

POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
Delaware County

Financial Statements and
Independent Auditor's Reports

For the Fiscal Years Ended
December 31, 2014 and 2013





Dave Yost • Auditor of State

Powell Community Infrastructure Financing Authority
585 South Front Street
Suite 220
Columbus, Ohio 43215

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, 2013 through December 31, 2014. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 20, 2015

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**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Powell 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 Powell Community Infrastructure Financing Authority, Delaware County, Ohio (the Authority), as of and for the years ended December 31, 2014 and December 31, 2013, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing those risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Powell Community Infrastructure Financing Authority, Delaware County, Ohio, as of December 31, 2014 and December 31, 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with the 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 this presentation to include a *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Kennedy Cottrell Richards LLC
June 29, 2015

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(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 December 31, 2014 and 2013. 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 125 acres in Delaware County, including the City of Powell.
2. Net position at December 31, 2014 and 2013 totaled a negative \$2,705,005 and a negative \$2,841,876, respectively. The negative net position balance was caused by the costs incurred for capital assets acquired and improved, which were donated upon completion.
3. The Authority's debt increased in fiscal year 2014 by \$285,798 and decreased in fiscal year 2013 by \$95,000. The Authority made principal payments on its Infrastructure Acquisition Bonds, Series 2012 of \$100,000 in 2014 and \$95,000 in 2013. It issued a Communities Facilities Development Revenue Bond, Series 2014B for \$2,000,000 to construct community facilities in The Reserve at Scioto Glenn in 2014. The amount of drawings on the Series 2014B bond as of December 31, 2014 totaled \$385,798. The Authority's debt will be paid through the collection of community development charges imposed on the residences benefiting from the capital assets.

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, all liabilities and all deferred inflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses, and

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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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, deferred inflows of resources, 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.

The Authority's 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 9 and 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 11 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.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

Financial Analysis

Table 1 provides a summary of Authority's net position for fiscal years 2014, 2013 and 2012.

Table 1
Net Position

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets:			
Current Assets	\$ 486,207	\$ 441,679	\$ 422,226
Capital Assets	<u>1,386,309</u>	<u>-</u>	<u>-</u>
Total Assets	1,872,516	441,679	422,226
Liabilities:			
Current Liabilities	1,115,687	108,571	103,057
Long Term Liabilities	<u>3,215,798</u>	<u>2,935,000</u>	<u>3,035,000</u>
Total Liabilities	4,331,485	3,043,571	3,138,057
 Total Deferred Inflows of Resources	 <u>246,036</u>	 <u>239,984</u>	 <u>234,467</u>
Net Position:			
Unrestricted – (Deficit)	<u>(2,705,505)</u>	<u>(2,841,876)</u>	<u>(2,950,298)</u>
Total Net Position – (Deficit)	<u>\$(2,705,005)</u>	<u>\$(2,841,876)</u>	<u>\$(2,950,298)</u>

Net Position: Net position represents the difference between assets and liabilities and deferred inflows of resources. The Authority had net positions of negative \$2,705,005 in 2014, and a negative \$2,841,876 in 2013. The significant increase in Capital Assets and Total Liabilities is the result of construction activities related to The Reserve at Scioto Glenn, which resulted in a significant increase in payables at year-end.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

Table 2 reflects the changes in net positions for fiscal years 2014, 2013, and 2012.

Table 2
Change in Net Positions

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenue	\$240,061	\$234,853	\$230,645
Operating Expenses			
Financial Management Services	7,601	23,592	14,011
Legal Fees	12,689	11,504	17,475
Auditor Expense	-	5,364	-
Bank Fees	328	368	333
Insurance	2,327	2,301	2,823
Other Expense	170	1,061	-
Board Meeting Expense	<u>200</u>	<u>400</u>	<u>600</u>
Total Operating Expenses	<u>23,315</u>	<u>44,590</u>	<u>35,242</u>
Operating Income	216,746	190,263	195,403
Non-Operating Revenue (Expenses)			
Earnings on Investments	92	74	33
Interest Expense	(79,967)	(81,915)	(102,994)
Debt Finance Issuance Costs	<u>-</u>	<u>-</u>	<u>(62,857)</u>
Total Non-Operating Revenue (Expenses)	<u>(79,875)</u>	<u>(81,841)</u>	<u>(165,819)</u>
Change in Net Position	<u>\$ 136,871</u>	<u>\$ 108,422</u>	<u>\$ 29,584</u>

Change in Net Position

Change in net position has increased in the last three (3) years. Revenues increased by \$5,208 in 2014 and by \$4,028 in 2013. The increase in community development charge revenues is attributed to the recovery from declining real estate values. The Authority's interest expense decreased by \$1,966 in 2014 and by \$21,079 in 2013. The significant decrease in interest expense was a result of the debt refinance in 2012.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
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Community Development Charge

Revenue from Community Development Charges paid by each owner of a chargeable parcel will be used to pay off the debt incurred to acquire and construct infrastructure assets. The Community Development Charge is calculated on thirty-five percent of the total market value of chargeable property, which includes buildings, structures, and improvements.

Budgeting

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

Capital Assets

On August 25, 2014 a development agreement was signed between the Powell Community Infrastructure Financing Authority, Triangle Properties, Inc and Metro Development LLC to construct a water line and sanitary sewers, to replace pumps, control systems and electrical panels in an existing pump station, to construct a storm sewer, to create sub-base for public streets and a storm basin for the public storm system, to install pavement for curb and gutter for public streets and to create sidewalks in The Reserve at Scioto Glenn. The construction is financed by Community Facilities Development Revenue Bond, Series 2014B. Construction began in 2014.

Debt

On April 23, 2012, the City of Powell issued the Infrastructure Acquisition Bonds to refinance the existing debt issues called the Community Facilities Adjustable Rate Notes, which were initially issued in 2002 and 2005. The Authority retired the Community Facilities Adjustable Rate Notes with the Infrastructure Acquisition Bonds which have an average interest rate of 3.24% and a maximum term of over 24 years. The debt service will continue to be paid annually by the revenue received from the Community Development Charges.

On August 25, 2014, the Authority issued a \$2,000,000 Community Facility Bond, Series 2014B. The bond proceeds are to finance the construction of community facilities in The Reserve at Scioto Glenn. The bond rate is 7.59% and a maximum term of over 14 years. As of December 31, 2014, the amount of drawings on the Series 2014B bond totaled \$385,798. The debt service will be paid by pledged receipts, which includes Community Development Charges.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(UNAUDITED)**

Current Issues

On February 21, 2014, Triangle filed an Application to Amend the Petition to Establish the Authority (the "Application") to add certain parcels of real estate owned by Epcon Sawmill, LLC (Epcon) and The Reserve at Scioto Glenn, LLC (The Reserve). On April 7, 2014, The County Commissioners approved the Application pursuant to its Resolution No. 14-388. This amendment increased the Community Authority acreage from 52 acres to 125 acres.

The Epcon property is approximately 3 acres. The land is generally bound by Gray Oaks Drive to the north, Sawmill Road to the west and Winter Hill Place to the east. The plan is to develop a residential development consisting of 23 units of single family housing.

The Reserve at Scioto Glenn property is approximately 70 acres. The land is generally bound by farmland to the south, Home Road to the north, Scioto Reserve Subdivision to the west and Steitz Road to the east. The plan is to develop a residential development consisting of approximately 119 units of single family housing.

Construction of The Reserve at Scioto Glenn began in 2014. The project includes the developing of a residential development consisting of approximately 119 units of single family housing. The project is being financed by a \$2,000,000 Community Facility Bond, Series 2014B.

Contacting Authority's Financial Management

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

Powell Community Infrastructure Financing Authority
Delaware County
Statements of Net Position
As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalent	\$ 237,293	\$ 198,292
Community charge receivable	248,914	243,387
Total Current Assets	486,207	441,679
Non-Depreciable Capital Assets		
Construction in Progress	1,386,309	-
Total Non-Depreciable Capital Assets	1,386,309	-
Total Assets	<u>\$ 1,872,516</u>	<u>\$ 441,679</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 964,370	\$ 1,893
Accrued interest	12,769	6,678
Retainage payable	33,548	-
Intergovernmental debt - current portion	105,000	100,000
Total Current Liabilities	1,115,687	108,571
Non-Current Liabilities		
Notes payables	385,798	-
Intergovernmental debt	2,830,000	2,935,000
Total Non-Current Liabilities	3,215,798	2,935,000
Total Liabilities	4,331,485	3,043,571
Deferred Inflows of Resources		
Community development charges	246,036	239,984
Total Deferred Inflows of Resources	<u>246,036</u>	<u>239,984</u>
NET POSITION		
Unrestricted net position - (Deficit)	<u>(2,705,005)</u>	<u>(2,841,876)</u>
Total Net Position	<u>\$ (2,705,005)</u>	<u>\$ (2,841,876)</u>

See notes to the financial statements

**Powell Community Infrastructure Financing Authority
Delaware County
Statements of Revenues, Expenses and Changes in Net Position
For The Years Ended December 31, 2014 and 2013**

	2014	2013
OPERATING REVENUES		
Operating Revenues		
Community development income	\$ 240,061	\$ 234,853
Total Operating Revenues	240,061	234,853
OPERATING EXPENSE		
Operating Expense		
Financial management services	7,601	23,592
Legal fees	12,689	11,504
Auditor expenses	-	5,364
Bank fees	328	368
Insurance	2,327	2,301
Other expenses	170	1,061
Board meeting expense	200	400
Total Operating Expense	23,315	44,590
Operating Income	216,746	190,263
Non-Operating Revenue (Expense)		
Non-Operating Revenue		
Interest income	92	74
Non-Operating Expense		
Interest expense	(79,967)	(81,915)
Total Non-Operating Revenue (Expense)	(79,875)	(81,841)
Change in Net Position	136,871	108,422
Beginning Net Position	(2,841,876)	(2,950,298)
Ending Net Position	\$ (2,705,005)	\$ (2,841,876)

See notes to the financial statements.

Powell Community Infrastructure Financing Authority
Delaware County
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Cash received from community development charges	\$ 240,586	\$ 235,150
Cash payments for financial management services	(7,436)	(24,000)
Cash payments for legal fees	(10,242)	(11,504)
Cash payments for audit fees	(1,040)	(4,324)
Cash payments for insurance	(2,327)	(2,301)
Cash payments for other expenses	(498)	(1,429)
Cash payments for board meeting expense	-	(400)
Net Cash Provided by Operating Activities	<u>219,043</u>	<u>191,192</u>
Cash Flows From Investing Activities		
Cash received from interest and dividends	92	74
Net Cash Provided by Investing Activities	<u>92</u>	<u>74</u>
Cash Flows From Capital and Related Financing Activities		
Payment of bond principal	(100,000)	(95,000)
Payment of interest on intergovernment debt	(80,134)	(82,034)
Net Cash Used in Capital and Related Financing Activities	<u>(180,134)</u>	<u>(177,034)</u>
Net Change in Cash	39,001	14,232
Cash, Beginning of year	198,292	184,060
Cash, End of year	<u>\$ 237,293</u>	<u>\$ 198,292</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 216,746	\$ 190,263
Adjustments to Reconcile Operating Income to Net Cash Provided by Operations:		
Change in delinquent community development charges	525	296
Change in accounts payable	1,772	633
Net Cash Provided by Operating Activities	<u>\$ 219,043</u>	<u>\$ 191,192</u>
Schedule of Non-Cash Transactions		
Capital assets constructed on account	\$ 960,705	\$ -

See notes to the financial statements.

**Powell Community Infrastructure
Financing Authority
Delaware County
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

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. 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 authority 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.

By law, the Authority is governed by a seven (7) member board of trustees. During the years ended December 31, 2014 and 2013 only four (4) board positions were filled. At inception, the Board of County Commissioners of Delaware County appointed four (4) of the trustees and the remaining three (3) trustees were appointed by the Developer. All appointed trustees have since been replaced by elected citizen members who are residents of the community authority.

The community authority was initially comprised of approximately 52 acres of land located in the City of Powell (the City), Delaware County, Ohio. The 52 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 two (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.

On February 21, 2014, the Developer filed an Application to Amend the Petition to Establish the Authority (the "Application") to add certain parcels of real estate owned by Epcon Sawmill, LLC (Epcon) and The Reserve at Scioto Glenn, LLC (The Reserve). On April 7, 2014, The County Commissioners approved the Application pursuant to its Resolution No. 14-388. This amendment increased the Community Authority acreage from 52 acres to 125 acres.

The Epcon property is approximately 3 acres. The land is generally bound by Gray Oaks Drive to the north, Sawmill Road to the west and Winter Hill Place to the east. The plan is to develop a residential development consisting of 23 units of single family housing.

The Reserve at Scioto Glenn property is approximately 70 acres. The land is generally bound by farmland to the south, Home Road to the north, Scioto Reserve Subdivision to the west and Steitz Road to the east. The plan is to develop a residential development consisting of

**Powell Community Infrastructure
Financing Authority
Delaware County
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

NOTE 1 - REPORTING ENTITY - CONTINUED

approximately 119 units of single family housing. Construction began in 2014. The project includes the construction of a sanitary sewer, water and storm sewer, earthwork, pavement, sidewalks and curbing.

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 Authority. 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.

A. Basis of Presentation

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

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 position. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the Authority finances and meets its cash flow needs.

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.

**Powell Community Infrastructure
Financing Authority
Delaware County
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Cash and Investments

Amounts on deposit in a checking account with Huntington National Bank and investments with an original maturity of three (3) 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 (3) 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 to other governments upon acquisition/completion.

E. Net Position

Net position represents the difference between assets, liabilities and deferred inflows of resources. Net position is 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 positions are available. The Authority did not have any restricted net position at fiscal years end 2014 and 2013.

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.

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.

**Powell Community Infrastructure
Financing Authority
Delaware County
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Subsequent Events

The Authority has evaluated subsequent events for potential recognition and/or disclosures through the date of the auditor's opinion on the financial statements.

NOTE 3 - ACCUMULATED DEFICIT OF NET POSITION

At December 31, 2014 and 2013, the Authority has an accumulated deficit of net position of \$2,705,005 and \$2,841,876, 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 incurs the costs of constructing community facilities. The titles to these assets have or 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 (3) 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 Trustee has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, 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 passbook accounts.

State statutes permits interim monies to be deposited or invested in a variety of securities and investments including US 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.

**Powell Community Infrastructure
Financing Authority
Delaware County
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

NOTE 4 - DEPOSITS AND INVESTMENTS - CONTINUED

Statement No. 3 as amended by Statement No. 40 of the Governmental Accounting Standards Board requires the Authority to disclose essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure.

Deposits

Custodial Credit Risk – Deposits. The carrying amount of the Authority's deposits at December 31, 2014 and 2013 were \$282 and \$532, respectively. The bank balances were the same as the carrying values for both years. 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 2014 and 2013 in excess of the FDIC insurance levels.

Investments

The Authority's only investments consisted of money market funds. At fiscal years ended 2014 and 2013, the Authority's investment balances were \$237,011 and \$197,760, respectively. These amounts are considered cash equivalents and are reflected as cash on the statements of net position.

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 withdrawable 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 authority. The charge is currently levied at 10.25 mills. Community development charge revenue represents the amount levied and paid during the current year.

Charge assessments are levied in December. 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 based on the County Auditor's appraisal, lot values, or a calculated cost for occupied homes that have not yet been appraised by the Delaware County Auditor. Amounts assessed and due but not collected, are reflected as both a receivable and a deferred inflow of resources on the statement of net position. For the years ended December 31, 2014 and 2013, the amount recorded was \$246,036 and \$239,984, respectively.

**Powell Community Infrastructure
Financing Authority
Delaware County
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

NOTE 6 - RECEIVABLES

Receivables at December 31, 2014 and 2013 consisted of community development charges. All receivables are considered collectible in full within one year.

NOTE 7 – CONSTRUCTION-IN-PROGRESS

Construction-in-progress consists of costs incurred to construct community facilities at The Scioto Reserve Glen. See Note 8 - Capital Assets. The accumulation of costs includes the following components at December 31:

	<u>2014</u>	<u>2013</u>	
Plant Construction Costs	\$ 1,380,051	\$	0
Capitalized Interest	6,258		0
Construction Management Costs	<u>0</u>		<u>0</u>
	<u>\$ 1,386,309</u>		<u>\$ 0</u>

NOTE 8 – CAPITAL ASSETS

Construction began in 2014 on The Reserve Scioto Glenn project. The project consists of the construction of a water line and sanitary sewers; the replacement of pumps, control systems and electrical panels in an existing pump station; the construction of a storm sewer to create a sub-base for public streets in The Reserve at Scioto Glenn and a storm basin for the public storm system; and the installation of pavement for curb and gutter for public streets and to create sidewalks.

The capital assets at December 31, 2014 represent the cost to construct the community facilities at The Scioto Reserve Glen, including accrued interest carrying cost during construction.

2014	Balance January 1	Additions	Reductions	Balance December 31
Construction in Progress	\$0	\$1,386,309	\$0	\$1,386,309
Total Non-Depreciable Capital Assets	\$0	\$1,386,309	\$0	\$1,386,309

2013	Balance January 1	Additions	Reductions	Balance December 31
Construction in Progress	\$0	\$0	\$0	\$0
Total Non-Depreciable Capital Assets	\$0	\$0	\$0	\$0

**Powell Community Infrastructure
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NOTE 9 – RISK POOL MEMBERSHIP

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 50% (50% effective November 1, 2012, 41.5% effective November 1, 2011 and 40% effective November 1, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 767 members as of December 31, 2013 and 2012 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012. You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

	<u>2013</u>	<u>2012</u>
Assets	\$13,774,304	\$13,100,381
Liabilities	<u>(7,968,395)</u>	<u>(6,687,193)</u>
Members' Equity	<u>\$ 5,805,909</u>	<u>\$ 6,413,188</u>

**Powell Community Infrastructure
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Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

NOTE 10 - LONG-TERM OBLIGATIONS

The Authority's long-term obligation activity for the years ended December 31, 2014 and 2013 was as follows:

Community Facilities Development Revenue Bond, Series 2014B

Community Facilities Development Revenue Bond – Series 2014B	Balance January 1	Additions	Reductions	Balance December 31
Year:				
2013	-	-	-	-
2014	-	\$385,798	-	\$385,798

On August 25, 2014, the Authority issued a \$2,000,000 Community Facilities Development Revenue Bond. The purpose is to provide funds to acquire and construct community facilities and to acquire and develop land in connection with The Reserve at Scioto Glenn. The bond has an interest rate of 7.59%. Metro Development LLC is the registered owner of the bond.

The proceeds of the bond will be used to construct a water line and sanitary sewers, to replace pumps, control systems and electrical panels in an existing pump station, to construct a storm sewer, to create sub-base for public streets in The Reserve at Scioto Glenn and a storm basin for the public storm system, to install pavement for curb and gutter for public streets and to create sidewalks. The community development charges, not to exceed 8.25 mills, are pledged for repayment. The financing Authority expects that all of the debt service on the notes will be paid from these revenues.

The fixed rate bond is subject to optional redemption in whole on any date occurring on or after December 1, 2028, at a redemption price equal to 103% of the principal amount being redeemed plus interest accrued to the redemption date.

NOTE 11 - INTERGOVERNMENTAL DEBT

Infrastructure Acquisition Bonds, Series 2012	Balance January 1	Additions	Reductions	Balance December 31
Year:				
2013	\$3,130,000	-	\$95,000	\$3,035,000
2014	\$3,035,000	-	\$100,000	\$2,935,000

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 of which the Powell Community Infrastructure Financing Authority utilized \$3,130,000 to retire its two outstanding notes (Series 2002 and 2005), as mentioned above. The balance of the issue was assumed by the Liberty Community Infrastructure Financing Authority.

**Powell Community Infrastructure
Financing Authority
Delaware County
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013**

NOTE 11 - INTERGOVERNMENTAL DEBT - CONTINUED

Of the total \$9,915,000 issue, approximately 26% or \$2,600,000 of the issue consists of a 10-year Serial Bond with an average effective interest rate of approximately 3.2% and payable by 2022. The balance of the issue totaling \$7,315,000 consist 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 redemptions 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.

The annual principal payments for the Authority's portion of the Bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$105,000	\$77,661	\$182,661
2016	105,000	75,561	180,561
2017	110,000	73,461	183,461
2018	110,000	71,261	181,261
2019	115,000	69,061	184,061
2020-2024	595,000	310,205	905,205
2025-2029	675,000	236,244	911,244
2030-2034	775,000	133,605	908,605
2035-2036	<u>345,000</u>	<u>17,680</u>	<u>362,680</u>
Total	<u>\$2,935,000</u>	<u>\$1,064,739</u>	<u>\$3,999,739</u>

NOTE 12- CONTINGENT LIABILITIES

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
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Powell 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 Powell Community Infrastructure Financing Authority, Delaware County, Ohio, (the Authority) as of and for the years ended December 31, 2014 and December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 29, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
Gahanna, Ohio

June 29, 2015

POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material Weakness – Financial Reporting	Yes	

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Dave Yost • 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
SEPTEMBER 1, 2015**