345,000
Series 2008-2015	4,690,000	-	285,000	4,405,000	300,000
Series 2012	6,205,000	-	155,000	6,050,000	145,000
	$ 18,615,000	-	765,000	17,850,000	$ 790,000

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

Year	**Principal**	**Interest**	**Total**
2019	340,000	275,444	615,444
2020	360,000	265,244	625,244
2021	375,000	254,444	629,444
2022	370,000	243,194	613,194
2023	390,000	230,244	620,244
2024-2028	2,605,000	928,563	3,533,563
2029-2032	2,610,000	268,600	2,878,600

NOTE 9 – INTERGOVERNMENTAL DEBT – CONTINUED

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

Year	Principal	Interest	Total
2019	160,000	176,937	336,937
2020	150,000	173,737	323,737
2021	165,000	170,888	335,888
2022	155,000	167,505	322,505
2023	160,000	164,405	324,405
2024-2028	875,000	759,685	1,634,685
2029-2033	1,995,000	606,513	2,601,513
2034-2036	2,245,000	153,103	2,398,103

The scheduled principal maturity and interest payments for the Series 2008-2017 Bonds are as follows:

Year	Principal	Interest	Total
2019	310,000	158,000	468,000
2020	315,000	151,800	466,800
2021	325,000	139,200	464,200
2022	345,000	126,200	471,200
2023	360,000	112,400	472,400
2024-2028	2,000,000	336,000	2,336,000
2029	450,000	18,000	468,000
Total	$ 4,105,000	$ 1,041,600	$ 5,146,600

NOTE 9 – INTERGOVERNMENTAL DEBT – CONTINUED

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

Year	Principal	Interest	Total
2019	810,000	610,382	1,420,382
2020	825,000	590,781	1,415,781
2021	865,000	335,531	1,200,531
2022	870,000	536,899	1,406,899
2023	910,000	507,049	1,417,049
2024-2028	5,480,000	2,024,247	7,504,247
2029-2033	5,055,000	1,114,781	6,169,781
2034-2036	2,245,000	251,257	2,496,257
Total	$ 17,060,000	$ 5,970,927	$ 23,030,927

NOTE 10 – RELATED PARTY TRANSACTIONS

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

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

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

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

NOTE 10 – RELATED PARTY TRANSACTIONS - CONTINUED

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

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

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

On October 8, 2004, the Authority issued $2,655,000 in Community Facilities Adjustable Rate Notes, Series 2004C, for the purpose of providing funds to acquire community facilities from MI Homes of Central Ohio, LLC.

On October 8, 2004, in consideration of the timing and uncertainty of the payment of the principal of and interest on the Note, MI Homes of Central Ohio, LLC assigned and resold the $2,655,000 Note to Donald R. Kenney and Charles A. Vince, at that time, a members of the Authority's Board of Trustees, at a discounted price of $885,000. Mr. Kenney's note was later transferred to his spouse Sheryl A. Kenney and then to the Kenney Asset Management.

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

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

NOTE 11 – RISK MANAGEMENT

The Authority belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio 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 is legally separate from its member governments.

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 50% (50% effective November 1, 2012, 41.5% effective November 1, 2011 and 40% effective November 1, 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 762 and 772 members as of December 31, 2017 and 2015, respectively.
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.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017 and 2016, which are the latest periods available. You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

	2017	**2016**
Assets	$14,853,620	$14,765,712
Liabilities	(9,561,108)	(9,531,506)
Members' Equity	$ 5,292,512	$ 5,234,206

NOTE 12 – CONTINGENT LIABILITIES

There are no claims or lawsuits pending against the Authority.