

***LIBERTY COMMUNITY INFRASTRUCTURE FINANCING
AUTHORITY***

Delaware County, Ohio

AUDIT REPORT

For the Years Ended December 31, 2019 and 2018



LIBERTY COMMUNITY INFRASTRUCTURE AUTHORITY
DELAWARE COUNTY
AUDIT REPORT
For the Years Ended December 31, 2019 and 2018

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Statement of Net Position	7-8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Basic Financial Statements	11-30
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32

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

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Liberty Community Infrastructure Financing Authority, Delaware County, Ohio, (the Authority), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Liberty Community Infrastructure Financing Authority, Delaware, Ohio as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's discussion and analysis* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
September 30, 2020

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2019 and 2018
(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, 2019 and 2018. 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, 2019 totaled a negative \$22,051,378. Net position at December 31, 2018 had a negative net position of \$23,521,043. 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 2019 by \$487,473 and decreased in 2018 by \$1,059,501 including capitalized interest. In 2019, the Authority refinanced \$8,537,475 of Series 2004, 2005 and 2006 Bonds (Developer Bonds) with Series 2019 Bond resulting in a financial gain of \$276,639. This gain is recorded on the statement of net position as a deferred inflows of resources and amortized over the bond's term. In addition, the Authority intergovernmental bonds with the City of Powell in the amount of \$16,250,000. Both the Authority's debt (Series 2019 Bond and intergovernmental bond to the City of Powell, will be paid through the collection of community development charges imposed on the owners of the parcels benefiting from the initial financing of the capital asset construction.
- It has been the Authority's policy to invest excess funds in Federally-backed investments, primary in certificate of deposits with the State of Ohio investments Star Ohio. For periods 2019 and 2018 the Authority had the following activity as it relates to investments in certificate deposits and Star Ohio:

<u>Certificate of Deposits</u>	<u>Beginning Balance</u>	<u>Change/ Purchased</u>	<u>Sold/ Matured</u>	<u>Ending Balance</u>	<u>Accrued Int. Revenue</u>
2019					
3-Year CD's	\$ 1,900,000	-	-	1,900,000	\$ 6,288
2-Year CD's	325,000	-	-	325,000	2,990
Unrealized Gain (Loss)	(14,102)	49,975	-	35,873	-
Total CD's	<u>\$ 2,210,898</u>	<u>49,975</u>	<u>-</u>	<u>2,260,873</u>	<u>\$ 9,278</u>
Star Ohio	-	2,150,355	1,582,161	568,194	-
2018					
3-Year CD's	\$ 700,000	1,200,000	-	1,900,000	\$ 6,288
2-Year CD's	648,000	325,000	648,000	325,000	2,990
1-Year or less CD's	-	1,000,000	1,000,000	-	-
Unrealized Gain (Loss)	(6,076)	(8,026)	-	(14,102)	-
Total CD's	<u>\$ 1,341,924</u>	<u>2,516,974</u>	<u>1,648,000</u>	<u>2,210,898</u>	<u>\$ 9,278</u>

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2019 and 2018
(UNAUDITED)**

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Authority's financial activities and financial position. The *Statement of Net Position* and *Statement of Revenues, Expenses, and Changes in Net Position* provide information about the activities of the Authority, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position.

The Statement of Net Position represents the financial position of the Authority. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

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

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

These two statements report the Authority's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Authority as a whole, the *financial position* of the Authority has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 thru 10 of this report.

The Statement of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 10 of this report.

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

Financial Analysis

Table 1 provides a summary of Authority's net position for fiscal years 2019, 2018, and 2017.

Table 1
Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:			
Current Assets	\$ 3,299,502	\$ 2,691,659	\$ 2,994,857
Non-Current	<u>2,828,578</u>	<u>2,210,898</u>	<u>1,341,924</u>
Total Assets	<u>\$ 6,128,080</u>	<u>\$ 4,902,557</u>	<u>\$ 4,336,781</u>

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2019 and 2018
(UNAUDITED)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Liabilities:			
Current Liabilities	1,095,269	892,291	871,306
Long Term Liabilities	<u>24,070,000</u>	<u>24,787,473</u>	<u>25,866,976</u>
Total Liabilities	25,165,270	25,679,764	26,738,282
Total Deferred Inflows of Resources	<u>3,014,189</u>	<u>2,743,836</u>	<u>2,749,555</u>
Net Position:			
Unrestricted	<u>(22,051,378)</u>	<u>(23,521,043)</u>	<u>(25,151,056)</u>
Total Net Position	\$ <u>(22,051,378)</u>	\$ <u>(23,521,043)</u>	\$ <u>(25,151,056)</u>

Net Position: Net position represents the difference between assets and liabilities.

Table 2
Change in Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenue	\$2,619,337	\$2,625,736	\$2,359,193
Operating Expenses	(50,993)	(63,804)	(34,467)
Non-Operating Revenues/(Expenses)			
Earnings on Investments/Other Income	83,006	36,758	21,722
Unrealized Gain/(Loss) on Investments	49,974	5,752	(6,763)
Interest Expense	(364,173)	(366,377)	(323,596)
City of Powell Interest Expenses on Debt	(593,748)	(618,160)	(642,094)
Debt Issue Costs	(286,983)	-	-
Transfers from other authority	<u>13,245</u>	<u>10,107</u>	<u>5,635</u>
Total Change in Net Position	<u>\$1,469,665</u>	<u>\$1,630,012</u>	<u>\$1,379,630</u>

Change in Net Position

Change in net position has experienced increase in net position for the previous two years because of several factors. First, the Authority's community development charge revenues has increased for years from 2017 to 2018. During this time, community development charge revenues increased from \$2,359,193 to \$2,625,736 for an increase of \$266,543. This increase was due to continuing increased building activity, resulting from more development as the housing market began to rebound. Revenues for 2019 was flat which reflects that the Authority is nearly built out 2019.

**LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2019 and 2018
(UNAUDITED)**

While operating cost fluctuated for the last three years, the Authority incurred overall decrease in interest costs in 2019 from 2018 nearly \$47,000. However, from 2017 to 2018 interest expenses increased from \$941,622 to \$1,004,537. These changes were due to changes in variable interest rates, while there has been a reduction in principal debt balance for each year. Going forward, the Authority is expected to realize reductions in interest cost because all of their variable debt has been refinanced with fixed interest rates that are lower than what they previously were paying. Also Interest costs is expected to be moderate in coming years as increased principal payments are made.

The Authority other operating costs are expect to be relatively consistent year over year with historical amounts.

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

In 2019, the Authority refinanced \$8,537,475 of variable interest rate debt with fixed rate notes that serial coupon rate varies from 4.00% to 2.65% with and an average coupon rate of 3.142% and an overall bond yield over the life of this series of 2.893%. The Bonds received an "A" (Stable outlook) rating from S&P Global Ratings and sold at a \$276,639 premium which is reflected on the statement of financial position as a deferred inflows of resources from the funding of debt for the year ended December 31, 2019.

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 Parns, 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, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 619,649	\$ 19,882
Other Current Assets		
Community Deve. Charge AR	2,657,330	2,652,392
Amount due from other Authority	13,245	10,107
Interest Receivable	9,278	9,278
Total Other Current Assets	2,679,853	2,671,777
Total Current Assets	3,299,502	2,691,659
Non-Current Assets		
Investments	2,260,873	2,210,898
Funds Held by Bond Trustee	567,705	-
Total Non-Current Assets	2,828,578	2,210,898
TOTAL ASSETS	\$ 6,128,080	\$ 4,902,557
LIABILITIES		
Liabilities		
Current Liabilities		
Accounts Payable	\$ -	\$ 1,742
Other Current Liabilities		
Accrued Interest Payable	55,269	80,549
Bonds Payable - Current Portion	1,040,000	810,000
Total Current Liabilities	1,095,269	892,291
Non-Current Liabilities		
Community Facilities Adjustable Rate Notes	-	8,537,473
Series 2019 A Bond Payable LT	8,645,000	-
Intergovernmental Debt	15,425,000	16,250,000
Total Non-Current Liabilities	24,070,000	24,787,473
Total Liabilities	25,165,269	25,679,764
	See accompanying notes to the financial statements.	

Liberty Community Infrastructure Financing Authority

Statements of Net Position As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Deferred Inflows of Resources		
Community Charge Revenues	2,632,550	2,623,836
Deferred Debt Payments	381,639	120,000
Total Deferred Inflows of Resources	<u>3,014,189</u>	<u>2,743,836</u>
NET POSITION		
Unrestricted Net Position - (Deficit)	<u>(22,051,378)</u>	<u>(23,521,043)</u>
Total Net Position	<u><u>\$ (22,051,378)</u></u>	<u><u>\$ (23,521,043)</u></u>

See accompanying notes to the financial statements.

Liberty Community Infrastructure Financing Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUE (EXPENSE)		
Operating Revenues		
Community Development Income	\$ 2,619,337	\$ 2,625,736
Total Operating Revenues	<u>2,619,337</u>	<u>2,625,736</u>
Operating Expense		
Treasurer Office Expense	16,621	25,956
Legal Expense	27,204	22,484
Auditor Expense	-	8,686
Communication Expense	274	274
Office Expense	814	750
Bank Fees	832	289
Insurance Expense	2,583	2,622
Board Meeting Expense	900	500
Delaware Collection Fees	1,765	2,243
Total Operating Expense	<u>50,993</u>	<u>63,804</u>
OPERATING INCOME	2,568,344	2,561,932
NON-OPERATING REVENUE (EXPENSE)		
Other revenues		
Dividend Income	22,732	8,494
Interest Income	60,274	28,264
Unrealized (Loss)/Gain on Investments	49,974	5,752
Total Other Revenues	<u>132,980</u>	<u>42,510</u>
Other Expense		
Interest Expense	364,173	366,377
City of Powell Interest	593,748	618,160
Debt Issuance Costs	286,983	-
Total Other Expenses	<u>1,244,904</u>	<u>984,537</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(1,111,924)</u>	<u>(942,027)</u>
Change in Net Position Before Intergovernmental Transfers	1,456,420	1,619,905
Intergovernmental Transfers		
Transfers from Powell CIFA	13,245	10,107
Total Change in Net Positions	1,469,665	1,630,012
Beginning Net Position (Deficit)	<u>(23,521,043)</u>	<u>(25,151,055)</u>
Ending Net Position (Deficit)	<u>\$ (22,051,378)</u>	<u>\$ (23,521,043)</u>

See accompanying notes to the financial statements.

Liberty Community Infrastructure Financing Authority

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Community Development Charges	\$ 2,621,348	\$ 2,627,654
Cash payments for treasurer expenses	(18,364)	(25,570)
Cash payments for legal fees	(27,204)	(22,484)
Cash payments for auditing fees	-	(8,686)
Cash payments for insurance	(2,583)	(2,622)
Cash payments for office expense	(750)	(750)
Cash payments for board meeting expenses	(900)	(500)
Cash payments for other expenses	(1,018)	(563)
Net Cash Provided by Operating Activities	2,570,529	2,566,479
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments purchases	-	(2,775,000)
Investments redeemed	-	1,908,000
Interest, dividends and other revenues	82,854	37,394
Cash received from other Authority	10,107	5,635
Net Cash Provided by/(Used in) Investing Activities	92,961	(823,971)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net Proceeds from Series 2019A Bond Issue	8,849,656	-
Bond and note principal payments	(9,347,475)	(1,059,500)
Interest paid on developer bonds	(387,818)	(363,702)
Interest on City of Powell Notes	(610,381)	(635,231)
Establishment of Trustee Funds	(567,705)	-
Net Cash Used in Capital and Related Financing Activities	(2,063,723)	(2,058,433)
Net Increase (Decrease) in Cash	599,767	(315,925)
Cash, Beginning of year	19,882	335,807
Cash, End of year	\$ 619,649	\$ 19,882
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 2,568,344	\$ 2,561,932
Adjustments of Operating Income to Net Cash Provided by Operating Activities:		
(Increase)/Decrease in receivables	(8,076)	(12,728)
(Decrease)/Increase in deferred inflows	12,003	16,895
(Decrease)/Increase in accounts payable	(1,742)	380
Net Cash Provided by Operating Activities	\$ 2,570,529	\$ 2,566,479

See accompanying notes to the financial statements.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019, 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

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principals.

A. Basis of Accounting

The Authority's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as applicable to governmental units.

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 acquisition 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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 for fiscal years end 2019 and 2018.

F. Federal Income Taxes

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

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 POSITION – DEFICIT

At December 31, 2019 and 2018, the Authority has a net position deficit of \$22,051,378 and \$23,521,043 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 revenue to the receiving entity.

NOTE 4 – CASH AND CASH EQUIVALENTS

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, 2019 and 2018 was \$12,358 and \$568, respectively, and the bank balance equaled the reconciled balance.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 4 – CASH AND INVESTMENTS – CONTINUED

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.

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, 2019 and 2018, were \$39,097 and \$19,314, respectively, and the carrying amounts were the same. These amount are considered cash equivalents and are reflected as cash on the statements of net position.

In addition, the Authority has funds held by Trustees which is restricted cash to be use in accordance with the bond agreements for the Series 2019 debt.

Trustee Held Fund

Beginning in December 2019, the Authority had funds related to the management and payment of the Series 2019 bonds. As a condition for underwriting the bonds the Authority agreed to have a separate Trustee, (Huntington National Bank) to hold various funds needed to meet certain excess cash and payment requirements. At December 31, 2019, the Trustee maintained the follow accounts on behalf of the Authority:

Debt Service Reserve Fund	\$494,456
Note Redemption Fund	42,024
Administrative Expense Fund	<u>31,225</u>
Total Funds Held by Trustee	<u>\$567,705</u>

Investments

Investments in certificates of deposits are carried at fair value at the balance sheet date. As of December 31, 2019 and 2018, investment balances on these certificates of deposit were \$2,260,873 and \$2,210,898, respectively, with an unrealized gain of \$35,873 and \$5,752 as of December 31, 2019 and December 31, 2018, respectively. Star Ohio is recorded at Net Asset Value of \$568,194 for 2019 and has a AAAM credit rating.

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 Authority’s principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 4 – DEPOSITS AND INVESTMENTS – CONTINUED

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 use 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
--2019-- Certificates of Deposit	\$ -	\$2,260,873	\$ -	\$2,260,873
----2018--- Certificates of Deposit	\$ -	\$2,210,898	\$ -	\$2,210,898

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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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, whichever 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, 2019 and 2018, the amount recorded as a receivable and deferred inflows as \$2,632,550 and \$2,623,836, 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, 2019 and 2018 consisted of community development charges and accrued interest relating to the certificate of deposits. All receivables are considered collectible.

NOTE 7 – CAPITAL ASSETS

There was no capital asset activity or donations during the years ended December 31, 2019 and 2018.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 – LONG-TERM OBLIGATIONS

The Authority's long-term obligations activity for the years ended December 31, 2019 and 2018 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. On December 23, 2019, these bonds were redeemed by a refinance bond issue.

Community Facilities Adjustable Rate Note, Series 2004B

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

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

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 – LONG-TERM OBLIGATIONS – CONTINUED

The Note is subject to optional redemption by the Authority at the direction of the City of Powell on any date after December 31, 2018 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. On December 23, 2019, these bonds were redeemed by a refinance bond issue.

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. On December 23, 2019, these bonds were redeemed by a refinance bond issue.

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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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. On December 23, 2019, these bonds were redeemed by a refinance bond issue.

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 Notes.

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. On December 23, 2019, these notes were redeemed by a refinance note issue.

Series 2019 Bonds

On December 23, 2019, the Authority issued \$8,860,000 in Community Facilities Refunding Bonds, Series 2019. The purpose of this issue was to refinance the existing Community Facilities

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 – LONG-TERM OBLIGATIONS – CONTINUED

Adjustable Rate Notes, Series Bonds 2004 to 2006. The serial coupon rate varies from 4.00% to 2.65% with an average coupon rate of 3.142% and an overall bond yield over the life of this series of 2.893%. The Bonds received an “A” (Stable outlook) rating from S&P Global Ratings and sold at a \$276,639 premium which is reflected on the statement of financial position as a deferred inflows of resources from the funding of debt for the year ended December 31, 2019. This deferred inflow balance of \$276,639 will be amortized over the bond’s initial stated term of 27 years and will be amortize at a rate of \$10,246 a year beginning in 2020.

The Authority incurred Bond issuance costs of \$286,983, which was expensed as a period costs. Interest on this Note shall be paid semi-annually on June 1 and December 1 of each year, and principal payments on December 1 of each year beginning December 1, 2020.

Upon bond closing, the Bond Trustee, who is currently the Huntington National Bank received the following amounts from those listed below:

Bond issued proceeds	\$9,136,639
Liberty Community Financing Authority	<u>281,000</u>
Total Proceeds	<u>\$9,417,639</u>

The loan proceeds were used to primarily to pay off outstanding Developer bonds balance and accrued interest through the bond closing date of December 23, 2019, and to establish several bond funds required by the loan agreement and pay loan issuance cost. Accordingly, below is a listing of the uses of bond proceeds and Authority contributions:

For deposit into the Note Refund Fund to pay accrued Interest and bond principal balances	\$8,602,475
Deposit into the Debt Service Reserve Fund	494,456
Deposit to the Administrative Expense subaccount	33,725
To pay bond issuance costs	<u>286,983</u>
Total Uses	<u>\$9,417,639</u>

Bond Redemption

Optional Prior Redemption

Bonds maturing on or after December 1, 2030 are subject to optional redemption by the Authority, in whole or in part on any date on or after December 1, 2029 at a redemption price equal to par plus accrued interest to the date of redemption.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 – LONG-TERM OBLIGATIONS – CONTINUED

Additional Mandatory Redemption

The Term Bonds maturing in the years 2036, 2041, and 2046 are subject to additional mandatory redemption in whole or in part at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date, on December 1 of any year from funds on deposit in the Bond Service Fund, with priority of redemption first apportioned to 2048 Term Bonds, then to the 2041 Term Bonds, and finally to the 2036 Term Bonds.

The schedule maturities of principal and interest for the Series 2019 Bonds without consideration for optional and mandatory redemptions is listed below:

	Principal	Average	Total Annual	Total P&I
<u>Year</u>	<u>Payment</u>	<u>Rate</u>	<u>Interest</u>	<u>Payment</u>
2020	\$ 215,000.00	4.00%	\$ 275,494.65	\$ 490,494.65
2021	205,000.00	4.00%	284,826.26	489,826.26
2022	215,000.00	4.00%	276,626.26	491,626.26
2023	225,000.00	4.00%	268,026.26	493,026.26
2024	235,000.00	4.00%	259,026.26	494,026.26
2025 - 2029	1,305,000.00	4.00%	1,148,131.30	2,453,131.30
2035 - 2039	1,825,000.00	2.90%	636,893.80	2,461,893.80
2040 - 2044	2,115,000.00	3.08%	347,537.54	2,462,537.54
2045 - 2046	940,000.00	3.13%	44,218.76	984,218.76
Total	\$ 8,860,000.00	3.41%	\$ 4,418,539.89	\$ 13,278,539.89

The Authority pledge the community charge receipts from the Expansion Areas to the payment of the Series 2019 Bonds. Below is a schedule of the collection of the Expansion Area Community Charge revenue and receipts for the last five years:

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 8 – LONG-TERM OBLIGATIONS – CONTINUED

	Amount Billed	Collections First Half	Collections Second Half	Yearly Collections	% Collected	% Change
2015	\$ 558,435	291,498	266,754	\$ 558,252	100.0%	15.7%
2016	568,037	294,956	274,537	569,493	100.3%	2.0%
2017	575,219	299,320	278,846	578,166	100.5%	1.5%
2018	632,406	356,294	272,166	628,460	99.4%	8.7%
2019	631,262	329,670	306,202	635,872	100.7%	1.2%
Total	\$ 2,965,359			\$ 2,970,243	100.2%	

Below is a schedule of the change in balance among the various bond series for the year ended December 31, 2019 and 2018:

	Beginning Balance	Additions	Payments	Ending Balance	Due in One Year
2019					
Series 2004A	\$ 517,935	\$ -	\$ 517,935	\$ -	\$ -
Series 2004B	452,361	-	452,361	-	-
Series 2004C	2,388,821	-	2,388,821	-	-
Series 2005A	218,429	-	218,429	-	-
Series 2005A	4,959,929	-	4,959,929	-	-
Series 2019	-	8,860,000		8,860,000	215,000
Total	\$ 8,537,475	\$8,860,000	\$ 8,537,475	\$8,860,000	\$ 215,000
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 2005A	5,116,498	-	156,569	4,959,929	
Total	\$ 8,806,975	\$ -	\$ 269,500	\$8,537,475	

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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.

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.

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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 – INTERGOVERNMENTAL DEBT – CONTINUED

The Authority’s intergovernmental payment activity for the years ended December 31, 2019 and 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additional Borrowing</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due in 1 Year</u>
2019					
Series 2008-2015	\$ 4,105,000	-	310,000	3,795,000	\$ 315,000
Series 2011	7,050,000	-	340,000	6,710,000	360,000
Series 2012	5,905,000	-	160,000	5,745,000	150,000
	<u>\$ 17,060,000</u>	<u>-</u>	<u>810,000</u>	<u>16,250,000</u>	<u>\$ 825,000</u>
2018					
Series 2008-2015	\$ 4,405,000	-	300,000	4,105,000	\$ 310,000
Series 2011	7,395,000	-	345,000	7,050,000	340,000
Series 2012	6,050,000	-	145,000	5,905,000	160,000
	<u>\$ 17,850,000</u>	<u>-</u>	<u>790,000</u>	<u>17,060,000</u>	<u>\$ 810,000</u>

The scheduled principal maturity and interest payments for the Series 2008-2015 Bonds are as follows:

<u>Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment</u>
2020	315,000	158,000	473,000
2021	325,000	151,800	476,800
2022	345,000	139,200	484,200
2023	360,000	126,200	486,200
2024	370,000	112,400	482,400
2025 - 2029	█ 2,080,000 █	█ 336,020 █	2,416,020
Total	<u>\$ 3,795,000</u>	<u>\$ 1,023,620</u>	<u>\$ 4,818,620</u>

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 – INTERGOVERNMENTAL DEBT – CONTINUED

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

<u>Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment</u>
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	405,000	218,544	623,544
2025 - 2029	✔ 2,840,000	✔ 820,819	3,660,819
2030 - 2032	✔ 1,970,000	✔ 157,800	2,127,800
Total	<u>\$ 6,710,000</u>	<u>\$ 2,190,288</u>	<u>\$ 8,900,288</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
Total	<u>\$ 5,745,000</u>	<u>\$ 2,195,835</u>	<u>\$ 7,940,835</u>

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 9 – INTERGOVERNMENTAL DEBT – CONTINUED

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 825,000	\$ 596,981	\$ 1,421,981
2021	865,000	577,131	1,442,131
2022	870,000	549,899	1,419,899
2023	910,000	520,849	1,430,849
2024	940,000	491,509	1,431,509
2025-2029	5,820,000	1,893,464	7,713,464
2030-2034	4,500,000	702,050	5,202,050
2035-2036	<u>1,520,000</u>	<u>77,860</u>	<u>1,597,860</u>
Total	<u>\$ 16,250,000</u>	<u>\$ 5,409,743</u>	<u>\$ 21,659,743</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

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

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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 10 – RELATED PARTY TRANSACTIONS - CONTINUED

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

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

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

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

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

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.

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 10 – RELATED PARTY TRANSACTIONS - CONTINUED

As explained more fully in note 8, on December 23, 2019, all the bonds held by previous developers were refinanced through an issuance of a new bond issue Series 2019. Therefore, at the end of December 31, 2019, these related party matters were no longer in affect.

NOTE 11 – RISK MANAGEMENT

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 – CONTINGENT LIABILITIES/SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

There are no claims or lawsuits pending against the Authority.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the business-type activities of the Liberty Community Infrastructure Financing Authority, Delaware County, Ohio, (the Authority) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated September 30, 2020. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

Internal Controls Over Financial Reporting

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

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


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
September 30, 2020