POWELL COMMUNITY
INFRASTRUCTURE FINANCING AUTHORITY
Delaware County

Financial Statements and
Independent Auditor's Reports

For the Fiscal Years Ended
December 31, 2006 and 2005

Kennedy
Cottrell
Richards

Accountants & Consultants for Business & Government

Mary Taylor, CPA
Auditor of State

Board of Trustees
Powell Community Infrastructure Financing Authority
470 Olde Worthington Rd., Suite 100
Westerville, OH 43082

We have reviewed the *Independent Auditor's Report* of the Powell Community Infrastructure Financing Authority, Delaware County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2005 to December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 8, 2007

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POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Powell Community Infrastructure Financing Authority

We have audited the accompanying basic financial statements of the Powell Community Infrastructure Financing Authority, Delaware County, Ohio (the Authority), as of and for the years ended December 31, 2006 and December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Powell Community Infrastructure Financing Authority, Delaware County, Ohio, as of December 31, 2006 and December 31, 2005, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2007 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Kennedy Cottrell Richards LLC

Kennedy Cottrell Richards
August 31, 2007

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POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2006 AND 2005
(UNAUDITED)

The management's discussion and analysis of the Powell 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 June 30, 2006 and 2005. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

1. The Authority encourages the orderly development of a well-planned, diversified community of approximately 105 acres in Delaware County, including the City of Powell.

2. The Authority donated infrastructure construction and improvements totaling $435,144 to DelCo Water and Delaware County.

3. Net Assets at December 31, 2006 totaled a negative $3,094,908. The negative Net Asset balance is caused by the costs incurred for capital assets acquired and improved, which were donated upon completion. The Authority accumulates infrastructure improvement costs that are reflected in the Statement of Net Assets, upon closing, as capital assets.

4. The Authority's debt increased in fiscal years 2005 and 2006 by $287,872 and $265,056, respectively, including capitalized interest. The Authority's debt will be paid through the collection of community development charges imposed on the residences benefiting from the capital asset.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Authority's financial activities and financial position. The *Statement of Net Assets* and *Statement of Revenues, Expenses, and Changes in Net Assets* provide information about the activities of the Authority, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Assets. The Statement of Net Assets represents the financial position of the Authority. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

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

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

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

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

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

Financial Analysis

Table 1 provides a summary of Authority's net assets for fiscal years 2006 and 2005.

Table 1
Net Assets

	2006	2005
Assets:		
Current Assets	$ 298,679	$ 231,958
Capital Assets	23,304	242,695
Total Assets	321,983	474,653
Liabilities:		
Current Liabilities	205,119	157,696
Long Term Liabilities	3,211,772	2,946,716
Total Liabilities	3,416,891	3,104,412
Net Assets:		
Investment in Capital Assets Net of Related Debt	(3,188,468)	(2,704,021)
Unrestricted	93,560	74,262
Total Net Assets	$(3,094,908)	$(2,629,759)

Net Assets: Net assets represent the difference between assets and liabilities. The Authority had net assets of negative $2,629,759 in 2005 and a negative $3,094,908 in 2006. Net Assets included Investment in Capital Assets, net of related debt. The Authority constructed infrastructure improvements of $242,695 during 2005 and $215,753 during 2006. The Authority donated infrastructure improvements to Delaware County and DelCo Water Authority in the amounts of $280,443 and 154,701, respectively.

Table 2 reflects the changes in net assets for fiscal years 2006 and 2005.

Table 2
Change in Net Assets

	2006	2005	
Operating Revenue	$184,359	$150,738	
Non-Operating Revenues/Expenses			
Earnings on Investments	5,985	3,088	
Interest Expense	(204,336)	(152,107)	
Operating Expenses	(16,013)	(37,004)	
Income Before Contributions	(30,005)	(35,285)	
Capital Contributions	(435,144)		
Total (Increase) Decrease in Net Assets	($465,149)	$(35,285)	

Change in Net Assets: The Authority had a decrease in net assets for the two years presented. The decreases are due to the fact that the Authority was created for the purpose of financing the cost of community facilities, which are donated. The Authority acquires infrastructure improvements and then contributes the assets to the appropriate government parties. The decrease in net assets over the years is not an indicator of deteriorating financial position. Instead, the capital contributions cause the decrease in net assets, which reflects that as assets are completed and approved, they are donated to the community.

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

Budgeting

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

Capital Assets

All infrastructure assets are capitalized. The Authority does not depreciate capital assets as the assets are donated as acquired. The Authority donated infrastructure assets totaling $435,144 during fiscal years 2006.

Debt

The Authority issued Community Facilities Adjustable Rate Notes to purchase community facilities, which include roads, water lines, sanitary and storm sewers and a bike path. The debt service will be paid annually by the revenue received from the Community Development Charges. Accrued interest in excess of the cash available from Community Development Charges will be added to the principal. Upon acquisition of the improvements and approval by the receiving party, the assets become capital contributions.

Current Issues

Construction of the Powell Authority Infrastructure has been completed. The Traditions of Powell which was added to the Powell Authority during 2005 consists of both residential and commercial property. The residential portion has been completed, but not all units have been sold. One of the 2 commercial acres has been sold.

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 Nancy Inman, Treasurer, Powell Community Infrastructure Financing Authority, 470 Olde Worthington Road, Suite 100, Westerville, Ohio 43082.

POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

STATEMENT OF NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
CURRENT ASSETS		
Cash and cash equivalents	$203,794	$148,424
Community Development Charge Receivable	$94,885	$83,534
NONCURRENT ASSETS		
Nondepreciable Capital Assets	$23,304	$242,695
Total Assets	$321,983	$474,653
CURRENT LIABILITIES		
Accounts Payable	$783	$5,589
Accrued Interest Payable	$204,336	$152,107
LONG TERM LIABILITIES		
Community Facilities Bond Payable	$3,211,772	$2,946,716
Total Liabilities	$3,416,891	$3,104,412
NET ASSETS		
Invested in Capital Assets Net of Related Debt	($3,188,468)	($2,704,021)
Unrestricted	$93,560	$74,262
Total Net Assets	($3,094,908)	($2,629,759)

See Accompanying Notes to the Financial Statements

POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
Operating Revenue		
Community Development Charges	$184,359	$150,738
Total Operating Revenue	$184,359	$150,738
Operating Expenses		
Legal Fees	$6,391	$13,536
Accounting and Auditing Fees	$5,404	$18,781
Insurance	$2,918	$2,737
Board Meetings	$500	$750
Other	$800	$1,200
Total Operating Expenses	$16,013	$37,004
Operating Income	$168,346	$113,734
Non-Operating Revenues (Expenses)		
Interest and Dividend Revenue	$5,985	$3,088
Interest Expense	($204,336)	($152,107)
Total Non-Operating Revenues and (Expenses)	($198,351)	($149,019)
Income/(Loss) Before Contributions	($30,005)	($35,285)
Capital Contributions	($435,144)	
Change in Net Assets	($465,149)	($35,285)
Net Assets, Beginning of Year	($2,629,759)	($2,594,474)
Net Assets, End of Year	($3,094,908)	($2,629,759)

See Accompanying Notes to the Financial Statements

POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
Cash Flows from Operating Activities		
Cash Received from Community Development Charges	$172,976	$135,894
Cash Payments for Legal Fees	($6,264)	($13,428)
Cash Payments for Accounting and Auditing Fees	($10,504)	($13,507)
Cash for Payments Insurance	($2,914)	($2,737)
Cash Payments for Other	($1,106)	($1,335)
Net Cash Provided By Operating Activities	$152,188	$104,887
Cash Flows from Investing Activities		
Interest and Dividends	$5,985	$3,088
Net Cash Provided By Investing Activities	$5,985	$3,088
Cash Flows from Capital and Related Financing Activities		
Interest Paid on Bonds	($102,803)	($87,262)
Net Cash Used In Capital and Related Financing Activities	($102,803)	($87,262)
Net Increase (Decrease) In Cash	$55,370	$20,713
Cash, Beginning of year	$148,424	$127,711
Cash, End of year	$203,794	$148,424
Reconciliation of Operating Gain to Net Cash Provided By Operating Activities		
Operating Income	$168,346	$113,734
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Increase(Decrease) in Development Charge Receivable	($11,352)	($14,436)
Increase (Decrease) in Payables	($4,806)	$5,589
Net Cash Provided By Operating Activities	$152,188	$104,887

Non-Cash Capital Transactions:

In 2005 and 2006, the Authority acquired/constructed infrastructure assets in exchange for Community facility Bonds Payable in the amounts of $242,695 and $215,753, respectively.

In 2006, the Authority donated infrastructure improvements to Delaware County and DelCo Water Authority in the amounts of $280,443 and 154,701, respectively.

See Accompanying Notes to the Financial Statements

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NOTE 1 - REPORTING ENTITY

The Powell 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 May 11, 2001, 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, and the Petition was accepted by a resolution of the Board on May 31, 2001. The Petition, which may be subject to amendment or change, allows the Authority to finance the costs of publicly owned and operated community facilities with assessed Community Development Charges. The Petition was adopted by Resolution No. 01-681 on June 25, 2001.

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 was organized as a body corporate and politic in the State.

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 trustees were appointed by the Developer. All appointed trustees have since been replaced by elected citizen members of the new community district.

The new community district is comprised of approximately 98 acres of land located in the City of Powell, Delaware County, Ohio. The 98 acres of land is generally bounded by the Grandshire Subdivision to the south, Powell Road to the north, Old Sawmill road to the west, and CSX Transportation to the east. It also includes the addition of approximately 7 acres, known as Traditions of Powell, by resolution in 2005. It consists of a 40-unit condominium community and 2 commercial lots located in Powell, Ohio within the boundaries of West Olentangy Street, Case Avenue and Lincoln Street. The entire project includes the construction of waterline, sanitary sewer, main line sanitary sewer, storm sewer, bike path, roads and street improvements.

In accordance with the Act and the Petition, the Authority can levy a community development charge up to 10.25 mills on the assessed value of the land and improvements within the District. The need and amount of the charge is determined annually by the Board of Trustees of the Authority.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The Authority also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

A. Basis of Presentation

The Authority's basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. The Authority uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Measurement Focus and the Basis of Accounting

The Authority's financial activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of Authority are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows reflects how the Authority finances and meets its cash flow needs.

Net Assets are segregated into investment in capital assets, net of related debt, and unrestricted components. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets.

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

The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Cash and Investments

Amounts on deposit in a checking account with Huntington National Bank and investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash and cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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. Infrastructure assets acquired or constructed by the Authority are capitalized; however, the Authority does not depreciate capital assets as all assets are donated upon acquisition/completion.

E. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available. The Authority did not have any restricted net assets at fiscal years end 2006 and 2005.

F. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Authority. For the Authority, these revenues are development charges. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the Authority. All revenues and expenses not meeting this definition are reported as non-operating.

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.

NOTE 3 - ACCUMULATED DEFICIT OF NET ASSETS

At December 31, 2006 and 2005, the Authority has an accumulated deficit of net assets of $3,094,908 and $2,629,759 respectively. This deficit is a 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 constructing community facilities. The titles to these assets have been and will be transferred to the community with the related costs recorded as a capital contribution expense to the receiving entity. This deficit will be reduced and eliminated as outstanding debt is paid with, primarily, future community development charges.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

State statute permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States.

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association All federal agency securities shall be direct issuances of federal government agencies and instrumentalities.

NOTE 4 – DEPOSITS AND INVESTMENTS - CONTINUED

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and

6. The State Treasurer's investment pool (STAR Ohio).

The Authority may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and

3. Obligations of the Authority.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the finance director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned. The Authority's deposits are protected only up to amounts covered by the Federal Depository Insurance Corporation (FDIC). The Authority had no deposits at fiscal years ended 2006 and 2005.

Investments

The Authority's only investments consisted of money market funds. At fiscal years ended 2006 and 2005, the Authority's investment balances were $203,794 and $148,424, respectively.

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. The Authority's investments in money market funds are withdraw able 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 not rated.

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 district. The charge is currently levied at 10.25 mills. Charge revenue recognized represents the amount levied on October 1 of the preceding year and April 1 of the current year.

Charge assessments are levied October 1 on the assessed values as of September 30, the lien date; and April 1 on the assessed values as of March 31. 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 Delaware County building department.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2006 and 2005 consisted of community development charges. All receivables are considered collectible in full within one year.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

	January 1, 2005	Additions	Reductions	December 31, 2005
NonDepreciable Capital Assets:				
Construction In Progress	$0	$242,695	$0	$242,695
Total Capital Assets, Net	$0	$242,695	$0	$242,695

Capital asset activity for the year ended December 31, 2006, was as follows:

	January 1, 2006	Additions	Reductions	December 31, 2006
NonDepreciable Capital Assets:				
Construction In Progress	$242,695	$215,753	($435,144)	$23,304
Total Capital Assets, Net	$242,695	$215,753	($435,144)	$23,304

In August of 2006, Del-Co Water Company, Inc. approved the extension of the water line along the west and south property line of the Olentangy School site that was extended. Water Line improvements in the amount of $154,701 were donated to Del-Co during 2006.

In January of 2006, the construction of new sanitary sewers at Traditions of Powell were completed and approved by Delaware County. Sanitary and sewer improvements in the amount of $280,443 were donated by the Authority to Delaware County.

Road improvements are in the amount of $23,304. These include improvements for West Olentangy, Case Avenue and Lincoln Street.

NOTE 8 – RISK POOL MEMBERSHIP

The Authority belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or $37,500 of casualty losses and the lesser of 10% or $100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan. Settlement amounts did not exceed insurance coverage for the past three fiscal years.

NOTE 9 - LONG-TERM OBLIGATIONS

The Authority’s long-term obligations activity for the years ended December 31, 2006 and 2005 was as follows:

Community Facilities Adjustable Rate Note – Series 2002	Balance January 1	Additions	Reductions	Balance December 31
Year:				
2005	$2,658,844	$45,177	$0	$2,704,021
2006	$2,704,021	$45,512	$0	$2,749,533

Community Facilities Adjustable Rate Note, Series 2002

On January 16, 2002, the Authority issued $2,500,000 in Community Facilities Adjustable Rate Notes which were issued for the purpose of providing funds to acquire and construct community facilities and to develop land in connection with the same. Triangle Properties Inc., (the Developer), is the registered owner of the notes.

The proceeds of the notes were used to finance Community Facilities, including the extension of Murphy Parkway and Gray Oaks Boulevard, a sewer line and a water line.

The community development charges are pledged for repayment. The Financing Authority expects that all of the debt service on the notes will be paid from these revenues. An “Infrastructure Acquisition and Construction Agreement” entered into between the Financing Authority and Developer required the Financing Authority to “draw” from the principal of the note by delivering to the Developer a “Drawing Certificate.” The Developer then was required to make an entry on the “Schedule of Advances and Payments” reflecting the amount drawn and the then outstanding principal balance. Unpaid interest, which is added to the principal amount of the note shall be entered on the “Schedule of Advances and Payments”, according to the agreement.

NOTE 9 - LONG-TERM OBLIGATIONS - CONTINUED

The interest rate on the notes shall be equal to 300 basis points over the Bonds Market Association (BMA) Municipal Swap Index on the Thursday that the interest rate is being adjusted, provided that, (1) the Base Note Rate shall never be less than five percent (5 %) and (2) if, as of January 20th of any year, the Fiscal Officer of the Authority determines that moneys received by the Authority during the immediately preceding calendar year from the collection of Community Development Charges exceed 1.20 multiplied times the amount which, if paid in constant annual installments over a period of years equal to the Remaining Useful Life of the Project, would amortize the outstanding principal amount of the Notes, plus any accrued and unpaid interest thereon, as of the immediately preceding December 31st, at an interest rate of six per centum (6%) per annum, the Note Rate for such year, and for each calendar year thereafter, effective as of January 1st of the year, shall be three hundred (300) basis points over the Base Note Rate, as determined for that period. The interest rate is computed on a 365 or 366 days per year, as appropriate, and on the actual number of days elapsed from January 1 to December 31 of each year.

Interest is due January 15th of each year while the Note is outstanding, commencing January 15, 2003, until the principal sum is paid. Interest accrued, but not paid by January 15th of each year, shall be added to the principal balance of the notes as of January 1st of that year.

The adjustable rate notes are also subject to optional redemption at any time in whole or in part by, and at the sole option of the Financing Authority, at a redemption price equal to 100% of the principal amount redeemed.

Due to no set amortization schedule or maturity on the Notes, no amortization schedule has been prepared or presented for these notes.

Community Facilities Adjustable Rate Note, Series 2005

Community Facilities Adjustable Rate Note – Series 2005	Balance January 1	Additions	Reductions	Balance December 31
Year:				
2005	$0	$242,695	$0	$242,695
2006	$242,695	$219,544	$0	$462,239

On June 17, 2005, the Authority issued $458,448 in Community Facilities Adjustable Rate Notes which were issued for the purpose of providing funds to acquire and construct Community Facilities and to acquire and develop land in connection with same and to pay associated financing costs. Donald R. Kenney, Sr. is the registered owner of the notes.

The proceeds of the notes were used to extend a water line, to provide stormwater retention in parking areas and to improve traffic flow with road improvements including a left turn lane. The community development charges are pledged for repayment. The financing Authority expects that all of the debt service on the notes will be paid from these revenues.

NOTE 9 - LONG-TERM OBLIGATIONS - CONTINUED

The interest rate on the notes shall be equal to 300 basis points over the Bonds Market Association (BMA) Municipal Swap Index on the Thursday that the interest rate is being adjusted, provided that, (1) the Base Note Rate shall never be less than seven percent (7 %) and (2) if, as of January 20th of any year, the Fiscal Officer of the Authority determines that moneys received by the Authority during the immediately preceding calendar year from the collection of Community Development Charges exceed 1.25 multiplied times the amount which, if paid in constant annual installments over a period of years equal to the Remaining Useful Life of the Project, would amortize the outstanding principal amount of the Notes, plus any accrued and unpaid interest thereon, as of the immediately preceding December 31st, at an interest rate of six and one-half per centum (6.5%) per annum, the Note Rate for such year, and for each calendar year thereafter, effective as of January 1st of the year, shall be three hundred (300) basis points over the Base Note Rate, as determined for that period. The interest rate is computed on a 365 or 366 days per year, as appropriate, and on the actual number of days elapsed from January 1 to December 31 of each year.

Interest is due January 15th of each year while the Note is outstanding, commencing January 15, 2007, until the principal sum is paid. Interest accrued, but not paid by January 15th of each year, shall be added to the principal balance of the notes as of January 1st of that year.

The adjustable rate notes are also subject to optional redemption at any time in whole or in part by, and at the sole option of the Financing Authority, at a redemption price equal to 100% of the principal amount redeemed.

NOTE 10- CONTINGENT LIABILITIES

There are no claims and lawsuits pending against the Authority.

NOTE 11 - RELATED PARTY

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 Services, Inc (the Developer). Also, the Authority has a Fiscal and Accounting Services Agreement with the Developer which designates the Developer as the fiscal agent for all of the Authority's accounting services.

The Authority has an "Infrastructure Acquisition and Construction Agreement" with the Developer to acquire and construct the infrastructure of the Authority's territory for which it was established. 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.

Community Facilities Adjustable Rate Bonds, series 2002 totaling $2,500,000 were issued to provide funds to acquire and construct community facilities and to develop land in connection with the same. Triangle Properties, Inc. is the registered owner of the notes issued**.** Series 2005 totaling $458,448 were later issued for the Traditions at Powell with Donald R. Kenney being the registered owner of the notes.

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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*

Board of Trustees
Powell Community Infrastructure Financing Authority

We have audited the basic financial statements of the Powell Community Infrastructure Financing Authority, Delaware County, Ohio, (the Authority) as of and for the year ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated August 31, 2007. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2006-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described in item 2006-01 above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we have reported to management of the Authority in a separate letter dated August 31, 2007.

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

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Kennedy Cottrell Richards LLC

Kennedy Cottrell Richards LLC
August 31, 2007

POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND DECEMBER 31, 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2006-01

MATERIAL WEAKNESS – FINANCIAL REPORTING

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the Authority. This responsibility remains intact, even if management decides to outsource this function for efficiency purposes, or any other reason, to another accountant or consultant. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

As a result of our audit, we identified a material misstatement in the Authority's financial statements, as well as one other misstatements that was not necessarily material, but was more than inconsequential. We provided an adjusting entry to the Authority and the material misstatement was subsequently corrected. The misstatements are a strong indicator that a control weakness exists in the Authority's procedures in place related to financial reporting.

We recommend the Authority implement sufficient control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements and footnotes. Such procedures should consist of some combination of the following:

- Employee training relating to the application of governmental accounting standards;
- Consultation with the auditor in regards to the application of governmental accounting standards while preparing the financial statements;
- Consultation with other knowledgeable individuals in regards to the application of governmental accounting standards while preparing the financial statements.

Official's Response:

Our business is not governmental in nature and as a result we do not have the expertise or time for training in governmental accounting. The software that we use does not support governmental accounting and reporting. Instead on an annual basis, we manually prepare financials to conform to governmental accounting standards.

Our suggestion would be to have a board member, who would be up-to-date on governmental accounting standards, review the Authority's Financials before being audited to detect any material misstatements. An alternative would be to hire someone to review the financials to make any adjustments needed or incorporate new governmental requirements. However, the Board would need to approve payment of such a review.

POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 and DECEMBER 31, 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***:
2004-001	Monitoring Activity	No	Partially Corrected; Finding reduced to management letter comment.

Mary Taylor, CPA
Auditor of State

POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY

DELAWARE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 18, 2007

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