

**POWELL COMMUNITY
INFRASTRUCTURE FINANCING AUTHORITY**
Delaware County

Financial Statements and
Independent Accountants' Reports

For the Fiscal Years Ended
December 31, 2010 and 2009





Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Powell Community Infrastructure Financing Authority, Delaware County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2009 through December 31, 2010. 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 "Robert R. Hinkle".

Robert R. Hinkle, CPA
Chief Deputy Auditor

June 30, 2011

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**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Powell Community Infrastructure Financing Authority

We have audited the accompanying basic financial statements of the Powell Community Infrastructure Financing Authority (the Authority), as of and for the years ended December 31, 2010 and December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Powell Community Infrastructure Financing Authority, as of December 31, 2010 and December 31, 2009, and the changes in its financial position and its 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 June 2, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include a *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



Kennedy Cottrell Richards LLC
June 2, 2011

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2010 AND 2009
(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, 2010 and 2009. 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. Net Assets at December 31, 2010 totaled a negative \$2,923,416. The negative Net Asset balance is caused by the costs incurred for capital assets acquired and improved, which were donated upon completion.
3. The Authority's debt decreased in fiscal year 2010 by \$ 67,790 and decreased in fiscal year 2009 by \$32,033. 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 6 and 7 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 8 of this report.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2010 AND 2009
(UNAUDITED)
(Continued)**

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 2010, 2009 and 2008.

TABLE 1

Net Assets

	2010	2009	2008
Current and other assets	\$ 387,742	\$ 381,458	\$ 383,823
Total Assets	<u>387,742</u>	<u>381,458</u>	<u>383,823</u>
Current liabilities	149,585	153,162	182,198
Long-term liabilities	3,161,573	3,229,363	3,261,396
Total Liabilities	<u>3,311,158</u>	<u>3,382,525</u>	<u>3,443,594</u>
Net Assets:			
Unrestricted- (Deficit)	(2,923,416)	(3,001,067)	(3,059,771)
Total Net Assets	<u>\$ (2,923,416)</u>	<u>\$ (3,001,067)</u>	<u>\$ (3,059,771)</u>

Net Assets: Net assets represent the difference between assets and liabilities. The Authority had net assets of negative \$2,923,416 in 2010 and a negative \$3,000,813 in 2009

Table 2 reflects the changes in net assets for fiscal years 2010, 2009, and 2008.

TABLE 2

Changes in Net Assets

	2010	2009	2008
Operating Revenues:			
Community Development Income	\$ 246,618	\$ 247,756	\$ 260,120
Total Operating Revenues	<u>246,618</u>	<u>247,756</u>	<u>260,120</u>
Operating Expenses:			
Treasurer Office Expense	-	308	-
Financial Management Services	10,919	11,031	11,445
Legal Fees	5,681	6,274	3,552
Auditor Expense	-	15,060	-
Bank Fees	262	379	-
Insurance	2,564	2,764	2,688
Other Expenses	117	110	703
Board Meeting Expense	700	200	350
Total Operating Expenses	<u>20,243</u>	<u>36,126</u>	<u>18,738</u>
Operating Income	226,375	211,630	241,382

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2010 AND 2009
(UNAUDITED)
(Continued)**

TABLE 2
Changes in Net Assets - Continued

	2010	2009	2008
Non-Operating Revenues (Expenses):			
Dividend Income	32	237	3,577
Interest Expense	(149,010)	(152,909)	(180,498)
Total Non-Operating Loss	(148,978)	(152,672)	(176,921)
Change in net assets	77,397	58,958	64,461
Net assets, beginning	(3,000,813)	(3,059,771)	(3,124,232)
Net assets, ending	<u>\$ (2,923,416)</u>	<u>\$ (3,000,813)</u>	<u>\$ (3,059,771)</u>

Change in Net Assets: The Authority had an increase in net assets in 2010, 2009 and 2008. An increase in net assets occurred in each year even though there has been a year over year decline in community development charge revenues. Operating revenues decreased by \$1,138 in 2010 and \$12,364 in 2009. The reduction in community development charge revenues is attributed to the declining real estate values and property owners requesting revisions to their property's assessed value. However, reductions in revenues have been offset to a large degree by the reduction in interest expenses on the developer bonds. Accordingly, the Authority's interest expense cost decreased by \$3,899 in 2010 and by \$27,589 in 2009. Future interest cost is dependent on the BMA index which for the 2010 and 2009 had yearly average rates of approximately .265% and .40%, respectively.

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 asset. The Community Development Charge is calculated on thirty-five percent of the assessed 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

All infrastructure assets have been transferred to the City of Powell and the Authority has no other capital assets.

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.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2010 AND 2009
(UNAUDITED)
(Continued)**

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 sites has been developed.

Contacting Authority's Financial Management

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

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**STATEMENTS OF NET ASSETS
AS OF DECEMBER 31, 2010 AND 2009**

	Dec 31, 10	Dec 31, 09
ASSETS		
Current Assets		
Checking/Savings		
1001 · Huntington National Bank #1483	\$ 199	\$ 195
1030 · Cash Aim Fund-Comm Dev. #1319H	2	29,899
1032 · Cash Aim Fund-O&M #1317H	230,634	197,159
1034 · Cash Aim Fund-Comm.Dev.#1378H	23,758	23,527
Total Checking/Savings	254,593	250,780
Other Current Assets		
1210 · A/R Community Development Charge	133,149	130,678
	387,742	381,458
TOTAL ASSETS	\$ 387,742	\$ 381,458
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
2000 · Accounts Payable	\$ 575	\$ -
2600 · Accrued Interest on ECA	132,148	135,173
2610 · Accrued interest on Traditions	16,862	17,735
Total Current Liabilities	149,585	152,908
Long Term Liabilities		
2500 · Note Payable ECA	2,644,267	2,706,267
2510 · Note Payable Traditions	517,306	523,096
Total Long Term Liabilities	3,161,573	3,229,363
Total Liabilities	3,311,158	3,382,271
Net Assets		
Unrestricted	(2,923,416)	(3,000,813)
Total Net Assets	\$ (2,923,416)	\$ (3,000,813)

See Notes to the Financial Statements

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	Jan - Dec 10	Jan - Dec 09
Operating Revenue		
Operating Revenues		
4000 · Community Development Income	\$ 246,618	\$ 247,756
Total Operating Revenues	246,618	247,756
Operating Expense		
5100 · Treasurer Office expense	-	308
5102 · Financial Management Services	10,919	11,031
5105 · Legal Fees	5,681	6,274
5110 · Auditor Expense	-	15,060
5117 · Bank Fees	262	379
5125 · Insurance	2,564	2,764
5135 · Other expenses	117	110
5150 · Board Meeting Expense	700	200
Total Operating Expense	20,243	36,126
Operating Income	226,375	211,630
Non-Operating Income (Expense)		
Other Income		
9020 · Dividend Income	32	237
Other Expense		
Interest Expense	(149,010)	(152,909)
Total Non-Operating Revenue (Expense)	(148,978)	(152,672)
Change in Net Assets	77,397	58,958
Beginning Net Assets	(3,000,813)	(3,059,771)
Ending Net Assets	\$ (2,923,416)	\$ (3,000,813)

See Notes to Financial Statements

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	Jan - Dec 10	Jan - Dec 09
Cash Flows From Operating Activities		
Cash Received From Community Development Charges	\$ 244,148	247,821
Cash Payments for Financial Management Services	(10,344)	(12,731)
Cash Payments for Legal Fees	(5,681)	(6,274)
Cash Payments for Audit Fees	-	(15,060)
Cash Payments for Insurance	(2,564)	(2,764)
Cash Payments for Other Expenses	(379)	(798)
Cash Payments for Board Meeting Expense	(700)	(200)
Net Cash Provided by Operating Activities	224,480	209,994
 Cash Flows from Investing Activities		
Cash Received from Interest and Dividends	32	237
 Cash Flows from Financing Activities		
Payment of Bond Principal	(67,790)	(40,000)
Payment of ECA Bond Interest	(135,173)	(153,987)
Payment of Tradition Bond Interest	(17,736)	(18,544)
Net Cash Used in Financing Activities	(220,699)	(212,531)
 Net Increase in Cash	3,813	(2,300)
 Cash, Beginning of year	250,780	253,080
Cash, End of year	\$ 254,593	\$ 250,780
 Reconciliation of Operating Gain to Net Cash Provided by Operating Activities		
Operating Income	\$ 226,375	\$ 211,630
 Adjustments to reconcile Net Income to net cash provided by operations:		
Increase/(Increase) in Community Development A/R	(2,470)	64
Increase in Accounts Payable	575	(1,700)
 Net cash provided by Operating Activities	\$ 224,480	\$ 209,994

See Notes to the Financial Statements

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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 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.

The Authority is required to be governed by a seven member board of trustees; however, the Authority's board of trustee only had four members in 2010 and three members in 2009, due to not being able to fill the vacant positions. 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 who are residence of the community authority.

The new community authority 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 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. 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. The Authority has elected not to follow FASB guidance issued after November 30, 1989.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

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 to other governments upon acquisition/completion.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2010 and 2009.

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.

NOTE 3 - ACCUMULATED DEFICIT OF NET ASSETS

At December 31, 2010 and 2009, the Authority has an accumulated deficit of net assets of \$2,923,416 and \$3,000,813, 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 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 withdraw able on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 - DEPOSITS AND INVESTMENTS - CONTINUED

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio.
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreement secured by such obligation, provided that investments in securities described in this division are made only through eligible instructions.
6. The State Treasurer's investment pool (STAR Ohio).

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

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

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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. In the case of deposits, this is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The 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 2010 and 2009 in excess of the FDIC insurance levels.

Investments

The Authority's only investments consisted of money market funds. At fiscal years ended 2010 and 2009, the Authority's investment balances were \$254,394 and \$250,585, 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 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. 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, 2010 and 2009 consisted of community development charges. All receivables are considered collectible in full within one year.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 7 – CAPITAL ASSETS

There were no capital assets for the years ending December 31, 2010 and 2009.

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 coverage, 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, 2010 and 2009 was as follows:

Community Facilities Adjustable Rate Note, Series 2002

Community Facilities Adjustable Rate Note – Series 2002	Balance January 1	Additions	Reductions	Balance December 31
Year:				
2009	\$2,746,267	\$0	\$40,000	\$2,706,267
2010	\$2,706,267	\$0	\$62,000	\$2,644,267

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.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 9 - LONG-TERM OBLIGATIONS - CONTINUED

The community development charges are pledged for repayment. The 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 Authority and Developer required the Authority to "draw" from the principal of the note by delivering to the Developer a "Drawing Certificate." The Developer was then 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.

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 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:				
2009	\$515,129	\$7,967	\$0	\$523,096
2010	\$523,096	\$0	\$5,790	\$517,306

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, to acquire and develop land in connection with the same Community Facilities, and to pay associated financing costs. Cheryl Kenney is the registered owner of the notes.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 9 - LONG-TERM OBLIGATIONS - CONTINUED

The proceeds of the notes were used to extend a water line, to provide storm water 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 Authority expects that all of the debt service on the notes will be paid from these revenues.

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 three percent (3 %) or greater 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 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).

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.

**POWELL COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 11 - RELATED PARTY – CONTINUED

On January 16, 2002, the Authority issued \$2,500,000 in Community Facilities Adjustable Rate Bonds, Series 2002, 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 amount outstanding as of December 31, 2010 and 2009 was \$2,706,267 and \$2,644,267, respectively, reported as a note payable on the Authority's balance sheet. During 2010, the Authority made principal and interest payments of \$62,000 and \$135,173. During 2009, the Authority made principal and interest payments of \$40,000 and \$153,987.

On June 17, 2005, the Authority issued \$523,096 in Community Facilities Adjustable Rate Notes, for the purpose of providing funds to acquire and construct Community Facilities, to acquire and develop land in connection with Community Facilities, and to pay associated financing costs. Donald R. Kenney, Sr. was the registered owner of the notes until 2010, at which time the notes were transferred in the name of Cheryl Kenney, the spouse of Donald R. Kenney. The amount outstanding as of December 31, 2010 and 2009 was \$517,306 and \$523,096, respectively, reported as a note payable on the Authority's balance sheet. During 2010, the Authority made principal and interest payments of \$5,790 and \$17,737. During 2009, the Authority made principal and interest payments of \$0 and \$18,544.

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Powell Community Infrastructure Financing Authority

We have audited the financial statements of Powell Community Infrastructure Financing Authority (the Authority), as of and for the years ended December 31, 2010 and December 31, 2009, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We intend this report solely for the information and use of management, audit committee, and the Board of Trustees. We intend it for no one other than these specified parties.



Kennedy Cottrell Richards LLC
June 2, 2011

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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
JULY 14, 2011**