CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008-2007

Mary Taylor, CPA
Auditor of State

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Central Ohio Community Improvement Corporation
946 Parsons Avenue
P.O. Box 6355
Columbus, Ohio 43206

To the Board of Directors:

We have audited the accompanying basic financial statements of the Central Ohio Community Improvement Corporation, Franklin County, Ohio (the Corporation) as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Corporation'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 that 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 Central Ohio Community Improvement Corporation, Franklin County, Ohio, as of December 31, 2008 and 2007, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 11 to the financial statements, the Corporation experienced certain financial difficulties during the year.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2010, on our consideration of the Corporation'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.

The Management Discussion and Analysis letter is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 31, 2010

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED)

This discussion and analysis, along with the accompanying financial report, of the Central Ohio Community Improvement Corporation ("COCIC") is designed to provide our Board Members, creditors and other interested parties with a general overview of the Corporation and its financial activities.

FINANCIAL HIGHLIGHTS – 2008

The total assets of the COCIC at the end of 2008 were $2,705,176, a 44% increase over the end of 2007. The primary cause for the increase was the increased Golf Course Project Cost – Construction of $1,026,565 associated with the construction of the golf facility at the Central Park of Gahanna project. Correspondingly, the "Notes Payable ENB – Golf Project" balance was $1,629,771 at December 31, 2008 where there had been no outstanding balance at the end of 2007. The Cash position of COCIC declined from $415,942 at the end of 2007 to $358,797 at the end of 2008 due to general operating expenses.

FINANCIAL HIGHLIGHTS - 2007

The total assets of the COCIC at the beginning of fiscal year 2007 were $8,385,778 and the assets at December 31, 2007 were $1,884,578, a 77% decrease over the end of 2006. The primary cause of this reduction was the sale of land (Sale Land) from the COCIC to Value Recovery Group II, LLC ("VRG II") on November 21, 2007. The purchase price of the Sale Land from VRG II was the assumption of $5,926,295 of notes payable of the COCIC to Eaton National Bank, Westfield Bank and the Huntington Banks; a write down of amounts owed to VRG II by the COCIC of $1,861,551; cash paid to the COCIC of $403,053; and five percent (5.0%) of the sale price VRG II receives from the future sale of the Sale Land to third parties. The "Capital Assets Held for Resale" were reduced by $7,469,752 which was the environmentally unimpaired land held for resale. The Cash position of the COCIC was $64,071 at January 1, 2007 which rose to $415,942 at December 31, 2007.

NET ASSETS COMPARISON

Table 1 summarizes the Comparison of the Net Assets of the Corporation

	2008	2007	2006
Assets			
Current Assets	485,637	517,498	222,934
Total Noncurrent Assets	2,219,539	1,367,080	8,162,844
Total Assets	2,705,176	1,884,578	8,385,778
Liabilities			
Current Liabilities:	2,057,475	2,211,128	10,770,219
Long-Term Liabilities	2,436,263	2,750,566	2,500,000
Total Liabilities	4,493,738	4,961,694	13,270,219
Total Net Assets	(1,788,562)	(3,077,116)	(4,884,441)

In the first quarter of 2007, the former Parker Marathon gas station located in Canal Winchester was transferred to COCIC for no consideration following a foreclosure action by the County Prosecutor. That property is valued at $75,000 and remained in ownership of the COCIC at the end of 2008. On April 16, 2008, the COCIC acquired land assets in Prairie Township through transfer valued at $80,200 to the COCIC from Franklin County with no required cash payment.

The receipt of Grants was the primary cause for reduction of Total Liabilities and Net Assets from $4,961,694 and $(3,077,116), respectively on December 31, 2007 to $4,493,738 and $(1,788,562), respectively on December 31, 2008. The decrease in 2008 was offset by Eaton National Bank loan balance of $1,629,771, all of which was incurred in 2008.

The receipt of Grants and Sale of Assets were the primary reasons for the reduction of Total Liabilities and Net Assets from $13,270,219 and $(4,884,441), respectively on December 31, 2006 to $4,961,694 and $(3,077,116), respectively on December 31, 2007.

The increase in Noncurrent Assets in 2008 was primarily due to the increase of $1,026,565 in the value of the project due to construction of the golf course facilities.

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
Table 2 summarizes the Statement of Revenues, Expenses and Change in Net Assets.

	2008	2007	2006
Operating Expenses			
Total Operating Expenses	195,962	695,726	331,207
Operating Loss	(195,962)	(695,726)	(331,207)
Total Non-Operating Revenue	1,442,027	3,015,650	1,146,553
Non-Operating Expenses			
Total Non-Operating Expenses	37,711	587,599	509,894
Gain before Contributions			
Capital Contributions	80,200	75,000	6,400
Change in Net Assets	1,288,554	1,807,325	311,852
Net Assets Beginning of Year	(3,077,116)	(4,884,441)	(5,196,293)
Net Assets End of Year	(1,788,562)	(3,077,116)	(4,884,441)

Operating expenses increased in 2007 primarily due to the change in estimate of landfill closure cost from calendar year 2006 of $307,198. Operating expenses decreased in 2008 due to the absence of the change in estimate and decrease in general operating activity.

Those revenues decreased in 2008 because of a reduction in CORF grant funds, an award of an AEP grant and the sale to VRG II was a one-time occurrence. However, these decreases were partially off-set by a further decrease in the closure liability because of the final closure of the landfill.

The increase in Non-Operating Revenue in 2007 was due to an increase in the CORF grant, an EPA grant award and revenue in 2007 from the sale of land to VRG II for which COCIC received cash and loan forgiveness.

The only Non-Operating Expenses were interest which were incurred in connection with the landfill construction and were decreased in 2008 due to the forgiveness of the loans from VRG II in connection with the sale of land.

The Capital Contribution in 2007 was the Parker Marathon land donated by Franklin County and the Transfer of Assets by Prairie Township in 2008.

STATEMENT OF CASH FLOWS

Table 3 summarizes the Cash Flows of the Corporation.

	2008	2007	2006
Increase (Decrease) in Cash and Cash Equivalents			
Net Cash Used for Operating Activities	(2,147,023)	(2,342,155)	(1,516,072)
Net Cash Provided by Non-Capital Financing Activities	1,479,528	2,290,973	1,360,348
Cash Flows from Capital and Related Financing Activities			
Net Cash Provided (Used for) Capital and Related Financing Activities	610,350	403,053	(102,568)
Net Increase in Cash and Cash Equivalents	(57,145)	351,871	(258,292)
Cash and Cash Equivalents Beginning of Year	$ 415,942	64,071	322,363
Cash and Cash Equivalents End of Year	358,797	415,942	64,071
Reconciliation of Operating Loss to Net Cash Used for Operating Activities			
Operating Loss	$ (195,962)	$ (695,726)	$ (331,207)
Adjustments	(1,951,061)	(1,646,429)	(1,184,865)
Net Cash Used for Operating Activites	$ (2,147,023)	$ (2,342,155)	$ (1,516,072)

In 2008, the largest Cash Flow from Non-Capital Financing Activities was from CORF grants. The Cash Flows from Capital and Related Financing Activities resulted from debt used to buy Capital Assets offset by the purchase of Golf Course assets. The Reconciliation of Operating Loss to Net Cash Used for Operating Activities was achieved mostly by the decrease in landfill liabilities.

In 2007, the Cash Flows from Non-Capital Financing Activities resulted almost entirely from CORF grants. The Cash Flows from Capital and Related Financing Activities resulted from the sale of Capital Assets Held for Resale. The Reconciliation of Operating Loss to Net Cash Used for Operating Activities was achieved mostly by the decrease in landfill liabilities.

CAPITAL ASSETS

Table 4 summarizes the Capital Assets of the Corporation.

	2008	2007	2006
Land	1,192,849	1,112,649	1,031,249
Golf Course Project Cost- Construction	1,026,565	254,306	-
Capital Assets Held for Resale	-	-	7,131,470
Total Capital Assets	2,219,414	1,366,955	8,162,719

The Corporation had $7,131,470 invested in real estate held for resale in 2006. All of that real estate was sold to VRG II resulting in a net decrease in Capital Assets of that amount. Golf Course construction proceeded as planned in 2007 and 2008 and Capital Assets increased, respectively.

DEBT

Table 5 summarizes the long term debt of the Corporation.
The Corporation incurred no long term debt for Golf Course construction.

	2008	2007	2006
Landfill Closure and Post Closure Care Liability	2,436,263	2,750,566	5,776,295

The Corporation reduced long term debt from 2006 to 2007 by incurring landfill closure expenses and again in 2008.

BUDGET

Pursuant to the Board financial policies, the corporation prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a forecast of revenues and expenditures. The Corporation will from time to time adopt budget revisions as necessary but required by law.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Hamilton J. Teaford, Executive Director, Central Ohio Community Improvement Corporation, P.O. Box 6355, Columbus, OH 43206.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENT OF NET ASSETS
AT DECEMBER 31, 2008 AND 2007

	2008	2007
Assets		
Current Assets		
Cash and Cash Equivalents	$ 358,797	$ 415,942
Prepaid items	126,840	101,556
Total Current Assets	485,637	517,498
Noncurrent Assets:		
Organization Costs	125	125
Capital assets:		
Land	1,192,849	1,112,649
Golf Course Project Cost - Construction	1,026,565	254,306
Total Noncurrent Assets	2,219,539	1,367,080
Total Assets	2,705,176	1,884,578
Liabilities		
Current Liabilities:		
Accounts Payable	111,101	42,991
Amounts Owed to VRG II	-	224,306
Real Estate Taxes Payable	2,300	4,169
Landfill Closure and Post Closure Care Liability	314,303	1,939,662
Notes Payable	1,629,771	-
Total Current Liabilities	2,057,475	2,211,128
Long-Term Liabilities		
Landfill Closure and Post Closure Care Liability	2,436,263	2,750,566
Total Long-Term Liabilities	2,436,263	2,750,566
Total Liabilities	4,493,738	4,961,694
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,192,849	1,112,649
Unrestricted	(2,981,411)	(4,189,765)
Total Net Assets	$ (1,788,562)	$ (3,077,116)

See accompanying notes to the basic financial statements.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENT OF REVENUES,
EXPENSES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Operating Expenses		
Advertising Expense	$ 30,625	$ 3,120
Insurance Expense	64,311	204,303
Closing Fees	-	3,650
Legal and Professional Expense	92,852	48,746
Maintenance and Repairs Expense	3,805	1,045
Meeting Expense	312	-
Utilities Expense	274	-
Real Estate Taxes Expense	-	25,913
Other Landfill Expense	-	82,202
Other Expense	614	-
Landfill Cost Incurred	-	307,198
Survey Costs	3,169	19,549
Total Operating Expenses	195,962	695,726
Operating Loss	(195,962)	(695,726)
Non-Operating Revenue		
Gain on Sale of Capital Assets Held for Resale	-	727,548
CORF Reimbursement	941,427	2,065,224
Other Grants Receipts	500,000	201,160
Rent Income	600	21,718
Total Non-Operating Revenue	1,442,027	3,015,650
Non-Operating Expenses		
Interest	37,711	587,599
Total Non-Operating Expenses	37,711	587,599
Gain before Contributions	1,208,354	1,732,325
Capital Contribution	80,200	75,000
Change in Net Assets	1,288,554	1,807,325
Net Assets (Deficit) Beginning of Year	$ (3,077,116)	(4,884,441)
Net Assets (Deficit) End of Year	$ (1,788,562)	$ (3,077,116)

See accompanying notes to the basic financial statements.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Increase (Decrease) in Cash and Cash Equivalents		
Operating Cash Payments	$ (2,147,023)	$ (2,342,155)
Net Cash Used for Operating Activities	(2,147,023)	(2,342,155)
Cash Flows from Non-Capital Financing Activities		
Proceeds from Grants	1,441,428	2,266,384
Rental Proceeds and Fees	38,100	21,718
Line of Credit Loan Proceeds	-	50,000
Interest Paid on Non-Capital Related Debt	-	(47,129)
Net Cash Provided by Non-Capital Financing Activities	1,479,528	2,290,973
Cash Flows from Capital and Related Financing Activities		
Payment for Capital Acquisitions	(981,710)	-
Proceeds from Sale of Land	-	403,053
Capital Related Note Proceeds for Purchase of Golf Course Assets	1,629,771	-
Interest Paid on Capital Related Debt	(37,711)	-
Net Cash (Used for) Capital and Related Financing Activities	610,350	403,053
Net Increase (Decrease) in Cash and Cash Equivalents	(57,145)	351,871
Cash and Cash Equivalents Beginning of Year	$ 415,942	64,071
Cash and Cash Equivalents End of Year	358,797	415,942
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating Loss	$ (195,962)	$ (695,726)
(Increase) decrease in assets:		
Prepaid items	(25,284)	57,307
Increase (decrease) in liabilities:		
Amounts Owed to VRG II	-	278,899
RE Taxes Payable	(39,370)	(4,005)
Accounts Payable	31,644	12,990
Landfill Closure and Post Closure Care Liability	(1,918,051)	(1,991,620)
Net Cash Used for Operating Activites	$ (2,147,023)	$ (2,342,155)

Non-Cash Transactions:

The following table represents the amount of total liabilities assumed by VRG II as a result of the Sale of Capital Assets Held for Resale on November 21, 2007. All of which were used for normal operating activities. Of the $1,927,680 in amounts owed to VRG 2 below, $614,736 were obligations from fiscal year 2006. In addtion, Franklin County donated property with a fair market of $75,000 in 2007 and $80,200 in 2008.

Line of Credit Payable	150,000
Notes Payable	5,662,500
Amounts owed to VRG II	1,927,680
Taxes Payable	47,666
Total liabilities assumed by VRG II	7,787,846

See accompanying notes to the basic financial statements.

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NOTE 1 – DESCRIPTION OF REPORTING ENTITY

The Central Ohio Community Improvement Corporation (the COCIC) is a nonprofit corporation established on May 9, 2005 pursuant to Ohio Revised Code Chapter 1724 to assist in economic development of nonproductive and distressed properties in Franklin County. A seven member Board of Directors has been established for oversight of the operations. The COCIC's management believes the financial statements present all activities for which the COCIC is financially accountable.

Reporting Entity
The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the COCIC are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the COCIC. For the COCIC, there are no other boards and agencies other than the COCIC. Component units are legally separate organizations for which the COCIC is financially accountable. The COCIC is financially accountable for an organization if the COCIC appoints a voting majority of the organization's governing board and (1) the COCIC is able to significantly influence the programs or services performed or provided by the organization; or (2) the COCIC is legally entitled to or can otherwise access the organization's resources; the COCIC is legally obligated to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the COCIC is obligated for the debt of the organization. Component units may also include organizations for which the COCIC approves the budget, the issuance of debt or levying of taxes. The Poindexter Community Renaissance LLC is a blended component unit of the COCIC. The COCIC's Board is the same as the Poindexter Community Renaissance LLC Board. The Poindexter Community Renaissance LLC had no financial activity during 2008 and 2007.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the COCIC have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The COCIC also applies all FASB pronouncements issued on or before November 30, 1989 provided they do not conflict with or contradict GASB pronouncements. The more significant of the COCIC's accounting policies are described below.

1. Basis of Presentation

The COCIC's financial statements consist of the statement of net assets, statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

The COCIC uses enterprise accounting to maintain its financial records during the year. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Enterprise accounting is used to account for any activity for which a fee is charged to external users for goods or services.

2. Measurement Focus and Basis of Accounting

The COCIC's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the statement of net assets. The operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Measurement Focus and Basis of Accounting (Continued)

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The COCIC uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

3. Cash and Cash Equivalents

All monies received by the COCIC are maintained in demand deposit accounts.

4. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current fiscal year, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

5. Deposits

Payments made as earnest deposits on the acquisition of property are recorded as deposits until the property closing at which time they are included in the acquisition price of the capital asset.

6. Capital Assets

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The COCIC has not established a capitalization threshold and currently owns no depreciable assets.

7. Accrued Liabilities and Notes Long-Term Obligations

All payables and other accrued liabilities are reported on the statement of net assets.

8. Capitalization of Land Development Costs

Land and development costs are generally capitalized at the time development begins based on actual costs incurred.

9. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the COCIC. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the COCIC. All revenues and expenses not meeting this definition are reported as nonoperating.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Capital Contributions

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

NOTE 3 - CASH

The COCIC maintains its cash balance in checking accounts. At December 31, 2008 and 2007, the COCIC's carrying values of cash were $358,797 and $415,942, respectively. At December 31, 2008 and 2007, the COCIC's bank balances were $360,547 and $415,942, respectively. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, of the December 31, 2007 bank balance, $315,942 was exposed to custodial credit risk as discussed below, while $360,547 at December 31, 2008 and $100,000 at December 31, 2007 was covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk: is the risk that in the event of bank failure, the COCIC's deposits may not be returned. The COCIC has no policy regarding custodial credit risk. In addition, state law does not require security for public deposits and investments to be maintained in the COCIC's name.

NOTE 4 – CAPITAL ASSETS

The land acquired excluding the landfill is held for development and sale. A number of projects have been planned on the site named "Central Park of Gahanna" that include infrastructure for drainage, road, lighting, common area improvements, etc. At December 31, 2007 all land held for resale had been sold.

Capital asset activity for the year ended December 31, 2007, was as follows:

	12/31/2007	Additions	Deductions	12/31/2008
Capital assets:				
Land (Landfill)	1,031,249	-	-	1,031,249
Other Land	81,400	80,200	-	161,600
Golf Course Project Cost- Construction	254,306	772,259	-	1,026,565
Total Capital Assets	1,366,955	852,459	-	2,219,414
	Balance			Balance
	12/31/2006	Additions	Deductions	12/31/07
Capital assets:				
Land (Landfill)	1,031,249	-	-	1,031,249
Other Land	-	81,400	-	81,400
Golf Course Project Cost- Construction	-	254,306	-	254,306
Capital Assets Held for Resale	7,131,470	338,282	7,469,752	-
Total Capital Assets	8,162,719	673,988	7,469,752	1,366,955

NOTE 4 – CAPITAL ASSETS (Continued)

On March 23, 2007, Franklin County donated the Parker Marathon to the COCIC. The property is valued at $75,000 and on April 16, 2008, the COCIC acquired Prairie Township asset through a transfer valued at $80,200.

In May 2007, the CIC closed on the acquisition of two parcels totaling 2.2 acres for $325,000. This acquisition was funded by VRG II. An additional purchase of $13,282 of Land Held for Resale was added to this account in 2007. Total Capital Assets Held for Resale sold in fiscal year 2007 was $7,463,352, see note 5 below.

NOTE 5 – TRANSACTIONS WITH OTHER GOVERNMENTS AND ASSET MANAGER

On June 28, 2007 the CIC entered into a 20 year ground lease with Tartan Fields Golf Club LLC for the purposes of managing the construction of a golf facility and operating the golf facility for a twenty year period. The ground lease was revised in September 2009 with purchase option and terms being changed.

On November 21, 2007 the COCIC entered into an “Option to Purchase Agreement” granting VRG II the right and option to purchase any portion of or all of the landfill (88.7789 acres) within 10 years following the effective date of the agreement for ten dollars ($10) and “permitted encumbrances” including delinquent taxes of $47,666. The book value of the landfill, excluding the related closure and post closure liability is $1,031,249.

On December 20, 2007 the COCIC sold 126.8218 acres to Value Recovery Group II (VRG II) for $403,053 in cash, along with VRG II assuming outstanding COCIC debts of $7,787,846 and the COCIC will receive up to 5% of the net proceeds from VRG’s subsequent the sale of any properties. In addition, VRG II was assigned COCIC agreements including the Development Agreement with the City of Gahanna and Option Agreements with L&P Properties. The book value of these properties was $7,463,352.

Franklin County transferred two assets to the COCIC during the audit period for $155,200 as indicated in note 4 above.

NOTE 6 – NOTES PAYABLE

Notes payable for the year ended December 31, 2008 and 2007 are summarized below.

	Amount Outstanding 12/31/06	Additions	Deletions	Amount Outstanding 12/31/2007	Amounts Due in One Year
Commercial Notes					
Eaton National Bank (Prime Rate + 1.00%)	$ 2,812,500	$ -	$ (2,812,500)	$ -	$ -
Eaton National Bank (Prime Rate + 1.00%)	2,850,000	-	(2,850,000)	-	-
Insurance Premium Note (8.695%)	113,795	-	(113,795)	-	-
Total Commercial Notes	$ 5,776,295	$ -	$ (5,776,295)	$ -	$ -
Lines of Credit					
Huntington National Bank (6.100%)	$ 100,000	$ 50,000	$ (150,000)	$ -	$ -
Total Lines of Credit	$ 100,000	$ 50,000	$ (150,000)	$ -	$ -
Total Notes Payable	$ 5,876,295	$ 50,000	$ (5,926,295)	$ -	$ -

	Amount Outstanding 12/31/07	Additions	Deletions	Amount Outstanding 12/31/2008	Amounts Due in One Year
Commercial Notes					
Eaton National Bank (Prime Rate + 1.00%)	$ -	$ 1,629,711	$ -	$ 1,629,711	$ -
Total Notes Payable	$ -	$ 1,629,711	$ -	$ 1,629,711	$ -

The 2007 Eaton National Bank notes were paid as part of the sale of land held for resale by the buyers refinancing. The New Eaton National Bank note was signed June 25, 2008 for $2,100,000. The proceeds were for the purpose of purchasing Golf Course Assets.

The Insurance Premium Note was entered into September of 2006 was paid by July 31, 2007. This note was being used to finance General Liability and Environmental Insurance. This liability was assumed in the Land Sale at December 20, 2007.

The Huntington National Bank Line of Credit was opened on December 16, 2006 in the amount of $150,000 and matured on March 15, 2007. During 2007, the Corporation has used the additional $50,000 of this line of credit to pay for general operations of the Corporation. The note was paid by the buyer in the land sale during 2007.

The total long term liabilities assumed by Value Recovery Group II (VRG II) in the land sale December 20, 2007 was $5,926,295.

NOTE 7 – LANDFILL CLOSURE COSTS AND CHANGE IN ESTIMATE

State and federal laws and regulations require the COCIC to place a final cover on its Bedford Landfill and to perform certain maintenance and monitoring functions at the site for thirty years after closure. During 2006, the COCIC began the closure of the landfill. The $2,750,566 and $4,690,228 reported as landfill closure and postclosure care liability at December 31, 2008 and 2007 respectively, represents the remaining estimated cost of closure and postclosure care. Of the liability booked at December 31, 2007, $307,198 was an increase in the estimated cost based on actual contracts. The COCIC was the sub-recipient of a grant from the Central Ohio Remediation Fund (CORF) for $3,730,206. During 2008 and 2007, the COCIC was reimbursed for $2,583,653 from this award. As of 8/26/2009, this amount rose to over $4,000,000. The remaining balance of the liability will be obtained from revenue from the sale of methane gas and the lease of the golf facility.

The COCIC is required by state and federal laws and regulations to maintain a trust to finance closure and postclosure care. Although the COCIC did not establish a trust, they performed alternative actions approved by the Ohio EPA Director to satisfy the requirements.

NOTE 8 – RISK MANAGEMENT

Commercial Insurance

The COCIC has obtained commercial insurance for the following risks:

- Comprehensive property and general liability and
- Vehicles
- Environmental Insurance

The COCIC is uninsured for the following risks:

- Errors and omissions.

NOTE 9 – CONTINGENT LIABILITIES

Pending Litigation

The COCIC is a defendant in a lawsuit regarding the termination of a purchase agreement and return of earnest money. Although the outcome of this dispute is not presently determinable, the COCIC could be required to return up to $450,000 in earnest money held in escrow. As of 4/29/09, this litigation has been concluded. The Court granted summary judgment to Verdi for the amount held in escrow.

Grants

Amounts grantor agencies pay to the COCIC are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow.

NOTE 9 – CONTINGENT LIABILITIES (Continued)

Other Contingencies

On January 5, 2007, the COCIC entered into a settlement agreement with SBM, Inc. regarding their legal challenge of the landfill forclosure sale. As of 11/20/2009, the case settled for $275,000.

The COCIC agreed to pay the City of Gahanna $1,275,000, five years from November 21, 2005 in consideration of the transfer of title of land to the COCIC if the certain contingencies were not met.

The COCIC entered into an 18 month Put, Option and Right of First Refusal with the Solid Waste Authority of Central Ohio (SWACO) granting SWACO an irrevocable right of first refusal and option on three properties COCIC owns for the purpose of locating, constructing and operating a solid waste facility including without limitation a solid waste transfer station. The sales price SWACO will pay will not exceed $2,596,720.

The COCIC is the “Optionee” in two Option to Purchase Agreements with L&P Properties for land surrounding the landfill which COCIC owns.

NOTE 10 – SUBSEQUENT EVENTS

In September, 2009, the Corporation received a loan from the Franklin County Growth Fund of $426,300 for 6 years at 3% with an amortization of 20 years for the construction of a Clubhouse for the Central Park golf course. $280,000 of that loan has been funded to date.

In December, 2009, the Corporation paid off its outstanding short term debt to Eaton National Bank in the amount of $1,629,711 in fiscal year 2008 and received additional working capital from the sale of a $2,600,000, 30 year, 0%, Ohio Air Quality Development Authority Bond which was purchased by the Community Improvement Corporation of Gahanna and immediately assigned to Franklin County. $150,000 of the proceeds was deposited in an account at Heartland Bank to secure the repayment of the Bond. The Corporation is responsible for the debt service on this Bond.

In the same transaction, the Corporation received a loan from Franklin County of $200,000 for working capital, also for 30 years at 0% interest.

NOTE 11 – MANAGEMENT PLAN

The Corporation had operating losses and deficit net assets of $195,962 and 1,788,562 at December 31, 2008.

The Corporation had no substantive sources of funds beyond fiscal year ended December 31, 2008. Projected revenues and expenditures for fiscal year end 2009 indicate these financial difficulties will not be completely eliminated during 2009. The CIC management plan is to restructure their debt as outlined in subsequent events indicated in Note 10 above. The unaudited cash balance of the COCIC at August 2, 2010 was $425,660.

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Mary Taylor, CPA
Auditor of State

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

Central Ohio Community Improvement Corporation
946 Parsons Avenue
P.O. Box 6355
Columbus, Ohio 43206

To the Board of Directors:

We have audited the financial statements of the Central Ohio Community Improvement Corporation, Franklin County, Ohio (the Corporation) as of and for the year ended December 31, 2008 and 2007, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated August 31, 2010, wherein we noted the Corporation was experiencing certain financial difficulties. 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 Corporation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Corporation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 through 2008-004 described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe items 2008-001 through 2008- 003 are material weaknesses.

We also noted certain internal control matters that we reported to the Corporation's management in a separate letter dated August 31, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation'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 did note certain matters not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated August 31, 2010.

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 31, 2010.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Material Weakness

Landfill Closure and Post-Closure Care Costs

Once the owner of a landfill is required to incur closure and post-closure costs the owner should calculate an estimate of the future cost, in current dollars, of the closure and post-closure care.

GASB Codification L10.105 states that after the initial calculation of estimated total current cost of closure and postclosure care, current cost should be adjusted each year for the effects of inflation or deflation. In addition, current cost should be adjusted when changes in the closure or postclosure care plan or operating conditions increase or decrease estimated costs.

The Corporation did not perform the required annual calculation to determine if the estimated cost should be adjusted and did not record this liability on the financial statements. This resulted in an adjustment to the 2007 financial statements to increase accrued liabilities by $307,198. The Corporation posted the adjustment to the 2007 financial statements and accounting records.

We recommend the Corporation estimate this liability and reevaluate the liability on at least an annual basis. The Corporation should establish control procedures to monitor this valuation such as monitoring contract change orders.

Officials' Response:

Closure has been achieved so there will be no more closure costs. The Postclosure liability will be estimated and reevaluated on an at least an annual basis. COCIC will establish control procedures to monitor this valuation.

FINDING NUMBER 2008-002

Material Weakness

Capital Asset Tracking and Valuation

When land and other capital assets are purchased or donated to the Corporation, these assets should be recorded and tracked in a Capital Asset Journal. The assets should be recorded at the proper value and should be depreciated if required. GASB Codification 1400.102 requires capital assets to be recorded at historical cost, if purchased, and at their estimated fair value, if donated. Whether the asset is booked at historical cost or estimated fair value, the book value should include any ancillary charges.

The Corporation received one donated property from Franklin County during fiscal year 2007 and did not record it in the Corporations financial statements. Lack of a Capital Asset Journal and proper valuation methods has led to the Corporation incorrectly posting or not posting properties that were donated resulting in audit adjustment of $75,000 in 2007 and $80,200 in 2008.

The Corporation posted the audit adjustments to the 2008 and 2007 financial statements and their accounting records.

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

FINDING NUMBER 2008-002 (Continued)

Material Weakness (Continued)

Capital Asset Tracking and Valuation (Continued)

We recommend the Corporation review the requirements for valuing capital assets on the books of the Corporation. We also recommend the Corporation establish procedures for creating and maintaining a Capital Asset Journal to track all capital asset acquisitions.

Officials' Response:

COCIC has already revised its procedures with regard to the requirements for valuing capital assets on its books. Likewise, a Capital Assets Journal will be maintained by the Executive Director.

FINDING NUMBER 2008-003

Material Weakness

Financial Reporting

The Corporation contracted with Value Recovery Group II for asset management services, including some treasury services during the audit period. At year-end the accrual basis information from the accounting system is converted into financial statements reported under Generally Accepted Accounting Principles. The Corporation utilized their asset management firm to prepare basic financial statements and footnotes.

Thirty seven adjustments and reclassifications were necessary to the Corporation's basic financial statements to accurately reflect account balances. These adjustments and reclassifications ranged in dollar amount from $1,400 to $2,298,817. Errors include not recording landfill closure activity, unrecorded capital assets, unrecorded landfill remediation liability, overstated revenue, understated liabilities, incorrectly recording receivables, and misclassifications of expenses and revenues. In addition, footnote disclosures required several modifications. Footnote disclosures did not provide all of the required GASB Codification 2300 elements for capital assets and notes payable. In addition the Corporation did not present the direct method of cash flows for fiscal years 2008 or 2007.

We recommend the Corporation implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements and footnotes to the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

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

FINDING NUMBER 2008-003 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

Officials' Response:

In the beginning of 2009, because Value Recovery Group II's services were found to be inadequate in the 2005-6 Audit, COCIC began handling all of its financial and accounting functions in house. These activities are performed by the Executive Director and a bookkeeper. When a CPA firm is retained, it will be asked to give further direction on the proper activities. The current system is significantly improved from the system that was employed by VRG II and analytical comparisons are regularly compared with the previous year. A comparison of 2009 with 2008 will be performed as soon as the final Audit Report is received.

FINDING NUMBER 2008-004

Significant Deficiency

Monitoring Financial Activity

The Board should regularly monitor financial activity. The Board should review monthly bank reconciliations, detailed receipt and expenditure reports, budget to actual reports and year-to-date financial reports. This review should be appropriately documented in the minutes.

Monitoring comprises regular management activities established to oversee whether management's financial objectives are being achieved. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms to the users' expectations.

The Board reviewed a list of expenditures that included the vendor name and the amount of the expenditure. However, this list was not compared to bank statements, reconciliations, or system generated financial reports for accuracy. Lack of effective Board monitoring could contribute to the following circumstances occurring and going undetected by Corporation management:

- Posting errors, and
- Bank reconciliations not being properly and timely prepared
- Inaccurate financial statements

We recommend the Board request monthly bank reconciliations, bank statements, and reports generated from the accounting system. These reports should be reviewed by the Board and appropriate follow-up should be made regarding any unusual balances or transactions.

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-004 (Continued)

Significant Deficiency (Continued)

Monitoring Financial Activity (Continued)

Officials' Response:

Currently, the Board is receiving a detailed report of receipts and expenditures, a budget to actual report and year-to-date financial statements at every meeting and these are documented by attaching them to the Minutes.

Bank statements are reconciled immediately upon receipt of the bank statements. This activity is reviewed monthly by the Executive Director. The Treasurer will be given these reconciliations and statements monthly for his review as well. He will report his findings to the Board.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2006-001	Calculation and Annual recalculation of Closure and Post Closure Cost	No	Reissued in finding 2008-001
2006-002	Capital Asset Tracking and Valuation	No	Reissued in finding 2008-002
2006-003	Financial Reporting	No	Reissued in finding 2008-003
2006-004	Schedule of Debt	Yes	Client has fully disclosed all new debt.
2006-005	Monitoring Financial Activity	No	Reissued in finding 2008-004

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CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION

FRANKLIN 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 30, 2010

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