AUDIT REPORT

Central Ohio Community Improvement Corporation

Franklin County

Report on Audited Financial Statements

For the Years Ended December 31, 2018 and 2017

PARMS + COMPANY

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Central Ohio Community Improvement Corporation
373 South High Street, 15th Floor
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Central Ohio Community Improvement Corporation, Franklin County, prepared by Parms & Company, LLC, for the audit period January 1, 2018 through December 31, 2018. 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 Central Ohio Community Improvement Corporation is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 1, 2019

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CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

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PARMS
+ COMPANY

ACCOUNTANTS + CONSULTANTS

585 South Front Street
Suite 220
Columbus, Ohio 43215

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central Ohio Community Improvement Corporation

We have audited the accompanying financial statements of Central Ohio Community Improvement Corporation, Franklin County (COCIC), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise COCIC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of COCIC as of December 31, 2018 and 2017, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* we have also issued our report dated September 24, 2019, on our consideration of COCIC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering COCIC's internal control over financial reporting and compliance.

Parms & Company, LLC

September 24, 2019
Columbus, Ohio

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

The mission of COCIC is to acquire properties in order to improve the quality of neighborhoods, increase property values and return unproductive properties to contributing, tax-paying status, and create diverse housing and business opportunities by leveraging resources to promote and facilitate the reclamation, rehabilitation and reutilization of vacant, abandoned, tax-foreclosed, or other real property in Franklin County.

FINANCIAL HIGHLIGHTS – 2018

COCIC's main programs are the Blight Removal Program, Responsible Landlord Program and the Trusted Partners Program.

The Blight Removal Program (BRP) generally involves the demolition, environmental remediation, or both, of blighted properties, and the sale of the formerly blighted property to a responsible party for reutilization. Typically, sale proceeds are nominal and represent only a limited recovery of demolition, remediation and transaction expenditures. Properties for which there is an expectation of significant sale proceeds or recoveries are included with Property Inventory.

During 2018, the BRP demolished approximately 380 units at a cost of approximately $5.2 million. Such costs were funded with approximately $4.9 million from the Ohio Housing Finance Agency's Neighborhood Initiative Program (OHFA NIP) demolition grant and with approximately $123,000 from the Franklin County Delinquent Tax Assessment & Collection (DTAC) funding. Property maintenance and other costs associated with demolitions amounted to approximately $102,000.

In 2018, COCIC continued the Tax Lien Certificate Program. This program is used to assure an inventory of blighted structures for demolition with the OHFA NIP demolition grant. COCIC purchased an additional 242 tax lien certificates in 2018, combined with the 430 purchased in 2016/2017 giving a total of 672 deeply blighted properties, at a nominal cost, with the view to prosecuting tax lien foreclosures through forfeiture or sale and demolishing the forfeited properties. While the OHFA NIP demolition grant reimburses foreclosure costs, funding is required to carry the costs until reimbursement, typically a lag of nine months. To address the timing issue, COCIC identified $1,500,000 of foreclosure cost funding. Franklin County Treasurer contributed $500,000 in each of 2016 and 2017. COCIC encumbered $125,000 in each of 2016 and 2017. The City of Columbus contributed $250,000 in 2017. At year-end 2018, $294,000 of foreclosure costs were incurred in connection with tax lien certificates on approximately 158 properties with $380,000 in reimbursements from the OHFA NIP grant.

FINANCIAL HIGHLIGHTS – 2018 (continued)

COCIC continued the Receivership Loan Program (RLP) in 2018. A Receiver, appointed by the Franklin County Environmental Court is charged with abating nuisances at distressed properties, conducting court approved rehabilitation and clearing title. COCIC assists the receiver by using a closed-end loan, disbursing up to $50,000 per property based on the court approved expenditures proposed by the Receiver. The closed-end loan will earn interest of 3% per annum, compounded annually and is secured by the property. The term of the loan is payable upon demand, but payment is expected when the receiver sells the property which may take anywhere from 6 months to 24 months dependent on the ease of clearing the title. During 2018, seven additional loans were made for a total of $167,500. One of those loans was repaid in full in March 2019 ($16,500). The two loans made in 2017 were repaid in full during 2018.

The Trusted Partners Program (TPP) is also a land reutilization program, involving a strategic intervention for the purpose of stabilizing or improving market support, executed through a grant program to trusted partners engaged in the total rehabilitation of blighted properties or new construction in blighted neighborhoods, with a view to sale to owner-occupants. In 2018, COCIC expensed approximately $801,000 of grants to trusted partners in connection with 33 properties.

FINANCIAL HIGHLIGHTS – 2017

COCIC's main programs are the Blight Removal Program, Responsible Landlord Program and the Trusted Partners Program.

The Blight Removal Program (BRP) generally involves the demolition, environmental remediation, or both, of blighted properties, and the sale of the formerly blighted property to a responsible party for reutilization. Typically, sale proceeds are nominal and represent only a limited recovery of demolition, remediation and transaction expenditures. Properties for which there is an expectation of significant sale proceeds or recoveries are included with Property Inventory.

During 2017, the BRP demolished 426 blighted units at a cost of approximately $4.4 million. Such costs were funded with approximately $4.1 million from the Ohio Housing Finance Agency's Neighborhood Initiative Program (OHFA NIP) demolition grant and with approximately $192,000 from the Franklin County Delinquent Tax Assessment & Collection (DTAC) funding. Property maintenance and other costs associated with demolitions amounted to approximately $103,000.

In 2017, COCIC continued the Tax Lien Certificate Program. This program is used to assure an inventory of blighted structures for demolition with the OHFA NIP demolition grant. COCIC purchased an additional 156 tax lien certificates in 2017, combined with the 274 purchased in 2016 giving a total of 430 deeply blighted properties, at a nominal cost, with the view to prosecuting tax lien foreclosures through forfeiture or sale and demolishing the forfeited properties. While the OHFA NIP demolition grant reimburses foreclosure costs, funding is required to carry the costs until reimbursement, typically a lag of nine months. To address the timing issue, COCIC identified

FINANCIAL HIGHLIGHTS – 2017 (continued)

$1,500,000 of foreclosure cost funding. Franklin County Treasurer contributed $500,000 in each of 2016 and 2017. COCIC encumbered $125,000 in each of 2016 and 2017. The City of Columbus contributed $250,000 in 2017. At year-end 2017, $920,000 of foreclosure costs were incurred in connection with tax lien certificates on 388 properties with $235,000 in reimbursements from the OHFA NIP grant.

COCIC began the Receivership Loan Program (RLP) in 2017. A Receiver, appointed by the Franklin County Environmental Court is charged with abating nuisances at distressed properties, conducting court approved rehabilitation and clearing title. COCIC assists the receiver by using a closed-end loan, disbursing up to $50,000 per property based on the court approved expenditures proposed by the Receiver. The closed-end loan will earn interest of 3% per annum, compounded annually and is secured by the property. The term of the loan is payable upon demand, but payment is expected when the receiver sells the property which may take anywhere from 6 months to 24 months dependent on the ease of clearing the title. Initially in 2017, one property in the North Linden neighborhood and another property in the Driving Park neighborhood, received $20,000 each. One of the properties has already sold and loan proceeds were paid off in February 2018.

The Responsible Landlord Program (RLL) is a land reutilization program employing a strategic intervention for stabilizing or improving market support, executed through a loan program to responsible landlords engaged in market-based rehabilitation of blighted, distressed or substandard properties. At the end of 2017, COCIC had a note receivable of approximately $405,000 accruing interest at 1.5% per annum, compounded monthly.

The Trusted Partners Program (TPP) is also a land reutilization program, involving a strategic intervention for the purpose of stabilizing or improving market support, executed through a grant program to trusted partners engaged in the total rehabilitation of blighted properties or new construction in blighted neighborhoods, with a view to sale to owner-occupants. In 2017, COCIC expensed approximately $863,000 of grants to trusted partners in connection with 41 properties.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

NET POSITION COMPARISON

Table 1 summarizes the Comparison of the net position of COCIC.

	2018	2017	2016
Assets			
Current Assets	$ 9,121,341	$ 7,905,254	$ 7,019,634
Noncurrent Assets	4,747,811	4,818,100	4,786,336
Total Assets	13,869,152	12,723,354	11,805,970
Liabilities			
Current Liabilities	1,194,663	1,057,123	1,050,888
Long-Term Liabilities	3,159,872	3,732,708	4,048,055
Total Liabilities	4,354,535	4,789,831	5,098,943
Deferred Inflows of Resources	-	-	75,000
Total Net Position	$ 9,514,617	$ 7,933,523	$ 6,632,027

In 2018, Total Assets increased over 2017 by 9% or $1.1 million mostly due to an overall increase in cash position. This was due to an increase of revenues over expenses ($280,000), Accounts Receivable decreasing $61,000; Grant Receivable decreasing $904,000 and Program Service Receivables decreasing by $405,000. Total Liabilities in 2018 decreased 9% or $435,000 over 2017 due to the paydown on the outstanding bond of $200,000 and decrease in Landfill Post Closure Care liability of $388,000.

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

Table 2 summarizes the Statements of Revenues, Expenses and Change in Net Position.

	2018	2017	2016
Operating Revenues			
Total Operating Revenues	$ 9,050,706	$ 8,286,372	$ 6,940,989
Operating Expenses			
Total Operating Expenses	7,540,365	7,141,198	5,624,681
Operating Income	1,510,341	1,145,174	1,316,308
Non-Operating Revenues			
Total Non-Operating Revenue	70,753	156,322	59,677
Change in Net Position	1,581,094	1,301,496	1,375,985
Net Assets Beginning of Year	7,933,523	6,632,027	5,256,042
Net Assets End of Year	$ 9,514,617	$ 7,933,523	$ 6,632,027

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION (continued)

Operating Revenues increased 9.2% or $764,000 over 2017 an increase in OHFA NIP grant revenue of $1.1 million and a decrease in demolition reimbursement of $185,000. The increase of Operating Expenses over 2017 was 5.6% or $399,000 mostly due to an increase of $316,000 in Demolition expenses and $77,000 increase in Legal Fees. The Change in Net Position in 2018 was $1.58 million or 20% increase over 2017.

STATEMENTS OF CASH FLOWS

Table 3 summarizes the Cash Flows of COCIC.

	2018	2017	2016
Change in Cash and cash equivalents			
Net Cash Provided by (Used for) Operating Activities	$ 2,587,071	$ 816,082	$ 3,985,959
Net Cash Provided by Non-Capital Financing Activities	109,279	138,375	75,741
Net Cash (Used for) Capital and Related Financing Activities	(200,000)	(388,004)	(1,082,356)
Net Change in Cash and Cash Equivalents	$ 2,496,350	$ 566,453	$ 2,979,344

Net Cash Provided by Operating Activities increased 217% or $1.77 million during 2018 in comparison to 2017 from an increase in Grant Receipts ($2.5 million), decrease in Demolition Reimbursement ($718,000), decrease in Program Services Expense ($558,000), and increase in Landfill Closure Expense ($225,000) and increase in Demolition and Remediation Expense ($156,000).

CAPITAL ASSETS

Table 4 summarizes the Net Capital Assets of COCIC.

	2018	2017	2016
Capital Assets:			
Office - Land	$ 39,200	$ 39,200	$ 39,200
Office - Building & Fixtures	1,066,928	1,103,049	1,059,326
Landfill Land	1,031,249	1,031,249	1,031,249
Golf Course Project Construction Cost	2,350,142	2,350,142	2,350,142
Total Capital Assets	$ 4,487,519	$ 4,523,640	$ 4,479,917

Capital Assets decreased in 2018 due to the depreciation expense ($36,121). Capital Assets increased in 2017 due to the purchase, renovation and fit-up of the Land Bank Center.

DEBT

Table 5 summarizes the debt of COCIC.

	2018	2017	2016
Debt:			
Landfill Closure and Post Closure Care	$ 1,529,188	$ 1,916,843	$ 2,033,336
Franklin County	1,800,000	2,000,000	2,200,000
Total Debt	$ 3,329,188	$ 3,916,843	$ 4,233,336

COCIC decreased debt in 2018, 2017 and 2016 with loan payoffs and repayments, and reductions for landfill closure and post closure care expenditures incurred.

BUDGET

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

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to President, Central Ohio Community Improvement Corporation, 845 Parsons Avenue, Columbus, Ohio, 43206.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENTS OF NET POSITION
AT DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 7,985,140	$ 5,489,982
Accounts Receivable	378,787	440,470
Grants Receivable	191,462	1,095,955
Program Services Receivable	170,275	445,553
Property Inventory	370,239	405,000
Prepaids and Other Assets	25,438	28,294
Total Current Assets	9,121,341	7,905,254
Noncurrent Assets:		
Cash and Cash Equivalents - Debt Service Reserve	153,378	152,186
Investment in Joint Venture	106,914	142,274
Capital Assets:		
Office Land, Building & Fixtures	1,178,214	1,178,214
Landfill Land	1,031,249	1,031,249
Golf Course Project Cost	2,350,142	2,350,142
Accumulated Depreciation	(72,086)	(35,965)
Net Capital Assets	4,487,519	4,523,640
Total Noncurrent Assets	4,747,811	4,818,100
TOTAL ASSETS	**13,869,152**	**12,723,354**
LIABILITIES		
Current Liabilities:		
Accounts Payable	262,309	323,993
Accrued Liabilities	763,038	548,995
Landfill Post Closure Care Liability- Current Portion	76,459	91,278
Notes Payable- Current Portion	92,857	92,857
Total Current Liabilities	1,194,663	1,057,123
Long-Term Liabilities		
Landfill Post Closure Care Liability - Non Current Portion	1,452,729	1,825,565
Notes Payable- Non Current Portion	1,707,143	1,907,143
Total Long-Term Liabilities	3,159,872	3,732,708
TOTAL LIABILITIES	**4,354,535**	**4,789,831**
NET POSITION		
Net Investment in Capital Assets	2,687,519	2,523,640
Restricted - Expendable	153,378	152,186
Unrestricted	6,673,720	5,257,697
TOTAL NET POSITION	**$ 9,514,617**	**$ 7,933,523**

See accompanying notes to the basic financial statements.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Operating Revenues		
Delinquent Tax Assessment & Collection Income	$ 3,000,908	$ 3,147,678
Grant Revenues	5,559,047	4,462,437
Demolition Recovery, Reimbursement & Property Sales	490,751	676,257
Total Operating Revenues	9,050,706	8,286,372
Operating Expenses		
Demolition and Remediation	5,481,277	5,164,835
Program Services Expense	834,860	863,000
Payroll Expense	714,026	670,058
Insurance Expense	67,070	86,192
Legal and Professional Expense	203,244	126,066
Maintenance and Repair Expense	30,254	41,516
Meeting Expense	1,865	7,574
Utilities Expense	69,882	42,909
Office Expense	49,967	69,455
Staff Training and Travel Expense	9,991	5,685
Depreciation Expense	36,120	35,965
Other Expense	41,809	27,943
Total Operating Expenses	7,540,365	7,141,198
Operating Income	**1,510,341**	**1,145,174**
Non-Operating Revenue		
Loss on Investment	(35,360)	(12,111)
Rent Income	19,570	94,000
Service Income	6,320	6,136
Subsidies	50,000	50,000
Interest	30,223	18,297
Total Non-Operating Revenue	70,753	156,322
Change in Net Position	**1,581,094**	**1,301,496**
Net Position, Beginning of Year	**7,933,523**	**6,632,027**
Net Position, End of Year	**$ 9,514,617**	**$ 7,933,523**

See accompanying notes to the basic financial statements.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities		
Delinquent Tax Assessment & Collection Income	$ 3,000,908	$ 3,147,678
Grant Receipts	6,471,692	3,930,537
Demolition Recovery, Reimbursement & Property Sales	554,730	1,273,017
Demolition and Remediation Expense	(5,385,900)	(5,229,950)
Payment for Property Inventory Acquisitions	(40,239)	(90,000)
Program Services Expense	(535,245)	(1,092,890)
Payroll Expense	(700,785)	(656,011)
Insurance Expense	(64,714)	(61,139)
Legal and Professional Expense	(171,852)	(93,496)
Maintenance and Repairs Expense	(30,857)	(39,943)
Meeting Expense	(4,246)	(5,074)
Utilities Expense	(61,679)	(41,342)
Office Expense	(47,891)	(71,182)
Staff Training and Travel Expense	(9,741)	(5,685)
Landfill Closure Expense	(345,579)	(120,495)
Other Operating Payments	(41,531)	(27,943)
Net Cash Provided by Operating Activities	2,587,071	816,082
Cash Flows from Non-Capital Financing Activities		
Proceeds from Subsidies	50,000	100,000
Service Income	6,320	6,136
Rental Proceeds and Fees	19,570	19,000
Interest	33,389	13,239
Net Cash Provided by Non-Capital Financing Activities	109,279	138,375
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Debt	(200,000)	(200,000)
Land Bank Office Construction Build-Out Costs	-	(188,004)
Net Cash Used In Capital and Related Financing Activities	(200,000)	(388,004)
Net Change in Cash and Cash Equivalents	**2,496,350**	**566,453**
Cash and Cash Equivalents Beginning of Year	**5,642,168**	**5,075,715**
Cash and Cash Equivalents End of Year	**$ 8,138,518**	**$ 5,642,168**
Cash and Cash Equivalents - Current	**$ 7,985,140**	**$ 5,489,982**
Cash and Cash Equivalents - Noncurrent	**153,378**	**152,186**
Total Cash and Cash Equivalents	**$ 8,138,518**	**$ 5,642,168**

See accompanying notes to the basic financial statements.

CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(continued)

Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used In) Operating Activities	**2018**	**2017**
Operating Income	$ 1,510,341	$ 1,145,174
Depreciation Expense	$ 36,120	35,965
(Increase) Decrease in Assets:		
Accounts Receivable	$ 58,518	(394,261)
Grants Receivable	$ 904,493	(618,670)
Program Services Receivable	$ 275,278	(292,591)
Property Inventory	$ 34,761	869,031
Prepaid Items	$ 2,856	24,553
Increase (Decrease) in Liabilities:		
Accounts Payable	$ (61,684)	8,953
Accrued Liabilities	$ 214,043	154,421
Landfill Post Closure Care Liability	$ (387,655)	(116,493)
Net Cash Provided by Operating Activities	**$ 2,587,071**	**816,082**

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF REPORTING ENTITY

The Central Ohio Community Improvement Corporation (COCIC) was formed as a nonprofit corporation on May 9, 2005 pursuant to Ohio Revised Code Chapter 1724 to assist in economic development of nonproductive and distressed properties in Franklin County. It was reconstituted on March 25, 2012 as the land reutilization corporation for Franklin County under Ohio Revised Code Chapters 1724 and 5722. A nine-member Board of Directors has been established for oversight of the operations. The Franklin County Commissioners and the Franklin County Treasurer are Ex-Officio members of the Board, as well as three other members appointed by the Commissioners and Treasurer. The Ohio Revised Code requires that the Board consists of a representative of the County's largest city and a representative of townships having more than 10,000 population in their unincorporated area. 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 COCIC are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from COCIC. For COCIC, there are no other boards and agencies other than COCIC. Component units are legally separate organizations for which COCIC is financially accountable. COCIC is financially accountable for an organization if COCIC appoints a voting majority of the organization's governing board and (1) COCIC is able to significantly influence the programs or services performed or provided by the organization; or (2)(a) COCIC is legally entitled to or can otherwise access the organization's resources; (b) COCIC is legally obligated to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (c) COCIC is obligated for the debt of the organization. Component units may also include organizations for which COCIC approves the budget, the issuance of debt or levying of taxes. The Poindexter Community Renaissance LLC is a blended component unit of COCIC which was renamed and re-organized in 2017. See note 17 for additional information.

Poindexter Community Renaissance LLC (PCR) was established in 2006 to assist in the acquisition of the blighted and vacant Poindexter Tower condo units in Columbus, Ohio. PCR did not conduct any official business and was dormant almost since its inception. Not having use under its original purpose, PCR was renamed to PCR2 LLC and reorganized to become an agent of COCIC in strategic activities/transactions and in any project approved by COCIC's Board that is consistent with COCIC's mission. PCR2 LLC's board of managers and officers are COCIC's President, COCIC's Secretary/Treasurer and COCIC's Assistant Secretary.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

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

Basis of Presentation

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

COCIC's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. The financial statements of COCIC have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). COCIC uses enterprise fund accounting to maintain its financial records during the fiscal year. Enterprise fund accounting focuses on the determination of operating income, changes in net position, 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.

Net Position is comprised of unrestricted and restricted components. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net position.

Net position is the difference between the COCIC's assets, its liabilities and deferred inflows of resources. GASB establishes standards for external financial reporting which require that resources be classified for accounting and reporting purposes into the following net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted – Expendable: Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Organization or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. COCIC first applies restricted resources when an expense is incurred for which both restricted and unrestricted net position are available. As of December 31, 2018, and 2017, $153,378 and $152,186, respectively, were restricted related to bond reserve funds held as security for outstanding bond debt.

Unrestricted: Net position whose use by COCIC is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Accounting Pronouncements

The following are pronouncements that either became effective during fiscal year 2018 or will become effective in future fiscal years and could impact COCIC's financial reports:

GASB 82 – "Pension Issues – an Amendment of GASB Statement No. 67, No. 68, and No. 73." The standard became effective for fiscal year 2018.

GASB 83 – "Certain Asset Retirement Obligations." Effective for reporting periods beginning after June 15, 2018.

GASB 84 – "Fiduciary Activities." Effective for reporting periods beginning after December 15, 2018.

GASB 85 – "Omnibus 2017." The standard became effective for fiscal year 2018.

GASB 86 – "Certain Debt Extinguishment Issues." The standard became effective for fiscal year 2018.

GASB 87 – "Leases." Effective for reporting periods beginning after December 15, 2019.

GASB 88 – "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." Effective for reporting periods beginning after June 15, 2018.

GASB 89 – "Accounting for Interest Cost Incurred before the End of a Construction Period" Effective for reporting periods beginning after December 15, 2019.

GASB 90 – "Majority Equity Interests – an amendment of GASB Statements No.14 and No. 61" Effective for reporting periods beginning after December 15, 2018.

GASB 91 – "Conduit Debt Obligations" Effective for reporting periods beginning after December 15, 2020.

COCIC has adopted all applicable GASB standards that were effective during its fiscal years 2018. COCIC determined those standards adopted had no material impact on its financial statements as of December 31, 2018 and 2017.

COCIC has not fully determined the effect statements with effective dates subsequent to current reporting period will have on its financial reporting in subsequent fiscal years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Grant and Account Receivables

Expenses incurred during the year that will be reimbursed in future years are recognized as revenue and receivables in the year the expense is incurred.

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.

Property Inventory

COCIC's land reutilization activities often require that it hold title to real property, typically until reutilization activities can be completed and the property sold and sometimes to satisfy a holding period prescribed by the terms of grant funding. Properties that are held as of the end of the fiscal year, with a view to sale in the near or intermediate term and with an expectation of significant sale proceeds, are carried in Property Inventory. Other properties are of nominal value and, in the aggregate, not material to the financial statements.

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. COCIC has a capitalization threshold of $5,000.

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.

Accrued Liabilities and Notes Long-Term Obligations

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

Deferred Outflows and Deferred Inflows

In addition to assets, the statement of net position may report a separate category of deferred outflows of resources. Deferred outflows represent consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. At December 31, 2018 and 2017, COCIC reported no deferred outflows of resources. In addition to liabilities, the statement of net position may report a separate category of deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenues) until then. At December 31, 2018 and 2017, COCIC reported no deferred inflows of resources.

Capitalization of Land Development Costs

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

Reclassifications

Certain reclassifications have been made to the 2017 financial statement presentations to conform to the 2018 financial statement presentations.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of 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 non-operating.

Income Taxes

COCIC was formed as a nonprofit organization and was then determined by the IRS as exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. In 2012 when COCIC was reconstituted as the Franklin County land reutilization corporation, it was organized to be exempt under Section 115(1) of the Internal Revenue Code. As the IRS has made no determination of exemption under Section 115(1), COCIC, as a precautionary measure, pursued and received in 2017 a reinstatement of the determination of exemption under Section 501(c)(4) which lapsed after the 2012 reconstitution.

Uncertain Tax Positions

COCIC adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2009. Those provisions clarify the accounting and recognition for income tax positions taken or expected to be taken in COCIC's income tax returns. COCIC's income tax filings are subject to audit by various taxing authorities. In evaluating COCIC's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategists are considered. COCIC has analyzed the tax positions taken and believes there are no uncertain positions taken or expected to be taken that would require recognition of a liability or an asset.

NOTE 3 - CASH

The COCIC maintains its cash balance in banking accounts. At December 31, 2018 and 2017, the COCIC's carrying values of cash were $8,138,518 and $5,642,168, respectively, including $153,378 and $152,186, respectively, in cash held as security for repayment of outstanding bonds payable. At December 31, 2018 and 2017, the COCIC's bank balances, held by two different financial institutions, were $8,377,522 and $5,873,040, respectively. Carrying values of cash and bank balances reconcile when adjusted for outstanding items. Of the bank balances, as of December 31, 2018 and 2017, $1,700,527 and $2,369,646, respectively, were covered by FDIC insurance, and $6,642,697 and $3,503,394, respectively, were covered by government securities collateralizing public deposits. COCIC cash holdings include funds held in money market account extra (MMAX) bank funds. These accounts allow deposits to be distributed to multiple banks in network up to the $250,000 FDIC limit per bank. As of December 31, 2018, and 2017, funds covered by FDIC insurance include $1,201,070 and $1,967,460, respectively, in MMAX covered funds.

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. COCIC's practice is to maintain all deposits within FDIC limits or require collateralization consistent with state laws governing public deposits.

The State Treasurer of Ohio's office administers the Ohio Pooled Collateral System that allows eligible financial institutions to pool collateral to secure deposits of Ohio's public entities. The State Treasurer of Ohio's office has deemed collateral equal to 50% of public deposits held by certain institutions (including the institution used by COCIC) to be sufficient collateral over those deposits. At December 31, 2018 and 2017, COCIC's deposits were not exposed to custodial risk.

NOTE 4 – PROGRAM SERVICES RECEIVABLE

Responsible Landlord Program

The Responsible Landlord Program (RLL) is a loan program to assist in rehabilitation of rental residential properties. A closed-end revolving loan accruing interest at 1.5% per annum and compounded monthly, is made for the rehabilitation of blighted, distressed or substandard properties. The loan is secured by a mortgage against the property. Since the program's inception in 2014, COCIC has issued two loans, each with a maximum line of credit amount of $1 million. The first loan, for the rehabilitation of 13 properties had disbursements of $107,747 in the first quarter of 2016 and was paid off in March 2016 with principal and accrued interest of $1,016,746. The second loan began disbursing in June 2016 with $152,079 of disbursements during 2016 and continued to disburse another $247,535 through 2017 for the rehabilitation of 4 properties. The outstanding balance of principal and accrued interest on the second loan at December 31, 2017 was $405,164. Interest accrued on the second loan during 2017 was $4,667. All loans and accrued interest were repaid in 2018 and no new loans were offered.

Receivership Loan Program

Through the Receivership Loan Program, a Receiver, appointed by the Franklin County Environmental Court is charged with abating nuisances at distressed properties, conducting court approved rehabilitation and clearing title. COCIC assists the receiver by using a closed-end revolving loan, disbursing up to $50,000 per property based on the court approved expenditures proposed by the receiver. The loan is secured by a mortgage against the property and will earn interest of 3%, compounded annually with a term due upon demand but expected to repay within approximately 6 months to 24 months, dependent on the ease of clearing the title. As of December 31, 2018, there was $167,500 in loan principal advances and $40,000 in loan principal advances as of December 31, 2017. Interest accrued during 2018 and 2017 was $2,775 and $390, respectively.

NOTE 5 – PROPERTY INVENTORY

Property inventoried as of December 31, 2018 and 2017 was $370,239 and $405,000, respectively.

During 2018 the Canal Winchester Gas Station was sold for $75,000 (October 2018) and 1194-96 Lockbourne Road was purchased for the Church and Community Development for All People (CD4AP) at a price of $80,477. CD4AP will be repaying COCIC for 50% of the purchase price and the remainder of the cost was expensed in 2018. During 2017, $90,000 was booked to Property Inventory for the location at 2683 Winchester Pike.

In 2014, COCIC inventoried $959,031 from acquisition and demolition costs of the Georgesville Road Property. COCIC had a 3-year purchase option agreement with a buyer for a price equal to the aggregate demolition and maintenance costs at the Property but not more than $1,200,000. The property was sold in March 2017 for $964,752.

NOTE 6 – INVESTMENTS

The fair value of investments as of December 31, 2018 and 2017 are summarized as follows:

	2018	2017
Investment in Joint Venture	$ 106,914	$ 142,274

In March 2011, COCIC entered into an agreement with Depot Golf Center, LLC to place $356,000 on deposit for Depot Golf Center's construction of the clubhouse. In return, COCIC obtained an 11% equity interest in Depot Golf Center. COCIC would classify this as a long-term asset given its nature and intent. Total realized and unrealized activity for the year ended December 31, 2018 and 2017 were losses of $35,360 and $12,111, respectively.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2018 and 2017 was as follows:

	1/1/2018	Additions	Deductions	12/31/2018
Non-Depreciable Assets:				
Land (Landfill)	$ 1,031,249	-	-	$ 1,031,249
Golf Course Project Construction	2,350,142	-	-	2,350,142
Office - Land	39,200	-	-	39,200
Depreciable Assets:				
Office - Building & Fixtures	1,139,014	-	-	1,139,014
Total Capital Assets	4,559,605	-	-	4,559,605
Accumualted Depreciation	(35,965)	(36,121)	-	(72,086)
Net Capital Assets	$ 4,523,640	(36,121)	-	$ 4,487,519

	1/1/2017	Additions	Deductions	12/31/2017
Non-Depreciable Assets:				
Land (Landfill)	$ 1,031,249	-	-	$ 1,031,249
Golf Course Project Construction	2,350,142	-	-	2,350,142
Office - Land	39,200	-	-	39,200
Depreciable Assets:				
Office - Building & Fixtures	1,059,326	79,688	-	1,139,014
Total Capital Assets	4,479,917	79,688	-	4,559,605
Accumualted Depreciation	-	(35,965)	-	(35,965)
Net Capital Assets	$ 4,479,917	43,723	-	$ 4,523,640

NOTE 8 – NOTES PAYABLE

2018	Amount Outstanding 1/1/2018	Additions	Deletions	Amount Outstanding 12/31/2018	Amounts Due in One Year
Franklin County	$ 2,000,000	-	(200,000)	$ 1,800,000	$ 92,857
Total Notes Payable	$ 2,000,000	-	(200,000)	$ 1,800,000	$ 92,857

2017	Amount Outstanding 1/1/2017	Additions	Deletions	Amount Outstanding 12/31/2017	Amounts Due in One Year
Franklin County	$ 2,200,000	-	(200,000)	$ 2,000,000	$ 92,857
Total Notes Payable	$ 2,200,000	-	(200,000)	$ 2,000,000	$ 92,857

In December 2009, COCIC received additional working capital from the sale of a $2,600,000, 30 year, 0% interest, 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. COCIC is responsible for the debt service on this Bond. The balance at December 31, 2018 was $1,800,000.

The following is the scheduled maturities of the debt agreement as of December 31, 2018:

2019	$ 92,857
2020	92,857
2021	92,857
2022	92,857
2023	92,857
2024 and after	1,335,715
Total	$ 1,800,000

NOTE 9 – TRANSACTIONS WITH OTHER ENTITIES

On June 28, 2007, COCIC 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. A second revision was made in March 2011 with the ground lease terms and base rent terms being adjusted. The ground lease agreement with Tartan Fields Golf Club was mutually terminated effective April 1, 2014. A new ground lease effective dated the same day was entered into with The Depot Golf Center, LLC containing new lease terms and base rent amounts expiring December 31, 2017 with an automatic annual renewal extension through December 31, 2030.

On December 27, 2007, COCIC sold 126.8218 acres to Value Recovery Group II for $403,053 in cash, an assumption by VRG II of outstanding COCIC debts of $7,787,846 and an agreement to pay COCIC a 5% participation fee of the net proceeds from VRG's subsequent sale of that acreage. Effective January 2015 the terms of payment changed, COCIC will receive a participation fee of 9.5% of the net proceeds from VRG's subsequent sales after gross property sales exceed $5.5 million. There were no sales in 2018 and 2017 as the participation fee from a property sale under this agreement.

NOTE 10 – LANDFILL CLOSURE COSTS AND CHANGE IN ESTIMATE

State and federal laws and regulations require 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. The Bedford Landfill was officially closed June 13, 2008. As of December 31, 2018, and 2017, the book value of the landfill, excluding the related closure and post closure liability is $1,031,249.

The $1,529,188 and $1,916,843 reported as landfill closure and post-closure care liability at December 31, 2018 and 2017, respectively, represents the remaining estimated cost of closure and post-closure care. The remaining balance of the liability will be obtained through revenues to be paid to COCIC from the lease of the golf facility, a participation in VRG property sales and a closing and annual assessment on all property sold by VRG. New agreements were issued in 2014 and 2015 postponing the lease income from the golf facility until 2017, changing the 5% participation fee on property sales to a 9.5% participation fee after gross sales of $5.5 million and a closing assessment plus an annual assessment on those properties sold. Total expenditures in 2018 and 2017 for this liability were $387,655 and $116,493 respectively.

COCIC is required by state and federal laws and regulations to maintain a trust to finance closure and post-closure care. Although COCIC did not establish a trust, they performed alternative actions approved by the Ohio EPA Director to satisfy the requirements. The city of Gahanna is required to pay up to $50,000 per year to COCIC to cover any shortfall.

NOTE 11 – TAX LIEN CERTIFICATE PURCHASE

In 2018 and 2017, COCIC purchased tax lien certificates on 242 and 156, respectively, deeply blighted properties, all with the view that COCIC would prosecute tax lien foreclosures through forfeiture or sale and that properties forfeited to COCIC would be demolished using funds from the OHFA NIP grant. The purchase price was $1,578,589 in 2018 and $595,604 in 2017, with $242 in 2018 and $156 in 2017 payable at closing and $1,578,347 in 2018 and $595,448 in 2017 balance payable under a non-recourse note. Such note limits COCIC's liability thereunder to any recovery of delinquent taxes and assessments resulting from redemptions or foreclosures of the tax certificates, which are expected to be nominal. COCIC does not recognize possible redemption or foreclosure proceeds as receivables, until received, at which time the same are applied in full satisfaction of COCIC's obligations under the note.

While there is no obligation for COCIC to foreclose the purchased tax lien certificates, COCIC has identified $1,500,000 of funding for the cost of foreclosures. In 2016, Franklin County Treasurer contributed $500,000 and COCIC $125,000. In 2017, Franklin County and COCIC again contributed $500,000 and $125,000, respectively and the City of Columbus contributed $250,000 in 2017. Further, foreclosure costs are reimbursable under the OHFA NIP grant, making the reimbursements available to fund continuing foreclosure and demolition activity. Tax Lien Certificate title search expenses were $294,427 in 2018 and $920,083 in 2017. Reimbursement of the title search expenses from the OHFA NIP grant in 2018 and 2017 were $380,303 and $235,643, respectively.

NOTE 12 – GRANT REVENUES

Under terms of a cooperative agreement signed with the Ohio Housing Finance Agency (OHFA), COCIC receives grant funding from OHFA's Neighborhood Initiative Program (NIP). OHFA receives funding for NIP through the Hardest Hit Fund (HHF), a program authorized under the Emergency Economic Stabilization Act (EESA) and funded through the U.S. Department of the Treasury. Through the cooperative agreement, OHFA and COCIC utilize NIP funding to strategically target residential demolition in designated areas. The goal of the program is to stabilize property values by removing and greening vacant and abandoned properties in an effort to prevent future foreclosures for existing homeowners. The maximum assistance provided under this program is $25,000 per property to be demolished. Financial assistance through the NIP program is provided through a non-interest bearing loan and secured by the property. The loan however is forgiven at the end of three years. Payment is only required in the event there are proceeds from a sale or refinance, which is considered remote. Therefore, COCIC records proceeds received under the NIP as revenues and does not record any loan payable back to OHFA on its statement of financial position.

NOTE 13 – RISK MANAGEMENT

Commercial Insurance

COCIC has obtained commercial insurance for the following risks:

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

NOTE 14 – EMPLOYEE BENEFIT 401(k) PLAN

COCIC offers a defined contribution 401(k) plan to its employees. Eligible employees must be at least 21 years of age, have 12 consecutive months of service and have worked at least 1,000 hours. Under the plan, COCIC may make an employer discretionary contribution, which is vested 100% at the time of contribution. The plan also allows eligible employees to contribute from 1% up to

90% of their salary and wages. The employer and employee contributions are not to exceed Internal Revenue Service limits.

COCIC's contribution expense at the end of December 31, 2018 and 2017 was $38,500 and $27,780, respectively.

NOTE 15 – LEASE AGREEMENTS

Land Bank Office, 845 Parsons Avenue:
COCIC as lessor, is leasing part of the Land Bank office space to the City of Columbus Land Redevelopment Office, the city's land bank office. The lease began on February 2017 and will end on January 31, 2024 with an annual lease renewal. Lease income received during 2018 and 2017 was $19,570 and $19,000, respectively.

The following is the scheduled of annual lease obligation from the city's land bank as of December 31, 2018:

2019	$ 21,157
2020	21,762
2021	21,384
2022	22,026
2023	22,686
Total	$ 109,015

Franklin County Government Center, 373 South High Street:
COCIC, as lessee, leased office space at the Franklin County Government Center on a month-to-month basis. Office rental expense for such space was $1,940 for the year ended December 31, 2017. Such month-to-month lease was concluded in February 2017.

NOTE 16 – CONTINGENT LIABILITIES

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.

COCIC is also subject to litigation and claims. In the opinion of management, the ultimate liabilities, if any, resulting from such litigation and claims will not materially affect the financial position of COCIC.

NOTE 17 – BLENDED COMPONENT UNIT

PCR2 is a blended component unit of COCIC. During 2018, PCR2 incurred $9 in banking charges and received $34,310 from COCIC in the form of a transfer. The transfer was due to NIP Grant requirements that a mortgage be relieved in order to receive demolition funds. The transaction is considered a nonreciprocal/nonexchange transaction between COCIC and PCR2 and is therefore treated as a transfer. No other activity was recorded by PCR2 during 2018.

NOTE 18 – SUBSEQUENT EVENTS

On February 22, 2019, COCIC purchased the Golf Depot Center from Value Recovery Group (VRG) at the cost of $710,000. This purchase included all assets and operations of VRG's golf related business affiliates. At the time of purchase all lease agreements were terminated and the partnership between Golf Depot Center, LLC and COCIC was dissolved.

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PARMS + COMPANY
ACCOUNTANTS + CONSULTANTS
585 South Front Street
Suite 220
Columbus, Ohio 43215

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

To Board of Trustees
Central Ohio Community Improvement Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Ohio Community Improvement Corporation, Franklin County Ohio (COCIC), which comprise the statements of net position as of December 31, 2018 and 2017, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements which collectively comprise COCIC's basic financial statements, and have issued our report thereon dated September 24, 2019.

Internal Control Over Financial Reporting

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

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

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

MAIN 614.224.3078 FACSIMILE 614.224.4616 WEB www.parms.com E-MAIL info@parms.com

Compliance and Other Matters

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

Purpose of this Report

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

Parms & Company, LLC

Columbus, Ohio
September 24, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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
NOVEMBER 19, 2019