

**CENTRAL OHIO COMMUNITY
IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

REPORT ON AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2010 and 2009





Dave Yost • Auditor of State

Board of Directors
Central Ohio Community Improvement Corporation
946 Parsons Ave
P. O. Box 6355
Columbus, Ohio 43206

We have reviewed the *Independent Auditors' Report* of the Central Ohio Community Improvement Corporation, Franklin County, prepared by Parns & Company, LLC, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

August 31, 2011

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**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Ohio Community Improvement Corporation

We have audited the accompanying statements of net assets of Central Ohio Community Improvement Corporation, Franklin County, Ohio (COCIC) as of December 31, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of COCIC's management. 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 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 audits provide 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 COCIC as of December 31, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of COCIC's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2011, 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 grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Parrino & Company LLC

June 30, 2011

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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 COCIC and its financial activities.

FINANCIAL HIGHLIGHTS – 2010

The total assets of COCIC at the end of 2010 were \$3,923,801, a 1% decrease over the end of 2009. The Cash position of COCIC declined from \$881,489 at the end of 2009 to \$419,304 at the end of 2010 due to payments of the landfill closure and post closure care liability and accounts payable. Accordingly, landfill closure costs decreased in 2010 by \$85,873 and accounts payable decreased \$169,417.

FINANCIAL HIGHLIGHTS - 2009

The total assets of COCIC at the beginning of fiscal year 2009 were \$2,705,176 and the assets at December 31, 2009, were \$4,139,885, a 53% increase over the end of 2008. The primary cause of this increase was the increased Golf Course Project Cost – Construction of \$1,063,536 associated with the construction of the golf facility at the Central Park of Gahanna project. The Cash position of COCIC was \$358,797 at January 1, 2009, which rose to \$881,489 at December 31, 2009.

NET ASSETS COMPARISON

Table 1 summarizes the Comparison of the Net Assets of COCIC

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Assets			
Current Assets	\$ 461,010	937,226	485,637
Total Noncurrent Assets	<u>3,462,791</u>	<u>3,202,659</u>	<u>2,219,539</u>
Total Assets	<u>3,923,801</u>	<u>4,139,885</u>	<u>2,705,176</u>
Liabilities			
Current Liabilities:	270,819	411,229	2,057,475
Long-Term Liabilities	<u>5,513,265</u>	<u>5,610,087</u>	<u>2,436,263</u>
Total Liabilities	<u>5,784,084</u>	<u>6,021,316</u>	<u>4,493,738</u>
Total Net Assets	\$ <u>(1,860,283)</u>	<u>(1,881,431)</u>	<u>(1,788,562)</u>

The increase in long-term liabilities was primarily due to a promissory note signed in 2009 whereby COCIC promises to pay an Ohio Air Quality Development Authority Bond issued by Franklin County in the amount of \$2,600,000 due to be paid in quarterly installments from 2012 through 2040.

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating Expenses			
Total Operating Expenses	\$ 106,952	249,172	195,962
Operating Loss	(106,952)	(249,172)	(195,962)
Total Non-Operating Revenue	139,472	513,653	1,442,027
Non-Operating Expenses			
Total Non-Operating Expenses	11,372	357,350	37,711
Gain before Contributions			
Capital Contributions	-	-	80,200
Change in Net Assets	21,148	(92,869)	1,288,554
Net Assets Beginning of Year	(1,881,431)	(1,788,562)	(3,077,116)
Net Assets End of Year	\$ <u>(1,860,283)</u>	<u>(1,881,431)</u>	<u>(1,788,562)</u>

Operating expenses increased in 2009 primarily due to an increase in consulting expenses in 2009. Operating expenses decreased in 2010 primarily due to decreases in legal and professional expenses, which were \$13,723 and \$80,351 in 2010 and 2009, respectively and decreases in insurance costs and closing fees.

The decrease in Non-Operating Revenue in 2009 was due to a decrease in the CORF grant reimbursements, which decreased from \$941,428 in 2008 to \$469,774 in 2009 and other grant revenues, which were \$500,000 in 2008. There were no grant revenues in 2009.

The decrease in Non-Operating Revenue in 2010 was due to a decrease in CORF grant reimbursements, which were \$469,774 in 2009. There were no CORF grant revenues in 2010.

Non-Operating Expenses increased in 2009 due to a \$275,000 settlement cost. There were no additional settlements incurred in 2010.

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

STATEMENTS OF CASH FLOWS

Table 3 summarizes the Cash Flows of COCIC.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Change in Cash and Cash Equivalents			
Net Cash Used for Operating Activities	\$ (280,422)	(245,144)	(2,147,023)
Net Cash Provided by Non-Capital Financing Activities	134,373	424,053	1,479,528
Cash Flows from Capital and Related Financing Activities			
Net Cash Provided (Used for) Capital and Related Financing Activities	<u>(316,136)</u>	<u>343,783</u>	<u>610,350</u>
Net Change in Cash and Cash Equivalents	<u><u>(462,185)</u></u>	<u><u>522,692</u></u>	<u><u>(57,145)</u></u>

In 2010, the Cash Flows from Capital and Related Financing Activities resulted in payment for capital acquisitions. The Reconciliation of Operating Loss to Net Cash Used for Operating Activities was achieved mostly by the decrease in landfill liabilities and decrease in accounts payable.

In 2009, the largest Cash Flow from Non-Capital Financing Activities was from CORF grants. The Cash Flows from Capital and Related Financing Activities resulted from payments made for capital acquisitions.

CAPITAL ASSETS

Table 4 summarizes the Capital Assets of COCIC.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Land	\$ 1,112,649	1,112,649	1,192,849
Golf Course Project Cost- Construction	<u>2,350,142</u>	<u>2,090,010</u>	<u>1,026,565</u>
Total Capital Assets	<u><u>\$ 3,462,791</u></u>	<u><u>3,202,659</u></u>	<u><u>2,219,414</u></u>

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

DEBT

Table 5 summarizes the long term debt of COCIC.

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Landfill Closure and Post Closure Care	\$ 2,591,199	2,591,199	2,436,263
ENB Golf Project	-	-	1,629,771
Franklin County	2,600,000	2,600,000	-
Economic Development Term Loan	200,000	200,000	-
Franklin County Growth Fund	287,152	281,818	-
Total Debt	\$ <u>5,678,351</u>	<u>5,673,017</u>	<u>4,066,034</u>

COCIC increased long term debt from 2008 to 2009 by the addition of debt from the Ohio Air Quality Bond, the Economic Development Term Loan, and the Franklin County Growth Fund.

BUDGET

Pursuant to the Board's 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 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**

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

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 419,304	\$ 881,489
Prepays and other assets	41,706	55,737
Total Current Assets	<u>461,010</u>	<u>937,226</u>
Noncurrent Assets:		
Capital assets:		
Land	1,031,249	1,031,249
Building	81,400	81,400
Golf Course Project Cost - CIP	2,350,142	2,090,010
Total Noncurrent Assets	<u>3,462,791</u>	<u>3,202,659</u>
TOTAL ASSETS	<u>3,923,801</u>	<u>4,139,885</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	81,241	250,658
Accrued Liabilities	26,499	25,209
Real Estate Taxes Payable	14,494	3,060
Landfill Closure and Post Closure Care Liability- Current Portion	85,000	85,873
Notes Payable- Current Portion	63,585	46,429
Total Current Liabilities	<u>270,819</u>	<u>411,229</u>
Long-Term Liabilities		
Landfill Closure and Post Closure Care Liability	2,489,698	2,574,698
Notes Payable- Non Current Portion	3,023,567	3,035,389
Total Long-Term Liabilities	<u>5,513,265</u>	<u>5,610,087</u>
TOTAL LIABILITIES	<u>5,784,084</u>	<u>6,021,316</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	375,639	120,841
Unrestricted	<u>(2,235,922)</u>	<u>(2,002,272)</u>
TOTAL NET ASSETS	<u>\$ (1,860,283)</u>	<u>\$ (1,881,431)</u>

See accompanying notes to the basic financial statements.

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

	2010	2009
Operating Expenses		
Consulting Expense	\$ 40,366	\$ 51,696
Bank Charges	175	339
Insurance Expense	27,211	82,563
Closing Fees	-	20,024
Legal and Professional Expense	13,723	80,351
Maintenance and Repairs Expense	1,575	1,750
Utilities Expense	7,508	5,004
Office Expenses	269	19
Postage and Freight Expense	204	207
Real Estate Taxes Expense	13,758	3,061
Other Expense	840	-
Bedford Expenses	1,323	4,158
Total Operating Expenses	106,952	249,172
Operating Loss	(106,952)	(249,172)
Non-Operating Revenue		
Loss on Disposal of Assets	-	(80,200)
CORF Reimbursement	-	469,774
Commissions	51,761	46,837
Service Income	60,464	-
Subsidies	22,148	-
Interest	698	2
Other Income	4,401	77,240
Total Non-Operating Revenue	139,472	513,653
Non-Operating Expenses		
Settlement Costs	-	275,000
Interest	11,372	82,350
Total Non-Operating Expenses	11,372	357,350
Change in Net Assets	21,148	(92,869)
Net Assets (Deficit) Beginning of Year	(1,881,431)	(1,788,562)
Net Assets (Deficit) End of Year	\$ (1,860,283)	\$ (1,881,431)

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, 2010 AND 2009**

	2010	2009
Increase (Decrease) in Cash and Cash Equivalents		
Consulting	\$ (45,658)	\$ (50,904)
Bank Charges	(175)	(339)
Insurance Expense	(69,251)	(82,523)
Closing Fees	-	(20,024)
Legal and Professional Expense	(117,675)	(80,027)
Maintenance and Repairs Expense	(1,575)	(1,750)
Utilities Expense	(7,959)	(4,953)
Office Expenses	(269)	(19)
Postage and Freight Expense	(7,508)	(207)
Real Estate Taxes Expense	(4,493)	(1,137)
Bedford Expenses	(7,499)	(3,863)
Other Operating Payments	(18,360)	602
Net Cash Used for Operating Activities	(280,422)	(245,144)
Cash Flows from Non-Capital Financing Activities		
Proceeds from Grants	-	-
CORF Reimbursement	-	469,774
Commissions	51,761	46,837
Loss on Disposal of Assets	-	80,200
Interest	698	2
Settlement Costs	-	(250,000)
Other Income	81,914	77,240
Rental Proceeds and Fees	-	-
Net Cash Provided by Non-Capital Financing Activities	134,373	424,053
Cash Flows from Capital and Related Financing Activities		
Payment for Capital Acquisitions	(301,460)	(1,026,083)
Principle Paid on Debt	(3,304)	(1,629,771)
Proceeds from Notes Payable	-	3,080,000
Interest Paid on Capital Related Debt	(11,372)	(80,363)
Net Cash (Used In)/Provided By Capital and Related Financing Activities	(316,136)	343,783
Net Change in Cash and Cash Equivalents	(462,185)	522,692
Cash and Cash Equivalents Beginning of Year	881,489	358,797
Cash and Cash Equivalents End of Year	\$ 419,304	\$ 881,489

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, 2010 AND 2009**
(continued)

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities**

	2010	2009
(Increase) decrease in assets:	\$ (106,952)	\$ (249,172)
Prepaid items	14,031	12,215
Refundable deposits	-	(220)
Decrease in value of landfill asset	-	-
Increase (decrease) in liabilities:		
RE Taxes Payable	11,434	-
Accounts Payable	(113,062)	38,652
Accrued liabilities	-	25,209
Landfill Closure and Post Closure Care Liability	<u>(87,883)</u>	<u>(71,828)</u>
Net Cash Used for Operating Activities	<u>\$ (280,422)</u>	<u>\$ (245,144)</u>

See accompanying notes to the basic financial statements.

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

NOTE 1 – DESCRIPTION OF REPORTING ENTITY

Central Ohio Community Improvement Corporation (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. COCIC's management believes the financial statements present all activities for which 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) COCIC is legally entitled to or can otherwise access the organization's resources; COCIC is legally obligated to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. COCIC's Board is the same as the Poindexter Community Renaissance, LLC Board. The Poindexter Community Renaissance, LLC had no financial activity during 2010 and 2009.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of 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 COCIC's accounting policies are described below.

Basis of Presentation

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.

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

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.

Measurement Focus and Basis of Accounting

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.

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. 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.

Cash and Cash Equivalents

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

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.

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.

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 not established a capitalization threshold and currently owns no depreciable assets.

Accrued Liabilities and Notes Long-Term Obligations

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

Capitalization of Land Development Costs

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

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

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 COCIC. All revenues and expenses not meeting this definition are reported as nonoperating.

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.

Income Taxes

COCIC is formed as a nonprofit organization and has been determined by the IRS as exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

NOTE 3 - CASH

COCIC maintains its cash balance in checking accounts. At December 31, 2010 and 2009, the COCIC's carrying values of cash were \$419,304 and \$881,489, respectively. At December 31, 2010 and 2009, COCIC's bank balances, which were held by three different financial institutions, were \$419,304 and \$881,489, respectively. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, of the December 31, 2010 bank balance, \$18,618 was exposed to custodial credit risk as discussed below, while \$250,000 per bank at December 31, 2010, was covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk: is the risk that in the event of bank failure, 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 COCIC's name.

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

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.

Capital asset activity for the years ended December 31, 2010 and 2009, was as follows:

<u>2010</u>	<u>1/1/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2010</u>
Capital assets:				
Land (Landfill)	1,031,249	-	-	1,031,249
Other Land	81,400	-	-	81,400
Projects Costs- Landfill	606,785	-	-	606,785
Golf Course Project Cost- Construction	<u>1,483,225</u>	<u>260,132</u>	-	<u>1,743,357</u>
Total Capital Assets	<u><u>3,202,659</u></u>	<u><u>260,132</u></u>	<u><u>-</u></u>	<u><u>3,462,791</u></u>
<u>2009</u>	<u>1/1/2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/2009</u>
Capital assets:				
Land (Landfill)	1,031,249	-	-	1,031,249
Other Land	161,600	-	(80,200)	81,400
Projects Costs- Landfill	-	606,785	-	606,785
Golf Course Project Cost- Construction	<u>1,026,565</u>	<u>456,660</u>	-	<u>1,483,225</u>
Total Capital Assets	<u><u>2,219,414</u></u>	<u><u>1,063,445</u></u>	<u><u>(80,200)</u></u>	<u><u>3,202,659</u></u>

NOTE 5 – TRANSACTIONS WITH OTHER GOVERNMENTS AND ASSET MANAGER

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.

On November 21, 2007, COCIC entered into a “Purchase Agreement” with Value Recovery Group II (VRG II) in which COCIC has a residual interest in the property which provides that COCIC will receive 5% of proceeds VRG II receives on future development of the property.

As of December 31, 2010, the book value of the landfill, excluding the related closure and post closure liability is \$1,031,249.

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

NOTE 6 – NOTES PAYABLE

Notes payable for the year ended December 31, 2010 and 2009, are summarized below.

<u>2010</u>	Amount Outstanding 12/31/2009	Additions	Deletions	Amount Outstanding 12/31/2010	Amounts Due in One Year
Franklin County	2,600,000	-	-	2,600,000	46,429
Development Term Loan	200,000	-	-	200,000	-
FC Growth Fund	281,818	8,639	(3,304)	287,153	17,156
Total Notes Payable	3,081,818	8,639	(3,304)	3,087,153	63,585

<u>2009</u>	Amount Outstanding 12/31/2008	Additions	Deletions	Amount Outstanding 12/31/2009	Amounts Due in One Year
Eaton National Bank	1,629,771	-	(1,629,771)	-	-
Franklin County	-	2,600,000	-	2,600,000	-
Development Term Loan	-	200,000	-	200,000	-
FC Growth Fund	-	281,818	-	281,818	-
Total Notes Payable	1,629,771	3,081,818	(1,629,771)	3,081,818	-

In September 2009, COCIC received a loan from the Franklin County Growth Fund of \$420,000 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 plus an additional \$8,814 in interest was added to principal. The balance at December 31, 2010, was \$287,153.

In December 2009, COCIC 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. COCIC is responsible for the debt service on this Bond.

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

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

NOTE 7 – 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. Total payments in 2010 and 2009 for this liability were \$85,873 and \$88,328, respectively. The \$2,574,698 and \$2,660,571 reported as landfill closure and postclosure care liability at December 31, 2010 and 2009, respectively, represents the remaining estimated cost of closure and postclosure care. The remaining balance of the liability will be obtained from revenue from the sale of methane gas and the lease of the golf facility.

COCIC is required by state and federal laws and regulations to maintain a trust to finance closure and postclosure care. Although 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

COCIC has obtained commercial insurance for the following risks:

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

NOTE 9 – SETTLEMENT EXPENSES

On January 5, 2007, COCIC entered into a settlement agreement with SBM, Inc. regarding their legal challenge of the landfill foreclosure sale. As of 11/4/2009, the dispute was settled for \$275,000. Accordingly, in 2009, COCIC recorded \$275,000 in settlement costs. In 2009, COCIC made a \$250,000 payment to SBM, Inc. toward the settlement of this liability. Additionally, COCIC agreed to make two \$12,500 payments in November 2011 and 2012 including interest at a rate of 5%.

**CENTRAL OHIO COMMUNITY IMPROVEMENT CORPORATION
FRANKLIN COUNTY**

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

NOTE 10 – CONTINGENT LIABILITIES

Grants

Amounts grantor agencies pay to 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 11 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2010, to determine the need for any adjustments to or disclosures within the audited financial statements for the year ended December 31, 2010. Management has performed this analysis through the date the financial statements were available to be issued.

NOTE 12 – MANAGEMENT PLAN

COCIC had a deficit in net assets of \$1,881,431 at December 31, 2010.

Management of COCIC is confident of its ability to remain a going concern and expects to continue meeting current obligations on an annual basis. Management estimates that annual receipts will be sufficient to cover ongoing obligations as they come due. The sources of receipts include future golf course revenues, methane gas sales, and continued local government support. Management also believes that future land field post closure cost will not require the level of funds that have been initially estimated and approved by the Ohio EPA. Accordingly, management will be working in subsequent periods with the Ohio EPA to get the long-term estimate for post closure cost revised downward to more closely reflect current conditions and lower estimates they have received from consulting engineers.

**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDIT STANDARDS**

To Board of Trustees
Central Ohio Community Improvement Corporation

We have audited the financial statements of the Central Ohio Community Improvement Corporation, Franklin County, Ohio (COCIC) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered COCIC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of COCIC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of COCIC's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying schedule of findings and responses number 2010-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether COCIC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non compliance with which could have a direct and material effect on the determination of financial statements 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*.

This report is intended solely for the use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Parrino & Company LLC

June 30, 2011

INTERNAL CONTROL FINDINGS

Findings Reference Number: 2010-1

SIGNIFICANT AUDIT ADJUSTMENTS - MATERIAL WEAKNESS

Criteria

Internal control is a process affected by those charged with governance, management, and other personnel designed to provide reasonable assurance about the achievement of the entity's objectives. These objectives fall into three categories: financial reporting, operations and compliance with laws and regulations.

A key objective of the internal control relates to ensuring an effective accounting and financial reporting system exist which would result in the preparation of reliable financial statements.

The Statements on Auditing Standards has determined that the identification by the auditor of a material misstatement in the financial statements for the period under audit that is not initially identified by the entity's internal control represents at least a significant deficiency and possibly a material weakness.

A material weakness is a significant deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Condition

We noted that COCIC's internal controls over accounting were not effective enough during 2010 and 2009 to prevent the need for a significant number of audit adjustments. As a result, COCIC's internal controls were not sufficient enough to prevent the possibility of material errors from occurring during the accounting process.

Cause

The central cause for the accounting and report problems experienced by COCIC is that COCIC does not have a financial expert to oversee the fiscal department. While there could have been other contributing factors, the fiscal department was unable to determine all of the necessary year-end closing adjustments necessary to avoid a significant number of audit adjustments that were disclosed during the audit process.

Effects

The effect of the inadequate controls in the finance department prevented COCIC from avoiding the need to make accounting adjustments during the audit process that resulted in a significant number of material errors or misstatements. Also, it is believed that the current accounting control process is such that material errors could occur and not be detected by COCIC's current accounting procedures.

Recommendation

Management needs to improve its accounting and especially its accounting closing process. Many of the audit adjustments were needed as a result of management not knowing what accounts to analyze or review prior to completing its accounting process. To help prevent this from occurring in the future, the fiscal office may want to obtain additional accounting support from outside professionals during the accounting and closing process. Management oversight may also need to be increased especially near year-end to help ensure that adequate steps are being taken to mitigate the need for audit adjustments during the audit process.

Management Response

While Management agrees that there is a need to improve its accounting and especially its accounting closing process, it believes that much of the difficulty in the closing process in particular was due to the fact that the Audit for 2007-8 was not completed until August 2010, which necessitated an extraordinary number of auditing adjustment when the accounting period was almost over. It is management's intention to obtain support from outside professionals whenever possible. It also does not anticipate as much difficulty because of lessons learned in the current auditing process.



Dave Yost • Auditor of State

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 13, 2011**